



# Research Report

## Ircon International Limited



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# About

Indian Railway Construction International Limited or Ircan International Limited (IRCON) commenced its business in 1976 as a railway construction company, it diversified progressively since 1985 as an integrated engineering and construction PSU specializing in large and technologically complex infrastructure projects in various sectors. Only Indian PSU and one of the five Indian companies on the list of top 250 international contractors.

## Core Competencies:

(i) Sectoral leader in transportation infrastructure among Indian public sector construction companies. (ii) Expertise in executing railway projects on a turnkey basis.

## Key Areas

- Railways,
- Highways,
- Bridge & Flyovers,
- Buildings
- Aircraft Hangars
- Solar
- Institutional and Residential
- Development of Industrial Areas
- Electrical and Mechanical
- OHE Sub-Station
- Tunnels and Runways.

## Synopsis of Financials

- Reported total revenue of ₹12,871 crores in FY24, up by 20% compared to the previous year.
- PAT increased by 21.5% to ₹930 crores.
- Earnings per share increased to ₹9.88 per equity share in FY24.

## Stock data (as 5th July 2024)

Nifty Price	: 24,320.55
52 week High (in Rs.)	: 334
52 week Low (in Rs.)	: 79.0
Market Cap. (in Crore)	: 30,750
NSE Code	: <u>IRCON</u>

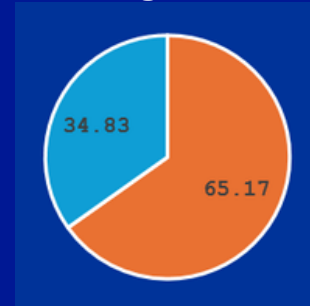
## Stock data



-NIFTY50

- Ircan International Limited

## Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

## Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	12,331	10,368	7,380
Sales Growth %	18.93%	40.49%	37.94%
Expenses	11,407	9,664	6,795
Operating Profit	924	704	585
OPM %	7%	7%	8%
Net Profit	930	765	592
EPS in Rs	9.88	8.14	6.3

# Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	2,239	2,347	3,781	2,717	2,987	2,884	3,743
Expenses	2,039	2,190	3,598	2,513	2,771	2,671	3,470
Operating Profit	200	156	183	204	216	213	273
OPM %	9%	7%	5%	8%	7%	7%	7%
Other Income	81	75	186	111	177	165	151
Interest	31	30	33	33	37	37	41
Depreciation	24	24	36	19	27	27	27
Profit before tax	226	178	301	263	328	314	356
Tax %	23%	-7%	15%	29%	24%	22%	31%
Net Profit	174	190	256	187	251	245	247

Source: Screener

## Key Ratios

S. N.	Name of Ratio	Formula	Unit	FY 2023	FY 2022	% Change	Reason for change more than 25%
1.	Debtors Turnover Ratio	Net Credit Sales/ Average Trade Receivable	In times	12.58	11.39	10.45	-
2.	Inventory turnover Ratio	Cost of Goods Sold/ Average Inventory	In times	37.73	32.02	17.86	-
3.	Current Ratio	Current Assets / Current Liabilities	In Times	1.49	1.40	5.96	-
4.	Debt-Equity Ratio	Debt / Total Shareholders' Equity	Percentage	0.00	0.00	0.00	-
5.	Operating Profit Margin	(PBIT-Other Income) / Turnover	Percentage	5.50	4.96	10.88	-
6.	Net Profit Margin	Net Profit / Total Income	Percentage	7.57	7.58	-0.13	-
7.	Return on Net Worth	Net Profit / Average Net Worth	Percentage	15.88	12.07	31.66	The movement is primarily on account of incremental income generated in the current year being higher vis-à-vis the increase in net-worth.

Source: Annual Report

# Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	188	188	188
Reserves	5,683	5,023	4,478
Borrowings	2,570	1,505	1,399
Other Liabilities	9,004	8,821	8,382
Total Liabilities	17,445	15,537	14,446
Fixed Assets	1,736	1,825	1,845
CWIP	549	19	36
Investments	1,553	1,049	971
Other Assets	13,607	12,644	11,594
Total Assets	17,445	15,537	14,446

# Synopsis Quater Results

## Con-Call Q1 FY'24: Key Highlights

### Order Book:

- Order book as of March 31, 2024, stands at ₹27,208 crores.
- Mix between competitive bidding and nomination orders is almost 50-50.
- Domestic and international order mix is about 91-9.

### Future Growth:

- Targeting to double the revenue from ₹10,000 crores to ₹20,000 crores over four to five years.
- Expecting a flattish growth in revenue for the next year.
- Looking to maintain PAT margins in the range of 7 to 7.5%.

### Projects:

- Involved in high-speed railway projects with an order value of around ₹5,200 crores.
- Bullet train project progress: Stretch to be opened in 25-26, full connectivity a year after that.
- Expecting revenue from bullet train and Myanmar projects to be spread over a three to four-year period.

### Subsidiaries and Joint Ventures:

- Have 11 subsidiaries mainly in renewable power and roads.
- Have seven joint venture companies mainly for coal connectivity projects.

### Working Capital and Funding:

- Not foreseeing a need to raise funds for working capital requirements in the near future.
- Surplus funds expected to be invested in equity investments of PPP projects.

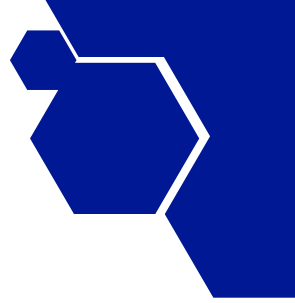
### Competition and Market Share:

- Facing competition from subcontractors in pure civil work but maintaining an edge in projects requiring design, planning, and technical expertise.
- Targeting to secure projects worth ₹10 to 15,000 crores in the current year.

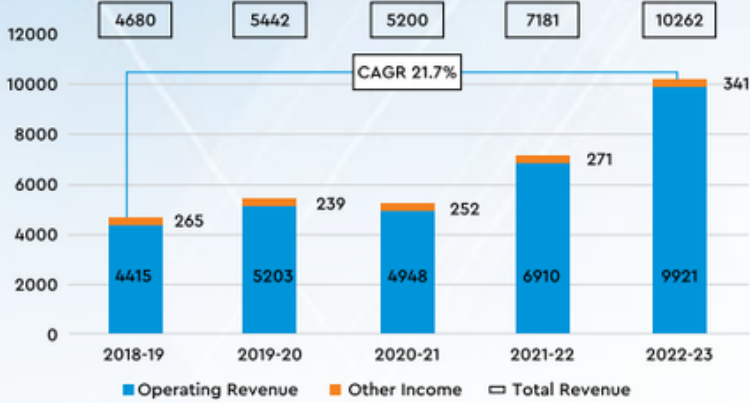
### Challenges and Risks:

- Potential risks from subcontractors outbidding in future projects.
- Need to carefully manage working capital requirements to avoid impact on revenue.

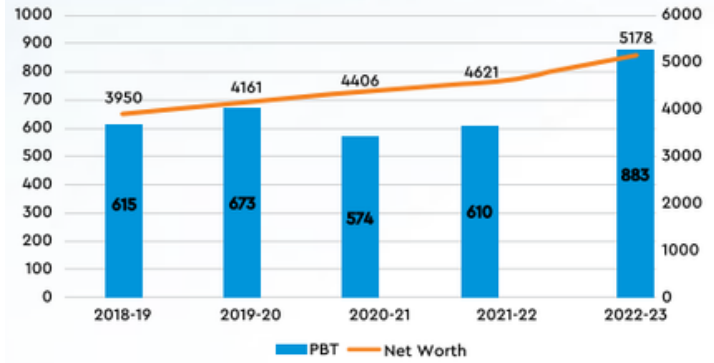
# Revenue Highlights



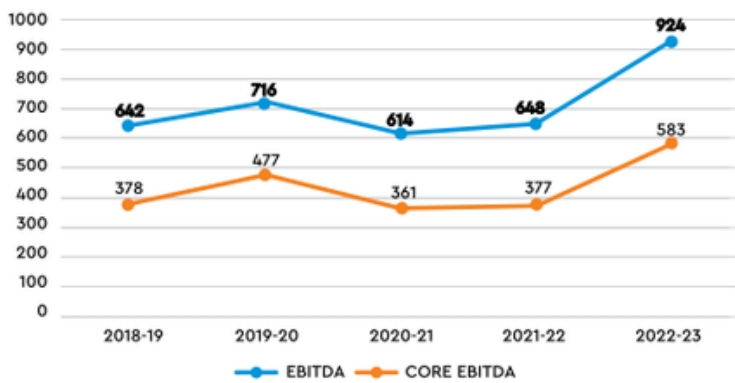
Total Revenue/Operating Revenue:



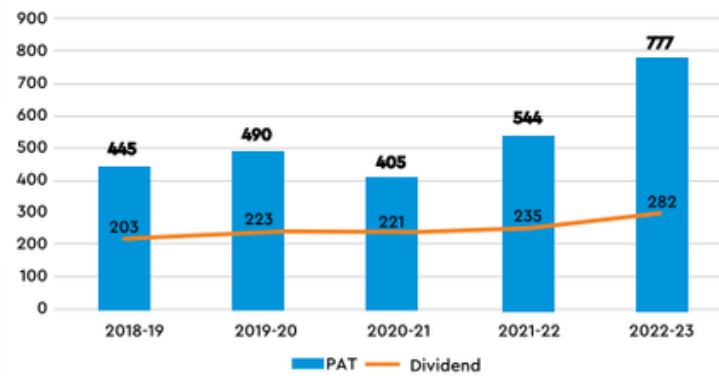
Profit Before Tax (PBT)/Net Worth



EBITDA/CORE EBITDA:



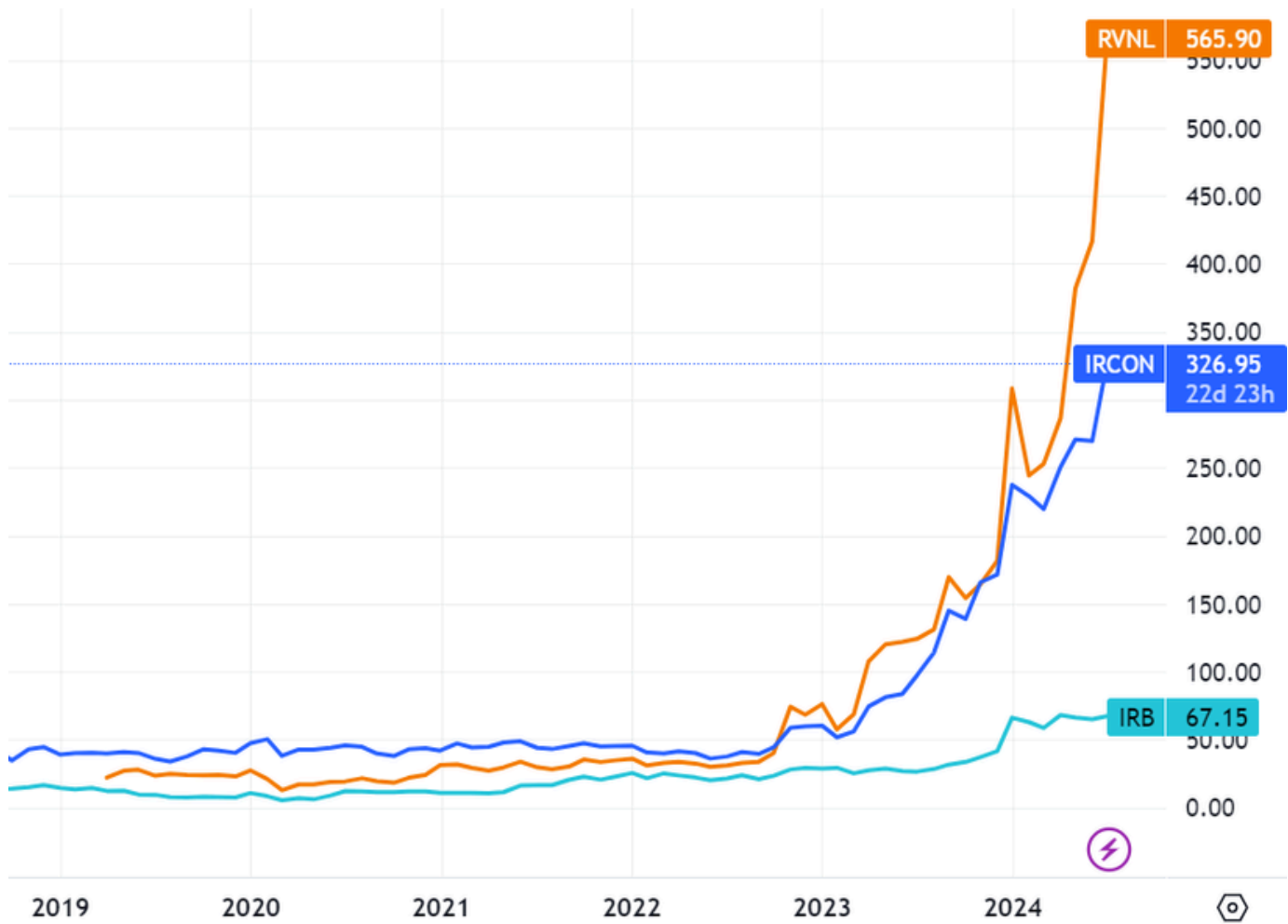
Profit after Tax (PAT)/Dividend:



EBITDA = Profit Before Tax + Finance Cost + Depreciation & Amortization  
 Core EBITDA = Profit Before Tax + Finance Cost + Depreciation & Amortization - Other Income

# Peer Comparison

## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	<a href="#">Rail Vikas</a>	565.90	80.68	117991.33	0.37	433.32	25.50	6700.69	17.12	18.70
2.	<a href="#">IRB Infra.Devl.</a>	67.15	66.96	40563.89	0.45	188.88	45.12	2061.24	27.24	9.00
3.	<a href="#">Ircon Intl.</a>	326.95	33.09	30750.14	0.92	246.66	-3.83	3742.71	-1.00	18.54
4.	<a href="#">G R Infraproject</a>	1757.15	15.57	16989.73	0.00	553.09	-20.73	2485.12	0.98	17.00
5.	<a href="#">PNC Infratech</a>	505.20	14.37	12960.35	0.10	395.89	171.19	2600.15	12.81	16.06

Source: Screener

# Final Outlook

**IRCON: BUY | LTP: 327**

IRCON International Ltd. maintains a healthy dividend payout ratio of 36.0%. The decrease in promoter holding over the last 3 years (-8.01%) is due to the Union government's proposal to sell stake in the company through an offer for sale (OFS). Despite this, the company's financial statements depict strong fundamentals, with a 40.49% increase in revenue from operations and a significant 29.2% increase in net profit for the year. With a Price-to-Earnings (P/E) ratio of 27.4x and an uptrend in share price, investors' positive expectations are evident. The railway PSU stock has increased by more than 19% in the last month and more than 8% in the last two weeks, for a remarkable gain of 58.68 percent over the last three months. In addition, the company has gained 129.89% YTD and given investors a return of 125.74 percent over the past six months.

In addition, the stock has returned 243.38 percent over the past year and has increased by 1284.30 percent during the previous two years. According to BSE data as of July 4, investors have received an excellent return of 1377.07% on their investment in RVNL shares over the last five years. The debt to equity ratio of 0.44 further highlights the company's strong financial position. It is recommended to consider buying the shares.