



Trudence Capital

Transrail Lighting Ltd

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About Myself

- Co-founder of Trudence Capital Advisors Pvt Ltd.
- Pioneer in Corporate Governance & Accounting Research in Indian markets
- Experience: 15+ years
- Guest speaker at October quest by PPFAS, Indian Investing Conclave, India Acceleration Summit and many other prestigious conferences.
- Instrumental in the launch of 'Analysis beyond Consensus' by Edelweiss



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Transrail Lighting - Leading Indian EPC Company



Many Successful Projects



Over 34,000 circuit kilometers of transmission lines.



30,000 circuit kilometers of distribution networks.



In-house manufacturing capabilities for lattice towers, conductors, and poles.



Tower manufacturing plants have a combined capacity of 84,000 metric tons per annum (MTPA), while the pole and conductor have capacities of 12,000 MTPA and 24,000 MTPA, respectively

Operates in multiple EPC Segments



Power Transmission & Distribution

- The company delivers end-to-end T&D solutions with in-house design, manufacturing, testing, and installation, backed by a large galvanizing facility and skilled team. Self-manufactured products contribute 65–70% of contract value.

Capabilities

- Transmission line EPC upto 1200 kV
- AIS and GIS substations EPC upto 765 kV
- Manufacturing of Towers, Conductors & Monopoles
- Under ground Cabling
- Rural electrification
- 800 kV HVDC lines
- HTLS conductors



Civil Construction

- A turnkey civil construction provider with deep project management expertise, skilled resources, and a passion for building advanced, long-lasting infrastructure.

Capabilities

- Bridges
- Elevated roads
- Tunnels
- Cooling towers



Railways

- Deliver integrated railway infrastructure solutions for large-scale national projects

Capabilities

- Overhead electrification
- Signaling and telecommunication services
- Earthwork
- Track linking
- Other composite works



Poles & Lighting

- Emerged as the leading and most recognized names in the lighting infrastructure industry.

Capabilities

- High masts
- Street poles
- Luminaries
- Traffic Lights
- Power T&D monopoles
- Stadium lighting
- Derrick structures
- Railway Portals
- Road gantries and signage
- Flag masts
- Solar streetlights
- Decorative poles



Solar EPC

- Specialized to operate globally and provide end-to-end solutions encompassing design, engineering, procurement, and construction of solar power projects.

Capabilities

- Solar streetlights
- Institutional solar
- Commercial and industrial solar
- Solar parks
- Utility scale projects
- Mini grids

Financials look eye-catching

Revenues (INR crs)	FY22	FY23	FY24	FY25	CAGR
Transrail Lighting	2,350	3,152	4,077	5,308	23%
Kalpataru Projects Intl	14,777	16,361	19,626	22,316	11%
KEC International	13,742	17,282	19,914	21,847	12%
Skipper	1,707	1,980	3,282	4,625	28%
Patel Engineering	3,380	4,202	4,544	5,093	11%

EBITDA Margin	FY22	FY23	FY24	FY25
Transrail	8.8	9.3	11.7	12.7
Kalpataru	7.9	8.4	8.3	8.2
KEC International	6.6	4.8	6.1	7.0
Skipper Limited	9.6	9.9	9.9	9.8
Patel Engineering	14.7	14.9	17.1	14.4

Net Debt to Equity	FY22	FY23	FY24	FY25
KEC International	0.79	0.83	0.83	0.90
Kalpataru	0.60	0.58	0.63	0.47
Patel Engineering	0.82	0.52	0.49	0.42
Skipper Limited	0.77	0.63	0.49	0.60
Transrail Lighting	0.59	0.71	0.52	0.34

Transrail – The Origin Story

Origin

1984 : Digambar Bagde started Transrail Engineering Company

1993: Mr Bagde incorporated another company called Associated Transrail Structures (ATSL)

2001 : Merged both as ATSL

Transrail incorporated in 2008 as Wholly Owned Subsidiary of ATSL

Invited Gammon India to take Stake. Gammon Merged it with itself in 2008

Effectively, Gammon India became promoter of Transrail, ATSL ceased to exist

Digambar Bagde joined the company as an ED and VP of T&D Division

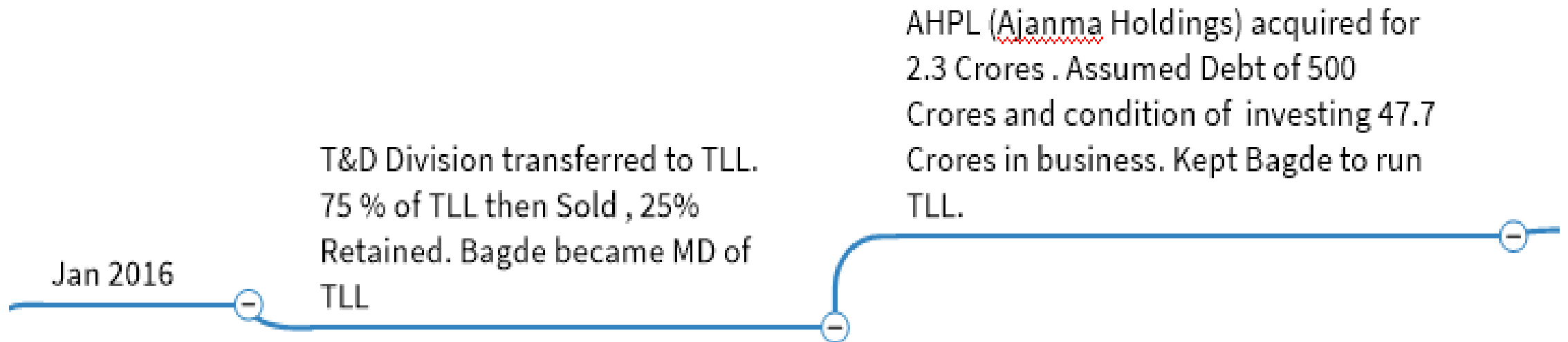
GIL Mismanagement

- Revenue de-growth
- Margin Erosion
- Losses surmounting
- Net worth Erosion

GIL (INR crs)	Mar-12	Mar-13	9M Sep-14	18M Mar-16
Revenue	8,037	7,344	3,763	7,982
EBITDA	733	366	193	1,371
PAT	-114	-910	-729	-884
Networth	2,151	1,110	599	221
Borrowings	8,397	9,586	10,306	9,472

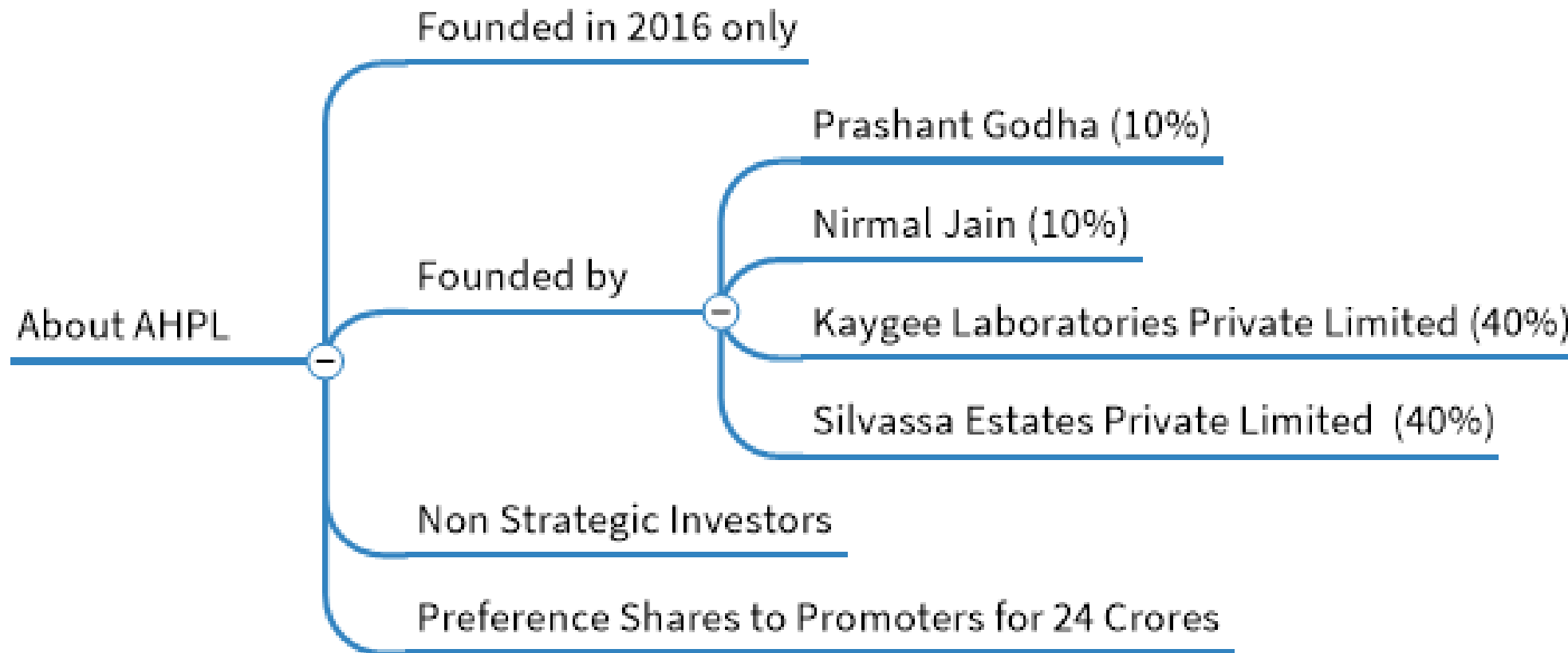
Outcome : Corporate Debt Restructuring.

- Gammon India defaulted in borrowings as early in 2013.
- Ultimately, it had to undergo a major restructuring and would convert debt worth INR 14,800 crs
- As a part of restructuring exercise, GIL carved out 75% of its T&D business to 'strategic investors'



Remaining 25% Pledged with Lenders

Who is Ajanma Holdings Pvt Ltd ?



Old wine in a new bottle

- Even though company has new strategic investors, they appointed **Mr. Digambar Bagde** in January 2017 to run TLL.
- Prior to the transfer of the T&D division to TLL, the Division under Gammon reported a turnover of over INR 900 crs and loss of INR 200 crs in September 2015. Post the separation, for 18M Mar 16, the company reported a PAT of INR 9 crs.

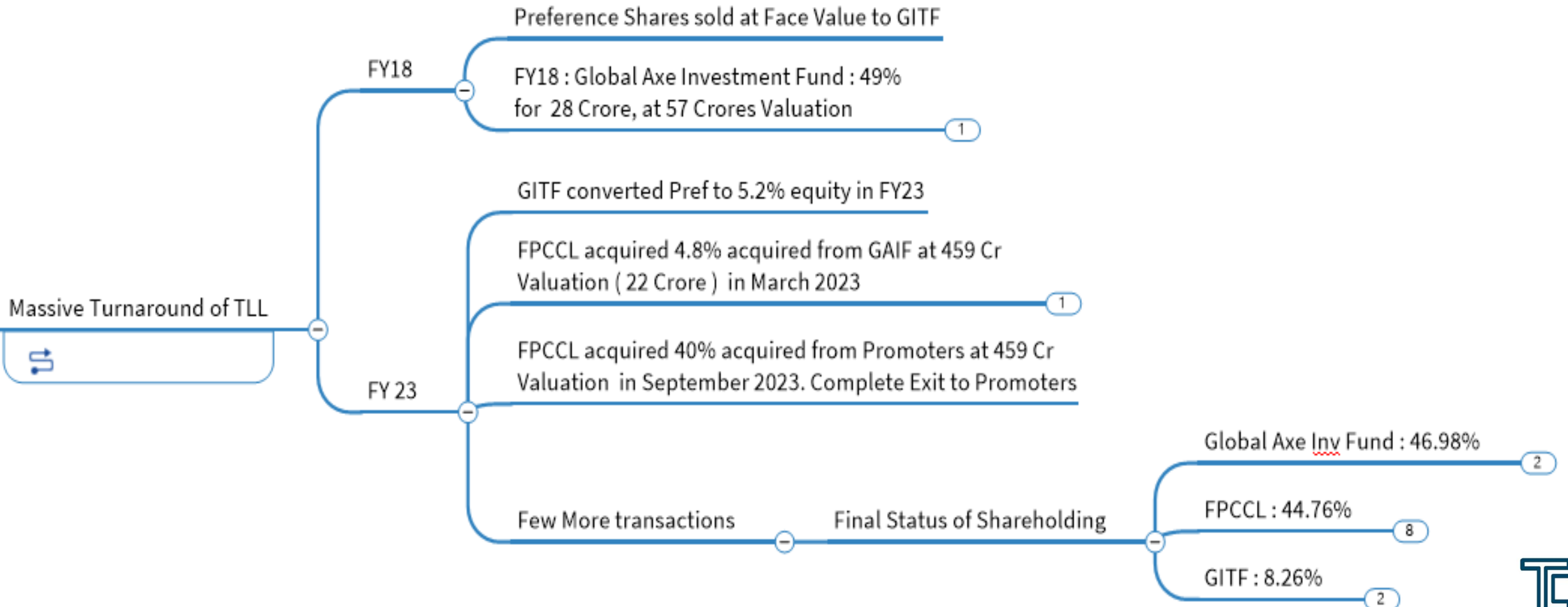
INR in Crs

As on September 30, 2015						
Particulars	Net worth	% to total	Turnover	% to total	Profit after Tax*	% to total
T&D Undertaking under BTA i.e. Transferred division	21.11	1.74	351.39	7.84	2.34	2.84
T&D Undertaking under Scheme i.e. Transferred division	(62.49)	(5.15)	554.87	12.39	(200.71)	(243.55)
Other divisions	1258.28	103.41	3573.77	79.77	280.78	340.71
Total	1212.90	100	4479.63	100	82.41	100

TLL (INR crs)	18M Mar 16	FY17	FY18
Revenues	333	1,366	1,886
EBITDA	39	155	207
EBITDAM	12%	11%	11%
PAT	9	51	76
PATM	2.7%	3.7%	4.0%

Miracles do happen !!!

Funding TLL and massive turnaround

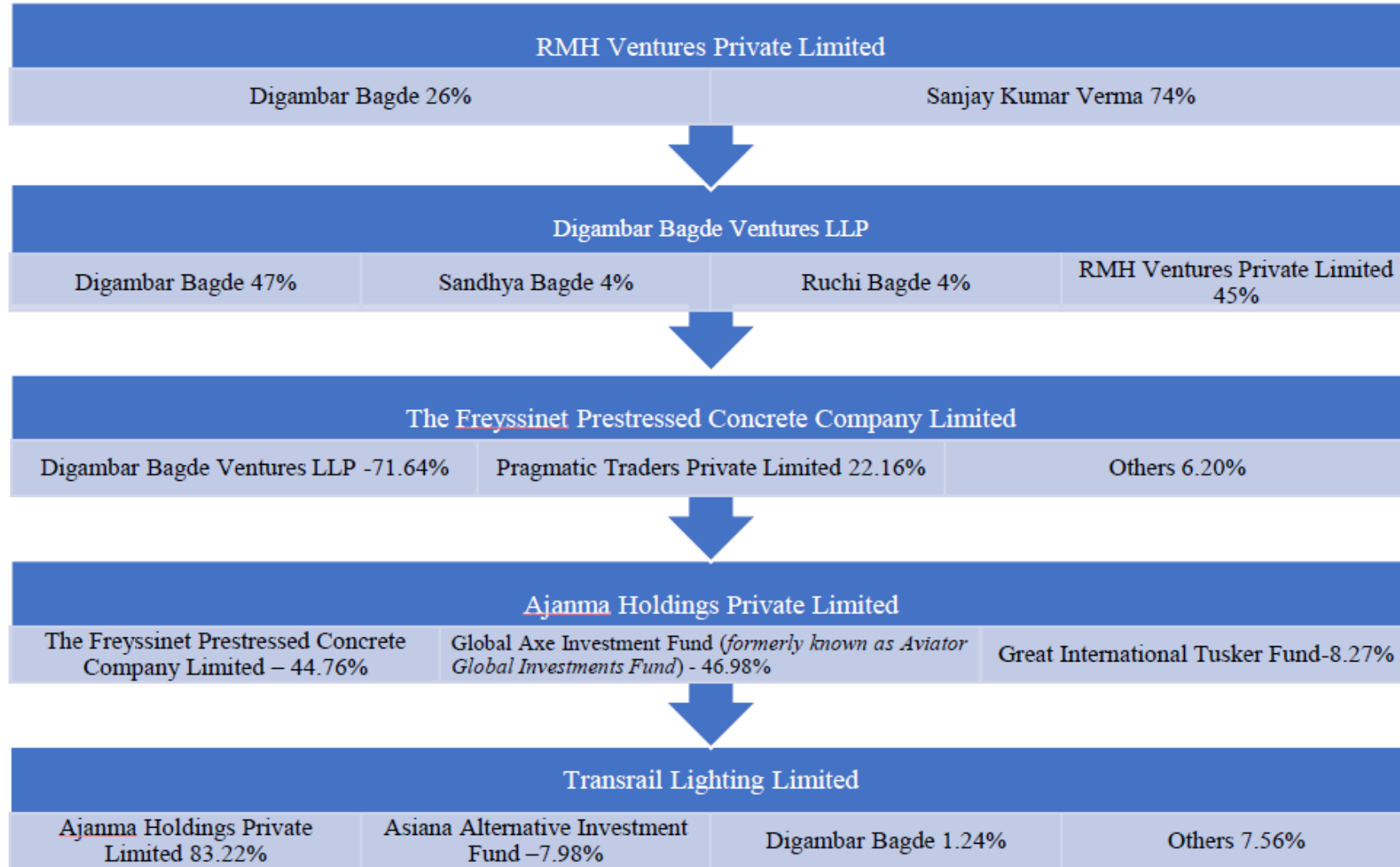


Plausible Story

- GIL needed to sell good assets for restructuring.
- Some Investors got a good deal and they invested
- Company did well
- Initial promoters after restructuring wanted an exit and eventually, they got an exit.
- The only issue : They took the exit a year and a half before IPO at HALF the valuation but hey.. Mistakes happen..

- All looks fine... Until...

Let's look deeper at all the transactions & involved entities again



Shareholding	Holding	Category
Digambar Bagde	14%	Promoter
Sandya Bagde	0.9%	Promoter
Ruchi Bagde	0.9%	Promoter
Sanjay Kumar Verma	7.5%	Promoter
Pragmatic Traders Private Limited	6.8%	Promoter
Global Axe Investment Fund	32.8%	Promoter
Great International Tusker Fund	5.8%	Promoter
Others	3%	Promoter
Other DII	11.0%	Others
Canara Bank Mumbai	1.5%	Others
Public	15.0%	Others
Total	100.0%	

Source: RHP, Trudence Capital

While Digambar Bagde did not have any ownership at the time of the formation of Transrail but continued as the company's Managing Director since inception, over the years his holding has increased and his beneficial holding in the listed Transrail Limited stands at 14%

We have seen the transactions, now let's see the context

Initial transactions

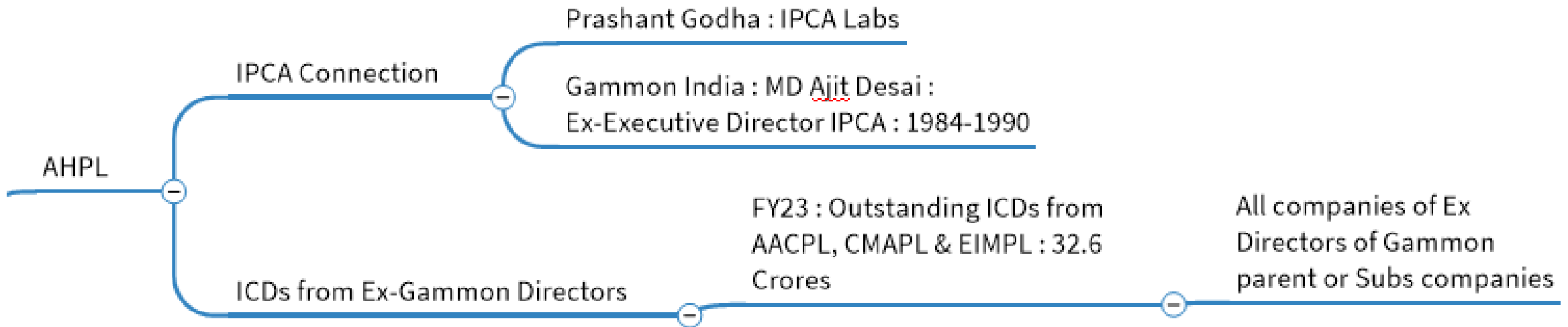
- AHPL (founded in 2016 only, right before investment) invested and took 75% for 2.3 crore with conditional 47.7 Crores to be further invested ?
- Where did that money come from ? Answer : ICDs
- 32 Crores from entities like :
 - Anand Agro chem Pvt Ltd
 - Container Marine Agencies Pvt Ltd
 - Elgan India Maritime Pvt Ltd

A Family Drama...Do you remember?



Could it be ?

AHPL had defaulted in its repayment obligations to these entities and delay in days ranged from 1 year to as much as 4 years. Why with TLLs performance ? Are they ever to be repaid or converted to equity later on for ex-GIL people ?



Next Transactions- Don't know the trail..BUT

- FY18 : Global Axe Investment Fund (GAIF): 49% for 28 Crore, at 57 Crores Valuation
- FY18: Preference Shares sold at Face Value to Great International Tusker Fund (GITF), converted into 5.2% Equity in FY23

Whose money came in through these funds? Here's what the RHP says

*Foreign portfolio registration certificate of Global Axe Investment Fund (formerly known as Aviator Global Investments Fund) (“GAIF”), one of our Promoter Group entities, and Great International Tusker Fund (“GITF”) has been rendered **invalid** by SEBI. GAIF and GITF have also invested in our Promoter, Ajanma Holdings Private Limited, through the FDI route. Any further regulatory actions against GAIF and GITF may affect their investment in our Promoter which may in turn adversely affect our reputation.*

The larger picture?

In context of things, the deal doesn't make sense..
Why would the promoter AHPL dilute 49% at 57 Crores valuation. TLL's PAT was itself INR 51 crs in FY17

1x PE ?? Who does that ? – Make a guess. EV to EBITDA was also at 2.3x

TLL (INR crs)	18M Mar 16	FY17	FY18
Revenues	333	1,366	1,886
EBITDA	39	155	207
EBITDAM	12%	11%	11%
PAT	9	51	76
PATM	2.7%	3.7%	4.0%

The Re-entry of Mr. Digambar Bagde, as Shareholder

Mr. Bagde, through FPCCL (where his effective shareholding is 47.8%) started acquiring shares of AHPL.

- FPCCL acquired 4.8% acquired from GAIF at 459 Cr Valuation (22 Crore) in March 2023
- FPCCL acquired 40% acquired from Promoters at 459 Cr Valuation in September 2023. Complete Exit to early Promoters

FY 23 Financials TLL : 3100 Crores and PAT of 107 Cr.

Pretty cheap valuation again. Around 4.5x PE and 3.6x EV/EBITDA

Dec 24 listing happened at 23x FY24E earnings and EV/EBITDA of 13.1x FY24E

Yeh Rishta Kya Kehlata Hai?

The Freyssinet Prestressed Concrete Company Ltd- Promoter of Transrail	Designation	Appointment	Cessation	Link
SANJAY HARBANSLAL KAPOOR	MD	31-01-2001		Director at G and B Contracting Ltd, where Mr. Rajan and Mr. Bhansali were directors
YUNUS HANIF SHAIKH	Director	06-06-2022	20-08-2023	Director at Freyssinet India Pvt Ltd, where Mr. Desai was a director
VIJAY MADHUSUDAN DHARAP	Director	12-09-1983	06-06-2022	Director at Freyssinet India Pvt Ltd, where Mr. Desai was a director
Address:	6/B Floor6 SterlingCentreDr Annie Besant Road Mumbai, Maharashtra, India - 400018			

FREYSSINET (INDIA) PRIVATE LIMITED	Designation	Appointment	Cessation	Link
VIJAY MADHUSUDAN DHARAP	Director	14-03-1995	02-04-2019	Director at Freyssinet Prestressed Concrete, which is a promoter of Transrail
AJIT BALUBHAI DESAI	Director	26-03-2002	14-06-2016	CEO/CFO of Gammon India Ltd
YUNUS HANIF SHAIKH	Additional Director	01-04-2019	30-09-2019	Director at Freyssinet Prestressed Concrete, which is a promoter of Transrail
Address:	6 B 6TH FLRSTERLING CENTRE DR ANNIE BESANT RD , MUMBAI, Maharashtra, India - 400018.			

G and B Contracting Ltd	Designation	Appointment	Cessation	Link
RAJUL ARUN BHANSALI	Director	07-10-2003		Exec. Director of Gammon India
SANJAY HARBANSLAL KAPOOR	Additional Director	01-11-2022		Director at Freyssinet Prestressed Concrete, which is a promoter of Transrail
ABHIJIT RAJAN	Director	27-12-2002	15-11-2022	CMD of Gammon India Ltd

FPCCL- The Cash Trail

- FPCCL paid INR 22 Crs to GAIF to purchase 4.8% stake in AHPL in FY23; Funded by unsecured borrowings, details unknown.
- FPCCL paid INR 220crs to Mr. Godha and Mr. Jain for their 50% stake in September 2023.
- FPCCL undergone shareholding change in FY24 where Digambar Bagde Ventures LLP (DBVL) had purchased 71.6% stake in the company.

DBVL Funding ?

- DBVL : Incorporated in July 2023 with 2Cr Contribution but invested 99.4 Crores in FPCCL in FY24 (50% of FPCCL's buyout)
- Source of Funding ? 19.5 Crores via inter-corporate loan and 78cr through capital contribution by RMH Ventures (which was also incorporated in same time period)

4 Partners' Current Accounts

Particulars	As at March 31, 2024	
	Rs.	Rs.
Digambar Chunnilal Bagde		
Opening Balance	-	
Add: Additions/(withdrawals) during the period (Net)	-	
Profit/ (Loss) for the period	(64,27,277)	(64,27,277)
RMH Ventures Private Limited *		
Opening Balance	-	
Add: Additions/(withdrawals) during the period (Net)	77,94,39,800	
Profit/ (Loss) for the period	(43,38,833)	77,51,00,967

5 Short Term Borrowings

Particulars	As at March 31, 2024	
	Rs.	Rs.
Unsecured loans		
Inter Corporate Loan *		15,50,00,000
From Designated Partner		4,00,00,000
Total		19,50,00,000

Source: DBVL Financials FY24

And RMH ventures source of money ??

- Inter corporate borrowings taken from Hydra Trading Pvt Ltd (HTPL) worth Rs.68.9 Crores at 12% interest repayable in 36 months.
- Another 20 Crores : Short-term unsecured debt (details unknown)
- What is HTPL ?
 - Vita Jalaj Dani : MD of HTPL
 - Jalaj Dani : Director – HTPL
 - AND current and former non-executive directors at TLL respectively.

To sum it up...

- Acquisition of good businesses of GIL at throwaway valuations
- Usage of Complex structure to regain ownership directly and indirectly (and possibly more in future)
- Losers : Minority Shareholders of Past company and Lenders

Name of allottee/transferee	Transferor, if any	Year of allotment	Type of shares	No of shares	Value (INR crs)	Stake Purchased	Valuation (INR crs)	Notes
Strategic Investors (Nirmal Jain, Prashant Godha and co.)	Buyout 100% holding in Bilav Software	FY16	Equity	1,000	0.01	100%	At face value	
Promoters (mentioned above)	Fresh Issue	FY17	Preference	24,00,000	24.00	NA	At face value	
Global Axe Investor Fund (GAIF)	Fresh Issue	FY18	Equity	97,040	28.14	49%	57	Bought at P/E of 1.1x
Great International Tusker Fund (GITF)	Transfer from Promoters	FY18	Preference	24,00,000	24.00	NA	At face value	
The Freyssinet Prestressed Concrete Company Ltd	Transfer from GAIF	FY23	Equity	10,000	22.00	4.8%	459	GAIF sold at P/E of 4.4x
The Freyssinet Prestressed Concrete Company Ltd	Transfer from Original Promoters	Sep-23	Equity	1,01,000	222.20	48.3%	460	Promoters exited at P/E of 4.4x

Discomforts From the Forensic Lens

Acquiring restructured assets/businesses of Gammon India

1. Deepmala Infra Pvt Ltd (DIPL)

- TLL had given loans to Burberry Infra Pvt Ltd (BIPL) which in turn was used to partly buy stake in distressed DIPL, erstwhile subsidiary of GIL.
- Deepmala has restructured its loans with banks with the latter likely taking a haircut as part of the revival plan.
- TLL has loan exposure of INR 79 crs in BIPL, which has not been repaid. In fact all the loans were either renewed/extended by TLL and flagged by auditor

2. EPC Businesses of Gammon

- TLL and AHPL acquired Gammon Transmission Ltd as a part of restructuring deal in 2017 for a consideration of 5 crs and a promise to invest further INR 10 crs.
- Propose to acquire Gammon Engineering (GECPL), another distressed Civil EPC business which was carved out as part of CDR. Consideration not known.

MCA Inspection exposed accounting lapses and opacity related to GIL- linked acquisition

Key Observations by MCA

- Failure to assess impairment on related-party receivables (Gammon India group JVs) — violation of Section 129.
- INR 77 crs bad debts written off (FY17) with no recovery action for two years.
- No documentary evidence for funding source and valuation certificate for acquisition by Ajanma Holdings (FY17–FY18).

While the MCA enquiry was settled with a fine, we find it disturbing to note that the company could not provide documentary proof for the procurement of funds and the valuation certificate of the company. This has a bearing as SEBI later held the registration of the two FPI promoters as invalid.

Cash Generation remains Abysmal

CFO/EBITDA has averaged to just 48% in the last six years

Particulars (INR crs)	FY20	FY21	FY22	FY23	FY24	FY25	Total
Cash from Operations Before Tax (A)	221	134	86	156	146	415	1,157
EBITDA (B)	277	288	241	345	559	677	2,387
CFO/ EBITDA (A/B)	80%	46%	35%	45%	26%	61%	48%

Cash conversion would have been even lower if we remove effect of acceptances, classified under trade payables. Adj CFO would be negative

Particulars (INR crs)	FY21	FY22	FY23	FY24	FY25
Operating cash flow	85	50	143	35	287
Increase in Acceptances wrongly classified as Trade payable	78	105	161	113	351
Adjusted Operating Cash Flow	7	-54	-19	-78	-64

Is it aggressive revenue recognition?

- Unbilled Revenue has grown faster than revenues for the last two years. Total contract assets and receivables form 269 days of revenue
- This is much higher and opposite trending to what's happening with peers

Particulars (INR crs)	FY22	FY23	FY24	FY25
Revenue from operations (ex-other op.rev)	2,350	3,152	4,077	5,212
Growth		34.1%	29.3%	27.9%
Sundry debtors	640	645	1,026	1,317
Growth		0.8%	59.1%	28.4%
Contract assets	1,094	1,467	1,951	2,522
Growth		34.0%	33.0%	29.3%
Days outstanding. Contract assets	170	170	175	177
Days outstanding Contract assets + receivables	269	245	267	269

Contract assets+ Receivable	FY-22	FY-23	FY-24	FY-25
KEC	234	266	208	204
KPIL	179	190	168	128
Patel Engineering	117	77	69	NA
Skipper	91	66	84	NA

Joint Operations with distressed Cos

- Partnerships with financially weak companies expose the firm to project defaults, recoverability issues, and profit erosion.
- Potential Impact: Default could trigger INR 140 crs provisioning (26% of PBT)
- The company has in the past also granted loans & advances to its joint operations on which it has made provisions (highlighted in orange)

JV	Exposure
Jyoti Structures Ltd- Substantial debt and undergoing restructuring. Lenders took sig. haircut	Guarantees- INR 46.3 crs
Gammon Engineers (GECPL)- Under RBI-led restructuring; unable to meet obligations.	Receivables- INR 110 crs, Guarantees- INR 33 crs
Altis Holding Corp- Under probe for structural collapse on Delhi–Mumbai Expressway.	Receivables- INR 22 crs, Guarantees- INR 20.7 crs

Provision for Doubtful Advances				
Consortium of Jyoti Structures Ltd & Transrail Lighting Limited (CJT) (Bhutan)	46.72	46.72	46.72	46.72
Transrail Lighting Limited- First Capital Energy & Power Industries Limited (joint venture - Nigeria)	-	-	-	150.34
Loans & Advances Receivable				
Transrail Lighting Limited- First Capital Energy & Power Industries Limited (joint venture - Nigeria)	49.63	54.36	229.05	401.31
Burberry Infra Private Limited	790.00	790.00	320.00	195.00
Consortium of Jyoti Structures Limited & Transrail Lighting Limited (CJT) (Bhutan)	46.72	46.72	46.72	46.72
Transrail Lighting Nigeria Limited	215.02	216.07	198.83	176.60
Transrail International FZE	41.95	41.93	37.76	25.06
Transrail Lighting Malaysia SDN BHD	1.25	1.25	1.16	0.76
Railsys Engineering Private Limited - TLL JV (REPL-TLL JV)	4.50	4.50	4.50	4.50

Overseas Business Risk

- Operations in Bangladesh, Mali, and Niger — all countries with recent history of political unrest.
- Combined exposure: ~29% of revenue
 - Bangladesh: 19.3%
 - Mali: 8.4%
 - Niger: 1.5%
- Overseas subsidiaries make losses; 3.1% of PAT in FY25

Bangladesh Order – Major Concentration

- USD 525 mn (~₹4,300 cr) river-crossing project = ~20% of FY24 revenue
- Receivables from Bangladesh: ₹300–400 cr, excluding large contract assets (177 days outstanding)
- Total project exposure: INR1,000 crs
- Project reportedly on track and payments regular, but high dependence on single foreign client.

Net Profits (INR mn)	FY22	FY23	FY24	FY25
Transrail International FZE	-1	-3	-1	-2
Transrail Structures America INC	-0	-0	-0	-2
Transrail Lighting Malaysia SDN BHD	-0	-0	-0	-0
Transrail Nigeria	1	-3	-6	-6
Transrail Contracting LLC	-	-	-	-1
Total	0.3	-5.7	-7.1	-10.2

Few more concerns

- Regular delay in depositing statutory dues
- Deviation in WC between books and those furnished to the banks
- Title of most Immovable properties **not** held with the company

Thank You!

