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### Issue Details

Price Band (Rs)	94 - 99
Face Value (Rs)	10.00
Issue Size (Rs)	308.61 - 308.88 Cr.
Issue Type	Book Building
Minimum lot	150 Shares
Issue Opens	August 24, 2023
Issue Closes	August 28, 2023
Listing on	BSE and NSE

### Indicative Timeline

#### On or before

Finalization of Basis of Allotment	August 31, 2023
Unblocking of Funds	September 01, 2023
Credit of shares to Demat Account	September 04, 2023
Listing on exchange	September 05, 2023

### Other Detail

Book Running Lead Managers	Choice Capital Advisors Private Limited & Pantomath Capital Advisors Private Limited.
Registrar	Link Intime India Private Limited

### IPO Shareholding (%)

Category	Pre-Issue	Post-Issue
Promoters	90.45%	67.81%
Public	9.55%	32.19%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Issue Structure

QIBs	50.00%
Non-Institutional Investors	15.00%
Retail	35.00%

### Retail Research

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# Vishnu Prakash R Punglia Limited

## Company Background

**Vishnu Prakash R Punglia Limited (VPPL)** was founded as a partnership firm in 1986 and incorporated in 2014. Punglia family is carrying on a rich legacy of 36+ years of experience in the field of construction and is one of the leading EPC players in the state of Rajasthan and has ongoing projects in 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 and Others.

With a vast experience in the Infrastructure Development Industry, the Company has executed more than 75 Infrastructure Projects to client's satisfaction (includes experience gained and projects executed prior to the conversion of the partnership firm into a company).

VPPL's technical expertise and execution capabilities in Infrastructure Development Sector have been well-recognized by several States and the Central Government and Public Sector Companies of India. Every aspect of company's business is characterized by professionalism and the highest standards of Corporate Governance.

With inspiring leadership, and a remarkable track record of excellence in all segments of Infrastructure Development, the Company has earned the status of being a technology-driven, resource-rich Company in India with the highest standards of Safety and sustainable practices and Corporate Governance.

The company is dedicated to expanding its ambit by executing many more Projects in the coming years with diversification into new geographies and infrastructure sectors by adding more and more Clients. VPPL's pursuit of perfection in engineering and construction, achieved through path-breaking technologies, innovative systems, and processes, helped deliver complex projects and solutions on time, with the best quality and cost-effectiveness.

## Issue Details

Fresh Issue of 3,12,00,000 Equity Shares aggregating upto ₹308.88 Cr.

## IPO Share Issue Structure

Category	Allocation	Number of Shares at Rs. 99	Value at upper band (Rs. in Cr.)
QIB ( Institutional)	50%	1,54,50,000	152.96
Non Institutional	15%	46,35,000	45.89
Retail	35%	1,08,15,000	107.07
Employee*		3,00,000	2.70
<b>Total</b>	-	<b>3,12,00,000</b>	<b>308.61</b>

Note: \*Employee Discount Rs.9 Per Share  
Source: Company RHP, ACMIL Research

## Issue Objectives

Objects of Fresh Issue	Amount (INR Mn)
1) Funding capital expenditure requirements for the purchase of equipment/machinery.	621.77
2) Funding the working capital requirements of the Company	1,500.00
3) General Corporate Purposes	[•]
Source: Company RHP, ACMIL Research	

## Company & Business Overview

**Vishnu Prakash R Punglia Limited (VPPL)** 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.

The Company has 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'), Public Works Department, Chhattisgarh (Class A), Public Works Department, Rajasthan (Class AA), Public Works Department, Madhya Pradesh, Bhopal (Civil works), pursuant to which it has also eligible to participate and undertake projects awarded by various other departments and agencies.

VPPL has its design and engineering, procurement, project management and quality management team's along with fleet of 484 construction equipment and vehicles. Company's in-house teams deliver their projects from design to completion. This reduces its 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 the projects.

The company undertakes projects on EPC basis, with or without operation and maintenance services ("O&M"). The scope of its 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, it also undertake operation and maintenance of projects in accordance with the contractual arrangements. Its employee resources and fleet of equipment, together with the engineering capabilities, enable them to execute a range of projects on turnkey basis.

**VPPL's EPC operations are broadly divided into the following segments:**

### **1. Water Supply Projects:**

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 reorganization of WSPs on EPC single responsibility turnkey basis.

### **2. Railway Projects:**

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

### **3. 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.

### **4. 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. The company also undertake construction of sewerage treatment plants, sewerage pipelines, sewer tank drain, construction and commissioning of tube settlers; construction of multi-storey RCC framed structures, construction of tunnels, ware houses.

## Industry Overview

The infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from the Government for initiating policies that would ensure time-bound creation of world-class infrastructure in the country.

The infrastructure sector includes power, bridges, dams, roads, and urban infrastructure. In other words, infrastructure sector 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.

In order to become a US\$ 5 trillion economy by 2025, infrastructure development is the need of the hour. The Government has launched the National Infrastructure Pipeline (NIP) combined with other initiatives such as 'Make in India' and the production-linked incentives (PLI) scheme to augment the growth of infrastructure sector. Historically, more than 80% of the country's infrastructure spending has gone towards funding for transportation, electricity and water & irrigation. Centre's share in NIP is 39% whereas, State and Private sector's share is 39% and 22% respectively.

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. Wherein, the Central Government made the highest ever outlay of ₹ 1,990 Billion (compared to the estimated expenditure of ₹1,310 Billion for 2021-22).

Overall, the Union Budget for 2023-24 depicted higher focus on infrastructure. The budget plan aims for multi-modal logistics facilities and connectivity systems under the PM Gati Shakti. For infra push, financial assistance of ₹1,300 Billion interest free loans for 50 years has been allocated to states from the Centre. Through this, the Government is planning to generate employment opportunities and augurs well for the Roads sector.

### Some recent investments & Government initiatives in the Infrastructure sector in India:

- In June 2022, Minister of Road Transport and Highways (MoRTH), launched 15 national highway projects worth ₹13.58 Billion in Patna and Hajipur, Bihar.
- MoRTH, launched 19 National Highway projects in Rajasthan and Haryana in March 2022, investing a total of ₹14.07 Billion.
- The Asian Development Bank (ADB) approved a loan in November 2021 for US\$ 250 Million to support the National Industrial Corridor Development Program (NICDP). This is a portion of the US\$ 500 Million loan for constructing 11 industrial corridors connecting 17 states.
- With the launch of the "Infrastructure for the Resilient Island States" initiative in November 2021, India will have a significant opportunity to improve the lives of other vulnerable nations around the globe.
- Road construction was accelerated in FY22 as a result of Government initiatives like the NIP, National Monetization Pipeline and Bharatmala Pariyojana.
- The Ministry of Railways intends to monetize a number of assets, including the Eastern and Western Dedicated Freight Corridors once they have been put into service, the introduction of 150 modern rakes via public private partnership (PPP), station renovation via PPP, railway land parcels, multifunctional complexes (MFC), railway colonies, hill railways, and stadiums.

## Competitive Strengths

### Focused player in Water Supply Projects (WSP)

VPPL 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. The company has executed more than 75 WSPs till the date of this DRHP. Its Order Book contains WSPs for execution across the states of Rajasthan, Uttar Pradesh, Manipur, Uttarakhand, Gujarat, Assam and Haryana as on December 31, 2022. Management believe that the growth in WSPs Order Book is on account of its continued focus on WSPs, technical capabilities, timely performance, emphasis on high quality, financial strength and prudent bids. Over the years, Company has gained experience for execution of WSPs and has developed financial strength and managerial capabilities, thereby motivating them to venture into new segments like railways, roads and various other segments.

### Visible growth through robust order book across segments

In EPC industry, order book is considered as an indicator of future performance since it represents a portion of anticipated future revenue. However, Company is focused on undertaking quality projects with potentially higher margins rather than merely increasing its order book. By expanding the order book and skill set across different business segments and geographical regions, Company is able to pursue a broader range of project tenders and therefore maximize their business volume and profit margins. The Company is been able to achieve and maintain such order book positions due to continued focus on the core areas and ability to successfully bid and win new projects across multiple segments. This Order Book would provide them with sustainable growth and ability to enhance shareholders' value in the future.

### VPPL's order book as on July 15, 2023 in ₹ million:

WSP	Railways	Roads	Sewag & Others	Total
29596.22	3,817.95	3012.25	1568.86	<b>37,995.28</b>
Source: Company's Investor Presentation, ACMIIL Research				

### Established relationships with a marquee client base

VPPL thrust to become a player in the EPC industry has hinged on their performance and ability to build longstanding relationships with clients. This has been made possible by virtue of adaptability to changing client needs and the ability to successfully execute projects. Over the years, Company has undertaken infrastructure projects from various departments of the Central and State Governments across multiple locations and segments, including: (a) PHED, Rajasthan; (b) Water Resources Department, Rajasthan; (c) Rajasthan Urban Infrastructure Development Project ("RUIDP"); (d) Jodhpur Development Authority ("JDA"), Jodhpur; (e) Public Works Department Rajasthan; (f) Military Engineering Services, Government of India; (g) Sardar Sarovar Narmada Nigam Limited ("SSNNL"), Gandhinagar, Gujarat; (h) Gujarat Water Supply and Sewerage Board ("GWSSB"), Gandhinagar, Gujarat; (i) Gujarat Industrial Development Corporation ("GIDC"), Gandhinagar, Gujarat; (j) Daman Municipal Council, Daman; (k) State Water and Sanitation Mission, Uttar Pradesh; (l) North Western Railway (NWR); (m) Western Railway; (n) Central Railway; (o) Rail Vikas Nigam Limited ("RVNL"); and (p) Dedicated Freight Corridor Corporation of India Limited ("DFCCIL").

### Track record of successfully completed projects

With more than thirty-six 36 years of experience in the EPC construction industry, VPPL has developed a reputation for project management and execution on account of engineering team and labour, in-house integrated model and equipment deployment. Company believe that these capabilities have enabled them to complete projects in a successful manner. VPPL's in-house material supply chain management ensures that key construction materials are delivered on timely basis at its facilities and construction sites, thereby enabling them to manage their processes effectively and maintain the inventory efficiently. Company's project management team, working in conjunction with the design and engineering team, ensures operational efficiencies through overall supervision of the project execution process.

### In-house integrated model

VPPL's in-house integrated model helps reduce its dependency on third parties for key materials required to execute the projects, such as, ready-mix concrete, stone aggregates, and processed bitumen, in a cost-effective manner. It also facilitates timely transportation of these materials to project sites through vehicles owned with GPS tracking devices, reducing pilferage and adulteration. The sites are centrally monitored throughout the duration of the project by CCTV cameras. Management believes that its in-house integrated model ensures that products and services required for the development and construction of a project meet quality standards and are delivered in a timely manner, thereby reducing contractual risks associated with third-party suppliers.

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

The company's promoters being partners in M/s. Vishnu Prakash R Pungalia, an erstwhile partnership firm (which was converted into the Company) have several decades of pioneering experience in the field of construction of WSPs, water tanks, reservoirs, water treatment plants, sewerage treatment plants, sewer tank drains, overhead tanks, pipelines, and they have been instrumental in the growth of its business. VPPL's promoters, therefore, have an operational understanding with a track record in carrying out infrastructure projects for more than 36 years. It has a 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, middle management team and skilled workforce, comprising engineers, sales and marketing professionals and other skilled workers provide them with the expertise and managerial skills required to manage the business. Management believe that the capability of management team to execute their business strategies coupled with the industry experience of Promoters, enables them to leverage its position and benefit from market opportunities by expanding into newer markets and business segments.

## **Key Business Strategies**

### **Geographical diversification**

Geographical diversification of its projects will reduce the reliance on specific geographical areas and allow them to capitalize on different growth trends across various states in India and globally. They believe that its strategy of focusing on further developing the existing markets as well as expanding into new markets with growth potential will enable them to effectively target growth opportunities, widen the 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 WSP business**

As on December 31, 2022, WSPs constitute 78.84% of company's total Order Book. With continued focus of the Central and State Governments on 'Jal Jeevan Mission' and AMRUT scheme, VPPL intend to maintain and strengthen its position in execution of WSPs on a turnkey basis in India. The company intends to further grow its portfolio of water supply turnkey projects and other projects by capitalizing on its experience, asset base, market position and ability to execute and manage multiple projects across various geographies. A key element of its growth strategy is to seek to improve the performance and competitiveness of their existing activities. The scale and complexity of projects have increased in recent years and VPPL intends to continue to focus on projects with higher contract values. Further, to fuel its growth strategy, the Company intends to invest in the latest equipment and technology to support expanding operations.

### **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 NIP, covering rural and urban infrastructure entailed investments to the tune of ₹ 111 trillion to be undertaken by the Central Government, State Governments and the private sector during FY20-25. This in turn is expected to offer significant opportunities to construction players in India. In line with the NIP, the GOI while presenting the Union Budget for FY 2023-24, earmarked ₹ 10 trillion (~3.3% of GDP) towards the capital investment and ₹ 2.4 trillion capital outlay solely for the Railways sector. Management believe that continued focus of the Government and consequent increase in its expenditure towards infrastructure development will result in offering significant opportunities to the companies engaged in the construction sector in India.

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

The scale and complexity of VPPL projects have increased in recent years and management intends to continue focusing on bidding for projects with higher contract values. Further, to fuel its growth and expand operations, the company intend to invest in latest equipment and technology, wherever necessary. To increase its equipment fleet, VPPL intend to purchase latest equipment from reputed manufacturers and continue with its strategy of placing minimum reliance on hired or leased equipment. Ownership of modern equipment ensures its continuous and timely availability, thereby increasing their efficiency and cost-effectiveness, which is critical to the operations of their business. The Company plan to invest in expanding its capabilities to enable further improve its operational efficiencies, increase customer satisfaction and improve order book, revenue and profitability.

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

Given the nature of industry, cost competitiveness is a key component of success. VPPL continue to strive towards reducing its execution cost without compromising on the quality of work. Further, the scale of its operations provides them with an advantage in maintaining cost competitiveness. The Company also believes that operational efficiency i.e., maintaining quality, minimizing costs and ensuring timely completion of its projects depend largely on the skill and workmanship of employees. Since, the demand for qualified

personnel and skilled labour in the infrastructure sector is increasing in India, it seek to attract and retain qualified personnel and skilled labour by increasing focus on training them in engineering and construction technology and skills. VPPL also seek to offer their engineering and technical personnel, a wide range of experience by providing them with an opportunity to work on varied and complex construction projects.

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

In-house integration has been instrumental in company's growth over the years and management seek to focus on further enhancing their in-house capabilities. Depending on the nature of projects that company may bid for, it intend to enhance their design and engineering capabilities in-house in the areas of water supply systems, fabrication of steel girders, rail over-bridges, road safety and traffic management solutions for road infrastructure. VPPL believe that further developing specialized in-house capabilities would reduce dependence on third parties, thereby avoiding risks and minimizing costs and time associated with outsourcing.

### Strong Clientele



Source: Company's Investor Presentation, ACMIIL Research

### Financial Snapshot (Consolidated)

Particulars (in ₹ Mn.)	Financial Year ended March 31, 2020	Financial Year ended March 31, 2021	Financial Year ended March 31, 2022	Financial Year ended March 31, 2023
Revenue from Operations	3,731.51	4,857.31	7,856.13	11,684.04
Total Income	3,753.93	4,876.73	7,873.87	11,714.64
EBITDA	401.75	473.21	886.41	1,596.43
EBITDA Margin (in %)	10.7	9.7	11.26	13.63
Net Profit for the Year / Period	126.55	189.82	448.47	906.43
Net Profit Margin (in %)	3.37	3.89	5.70	7.74
Return on Net Worth (in %)	14.36	18.24	32.94	38.31
Return on Capital Employed (in %)	16.63	19.4	29.94	33.72
Debt-Equity Ratio	1.29	0.98	1.11	0.80
Interest Coverage Ratio	2.04	2.46	3.51	5.05
Days Working Capital	40	54	54	71

Source: Company RHP, ACMIIL Research

## Peer Analysis and Valuation:

Name of the Company	Total Income (₹ in million)	Face Value per equity share (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (₹)
<b>Vishnu Prakash R Punglia Ltd</b>	<b>11,714.64</b>	<b>10</b>	<b>9.51</b>	<b>10.41</b>	<b>10.41</b>	<b>38.31</b>	<b>35.11</b>
PNC Infratech Ltd	80,367.12	2	13.48	25.67	25.67	16.64	167.03
H.G. Infra Engineering Ltd	46,402.38	10	12.56	75.68	75.68	29.38	294.90
NCC Limited	157,010.00	2	16.24	9.77	9.77	10.98	98.22
Rail Vikas Nigam Ltd	212,780.40	10	18.22	6.81	6.81	20.70	35.13
ITD Cementation India Ltd	51,195.33	1	25.62	7.23	7.23	10.53	72.04

Source: Company RHP, ACMIL Research

Note: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports as available of the respective company for the year ended March 31, 2023.

## Risks and concerns:

- Any kind slowdown in Infrastructure development across the country due to change in government budget allocation decisions or policies may hamper company's growth.
- The company has Geographical concentration risk, as per their ongoing projects in Rajasthan state constitute 72.50% of their pending Order Book. Their business is relatively concentrated in northern part of India and any adverse impact in this region may adversely affect the overall business.
- The Company derives a significant portion of their revenues from a limited number of clients. The loss of any significant clients may have an adverse effect on their business & financial condition.
- Their profitability and results of operations may adversely be affected in the event of any disruption in the supply of materials or increase in the price of materials, fuel costs, labour etc.

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