

## REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF IRCON INTERNATIONAL LIMITED (IRCON) FOR THE YEAR 2015-16

### BACKGROUND

Ircon has a long standing reputation as a consistent sectoral leader amongst the public sector construction companies in the Country with specialization in Railway and Highway constructions on turnkey basis and otherwise. The Company is a Schedule 'A' Company since 15<sup>th</sup> May 2006; a Mini Ratna Category-I since 1998.

### FINANCIAL HIGHLIGHTS

During 2015-16, Ircon has achieved turnover of Rs. 2703 crore and profit before tax of Rs. 567 crore, which is lower by 13.42% and 32.82% respectively as compared to previous financial year. The decline had been on account of completion of mega foreign projects in Sri Lanka. Since foreign projects have high profit margins, the overall profit before tax has also registered a decline.

Some important indicators of financial performance of the Company for the year 2015-16 vis-a-vis 2014-15 are given below:

Sl. No.	Particulars	(Rs. in crore)	
		2015-16	2014-15
1.	Total income (Gross Sales)	2703	3122
2.	Total Operating income	2403	2950
3.	Profit before tax	567	844
4.	Profit after tax	379	579
5.	Net worth	3530	3354

### OPERATIONAL HIGHLIGHTS

Out of the six major **on-going foreign projects**, three are in Bangladesh, and one each in Algeria, Bhutan, and South Africa. These are: (a) Bangladesh - (i) Construction of 2<sup>nd</sup> Bhairab Railway Bridge, (ii) Design & Commissioning of computer based Interlocking Colour Light Signaling system in 11 stations between Ishrudi-Darsana section and (iii) construction works in Khulna-Mongla Port Rail line, (b) Algeria - Installation of double track line, (c) Bhutan - Turnkey project for dismantling existing sub-station and design, engineering, construction, supply, erection, testing and commissioning of sub-station at Paro, and (d) South Africa - Majuba Rail Line project.

**Major projects secured and being executed in India** include Design and Construction of civil, building and track works of Dedicated Freight Corridor Project at Vaitarna-Sachin section; Execution of civil & railway allied works in connection with construction of private railway siding for proposed integrated steel plant (package-I) for NDMC Limited at Nagarnar, Chhattisgarh; Execution of civil, signaling & telecommunication, mechanical & structural works in connection with construction of private railway siding for proposed integrated steel plant (package-II) for NDMC Limited at Nagarnar, Chhattisgarh; Detailed Project Report (DPR) & detailed engineering, Project Management and construction of railway siding for Daripali Super Thermal Power Project.

**Other projects under execution in India** include BG New Railway line from Dharam to Qazigund in J&K; New Rail Coach Factory at Rae Bareli, U.P.; Construction of Corridor-I of East Corridor in the State of Chhattisgarh; Sivok-Rangpo New Rail Line Project; Road Over Bridges (RoBs) in the State of Bihar and Rajasthan; Widening and Strengthening of Bikaner Phalodi section of NH-15 in the State of Rajasthan; Four laning of Shivpuri-Guna Section of NH-3 in the State of Madhya Pradesh; Construction / upgradation of rural roads under Pradhan Mantri Gram Sadak Yojana (PMGSY) in Jharkhand and Bihar; RAPDRP Project in Jammu province in J&K; Rail link between Jayanagar (India) – Bijalpura (Nepal) and between Jogbani (Bihar) India to Biratnagar (Nepal), Electric Loco sheds at Bondamunda, Daund, and Mughalsarai; Coaching Terminal at Shalimar; Development of Circulating area at Santragachi and essential passenger amenities and road connectivity to Kona expressway; and Metro works for Kochi Metro and Delhi Metro.

During the year, the Company has **completed projects in Malaysia and Sri Lanka** viz. (a) Malaysia – contract for leasing and maintenance of meter gauge diesel electric locomotive on Malaysian Railway System; and (b) Sri Lanka - variation and modifications in scope of work in already completed five projects in the Northern province of Sri Lanka in the last three years.

The Company has also **completed two projects in India** viz. Rail bridge across river Ganga at Patna and contract CT-4 –DMRC- ballastless track from Badarpur to Faridabad of Delhi MRTS.

#### **ORDER BOOK**

The Company has secured new works worth Rs. 7461 crore during the year, taking the workload to Rs. 17569 crore as on 31<sup>st</sup> March 2016.

#### **AWARDS**

The Company has so far received 45 awards from PEPC [formerly known as Overseas Construction Council of India (OCCI)] and 25 awards from EEPC. The company has received following awards during the year:

- i) Dun and Bradstreet's
  - (a) Top PSU Awards 2015 in the category of 'Contract & Construction sector' and
  - (b) Infra Awards 2015 in the category of Construction and Infrastructure Development (Railways)' & Best Construction projects from rail-cum-road bridge on river Ganga at Patna,
- ii) India Pride Award
  - (a) 2014-15 for "Excellence in Public Sector Undertaking – Central in Infrastructure Development' and
  - (b) 2015-16 for 'Excellence CSR / environment Protection and Conservation', and
- iii) CIDC Vishwakarma Award 2016 in the category of best construction project 'Rail-cum-road Bridge across River Ganaga, Patna'.

#### **CSR & SUSTAINABILITY**

The Company has spent a total amount of Rs. 6.15 crore towards Corporate Social Responsibility (CSR) initiatives, broadly comprising of activities in the field of health, education, rural development, environment, facilities for differently abled, employment enhancing education, and Infrastructure development.

## **SUBSIDIARIES AND JOINT VENTURE COMPANIES**

The Company formed:

- i) one wholly owned subsidiary (WOS) viz. 'Ircon Shivpuri Guna Tollway Limited', on 12.05.2015, to execute road projects of NHAI on Build-Operate-Transfer (BoT) basis in the State of Madhya Pradesh.
- ii) two joint venture companies (JVCs) viz. 'Mahanadi Coal Railway Limited' (MCRL) and 'Jharkhand Central Railway Limited' (JCRL), both incorporated on 31.08.2015, to implement coal connectivity projects in the State of Odisha and Jharkhand, with equity investment of 26% by Ircon.

Further, Ircon has divested its stake of 25% in the Companhia Dos Caminhos De Ferro Da Beira SA (CCFB), a JVC formed for execution of Beira Rail Concession Project in Mozambique, consequent upon receipt of payment in terms of Settlement Agreement dated 21<sup>st</sup> October 2015 with Government of Mozambique in respect of dispute regarding termination of Concession.