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Company Secretary

Iti Matta

Statutory Auditors

M/s. Vinod Kumar & Associates,
Chartered Accountants

Main Bankers

Indian Overseas Bank
State Bank of India
HDFC Bank



Corporate Office Building of Irrcon at Saket, New Delhi

BOARD OF DIRECTORS

(As on 01.08.2014)

Chairman & Managing Director



MOHAN TIWARI

Whole-time Directors



K.K. GARG
Director Finance



DEEPAK SABHLOK
Director Projects



HITESH KHANNA
Director Works

Part-time (Official) Directors



A.K. RAWAL



ANJUM PERVEZ

Independent Directors



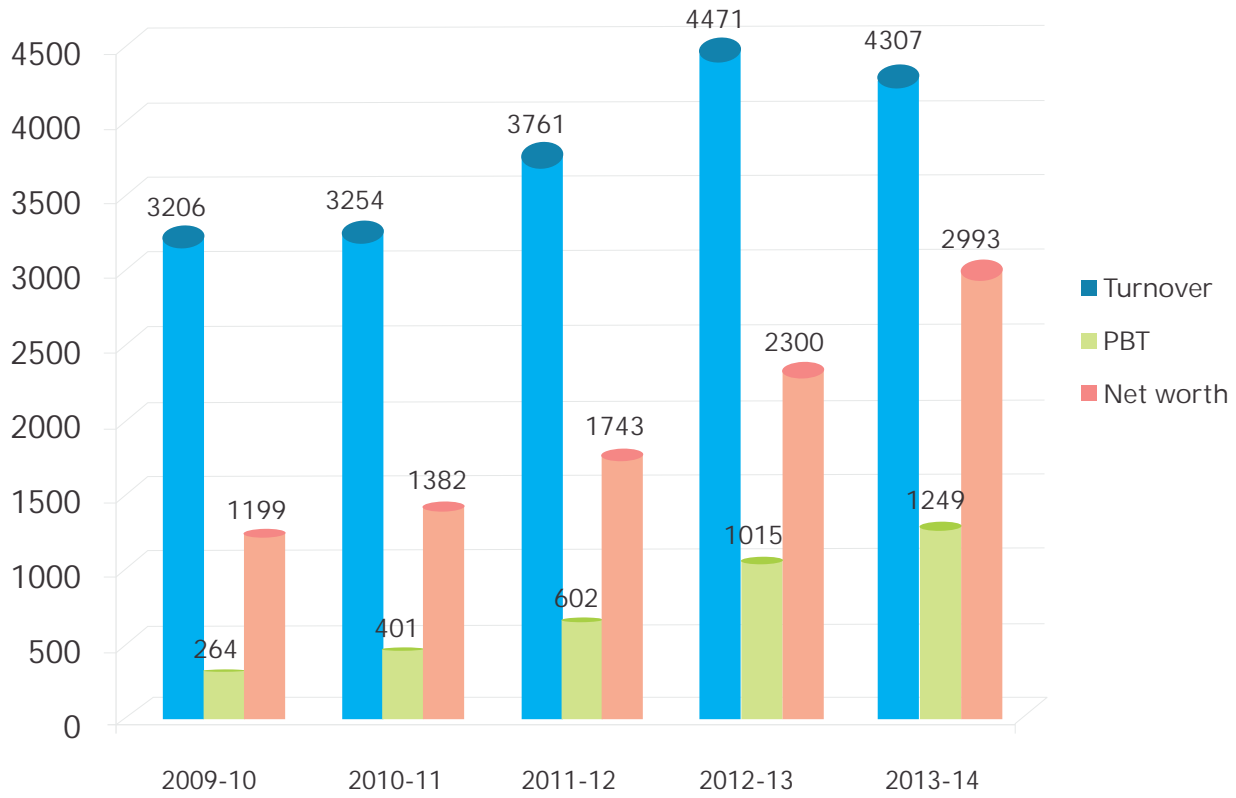
PROF. (DR.) S.S. CHATTERJI



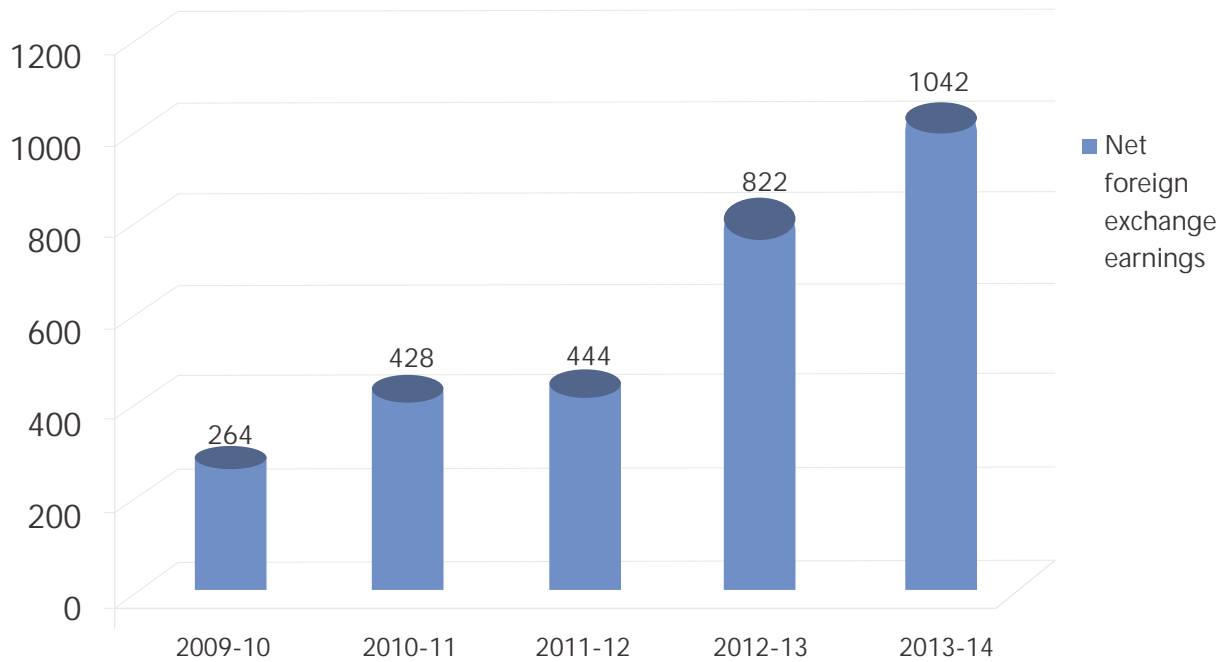
B. M. SHARMA



PERFORMANCE DURING LAST FIVE YEARS (` in Crores)



NET FOREIGN EXCHANGE EARNINGS (` in Crores)



CHAIRMAN'S ADDRESS



Distinguished Shareholders,

It gives me immense pleasure to welcome you all to this 38th Annual General Meeting of your Company. I thank all of you for making it convenient to attend this meeting.

This has been another landmark year for the Company as the Profit Before Tax for the year 2013-14 has crossed ` 1200 crores mark. The turnover achieved, however, was ` 4307 crores, 3.67% lower than ` 4471 crores in the previous year. Turnover has been affected due to non-commencement of work on some railway projects and lower order book position, which continues to be a matter of concern even for the current financial year.

I would like to highlight some salient aspects of Irrcon's performance during the year!

Performance Highlights

Your Company has sustained the upward trend in its profitability during FY 2013-14 also. Profit Before Tax and Profit After Tax have increased to ` 1249 crores and ` 907 crores respectively, which is highest ever, registering a growth of about 23% and 24% respectively.

In addition to the interim dividend of ` 100.96 crores @ 510% on the paid-up share capital, paid in February 2014, the Board of Directors of your Company have recommended a final dividend of ` 81.16 crores @ 410% on the paid-up share capital which, when declared at this AGM, would take the total dividend for the year 2013-14 to a record ` 182.12 crores.

You would be pleased to note that the cumulative dividend payout up to 2013-14 to the Government would amount to ` 755.10 crores on the equity investment of just ` 5 crores by the Government in the initial years of the Company during 1976-1985.

Growth over the years

During the last five years, your Company has recorded a compounded annual growth rate (CAGR) of 9.47% of turnover and 46.10% of profit before tax.

Irrcon has been figuring in the list of top 225 International Contractors since 2009-10 consistently as per the Engineering News Record (ENR), published by McGraw-Hill Construction (Financial) USA. As per their August 2014 edition, Irrcon is among the only four Indian companies which could make it to the list of top 250 International Contractors 2014.

Project Performance

Your Company has had proud moments of completing very important projects during the year in Malaysia and Sri Lanka. In Malaysia, Seremban – Gemas double tracking project valued at US\$ 1 billion has been completed. This is the largest ever transportation project completed by any Indian company abroad. In Sri Lanka, reconstruction of Railway Line from Omanthai to Pallai, and restoration of Medawachchiya to Madhu Road Railway Line have been completed.

The Company has completed Pir Panjal tunnel and railway line from Banihal to Qazigund section, Mughalsarai-Sultanpur-Utaratia RE project, Development of State highways under RSVY project in Bihar, and two electrification projects. Some of the important ongoing projects in India are Rail cum road bridge across river Ganga in Patna,



construction of RoBs in Rajasthan and Bihar, Rae Bareilly Rail Coach Factory, Sivok-Rangpo New Rail line Project, Dharam Qazigund New Railway line Project, implementation of PMGSY projects in Jharkhand, and two projects for Rail Link to Nepal.

Railway Infrastructure through Subsidiaries / JVs

Your Company has been contributing to Railway infrastructure through its two subsidiary companies – Ircon Infrastructure & Services Limited (IrconISL – a 100% subsidiary of Ircon) and Indian Railway Stations Development Corporation Limited (IRSDC – a JV with RLDA with 51% equity of Ircon).

Your Company would be actively involved in the development of coal connectivity rail corridors in the State of Chhattisgarh through two joint venture companies (JVCs) -- “Chhattisgarh East Railway Limited” (CERL) and “Chhattisgarh East-West Railway Limited” (CEWRL) -- formed in March 2013. Ircon has 26% equity participation in both the JVCs.

Governance and Sustainability

CSR & SD: Your Company has aligned its CSR and SD policies with the Millennium Development Goals formulated by the United Nations. Your Company has executed CSR and Sustainability projects to the tune of ₹ 8.49 crores in the areas of health, education, infrastructure, and skill development in and around its projects. The efforts of the Company in the previous year have been recognized, and your Company has been conferred with two awards – “India Today PSU Award 2014” under Mini-Ratna category, and “SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness”.

Corporate Governance: Your Company is complying with legal requirements and government guidelines regarding Corporate Governance. For the 8th consecutive year, Ircon received ‘NIL’ comments from the C&AG for the year 2013-14.

Memorandum of Understanding has been signed with Transparency International India (TII) for adoption and implementation of Integrity Pact, and it is being implemented for all Indian Projects with value of ₹ 5 crores and above.

Looking Ahead

Even as the construction business scenario in the area of operation of the Company remains challenging, your Company is effectively pursuing opportunities within India and internationally. The thrust of the Indian Railways on strengthening the rail network across the country, production units, and workshops provides good prospects for Company's railway business.

Your company will continue to focus in countries like Malaysia, Bangladesh and Sri Lanka, where it has substantial presence and excellent track record of having executed several prestigious projects.

Considering its vast experience and the expertise in the Design and construction of the High Speed Railway line, your Company intends to focus on this promising business, through strategic alliance with technology providers and specialized construction companies in the field.

The road sector is likely to see new momentum, and since your Company has good experience in this sector and sound financial strength, it is well-positioned for new opportunities both in EPC and BOT segment.

With real estate sector expected to take off, your Company intends to enhance its presence by constructing commercial and institutional buildings on the land owned by it.

Acknowledgements

Before concluding, I extend my heartfelt gratitude and thanks on behalf of the Board of Directors to all our shareholders, customers, Railway Board and other Ministries, Embassies, Bankers, and all other stakeholders for their valuable advice, support, and goodwill which we would always need.

I would like to place on record our appreciation for the sincere and dedicated services rendered by the employees of the Company. I convey my sincere appreciation and gratitude to my colleagues on the Board for their invaluable contribution in strengthening the Company.

I am confident that with your continued support coupled with the dedicated spirit and competence of the employees, your Company would create many more sustainable landmarks of progress in the years to come.

Place : New Delhi

Date : 25.09.2014

Mohan Tiwari
Chairman & Managing Director



DIRECTORS' REPORT

Distinguished Shareholders,

The Directors of your Company have pleasure in presenting their 38th Report on the affairs of the Company for the financial year 2013-14.

PERFORMANCE HIGHLIGHTS

Your Company has achieved its operating income of ₹ 4066.82 crores, out of which 52.56% is from foreign projects.

Further, your Company has again enhanced its profitability by 23.05% in profit before tax from ₹ 1015 crores in 2012-13 to ₹ 1249 crores in 2013-14. The profit after tax has also increased by 24.25% from ₹ 730 crores in 2012-13 to ₹ 907 crores in 2013-14.

FINANCIAL HIGHLIGHTS

Some important indicators of financial performance of the Company for the year 2013-14 vis-à-vis 2012-13 are given below:

Financial Performance Indicators:

(₹ in Crores)

Sl. No.	Particulars	2013-14	2012-13	%age increase / (Decrease)
1.	Total income/Gross sales	4307	4471	(3.67)
2.	Total Operating income	4067	4232	(3.90)
3.	Operating income from Foreign Projects	2137	1975	8.20
4.	Profit before tax	1249	1015	23.05
5.	Profit after tax	907	730	24.25
6.	Net worth	2993	2300	30.13
7.	Earnings per share (in ₹)	457.92	368.76	24.18
8.	Total Foreign Exchange Earnings	2185	1997	9.41
9.	Foreign Exchange Outgo	1143	1175	(0.027)
10.	Net Foreign Exchange Earnings	1042	822	26.76
11.	Dividend	182.12	148.47	22.66

Foreign Exchange Earnings

Net Foreign Exchange earnings have increased by 26.76% from ₹ 822 crores in 2012-13 to ₹ 1042 crores in 2013-14 due to higher expenditure in Indian rupees and higher revenue earned in foreign currency and higher margin in some international projects, though the operating income from foreign projects has increased by 8.20% from the last year.

Dividend

The Board of Directors had declared in January 2014 an interim dividend of ₹ 100.96 crores (approx.) @ ₹ 51/- per share i.e.510% on the paid-up share capital of ₹ 19.796 crores which was paid in February 2014 to the shareholders. The BoD has recommended a dividend @ ₹ 41 per share i.e. 410% on the paid-up share capital for declaration by the shareholders, which would amount to ₹ 81.16 crores approximately. With this, the total dividend for the year 2013-14 would amount to ₹ 182.12 crores @ ₹ 92.00 for every ₹ 10 share which works out to 20.09% of the post-tax profits as against ₹ 148.47 crores @ ₹ 75 per share during the previous year. After approval and payment of the proposed dividend, the cumulative dividend to shareholders up to 2013-14 will stand at ₹ 757.13 crores.



Appropriations/ Tax Provisions/ Reserves:

(` in Crores)

Sl. No.	Particulars	2013-14	2012-13
1	Interim Dividend	100.96	49.49
2	Proposed Final Dividend	81.16	98.98
3	Tax on Interim Dividend	17.16	8.03
4	Tax on Proposed final dividend	14.56	16.06
5	Transfer to / (from) CSR Activities Reserve	(1.19)	2.90
6	Transfer to General Reserve	693.85	554.53

ORDER BOOK

The Company secured works worth ` 4449 crores during the year 2013-14. The work load as on 31st March 2014 stood at approx. ` 12071 crores.

FINANCIALS OF SUBSIDIARIES

The Board of Directors of your Company has, at its adjourned meeting held on 1st August 2014 (held in continuation of meeting dated 31st July 2014), while approving the Financial Statements for 2013-14, approved the Consolidated Financial Statements of the Company and its subsidiaries, Ircon Infrastructure & Services Limited (IrconISL) and Indian Railway Stations Development Corporation Limited (IRSDC). Stand-alone Balance Sheet with Statement of Profit & Loss and Reports of both the subsidiaries have not been made a part of the Annual Report of Ircon based on consent of the BoD in terms of General Circular No.2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs (MCA) under section 212(8) of the Companies Act, 1956. Instead, a set of Consolidated Financial Statements comprising the Consolidated Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement along with Auditors' Report thereon forms a part of the Annual Report of your Company. A summary of key financials of both the subsidiaries is given in Note no. 36(c) forming part of the Consolidated Financial Statements. As required by the said MCA circular, your Company would make available the Balance Sheet, Statement of Profit & Loss, Cash Flow Statement, Directors' Report, and Auditors' report of IrconISL and IRSDC upon request by any member of your Company and of the subsidiaries. These documents would be made available on the website of the Company (www.ircon.org), and would also be available for inspection by any member at the registered office of the Company and of the subsidiaries.

OPERATIONAL PERFORMANCE

A. Foreign Projects Completed:

Malaysia

1. The entire double tracking project (about 98 km length between Seremban and Gemas on design and build basis including all electrification, signaling and communication works) in Malaysia -- being done for Ministry of Transport, Government of Malaysia, at a value of MYR 3366 million -- was completed on 31st July 2013, on the scheduled time. The project is now under two years maintenance period. This work is the largest ever transportation project under a single contract by any Indian company in a foreign country.



Rembau Railway Station, Malaysia

Sri Lanka

2. The track work for restoration of Medawachchiya to Madhu Road Railway line in Northern Province of Sri Lanka, at a value of ` 442.46 crores (USD 81.31 million), was completed on 31st March 2013. During the year, trial run for the above section was done on 23rd April 2013 and section was opened for passenger traffic on 19th May 2013.
3. During the year, the project of re-construction of Railway Line from Omanthai to Pallai in Northern Province of Sri Lanka got completed, at a revised value of ` 1071 crores (USD 193.66 million). The first section of the said project from Omanthai to Kilinochchi (63 Km) was inaugurated by Hon'ble Sri Lankan President Mahinda Rajapaksa on 14th September 2013. It was an historic occasion as the train service re-commenced in this section after 23 years. The balance section from Kilinochchi to Pallai (27 Km) was also commissioned on 4th March 2014.



Commissioning of Omanthai-Kilinochchi section in Sri Lanka

Ethiopia

4. The project for procurement, supply, testing, and commissioning of sub-station equipments for Ethiopian Electric Power Corporation (EEPCO), at a value of ` 66.5 crores, has been completed on 30th April 2013.

Afghanistan

5. Your Company also completed on 30th April 2013 the project for supply, installation, testing, and commissioning of 220/20 kv sub-station (new) at Aybak and bay expansion work at an existing Mazar-e-Sharif sub-station in Afghanistan at a value of ` 51 crores.

B. New / On-going Foreign projects:

Seven projects, including the new ones secured, are in progress -- one in Malaysia, three in Sri Lanka, one in Algeria, and two in Bangladesh.

Malaysia

1. Your Company continued to operate 25 meter gauge diesel locomotives on Malaysian Railway System (KTMB) as per the lease and maintenance contract for an annual value of approx. US Dollars 6.988 Million which has been extended up to 31st December 2015 at a total contract value of approx. US Dollars 13.976 Million.

Sri Lanka

2. The project of re-construction of Railway Line from Madhu Road to Talai Mannar {approximately ` 882 crores (USD 160.12 million)} in Northern Province of Sri Lanka is expected to be completed up to Jafna by December 2014.



3. The other two ongoing projects in Sri Lanka are:-

- (i) Re-construction of railway line from Pallai to Kankesanthurai in Northern province of Sri Lanka {approximately ` 916 crores (USD 155.26 million)}, which is expected to be completed by December 2014.
- (ii) Design, supply, installation, testing, and commissioning of signaling and telecommunication system for the entire railway network in northern province of Sri Lanka (from Anuradhapura to Kankesanthurai and from Medawachchiya to Talaimannar Pier), valued at approximately ` 563 crores (USD 96.51 million), which is scheduled to be completed by June 2015.

Algeria

6. The project for installation of a double track line (93 km) in Algeria awarded by ANESRIF, Government of Algeria, at a value of ` 1103 crores (USD 230 million) involving construction of second line and upgradation of existing line from Oued Sly to Yellel in Algier – Oran section of Algerian Railways is likely to be completed by March 2016. The value of the contract including additional works for realisation of double line has been revised to approximately ` 1692 crores (USD 353 million).

Bangladesh

7. During the year 2013-14, your company was awarded the following new projects from Bangladesh Railways:

- (i) Construction of 2nd Bhairab Railway Bridge with Approach Rail Lines (Lot-A) -- being undertaken by IRCON-AFCONS JV -- in September 2013, at a total value of approximately ` 267 crores (Ircon's share).
- (ii) Design, Supply, Installation, Testing, and Commissioning of Computer based Interlocking Colour Light Signalling System on turnkey basis at 11 stations between Ishurdi-Darsana section of Bangladesh, at a value of ` 60 crores (approx.).

C. Likely Foreign projects

Concerted efforts are being made to secure contracts in Malaysia, Oman, Bangladesh, Myanmar, and Sri Lanka.

D. Projects Completed in India

During the year, five projects got completed in India. These are:

- (i) Pir Panjal tunnel and railway line from Banihal to Qazigund section connecting Kashmir with Jammu region and the rest of the Country was opened for passenger traffic on 26th June 2013. The first DEMU train from Banihal through the Pir Panjal Tunnel – the longest transportation tunnel in India – was flagged off by Dr. Manmohan Singh, the then Prime Minister of India, in the presence of dignitaries from the Govt. of India and Ircon's officials.



Train passing through 11 kms Pir Panjal Tunnel in J&K