

Rating: HOLD | CMP: Rs153 | TP: Rs153

February 14, 2026

Q3FY26 Result Update

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,01,931	90,651	95,183	1,09,461
EBITDA (Rs. m)	4,792	4,058	4,567	5,730
Margin (%)	4.7	4.5	4.8	5.2
PAT (Rs. m)	7,376	6,251	6,927	7,795
EPS (Rs.)	7.8	6.6	7.4	8.3
Gr. (%)	(14.5)	(15.3)	10.8	12.5
DPS (Rs.)	2.7	2.2	2.5	2.8
Yield (%)	1.7	1.5	1.6	1.8
RoE (%)	12.3	9.7	10.1	10.6
RoCE (%)	7.3	5.6	5.8	6.8
EV/Sales (x)	1.0	1.2	1.2	1.0
EV/EBITDA (x)	20.5	26.3	24.6	19.5
PE (x)	19.5	23.0	20.8	18.4
P/BV (x)	2.3	2.2	2.0	1.9

Key Data	IRCN.BO IRCON IN
52-W High / Low	Rs.226 / Rs.134
Sensex / Nifty	82,627 / 25,471
Market Cap	Rs.144bn / \$ 1,586m
Shares Outstanding	941m
3M Avg. Daily Value	Rs.928.93m

Shareholding Pattern (%)

Promoter's	48.81
Foreign	7.38
Domestic Institution	20.02
Public & Others	23.79
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.8)	(8.8)	(8.6)
Relative	(4.6)	(11.1)	(15.8)

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Order inflow recovery amid execution weakness

IRCON has seen a meaningful rebound in order inflows in 9MFY26, securing Rs 89 bn of new orders, resulting in stabilization of the order book after a decline during FY23–25. As of Q3FY26, the order book stands at Rs 238 bn (2.4x TTM revenue), with ~75% exposure to the railway segment. However, execution continues to lag, with Q3FY26/9MFY26 revenue declining ~20%/~21% YoY and margins remaining under pressure amid intense competitive bidding. Going forward, the company aims to consolidate its core railway and road EPC franchise while selectively expanding into segments such as Kavach, hydropower and renewables. The ~11% YoY rise in FY27E railway capex, particularly toward core infrastructure works, offers structural support. Nonetheless, we believe a visible recovery in execution for IRCON, likely 2–3 quarters away, is critical before turning constructive. Stock trades at 18x FY28E EPS for EPS growth of 12% over FY26–28E. We value IRCON on an SOTP basis with a target price of Rs 153/share and a HOLD rating.

Order inflow has picked up in 9MFY26: IRCON order inflow has picked up in 9MFY26 at Rs 89bn and is more than its annual revenue. Over FY23–25 order inflow has been weak and lower than annual revenue. This led to weak order book but 9MFY26 order book is stabilizing. As of Q3FY26, IRCON's order book stands at ~Rs 238.0 bn, reflecting a mix of projects across verticals and geographies. The Railways/Transport segment dominates (~75% of the book), followed by execution in highways, metros, and related infrastructure, underscoring the company's core strength in rail EPC works. On a domestic vs international split, the book is heavily skewed towards domestic orders (~91%), with the international portion contributing a smaller share.

Weak execution: The weak execution trend continues for Ircon, with Q3FY26 revenue at Rs 19.7 bn, down ~20% YoY (vs Rs 24.7 bn in Q3FY25). Margins remained under pressure, with core EBITDA margin at 2.8% vs 3.6% YoY and 3.4% QoQ, impacted by losses in certain JVs/subsidiaries and structurally lower margins on newly secured projects amid intense competition. Consequently, EBITDA came in at Rs 1.44 bn, down ~23% YoY and ~40% QoQ. The decline in operating performance led to PAT of Rs 0.91 bn, down ~35% YoY and ~51% QoQ, partly supported by other income of ~Rs 0.88 bn

Prospects going ahead: IRCON is strategically positioning itself for sustainable long-term growth by deepening its core strengths while expanding into high-potential adjacencies. The company continues to consolidate its leadership in railway and road EPC, while selectively diversifying into Kavach signalling systems, hydropower, and renewable energy, enhancing its future revenue mix. Its portfolio of 11 subsidiaries and seven JVs — including established assets such as Ircon Soma Tollway and emerging coal connectivity projects — provides incremental earnings visibility and long-term optionality. That said, the operating landscape remains challenging, marked by intense bidding competition, structural margin compression, and execution risks.

Ministry of Railway allocation is up 11% YoY: The Union Budget FY27 reinforces the government's continued commitment to rail infrastructure, with railway capex outlay budgeted to grow ~11% in FY27BE over both FY26RE and FY26BE, indicating

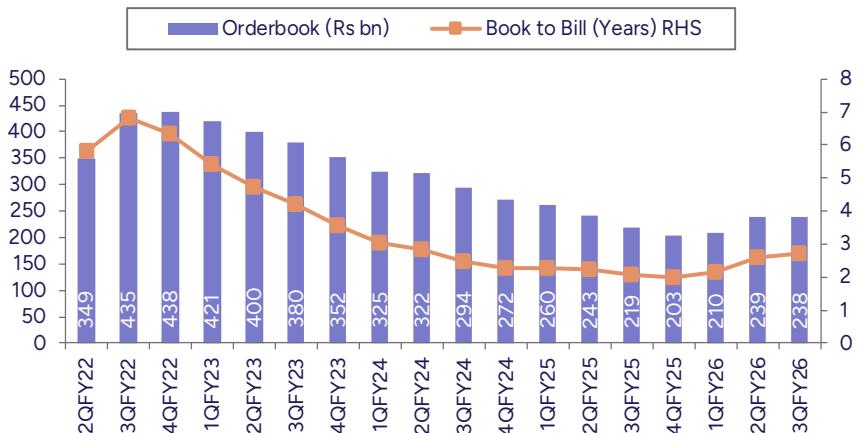
sustained policy thrust on capacity expansion and network modernization. Importantly, there is a clear shift in allocation mix towards core infrastructure works, with higher spending earmarked for new lines, track doubling, and gauge conversion. This reorientation is structurally positive for rail-focused EPC players such as IRCON, as a larger share of budgeted outlay is directed toward construction-intensive activities.

Exhibit 1: Quarterly Table

Particulars	Q3FY26	Q3FY25	YoY Chg (%)	Q2FY26	QoQ Chg (%)	9MFY26	9MFY25	YoY Chg (%)
Net Sales	19,654	24,704	(20.4)	18,515	6.1	54,811	69,497	(21.1)
EBITDA	557	879	(36.6)	631	(11.7)	2,215	3,409	(35.0)
<i>EBITDA margin (%)</i>	2.8	3.6	-72 bps	3.4	-57 bps	4.0	4.9	-86 bps
Other income	882	998	(11.7)	1,758	(49.8)	3,711	3,530	5.1
PBIT	1,439	1,877	(23.3)	2,389	(39.8)	5,926	6,939	(14.6)
Depreciation	121	96	26.8	121	(0.2)	357	288	24.2
Interest	6	13	(53.4)	4	41.9	48	54	(10.8)
Pre-tax profit	1,312	1,768	(25.8)	2,264	(42.0)	5,521	6,598	(16.3)
Tax	400	362	10.6	417	(4.1)	1,257	1,404	(10.5)
Tax Rate	30	20	1005 bps	18	1208 bps	23	21	-148 bps
Adj Profit after tax	912	1,407	(35.2)	1,847	(50.6)	4,264	5,194	(17.9)

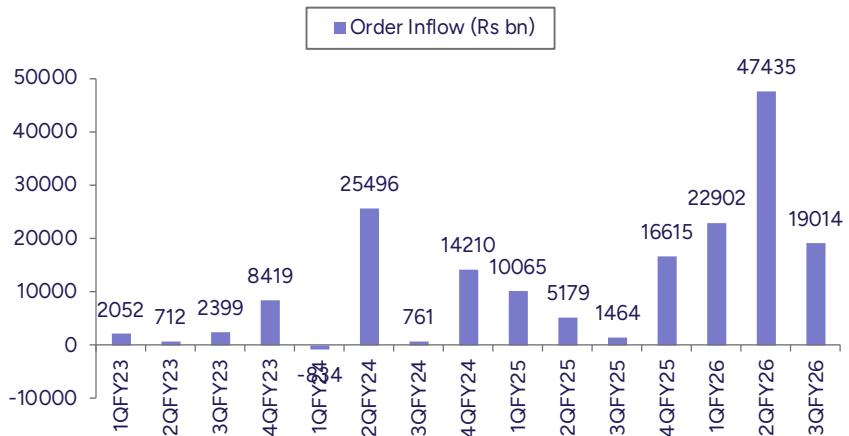
Source: Company, PL

Exhibit 2: Order book consolidating in FY26E



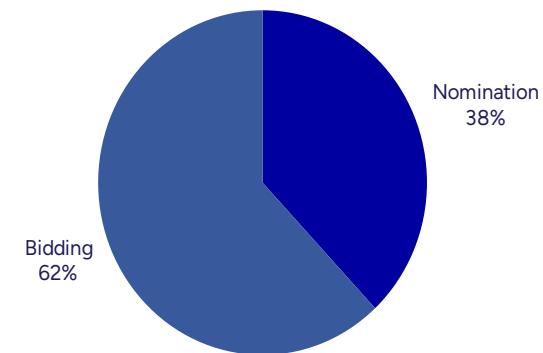
Source: Company, PL

Exhibit 3: Order inflow picks up in FY26E



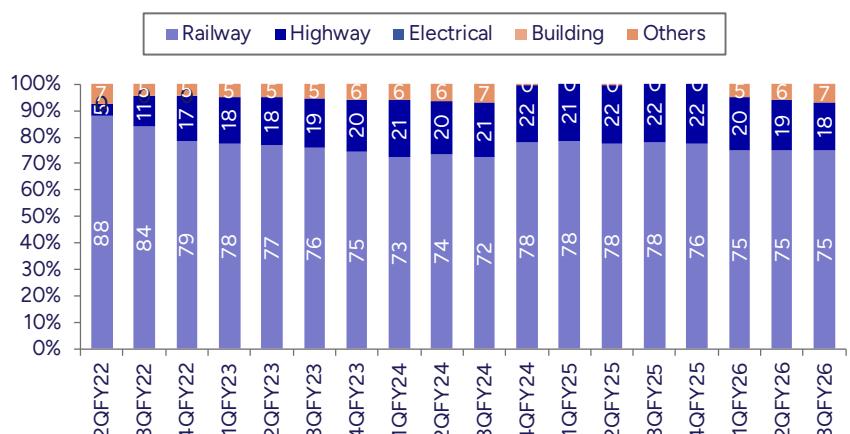
Source: Company, PL

Exhibit 4: Order book composition , bided pie has 62% share



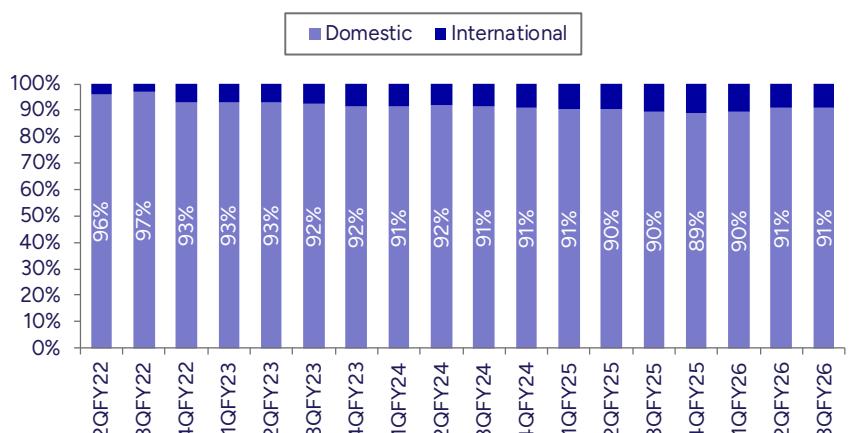
Source: Company, PL

Exhibit 5: Order book segment wise , largely in railway



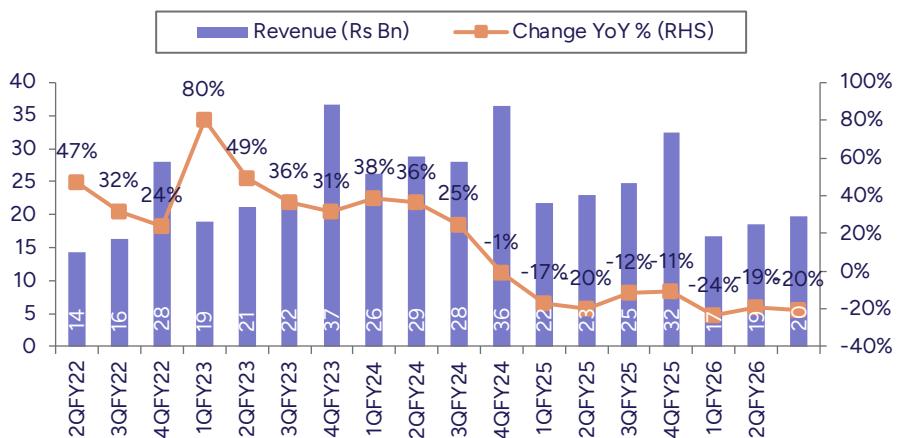
Source: Company, PL

Exhibit 6: Domestic order book at 91%



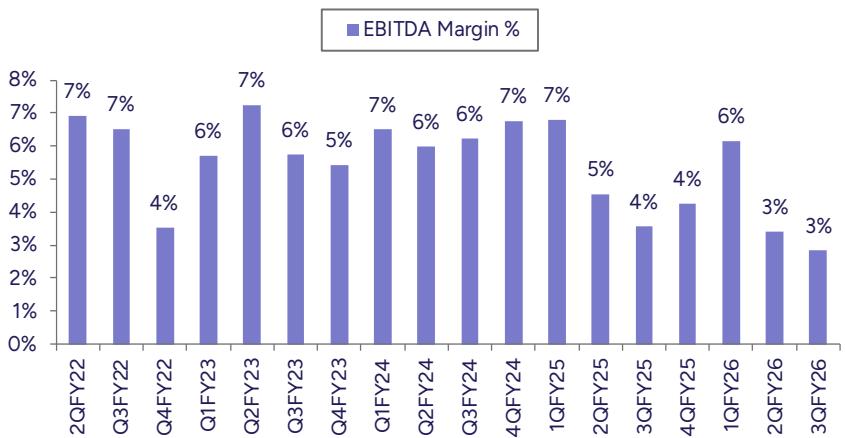
Source: Company, PL

Exhibit 7: Weak order inflow of FY23-25 leading to revenue decline FY25 onwards



Source: Company, PL

Exhibit 8: Margin has been soft



Source: Company, PL

Exhibit 9: Operational and financial snapshot

INR mn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Order Book	3,07,127	3,46,890	4,37,580	3,25,000	2,72,000	2,03,470	2,22,819	2,67,636	3,18,175
Order Inflow	20,100	41,570	1,61,810	30,000	66,504	34,000	1,10,000	1,40,000	1,60,000
Book to bill x		6.6	5.7	3.8	2.5	2.3	2.4	2.6	2.7
Revenue	52,025	49,559	69,102	99,212	1,19,504	1,01,931	90,651	95,183	1,09,461
<i>Change yoy, %</i>	<i>18%</i>	<i>-5%</i>	<i>39%</i>	<i>44%</i>	<i>20%</i>	<i>-15%</i>	<i>-11%</i>	<i>5%</i>	<i>15%</i>
EBIDTA	4,765	3,692	3,771	5,833	7,639	4,792	4,058	4,567	5,730
<i>EBITDA Margin %</i>	<i>9.2%</i>	<i>7.4%</i>	<i>5.5%</i>	<i>5.9%</i>	<i>6.4%</i>	<i>4.7%</i>	<i>4.5%</i>	<i>4.8%</i>	<i>5.2%</i>
PAT	4,898	4,046	5,443	7,768	8,629	7,376	6,251	6,927	7,795
<i>Change yoy, %</i>	<i>10%</i>	<i>-17%</i>	<i>35%</i>	<i>43%</i>	<i>11%</i>	<i>-15%</i>	<i>-15%</i>	<i>11%</i>	<i>13%</i>
<i>PAT Margin %</i>	<i>9.4%</i>	<i>8.2%</i>	<i>7.9%</i>	<i>7.8%</i>	<i>7.2%</i>	<i>7.2%</i>	<i>6.9%</i>	<i>7.3%</i>	<i>7.1%</i>
<i>NWC as % to sales</i>	<i>-32%</i>	<i>-41%</i>	<i>-43%</i>	<i>-14%</i>	<i>-5%</i>	<i>-2%</i>	<i>8%</i>	<i>14%</i>	<i>14%</i>
NWC days	-115	-149	-157	-52	-17	-7	28	53	51
Capex (Rs bn)	582	35	45	128	339	713	500	500	500
CFO (Rs. bn)	10,119	8,049	13,483	-1,199	2,846	-4,416	-7,312	-4,512	1,624
CFO/ EBITDA	212%	218%	358%	-21%	37%	-92%	-180%	-99%	28%
Investments	14,685	14,893	17,142	20,376	22,759	24,443	27,443	30,943	34,443

Source: Company, PL

Outlook & valuations

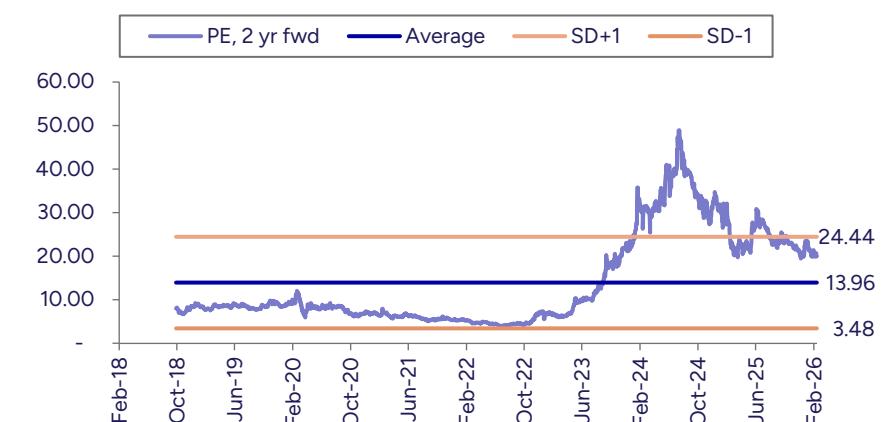
We value IRCON on a Sum-of-the-Parts (SOTP) basis, arriving at a target price (TP) of Rs 153/share. The core EPC business is valued at 30x FY28E EPS (ex-other income) of Rs 4.0, implying a value of Rs 119/share (Rs 111.5 bn). To this, we add the value of Railway subsidiaries and JVs at 1x book value, contributing Rs 26/share (Rs 24.4 bn). Further, we include net cash in books (excluding advances) of Rs 9/share (Rs 8.3 bn). Aggregating these components yields an equity valuation of ~Rs 135.9 bn, translating into a TP of Rs 153/share, implying that the stock is primarily valued on its stable EPC earnings with additional support from subsidiary value and strong balance sheet cash.

IRCON TP at Rs153/sh, EPC valued at 30x

		FY28E
EPS (Ex Other Income)	Rs /sh	4.0
PAT (Ex Other Income)	Rs mn	3,718
PER valuation x	x	30.0
Value of EPC	Rs /sh	119
Value of EPC	Rs mn	1,11,528
Value of Railway Sub and JV @ 1x BV	Rs /sh	26
Value of Railway Sub and JV	Rs mn	24,443
Cash in books (excl advances)	Rs /sh	9
Cash in books (excl advances)	Rs mn	8,300
TP	Rs /sh	153
TP	Rs mn	135972

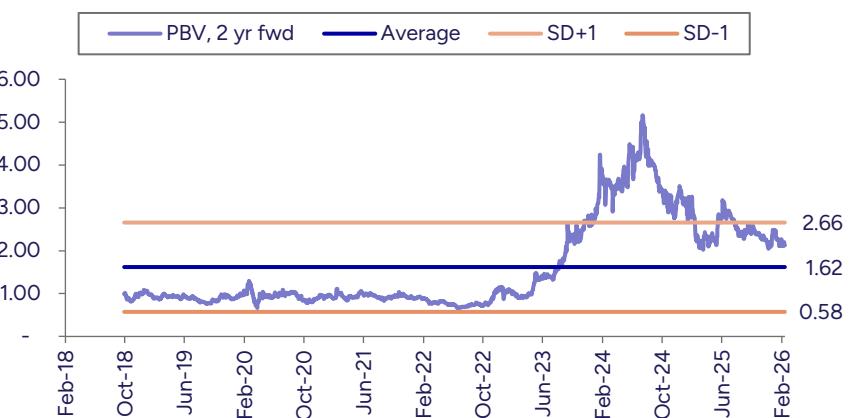
Source: Company, PL

Exhibit 10: IRCON PER : Closer to +1 STD of historical mean



Source: Company, PL

Exhibit 11: IRCON PB , at 1.9x FY28E BV



Source: Company, PL

Key risks

- Revenue & Execution Slippage: 9MFY26 revenue declined ~20% YoY to Rs 58.8 bn (vs Rs 73.5 bn). And thus to watch for last guidance of doing Rs100bn revenue in FY26
- Margin Compression from Aggressive Bidding: Management indicated ~1% structural margin decline due to intense competition. New projects are being won at lower spreads, with PAT margin guided at 6–7%.
- High Finance Cost & Subsidiary Losses: Consolidated finance cost rose ~61% YoY in 9MFY26. Coal JV (CERL) and under-construction subsidiaries are incurring losses, dragging consolidated profitability.
- Concentration in Railways & Domestic Exposure: Order book of Rs 238.0 bn, with ~75% from Railways and ~91% domestic exposure. Any slowdown in railway capex could impact inflows and execution.
- International Margin Volatility: International performance benefited from ~Rs 0.3 bn forex gain (incl. ~Rs 0.2 bn Bangladesh project). These gains are non-recurring and margins may normalize ahead.

Annexure

IRCON: Railway EPC specialist

- IRCON International Limited is a Navratna Central Public Sector Undertaking under the Government of India (Ministry of Railways), established in 1976 originally as *Indian Railway Construction Company Limited* with a core mandate to construct railway infrastructure.
- It is a specialized engineering & construction company focused on transport infrastructure, executing projects domestically and internationally.
- The company's core business includes turnkey Engineering, Procurement & Construction (EPC) services in railways (new lines, bridges, tunnels, signaling, telecommunications, electrification) and related transport infrastructure, along with highways, EHV/EHT substations, and mass rapid transit systems
- As of Q3FY26, IRCON's order book stands at ~Rs 238.01 billion, diversified across segments and geographies. The railway and transport infrastructure vertical remains the largest contributor, accounting for approximately three-quarters of the total book, reflecting the company's core strength in rail EPC works.
- Domestic orders dominate (~91%), while international projects form a smaller but strategic portion, underscoring IRCON's continued focus on the Indian market. The order book also comprises a mix of electrification, signaling, bridges, tunnels, and allied infrastructure projects, ensuring revenue visibility over the medium term

Shareholding (as of Dec'25)

- Promoter (Government of India) owns 65% stake in the company.
- DILs have 2% stake and FII has 4.5% stake

Management team led by :

Shri Hari Mohan Gupta – Chairman & Managing Director: Shri Hari Mohan Gupta is an Indian Railway Service of Engineers officer with a Civil Engineering degree from IIT Roorkee. He assumed charge as CMD of IRCON in July 2024 and was regularised at the AGM in Sept 2024. Prior to this, he served as Director (Infra) at Dedicated Freight Corridor Corporation of India Ltd (DFCCIL), where he oversaw commissioning of significant double-line electrified corridors with automatic signalling.

Smt. Ragini Advani – Director (Finance): Smt. Ragini Advani is a Chartered Accountant and Cost Accountant with about 27 years of post-qualification experience. She has been on the Board as Director (Finance) since April 2022. Before joining IRCON, she held finance leadership roles at Engineers India Ltd, NTPC SAIL Power Company Pvt Ltd and KPMG, with strong experience in accounting, internal audit, budgeting, taxation, corporate planning, treasury, and financial restructuring.

Shri Ajit Kumar Mishra – Director (Works): Shri Ajit Kumar Mishra has over 25+ years of experience in project management, international procurement, contract and risk management, and dispute resolution in large infrastructure projects. He assumed charge as Director (Works) in May 2025, having previously served in senior roles such as Head of Contract Management Division for major World Bank/JICA funded projects and representing employers in high-value dispute adjudication forums.

Shri Rajesh Naik – Director (Projects): He has over 32 years of experience which includes over 12 years international experience in Oman, Bangladesh, Guyana, Botswana, Paraguay, Uruguay & Philippines. Shri Naik has rich experience in Planning, Engineering, Project Management, Contract Management, Risk Management, Dispute Resolution, Marketing and Strategy for large scale infrastructure projects spanning Railways, Highways & Bridges, ROBs/RUBs, Buildings & Port Connectivity PAN India and Abroad

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,01,931	90,651	95,183	1,09,461
YoY gr. (%)	(14.7)	(11.1)	5.0	15.0
Cost of Goods Sold	6,634	5,666	5,616	6,239
Gross Profit	95,298	84,985	89,567	1,03,221
Margin (%)	93.5	93.8	94.1	94.3
Employee Cost	2,562	2,716	2,879	3,052
Other Expenses	624	555	582	670
EBITDA	4,792	4,058	4,567	5,730
YoY gr. (%)	(37.3)	(15.3)	12.5	25.5
Margin (%)	4.7	4.5	4.8	5.2
Depreciation and Amortization	383	440	487	535
EBIT	4,409	3,618	4,079	5,195
Margin (%)	4.3	4.0	4.3	4.7
Net Interest	74	50	135	225
Other Income	4,843	4,789	5,316	5,451
Profit Before Tax	9,178	8,357	9,261	10,421
Margin (%)	9.0	9.2	9.7	9.5
Total Tax	1,802	2,106	2,334	2,626
Effective tax rate (%)	19.6	25.2	25.2	25.2
Profit after tax	7,376	6,251	6,927	7,795
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	7,376	6,251	6,927	7,795
YoY gr. (%)	(14.5)	(15.3)	10.8	12.5
Margin (%)	7.2	6.9	7.3	7.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	7,376	6,251	6,927	7,795
YoY gr. (%)	(14.5)	(15.3)	10.8	12.5
Margin (%)	7.2	6.9	7.3	7.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,376	6,251	6,927	7,795
Equity Shares O/s (m)	941	941	941	941
EPS (Rs)	7.8	6.6	7.4	8.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	9,614	10,114	10,614	11,114
Tangibles	9,614	10,114	10,614	11,114
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,039	2,479	2,967	3,501
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	7,574	7,635	7,647	7,612
Tangibles	7,574	7,635	7,647	7,612
Intangibles	-	-	-	-
Capital Work In Progress	419	419	419	419
Goodwill	-	-	-	-
Non-Current Investments	27,272	30,272	33,772	37,272
Net Deferred tax assets	1,412	1,412	1,412	1,412
Other Non-Current Assets	2,736	2,736	2,736	2,736
Current Assets				
Investments	4,107	4,107	4,107	4,107
Inventories	905	845	887	1,020
Trade receivables	16,493	18,627	23,470	29,989
Cash & Bank Balance	41,239	34,104	29,568	31,009
Other Current Assets	21,049	21,049	21,049	21,049
Total Assets	1,45,009	1,43,007	1,46,869	1,58,428
Equity				
Equity Share Capital	1,881	1,881	1,881	1,881
Other Equity	60,493	64,632	69,218	74,379
Total Networth	62,374	66,513	71,099	76,260
Non-Current Liabilities				
Long Term borrowings	-	1,000	2,000	3,000
Provisions	2,048	1,821	1,912	2,199
Other non current liabilities	8,649	8,649	8,649	8,649
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	12,249	10,919	11,426	13,080
Other current liabilities	54,075	48,490	46,167	49,624
Total Equity & Liabilities	1,45,009	1,43,007	1,46,869	1,58,428

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,178	8,357	9,261	10,421
Add. Depreciation	379	440	487	535
Add. Interest	-	-	-	-
Less Financial Other Income	4,843	4,789	5,316	5,451
Add. Other	(4,572)	(4,789)	(5,316)	(5,451)
Op. profit before WC changes	4,985	4,008	4,432	5,505
Net Changes-WC	(6,698)	(9,214)	(6,610)	(1,255)
Direct tax	(2,703)	(2,106)	(2,334)	(2,626)
Net cash from Op. activities	(4,416)	(7,312)	(4,512)	1,624
Capital expenditures	(853)	(3,500)	(4,000)	(4,000)
Interest / Dividend Income	3,872	4,789	5,316	5,451
Others	5,469	-	-	-
Net Cash from Inv. activities	8,487	1,289	1,316	1,451
Issue of share cap. / premium	-	-	-	-
Debt changes	(13)	1,000	1,000	1,000
Dividend paid	(2,775)	(2,112)	(2,341)	(2,634)
Interest paid	-	-	-	-
Others	207	-	-	-
Net cash from Fin. activities	(2,581)	(1,112)	(1,341)	(1,634)
Net change in cash	1,490	(7,135)	(4,536)	1,441
Free Cash Flow	(5,279)	(10,812)	(8,512)	(2,376)

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	7.8	6.6	7.4	8.3
CEPS	8.2	7.1	7.9	8.9
BVPS	66.3	70.7	75.6	81.1
FCF	(5.6)	(11.5)	(9.1)	(2.5)
DPS	2.7	2.2	2.5	2.8
Return Ratio(%)				
RoCE	7.3	5.6	5.8	6.8
ROIC	24.1	10.1	8.3	9.5
RoE	12.3	9.7	10.1	10.6
Balance Sheet				
Net Debt : Equity (x)	(0.7)	(0.6)	(0.4)	(0.4)
Net Working Capital (Days)	18	34	50	60
Valuation(x)				
PER	19.5	23.0	20.8	18.4
P/B	2.3	2.2	2.0	1.9
P/CEPS	18.5	21.5	19.4	17.3
EV/EBITDA	20.5	26.3	24.6	19.5
EV/Sales	1.0	1.2	1.2	1.0
Dividend Yield (%)	1.7	1.5	1.6	1.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	32,435	16,642	18,515	19,654
YoY gr. (%)	(11.1)	(23.7)	(19.5)	(20.4)
Raw Material Expenses	2,345	1,718	2,137	2,165
Gross Profit	30,089	14,924	16,378	17,489
Margin (%)	92.8	89.7	88.5	89.0
EBITDA	1,383	1,026	631	557
YoY gr. (%)	(43.9)	(30.9)	(39.6)	(36.6)
Margin (%)	4.3	6.2	3.4	2.8
Depreciation / Depletion	95	115	121	121
EBIT	1,288	911	510	436
Margin (%)	4.0	5.5	2.8	2.2
Net Interest	20	38	4	6
Other Income	1,313	1,072	1,758	882
Profit before Tax	2,580	1,946	2,264	1,312
Margin (%)	8.0	11.7	12.2	6.7
Total Tax	398	440	417	400
Effective tax rate (%)	15.4	22.6	18.4	30.5
Profit after Tax	2,182	1,506	1,847	912
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,182	1,506	1,847	912
YoY gr. (%)	(23.6)	(14.7)	(8.7)	(49.0)
Margin (%)	6.7	9.0	10.0	4.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,182	1,506	1,847	912
YoY gr. (%)	(23.6)	(14.7)	(8.7)	(35.2)
Margin (%)	6.7	9.0	10.0	4.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,182	1,506	1,847	912
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	2.3	1.6	2.0	1.0

Source: Company Data, PL Research

Price Chart

Recommendation History



Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashoka Buildcon	BUY	183	153
2	CESC	BUY	204	154
3	Dilip Buildcon	Accumulate	514	454
4	Indian Energy Exchange	Hold	135	127
5	KNR Constructions	Hold	148	152
6	NCC	BUY	200	156
7	NTPC	BUY	423	356
8	PNC Infratech	BUY	291	232
9	Power Grid Corporation of India	BUY	324	270
10	PSP Projects	BUY	1,028	750
11	Rail Vikas Nigam	Sell	183	314
12	RITES	BUY	276	223
13	Tata Power Company	Hold	359	366

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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