

Issue Details	
Issue Opens	17-Sept-18
Issue Closes	19-Sept-18
Issue Size (Rs. Crore)	470.49
Face value (per-equity share)	10
Price Band (Rs.)	470-475
Lot Size (No of Share)	30
No of Shares on Offer (crore)	0.99
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	28-Sept-18

Issue Date: 17<sup>th</sup> Sept – 19<sup>th</sup> Sept 2018

Price Band (Rs.): 470-475

Lot Size (No. of Share): 30

### Company Background

Incorporated in 1976, IRCON is a Delhi based government company (under the ministry of Railways) engaged in the business of engineering and constructions. The company specializes in major infrastructure projects including highways, railways, bridges, flyovers, electrical and mechanical works, development of commercial, residential and industrial areas. In 2016, IRCON was ranked 248 in the list of the top 250 international contractors by Engineering News Record (ENR) of the United States.

### Financials

Particulars	For the year/period ended (in Rs. Million)				
	Mar'18	Mar'17	Mar'16	Mar'15	Mar'14
<b>Total Assets</b>	127,782	93,314	81,394	65,210	62,135
<b>Total Revenue</b>	42,124	33,013	29,086	33,325	41,508
<b>Profit After Tax</b>	4,116	3,840	3,931	5,630	7,470

### Concerns

- Any change in govt policies, restructuring of existing projects or delay payment, may adversely affect its business.
- Projects included in order book and future projects may be delayed, extended, modified or cancelled.
- If IRCON is not successful in managing growth, business may be disrupted and its profitability may be reduced

### Strengths

- Diversified business across many countries.
- Strong financial performance with a robust credit profile.
- Continuously expanding footprints within & beyond India.
- Excellent execution track record through strong operating systems and controls.

### Our View

On upper price of Rs 475 and EPS of Rs 42.13, P/E works out to be 11.2x. On last 3 years average EPS of Rs 40.62, P/E works out to be 11.7x. For standalone, P/E is between 11.9x to 12.2x. Therefore P/E would be in range of 11.2x to 12.2x for price band of 470-475. There are no listed peers doing the same business, hence we cannot ascertain whether the issue is underpriced or overpriced.

IRCON has managed to perform well over the years with good economies of scale, proven track record of various domestic and foreign project executions, limited competition, future growth outlook, virtually debt free operations. The company also enjoys a healthy order book position. IRCON is trying to improve international business and is planning to diversify to aid growth. Considering all these positive factors, investors can invest in this IPO for long term considering their risk appetite.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	99.72	89.18
Public (incl institutions and employees)	0.28	10.82
Total	100.0	100.0

### Objects of the Issue

The Objects of the issue are:

a) Offer for Sale: The Promoter Selling Shareholder shall carry out disinvestment of 9.9 Mn shares which is approx. 10.5% of pre-offer paid up equity share capital of the company. The company would not receive any proceeds from this offer.

b) Further, the Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges.