

REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF IRCON INTERNATIONAL LIMITED (IRCON) FOR THE YEAR 2016-17

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 15th May 2006; a Mini Ratna Category-I since 1998.

FINANCIAL HIGHLIGHTS

During 2016-17, Ircon has achieved turnover of Rs. 3254 crore, which is higher by 14% and profit before tax of Rs. 532 crore, which is lower by 12% as compared to previous financial year. The decline had been on account of substantial income recognized on settlement agreement with Government of Mozambique during 2015-16.

Ircon has paid a total dividend of Rs. 192.40 crore @ 550% of the paid-up share capital, which works out to 52.15% of post-tax profits for 2016-17.

Some important indicators of financial performance of the Company for the year 2016-17 vis-a-vis 2015-16 are given below:

		(Rs. in crore)	
Sl. No.	Particulars	2016-17	2015-16
1.	Total income (Gross Sales)	3254	2860
2.	Total Operating income	2995	2419
3.	Profit before tax	532	602
4.	Profit after tax	369	395
5.	Net worth	3828	3667

OPERATIONAL HIGHLIGHTS

Out of the four major **on-going foreign projects**, two are in Bangladesh, and one each in Algeria and South Africa. These are: (a) Bangladesh - (i) Design & Commissioning of computer based Interlocking Colour Light Signaling system in 11 stations between Ishrudi-Darsana section, and (ii) Construction of Embankment, Track, all civil works, major & minor bridges (Except Rupsha) & culverts and implementation of EMP under the project Construction of Khulna-Mongla Port Rail Line for Bangladesh Railway; (b) Algeria - Installation of double track line; and (c) South Africa - Majuba Rail Line project.

Major projects secured and being executed in India include Construction of Corridor-III of East-West Corridor between Gevra Road to Pendra Road in State of Chhattisgarh and feasibility study in the State of Chhattisgarh; Doubling projects at RDUM-TAL-RJO (Rampur Dumra Tal Rajendrapul) project, Kiul Gaya, Hajipur- Bachwara, Katni-Singrauli project; Execution of Rail Coal Connectivity Project(s) in the state of Jharkhand, Odisha and Chhattisgarh.

Execution of civil and railway allied works in connection with construction of private Railway siding for proposed Integrated Steel Plant at Nagarnar, Chhattisgarh; Akhaura – Agartala Rail Link project; Design and construction of Civil Building & Track Works of Dedicated Freight Corridor Project Vaitarana-Sachin Section; Additional work of Design, Drawing and Construction of External Development works & External Services at National Institute of Technology (NIT), Mizoram; Six-Laning of Davanagere-Haveri section of NH-48 in the State of Karnataka; and Additional works for Construction of Road Over Bridges (RoB's) in the State of Bihar (New RoB's-12) for East Central Railway.

Other projects under execution in India include BG New Railway line from Dharam to Qazigund in J&K; New Rail Coach Factory at Rae Bareilly, 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 Shivpurí-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; Metro works for Delhi Metro etc.

Major Projects secured after the close of the year 2016-17 includes Augmentation of Diesel Loco shed in Visakhapatnam; Katni Grade Separator for West Central Railway; Re-development of Safdarjung Railway Station; Railway electrification work for Katni-Singrauli; and Mathura-Kasganj-Kalyanpur Railway Electrification Project with Signalling.

During the year, the Company has **completed projects in Bhutan and Bangladesh** viz.

- (a) Bhutan – Turnkey project for dismantling existing sub-station and design, engineering, construction, supply, erection, testing and commissioning of sub-station at Paro; and
- (b) Bangladesh - Construction of 2nd Bhairab Railway Bridge.

The Company has also **completed two projects in India** viz. contract KT-4 for ballastless track of standard gauge in elevated section of Aluva to Petta corridor and contract KT-5R1 for standard gauge track work in Muttom Depot of Kochi Metro Rail Limited.

ORDER BOOK

The Company has secured new works worth Rs. 6,030 crore during the year, taking the work load to Rs. 18,878 crore as on 31st March 2017. Works secured after the close of the year, has taken the work load to Rs. 20,010 crore as on 30th June 2017.

CSR & SUSTAINABILITY

The Company has spent a total amount of Rs. 5.89 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

During the year, the Company formed a joint venture company called 'Bastar Railway Private Limited' (BRPL), incorporated on 5th May 2016, to implement coal connectivity projects in the State of Chhattisgarh with equity participation of 26% by Iacon.

After the close of the year, one wholly-owned subsidiary company by the name 'Iacon Davanagere Haveri Highway Limited' (IaconDHHL) was formed on 11th May 2017 to undertake the business of development, maintenance and management of National Highway No. 48 (Old NH-4).

Further, during the year the Company has divested its stake in following Companies:

- i) 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 21st October 2015 with Government of Mozambique in respect of dispute regarding termination of Concession.
- ii) Transferred 1% equity stake of Indian Railway Stations Development Corporation Limited (IRSDC) (out of 51% held by Iacon to RLDA) so as to make IRSDC a 50:50 JV Company in terms of Ministry of Railways letter dated 10.04.2017.

With these additions/ disinvestments, Iacon Group now comprises four subsidiaries (viz. Iacon Infrastructure & Services Limited, Iacon PB Tollway Limited, Iacon Shivpuri Guna Tollway Limited and Iacon Davanagere Haveri Highway Limited) and seven JVCs in India (viz. Iacon-Soma Tollway Private Limited, Indian Railway Stations Development Corporation Limited, Chhattisgarh East Railway Limited, , Chhattisgarh East-West Railway Limited, Mahanadi Coal Railway Limited, Jharkhand Central Railway Limited, and Bastar Railway Private Limited).
