REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF IRCON INTERNATIONAL LIMITED FOR THE YEAR 2018-19

BACKGROUND

Ircon International Limited, a Central Public Sector Enterprise (CPSE) under Ministry of Railways. It is an integrated engineering and construction company, specializing in major infrastructure sectors, including railways, highways, bridges, flyovers, tunnels, aircraft maintenance hangars, runways, Extra High Voltage (EHV) sub-stations, electrical and mechanical works, commercial and residential properties, development of industrial areas, and other infrastructure activities. The Company is a Schedule ‘A’, and a Mini Ratna – Category I, public sector listed company.

IRCON has been ranked amongst the Top 500 Indian Companies in ‘Fortune India 500 companies list’ published in the special quarterly issue of December 15, 2018, to March 14, 2019 of Fortune India Magazine. It has also been recognized and ranked amongst the Top 50 most profitable PSUs in India, the Top 10 best performing PSUs on the basis of cash efficiency, the Top 10 PSUs on the basis of book value (per share) in the February 2019 issue of Fortune India Magazine.

FINANCIAL HIGHLIGHTS

During the financial year 2018-19, the Company has earned highest ever income of Rs.4680 crore and operating turnover of Rs.4415 crore, on a standalone basis.

Some important indicators of financial performance of the Company for the year 2018-19 vis-à-vis 2017-18 are given below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>2018-19 (Rs. crore)</th>
<th>2017-18 (Rs. crore)</th>
<th>Increase / (Decrease) [in %]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Total income / turnover</td>
<td>4680</td>
<td>4121</td>
<td>13.56</td>
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<tr>
<td>2.</td>
<td>Total Operating income / turnover</td>
<td>4415</td>
<td>3891</td>
<td>13.47</td>
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<tr>
<td>3.</td>
<td>Operating income from Foreign Projects</td>
<td>585</td>
<td>601</td>
<td>(2.50)</td>
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<td>4.</td>
<td>Operating income from Indian Projects</td>
<td>3829</td>
<td>3290</td>
<td>16.38</td>
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<tr>
<td>5.</td>
<td>Profit before tax</td>
<td>615</td>
<td>530</td>
<td>16.04</td>
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<tr>
<td>6.</td>
<td>Profit after tax</td>
<td>445</td>
<td>388</td>
<td>14.69</td>
</tr>
<tr>
<td>7.</td>
<td>Net worth</td>
<td>3950</td>
<td>3751</td>
<td>5.31</td>
</tr>
<tr>
<td>8.</td>
<td>Dividend (Final &amp; Interim)</td>
<td>202.63**</td>
<td>192.40</td>
<td>5.32</td>
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</table>
The Company has paid an interim dividend of Rs.10.72 per share in the month of February 2019 and has proposed a final dividend of Rs.10.825 per share. With this, the total dividend (including Dividend Distribution Tax) for the year 2018-19 would sum up to Rs.202.63 crore, which is 215.45% on the paid-up equity share capital and 45.57% of the post-tax profits.

SHARE CAPITAL & LISTING:
As on 31st March 2019, the Authorized share capital of the Company was Rs.400 crore consisting of 40 crore equity shares of Rs.10/- each and the issued and paid-up share capital of the Company was Rs.94.05 crore consisting of 9,40,51,574 equity shares of Rs.10/- each.

During the year 2018-19, the Government has disinvested 10.53% of the paid-up share capital by Initial Public Offer and the public shareholding as on 31st March 2019 stood at 10.82%. Further, IRCON is required to increase public shareholding to at least 25% in near future as part of Minimum Public Shareholding (MPS) norms prescribed as a continuous listing requirement under Securities Contract Regulations Rules, 1957, which will be done by the Government of India by further selling its 15% holding to the public.

IRCON ranks among top 500 listed companies in India in terms of market capitalization as on 31st March, 2019.

OPERATIONAL HIGHLIGHTS

Foreign Projects
During the Financial year 2018-19, IRCON has completed one project in South Africa viz., Procurement of Plant Design, Supply and Installation of Overhead Track Equipments, Traction Sub-stations, Auxiliary Power Supplies Substations, Bulk Power Supplies Switching Stations and Signalling Systems for Majuba Rail Project, South Africa, for Eskom Holdings SOC Limited.

The following are the two on-going foreign projects in Bangladesh and Algeria viz., (a) Bangladesh- Construction of Embankment, Track, all civil works, major & minor bridges (Except Rupsha) & culverts and implementation of EMP against WD1 under the project Construction of Khulna-Mongla Port Rail Line for Bangladesh Railway; (b) Algeria.- Installation of double track line (93 kms) in Algeria awarded by ANESRIF, Ministry of Transport, Government of Algeria.

Further, Company has secured one new foreign project after the close of the year in Sri Lanka viz. up-gradation of Railway Line from Maho to Olanthai under Indian Line of Credit, Track Rehabilitation and ancillary works awarded by Sri Lankan Railways under the Ministry of Transport and Civil Aviation, Government of Sri Lanka.
Domestic projects
IRCON has completed three domestic projects in India out of which one project viz. (a) Four-laning of Shivpuri to Guna from Km 236.00 to Km 332.100 (Package-I) in the State of Madhya Pradesh to be executed on BOT (Toll) on DBFOT pattern under NHDP Phase-IV got completed ahead of schedule;and other two projects are: (b) Widening and Strengthening of existing Bikaner-Phalodi section to Four-lane from Km. 4.200 to Km. 55.250 and Two-Lane with paved shoulder from Km. 55.250 to Km. 163.500 of NH-15 on BOT (Toll) basis in the State of Rajasthan; (c) The work of system improvement, strengthening and augmentation of distribution system to bring down AT&C losses and improve quality of consumer supply of Meerut town of Uttar Pradesh.

The following projects were secured during the year 2018-19:

(i) Construction of New BG Electrified Rail Line between Dharamjaigarh to Korba (Urga) of Chhattisgarh East Railway Limited (CERL-II).

(ii) Construction of Corridor-III of East West Corridor between Gevra Road to Pendra Road in the State of Chhattisgarh for Chhattisgarh East-West Railway Limited (CEWRL).

(iii) Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Jharkhand Central Railway Limited (JCRL) and Mahanadi Coal Railway Limited (MCRL).

(iv) Execution of rail connectivity projects identified by Bastar Railway Private Limited (BRPL).

(v) Construction of Eight Lane Vadodara Kim Expressway from Km 323.00 to Km 355.00 (Sanpa to Padra Section of Vadodara Mumbai Expressway) in the State of Gujarat under NHDP Phase-VI on Hybrid Annuity Mode (Phase IA-Package II), for Ircn Vadodara Kim Expressway Limited (IrcnVKEL).

(vi) Additional work under the Construction of Sivok-Rangpo New BG Rail Link Project, for North-East Frontier Railway.

In addition to the above, IRCON is also undertaking the commercial development of 4.3 hectare railway land at Western Express Highway, Bandra East, Mumbai for 99 years. For this, IRCON has also entered a Memorandum of Understanding on 26th March 2018 with the Rail Land Development Authority (RLDA) for transfer of lease hold rights to IRCON for commercial development on the said land parcel.

ORDER BOOK
During the year 2018-19, IRCON has secured works worth Rs.7635 crore. The order book value as on 31st March 2019 stood at Rs.33,901 crore (approx.) as compared to Rs.22,407 crore (approx.) as on 31st March 2018.
MOU RATING/AWARDS
The rating of the Company under the Memorandum of Understanding for the year 2017-18 signed with the Ministry of Railways has been 'Excellent'.

Further, the Company has won ET NOW - Stars of the Industry Award; 11th CIDC Vishwakarma Award for CSR practices in Raigarh (Chhattisgarh); and CIDC Partners in progress Trophy for contribution in Mission Skill India etc.

CSR & SUSTAINABILITY
The CSR Budget for the financial year 2018-19 was Rs. 8.75 crores which is 2% of the average of the net profits earned by IRCON from its Indian projects during the last three financial years. During the year 2018-19, the Company utilized an amount of Rs. 8.75 crore towards various CSR activities in promoting flagship programmes like Skill India, Digital India, Sarva Shiksha Abhiyan, Swachh Bharat, Namami Gange etc. and areas like gender equality and women empowerment, environment sustainability, employment enhancing vocational skills, welfare activities for SC/ST/OBCs, minorities and women, etc.

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