

Incorporated in February 2008, Transrail Lighting Limited is an Indian engineering, procurement and construction (“EPC”) company primarily focuses on power transmission & distribution business and integrated manufacturing facilities for lattice structures, conductors, and monopoles. Digambar Chunnilal Bagde, aged 74 years, is a Promoter and Executive Chairman of the Company.

Business Overview :

- The company has a track record of four decades in providing comprehensive solutions in the power transmission and distribution sector, on a turnkey basis globally and has been a trusted and longstanding partner.
- It has completed more than 200 projects in power transmission and distribution vertical since its inception, along with comprehensive and extensive project execution capabilities in terms of manpower, supply of materials (including self-manufactured products) and availability of world class machinery, both in India and internationally (majorly across Asia and Africa).
- The company has a presence in 58 countries, including Bangladesh, Kenya, Tanzania, Niger, Nigeria, Mali, Cameroon, Finland, Poland, and Nicaragua, with turnkey EPCs and supply projects.
- As of June 30, 2024, it has undertaken EPC of 34,654 circuit kilometers (“CKM”) transmission lines and 30,000 CKM distribution lines, domestically and internationally. Company provide EPC services in relation to substations up to 765 kilovolts (“kV”).
- It has constructed India’s first 1200 kV transmission lines that are currently charged at 400 kV. Further, it has also constructed distribution networks of 30,000 CKM including projects in India and Africa. It has built substations of up to 400kV. It has also completed more than 396 track kilometers (“TKM”) of overhead electrification, 128 TKM of track laying and 35 locations in relation to signaling and telecommunications for railway projects in India.
- 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, it has other business verticals, such as, civil construction, poles and lighting, and railways.
- Company’s total revenue increased to Rs4129.99 crore in Financial Year ended March 31, 2024 from Rs2357.20 crore in Financial Year ended March 31, 2022 at a CAGR of 32.37% while its profit for the year increased to Rs233.20 crore in Financial Year ended March 31, 2024 from Rs647.07 crore in Financial Year ended March 31, 2022 at a CAGR of 89.84%.
- As of December 2024, the company has four manufacturing units. The first one is situated in Vadodara Gujrat, second one in Deoli, Maharashtra and third and fourth one in Silvassa, Dadra and Nagar Haveli respectively.
- As of June 30, 2024, the company supplied 1.3 MMT of towers, 194,534 KM of conductors, and 458,705 poles.
- As of June 30, 2024, the company has 114 employees in the design and engineering team.
- It generally take export orders which are either funded by multilateral funding agencies (which include organisations like World Bank, African Development Bank, Asian Development Bank etc)or backed by letters of credit.
- Company’s Order Book has a healthy balance of international and domestic clients and has consistently witnessed growth over the past few years. Some of the leading projects secured by the company in the three months period ended June 30, 2024 and Financial Year ended March 31, 2024 includes construction of transmission lines in Bangladesh, Tanzania, Cameroon and India.

NSE SYMBOL	TRANSRAILL
SECTOR	ENGINEERING— TURNKEY SERVICES
ISSUE SIZE	Rs. 838.91 Crs.
PRICE BAND	Rs. 410 - 432
BID SIZE (Nos.)	34
FACE VALUE	Rs. 2.00
MARKET CAP	Rs. 5799.85 Crs
RATING	SUBSCRIBE

TENTATIVE DATES	
ISSUE OPEN DATE	19TH DEC 2024
ISSUE CLOSE DATE	23RD DEC 2024
BASIS OF ALLOTMENT	24TH DEC 2024
INITIATION OF REFUNDS	26TH DEC 2024
CREDIT OF SHARES	26TH DEC 2024
LISTING DATE	27TH DEC 2024

- Company cater to a wide client base in India including central public sector undertakings under the Ministry of Power of India, state government run and private power transmission and distribution companies.
- Company has shown strong financial performance, which is evident from its growing revenues and increasing orders. Its total revenue increased to Rs.4129.99 crores in Financial Year ended March 31, 2024 from Rs.2357.19 crores in Financial Year ended March 31, 2022 at a CAGR of 32.37% while its profit for the year increased to Rs.233.20 crores in Financial Year ended March 31, 2024 from Rs.64.70 crores in Financial Year ended March 31, 2022 at a CAGR of 89.84%.
- Further its order intake and Unexecuted Order Book has shown stellar growth. Unexecuted Order Book has almost doubled to Rs.10100.47 crores as on March 31, 2024, from Rs.5907.58 crores as of March 31, 2022.
- Company has continuously satisfied the minimum financial eligibility criteria for bidding in EPC projects for most of the tenders, which generally comprises of financial parameters such as net worth and profitability.
- It has been able to maintain comparatively better margins in the industry because of its self-dependency for major components of power transmission and distribution projects like towers, monopoles and conductors coupled with its frugal and efficient operational practices.

(Source— RHP)

STRENGTHS

- Track record of established presence and growth in power transmission and distribution vertical through its implementation and execution skills.
- Established manufacturing facilities.
- Strong and diversified Order Book.
- Strong in-house designing and engineering.
- Experienced promoter(s) with strong management team, technical expertise and business divisions with specialized domain knowledge.
- Quality assurance.
- Strong and consistent financial performance.

(Source— RHP)

OBJECTS OF THE OFFER

- **The Offer for Sale** - Company will not receive any proceeds from the Offer for Sale of shares of Rs. 438.91 crores. The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale.
- **Fresh Issue** - The Company would also raise up to Rs. 400 crores by offering fresh shares. Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects.
 - Repayment/prepayment, in full or part, of all or certain outstanding borrowings availed by the Company
 - General corporate purposes.

RISKS

- Company's Order Book is subject to cancellation, modification or delay which may materially and adversely affect its business.
- Company's project management and turnkey EPC contracts (including those for power transmission and distribution), has long execution periods and time overruns, project related estimated costs and revenue estimates may vary from the actual costs incurred and actual revenues generated.
- Company's business is substantially dependent on tenders being floated by government authorities, public sector undertakings and utilities, from which the company derive a significant portion of its revenues.
- Company is exposed to foreign currency fluctuation risks, particularly in relation to import of raw materials, receivables from its foreign projects and its trade receivables, which may adversely affect its results of operations, financial condition and cash flows
- Company was a subsidiary of Gammon India Limited ("GIL") in the past. Any action taken against GIL pursuant to the proceedings outstanding against GIL, may have an adverse impact on its reputation and business.

PEER COMPARISON

	Face Value (Rs.)	CMP In Rs. (18-12-2024)	TTM EPS (Rs.)	BV per share (Rs.)	P/E (X)	P/BV (X)	M. Cap / Sales
KEC International	2.00	1187.40	15.84	189.94	75.0	6.3	1.5
Kalpataru projects	2.00	1314.35	32.28	319.72	40.7	4.1	1.0
Skipper	1.00	585.50	10.81	93.57	54.2	6.3	1.4
Patel engineering	1.00	55.97	3.19	43.17	17.5	1.3	1.0
Bajel Projects	2.00	273.85	2.21	50.48	123.9	5.4	1.7
Transrail Lighting**	2.00	432.00	17.37	119.50	24.9	3.6	1.4

(**On upper price band and on FY 2024 EPS)

RECOMMENDATION

At the upper band of offer price of Rs 432, the issue has been priced at P/BV of 3.6 times and P/E of 24.9 times on enhanced equity. Compared to peer group, average P/BV of 4.7 times and average P/E of 62.3 times, TRANSRAIL LIGHTING LTD is reasonably valued.

Investors - SUBSCRIBE to **TRANSRAIL LIGHTING LTD - IPO** considering track record of established presence and growth in power transmission and distribution vertical, strong and diversified Order Book, in-house designing and engineering and consistent financial performance.

PROFIT & LOSS A/C

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	3 MONTHS JUN FY 2025
INCOME				
Revenue from operations	2,284.14	3,086.14	4,009.23	896.90
Other Operating Revenue	65.87	66.02	67.29	18.88
Other income	7.18	19.88	53.48	13.93
Total income	2,357.20	3,172.03	4,130.00	929.70
EXPENSES				
Cost of materials consumed	1,205.97	1,821.41	2,245.40	480.17
Changes in inventories	-17.81	-8.21	-37.08	-31.30
Sub-contracting Expenses	354.04	347.16	499.65	132.21
Employee benefits expense	159.46	179.04	198.50	55.18
Finance costs	84.84	119.69	162.61	43.87
Depreciation and amortisation expense	37.84	45.83	50.30	12.67
Other expenses	442.20	519.80	694.81	159.85
Total expenses	2,266.53	3,024.71	3,814.19	852.65
Profit before share of profit of JV and Tax	90.67	147.32	315.81	77.06
Share of Profit/(Loss) of Joint Venture	-0.50	0.97	2.31	0.44
Profit/(loss) before tax	90.17	148.29	318.12	77.49
Current tax	23.70	39.00	84.92	25.75
(Excess) / Short Provision of Tax	1.76	1.73	0.00	0.00
Total tax expense	25.46	40.73	84.92	25.75
Profit/(Loss) for the period/ year	64.71	107.57	233.21	51.74

BALANCE SHEET
(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	3 MONTHS JUN FY 2025
ASSETS				
Property, plant and equipment	325.44	360.43	347.40	354.74
Right of use assets	8.53	18.31	26.38	24.40
Capital work-in-progress	17.21	4.12	5.79	7.01
Other intangible assets	0.24	0.20	0.09	0.09
Other Non-current Assets	96.72	116.09	109.17	132.13
Total non-current assets	448.14	499.15	488.83	518.36
Inventories	278.49	311.00	378.27	465.46
Investments	3.16	3.24	4.90	4.99
Trade receivables	639.74	644.90	1,026.14	914.03
Cash and cash equivalents	57.50	124.71	109.85	88.33
Other bank balances	53.28	73.41	114.05	156.43
Loan	17.21	28.32	83.19	82.90
Other current assets	1,344.36	1,760.54	2,415.14	2,605.43
Total Current Assets	2,393.72	2,946.10	4,131.54	4,317.57
Assets Held for Sale	0.00	0.24	0.24	0.24
Total assets	2,841.87	3,445.49	4,620.61	4,836.17
EQUITY AND LIABILITIES				
Equity share capital	22.71	22.80	24.79	24.79
Other equity	640.26	748.60	1,114.33	1,179.57
Total equity	662.97	771.40	1,139.12	1,204.36
Borrowings	117.98	120.34	80.67	69.49
Lease liabilities	3.47	8.32	14.41	12.86
Other non-current liabilities	57.70	60.98	65.18	66.20
Total non-current liabilities	179.14	189.64	160.25	148.55
Borrowings	351.14	484.58	562.52	533.94
Lease Liabilities	3.94	8.04	9.75	9.33
Trade payables	1,070.96	1,307.53	1,668.58	1,680.78
Other Current Liability	573.72	684.31	1,080.39	1,259.22
Total Current Liabilities	1,999.76	2,484.46	3,321.24	3,483.26
Total equity and liabilities	2,841.87	3,445.49	4,620.61	4,836.17

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 Regd. Office and Corporate Office - 1101, Merlin Infinite, DN - 51, Salt Lake City, Sector - 5, Kolkata - 700 091 (West Bengal, India)
 Tel: 033 6628 0000 | E-mail: compliance@eurekasec.com | Website: www.eurekasec.com

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