



BUDGET BULLSEYE

STOCK ANALYSIS FOR IRCON LTD

PRESENTED BY :-

TEAM FINANCE FORESIGHT



SECTOR SELECTION

WE AS A TEAM HAVE SELECTED RAILWAY SECTOR KEEPING IN MIND ITS PERFORMANCE IN STOCK MARKET AND ESPECIALLY THE INTERIM UNION BUDGET 2024.

ANALYSTS PREDICT THAT THE BUDGET'S FOCUS ON INFRASTRUCTURE DEVELOPMENT WILL HAVE A POSITIVE IMPACT ON RAILWAY SECTOR. THIS SECTOR HAS A LOT TO OFFER TO THE INVESTORS IN THE NEAR FUTURE AS WELL AS FOR LONG TERM BECAUSE INDIA IS DEVELOPING COUNTRY AND TRYING TO IMPROVE AND MODERNIZE THE RAILWAYS SECTOR IN TERMS OF CONSTRUCTION AND MACHINERY MANUFACTURING. THIS CAN BE SEEN IN THE INTERIM BUDGET 2024 BECAUSE THE GOVERNMENT HAS INVESTED 2.55 LAKH CRORE, WHICH REPRESENTS AN INCREMENT OF 5.8% FROM LAST YEAR

IRCON HAS BEEN A PROMISING PLAYER OF THIS INDUSTRY FOR A WHILE NOW GRABBING MOST OF THE CONTACTS AND HAVING A REALLY GOOD GROWTH IN RECENT YEARS MAKING IT A PROMISING LONG-TERM INVESTMENT. HAVING FOREIGN INVESTORS LIKE DIMENSIONAL FUND ADVISORS LTD., STOREBRAND ASSET MANAGEMENT AND STATE STREET GLOBAL ADVISORS LTD., ITS MARKET REPUTATION IS EVIDENT.

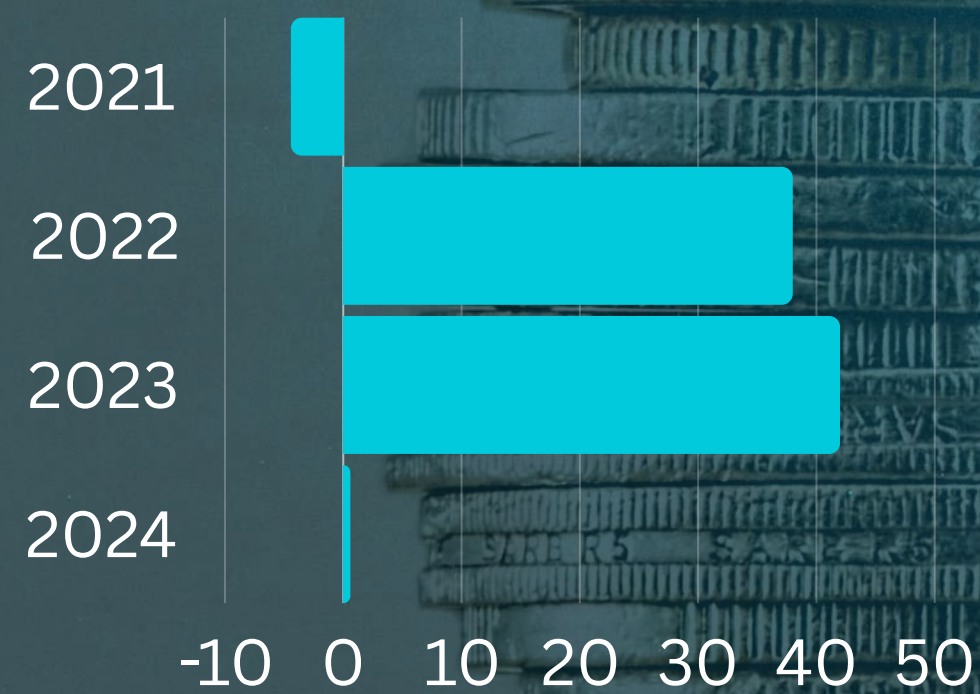
COMPANY INTRODUCTION :



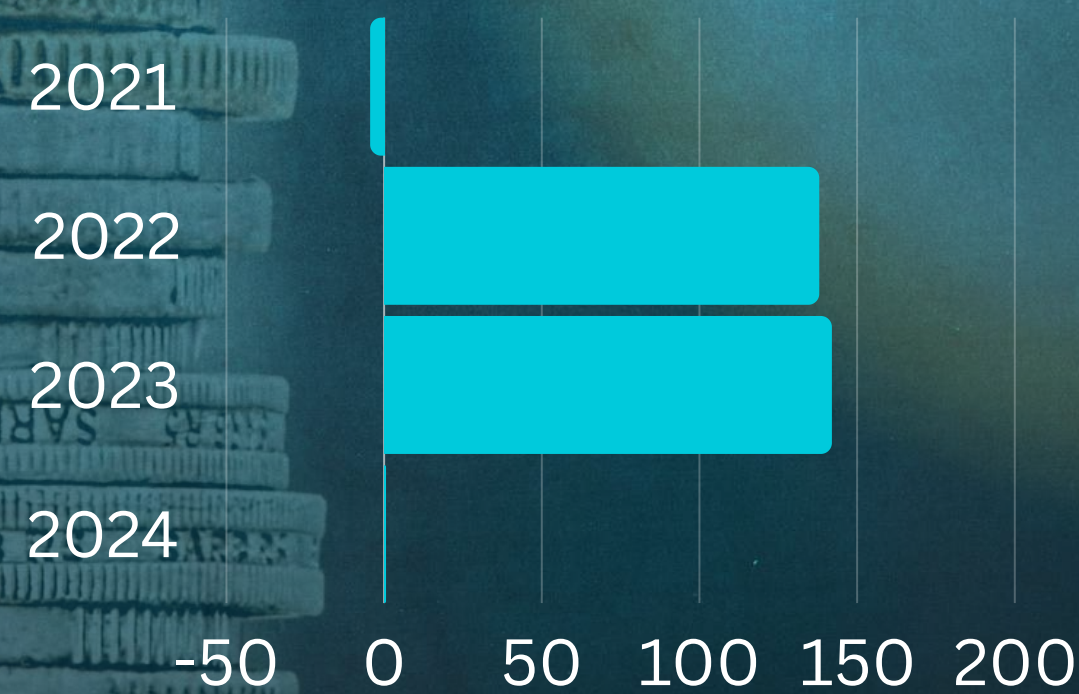
- Estd. year 1976
- Is a Public Sector Undertaking with Indian govt (incorporated by the central railway ministry) owning 65.18% and DIIs, FIIs, banks and public owning the rest 34.82%
- Focuses on the construction of roads, bridges, railways, airports, airport runways, residential, industrial, and commercial buildings
- Railway and Highway Construction, EHP sub-station, and MRTS are the core competence areas of IRCON
- Operates not only in a highly competitive environment but also in difficult terrains and regions in India and abroad and in the public sector it is known for its quality, commitment and consistency in terms of Performance
- The centre has granted 'Navratna' status to the state-owned firm
- Has so far completed more than 300 infrastructure projects in India and more than 100 projects across the globe in more than 21 countries

GROWTH PERCENTAGE OF IRCON LTD.

The company has shown remarkable growth in all metrics including CAGR, compound growth rate, compound profit rate, etc. From these positive indicators, it is prudent to invest in this company it will definitely be a profitable deal.



Compound Sales Growth



CAGR



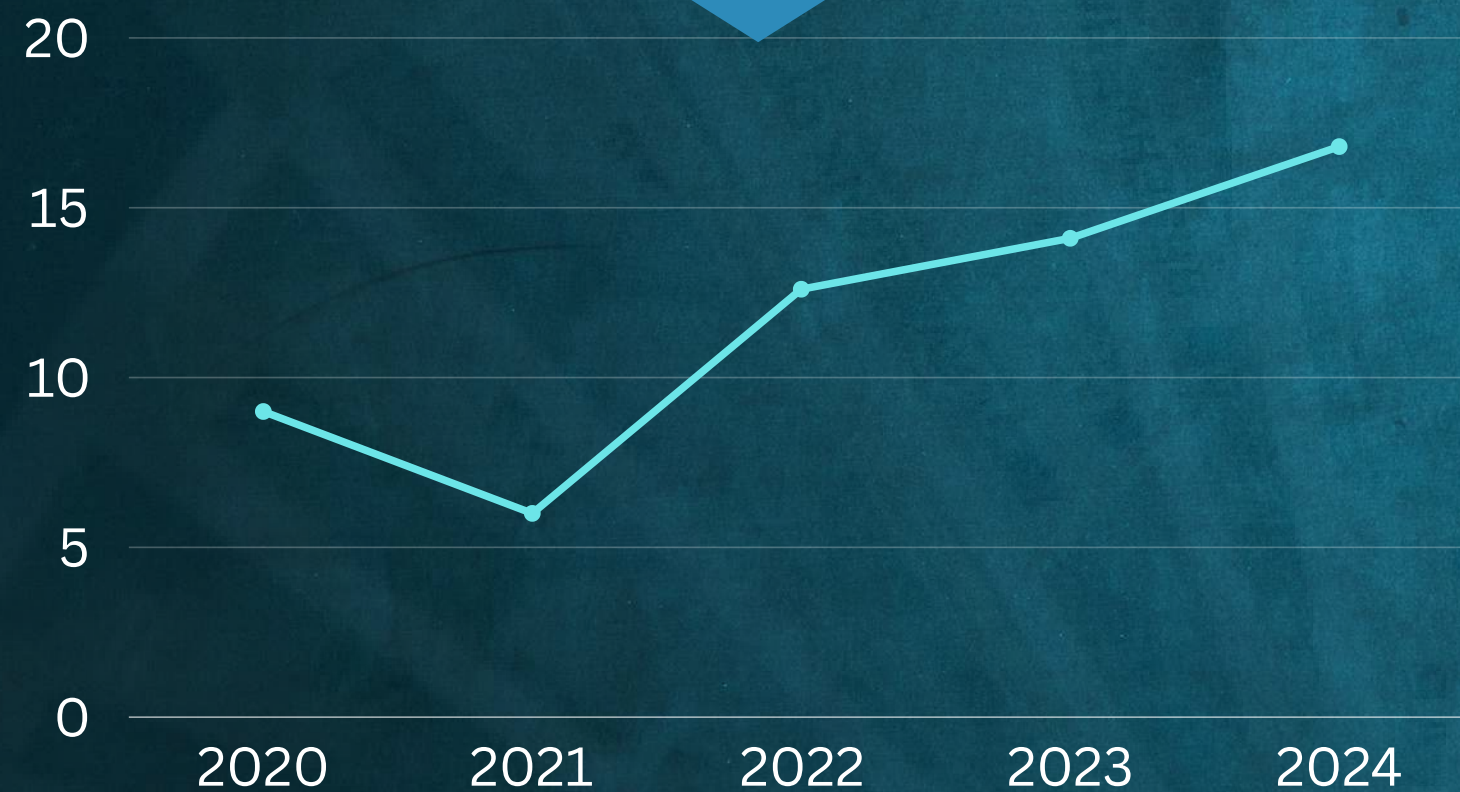
Compound Profit Rate

- Here 2024 contains only the data as on 31 march 2024 and comparison is done between 1st quaters only

FUNDAMENTAL RATIO

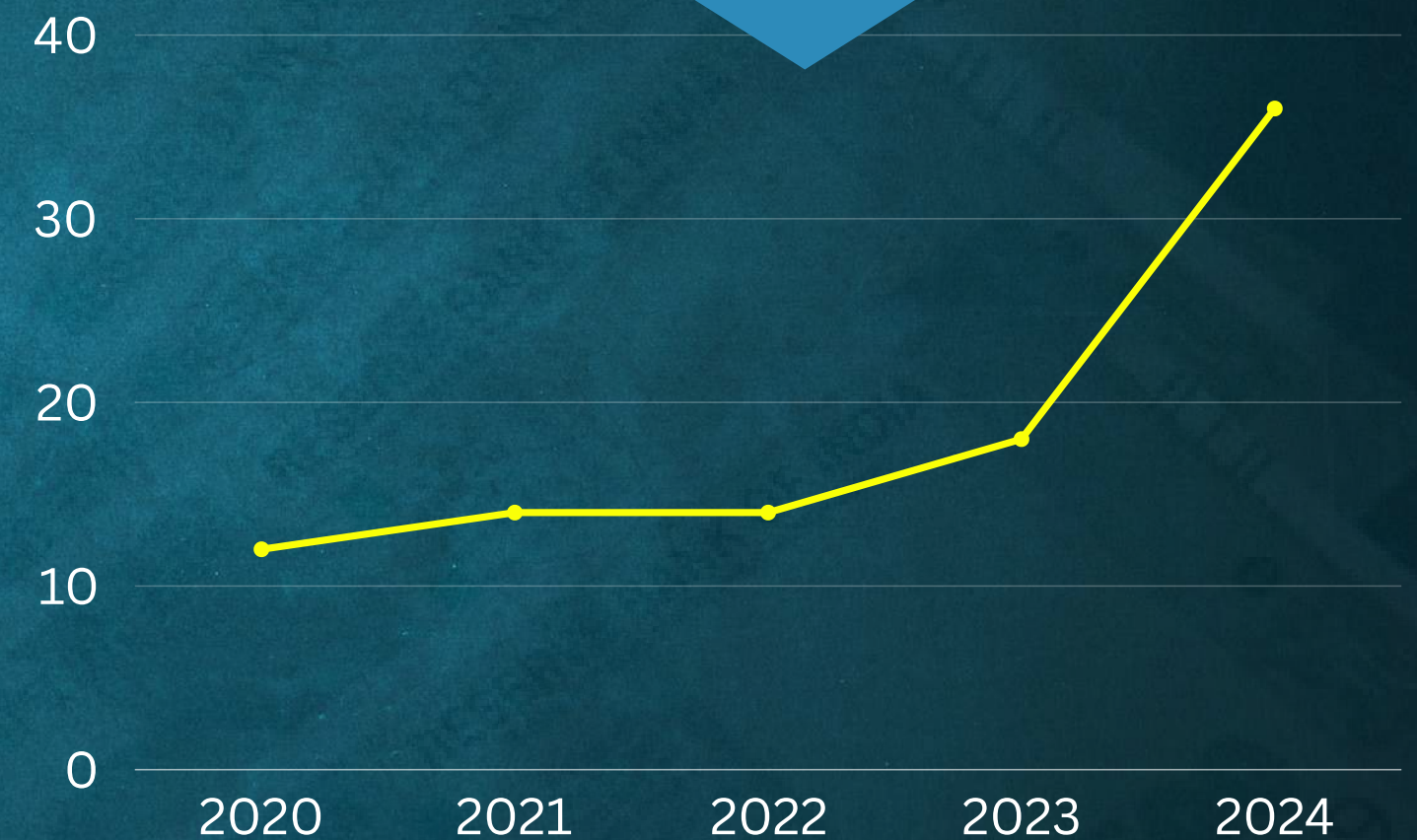
ROE

16.8



ROCE

18.5

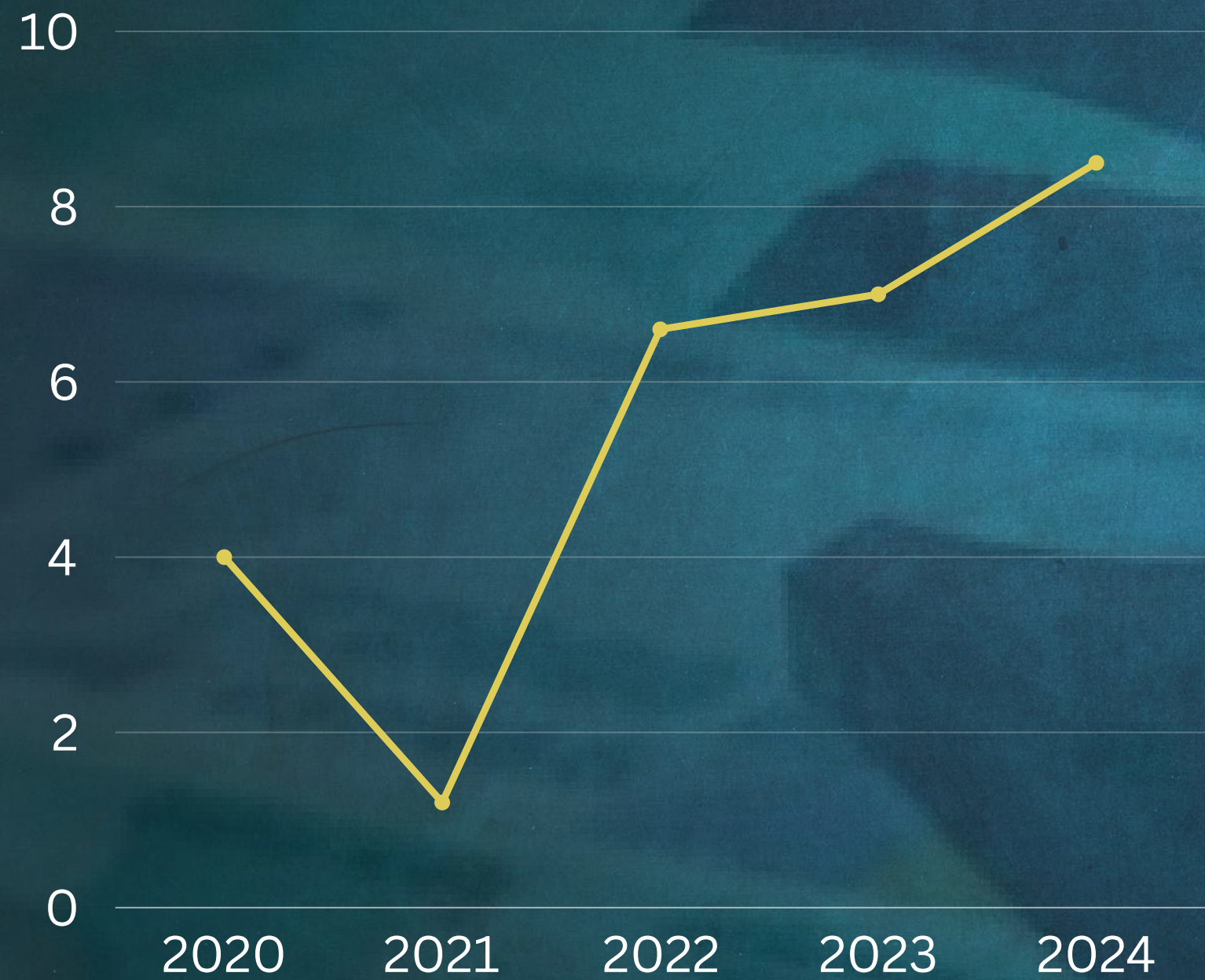


P/E RATIO

27.5%

ROA

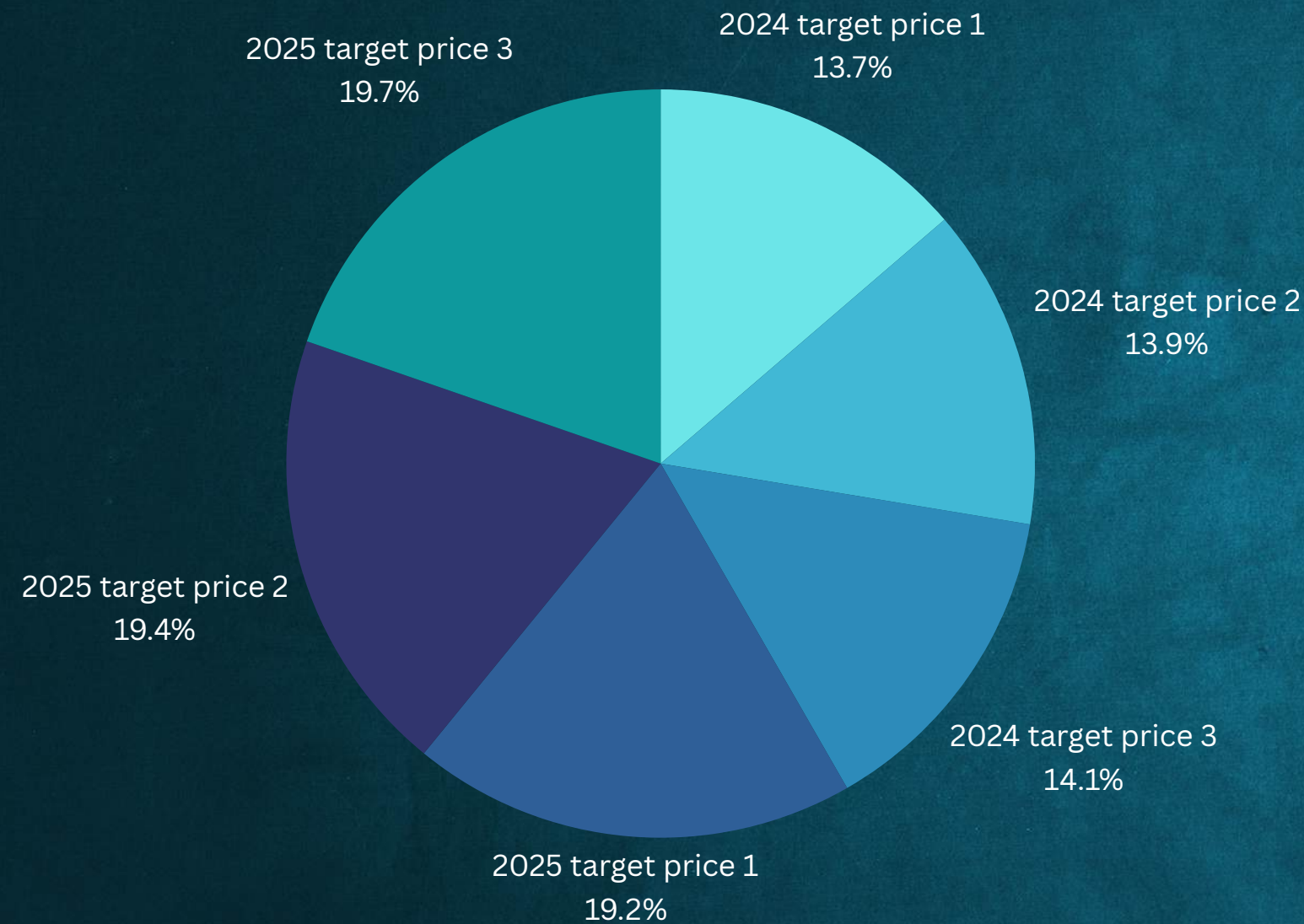
8.5%



Investment
turnover ratio

2.5%

FUTURE MARKET PREDICTION



Pie Chart: Projected Stock Prices for 2024 and 2025

These projections indicate potential growth and positive market sentiment towards IRCON's stock in the coming years.

●Short-term (for 2024):

~Target Prices: At ₹315.66, ₹318.82, and ₹324.88, representing gains of up to 16.42% from the current levels.

~ Stop Loss Levels: At ₹268.45, ₹263.39, and ₹259.10 to mitigate downside risks.

●Long-term (for 2025):

~ Target Prices: ₹440.28, ₹444.68, and ₹453.13, indicating a potential increase of up to 62.38% from current prices .

~Stop Loss Levels:at ₹240.39, ₹237.99, and ₹232.00.

Government Initiatives: The Union Budget of India for 2024 outlines an initiative to convert 40,000 conventional railway bogies into Vande Bharat coaches.

IRCON's stock price could potentially see a rise towards ₹300 and beyond in the medium term if the positive trends continue .

Current Stock Performance



As of May 2024, robust performance is reflected in its stock price.

- 1. Price Performance:** IRCON's stock is trading around ₹283.80, with the next resistance level at ₹300. The stock has surged approximately 62.80% from January 2024 to May 2024.
- 2. Earnings Growth:** The company reported a 28.79% increase in earnings and a 22.9% rise in revenue compared to the previous quarter.
- 3. Profitability:** IRCON maintains a healthy net profit margin of 7.59%, further reinforcing its strong financial position.
- 4. Financial Performance:** For the fiscal year ending March 2023, IRCON's total revenue was ₹10,367.93 crores, up from ₹7,379.67 crores in 2022. Net income also rose to ₹765.23 crores from ₹592.34 crores, reflecting strong profitability.

The company recently declared a dividend of ₹1.30 per share.

On the earnings front, the rail PSU has reported a 15.1 per cent growth in its net profit for the March 2024 quarter. Foreign Institutional Investors (FIIs) have increased their holdings from 4.11% to 4.58% in the March 2024 quarter.

Competitors' Analysis



Rail Vikas Nigam Ltd.

works as the construction arm of the Ministry of Railways for project implementation and transportation infrastructure development

P/E: 49.1

ROCE: 18.4%

ROE: 19.6%

ROA: 4.72%

RVNL focuses on projects in India only while IRCON has a broader portfolio that includes not only railway projects but also infrastructure projects in other sectors within India and internationally



Titagarh Rail System Ltd.

designs and manufactures wagons such as container flats, grain hoppers, cement wagons, electric propulsion equipment such as traction motors and vehicle control systems

P/E: 57.3

ROCE: 24.9 %

ROE: 18.1 %

ROA: 4.45%

Titagarh has faced significant fluctuations in profitability and revenue, with periods of net losses in recent years (FY19 to FY22)



Larsen & Toubro

A major player in engineering, construction, manufacturing, and financial services with a strong presence in infrastructure projects, including railways

P/E: 36.64

ROCE: 11.12%

ROE: 13.46%

ROA: 4.93%

Investment Turnover Ratio: 1.9

L&T is showing all fundamental ratios (except PE) less than IRCON



CONCLUSION

IRCON International Ltd. appears to be a strong candidate for both short-term and long-term investment. Investors looking for growth opportunities might find IRCON appealing due to its robust earnings, revenue growth, and promising future projections.

THANK YOU....



ADARSH
SINGH



CHITRANSH
GUPTA



ANSHU
DIVYANSHI



BABITA
VERMA