

## IRCTC-Bullet Train ....- U turn

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**This caselet is intended to discuss IPO process to the students of Financial Markets and Instruments course- Semester-II- MBA Program**

The Indian Railways firm made its stock market debut on October 14 2019, with IRCTC share listing at Rs 644 on BSE and Rs 626 on NSE against the issue price of Rs 320.

IRCTC IPO was open for subscription between September 30 and October 4 in 2019. The issue involved sale of 2.01 crore equity shares of face value Rs 10 each in a price band of Rs 315 to Rs 320. The public issue was part of the government's divestment programme for fiscal year 2019-20.

On January 16, 2020, the Indian Railways stock hit Rs 1,000 for the first time ever a day ahead of launch of India's second private train Ahmedabad-Mumbai Central Tejas Express. It's slowly but steadily approaching the key Rs 2,000 mark. The stock price of public sector behemoth has gained 461% over its IPO issue price. On February 12,2020, IRCTC reported a 179 per cent rise in net profit at Rs 205.80 crore stock price of IRCTC surged 32% till date. Since its October debut, IRCTC stock has risen nearly five-fold from the IPO price of Rs 320 per share, making it the most successful IPO in recent times.

<b>IPO Date</b>	Sep 30, 2019 - Oct 3, 2019
<b>Issue Type</b>	Book Built Issue IPO
<b>Issue Size</b>	20,160,000 Eq Shares of ₹10 (aggregating up to ₹645.12 Cr)
<b>Offer for Sale</b>	20,160,000 Eq Shares of ₹10 (aggregating up to ₹[.] Cr)
<b>Face Value</b>	₹10 Per Equity Share
<b>IPO Price</b>	₹315 to ₹320 Per Equity Share
<b>Retail Discount</b>	₹10
<b>Employee Discount</b>	₹10
<b>Market Lot</b>	40 Shares
<b>Min Order Quantity</b>	40 Shares
<b>Listing At</b>	BSE, NSE
<b>ISIN</b>	INE335Y01012
<b>IRCTC IPO Registrar</b>	Alankit Assignments Ltd

IRCTC IPO Promoter Holding	
Pre Issue Share Holding	10
Post Issue Share Holding	87.4

**IRCTC IPO Lead Managers**

IDBI Capital Market Services Limited
SBI Capital Markets Limited
Yes Securities (India) Limited

**(compiled by author- source –[www.chittorgarh.com/ipo](http://www.chittorgarh.com/ipo))**

An announcement by Finance Minister Ms. Nirmala Sitharaman in Union Budget that India would get more trains like Tejas also led to positive sentiment around the stock. Healthy cash on books and the recent announcement of interim dividend of Rs 10 also helped the stock hit its all-time high on February 25,2020.

IRCTC share which was heading toward Rs 2,000 level at speed of a bullet train has taken a U turn as coronavirus infection roils global and domestic markets. The large cap stock is now approaching its IPO issue price with same speed. Share price of IRCTC was locked in lower circuit of 5% on March 19, 2020 after Indian Railways cancelled 433 trains yesterday as citizens avoid travel fearing spread of coronavirus pandemic. IRCTC share price fell 5% to Rs 1,000 against previous close of Rs 1,052.70 on BSE. The stock has lost 50% from its all-time high of Rs 1,995 touched on Februray 25, 2020.

Rs 1 lakh invested into IRCTC stock on February 25, 2020 would have turned to Rs 50,125 as on March 19, 2020, thanks to jitters from the coronavirus pandemic which have roiled global markets.

**Required:**

- (i) Draw the IRCTC share price timeline of events from IPO process to Rs 2,000 level to Rs 1,000 explaining the speed of a bullet train how it has taken a U turn as coronavirus infection hit/
- (ii) Describe briefly Book Building process.
- (iii) Enlighten the role of each of the intermediaries with respect to IRCTC IPO.
- (iv) Explain the advantages and disadvantages of IRCTC going Public. (Divestment through Disinvestment).
- (v) Critically examine the IPO pricing process, with a comment on IRCTC IPO pricing (is it mispriced; if so, why; if not- why?).