

VISHNU PRAKASH R PUNGLIA LIMITED

24-08-2023 to 28-08-2023

Industry: Civil Construction

Price Band: ₹ 94 - 99

Recommendation: Subscribe for Long Term

Post Implied Market Cap: ₹ 1,172 - 1,234 Cr

Key Data

Issue Size (₹ Cr)	293 - 309
Fresh (₹)	293 - 309
OFS (₹)	-
No of shares offered	3,12,00,000
Face Value (₹ /share)	10
Bid Lot	150

About the Company

Vishnu Prakash R Punglia Limited (VPRPL) is a certified integrated Engineering, Procurement, and Construction (EPC) company in India, with expertise in designing and constructing infrastructure projects for governments, autonomous bodies, and private entities across various regions. The company's core operations span four categories: Water Supply Projects, Railway Projects, Road Projects, and Irrigation Network Projects. VPRPL holds accreditations from several departments and agencies, allowing them to undertake projects awarded by different entities. They possess dedicated design, engineering, procurement, project management, and quality management teams, as well as an in-house fleet of 499 construction equipment and vehicles. Their EPC approach covers detailed engineering, material procurement, project execution, and overall management, and they also offer operation and maintenance services. Over time, VPRPL has expanded its capabilities to handle larger projects, including forming joint ventures and consortiums with other construction entities when needed.

Indicative Timetable

Activity	On or about
Finalisation 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	04-09-2023

Investment Rationale

- **Specialized Expertise in Water Supply Projects (WSPs):** With over 36 years of experience and a track record of executing over 75 Water Supply Projects, Vishnu Prakash R Punglia Limited (VPRPL) stands out as a focused player in this critical sector. Their expertise in constructing pipelines, reservoirs, water treatment plants, and more positions them strongly in addressing the growing demand for clean water infrastructure.
- **Robust Order Book and Growth Potential:** VPRPL effectively completed an order amounting to ₹ 2384 crore, adhering to the timeline. As of July 15, 2023, the company maintains an order book of ₹ 3,799 Crore, equivalent to 3.25 times the FY23 revenue. This emphasizes the company's clear growth trajectory and unwavering commitment to timely project execution, potentially offering favorable returns.
- **Diversified Segment & Strong Relationship with Clients:** The main functions of the company encompass four different sectors: Water Supply Projects, Railway Projects, Road Projects, and Irrigation Network Projects. VPRPL's well-established relationships with various government departments at both central and state levels underscore its reputation and client trust. Bagging 19 new projects from PHED, Rajasthan in recent years showcases their ability to secure projects from existing clients, enhancing stability and potential repeat business.
- **Strategic Approach and Expansion Opportunities:** VPRPL's strategic focus on geographical diversification, commitment to maintaining their position in the water supply sector, and plans to explore other infrastructure segments like railways, roads, and irrigation demonstrate a proactive approach to capturing emerging opportunities and achieving sustained growth. Their investment in advanced equipment and technology aligns with their commitment to project quality and efficiency.

Shareholding (No. of shares)

Pre-Issue	9,34,44,000
Post Issue (Lower price band)	12,46,44,000
Post Issue (Higher price band)	12,46,44,000

Shareholding Pattern

	%
Promoters:	
Pre Issue	51
Post Issue	38.23
Promoters Group:	
Pre Issue	39.45
Post Issue	29.58
Public - Investor Selling S/h:	
Pre Issue	0
Post Issue	0
Public - Others:	
Pre Issue	9.55
Post Issue	32.19

Risk

- High revenue contribution from single state – Rajasthan.
- High revenue contribution from Water Supply Projects (WSP) segments.

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

MView

We believe VPRPL is well-positioned within the Indian infrastructure sector, benefitting from government initiatives and a substantial order book of ₹3,799.53 Cr as of July 15, 2023. With over 36 years of experience, the company has a proven track record in executing Water Supply Projects (WSPs), enjoying a visible growth trajectory across segments. It's unique in-house integrated approach not only reduces dependence on external sources but also enhances the efficiency of material logistics, thereby strengthening project management. VPRPL's strategic direction, including expanding across different regions, maintaining focus on water supply projects, and aligning with national policies in terms of sector expansion, highlights their adaptability and forward-thinking approach. Their investments in advanced technology and equipment further reflect their dedication to staying competitive. Looking at all these factors, we recommend considering a long-term investment in VPRPL, acknowledging both its growth potential and the inherent industry-related risks. As per valuation parse, the company is trading at a PE of 13.61 on FY23 earnings, which leaves room for investors for some listing gains, and by looking at its long-term potential growth, we recommend investors to SUBSCRIBE FOR LONG TERM.

Other Details

BRLMs: Choice Capital Advisors, Pantomath Capital Advisors

Registrar: Link Intime India Pvt. Ltd.

Listing: BSE & NSE

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CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	2023	2022	2021
Equity Share Capital	93.44	28.15	28.15
Reserves	221.06	130.54	85.47
Net worth as stated	314.51	158.69	113.61
Revenue from Operations	1168.4	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%
Net Profit	90.64	44.85	18.98
Net Profit Margin	7.74%	5.70%	3.89%
EPS	10.41	5.31	2.25

Source: RHP

COMPARISON WITH LISTED PEERS ₹ (in Cr)

Companies	Mcap (in Cr)	FV	Revenue from Operations (As on 31st March 2023)	EPS	NAV	P/E	RONW
Vishnu Prakash R Punglia Ltd	1234	10	1171.46	10.41	36.11	13.61	38.31%
PNC Infratech Ltd	8440	2	8036.71	25.67	167.03	13.48	16.64%
H.G. Infratech Ltd	6145	10	4640.24	75.68	294.90	12.56	29.38%
NCC Ltd	153.55	2	15701.00	9.77	98.22	16.24	10.98%
Rail Vikas Nigam Ltd	26031	10	21278.04	6.81	35.13	18.22	20.70%
ITD Cementation India Ltd	3557	1	5119.53	7.23	72.04	25.62	10.53%

Source: RHP, Data as on 31st March 2023, Mcap as on 22-08-2023



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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