

August 23, 2023

IPO Note

IPO NOTE

Issue Details

Price Band: ₹ 94 to ₹ 99
Employee Discount: Rs. 9/Share
Issue Opens on: August 24, 2023
Issue Closes on: August 28, 2023
Lot Size: 150 Shares & in Multiples thereafter

Issue Highlights

Issue Size : ₹ 308.88 Cr.
No of Shares : 31,200,000
Face Value : ₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	308.88
Offer for Sale	-
Total	308.88

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	153.09
HNI	15	45.93
Retail	35	107.16
Employee	-	2.7
Total	100	308.88

Listing

BSE & NSE

Lead Managers

- Choice Capital Advisors Private Limited
 - Pantomath Capital Advisors Private Limited

Registrar

Link Intime India Pvt. Ltd.

ANALYST

Krishna Rana
krishna.rana@sushilfinance.com

+91 22 4093 6081

SALES

Manan Divan
manan.divan@sushilfinance.com

+91 22 4093 6091 / +919819819979

COMPANY 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. Their principal business operations are broadly divided into four categories: (i) Water Supply Projects ("WSP"); (ii) Railway Projects; (iii) Road Projects and (iv) Irrigation Network Projects.

They have 499 equipment and vehicle fleet. Their in-house teams deliver projects from design to completion.

VPRPL undertake projects on EPC basis, with or without operation and maintenance services ("O&M"). In addition, they also undertake operation and maintenance of projects in accordance with their contractual arrangements.

The Company has not undertaken any sub-contracting assignments till date. They undertake assignments independently or whenever required, through joint ventures. While they execute majority of the projects themselves, they also form project-specific joint ventures and consortiums with other infrastructure and construction entities.

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.

HIGHLIGHTS

1. Focused player in Water Supply Projects.
2. Visible growth through robust order book across segments.
3. Established relationships with marquee client base.
4. Track record of successfully completed projects.
5. In-house integrated

OBJECTS OF THE ISSUE

The Issue comprises of fresh Issue of up to 31,200,000 Equity Shares.

1. Funding capital expenditure requirements for the purchase of equipment/ machineries (₹ 62.17 Cr.)
2. Funding the working capital requirements of the Company (₹ 150 Cr.)
3. General corporate purposes

OUR VIEW

Vishnu Prakash R Punglia Limited(VPRPL) it's a 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. Additionally, the company also undertakes the operation and maintenance of projects following its contractual arrangements.

On financial front, the company's revenue from operations has grown at a CAGR of 55.10% from FY 20-21 to FY 22-23. The EBITDA margin and PAT margin improved from 9.7% to 13.63% and 3.89% to 7.74% from FY21 to FY23 respectively. The company generated an ROE and ROCE of 38.31% and 33.72% respectively for FY23. The company is asking for a multiple of 9.51x based on the FY23 EPS on the upper end of the price band and is priced at P/BV of 2.74 based on NAV of ₹ 36.11. Company's debt to equity ratio has also improved from 0.98 to 0.80 from FY21 to FY23.

Compared to peers, highest and lowest level of P/E are 12.56x of H.G. Infra Engineering Ltd. and 25.62x of ITD Cementation India Ltd. and Industry average is 17.22x. the issue seems priced attractively.

The company has a strong customer standing and track record of successfully completed projects. As of July 15, 2023, the total Order Book was ₹ 37,995.28 million, entirely comprising of projects awarded by governmental authorities. The company is planning to bid for higher value projects, however in order to do that the company will require a higher working capital. The company is however highly concentrated in Rajasthan with revenue forming 66.86% of Total revenue for FY23. The company has ₹ 844.72 million as unsecured loans which are repayable on demand. Sudden recall may disrupt their operations.

Keeping in mind all positive and negative factors investors can look for long term investment.

Brief Financials

PARTICULARS	₹ in Million		
	FY '23	FY '22	FY '21
Total Income	11,714.64	7,873.87	4,876.73
Total Expenditure	10,490.25	7,270.06	4,619.95
EBITDA	1,596.43	886.41	473.21
Profit before Tax	1,224.39	603.81	256.78
Profit after Tax	906.43	448.47	189.82
E.P.S. (Diluted)	10.41	5.31	2.25
P/E (x) (Diluted)	9.51		
RONW (%)	38.31	32.94	18.24

PRICE CHART (@ ₹ 99) (Retail Category)

LOT SIZE	Amount
150	14,850
300	29,700
450	44,550
600	59,400
750	74,250
900	89,100
1,050	103,950
1,200	118,800
1,350	133,650
1,500	148,500
1,650	163,350
1,800	178,200
1,950	193,050

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	2,100	207,900
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	10,050	994,950
Above ₹ 10 Lakhs	10,200	1,009,800

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	31/08/2023
Initiation of refunds/unblocking ASBA Fund	01/09/2023
Credit of Equity Shares to demat accounts of Allottees	04/09/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	05/09/2023

For more details, Please refer RHP,

https://www.sebi.gov.in/filings/public-issues/aug-2023/vishnu-prakash-r-punglia-limited-rhp_75462.html

Disclaimer & Disclosures

SEBI Registration No. INH000000867

This report has been furnished to you for your general information only and should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of Sushil Financial Services Private Limited. This Research Report is meant solely for use by the original recipient to whom it is sent and is not for circulation. Any unauthorized use, disclosure or public dissemination or copying of information (either whole or partial) contained herein is prohibited.

This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice/offer for the purpose of purchase or sale of any securities mentioned herein. Past performance is not a guide for future performance, future returns are not guaranteed. Opinions expressed herein are subject to change without notice. Investor should rely on information/data arising out of their own investigations. The Sushil Equity Universe is marked as # and the fundamental reports are marked as ##.

Investors are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investor may realize losses on any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by us to be reliable. A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com Research Analyst views on Subject Company may vary based on Fundamental and Technical Research. Sushil Financial Services Private Limited or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. None of the directors, employees, affiliates or representatives of company shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages/loss etc whatsoever from the information/opinions/views contained in this Report and investors are requested to use the information contained at their risk

Sushil Financial Services Private Limited (SFSPL) and its connected companies, and their respective Directors, Officers and employees or their relative, may have a long or short position in the subject companies mentioned in the report and it may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Reports based on technical and derivative analysis centre on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. SFSPL has different business segments/Divisions with independent research and maintains arm's length distance catering to different set of customers having various objectives, risk profiles, investment horizon, etc. and therefore may at times have different contrary views on stocks sector and markets. Research Report may differ between SFSPL's RAs on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold - SFSPL, its employees and associates responsible for any losses, damages of any type whatsoever.

This Report is not intended to be a complete statement or summary of the securities, market or developments referred to in this document. SFSPL or its affiliates or employees are under no obligation to update the information. SFSPL or its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report.

SFSPL or its affiliates and/or its employees/its associates or his relative does not have financial interest in the subject companies. SFSPL or its affiliates and/ or its employees/its associates or his relative may or may not have beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. SFSPL/its Associates/ Research Analyst have not received any compensation from the subject company in the past twelve months. Further the subject company is/was not a client during twelve months preceding the date of distribution of the research report and the types of services provided. SFSPL or its research analyst has not served as an officer, director or employee of the subject company. SFSPL or its affiliates and/or its research analysts have not been engaged in market making activity for the subject company. SFSPL or its associates or its Research Analyst have not received any compensation or other benefits from the subject companies or third party in connection with the research report. SFSPL/its Associates/ Research Analyst/ his Relatives not have any other material conflict of interest at the time of publication of the research report.

SFSPL/its Associates/ Research Analyst have not managed or co-managed public offering of securities, have not received compensation for investment banking or merchant banking or brokerage services, have not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject companies in the last twelve months. There is no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities.

Research Disclaimer: Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

<https://www.sushilfinance.com/Disclamier/research>

<https://bit.ly/3VbgbvL>