

## CHAPTER I

### PARTICULARS OF ORGANISATION, FUNCTIONS & DUTIES

#### Particulars of Organization

##### General Profile

Ircon International Limited (Ircon), a government company, was incorporated on 28<sup>th</sup> April, 1976, in Delhi under the name Indian Railway Construction Company Limited mainly for the purpose of construction of Railway Projects in India and abroad on commercially prudent lines with the help of expertise from Railways. The name of the Company was changed to "Ircon International Limited" w.e.f. 17<sup>th</sup> October 1995 in tune with the international image and scope of operations of the Company.

The Company was originally registered as a private limited company with an authorized share capital of Rs.10 crores and equity paid-up share capital of Rs.10.02 lakhs, wholly contributed by the Government through Ministry of Railways. This paid-up share equity capital was increased by the Government from Rs. 10.02 lakhs to Rs.4.949 crores in 6 tranches from the year 1976 to 1985. 0.27% of paid-up share capital was disinvested by the Government of India in 1991-92 in favour of UTI (now with IRFC) and Bank of India Mutual Fund (now with Bank of India). As a result the Company was converted into a public limited company and its shares were got listed on Delhi and Mumbai stock exchanges in 1992. However, Ircon continues to be a Central Government Company under section 617 of the Companies Act 1956, with 99.715% of the share capital owned by the Government through the Ministry of Railways.

The initial authorized share capital of Ircon was Rs.10 crores and presently it stands at 400 crores and the subscribed and paid-up share capital is Rs.94.051 crores.

Ircon is – (a) A Schedule 'A' Company w.e.f. 15<sup>th</sup> May 2006; (b) A Mini Ratna Category -I since 1998; (c) A MoU signing Company since 1991- 92; (d) An ISO certified Company for Quality Management System for the organization since 1996, Environment Management System from 2011 and Occupational Health and Safety Management System (certified during 2012-13); and (e) A profit making company since 1977-78, a regular dividend payer from 1980-81, and a regular foreign exchange earner from 1981-82 without any lapse in any year.

Ircon is no more a listed company w.e.f. 15.03.2012. The equity shares of Ircon stand delisted from Bombay Stock Exchange w.e.f. 03.11.2011 and from Delhi Stock Exchange w.e.f. 15.03.2012. However the government of India announced listing of shares of company in the budget for 2017-18 and accordingly the process of listing of shares is presently going on.

##### Operational Profile

The Company started its operations in 1977-78 and entered international market in a big way with a major breakthrough in Iraq followed by Algeria. Completion of project in time conforming to international standards earned for Ircon its reputation as one of the leading construction companies of India. Commencing its operations exclusively in the railway sector, the Company diversified its activities in 1985 to other constructions too. The scope was further enhanced in 1993 to include projects on BOT, BOOT, BLT etc., business relating to leasing, real estate, etc.

The core competences in order of priority are – Railways, Highways & EHT Sub-station Engineering and Construction. The Company has executed projects operated in the areas of Railways construction including ballast less track, electrification, tunneling, signal & telecommunication as well as leasing of locos, construction of roads, highways, commercial, industrial & residential buildings and complexes, airport runway and hangars, metro and mass rapid transit system, etc.

Presently, it is executing projects abroad in Myanmar, Nepal, Bangladesh, Algeria and South Africa. In India, it is executing several prestigious projects which 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 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; 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 5<sup>th</sup> May 2016, to implement coal connectivity projects in the State of Chhattisgarh with equity participation of 26% by Ircon.

After the close of the year, one wholly-owned subsidiary company by the name 'Ircon Davanagere Haveri Highway Limited' (IrconDHHL) was formed on 11<sup>th</sup> 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 Ircon 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, Ircon Group now comprises four subsidiaries (viz. Ircon Infrastructure & Services Limited, Ircon PB Tollway Limited, Ircon Shivpuri Guna Tollway Limited and Ircon Davanagere Haveri Highway Limited) and seven JVCs in India (viz. Ircon-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).

## **Financial Profile**

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:

S. 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

### **Awards**

During the year 2016-17, the Company has won following awards:

Awarding Authority	Nature of Award	Year
India Pride Awards' by Dainik Bhaskar and Daily News & Analysis (DNA)	Excellence CSR / Environment Protection and Conservation	2016
Construction Industry Development Council (CIDC)	(i) Rail-cum-road Bridge across river Ganga, Patna	2016
	(ii) Modern Coach Factory Rae Bareli	2017
Dun & Bradstreet	(i) Certificate for being ranked 93rd as per Total Income	2016
	(ii) Best Infrastructure Project for Setting up of Rail coach Factory, Rae Bareli at Lalganj (UP) Phase-I Project	2016
Governance Now	4th PSU award in the Category of HR Initiative (Miniratna-I)	2016

### **Function and Duties**

**Vision** - Information may be accessed through the link: <http://www.ircon.org> – Quick Menu – Company - Vision

**Mission** - Information may be accessed through the link: <http://www.ircon.org> – Quick Menu – Company - Vision

**Key Values** - Information may be accessed through the link: <http://www.ircon.org> - Quick Menu - Subsidiaries and Joint Ventures

### **Subsidiaries and Joint Ventures**

Information may be accessed through the link: <http://www.ircon.org> – Quick Menu - Subsidiaries and Joint Ventures

### **Address of Ircon Corporate Office, Regional Offices and Project Offices**

Information may be accessed through the link: <http://www.ircon.org> – Quick Menu - Office Network