

Shivam Gupta
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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	12,526.6
Fresh Issue (No. of Shares in Lakhs)	170.6
Offer for Sale (No. of Shares in Lakhs)	141.7
Bid/Issue opens on	1-Aug-24
Bid/Issue closes on	5-Aug-24
Face Value	Rs. 5
Price Band	380-401
Minimum Lot	37

Objects of the Issue

- **Fresh issue: ₹6,842.5 million**
 - Purchase of equipment.
 - Repayment/ prepayment, of certain borrowings by them or subsidiary.
 - General corporate purposes.
- **Offer for sale: ₹5,684.1 million**

Book Running Lead Managers	
ICICI Securities Limited	
IIFL Securities Limited	
JM Financial Limited	
Registrar to the Offer	
Link Intime India Private Ltd	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	1000.0
Subscribed paid up capital (Pre-Offer)	785.7
Paid up capital (post-Offer)	871.0

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	100.0%	82.1%
Public – Selling Shareholders	0.0%	17.9%
Total	100.0%	100.0%

Financials

Particulars (₹ In million)	FY24	FY23	FY22
Revenue from operations	30,293.5	20,681.7	11,337.9
Operating expenses	25,116.9	17,725.4	9,478.7
EBITDA	5,176.6	2,956.3	1,859.2
Other Income	368.4	188.7	127.2
Depreciation	549.9	376.0	186.1
EBIT	4,995.1	2,769.0	1,800.2
Interest	941.5	517.1	105.5
PBT	4,053.5	2,251.9	1,694.7
Tax	1,010.5	579.2	436.1
PAT	3,043.1	1,672.7	1,258.6
EPS	17.5	9.6	7.2
Ratios	FY24	FY23	FY22
EBITDAM	17.1%	14.3%	16.4%
PATM	10.0%	8.1%	11.1%
Sales growth	46.5%	82.4%	

Company description

Founded in 2002, Ceigall India Limited is an infrastructure construction company with expertise in specialized structural projects, including elevated roads, flyovers, bridges, railway overpasses, tunnels, highways, expressways, and runways.

By July 2024, the company completed over 34 road and highway projects. These projects include project 16 EPC, one HAM project, five O&M projects, and 12 Item Rate Projects.

The company has 18 ongoing projects, including 13 EPC projects and five HAM projects. These involve elevated corridors, bridges, flyovers, rail over-bridges, tunnels, expressways, runways, metro projects, and multi-lane highways.

As of March 31, 2024, the company has 1,488.17 lane kilometres of ongoing projects and has completed 2,158.72 lane kilometres of O&M projects.

The company specializes in the construction, development, and execution of major multi-lane highway projects with specialized structures in various states of India, including Punjab, Haryana, Rajasthan, Uttar Pradesh, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Delhi, Maharashtra, and Bihar.

Ceigall India Limited won the "Gold Award" at the National Highways Excellence Award, 2020 for the Khemkaran-Amritsar Project. They also received the "Special Award" at the National Highways Excellence Awards, 2021 for the Ramdas Gurdaspur Project, including the Kartarpur Sahib Project.

The company's Order Book as of June 30, 2024, and for the fiscal years 2024, 2023, and 2022, were ₹94,708.42 million, ₹92,257.78 million, ₹108,090.43 million, and ₹63,461.30 million, respectively.

The company has recently completed several key projects, including widening a road in Punjab, constructing the Kartarpur-Sahib Project, and finishing an elevated corridor portion for the Delhi-Saharanpur Project.

Valuation & outlook

Ceigall India Limited is among the fastest-growing engineering, procurement, and construction (EPC) companies, based on a three-year compound annual growth rate (CAGR) in revenue as of Fiscal Year 2024.

The company has a strong order book spread across various business sectors and geographical regions allowing them to pursue a wider range of project tenders, thereby maximizing their business volume and profit margins.

The company's P/E ratio is 22.9 times based on its FY24 earnings, with a market capitalization of ₹69,854 million after the issuance of equity shares and a market cap-to-sales ratio of 2.3 times its FY24 earnings.

Looking at these factors we recommend "Subscribe – Long Term" rating to the IPO.

Company's Operations

They are an infrastructure construction company with experience in undertaking specialized structural work such as elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways and runways. They are one of the fastest growing engineering, procurement and construction ("EPC") company in terms of three-year revenue CAGR as of Fiscal 2024, among the companies with a turnover of over ₹ 10,000 million in Fiscal 2024 with over 20 years of experience in the industry. They have achieved one of the highest year-on-year revenue growth of approximately 43.10% in Fiscal 2024 among the peers. They have grown at a CAGR of 50.13% between Fiscals 2021 to 2024. Over the last two decades, their Company has transitioned from a small construction company to an established EPC player, demonstrating expertise in the design and construction of various road and highway projects including specialised structures across 10 states in India.

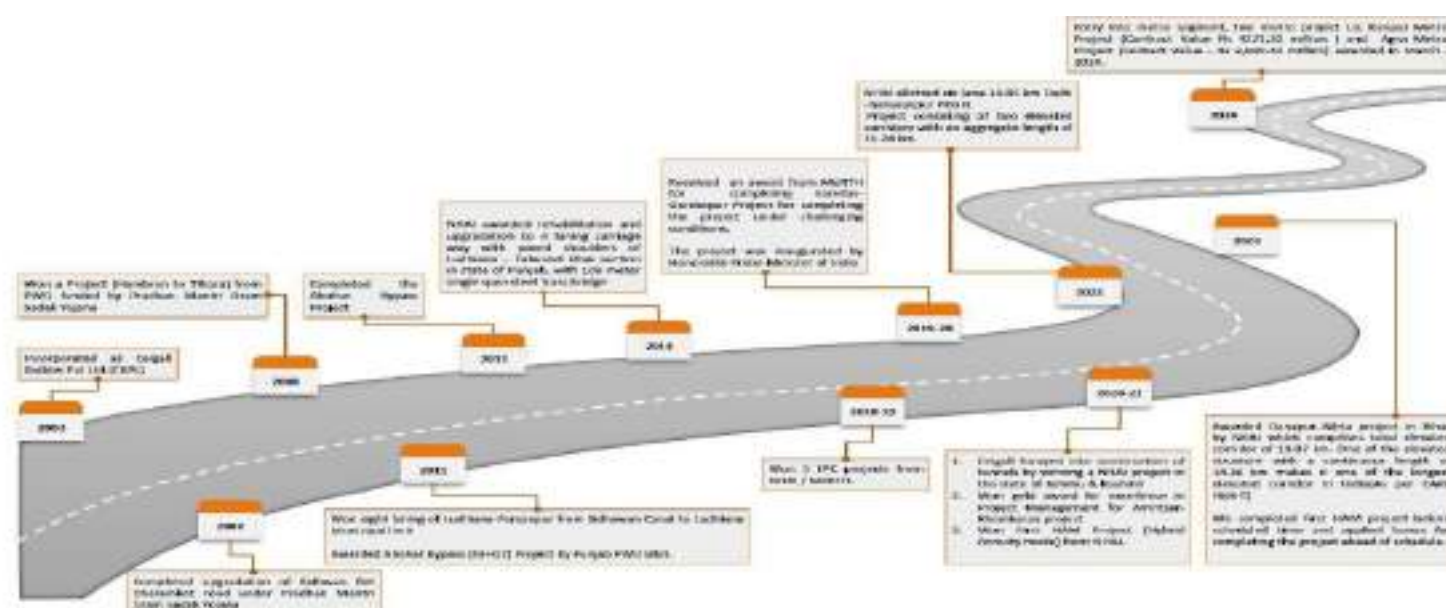
Their revenue from operations has increased significantly from ₹ 11,337.88 million in Fiscal 2022 to ₹ 30,293.52 million in Fiscal 2024. Their principal business operations are broadly divided into EPC projects and hybrid annuity model ("HAM") projects, which are spread over ten states in India. Their Company was incorporated in July 2002 and since then, they have gradually increased their execution capabilities in terms of the size of the projects. One of their initial road projects that they executed for the Punjab Public Works Department, Ludhiana division, was awarded in 2006 with an aggregate project cost of ₹ 62.94 million for 20.42 lane km. In 2014, they were awarded the first four lane highway EPC project from NHA1 for 24.08 lane km with a project cost of ₹ 378.10 million and the most recent four lane elevated corridor EPC project, which consists of one of the longest four lane elevated corridor portion of 14.26 kms in India as per CARE Report, was awarded by NHA1 with a project cost of ₹ 19,693.90 million and total length of 100.32 lane km. As on the date of this Red Herring Prospectus, they are eligible to bid for single NHA1 EPC projects up to a value of ₹ 57,000.00 million and 198 for single NHA1 HAM projects up to a value of ₹ 55,000.00 million.

They have been empaneled to participate with the Delhi Metro Rail Corporation Limited in its upcoming tenders involving inter alia construction of railways, mega bridges and tunnels in India and abroad and also with a public sector undertaking for highways, bridges and tunnel construction work in north-eastern states of India, and such empanelment is mutually extendable, The Company has completed over 34 projects, including 16 EPC, one HAM, five O&M and 12 Item Rate Projects, in the roads and highways sector. Currently, their Company has 18 ongoing projects, including 13 EPC projects and five HAM projects which includes elevated corridors, bridges, flyovers, rail over-bridges, tunnels, expressway, runway, metro projects and multi-lane highways. In addition to undertaking operation and maintenance ("O&M") activities in accordance with their contractual obligations under the EPC/HAM concession agreements, they have also undertaken independent O&M projects. Further, they have also undertaken in the past and continue to undertake subcontracting projects.

One of the key drivers for economic growth is the increased infrastructure investment thrust by the Government of India. In the Union Budget for Fiscal 2025, the Government of India continued its focus on infrastructure development with budget estimates of capital expenditure towards the infrastructure sector of ₹ 11,111 billion. Furthermore, continuous efforts by the Government of India to make the business environment convenient to operate and streamline the regulatory process will support the growth of investments in the infrastructure segment. They have demonstrated their ability to execute projects on or ahead of schedule in the past and they believe that they have the requisite capabilities and expertise to take advantage of the industry's growth.

Over the years, their Company has become an infrastructure construction company with experience in undertaking specialized structural work such as elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways and runways and has a reputation of delivering quality projects. They have a consistent track-record of execution of projects either on time or ahead of schedule. They believe that their efficient project execution capabilities have enabled us to execute projects in a timely manner, and in certain cases before the stipulated timelines, while maintaining requisite quality standards.

They have completed 7 (seven) EPC projects out of 16 EPC projects on or before the scheduled completion date and they have already received bonus payments for early completion for two EPC and one HAM projects. The first HAM project undertaken by us i.e., Malout-Abohar Project, was also completed 214 days ahead of its scheduled completion date. They have a successful track-record in executing projects of different sizes ranging from 20.42 lane km to 260.00 lane km in terms of length. As on March 31, 2024, they have constructed over 1,739.88 lane kms of roads and highways, which also includes specialized structures such as elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways and runways. As on March 31, 2024, they have 1,488.17 lane kms of ongoing projects. As on March 31, 2024, they have completed 2,158.72 lane kms of O&M projects. A graphical representation of their evolution and growth is set forth below.

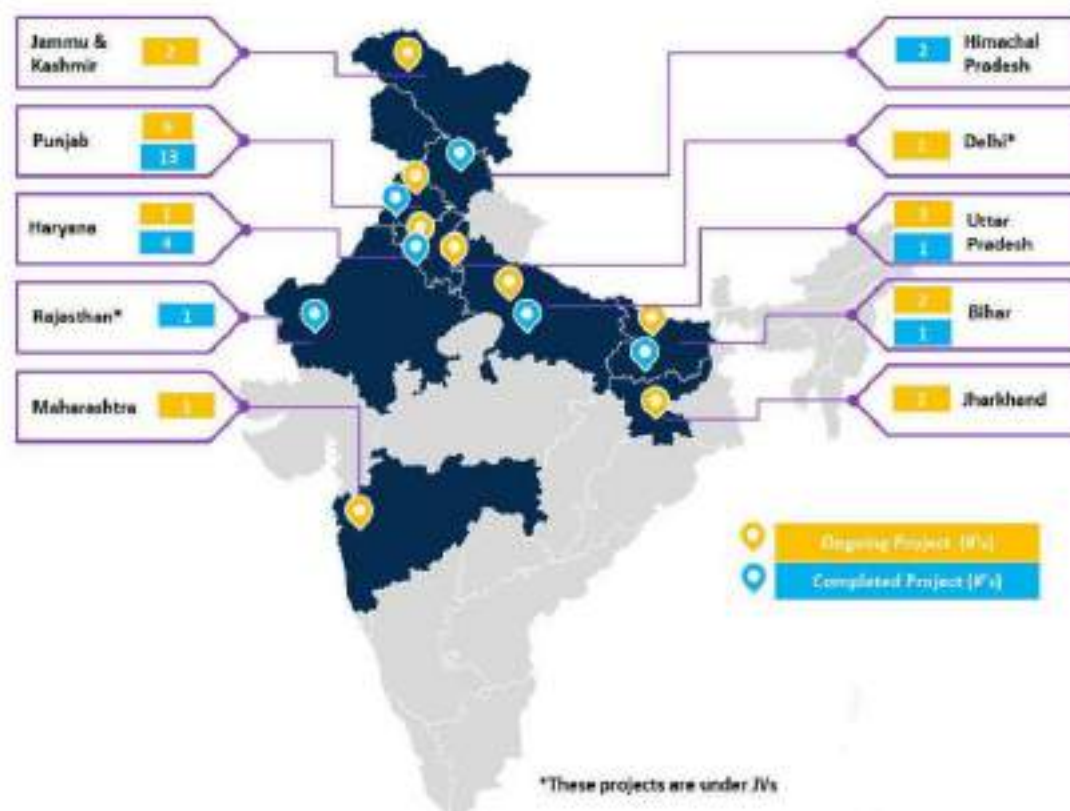


The following table sets forth the revenue from EPC, HAM and O&M projects for the periods indicated below:

SR. No	Particulars	FY 2024	FY 2023	FY 2022
1.	EPC	20,253	16,458	8,479
2.	HAM	8,075	3,607	2,640
3.	O&M	97	88	53
Total		28,425	20,154	11,173

For their EPC and HAM projects, the scope of their services typically includes design and engineering of the project, procurement of raw materials, project execution at site with overall project management up to the commissioning of these projects. Their employee resources and fleet of owned equipment, some of which are under buyback arrangements, and rental equipment, together with their engineering skills and capabilities, enable us to execute a range of projects.

They have an experience of executing projects across diverse geographic locations in India with varying degrees of complexities such as construction in high-traffic and high-density areas, construction of tunnels in hilly terrain and slope protection and rock fall protection due to high rainfall and involving specialised structures such as tunnels, bridges and elevated roads. They have diversified their geographical presence in construction and development and execution of major multi-lane highway projects with specialised structures in various states of India, including Punjab, Haryana, Rajasthan, Uttar Pradesh, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Delhi, Maharashtra and Bihar. Their projects were spread across six states in Fiscal 2022, and they expanded to ten states by Fiscal 2024. Their projects are spread across ten states in India. Set forth below is a graphical representation of their geographic presence across various states in India.



The table below sets forth the state-wise revenue from operation and as a percentage of total review, for the years indicated below:

State	Revenue from operation			As a % of total Revenue from Operations		
	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023	Fiscal 2022
Punjab	15307.0	10391.5	4540.9	50.5%	50.3%	40.1%
Jammu and Kashmir	4134.4	1907.3	182.9	13.7%	9.2%	1.6%
Haryana	2816.2	449.1	6068.2	9.5%	2.2%	53.5%
Himachal Pradesh	271.1	834.2	497.7	0.9%	4.0%	4.4%
Maharashtra	233.9	210.3	48.1	0.8%	1.0%	0.4%
Madhya Pradesh	108.6	-	-	0.4%	-	-
Bihar	392.4	-	-	1.3%	-	-
Uttar Pradesh	7029.9	6889.3	-	23.2%	33.3%	-
Total	30293.5	20681.7	11337.9	100.0%	100.0%	100.0%

Strengths:**One of the fastest growing EPC companies with an experience in executing specialized structures**

They are one of the fastest growing engineering, procurement and construction (“EPC”) company in terms of three-year revenue CAGR as of Fiscal 2024, among the companies with a turnover of over ₹ 10,000 million in Fiscal 2024. They have achieved one of the highest year-on-year revenue growth of approximately 43.10% in Fiscal 2024. They have grown at a CAGR of 50.13% between Fiscals 2021 to 2024. Their revenue from operations has increased significantly from ₹ 11,337.88 million in Fiscal 2022 to ₹ 30,293.52 million in Fiscal 2024. They have over 20 years of experience and expertise including construction, development and execution of major road and highway projects including expressways, specialized structures such as elevated roads and tunnels in various states of India, including Punjab, Haryana, Uttar Pradesh, Himachal Pradesh, Jammu and Kashmir and Bihar. Their primary focus is on undertaking road and highways projects and projects which involve specialised structures, and it has helped us in gaining technical expertise in undertaking projects of different sizes and involving varying degrees of complexity. Their Order Book, as on June 30, 2024, and Fiscals 2024, 2023 and 2022, amounted to ₹ 94,708.42 million, ₹ 92,257.78 million, ₹ 108,090.43 million and ₹ 63,461.30 million, respectively.

The consistent growth in their Order Book has resulted from their continued focus on road projects and specialized structures along with their ability to successfully bid on and win new projects. Their experience in execution of road projects including specialized structures, technical capabilities, timely performance, reputation for quality as well as financial strength of their bids have enabled us to successfully bid for and win projects. Over the years, their Company has become an established infrastructure construction company with experience in undertaking specialized structural work such as elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways and runways and has a reputation of delivering quality projects.

Healthy order book giving long term revenue visibility

In the infrastructure industry, an order book is considered an indicator of future performance since it represents a committed portion of anticipated future revenue. As on June 30, 2024, projects awarded by NHAI contributed 80.31% to Their Order Book, as on June 30, 2024, and Fiscals 2024, 2023 and 2022, is as below:

Particulars	As on June 30,2024	FY 2024	FY 2023	FY 2022
Order book (in million)	94,708	92,257	108,090	63,461

Diversifying their skill set and Order Book across different business and geographical regions enables them to pursue a broader range of project tenders and therefore maximize their business volume and profit margins. The consistent growth in their Order Book is a result of their past experience, their focus on maintaining quality standards in their construction and project execution skills. They are eligible to bid for single NHAI EPC projects up to a value of ₹ 57,000.00 and for single NHAI HAM projects up to a value of ₹ 55,000.00 million. Further, as on June 30, 2024, their Total Project Cost for ongoing NHAI EPC projects is ₹ 38,710.59 million and completed NHAI EPC projects is ₹ 39,476.60 million. They have been empaneled to participate with the Delhi Metro Rail Corporation Limited in its upcoming tenders involving inter alia construction of railways, mega bridges and tunnels in India and abroad and also with a public sector undertaking for highways, bridges and tunnel construction work in north-eastern states of India, and such empanelment is mutually extendable.

Demonstrated project development, execution and operational capabilities

The Company has completed over 34 projects, including 16 EPC, one HAM, five O&M and 12 Item Rate Projects, in the roads and highways sector. Currently, their Company has 18 ongoing projects, including 13 EPC projects and five HAM projects which includes elevated corridors, bridges, flyovers, rail over-bridges, tunnels, expressway, runway, metro project and multi-lane highways. As on March 31, 2024, they have constructed over 1,739.88 lane kms of roads and highways, which also includes specialized structures such as elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways and runways, across various states in India.

S.No.	Particulars	Fiscal 2024	% of total revenue	Fiscal 2023	% of total revenue	Fiscal 2022	% of total revenue
1	EPC	20,253.3	66.1%	16,458.2	78.9%	8,479.7	74.0%
2	HAM	8,075.2	26.3%	3,607.9	17.3%	2,640.7	23.0%
3	O&M	97.1	0.3%	88.8	0.4%	53.1	0.5%
Total		28,425.6	92.7%	20,154.9	96.6%	11,173.5	97.5%

They have developed experience of executing projects across diverse geographic locations in India with varying degrees of complexities such as construction in high-traffic and high-density areas, construction of specialized structures such as tunnels in hilly terrain. For instance, their ongoing project for construction of twin tube tunnels and viaducts in Jammu and Kashmir involves high degree of complexities such as construction in hilly terrain along with slope protection and rock fall protection due to high rainfall. Their focus is to leverage their strong project management and execution capabilities, including their experience in completing projects involving specialized structures, in order to complete their projects in a timely manner while maintaining high quality construction.

They undertake construction of the specialized structures through M/s R.K. Infra. They have recently acquired 50% stake in M/s R.K. Infra by way of the partnership deed executed between Karan Singla, Sakshi Singla and their Company on February 22, 2024, which will benefit us to improve their project execution skills. Their Company has an in-house engineering and design team, which has the necessary skills and expertise in the areas of construction activity such as civil construction and help in preparing detailed architectural and/or structural designs

Efficient business model

Their growth is largely attributable to their efficient business model which involves careful identification of their projects and cost optimisation, which is a result of executing their projects with optimum planning and strategy. This model has helped us in maximizing their efficiency and increasing their profit margins. Their Company follows a strategic approach during the pre-bidding stage, which involves undertaking technical surveys and feasibility studies and analysing the technical and design parameters and the cost involved in undertaking the project. Their strategic approach during the pre-bidding stage enables us to bid at competitive prices and helps us to successfully win projects. Once they win a bid, their focus is to ensure high quality of construction during the execution stage of the project, as a result of which, they are able to reduce maintenance and repair costs and therefore realize higher margins during the operation and maintenance stage of the project.

On account of efficient utilisation of resources and low working capital cycle, effective control over operational expenses, low emphasis 206 on fixed assets, purchasing majority of equipment used for construction on a buy-back basis, and high external credit rating leading to low finance cost, their Company has been able to generate RoCE of 31.98%, 28.67% and 29.84% and RoE of 33.57%, 28.20 % and 29.19%, for the Fiscals 2024, 2023 and 2022, respectively. They have an integrated inventory management system, which enables us to manage their inventory efficiently and monitor equipment supply and mobilisation of their resources in a cost effective and timely manner. They carry out pre-bid surveys, study of the project sites to gauge the local conditions in order fine tune their estimations, budgets and mobilisation plans as befits each project site.

Their Company on a routine basis invests a minimum amount on its machinery vertical, some of which are under buyback arrangements i.e., the right of their Company to return the asset to the vendor after a specified period at a pre-defined amount, pursuant to the terms and conditions in their agreements. This enables their Company to avoid blockage of its capital in fixed assets and ensure availability of effective machinery with their Company for speedy execution of its projects. Over the years, they have gradually added a fleet of modern construction equipment to supplement the growth of their construction business. As on March 31, 2024, their rental equipment and owned equipment constitutes 17.03% and 82.97% respectively, of their total equipment cost. Their Company has been able to generate more revenue per rupee of fixed investments in fixed assets thereby having low investment in fixed assets. The average Fixed Asset Turnover Ratio for Fiscals 2022, 2023 and 2024 is 0.17, 0.17 and 0.13, respectively on a standalone basis. They have received the following credit ratings:

Particulars	Issuing agency	Ratings
Company	CRISIL ratings limited	CRISIL A+/Stable (Long term) CRISIL A1 (Short term) CRISIL A1(Commercial paper)
Ceigall Bathinda Dabwali Highways Private Limited	India Ratings and Research Private Limited	IND A-/Stable (Rupee term loan)
Ceigall Malout Abohar Sadhywali Highways Private Limited	CRISIL ratings limited	CRISIL AAA/Stable (Long term bank facilities)

Experienced management team

They have seen robust business growth under the vision, leadership and guidance of their individual Promoter and Managing Director, Ramneek Sehgal, who has more than 20 years of experience in the construction industry. Their 207 individual Promoter has played a key role in the development of their business, and they benefit from his industry knowledge and expertise, vision and leadership as well as strong operational knowledge, good relationships with their clients and a successful track record of executing infrastructure projects.

In addition to their individual Promoter, their Board of Directors and senior management team includes qualified, experienced and skilled professionals who have experience across various sectors. They believe the stability of their management team and the industry experience brought on by their individual Promoter will enable us to continue to take advantage of future market opportunities and expand into newer markets. Their senior management team is able to leverage their market position with their collective experience and knowledge in the infrastructure construction industry, to execute their business strategies and drive their future growth. Their department heads have an average experience of over two decades in the infrastructure construction industry.

Strategies**Diversification by leveraging existing capabilities**

The company intends to draw on their experience in the road and highway sector, effectively use their assets, market position and their ability to execute and manage multiple projects across geographies to grow their portfolio in other sectors. While their primary focus is on development and execution of EPC and HAM projects involving specialized structures such as elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways and runways, they intend to pursue other models like build, operate and transfer, in order to diversify the offerings to further grow business operations, reduce the risk of dependency on existing services and strategically target higher margin opportunities. Further, they would also explore more opportunities in undertaking independent O&M projects in order to realize higher margins during the operation and maintenance stage of the project. The scale and complexity of their projects have increased in recent years, and they intend to continue to focus on projects with higher contract values as well as projects involving construction of specialized structures. Their previous experience in completing projects involving specialized structures will enable them to bid and win more projects in the future.

Selectively expand their geographical footprint

They started their operations from Punjab and gradually expanded to undertake road and highway projects in other states in India. They have undertaken road and highways projects over ten states in India including in Punjab, Bihar, Jharkhand, Uttar Pradesh, Delhi, Himachal Pradesh, Haryana, Maharashtra and Jammu and Kashmir. They plan to continue their strategy of diversifying and expanding their presence in different states for the growth of their business. Their strategy of selective expansion is focused on mitigating diversification related risks. They are selective when they expand in a new location and typically consider geographies where they can deliver high-quality services without experiencing significant delays and interruptions on account of adverse climatic conditions or regulatory delays. They intend to strategically expand into states which are economically and politically stable and have favourable geographic and climatic conditions thereby broadening their revenue base and reduce risks of volatility of market conditions and price fluctuations by expanding their geographic footprint. Their Order Book, as on June 30, 2024, and Fiscals 2024, 2023 and 2022, amounted to ₹ 94,708.42 million, ₹ 92,257.78 million, ₹ 108,090.43 million and ₹ 63,461.30 million, respectively. As on June 30, 2024, projects awarded by NHAI contributed 80.31% to their Order Book. The company's projects are spread over ten states in India.

Continue to explore hybrid annuity-based model to optimize their project portfolio

They have undertaken majority of their projects on the EPC basis and while their focus primarily is to grow their EPC business, they will continue to seek and evaluate opportunities for undertaking HAM projects that match their corporate profile, project experience and execution capabilities and offer a risk and reward profile that may be favourable to us. They have one completed HAM project i.e. Malaout Abohar Project and are undertaking five HAM projects all of which are awarded by NHAI, with a total project value of ₹ 52,470.00 million. The HAM model aims to lower the financial burden on the concessionaire during project implementation phase. In projects undertaken on HAM basis, the developer is responsible to meet only 60% of the total project cost but undertakes the entire risk of operations and maintenance, while the government/authority bears 40% of the total project cost and undertakes the entire toll collection risk.

Continue focusing on enhancing execution efficiency

They intend to continue to focus on efficient project execution by adopting current industry practices and modern equipment to deliver quality projects to the satisfaction of their customers, upgradation of their information and communication technology infrastructure and other internal processes to reduce manual intervention and improve reliability and efficiency of their business and operations. They intend to continue to invest in modern construction equipment to ensure continuous and timely availability of equipment critical to their business, which will help them in exercising better control over the execution of their projects. Further, the scale of their operations provides them with a significant advantage in reducing costs and sustaining their cost advantage. They seek to attract, train and retain qualified personnel and skilled labourers and further strengthen their workforce through more comprehensive training and provide adequate and skilled manpower to their clients.

Continue to grow and benefit from the robust future growth of India's economy and infrastructure

The Indian economy is on the path of USD 10.00 trillion of gross domestic product ("GDP") by Fiscal 2030, infrastructure sector continues to play a major role with 3.50% of GDP contribution with ₹ 52,962.00 billion investments in infrastructure industry between Fiscal 2024 to Fiscal 2028. Key growth driver for the infrastructure 209 investment is as under:

- In roads, with over 45,000 km (including 5,000 km of having specialised structures like elevated roads, tunnels, bridges, etc.) of road under balance of award and NHAI is expected to award approximately 5,000 km every year across BOT and EPC, giving huge opportunity to infrastructure construction players in India. Additionally, continuous bidding for third party O&M provides huge opportunity with ₹ 77.21 billion projects currently in pipeline.
- India currently has 874.13 km of operational metro lines including regional rapid transit systems is proposed, to be expanded to 1,700.00 Km across 27 cities by 2025 and subsequently to 50 cities. The investment is expected to grow at a CAGR of 5-10% in the range of ₹ 6,500.00 billion to ₹ 6,700.00 billion from Fiscal 2024 to Fiscal 2028.
- The investment in the water supply and sanitation sector has increased at a CAGR of 32.48% from ₹ 362.00 billion in Fiscal 2020 to ₹ 841.75 billion in Fiscal 2023. Furthermore, from Fiscal 2024 to Fiscal 2028, the investments are estimated to grow at a CAGR of 10-12% and be in the range of ₹ 3,700.00 billion to ₹ 4,100.00 billion.
- Currently in India, there are 149 airports carrying approximately 327.00 million passengers annually. The opportunity for EPC player in airport sector would be driven by the new planned airport, approximately 20, in tier II and III cities and expansion plan in the existing major busy airports mainly in metro cities.

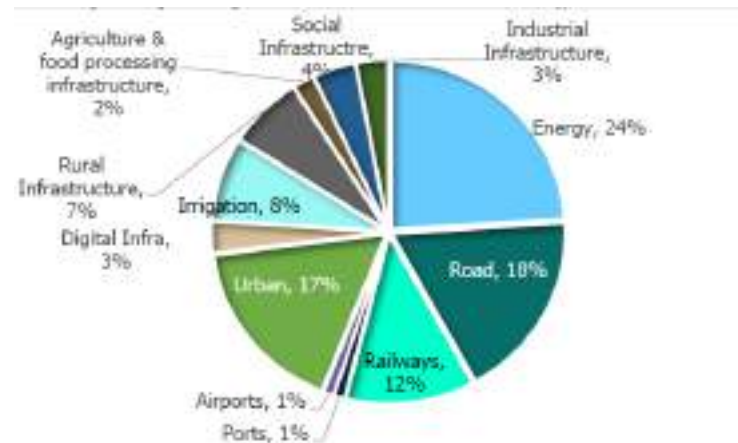
Industry Snapshot**Major Infrastructure Development Plans**

Some of the key government infrastructure schemes include:

- The 2023-24 budget by the government highlights the impetus for growth by focusing on big public investment for modern infrastructure, which will be guided by PM Gati Shakti and benefit from the synergy of a multi-modal approach. It is a step toward economic growth as well as sustainable development and is driven by seven engines, namely, roads, railways, airports, ports, mass transport, waterways, and logistics infrastructure. 100 critical transport infrastructure projects have been identified as an investment of Rs 750 Billion including Rs 150 Billion from private players. For the urban infrastructure in Tier-II and Tier-III cities, a corpus of Rs 100 Billion has been set aside via the establishment of the Urban Infrastructure Development Fund.
- The government has also announced plans for the National Monetization Pipeline (NMP) and Development Finance Institution (DFI) to improve the financing of infrastructure projects. The Government of India had unveiled 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, which covered rural and urban infrastructure, entailed investments to the tune of Rs.111 trillion to be undertaken by the central government, state governments, and the private sector during FY20-25. The chart below depicts a sector-wise break up of capex of Rs. 111 trillion:

Sector-Wise Break-Up of Capital Expenditure of Rs. 111 Trillion during Fiscal FY20- FY25



- The government has helped the growth of urbanization through a number of schemes and projects, including the Smart Cities Mission, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), and the Pradhan Mantri Awas Yojana (Urban).

Smart Cities Mission: The Smart Cities Mission, launched on 25 June 2015, is aimed at providing core infrastructure, a clean and sustainable environment, and a decent quality of life to their citizens through the application of 'smart solutions'. It is a transformational mission aimed to bring about a paradigm shift in the practice of urban development in the country. Under this mission, 100 smart cities have taken up projects across diverse sectors related to mobility, energy, water, sanitation, solid waste management, vibrant public spaces, social infrastructure, smart governance, etc. As of September 2023, about 6,000+ projects worth more than Rs. 1.1 Trillion have been completed and the remaining projects will be completed by 30 June 2024.

AMRUT: The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) was launched on 25th June 2015 in selected 500 cities and towns across the country. The mission focuses on the development of basic infrastructure, in the selected cities and towns, in the sectors of water supply, sewerage and septage management, stormwater drainage, green spaces and parks, and non-motorized urban transport. A set of Urban Reforms and Capacity Building have been included in the mission.

This mission has been subsumed under AMRUT 2.0, which was launched on 01st October 2021 for a period of five years, i.e., from the financial year 2021-22 to the financial year 2025-26. It is designed to provide universal coverage of water supply through functional taps to all households in all the statutory towns in the country and coverage of sewerage/septage management in 500 cities covered in the first phase of the AMRUT scheme.

PMAY: There is a significant thrust on providing housing for all under the Pradhan Mantri Awas Yojna (PMAY) by the government and the scheme has been getting steady allocation under the union budget. Further, the sustained efforts in sanctioning and completing a substantial number of houses under both PMAY-Urban and PMAY-Gramin schemes demonstrate the government's commitment toward promoting affordable housing and improving living conditions for individuals and families across the country.

Key Takeaway on Infrastructure:

India stands out as the fastest-growing economy among the major economies with real gross domestic product of Rs. 160.06 trillion in Fiscal 2023 and estimated to emerge as the third-largest economy globally by 2027, infrastructure sector continues to play major role with 3.50% of gross domestic product contribution with Rs.52,962.00 billion investments in Infrastructure industry between Fiscal 2024 to Fiscal 2028. Road construction is amongst the critical sub-segments for infrastructure development, economic growth, and employment creation. Key growth drivers for infrastructure sector are rapid urbanization, higher budgetary outlay towards infrastructure, smart cities mission. The key challenges in the infrastructure sector are regulatory and policy risks, funding challenges, land acquisition and environmental clearances.

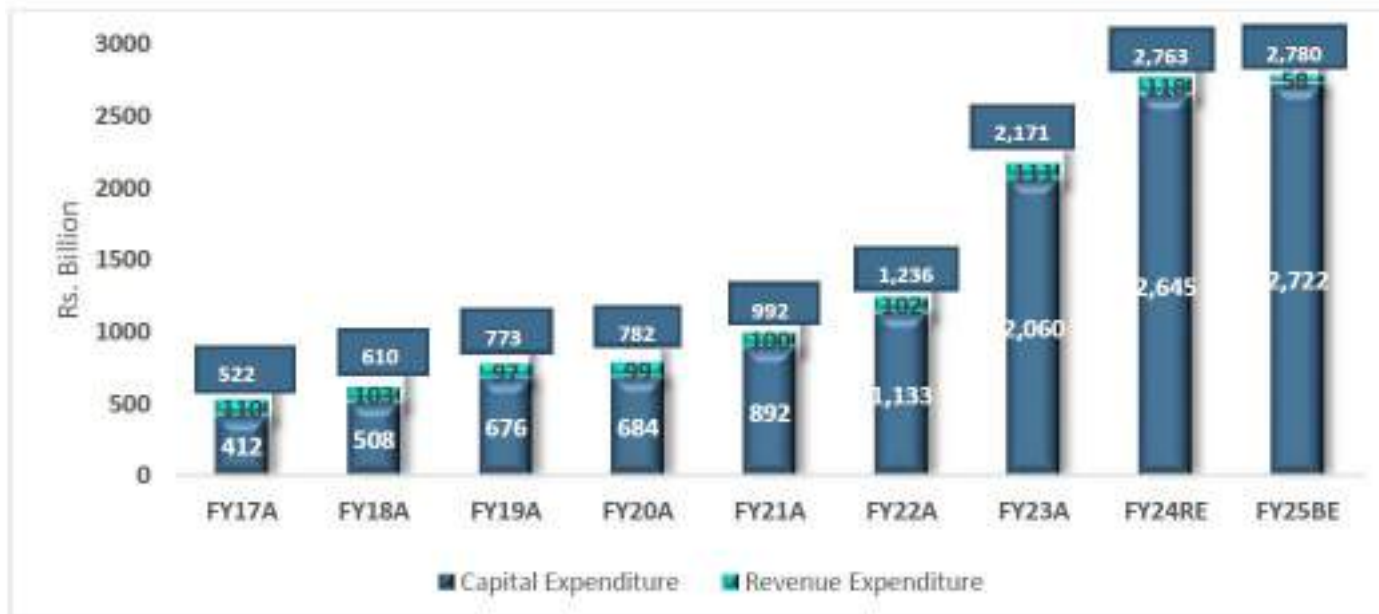
Road Infrastructure in India

The road transport sector contributed 2.5% to GVA in FY21, after been in the range of 3.2%-3.3% from FY12 to FY20. Post the pandemic effect in FY21, the sector's growth rate has returned to pre-pandemic level of 3.2% of India's GDP in FY22. The road transport sector has grown on a CAGR of about 5.20% against the total CAGR growth of the GVA of about 5.5% during the period FY12-FY22.

Total Length and Break-Up into National, State, and Rural Roads

India has the second-largest road network in the world, with about 63.32 lakh km as of FY23. This comprises national highways, expressways, state highways, major district roads, other district roads, and village roads. To accelerate the country's growth, the development of national highways has been the key focus area. On the other hand, state highways, district and rural roads continue to be a large part of the overall road network.

Road transportation, the most common mode of transportation in India, accounts for about 87% of passenger traffic and more than 60% of freight traffic. Despite having a network of 1,44,955 km, Indian national highways account for only 2% of total road network and 40% of total road traffic. State highways and major district roads make up the country's secondary road transportation system, accounting for 60% of traffic and 98% of road length.

Budget Allocation for the Ministry of Road Transport and Highways**Comparison with listed entity**

Name of the Company	Face Value (₹ Per share)	Revenue Fiscal 2024	EPS (₹)	NAV (₹ Per share)	P/E	RONW (%)
Ceigall India LIMITED	5	30,293.5	17.5	57.7	22.9	33.6%
Peer Group						
PNC Infratech Limited	2	86498.7	35.4	202.1	14.8	17.5%
G R Infraprojects Limited	5	89801.5	136.9	786.3	12.6	17.4%
H.G. Infra Engineering Limited	10	53784.8	82.6	376.7	20.4	21.9%
KNR Constructions Limited	2	44294.9	27.6	124.4	13.2	21.5%
ITD Cementation India Limited	1	77178.7	15.9	87.2	29.4	18.3%
J Kumar Infraprojects Limited	5	48792.0	43.7	349.4	19.7	12.5%

Key Risks

- Their business is primarily dependent on contracts awarded by governmental authorities. As on June 30, 2024, the NHAI projects awarded to them constituted 80.31% of their Order Book, while the remaining 19.69% of their Order Book was from contracts with other central, state governmental and local departments. Any adverse changes in the central, state or local government policies may lead to their contracts being foreclosed, terminated, restructured or renegotiated, which may have a material effect on their business, profitability and results of operations.
- They have sustained negative cash flows from operating activities in the past and may experience earnings declines or operating losses or negative cash flows from operating activities in the future.
- Delays in the completion of construction of ongoing projects could lead to termination of their contracts or cost overruns or claims for damages, which could have an adverse effect on their cash flows, business, results of operations and financial condition.
- All projects they operate have been awarded primarily through a competitive bidding process. Their bids may not always be accepted. They may not be able to qualify for, compete and win projects or identify and acquire new projects, which could adversely affect their business and results of operations.
- One of their Directors, Arun Goyal, was debarred from accessing the securities market in the past.
- They are required to pay royalty charges for mining pursuant to the terms of their contracts and specific central and state regulations. Any adverse change in the terms of contract and policies adopted by the government regarding payment of royalty on mining could adversely affect their project cost and profitability.
- There have been instances in the past where they have not made certain regulatory filings with the RoC and been in non-compliance with certain requirements under Companies Act, 2013, and paid a penalty of ₹ 1.28 million. Any such instances of non-compliance may have an adverse effect on their reputation and impact their profitability.

Valuation & Outlook

Ceigall India Limited is among the fastest-growing engineering, procurement, and construction (EPC) companies, based on a three-year compound annual growth rate (CAGR) in revenue as of Fiscal Year 2024.

The company has a strong order book spread across various business sectors and geographical regions allowing them to pursue a wider range of project tenders, thereby maximizing their business volume and profit margins.

The company's P/E ratio is 22.9 times based on its FY24 earnings, with a market capitalization of ₹69,854 million after the issuance of equity shares and a market cap-to-sales ratio of 2.3 times its FY24 earnings.

Looking at these factors we recommend “**Subscribe – Long Term**” rating to the IPO.

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	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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