

The logo for Transrail, featuring the word "TRANSRAIL" in blue capital letters with a stylized orange and blue graphic above it.

Issue Opens - December 19, 2024 to December 23, 2024

Price Band
₹410 to ₹432

Face Value
₹2 per share

Issue Size
₹838.91 Cr

Lot Size
34 Shares

Issue Type
Book Built

Issue Size

1,94,19,259 shares / ₹838.91 Cr

Fresh Issue

92,59,259 shares / ₹400.00 Cr

Offer for Sale

1,01,60,000 shares / ₹438.91 Cr

Basis of Allotment

Tuesday, December 24, 2024

Initiation of Refunds

Thursday, December 26, 2024

Credit of Shares to Demat

Thursday, December 26, 2024

Transrail Listing Day

Friday, December 27, 2024

research@ganeshstock.com

Objects of The Offer



The company will use the Net Proceeds of the IPO for the following Objects :

- Funding incremental working capital requirements of our Company;
- Funding capital expenditure of our Company; and
- General corporate purposes.

Brief profile of the Directors

Digambar Chunnilal Bagde, the Executive Chairman of the Company, holds a bachelor's degree in civil engineering from Maharaja Sayajirao University, Baroda. With over 40 years of experience in the EPC industry, he previously promoted Transrail Engineering Company Limited and Associated Transrail Structures Limited. He also served as Deputy Managing Director - Transmission & Distribution at Gammon India Limited.

Randeep Narang, the Managing Director and CEO, holds a bachelor's degree in commerce from the University of Delhi and a postgraduate diploma in marketing from the Institute of Marketing Management, New Delhi. He has over 35 years of experience in marketing and transmission & distribution (T&D). His past roles include Chief Operating Officer (West) at Bharti Airtel, Managing Director at CEAT Sri Lanka, and President, T&D (International) at KEC International Limited.

Sanjay Kumar Verma, the Non-Executive Director, holds a master's diploma in computer systems and networks from Kharkiv State Polytechnical University, Ukraine. With 8 years of experience in business administration, consulting, and commodity trading, he has consulted for Millenium Consultants, Arthur D. Little India, and Fair Commodities Trading S.A. He currently serves on the boards of multiple companies, including RMH Ventures, Yash Structure, Skytek Unmanned Aerial Solutions, SKAT Vyom, VYOM Vahini, and Marine Project Services.

Srikant Chaturvedi, the Non-Executive Director of the Company, holds a bachelor's degree in commerce from Kishori Raman College, Agra University. A member of the Institute of Chartered Accountants of India, he has over 42 years of experience in chartered accountancy and is currently a partner at M/s Chaturvedi S K & Fellows LLP



About The Company

Transrail Lighting Limited is a prominent Indian engineering, procurement, and construction (EPC) company specializing in power transmission and distribution. With a strong track record of over four decades, the company offers comprehensive turnkey solutions for the power sector, both domestically and internationally.

Key Business Operations

Key Business Operations :

- EPC Services: The company undertakes turnkey EPC projects for transmission and distribution lines, substations, and renewable energy projects. This includes design, engineering, procurement, construction, and commissioning of these projects.
- Manufacturing: Transrail Lighting has integrated manufacturing facilities for producing critical components like lattice structures, conductors, and monopoles. This vertical integration enables the company to maintain quality control and deliver cost-effective solutions.
- Project Execution: The company has a proven track record of successfully executing complex projects across diverse geographies, including Asia and Africa. Its strong project management capabilities and experienced workforce ensure timely and efficient project delivery.
- Focus on Renewable Energy: The company is actively expanding its presence in the renewable energy sector, particularly in solar power projects. This aligns with the growing demand for clean and sustainable energy solutions.



Order Book

| Business vertical | Number of orders | Confirmed Unexecuted Order Book (in ₹ million) | % of the total Order Book value |
|-------------------------------------|------------------|--|---------------------------------|
| Power transmission and distribution | 69 | 92,512.58 | 90.58 |
| Civil construction | 5 | 7,382.87 | 7.31 |
| Railways | 5 | 1,586.74 | 1.55 |
| Poles and lighting | 77 | 648.97 | 0.64 |
| Total | 156 | 102,130.66 | 100.00 |

Geography Of Client

| Geography of client | For the three months period ended June 30, 2024 | For the Financial Year ended March 31, 2024 | For the Financial Year ended March 31, 2023 | For the Financial Year ended March 31, 2022 |
|---------------------|---|---|---|---|
| In India | 4,494.59 | 16,619.17 | 14,388.38 | 14,170.34 |
| Outside India | 4,474.44 | 23,473.13 | 16,472.99 | 8,671.08 |
| Total | 8,969.03 | 40,092.30 | 30,861.37 | 22,841.42 |

Business Vertical

(Amount in ₹ million, unless otherwise stated)

| Vertical | For the three months period ended June 30, 2024 | | For the Financial Year ended March 31, 2024 | | For the Financial Year ended March 31, 2023 | | For the Financial Year ended March 31, 2022 | | Financial Year ended March 31, 2024-March 31, 2022 CAGR (%) |
|-------------------------------------|---|----------------------------------|---|----------------------------------|---|----------------------------------|---|----------------------------------|---|
| | Revenue of operations generated | % of total revenue of operations | Revenue of operations generated | % of total revenue of operations | Revenue of operations generated | % of total revenue of operations | Revenue of operations generated | % of total revenue of operations | |
| Power transmission and distribution | 7,460.30 | 83.18 | 33,611.20 | 83.83 | 24,065.58 | 77.98 | 15,359.16 | 67.24 | 47.93 |
| Civil construction | 1,040.25 | 11.60 | 3,741.21 | 9.33 | 5,317.82 | 10.75 | 4,420.31 | 19.35 | (8.00) |
| Railways | 194.82 | 2.17 | 974.25 | 2.43 | 1,760.93 | 5.71 | 1,521.43 | 6.66 | (19.98) |
| Poles and lighting | 273.66 | 3.05 | 1,765.64 | 4.4 | 1,717.04 | 5.56 | 1,540.52 | 6.74 | 7.06 |
| Total | 8,969.03 | 100.00 | 40,092.30 | 100.00 | 30,861.37 | 100.00 | 22,841.42 | 100.00 | 27.01 |

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

| Particulars | For the Quarter ended June.30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|---|---|---|
| Revenue from Operations | 8,969.03 | 40,092.30 | 30,861.37 |
| Other Operating Revenue | 188.75 | 672.94 | 660.19 |
| Other Income | 139.26 | 534.75 | 198.78 |
| Total Revenue | 9,297.04 | 41,299.99 | 31,720.34 |
| Expenses: | | | |
| Cost of Materials Consumed | 4,801.69 | 22,453.98 | 18,214.11 |
| Changes in inventories | -312.95 | -370.82 | -82.08 |
| Sub-contracting Expenses | 1,322.12 | 4,996.47 | 3,471.57 |
| Employee Benefits Expense | 551.76 | 1,985.04 | 1,790.37 |
| Finance Costs | 438.7 | 1,626.07 | 1,196.94 |
| Depreciation & Amortisation | 126.68 | 503.04 | 458.26 |
| Other Expenses | 1,598.46 | 6,948.08 | 5,197.97 |
| Total Expenses | 8,526.46 | 38,141.86 | 30,247.14 |
| Profit before share of profit of Joint venture | 770.58 | 3,158.13 | 1,473.20 |
| Share of Profit/(Loss) of Joint Venture | 4.36 | 23.09 | 9.74 |
| Profit Before Tax | 774.94 | 3,181.22 | 1,482.94 |
| Total Tax Expense | 257.5 | 849.17 | 389.96 |
| Profit for the period | 517.44 | 2,332.05 | 1,075.68 |
| Earning Per Equity Share | | | |
| I Basic (Rs.) | 4.17 | 19.59 | 9.45 |
| II Diluted (Rs.) | 4.17 | 19.59 | 9.45 |

Strengths



- **Integrated Manufacturing Capabilities:** The company's integrated manufacturing facilities allow for efficient production of critical components such as lattice structures, conductors, and monopoles. This vertical integration enables better quality control, cost optimization, and timely delivery of products.
- **Diversified Revenue Streams:** The company's revenue is derived from various sources, including EPC services, manufacturing, and renewable energy projects. This diversification mitigates risks associated with any single business segment and ensures a stable revenue stream.
- **Strong Order Book:** A significant backlog of projects ensures a steady pipeline of work and provides visibility into future revenue. This strong order book positions the company for sustained growth and profitability.
- **Focus on Renewable Energy:** The company's strategic focus on renewable energy, particularly solar power, aligns with the global shift towards clean and sustainable energy sources. This focus positions Transrail Lighting to capitalize on the growing demand for renewable energy solutions.
- **Global Footprint:** The company's presence in various countries, including India and Africa, provides access to diverse markets and growth opportunities. This global reach enables the company to leverage international expertise and tap into emerging markets.

Threats

- **Intense Competition:** The power transmission and distribution sector is highly competitive, with a large number of established players vying for market share. This intense competition can put pressure on pricing, margins, and market share.
- **Economic Slowdown:** A slowdown in economic activity can reduce demand for power infrastructure projects, affecting the company's revenue and profitability.
- **Project Execution Challenges:** Executing large-scale and complex projects requires significant expertise, resources, and coordination. Challenges in project execution, such as labor shortages, logistical issues, or unforeseen technical difficulties, can impact project timelines and profitability.
- **Operational Risks:** Large-scale infrastructure projects are inherently complex and subject to various operational risks, including delays, cost overruns, and unforeseen challenges. Effective project management and risk mitigation strategies are crucial to minimize these risks.

Valuation and Outlook



Transrail Lighting Ltd IPO is expected to be priced between ₹410 to ₹432 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 22x whereas the industry average is 55x.

| Name of the Company | Standalone/ Consolidated | Total Revenue (₹ in million) | Face Value per Equity Share (₹) | Closing price as on December 4, 2024 | P/E (₹) | EPS (Basic) (₹) | EPS (Diluted) (₹) | RoNW (%) | NAV (₹ per share) | Profit after tax (₹) |
|---|--------------------------|------------------------------|---------------------------------|--------------------------------------|--------------|-----------------|-------------------|--------------|-------------------|----------------------|
| | | Refer note 3 | Refer Note 2 | Refer Note 1 | Refer Note 1 | Refer note 3 | Refer note 3 | Refer note 3 | Refer note 3 | Refer note 3 |
| Transrail Lighting Limited | Consolidated | 40,092.30 | 2 | N.A. | N.A. | 19.59 | 19.59 | 21.68% | 86.79 | 2,332.05 |
| KEC International Limited | Consolidated | 1,99,140 | 2 | 1,240.40 | 91.95 | 13.49 | 13.49 | 8.50% | 159 | 3470 |
| Kalpatus Projects International Limited | Consolidated | 1,96,260 | 2 | 1,166.25 | 36.72 | 31.76 | 31.76 | 10.00% | 316 | 5160 |
| Skopper Limited | Consolidated | 32,820 | 1 | 581.90 | 75.97 | 7.66 | 7.14 | 9.10% | 84 | 820 |
| Patel Engineering Limited | Consolidated | 45,440 | 1 | 56.67 | 15.57 | 3.64 | 3.54 | 9.56% | 38 | 3020 |
| Bajel Projects Limited | Standalone | 11,690 | 2 | 260.10 | 702.97 | 0.37 | 0.37 | 0.80% | 49 | 40 |

Transrail Lighting is poised for significant growth driven by robust government infrastructure spending, surging demand for power transmission and distribution, and a strategic focus on renewable energy, particularly solar power. The company's strong order book, coupled with its experienced management team, positions it well to capitalize on these opportunities. Additionally, planned capital expenditures will further enhance manufacturing capabilities, upgrade technology, and facilitate strategic acquisitions, solidifying its growth trajectory.

We rate "**Subscribe**" for Listing Gains and for Long term investment.

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