

NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2ND FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA

PHONE : (91-22) 2640 0358, 2640 0359

Date: December 10, 2024

**The Board of Directors,
Transrail Lighting Limited**
501, A, B, C, E, Fortune 2000,
Block G, Bandra Kurla Complex,
Bandra East, Mumbai 400051
Maharashtra, India

Inga Ventures Private Limited
1229, Hubtown Solaris, N.S. Phadke Marg,
Opp. Telli Galli, Andheri (East)
Mumbai 400 069,
Maharashtra, India

Axis Capital Limited
1st floor, Axis House,

P.B. Marg, Worli,
Mumbai 400 025,
Maharashtra, India

HDFC Bank Limited
Investment Banking Group
Unit No. 701, 702 and 702-A
7th floor, Tower 2 and 3
One International Centre, Senapati Bapat Marg
Prabhadevi,
Mumbai 400 013
Maharashtra, India

IDBI Capital Markets & Securities Limited
6th Floor, IDBI Tower, World Trade Centre Complex
Cuffe Parade,
Mumbai 400 005,
Maharashtra, India

(Inga Ventures Private Limited, Axis Capital Limited, HDFC Bank Limited and IDBI Capital Markets & Securities Limited, are hereinafter collectively referred to as the "Book Running Lead Managers" or "BRLMs" in relation to the Offer)



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Re: Proposed initial public offering of equity shares of face value of ₹ 2 each (the "Equity Shares") of Transrail Lighting Limited (the "Company" and such offering, the "Fresh Issue") and an offer for sale of Equity Shares by certain existing shareholders of the Company (the "Offer for Sale", and together with the Fresh Issue, the "Offer")

1. This report is issued in accordance with the terms of our engagement letter dated July 13, 2023.
2. We, Nayan Parikh & Co., the statutory auditors of the Company have been asked by the management of the Company to certify the Annexure A containing financial and non-financial information- Key Performance Indicators (KPIs) which is proposed to be included in the red herring prospectus ("RHP") intended to be filed by the Company with the Securities and Exchange Board of India (the "SEBI"), BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") and the prospectus ("Prospectus", along with DRHP and RHP are "Offer Documents") intended to be filed with the Registrar of Companies, Maharashtra at Mumbai (the "RoC") and thereafter filed with the SEBI and the Stock Exchanges, and other Offer related documents.
3. The accompanying Annexure A containing financial and non-financial information as described in the Offer Documents (herein, referred to as the "KPIs") identified by the Company as at and for the three months ended June 30, 2024 and for the years ended March 31, 2024 , March 31, 2023 and March 31, 2022 as per the requirement of SEBI ICDR Regulations is prepared by the Management of the Company, which we have initialed for identification purposes only.
4. For the purposes of the Offer the Company has prepared the restated consolidated financial statements for the three months period ended June 30, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 herein after referred to as "Restated Consolidated Financial Statements". These restated financial statements have been adopted by the Board in their meeting dated September 18, 2024. We have issued our Examination Report thereon vide our Report dated September 18, 2024.
5. **Management's Responsibility**
 - a. identification, definition, completeness, accuracy, relevance, appropriateness, and sufficiency of the KPIs included in Annexure A.
 - b. providing access to the accounting and other records to the reporting including information and explanations required for reporting on the KPIs.
 - c. maintenance of the accounting and other records in relation to point (a) and (b) above; and
 - d. compliance with the ICDR Regulations, the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and other regulatory requirements.
 - e. The preparation of the aforesaid Annexure A is the responsibility of the Management of



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Transrail Lighting Limited, including the preparation and maintenance of all accounting and other relevant supporting records and documents.

- f. Identification of Industry peers.
- g. Details of Industry peer companies is accurately extracted from the Industry assessment report
- h. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Annexure A and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
- i. Compliance with the requirements of SEBI ICDR Regulations in terms of the requirements and the form and contents.

6. Auditor's Responsibility

Pursuant to the requirements of SEBI ICDR Regulations, it is our responsibility to obtain limited assurance and conclude as to whether;

- (i) the financial details provided in Annexure A is in agreement with Restated Consolidated Financial Statements and is as per the underlying books of account maintained by the Company used for the purpose of preparation of the Restated Consolidated Financial Statements.
- (ii) KPIs included in Annexure A relating to the Company are mathematically accurate.
- (iii) Details of Industry Peer Companies provided by the management from Industry Assessment report are extracted accurately.
- (iv) The details of the Industry Peer Companies are as per the Industry Assessment Report and we have not carried out any procedure to ascertain the correctness or otherwise of the information and therefore we cannot comment on the correctness and completeness of the information considered in the Industry Assessment Report.

7. The Restated Consolidated Financial Statements have been prepared on the basis of audited financial statements for the three months period ended June 30, 2024, for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 on which we have issued unmodified audit opinion dated September 18, 2024, May 24, 2024, May 31, 2023 and August 1, 2022, respectively. Our audits of these financial statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, as amended (the "Act"). The aforementioned standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

8. We conducted our examination of Annexure A in accordance with the Technical Guide on Disclosure and Reporting of Key Performance Indicators (KPIs) in Offer Documents and Guidance



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Note on Reports or Certificates for Special Purposes (Revised 2016), which require that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence that vary in nature, timing and extent from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we have performed the following procedures in relation to Annexure A:
 - a. Traced the details of Industry Peer Companies from the industry Assessment Report provided by the management. The selection of the Industry Peers is the responsibility of the Management and the Industry Assessment Expert and provided to us for review. We do not provide any assurance whether the selection of the Industry Peer is appropriate/adequate or not.
 - b. Traced the details of the Price Per Share from information of the share prices as provided to us by the Management, being the closing rate on 4th December 2024 based on the stock exchanges having the maximum volume on that date.
 - c. Obtained list of KPIs from the management and compared the specific components of KPIs as mentioned in Annexure A to source of KPIs as maintained by management which includes books of account, audited financial statements and restated financial information (as applicable) maintained by the Company as described in the paragraph 4 above;
 - d. Recomputed the mathematical accuracy of the KPIs relating to the Company included in Annexure A relating to; and
 - e. Conducted relevant management inquiries and obtained necessary representation.
 - f. We have no responsibility for identification, definition, completeness, relevance, appropriateness and sufficiency of the KPIs included in Annexure A.
11. The procedures we have performed do not constitute an audit or review made in accordance with generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information related to KPIs of the Company.
12. **Inherent Limitation**
 - (i) Our work and conclusion shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any



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commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Company, the Bankers/ Book Running Lead Managers or the Syndicate Members in the capacity of investor or in providing investment advice to their clients or the Company.

- (ii) We, however, state that this is not an assurance as to the future viability of the Company or whether the KPIs have been considered / have a bearing for arriving at the basis for issue price. We further state that our reporting is based on the facts up to the date of the report and we neither give any guarantee nor any assurance that the KPIs reported will continue to perform and/or report in a similar manner in future. It should be noted that the KPIs contained in Annexure A may not be measures of operating performance or liquidity defined by generally accepted accounting principles. We make no comment about the Company's definition, methodology or presentation of the KPIs in Annexure A or its usefulness for any purposes.
- (iii) The KPIs included in Annexure A should not be considered in isolation from, or as a substitute for, analysis of Company's historical financial performance, as reported and presented in the restated financial information of the Company included in the Offering Documents. These KPIs may differ from similarly titled information used by certain peer companies, who may calculate such information differently and hence their comparability with the measures used by the Company may be limited. Therefore, such KPIs should not be viewed as substitutes for measures of performance under Ind AS or as indicators of Company's financial position, financial performance or its cash flows.

13. Conclusion

Based on the limited procedures performed by us, as above, and the information and explanations given to us, nothing has come to our attention that causes us to believe that

- i. the financial details provided in Annexure A are not in agreement with the Restated Consolidated Financial Statements and the underlying books of account maintained by the Company used for the purpose of preparation of the Restated Consolidated Financial Statements.
- ii. KPIs included in Annexure A relating to the Company are not mathematically accurate and details of industry peers are not accurately extracted.

14. Restriction on Use

This certificate may be relied upon by the BRLMs and the legal counsels in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the updated draft red herring prospectus, red herring prospectus and the prospectus and other offering materials, as required ("Offer Documents"), in connection with the Offer.



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We undertake to update you of any change in the above-mentioned position as at the respective dates that the Company may inform us in writing, until the Equity shares of the Company issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the stock Exchanges, pursuant to the Offer. All capitalized terms used herein and not specifically defined shall have the meaning ascribed to them in the Offer Documents.

We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

Yours faithfully,

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration Number: 107023W



K. N. Padmanabhan

Partner

Membership No.: 036410

Ref No.: NPCO/24-25/208

Place: Mumbai

UDIN: 24036410BKCSY3037

CC:

Cyril Amarchand Mangaldas

5th floor, Peninsula Chambers

Peninsula Corporate Park

Ganpatrao Kadam Marg

Lower Parel, Mumbai 400 013

Maharashtra, India

J. Sagar Associates

One Lodha Place, 27th Floor,

Senapati Bapat Marg,

Lower Parel,

Mumbai - 400013, Maharashtra, India



ANNEXURE A
(All amounts are in Rs. Millions)

S. No.	Particulars	For the three months period ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
1	Revenue from Operation (Including) Other operating Revenue	9,157.78	40,765.24	31,521.56	23,500.15
2	Revenue growth	N.A.	29.32%	34.13%	7.53%
3	EBITDA	1,201.05	4,775.58	2939.35	2056.68
	EBITDA Margin	13.12%	11.71%	9.32%	8.75%
4	Profit After Tax	517.44	2,332.05	1,075.68	647.07
	Profit After Tax Margin	5.57%	5.65%	3.39%	2.75%
5	Net Debt	5,150.94	5,333.41	4,802.08	4,116.13
6	Debt equity ratio	0.50	0.56	0.78	0.71
7	Net Debt to EBITDA	4.29*	1.12	1.63	2.00
8	Return on Capital Employed	6.02%*	24.33%	18.27%	14.94%
9	Working capital days	83	73	53	61
10	Working Capital Turnover Ratio	1.10*	5.03	6.83	5.97

* Not annualized

11. Vertical wise order intake

Vertical	For the three months period ended June 30, 2024	2023-24	2022-23	2021-22
Power transmission and distribution	8,469.09	39,178.48	64,335.03	26,645.37
Civil construction	-	2,149.00	-	2,559.90
Poles and lighting	264.60	1,725.60	506.71	426.04
Railways	704.30	781.75	-	4,627.72
Total	9,437.99	43,834.83	64,841.74	34,259.03




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12. Geography wise order intake

Geography of client	For the three months period ended June 30, 2024	2023-24	2022-23	2021-22
In India	1,494.42	24,659.60	17,354.01	14,307.37
Outside India	7,943.57	19,175.23	47,487.73	19,951.66
Total	9,437.99	43,834.83	64,841.74	34,259.03

13. Vertical wise order book

Vertical	For the three months period ended June 30, 2024	2023-24	2022-23	2021-22
Power transmission and distribution	92,512.58	90,773.09	84,158.42	40,899.02
Civil construction	7,382.87	8,421.62	9,754.61	13,181.17
Poles and lighting	648.97	733.27	929.97	1,661.40
Railways	1,586.24	1,076.76	1,349.79	3,334.28
Total	1,02,130.66	1,01,004.74	96,192.79	59,075.87

14. Geography wise order book

Vertical	For the three months period June 30, 2024	2023-24	2022-23	2021-22
In India	36,290.82	39,331.57	33,770.10	28,615.14
Outside India	65,839.84	61,673.17	62,422.69	30,460.73
Total	1,02,130.66	1,01,004.74	96,192.79	59,075.87

The method of computation of the above KPIs is set out below:

KPI	Formula
Revenue Growth	Revenue Growth (%) represents year-on-year growth of our business operations in terms of revenue generated by us.
EBITDA	EBITDA is calculated as Restated profit before exceptional items and tax plus Finance Costs, Depreciation and amortisation expense less Other Income.
EBITDA Margin (%)	EBITDA Margin (%) is the percentage of EBITDA divided by Revenue from operation and other operating revenue.
PAT Margin (%)	PAT Margin (%) is calculated as Restated profit (after tax) for the period / year as

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KPI	Formula
	a % of Total Revenue.
Net Debt	Total Debt minus cash and cash equivalents. Total Debt is computed as Non-Current Borrowings Plus Current Borrowings.
Debt equity ratio	Total Debt/Total Equity
Net Debt to EBITDA	Calculated as Net Debt divided by EBITDA.
Return on Capital Employed (ROCE) (%)	ROCE is calculated as EBIT as a % of Capital employed wherein capital employed refers to sum of Total Equity and Total Debt less Intangible assets and right of use assets. EBIT is Earning before interest, tax and other income.
Working capital days	Working Capital days is calculated as Working capital * 365 divided by Total Revenue. Working Capital refers to Current assets minus current liability.
Working Capital Turnover Ratio	Working Capital Turnover ratio is calculated as Revenue from operation plus other operating revenue divided by working capital. Working Capital refers to Current Assets minus Current liabilities

Explanations for the financial parameter.

Financial parameter	Explanations
Revenue from Operation	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
Revenue growth	Revenue from Operations growth provides information regarding the growth of our business for the respective period.
EBITDA	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax	Profit after tax for the period/year provides information regarding the overall profitability and financial performance of our business.
Profit After Tax Margin	Profit Margin is an indicator of the overall profitability and financial performance of our business.
Net Debt	Total Debt less cash and cash equivalents. Total Debt is computed as Non-Current Borrowings Plus Current Borrowings.
Debt equity ratio	Debt- equity ratio is a gearing ratio which compares shareholder's equity to company debt to assess our company's amount of leverage and financial stability

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Financial parameter	Explanations
Net Debt to EBITDA	Net debt to EBITDA ratio is a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Return on Capital Employed	Return on capital employed provides how efficiently our Company generates earnings from the capital employed in the business.
Working capital days	Days working capital is a metric that measures how many days it takes our company to transform its working capital into cash flows from sales.
Working Capital Turnover Ratio	Working capital turnover ratio is the ratio between the revenue from operation of a business and its working capital.
Vertical wise order intake	Business-wise order taken during the specified period.
Geography wise order intake	Order taken during the specified period within in India and outside India.
vertical wise order book	Unexecuted orders as at specified date.
Geography wise order book	Unexecuted orders as at specified date within India and outside India.




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16. Comparison of Accounting Ratios with Listed Industry Peers

Name of the Company	Standalone/ Consolidated	Revenue (₹ in million)	Face Value per Equity Share (₹)	Closing price as on December 4, 2024	P/E (₹)	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV (₹ per share)	Profit after tax (₹ in million)
Transrail Lighting Limited	Consolidated	40,092.30	2	N.A.	N.A.	19.59	19.59	21.68%	86.79	2,332.05
KEC International	Consolidated	1,99,140	2	1240.40	91.95	13.49	13.49	8.50%	159	3470
Kalpataru Projects International Ltd	Consolidated	1,96,260	2	1166.25	36.72	31.76	31.76	10.00%	316	5160
Skipper Limited	Consolidated	32,820	1	581.90	75.97	7.66	7.14	9.10%	84	820
Patel Engineering	Consolidated	45,440	1	57.67	15.57	3.64	3.54	9.56%	38	3020
Bajel Projects Ltd *	Standalone	11690	2	260.10	702.97	0.37	0.37	0.80%	49	40

Notes:

a) Source for Transrail Lighting Limited: Based on the Restated Consolidated Financial Statements for the year ended March 31, 2024 and the CRISIL Report commissioned by and paid for by the Company pursuant to an engagement letter with CRISIL issued in July, 2023.

b) Source for other peers: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the CRISIL Report commissioned by and paid for by the Company pursuant to an engagement letter with CRISIL issued in July, 2023. The Above information have not been adjusted for any changes in the Outstanding number of shares that have been issued since March 2024 and any corporate actions of any kind resulting in a change in any of the ratios as given above.

c) Diluted EPS refers to the diluted earnings per share of the respective company

d) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

e) P/E figures for the peer are computed based on closing market price of the equity shares (Source: NSE) as on December 04, 2024, divided by Basic EPS (on consolidated basis) declared by the peers available from Industry Assessment Report for the Financial Year ending March 31, 2024.

f) For Transrail Lighting Limited

- RoNW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by net worth.

- Net worth has been computed as sum of paid-up share capital and other equity Excluding Capital Reserve and ESOP Reserve.

- Revenue is revenue from operation

g) The peer companies are those that are listed on the Stock exchange as on the date.

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*Bajel projects Ltd (BPL) incorporated in January,2022, is a wholly owned subsidiary of Bajaj Electricals Limited (BEL). The EPC business operated under BEL is transferred to BPL as a part of the scheme of demerger announced by the BEL. Post demerger, BPL is listed on stock exchanges. BPL is a standalone entity, and consolidated accounts are not available, hence, standalone figures have been considered for the purpose of comparison.

17. Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given in Point 16 above, the highest P/E ratio, the lowest P/E ratio and the average P/E ratio.

	P/E Ratio
Highest	91.95
Lowest	15.57
Average	55.05

Notes:

- i. Industry Peer Group P/E ratio of Bajel Projects Limited is not considered as it is showing an extra ordinary P/E ratio., Bajel Projects Limited is a recent listing pursuant to demerger from Bajaj Electronics Limited (BEL).
- ii. The highest and lowest industry P/E shown above is based on the peer set provided above under "Comparison with listed industry peers". The industry average has been calculated as the arithmetic average P/E of the peer set provided above.
- iii. P/E figures for the peer are computed based on closing market price of the equity shares (Source: NSE) as on December 04, 2024, divided by Basic EPS (on consolidated basis) declared by the peers available from Industry Assessment Report for the Financial Year ending March 31, 2024.

For and on behalf of Board of Directors of
Transrail Lighting Limited


Randeep Narang
Managing Director and Chief Executive Officer


Ajit Pratap Singh
Chief Financial Officer

10 DEC 2024



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