



MSEARCH

IPO OFFERING

IRCON INTERNATIONAL LTD



IRCON INTERNATIONAL LIMITED

(A Government of India Undertaking)

Recommendation: Subscribe

Incorporated in 1976, **IRCON International Limited (IRCON)** is four decade old government company (under the ministry of railways). It is engaged in the business of engineering and construction mainly specialising in major projects including railways, highways, bridges, flyovers, tunnels, aircraft maintenance hangers, runways, EHV substations, electrical and mechanical works, commercial and residential properties, development of industrial areas and other infrastructure activities. IRCON provides EPC services on a fixed-sum turnkey basis as well as on an item-rate basis for various infrastructure projects. In 2016, IRCON was ranked 248 in the list of the top 250 international contractors by Engineering News Record (ENR) of the United States. Presently it has 26 project offices and five regional offices to support and manage its business operations throughout India and five overseas project offices in Sri Lanka, Bangladesh, Malaysia, South Africa and Algeria to provide onsite support overseas.

Price Band	: Rs. 470 to 475 per share
Face value	: Rs.10
Bid Lot size	: 30 Shares
Issue size	: Rs. 462 Cr – Rs. 467 Cr
Issue Opens	: September 17th 2018, Monday
Issue Closes	: September 19th 2018, Wednesday
Min App Amount	: Rs. 13,950/-* at upper band
Retail & Employee discount*	: Rs. 10/- per share

Msearch View:

We believe company being majorly under railways IRCON has managed to perform well over the years with good economies of scale, healthy order book position which implies an order book to bill ratio of 5x on FY18 numbers. On valuation parse post-IPO IRCON is expecting a market cap Rs 4467 Cr at higher price band, valued at 1.24x the book value and the stock is available at PE 11.28x FY18 EPS, which appears to be low on valuations, but with no direct peer comparison and being Government entity with stable business outlook, valuations doesn't stand attractive. Hence "SUBSCRIBE" for long term considering risk appetite of the investor.

Kindly Contact Mehta Equities :

www.mehtagroup.in or Call @ 022-61507123/145

Disclaimer: www.mehtagroup.in