

# Transrail Lighting Ltd.

Nifty: 24,199 | Sensex: 80,182

IPO Note | 18<sup>th</sup> December 2024

## Subscribe

Sector: Engineering &amp; Construction

Price Range: ₹410 - ₹432

## Pioneering in Power Transmission and Distribution

Transrail Lighting Ltd. (TLL) is an Indian EPC (engineering, procurement and construction) company specializing in power transmission and distribution. It operates integrated manufacturing facilities for lattice structures, conductors, and monopoles. TLL has completed over 200 projects across 58 countries, showcasing extensive project execution capabilities. The company operates in four verticals: power transmission and distribution (83.4%), civil construction (9.3%), poles and lighting (4.4%), and railways (2.4%), with projects in India and internationally, primarily in Asia and Africa.

- ◆ CRISIL MI&A Consulting projects a 5.5-6.0% growth in power demand from FY24- 29. The distribution segment is expected to attract investments of ₹3-4 trillion between FY25 - 29, driven by rising electricity demand, government initiatives, a focus on sustainability, and the adoption of smart grid technologies.
- ◆ Transrail's revenue increased from ₹2,349.9cr in FY22 to ₹4,076.4cr in FY24, achieving a CAGR of 32%, primarily driven by higher EPC contract income and increased service revenue.
- ◆ The company's EBITDA grew from ₹64.8cr in FY22 to ₹233.1cr in FY24 with a CAGR of 51.8%. PAT increased to ₹462cr, reflecting a CAGR of 89.7% over the FY22-24 period.
- ◆ As of June 30, 2024, the order book stood at ₹10,213cr. Of this, 64% comprises international orders (High margin), while the remaining 36% are domestic orders. The order book to sales ratio for FY24 is 2.5x, ensuring healthy revenue visibility over the medium term.
- ◆ TLL's ROE stood at 20.5% in FY24, which is superior compared to its peers. The debt-to-equity ratio of the company has decreased from 0.8x in FY23 to 0.5x in Q1FY25.
- ◆ The company did a pre-IPO placement of Rs.50cr (Sept 2024) at a price of Rs. 484 per share and the fresh issue size is reduced to that extent in the IPO.
- ◆ At the upper price band of ₹432, TLL is available at a P/E of 24.9 (FY24), which is at a discount compared to its listed peers. The government support for the power transmission segment, strong thrust on sustainability, and rising adoption of smart grid technologies present significant opportunities for the company's future growth. With a robust order pipeline and consistent financial performance featuring industry-leading margins, the company is well-positioned for future success. We recommend subscribing to this issue for medium- to long-term investment.

Issue Details	
Date of opening	December 19, 2024
Date of closing	December 23, 2024
Total No. of shares offered (cr.)	1.94
Post Issue No. of shares (cr)	13.4
Face Value	₹2
Bid Lot	34 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,688
Maximum application for retail (upper price band for 13 lot)	₹ 1,90,944
Listing	BSE,NSE
Lead Managers	Inga Ventures Pvt Ltd, Axis Capital Limited, Hdfc Bank Limited, Idbi
Registrar	Link Intime India Private Ltd

Issue size (upper price)	Rs.cr
Fresh Issue	400
OFS	438.9
Total Issue	838.9

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	84.5	71
Public & others	15.5	29
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs.cr
Retail	35	286.9
Non-Institutional	15	123
QIB	50	410
Emp. Reservation	-	19
Total	100	838.9

Y.E March (Rs cr) Consol.	FY23	FY24	Q1FY25
Sales	3,152.1	4,076.4	915.7
Growth YoY(%)	34.1	29.3	
EBITDA	293.1	475.2	119.7
Margin(%)	9.3	11.7	13.1
PAT Adj.	107.7	233.1	51.9
Growth (%)	66.3	116.4	-
EPS	8.0	17.4	3.9
P/E (x)	53.8	24.9	111.7
EV/EBITDA (x)	21.9	13.6	53.7
P/BV(x)	7.5	5.1	4.8

## Purpose of IPO

The IPO consists of fresh issue of ₹400cr and an OFS of ₹438.91cr. The proceeds from its fresh issuance will be utilised for (i) Funding incremental working capital requirements of the company (ii) Funding capital expenditure of the company (iii) General corporate purposes.

## Key Risks

- ◆ Order Book is subject to cancellation, modification or delay which may materially and adversely affect the business.
- ◆ Company is exposed to foreign currency fluctuation risks, particularly in relation to import of raw materials, receivables from the foreign projects.

## Peer Valuation

Company	MCap(₹ cr)	Sales (₹ cr)	EBITDA(%)	PAT (%)	EPS(₹)	RoE (%)	P/E(x)	EV/EBITDA	P/BV	Mcap/sales	CMP(₹)
Transrail Lighting Ltd	5,800	4,076	11.66	5.7	17.4	20.5	24.9	13.6	5.1	1.4	432
KEC International Ltd	31,561	19,595.3	6.2	1.8	13.5	8.8	88	17.8	7.4	1.6	1,185
Kalpataru Projects International Ltd	21,375	19,626.4	8.3	2.6	31.9	10.3	41.4	12.4	3.7	1.1	1,323
Skipper Ltd	6,255	3,282	9.7	2.3	6.5	9.0	92.6	11.8	7.0	1.9	603
Patel Engineering Ltd	4,869	4,278.4	16.1	6.8	3.5	9.6	16.6	8.7	1.4	1.1	58
Bajel Projects Ltd	3,284	1,140	0.9	0.4	0.4	1.5	800.2	224	5.8	2.9	287

Source: Geojit Research, Bloomberg; Valuations of Transrail are based on upper end of the price band (post issue), Financials as per FY24 consolidated.



## Business Description:

**Transrail Lighting Ltd (TLI)** is an Indian engineering, procurement and construction (“EPC”) company. Company primarily focuses on power transmission and distribution business and integrated manufacturing facilities for lattice structures, conductors, and monopoles. Transrail has footprint in 58 countries like Bangladesh, Kenya, Tanzania, Niger, Nigeria, Mali, Cameroon, Finland, Poland, Nicaragua etc. including turnkey EPCs or supply projects. Company has presence in all the power transmission and distribution segments and majorly in high voltage (“HV”) and extra high voltage (“EHV”) segments. Other than the power transmission and distribution business, the company has other business verticals, such as, civil construction, poles and lighting, and railways.

- ◆ **Power transmission and distribution:** Transrail Supply as well as design, engineering, procurement and construction of transmission lines and distribution lines. Company have designed, engineered, procured and constructed 34,654 CKM transmission lines and 30,000 CKM distribution lines, respectively, both domestically and internationally. Company provide EPC services in relation to air insulated and gas insulated substations.
- ◆ **Civil construction:** The company provide EPC services including design in relation to bridges, tunnels, elevated roads and cooling towers. Civil construction services are majorly provided domestically.
- ◆ **Poles and Lighting:** Company has a diverse product manufacturing set-up, including high masts, street poles, luminaries, power transmission and distribution monopoles, stadium lighting, derrick structures, road gantries and signages, flag masts, solar streetlights, decorative poles etc. Transrail operate as both manufacturers as well as supply, installation, testing and commissioning service providers in the poles and lighting segment.
- ◆ **Railway services:** Company provides several services in relation to railways including overhead electrification, signaling and telecommunication services, earthwork, track linking and other composite works.

**The details of contribution to revenue from operations by each vertical is set out below:**

(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	3,317.82	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
<b>Total</b>	<b>8,969.03</b>	<b>100.00</b>	<b>40,092.30</b>	<b>100.00</b>	<b>30,861.37</b>	<b>100.00</b>	<b>22,841.42</b>	<b>100.00</b>	<b>27.01</b>

Source: RHP, Geojit Research

## Market opportunity

The estimated investment in the transmission sector is expected to cumulatively reach approximately ₹3.00 trillion for Financial Year 2025-2029. The distribution segment is expected to attract investments worth Rs 3-4 trillion over fiscals 2025 to 2029 vis-à-vis ~Rs 3.3 trillion between fiscal 2019-2024 led by the government's thrust on the Revamped Distribution Sector Scheme, improving access to electricity and providing 24x7 power to all. Further, internationally, power sector investment in Latin America and the Caribbean is also expected to increase to meet rising electricity demand and to modernise and expand grid infrastructure. (Source: CRISIL Report).

Details of revenue from business by geographical regions.

(Amount in ₹ million, unless otherwise stated)

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
<b>Total</b>	<b>8,969.03</b>	<b>40,092.30</b>	<b>30,861.37</b>	<b>22,841.42</b>

Source: RHP, Geojit Research

### Key strengths:

- ◆ Established presence and growth in power transmission and distribution vertical.
- ◆ The company has well established manufacturing facilities. These manufacturing facilities helps to reduce the dependence on third party suppliers for key products.
- ◆ Order Book has a healthy balance of international and domestic clients and has consistently witnessed growth over the past few years.
- ◆ Company provides leading-edge solutions in areas such as execution safety, workforce management and quality.

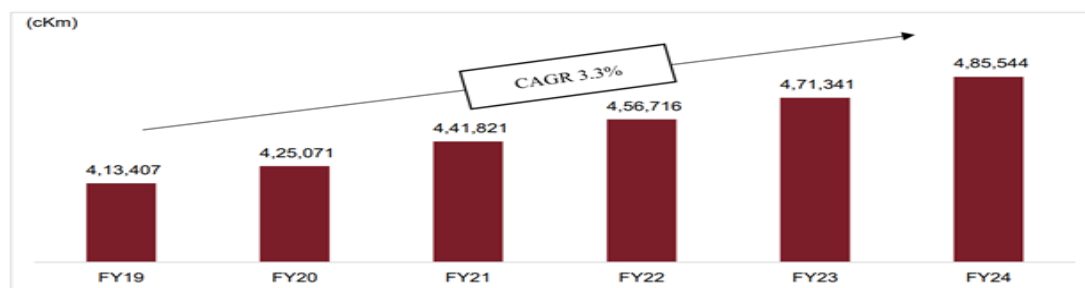
### Key strategies:

- ◆ The company to Expand the EPC portfolio into other allied/ancillary infrastructure sectors.
- ◆ Transrail manufactures a very wide range of conventional overhead power conductors but have also successfully enhanced the offerings by adding high temperature conductors (“HTC”) and HTLS conductors as new products.
- ◆ Company plans to further strengthen the product portfolio and more importantly increase the geographical footprint for the pole and lighting business vertical.

## Industry Outlook

The power transmission and distribution system across India has expanded extensively. The total length of domestic transmission lines rose from 413,407 CKM in Financial Year ended March 31, 2019 to 485,544 CKM in Financial Year ended March 31, 2024. Further, India has the second-largest road network in the world, spanning 6.30 million KM. Large highways/expressways are the key demand drivers for the high mast lighting in India. With more than 20 expressways planned across the country and with award of approximately 5,000 KM of highways every year in the next five Financial Years, the demand for high masts is expected to be supported by road segment. (Source: CRISIL Report).

Figure 19: Total transmission line network in the country (220 kV and above)



Source: CEA, CRISIL M&A Consulting

Source: RHP, Geojit Research

## Promoter and promoter group

The Promoters of the company are Ajanma Holdings Private Limited, Digambar Chunnilal Bagde and Sanjay Kumar Verma. Ajanma Holdings Private Limited is a private limited company engaged in the business of buying, underwriting and investing in shares, stocks, debentures, bonds or securities as a holding and investment company.

## Brief Biographies of directors

- **Digambar Chunnilal Bagde** is the Executive Chairman of the Company. He has over 40 years of experience in EPC industry.
- **Randeep Narang** is the Managing Director and Chief Executive Officer of the Company. He has over 35 years of experience in marketing and T&D.
- **Sanjay Kumar Verma** is the Non-Executive Director of the Company. He has approximately 8 years of experience in business administration and consulting, commodity trading and specialised technology.
- **Srikant Chaturvedi** is the Non-Executive Director of the Company. He has over 42 years of experience in chartered accountancy.
- **Vita Jalaj Dani** is the Non- Executive (Nominee) Director of the Company. She has over 12 years of experience in executive positions.
- **Vinod Dasari** is the Independent Director of the Company. He has several years of experience in executive position.
- **Ashish Gupta** is the Independent Director of the Company. He has over 30 years of experience in operations.
- **Ravita Nirmal Punwani** is the Independent Director of the Company. She has corporate exposure of ten years in microbiology and public relations and 26 years of experience in human resource consultancy.
- **Ranjit Jatar** is the Independent Director of the Company. He has nine years of experience in finance.
- **Major General Dr. Dilawar Singh (Retd.)** is the Independent Director of the Company. He has approximately 35 years of experience in defence services.

## CONSOLIDATED FINANCIALS

### PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	Q1FY25
<b>Sales</b>	<b>3,152</b>	<b>4,076.4</b>	<b>915.7</b>
% change	34.1%	29.3%	-
<b>EBITDA</b>	<b>293.1</b>	<b>475.2</b>	<b>119.7</b>
% change	42%	62%	-
Depreciation	45.8	50.3	12.6
<b>EBIT</b>	<b>247.3</b>	<b>424.9</b>	<b>107.1</b>
Interest	119.6	162.6	43.8
Other Income	19.8	53.4	13.9
Exceptional items	-	-	-
PBT	147.5	315.7	77.2
% change	63%	114.1%	-
Tax	40.7	84.9	25.7
Tax Rate (%)	28%	27%	-
Reported PAT	107.7	233.1	51.9
Adj	-	-	-
<b>Adj. PAT</b>	<b>107.7</b>	<b>233.1</b>	<b>51.9</b>
% change	66.3%	116.4%	-
<b>Post issue No. of shares (cr)</b>	<b>13.4</b>	<b>13.4</b>	<b>13.4</b>
Adj EPS (Rs)	8.0	17.4	3.9
% change	66.3%	116.4%	-

### CASH FLOW

Y.E March (Rs cr)	FY23	FY24	Q1FY25
PBT Adj.	147.5	315.70	77.20
<i>Non-operating &amp; non cash adj.</i>	<i>134.7</i>	<i>171.0</i>	<i>35</i>
Changes in W.C	-125.6	-341.2	36.1
<b>C.F. Operating</b>	<b>143</b>	<b>35</b>	<b>132</b>
Capital expenditure	-54	-29	-23
Change in investment	-	-4.5	-
Sale of investment	-	3.3	0.07
Other invest.CF	-50.6	-48.1	-52.18
<b>C.F - investing</b>	<b>-104.5</b>	<b>-78.3</b>	<b>-75.3</b>
Issue of equity	-	140	-
Issue/repay debt	135.8	38.3	-39.8
Dividends paid	-	-	-
Other finance.CF	-106.7	-150.3	-38.3
<b>C.F - Financing</b>	<b>29.1</b>	<b>27.9</b>	<b>-78.1</b>
Change. in cash	67.4	-14.9	-21.4
Opening Cash	57.5	124.7	109.85
Closing cash	124.9	109.8	88.5

### BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	Q1FY25
<b>Cash</b>	<b>198.1</b>	<b>223.8</b>	<b>244.7</b>
<i>Accounts Receivable</i>	<i>644.8</i>	<i>1026.1</i>	<i>914</i>
Inventories	310.9	378.2	465.4
<i>Other Cur. Assets</i>	<i>1,789</i>	<i>2,498.3</i>	<i>2,688.3</i>
Investments	-	-	-
Deff. Tax Assets	-	-	-
Net Fixed Assets	360.4	347.4	354.7
CWIP	4.1	5.7	7.0
Intangible Assets	18.5	26.4	24.4
Other Assets	116	109.1	132
<b>Total Assets</b>	<b>3,445</b>	<b>4,620</b>	<b>4,835</b>
Current Liabilities	1,872.3	2,633.1	2,807.9
Provisions	112.3	107	106.4
Debt Funds	621.1	667.2	625.4
Other Fin. Liabilities	46.2	46.2	53.3
Deferred Tax liability	21.6	27.6	38.2
Equity Capital	771.4	1,139.1	1,204.3
Reserves & Surplus	-	-	-
Shareholder's Fund	771.4	1,139.1	1,204.3
<b>Total Liabilities</b>	<b>3,445</b>	<b>4,620</b>	<b>4,836</b>
BVPS (Rs)	57.5	84.8	89.7

### RATIOS

Y.E March	FY23	FY24	Q1FY25
<b>Profitab. &amp; Return</b>			
<i>EBITDA margin (%)</i>	<i>9.3</i>	<i>11.7</i>	<i>13.1</i>
<i>EBIT margin (%)</i>	<i>7.8</i>	<i>10.4</i>	<i>11.7</i>
<i>Net profit mgn.(%)</i>	<i>3.4</i>	<i>5.7</i>	<i>5.7</i>
ROE (%)	14	20.5	4.3
ROCE (%)	15.4	22	4.4
<b>W.C &amp; Liquidity</b>			
Receivables (days)	74	75	96
Inventory (days)	50	46	66
Payables (days)	151	149	167
Current ratio (x)	1.5	1.5	1.5
Quick ratio (x)	0.5	0.5	0.4
<b>Turnover &amp; Levg.</b>			
Net asset T.O (x)	9.2	11.5	5.2
Total asset T.O (x)	1.0	1.0	0.2
Int. covge. ratio (x)	2.1	2.6	2.4
Adj. debt/equity (x)	0.8	0.6	0.5
<b>Valuation ratios</b>			
<b>EV/Sales (x)</b>	<b>2.0</b>	<b>1.6</b>	<b>7.0</b>
<i>EV/EBITDA (x)</i>	<i>21.9</i>	<i>13.6</i>	<i>53.7</i>
P/E (x)	53.8	24.9	111.7
P/BV (x)	7.5	5.1	4.8

## DISCLAIMER & DISCLOSURES

### **Certification**

I, Mithun T Joseph, author of this Report, hereby certify that all the views expressed in this research report reflect the personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Financial Services Limited, hereinafter referred to as Geojit.

**For General disclosures and disclaimer:** Please Visit : <https://www.geojit.com/research-disclosures#fundamental-research>

### **Regulatory Disclosures:**

Group companies of Geojit Financial Services Limited are Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Investment Limited (financial Services Company ( yet to start operations)), Geojit Techloan Private Ltd( P2P lending (yet to start operations)), Geojit IFSC Ltd ( a company incorporated under IFSC Regulations( yet to start operations)), Qurum Business Group Geojit Securities LLC ( a joint venture in Oman engaged in Financial Services ), Barjeel Geojit Financial Services LLC (a joint venture in UAE engaged in Financial Services), Aloula Geojit Capital Company (a joint venture in Saudi Arabia (Under Liquidation)) and BBK Geojit Securities Co. K.S.C.C (a subsidiary in Kuwait-engaged in Financial services ). In the context of the SEBI Regulations on Research Analysts (2014), Geojit affirms that we are a SEBI registered Research Entity and in the course of the business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by the Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or the Analysts in connection with the business activities.

In compliance with the above mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

#### 1. Disclosures regarding Ownership:

Geojit confirms that:

It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report

It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein. at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:(i) He, his associates and his relatives have no financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report (ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report

#### 2. Disclosures regarding Compensation:

During the past 12 months, Geojit or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company (e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

#### 3. Disclosure by Geojit regarding the compensation paid to its Research Analyst:

Geojit hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

#### 4. Disclosure regarding the Research Analyst's connection with the subject company:

It is affirmed that I, Mithun T Joseph, Research Analyst (s) of Geojit have not served as an officer, director or employee of the subject company

#### 5. Disclosure regarding Market Making activity:

Neither Geojit/its Analysts have engaged in market making activities for the subject company.

6. "Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors."

7. Standard Warning: "Investment in securities market are subject to market risks. Read all the related documents carefully before investing."

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Financial Services Ltd. Registered Office: 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website: [www.geojit.com](http://www.geojit.com). For investor queries: [customercare@geojit.com](mailto:customercare@geojit.com). **Compliance officer:** Ms. Indu K. Address: Geojit Financial Services Limited, 34/659 P, Civil Lane Road, Padivattom, Kochi – 682024; Phone: +91 484-2901367; Email: [compliance@geojit.com](mailto:compliance@geojit.com). **For grievances: Grievance Officer:** Mr Nitin K; Address: Geojit Financial Services Limited,34/659 P, Civil Lane Road, Padivattom, Kochi – 682024; Phone: +91 484-2901363; Email: [grievances@geojit.com](mailto:grievances@geojit.com). Corporate Identity Number: L67120KL1994PLC008403, SEBI Stock Broker Registration No INZ000104737, Research Entity SEBI Reg No: INH200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, Depository Participant: IN-DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226.

