

**22nd
Annual Report
1997-98**



**IRCON
INTERNATIONAL
LIMITED**





MD	✓		BKC	
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	NA		SHH	✓
YE	✓			

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Twenty Second Annual Report 1997-98

IRCON INTERNATIONAL LIMITED

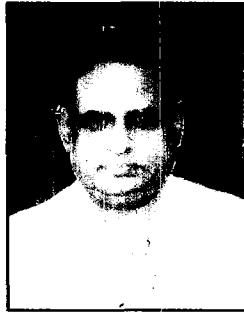


AN ISO-9002 COMPANY

Awards and Certificates

From Institution/Authority	Nature of Award	Years
Ministry of Commerce Government of India	National Export Award *(Received from the President of India)	1982-83, 1983-84 1990-91 and * 1992-93
Ministry of Programme Implementation, Department of Public Enterprises	"Award for Excellence" in performance as leading international railway and road construction company	1987-88
Engineering Export Promotion Council	i) All India Top Exporters Shield for Export Excellence ii) Regional Top Exporters Shield - civil engg. contractors iii) All India Special Shleld	1985-86 to 1992-93, 1994-95 and 1995-96 1993-94 1996-97
Overseas Construction Council of India	i) Maximum foreign exchange earned and repatriated to India from overseas construction contracts. ii) Second best performance in maximum foreign exchange earned and repatriated to India from overseas construction projects iii) Maximum turnover in overseas construction projects. iv) Second best performance in turnover from overseas projects v) Maximum foreign works secured in new areas in construction contracts vi) Maximum business attempted	1984-85 1988-89 to 1992-93, 1994-95 and 1996-97 1993-94 1984-85 to 1988-89, 1991-92 to 1993-94 and 1995-96 1989-90, 1990-91 and 1994-95 1994-95 and 1995-96 1994-95, 1995-96 and 1996-97 (26 awards in the last 13 successive years)
SGS Yarsley International Certification Services Limited, U.K.	i) ISO 9002 Certificate for rehabilitation of existing railway tracks and construction of new lines inclusive of all civil works in Malaysia. ii) ISO 9002 Certificate for quality management system of IRCON for construction including station building, platform shelter and allied work, multistoried building, associated electric work with plumbing, water supply, drainage and sewage work with fire protection system at Vashi, Belapur, Nerul, Juinagar stations and Turbhe stores, New Bombay.	1994 1995
TUV Beyern Sachsen, Germany	ISO 9002 Certificate for quality system of IRCON for construction of railway track, highways, bridges, tunnels, , workshops, aircraft hangar, MS buildings, railway electrification, S&T works and project management and servicing.	1996

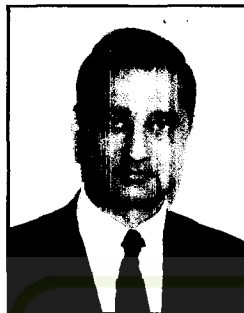
Board of Directors



Mr. V.K. Agnihotri
Chairman



Mr. Arun Prasada
Managing Director



Mr. A.K. Tandon
Director Projects



Mr. B.S. Kapur
Director Works



Mr. S.Suryanarayanan
Director



Mrs. Usha Mathur
Director



Mrs. Lakshmi Puri
Director

COMPANY SECRETARY

Mrs. Lalitha Gupta

JOINT STATUTORY AUDITORS

H.S. Rustagi & Co.
Chartered Accountants
4654/21, Darya Ganj
New Delhi-110 002

S.P. Chopra & Co.
31-F, Connaught Place
Radial Road No.7
New Delhi-110 001.

BANKERS

State Bank of India
Indian Overseas Bank

REGISTERED OFFICE

Palika Bhawan
Sector-XIII, R.K. Puram
New Delhi-110 066

Chairman's Address

Distinguished shareholders,

It is my pleasure to extend a warm welcome to all of you on the 22nd Annual General Meeting of IRCON. This is an occasion for the shareholders to feel happy over the achievements of their Company, to understand the efforts and the hardships that have gone into them, and to look forward and see what lies ahead for the Company. I assure you that your Company, though in a fiercely competitive environ, has an impressive performance to its credit and is on the right track. In testimony, the audited annual accounts for 1997-98 and the reports of your Board of Directors and auditors are before you.

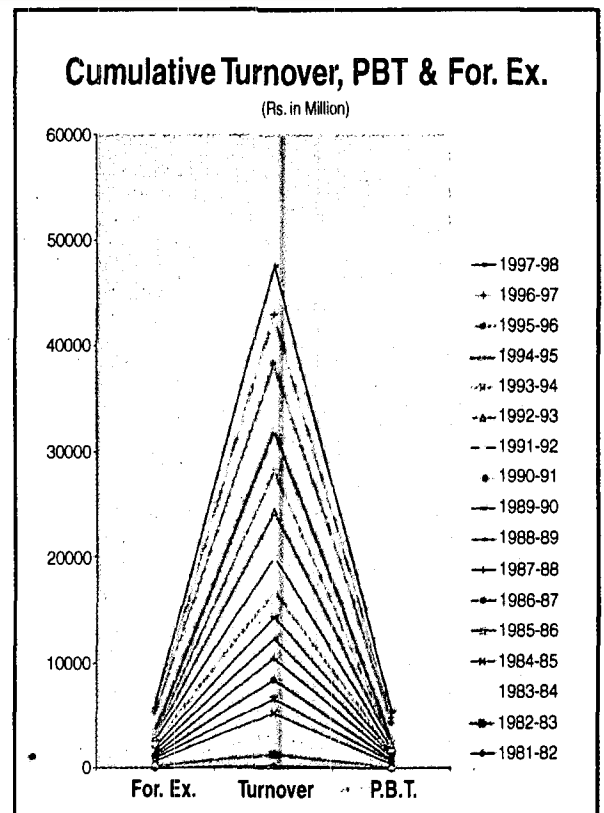


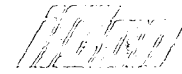
Financial profile: IRCON has commendably completed 22 profitable years. I am sure you will appreciate the work of the Company, being done in the face of recession and tough competition in the construction sector worldwide. To present the results of the Company in a nutshell: IRCON has recorded a significant turnover of Rs. 4594 million, and has also improved its profits — its profit before tax being Rs. 503 million and profit after tax being Rs. 426 million during the year. Though there is a general decline in securing projects abroad, the foreign exchange earnings have shown marginal improvement. Your Company has received three export awards from EEPIC and OCCL during the year. Over the years the Company has achieved cumulatively turnover of Rs. 47,797 million, profit before tax of Rs. 5,377 million and foreign exchange earnings of Rs. 6,209 million.

Record dividend: It is my proud privilege to inform the shareholders that this year the Board of Directors have recommended the highest ever dividend of 175% of the paid-up share capital which works out to more than 20% of post tax profits and amounts to Rs. 86.6 million as against the paid-up share capital of Rs. 49.49 million.

Operational profile: Your Company is trying to enhance its presence in the foreign countries amidst stiff competition. To strengthen its operational base, the Company has initiated steps towards strategic marketing and better management information system with the help of latest internet and intranet facilities. In India, the Company has creditably completed several significant works for railways, various PSUs, and State Government bodies. IRCON has also made some headway in the immensely potential telecommunication field, especially laying of optical fibre based telecom facilities.

Emerging milieu: The construction activity may be termed as a barometer of the economic growth in the country as it covers all sectors of economy. Reportedly, the economy is presently in recession.





with a 5.4% industrial growth and above 8% inflation. This will have an adverse effect on the construction industry due to insufficient investment in new projects. We cannot also be oblivious to the impact of economic sanctions which is likely to affect the funded projects. Your Company, which has on hand a workload of Rs. 8800 million, has to keep these in view.

It is certainly heartening that the budget proposals for 1998-99 offer many concessions to the construction and infrastructure sectors and have imparted a thrust to the road sector by making considerable provision to the National Highway Authority of India for financing new road projects. The road to progress is not free from speed breakers. I am confident about the strength, unity of purpose, and tenacity of the Company to wade through all the barriers to meet the goals.

Acknowledgements: I am thankful to my well wishers and colleagues on the Board of Directors as well as in the Railway Board and other government bodies for their valuable advice, co-operation and support. I express my gratitude to our esteemed clients both in India and abroad for their continued trust and confidence and I am sure IRCON will continue to accord top priority to client satisfaction with greater vigour keeping with its reputation.

The quality of a Company lies in the quality of its employees. IRCON owes its growth to the dedicated employees of the Company at all levels. I wish them and the Company greater success and advancement in all their endeavours.

New Delhi
Dated: September 17, 1998

V.K. Agnihotri
Chairman

Directors' Report

Distinguished shareholders of IRCON,

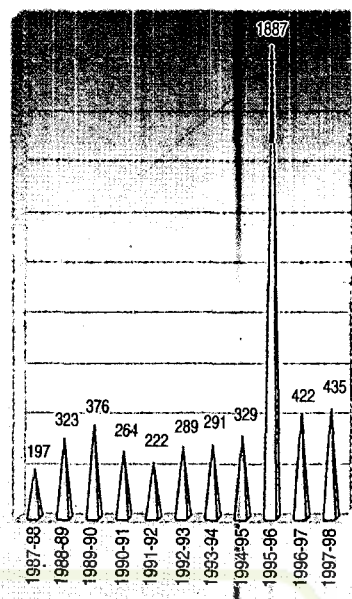
It is our privilege and pleasure to present the Twenty-second Annual Report of IRCON for the year ended 31st March, 1998.

Financial performance

The total turnover of the Company during 1997-98 is Rs. 4594 million including a contribution of Rs. 981 million from foreign projects. The profit before tax has improved considerably and stands at Rs. 503 million. The net foreign exchange earnings have marginally increased from Rs. 422 million in 1996-97 to Rs. 435 million during the year. The net worth of the Company as on 31st March 1998 is significant at Rs. 3682 million.

Foreign Exchange Earnings

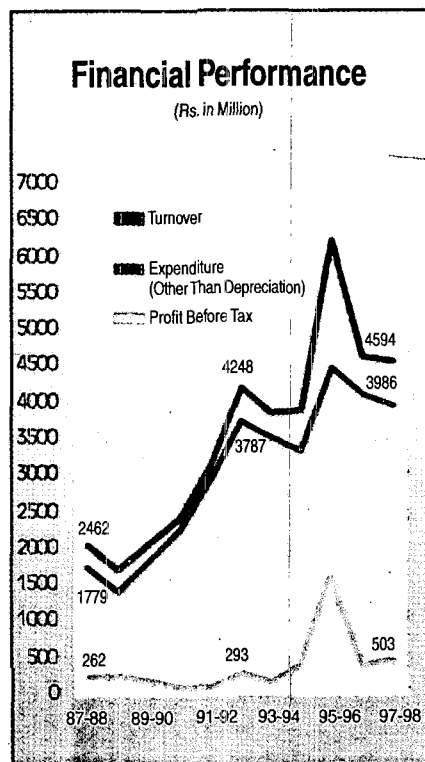
(Rs. in Million)



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The comparative financial performance of the Company during the last three years is summarised below:-

(Figures in Millions of Rs.)



	1995-96	96-97	97-98
Total turnover	6259*	4667	4594
Operating turnover	4681	4304	4243
Expenditure	4001	3855	3657
Depreciation	108	106	104
Provision for future contingencies	290	157	318
Operating profit	282	186	164
Other net income	282	271	342
Prior period adjustment (Net)	1068	(27)	(3)
Profit before tax	1632	430	503
Tax provision for the year	267	196	115
Tax provision for the earlier year/refund	238	(6)	(38)
Net profit after tax	1127	240	426
Net foreign exchange earnings	1888	422	435**
Net worth	3268	3349	3682

* This comprises operating turnover : Rs. 4681 million
Other income (including excess : Rs. 330 million
provision written back)
Prior period adjustments : Rs. 1248 million

** During 1997-98 the Company earned foreign exchange of Rs. 919 million and the foreign exchange outgo is Rs. 484 million.



Reserves

It is proposed to transfer Rs. 280 million from profit and loss account to the foreign projects reserve and write back Rs. 75 million bringing the balance of foreign projects reserve to Rs. 1630 million.

After making all provisions and transfer to and from specific reserve funds, it is proposed to transfer a sum of Rs. 127.83 million to the general reserve which now stands at Rs. 2002.39 million.

Share capital

During the year there has been no increase in the paid-up share capital of the Company which remains at Rs. 49.49 million. Shareholders' fund has increased from Rs. 3349 million to Rs. 3682 million.

Dividend

The Board of Directors have recommended a dividend of 175% on the paid-up share capital for 1997-98 amounting to Rs. 86.6 million. With this the cumulative dividend paid till 1997-98 will stand at Rs. 229.5 million.

Operational performance

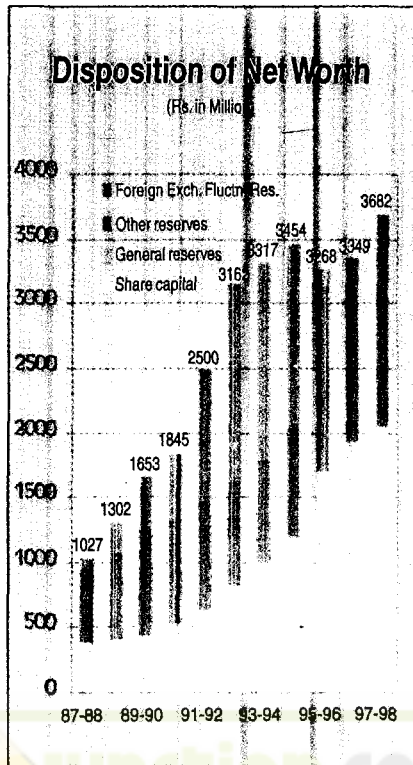
IRCON has successfully completed three projects abroad — one each in Malaysia, Bangladesh and Nepal — and has secured one contract worth Rs. 102 million in Malaysia. In the process of execution, the Company has also secured additional work by way of variation order in Bangladesh worth Rs. 67 million approximately. In India, the Company has secured more than twenty projects worth Rs. 3655 million during the year and has completed eighteen projects. The Company received three export awards during the year.

Projects abroad

The projects completed during the year are:

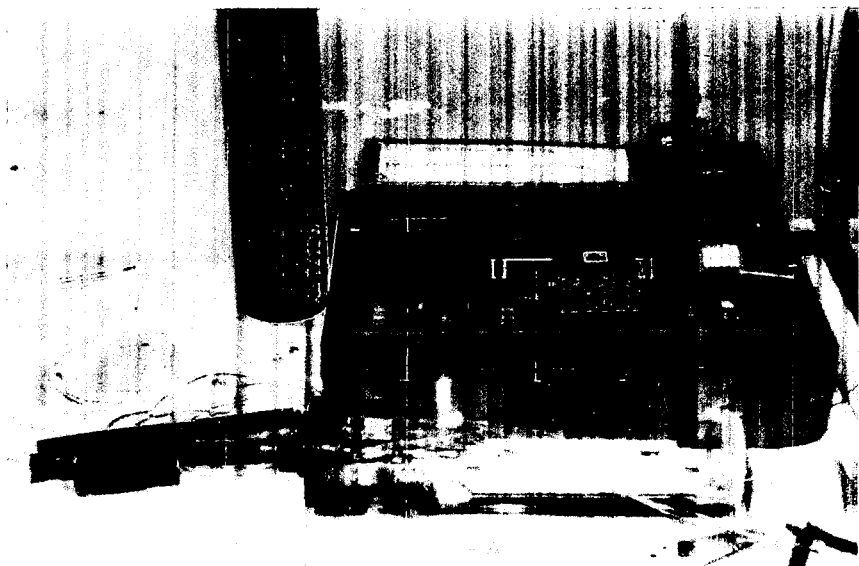
Bangladesh

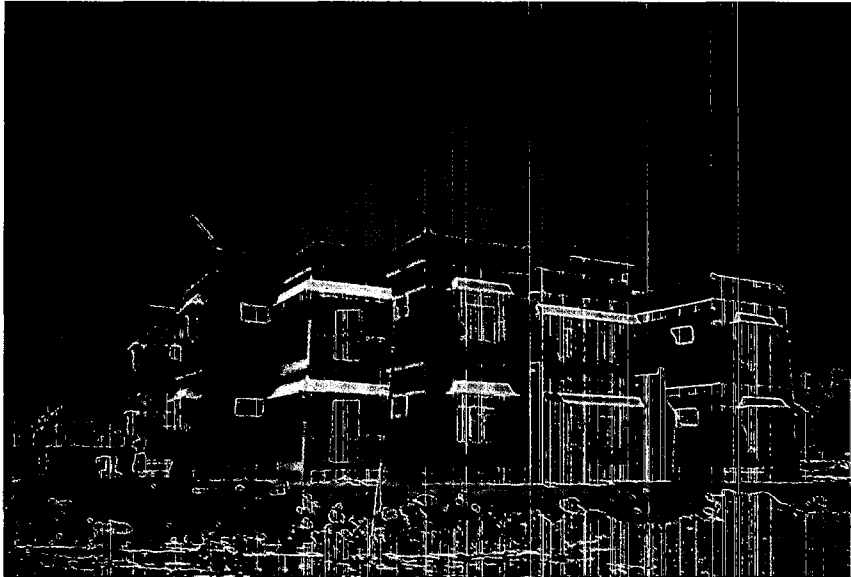
- Railway signalling and inter-locking work for six stations in Mymensingh-Jamalpur section.



Below :

Advance Optic Fibre Splicing Machine owned by IRCON.





Above :
"Yatriniwas" at Janakpur Distt. Dhanusha, Nepal.

Malaysia

- Refurbishment of 10 No. Class 22 Diesel Electric locomotives of KTMB, Malaysian Railways.

Nepal

- Construction of Yatri Niwas at Janakpur, Nepal.

The new and ongoing projects are:

Malaysia

- Track work for rail link from South port to West port- Pulau Indah; valued Rs. 101.84 million (new).
- Leasing and maintenance of 31 YDM4 Diesel locomotives to KTMB — Malaysian Railways on wet leasing basis.

Bangladesh

- Second Road Rehabilitation and maintenance project, RRMP-II Widening Contract-W4, Nawabganj-Kansat-Sonamasjid.

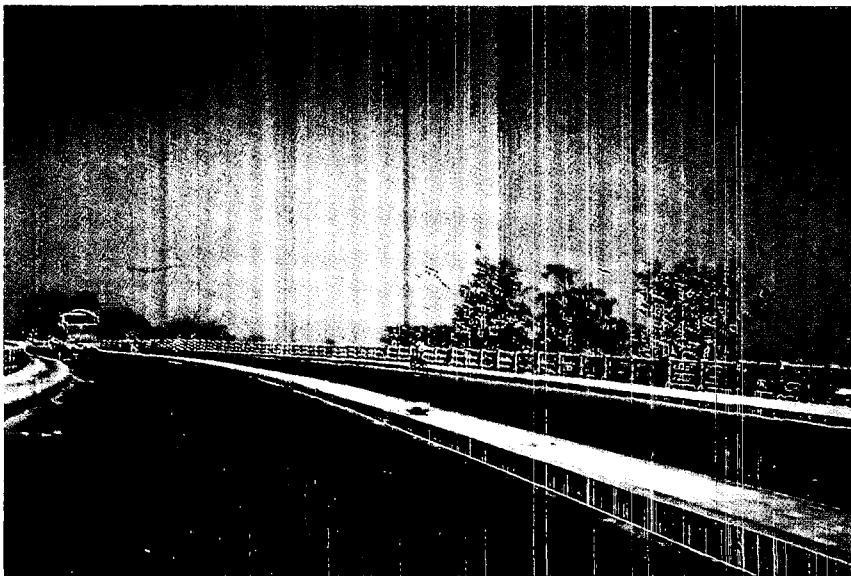
Nepal

- Road Rehabilitation Thankot to Naubise (Km 8.50 to 24.955)

Italy

- Engineering support services for United Nations.

Below :
Panoramic view of Delhi - Mathura Highway.



Projects in India

The Company has completed 18 works in India which comprise railway and other works including construction of railway line, railway siding, bridges and tunnels, casting and launching of PSC box girders, signalling and telecommunication system for MGR rail system, laying and commissioning of optic fibre cable, construction of hangars, construction of clear water reservoir, real estate work, etc.

The large value contract for construction of concrete roads in Delhi-Mathura section has been completed after the close of the year. The prestigious project of improvement and strengthening of Varanasi-Shaktinagar road project is progressing as per schedule. This apart more than sixty five projects are being executed.