

### IPO Note – Transrail Lighting Ltd.

#### Backward integrated player harnessing T&D growth

18 December 2024

Transrail Lighting Ltd. (TLL) is an EPC company specializing in power transmission and distribution with over 4 decades of experience. The company delivers turnkey solutions globally, supported by integrated mfg. facilities for lattice structures, conductors, and monopoles. The company has completed over 200 projects across Asia and Africa consisting of 34,654 CKM of transmission lines and 30,000 CKM of distribution lines, along with substations up to 765 kV. TLL has presence in 58 countries, including Bangladesh, Kenya, Tanzania, Nigeria, Finland, and Nicaragua.

**Strong sectoral tailwinds in T&D in India:** The govt. has planned around Rs. 9.2 tn of investments in the T&D sector over the period 2025-2032. Transmission sector is estimated to attract Rs.3 tn. owing to the New Electrification Policy. Transmission network is expected to expand 4.85 lakh CKM (2024) to 6.48 lakh CKM (2032) along with transformation capacity: 1,251 GVA to 2,342 GVA. Further, 335 GW transmission planned to evacuate 280 GW of RE by 2030. The distribution Sector is expecting investments of Rs. 3-4 tn. driven by RDSS to enhance electricity access and ensure 24x7 power supply.

**Backward integration, robust orderbook & global footprint form TLL's strength:** The company provides services across T&D, civil construction, railways & poles & lighting segments. The company has 4 manufacturing units with a total capacity of ~1,20,000 MTPA across its products and has capability in testing 1,200 kV towers. The company also plans to add high temperature conductors ("HTC") and HTLS conductors as new products. The company is fully integrated with towers & conductors mfg. capabilities in-house, reducing the reliance on 3<sup>rd</sup> party supplier. The company has an orderbook of Rs. 10,213 cr. as on Q1FY25 (2.2x FY24 revenue) with 64% consisting of international orders and nearly 90% from the T&D segment. The company has presence in 58 countries and aims to focus on Africa and Asian markets.

**Key Risks:** - 1) Slowdown in govt. expenditure in T&D sector may affect the business adversely. 2) Nearly 80% business of the company comes from govt. clients, any collectability issues can hamper cashflows. 3) The company has significant foreign exposure, any changes in policies or geopolitical issues can pose a threat.

#### Financials & valuation –

The company plans to raise Rs. 838 cr. with fresh issue of Rs. 400 cr. to be used in WC requirements & capex. At the upper price-band of Rs. 432, the issue is available at P/E of ~25 times against 50-60 times on average of listed peers leaving an opportunity for investors to play the T&D bet. We recommend "SUBSCRIBE" to the IPO.

Key Financials/ Parameters	Mar-22	Mar-23	Mar-24	Jun-24
Operating Revenue (Rs. Crore)	2,350.0	3,152.2	4,076.5	915.8
EBITDA (Rs. Crore)	205.7	293.9	477.6	120.1
EBITDA Margins (%)	8.8%	9.3%	11.7%	13.1%
Net Profit/ Loss	64.7	107.6	233.2	51.7
Net Worth (Rs. Crore)	663.0	771.4	1,139.1	1,204.4
Net Debt/ Equity (x)	2.00	1.63	1.12	4.29*

Source: ABML Research, RHP, company presentation \*not annualized

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Rating	Subscribe
<b>Issue Details</b>	
Issue Opens	19-Dec-24
Issue Closes	23-Dec-24
Face Value (₹)	2
Price Band (₹)	410-432
Bid Lot	34
Issue Size at higher price band (₹ Cr)	838.91
Market cap @ upper price band (₹ Cr)	5,797.4
Listing	NSE/BSE
BRLMs	Inga Ventures, Axis Capital, HDFC Bank, IDBI Capital.
Registrar	Link Intime India Pvt. Ltd.

#### Shareholding Pattern (%)

	Pre-Issue	Post Issue
Promoter	84.50	71.12
Public	14.50	28.88

#### Issue Structure (In cr no. of shares)

Issue size	29.04
OFS	17.50
<b>Break-up of net issue to public (%):</b>	
QIB's portion	50%
Non-Institutional portion	15%
Retail Portion	35%

Source: ABML Research, RHP

#### Analyst Details

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