

IPO Note

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Apply for Listing Gains as well as for Long Term Investments



***Vishnu Prakash R.
Punglia Ltd.***

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Vishnu Prakash R. Punglia Limited - IPO NOTE

ABOUT COMPANY:

- Vishnu Prakash R Punglia Limited (VPRPL) was incorporated on **August 14, 1986**. VPRPL is an **ISO 9001:2015 certified** integrated engineering, procurement, and construction ("EPC") company with experience in design and construction of various infrastructure projects for the Central and State Government, autonomous bodies, and private bodies across 9 States and 1 Union territory in India.
- Company's principal business operations are broadly divided into 4 categories: (i) **Water Supply Projects ("WSP")**; (ii) **Railway Projects**; (iii) **Road Projects** and (iv) **Irrigation Network Projects**.
- VPRPL has been accredited with various registrations as a contractor with various departments and agencies viz. Jodhpur Development Authority, Jodhpur (Class AA), Public Health Engineering Department, Rajasthan, (Class AA), Water Resources Department, Rajasthan (Class AA), Roads and Building Department, Gujarat (Class AA), South Western Command, Military Engineering Services (MES), Jaipur (Class 'S'), Rajasthan, Public Works Department, Chhattisgarh (Class A), Public Works Department, Rajasthan (Class AA), Public Works Department, Madhya Pradesh, Bhopal (Civil works), pursuant to which they are also eligible to participate and undertake projects awarded by various other departments and agencies.
- As on **July 15, 2023**, VPRPL has **51 on-going projects** with total work awarded amounting to **₹6,183.58 crore**, of which **₹2,384.05 crore** worth of work has been executed and the remaining work amounting to **₹3,799.53 crore** constitutes the Order Book.
- As on **March 31, 2023**, their equipment fleet comprised about **499 construction equipment and vehicles**. Further, as on **March 31, 2023**, the aggregate gross block value of the company's property, plant and equipment was **₹ 136.12 crore**.

ISSUE BREAK-UP

Investor	No. of Equity Shares	₹ In Cr		% of Allocation
		@Lower	@upper	
QIB	15,450,000	145.23	152.96	50%
NIB	4,635,000	43.57	45.89	15%
-NII 1	3,090,000	29.05	30.59	-
-NII 2	1,545,000	14.52	15.30	-
Retail	10,815,000	101.66	107.07	35%
Emp Reserve	300,000	2.55	2.70	-
Total	32,500,000	351.00		100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Anchor Bid on : Wednesday, 23rd August 2023

Issue opens on : Thursday, 24th August 2023

Issue closes on : Monday, 28th August 2023

Issue Details Fresh Issue of **31,200,000 Eq. Shares**
Issue size: ₹ 293 – 309 Cr
No. of shares: **31,200,000 Eq Shares**
Face value: ₹ 10/-
Price band: ₹ 94 – 99
Bid Lot: 150 Eq. Shares and in multiple thereof
Post Issue Implied Market Cap: ₹ 1,172 – 1234 Cr

BRLM Choice Capital Advisors
Pantomath Capital Advisor

Registrar: Link Intime India Pvt. Ltd.

Listing: BSE & NSE

INDICATIVE TIMETABLE:

Activity	On or about
Finalization of Basis of Allotment	31-08-2023
Refunds/Unblocking ASBA Fund	01-09-2023
Credit of equity shares to DP A/c	04-09-2023
Trading commences	05-09-2023

SHAREHOLDING (APPROX. NO. OF SHARES):

Pre Issue	Post Issue
93,444,000	124,644,000

SHAREHOLDING PATTERN(%)

Particulars	Pre-Issue	Post-Issue
Promoters	51%	38.23%
Promoter Group	39.45%	29.58%
Public–Other	9.55%	32.19%
Total	100.00%	100.00%

MINIMUM BIDS APPLICATION:

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII – Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	150 Shares	2,100 Shares	10,200 Shares
Minimum Bid Lot Amount (₹)	₹ 14,850^	₹2,07,900^	₹10,09,800^
No. Of Applications For 1x	72,100 Application	736 Applications	1,471 Applications



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BACKGROUND:

Company and Directors

The Company was originally formed as a partnership firm in the name of M/s Vishnu Prakash Punglia on August 14, 1986. Vishnu Prakash Punglia, Manohar Lal Punglia, Sanjay Kumar Punglia, Kamal Kishor Punglia and Ajay Punglia are the promoters of the company. Currently promoters collectively hold 47,655,000 Equity Shares, constituting 51% and the Promoter Group collectively holds 36,864,000 Equity Shares, constituting 39.45% of the issued, subscribed, paid-up Equity Share capital of the company.

OBJECT OF THE ISSUE :

Objects	Amount (₹ Cr)
Funding CAPEX for the purchase of equipment/machineries	62.18
Funding working capital requirement	150
General Corporate Purposes	[·]
Total	[·]

SHAREHOLDING PATTERN

Shareholders	Pre - Issue		No. of Shares offered	Post - Issue	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	47,655,000	51.00%		47,655,000	38.23%
Promoters Group	36,864,000	39.45%		36,864,000	29.58%
Total for Promoter and Promoter Group	84,519,000	90.45%		84,519,000	67.81%
Public	8,925,000	9.55%	31,200,000	40,125,000	32.19%
Total for Public Shareholder	8,925,000	9.55%	31,200,000	40,125,000	32.19%
Total Equity Share Capital	93,444,000	100.00%	31,200,000	124,666,000	100.00%

* Shares at Upper Band

BUSINESS OVERVIEW:

Vishnu Prakash R Punglia Limited ("VPRPL") is an ISO 9001:2015 certified integrated engineering, procurement, and construction ("EPC") company with experience in design and construction of various infrastructure projects for the Central and State Government, autonomous bodies, and private bodies across 9 States and 1 Union territory in India. **Company's principal business operations are broadly divided into 4 categories: (i) Water Supply Projects ("WSP"); (ii) Railway Projects; (iii) Road Projects and (iv) Irrigation Network Projects.**

VPRPL has been awarded with various registrations as a contractor with various departments and agencies viz. Jodhpur Development Authority, Jodhpur (Class AA), Public Health Engineering Department, Rajasthan, (Class AA), Water Resources Department, Rajasthan (Class AA), Roads and Building Department, Gujarat (Class AA), South Western Command, Military Engineering Services (MES), Jaipur (Class 'S'), Rajasthan, Public Works Department, Chhattisgarh (Class A), Public Works Department, Rajasthan (Class AA), Public Works Department, Madhya Pradesh,

KEY FINANCIALS:

(₹ in Cr)

Particulars	As at Mar' 31,		
	2023	2022	2021
Share Capital	93.44	28.15	28.15
Reserves	221.06	130.54	85.47
Net Worth#	314.51	158.69	113.61
Revenue from Operations	1,168.40	785.61	485.73
Revenue Growth (%)	48.73%	61.74%	-
EBITDA	159.64	88.64	47.32
EBITDA Margin (%)	13.63%	11.26%	9.70%
Profit before Tax	122.44	60.38	25.68
Net Profit for the year	90.64	44.85	18.98
Net Profit Margin (%) as stated	7.74%	5.70%	3.89%
EPS – Basic & Diluted (₹)	10.41	5.31	2.25
RONW (%) as stated	38.31%	32.94%	18.24%
Net Asset Value (₹) as stated	36.11	18.79	13.45
ROCE (%)	33.72%	29.94%	19.40%

Source: RHP, *Restated Statement, EBITDA Margin and Net Profit Margin calculated on Total Income; EPS and NAV calculated on increased share capital



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Bhopal (Civil works), pursuant to which they are also eligible to participate and undertake projects awarded by various other department and agencies.

VPRPL has design and engineering, procurement, project management and quality management teams along-with fleet of 499 construction equipment and vehicles. Their inhouse teams deliver their projects from design to completion. This reduces their dependency on third parties for key materials such as ready-mix concrete, stone aggregates, bitumen, and services such as design and engineering, transportation and logistics required in the development and construction of their projects.

The company undertakes projects on EPC basis, with or without operation and maintenance services ("O&M"). The scope of their services includes detailed engineering of the project, procurement of key materials, and project execution at the sites with overall project management up to the commissioning of these projects. In addition, they also undertake operation and maintenance of projects in accordance with their contractual arrangements.

VPRPL has gradually increased their capabilities in terms of the size of projects executed. For e.g., in 2021 they were awarded a WSP by the Public Health Engineering Department ("PHED"), Manipur worth ₹433.29 crore as against a WSP awarded to them (as a partnership firm) by PHED, Rajasthan in 2002 of ₹1.98 crore. While they execute majority of the projects themselves, they also form project-specific joint ventures and consortiums with other infrastructure and construction entities.

COMPANY'S EPC OPERATION:

Water Supply Projects ("WSP")

Survey, design, construction, commissioning, operation, maintenance, and management of water supply projects (WSPs) including supply, laying and testing of pipelines; construction of water tanks, reservoirs,



overhead tanks, raw water reservoirs, water treatment plants, pumping stations, providing functional house hold tap connection and related electro mechanical and instrumentation works, geo tagging wherever required, including design and operation; supply, laying, jointing, hydro testing of cluster distribution system and village distribution system; construction of residential quarters, village transmission chambers, valve chambers, boundary walls; augmentation cum reorganisation of WSPs on EPC single responsibility turnkey basis

Railway Projects

Laying of railway tracks, construction of platforms, bridges, rail-over-bridges, rail-underbridges, foot over-bridges, station buildings, staff quarters, signal, and telecommunication building.



Road Projects

Construction and/or strengthening of roads and highways on EPC mode, including minor bridges, major bridges, road-over-bridges, road-under-bridges, culverts.



Irrigation Network Projects

Survey, design, construction, operation, maintenance, and management of irrigation network including construction of tunnels, canals (lined and unlined), raw water reservoirs, pumping stations,



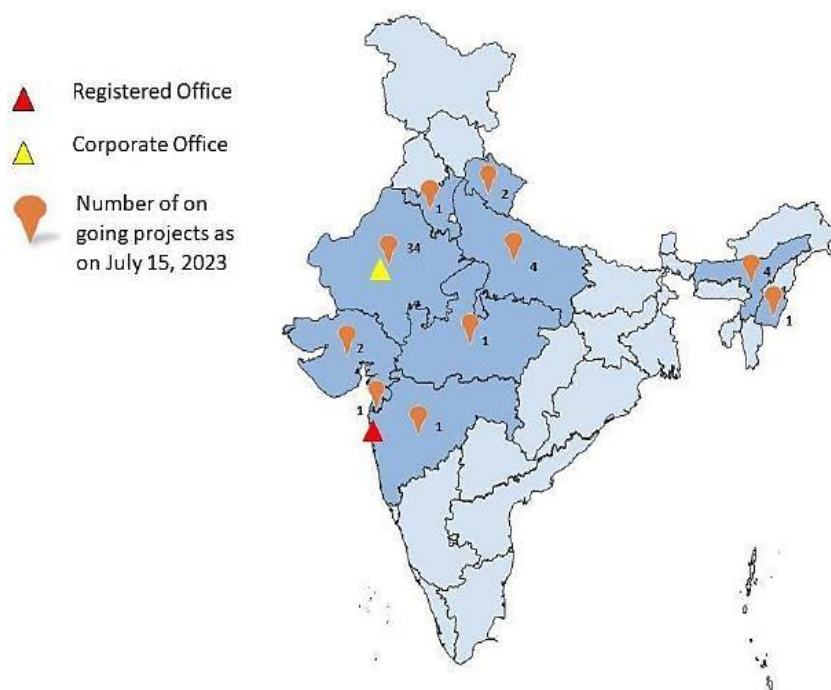
pressurized piping system and related electro- mechanical and instrumentation works on EPC single responsibility turnkey basis

MARKET OPPORTUNITY:

Infrastructure sector is a key driver for the Indian economy. It acts as a catalyst for India's economic growth as it drives the growth of the allied sectors like townships, housing, built-up infrastructure, and construction development projects. Road construction is amongst the critical sub-segments of infrastructure development, economic growth as well as for employment creation. Infrastructure has been a major focus of the Government currently. In the Union budget 2022-23, the Government budgeted to incur higher expenditure towards road construction.

The company stands to benefit from various government initiatives in infrastructure, waster waste management, Road and Highway Industry. As of July 15, 2023, VPRPL has an Order Book of ₹ 3,799.53 crore

GEOGRAPHICAL PRESEANCE: :

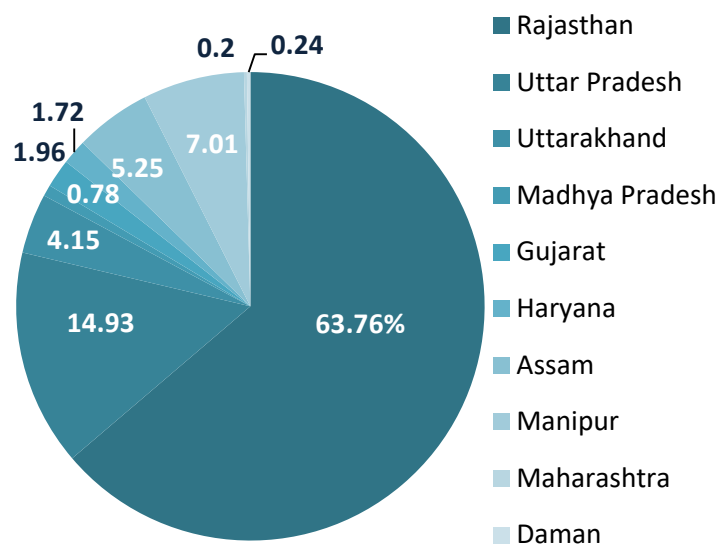


ORDER BOOK ANALYSIS:

As on July 15, 2023, VPRPL has 51 on-going projects with total work awarded amounting to ₹6,183.58 crore, of which ₹2,384.05 crore worth of work has been executed and the remaining work amounting to ₹3,799.53 crore constitutes the Order Book.

State-wise, Segment-wise value of work awarded in ongoing projects as on July 15, 2023:

State Name	No. of Project	Segments				Value of Work awarded
		WSP	Railways	Roads	Sewerage & Others	
Rajasthan	34	2,828.69	512.59	441.01	160.49	3942.78
Uttar Pradesh	4	923.03	-	-	-	923.03
Uttarakhand	2	256.56	-	-	-	256.56
Madhya Pradesh	1	-	48.42	-	-	48.42
Gujarat	2	121.13	-	-	-	121.13
Haryana	1	106.15	-	-	-	106.15
Assam	4	324.34	-	-	-	324.34
Manipur	1	433.30	-	-	-	433.30
Maharashtra	1	-	12.96	-	-	12.96
Daman	1	-	-	-	14.91	14.91
Total	51	4,993.20	573.97	441.01	175.41	6183.58



REVENUE FROM OPERATIONS:

Particulars	For the Year Ended March 31,		
	2023	2022	2021
	Revenue (₹ Cr)	Revenue (₹ Cr)	Revenue (₹ Cr)
Revenue from Contracts with Customers			
Sale of Services - Work Contract Services	1,161.75	781.56	484.45
Sale of Products	6.16	3.65	1.28
Other Operating Revenue			
Technical & Professional Services	0.50	0.40	-
Total	1,168.40	785.61	485.73



COMPETITIONS:

The company's competition depends on various factors, such as the type of project, total contract value, potential margins, the complexity, location of the project and risks relating to revenue generation. They face competition from other construction companies which operate in the same geographies such as





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COMPETITIVE STRATEGIES:

- **Focused player in Water Supply Projects (WSPs)**

The company has over 36 years of experience in executing WSPs comprising of construction and development of pipelines, water tanks, reservoirs, tunnels, overhead tanks, water treatment plants and irrigation projects. Currently, they have executed more than 75 WSPs.

- **Visible growth through robust order book across segments**

As on July 15, 2023, VPRPL has on-going projects aggregating ₹6,183.58 crore, of which ₹2,384.05 crore worth of work has been executed and balance ₹3,799.53 crore form part of the Order Book.

- **Established relationships with marquee client base**

Over the years, VPRPL has undertaken infrastructure projects from various departments of the Central and State Governments across multiple locations and segments. They have a history of bagging multiple projects from same clients (client retention). They acquired 19 new projects from PHED, Rajasthan over the last 2 years.

- **Track record of successfully completed projects**

Having more than 36 years of experience in the EPC construction industry, VPRPL has developed a reputation for project management and execution on account of their engineering team and labour, in-house integrated model, and equipment deployment.

- **In-house integrated model**

The company's in-house integrated model helps reduce their dependency on third parties for key materials required to execute their projects. It also facilitates timely transportation of these materials to project sites through vehicles owned by them with GPS tracking devices, reducing pilferage and adulteration. As on March 31, 2023, their equipment fleet comprised about 499 construction equipment and vehicles. Further, as on March 31, 2023, the aggregate gross block value of the company's property, plant and equipment was ₹ 136.12 crore.

- **Committed Promoters, Board and management team**

The company's promoters have operational understanding with a track record in carrying out infrastructure projects for more than 36 years. The diversified Board of Directors, which is supplemented by a management team with experience in the EPC sector and a proven track record of performance. In addition to their senior management team, their middle management team and skilled workforce, provide them with the expertise and managerial skills required to manage their business.

KEY BUSINESS STRATEGIES

- **Geographical diversification**

The company's strategy of focusing on further developing their existing markets as well as expanding into new markets with growth potential will enable them to effectively target growth opportunities, widen their revenue base, as well as reduce the risk of volatile market conditions and price fluctuations resulting from concentration of resources in a particular geographic region.

- **Continued focus on the WSP business**

As on July 15, 2023, WSPs constitute 77.89% of the company's total Order Book. With continued focus of the Central and State Governments on 'Jal Jeevan Mission' and AMRUT scheme, they intend to maintain and strengthen their position in execution of WSPs on a turnkey basis in India. Currently, they have 38 WSPs under execution. They intend to further grow their portfolio of water supply turnkey projects.

- **Pursuing other segments**

The GoI had announced the National Infrastructure Policy (NIP) covering various sectors and regions indicating that it is relying on an 'infrastructure creation' led revival of the country's economy. The company intends to expand into and will continue to bid for projects related to the railways sector; projects related to road sector; projects related to irrigation and other sectors like sewerage, industrial effluent treatment plants, etc. on EPC basis.

- **Focus on high value contracts and investment in latest equipment**

The company intend to continue focusing on bidding for projects with higher contract values. Further, to fuel their growth and expand operations, they intend to invest in latest equipment and technology, wherever necessary. They plan to invest in expanding their capabilities to enable further improve their operational efficiencies, increase customer satisfaction, and improve their order book, revenue, and profitability.

- **Increase competitiveness through quality execution, cost reduction and continuous training of manpower**

Cost competitiveness is a key component of success for this industry. The company continues to strive towards reducing their execution cost without compromising on the quality of work. Further, the scale of their operations provides them with an advantage in maintaining their cost competitiveness.







- **Leverage core competencies with enhanced in-house integration**

In-house integration has been instrumental in company's growth over the years and they seek to focus on further enhancing their in-house capabilities. Further developing specialized in-house capabilities would reduce dependence on third parties, thereby avoiding risks and minimizing costs and time associated with outsourcing.



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COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023):

Particulars						
	Vishnu Prakash R Punglia Ltd	PNC Infratech Ltd	H. G. Infra Engineering Ltd	NCC Ltd	Rail Vikas Nigam Ltd	ITD Cementation India Ltd
Total Revenue (₹ in Cr) (FY2023)	1,171.46	8,036.71	4,640.24	15,701.00	21,278.04	5,119.53
Face Value	10	2	10	2	10	1
EPS (Basic & Diluted)	10.41	25.67	75.68	9.77	6.81	7.23
NAV	36.11	167.03	294.96	98.22	35.13	72.04
PE Ratio	[·]	13.48	12.56	16.24	18.22	25.62
RoNW	38.31%	16.64%	29.38%	10.98%	20.70%	10.53%

Source:RHP; P/E Ratio has been computed based on the closing market price of equity shares on NSE on July 31,2023

Comparison of the key performance indicators with listed industry peers

(₹ in Cr)

Metric for the Fiscal 2023						
	Vishnu Prakash R Punglia Ltd	PNC Infratech Ltd	H. G. Infra Engineering Ltd	NCC Ltd	Rail Vikas Nigam Ltd	ITD Cementation India Ltd
Revenue from operations	1,168.40	7,956.08	4,622.01	15,553.41	5,090.91	20,281.57
Total Income	1,171.46	8,036.71	4,640.24	15,701.00	5,119.53	21,278.04
EBITDA	159.64	1,680.68	913.60	1,606.58	528.52	2,243.24
EBITDA margin (%)	13.63%	20.91%	19.69%	10.23%	8.37%	10.54%
Net Profit for the Year	90.64	658.45	493.19	646.21	124.73	1,420.56
Net Profit Margin (%)	7.74%	8.19%	10.63%	4.12%	2.44%	6.68%
Return on Net Worth	38.31%	16.64%	29.38%	10.98%	10.53%	20.70%
Return on Capital Employed (%)	33.72%	15.05%	25.16%	19.99%	17.46%	16.62%
Debt-Equity Ratio	0.80	1.46	0.99	0.16	0.59	0.87
Interest Coverage Ratio	5.05	3.04	5.31	2.72	1.90	3.82
Days Working Capital	71	61	84	79	10	83



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HENSEX OUTLOOK: “*SUBSCRIBE*”

Rating: Apply for Listing Gains as well as for Long Term Investment

- ✓ *Based on the Fiscal 2023 Financials, the IPO is fairly value against the peers at 9.51x PE, 9x EV/EBITDA and 1.2x EV/Sales on the upper band. The company's Net Profit have surged 102% Y-O-Y, to ₹ 90.64 Cr in FY23 from ₹ 44.85 Cr in FY22.*
- ✓ *VPRPL revenue from operations has grown at a CAGR of 55.10% from FY 2020-21 to FY 2022-23, with the help of their robust order book across different business segments and geographical regions. The company has a order book of ₹ 37,99.52 Cr, as of 15th July 2023*
- ✓ *The company has good control of operations in the state of Rajasthan.*
- ✓ *The company caters in a well - diversified and controlled market.*

MAJOR RISK FACTOR:

- ✓ *The company's 61.54% business revenue is concentrated in the state of Rajasthan.*
- ✓ *VPRPL's has reported certain negative cash flows from its operating activity, investing activity and financing activity; company in the RHP states that it may continue witness negative operating cash flows in future.*
- ✓ *The company generates almost 80% of its revenue from its Top 5 Customers and almost 93% Revenue from the Top 10 Customers.*

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