

**Rating: Subscribe for Long term**

**Issue Offer**

**Fresh Issue of 17,063,640 equity shares up to INR 6.84 Bn & Offer for sale of 14,174,840 equity shares up to INR 5.68 Bn**

**Issue Summary**

Price Band (INR)	380-401
Face Value (INR)	5
Implied Market Cap (INRBn)	69.85
Market Lot	37
Issue Opens on	Aug, 1, 2024
Issue Close on	Aug, 5, 2024
No. of share pre-issue	157,136,000
No. of share post issue	174,199,640
Listing	NSE, BSE

**Issue Break-up(%)**

QIB Portion	50%
NIB Portion	15%
Retail Portion	35%

**Book Running Lead Managers**

**ICICI Securities Limited**

**IIFL Securities Limited**

**JM Financial Limited**

**Registrar**

**Link Intime India Pvt Ltd**

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	99.99%	82.06%
Public & Others	0.01%	17.94%

**Objects of the issue**

- Purchase of equipment.
- Repayment/ prepayment, in full or in part, of certain borrowings availed by:-
  - The Company
  - The Subsidiary, Ceigall Infra Projects Private Limited

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**Ceigall India Limited**, incorporated in July 2002, is a fast growing highway construction project development company providing Engineering, Procurement and Construction (EPC) services across India. The 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. Company relies on contracts from government authorities, particularly NHAI and other public sector clients include Indian Railway Construction International Limited (IRCON), Military Engineer Services (MES) and Bihar State Road Development Corporation Limited (BSRDCL).

**Investment Rationale**

**Healthy Orderbook giving long term visibility:** Company's rapid expansion and diverse project portfolio present opportunities for sustained growth and market leadership, backed by its strong order book. As on June 30, 2024, company's order Book was INR 94,708.42 Mn. Company demonstrated a strong revenue growth at CAGR of ~ 50.13% between FY21 and FY24, driven by substantial increase in the order book, reflected in the book-to-bill ratio of 3.12x. Additionally, company has empanelled to participate with the Delhi Metro Rail Corporation Limited in its upcoming tenders involving 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.

**Strategically expand geographical footprint:** Company seeks to explore more opportunities by capitalizing on various growth trends across different states in India. It has diversified its geographical presence in construction, 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.

**Leading EPC Firm in Specialized Structures:** Company has 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. Company has a consistent track-record of execution of projects either on time or ahead of schedule. Historically, company has earned IRR of 14-15% on EPC projects while 24-25% for HAM Projects.

**Efficiency Business Model:** The company maintains low emphasis on fixed assets by purchasing majority of equipment used for construction on a buy-back basis. This strategy prevents capital from being tied up in fixed assets and ensures availability of effective machinery for speedy execution of projects. Company has an integrated inventory management system that enables company to manage inventory efficiently and monitor equipment supply and mobilisation of resources in a cost effective and timely manner. Company is able to generate RoCE of 31.98%, 28.67% and RoE of 33.57%, 28.20 % for the FY24 & FY23, respectively.

**Continue focusing on enhancing execution efficiency:** The company's investment in modern construction equipment has ensured continuous and timely availability of machinery, improving control over project execution. Moreover, the company will continue to leverage on existing technology and adopt new technologies, designs and project management tools to increase productivity and maximize asset utilization in capital intensive activities.

**Valuation & Outlook:** The company's extensive experience and strong track record in the construction business provides a competitive edge in pursuing future opportunities. By maintaining a continuous focus on operation, maintenance, and development, as well as executing EPC and HAM projects in the roads and highways sector, the company is well-positioned to strengthen its market presence. Company has a substantial order book and actively seeks opportunities to bid for new projects at a desire level of profitability across various geographies. **On post issue market cap, company trades 17.5x P/E and 14.03x EV/EBITDA. The industry dynamics seem positive given the growth prospects in the infrastructure sector. We recommend to SUBSCRIBE FOR LONG TERM.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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