IPO Report

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Ceigall India Ltd.

Highly inflated valuation.

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Choice

02nd Aug. 2024

Salient features of the IPO:

- **Ceigall India Ltd.** (CIL), is an Infrastructure construction company with an experience in undrtaking specialized structural work such as elevated roads, flyover, bridges, railway over bridges, tunnels, highways, expressways and runways, is coming up with an IPO to raise around Rs. 1,222.9 - 1,252.7cr, which opens on 01st Aug. and closes on 05th Aug. 2024. The price band is Rs. 380 - 401 per share.
- The IPO is a combination of fresh issue (Rs. 684.3cr) and OFS portion (of Rs. 538.6 - 568.4). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 99.8cr for purchase of equipment, Rs. 413.4cr for repayment or prepaymet, in full or in part, of certain borrowings availed by the company and its subsidiary (Ceigall Infra Projects Pvt. Ltd.). Residual proceeds will be used for general corporate purposes.
- Few of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 1.417cr shares. While only one of the individual public shareholder is offloading 1,650 shares. Consequently, post-IPO, the P&PG and public shareholders will have 82.06% and 17.94% stake in the company, respectively.

Key competitive strengths:

- One of the fastest growing EPC company with an experience in executing specialised structures
- Healthy orderbook giving long term revenue visibility
- Demonstrated project development, execution and operational capabilities
- Efficient business model
- Experienced management team

Risk and concerns:

- High Dependency on Government Contracts
- There has been negative cash flow from operating activities in the past and this trend may continue
- Delayed project completions may result in contract termination and negatively impact the business
- Competition

Below are the key highlights of the company:

- India's economic growth is fueled by a diverse range of sectors, of which infrastructure is a vital sector. In recent years, the government has taken several steps to accelerate infrastructure development, wherein, the key focus areas are transportation, energy, smart cities, water, social infrastructure, and digital infrastructure. As of FY23, infrastructure contributes approximately 3% to the country's GDP. With the growing population, the long-term need for robust infrastructure is necessary for economic development.
- In the coming years, public investment in infrastructure is expected to increase, driven by initiatives such as Atmanirbhar Bharat, Make in India, and the Production-Linked Incentive (PLI) scheme across various sectors. The 2023-24 budget emphasizes growth by prioritizing significant public investment in modern infrastructure, guided by the PM Gati Shakti plan and enhanced by a multi-modal approach. The Union Budget for 2024-25 continues this focus, with a proposed capital expenditure of Rs. 11,111 billion for the infrastructure sector.
- Founded in July 2002, CIL is an infrastructure construction company with expertise in specialized structural projects. It handle a range of constructions, including elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways, and runways. Over the past two decades, CIL has evolved from a small construction company into a prominent EPC (Engineering, Procurement, and Construction) player.

Issue details	
Price band	Rs. 380 - 401 per share
Face value	Rs. 5
Shares for fresh issue	1.706 - 1.800cr shares
Shares for OFS	1.417cr shares
Fresh issue size	Rs. 684.3cr
OFS issue size	Rs. 538.6 - 568.4cr
Total issue size	3.124 - 3.218cr shares (Rs. 1,222.9 - 1,252.7cr)
Employee reservation	0.0050 - 0.0053cr shares (Rs. 2cr)
Net issue size	3.119 - 3.213cr shares (Rs. 1,220.9 - 1,250.7cr)
Bidding date	01st Aug. - 05th Aug. 2024
Implied MCAP at higher price band	Rs. 6,985.4cr
Implied enterprise value at higher price band	Rs. 7,029cr
Book running lead manager	ICICI Securities Ltd., IIFL Securities Ltd., and JM Financial Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector	Civil Construction
Promoters	Ramneek Sehgal and Sons HUF and RS Family Trust

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	50%	1.559 - 1.606cr shares
Non institutional portion (Big)	10%	0.312 - 0.321cr shares
Non institutional portion (Small)	5%	0.156 - 0.161cr shares
Retail portion	35%	1.092 - 1.125cr shares

Indicative IPO process time line	
Finalization of basis of allotment	06th Aug. 2024
Unblocking of ASBA account	07th Aug. 2024
Credit to demat accounts	07th Aug. 2024
Commencement of trading	08th Aug. 2024

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	99.99%	82.06%
Public	0.01%	17.94%
Non-promoter & Non-public	0.00%	0.00%
Total	**100.00%**	**100.00%**

Retail application money at higher cut-off price per lot	
Number of shares per lot	37
Employee discount	Rs. 38 per share
Application money	Rs. 14,837 per lot

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Key highlights of the company (Contd…):

Company name	FV (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs.)	6M Return (%)	12M Return (%)	FY24 Revenue (Rs. cr)	FY24 EBITDA (Rs. cr)	FY24 PAT (Rs. cr)	FY24 Gross Margin (%)	FY24 EBITDA margin (%)	FY24 PAT margin (%)
Ceigall India Ltd.	**5**	**401**	**6,985**	**7,029**	**-**	**-**	**3,029**	**518**	**304**	**22.4%**	**17.1%**	**10.0%**
PNC Infratech Ltd	2	496	12,713	19,359	13.8%	49.0%	8,650	2,005	909	35.3%	23.2%	10.5%
G R Infraprojects Ltd	5	1,775	17,162	20,239	46.5%	35.0%	8,980	2,122	1,323	33.4%	23.6%	14.7%
H.G. Infra Engineering Ltd	10	1,586	10,337	11,643	78.0%	75.4%	5,378	1,062	539	27.0%	19.7%	10.0%
KNR Constructions Ltd	2	392	11,027	11,878	51.4%	67.8%	4,429	1,048	752	36.9%	23.7%	17.0%
ITD Cementation India Ltd	1	511	8,782	8,757	66.8%	186.0%	7,718	745	274	35.1%	9.7%	3.6%
J Kumar Infraprojects Ltd	5	843	6,382	6,471	32.0%	147.2%	4,879	704	331	23.8%	14.4%	6.8%
Average										**31.9%**	**19.1%**	**10.4%**

Company name	4Y top-line growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	Average 4Y EBITDA margin	Average 4Y PAT margin	4Y average RoE	4Y average RoCE	Avg 4Y Receivable Days	Avg 4Y Inventroy Days	Avg 4Y Payable Days	Net Worth	Order Book (Rs.cr)
Ceigall India Ltd.	51.4%	48.0%	39.3%	16.5%	10.5%	32.1%	42.3%	29	12	30	1,572	9,471
PNC Infratech Ltd	14.3%	12.1%	22.3%	22.3%	8.9%	17.3%	15.5%	37	25	75	5,185	15,490
G R Infraprojects Ltd	4.6%	4.6%	11.5%	23.7%	13.0%	22.5%	19.4%	19	39	66	7,591	16,781
H.G. Infra Engineering Ltd	27.3%	29.9%	31.5%	19.2%	10.0%	26.7%	25.7%	65	18	106	2,455	12,434
KNR Constructions Ltd	15.1%	14.5%	25.2%	23.1%	12.8%	19.3%	22.5%	47	19	47	3,554	5,305
ITD Cementation India Ltd	41.4%	51.8%	157.8%	8.3%	2.1%	9.2%	16.9%	61	36	210	1,494	19,918
J Kumar Infraprojects Ltd	23.8%	31.3%	72.6%	13.8%	5.4%	9.7%	14.4%	86	35	79	2,642	21,011
Average	**21.1%**	**24.0%**	**53.5%**	**18.4%**	**8.7%**	**17.4%**	**19.1%**	**52**	**29**	**97**		

Company name	Total Debt	Cash	FY24 RoE (%)	FY24 RoCE (%)	P / E	P / B	EV / Sales	EV / EBITDA	MCAP / Sales	EPS (Rs.)	BVPS (Rs.)	D/E
Ceigall India Ltd.	1,096	1,052	19.4%	38.8%	23.0	4.4	2.3	13.6	2.3	17.5	90	0.70
PNC Infratech Ltd	8,025.0	1,379	17.5%	13.8%	14.0	2.5	2.2	9.7	1.5	35.4	202	1.55
G R Infraprojects Ltd	3,817	740	17.4%	16.5%	13.0	2.3	2.3	9.5	1.9	136.8	785	0.50
H.G. Infra Engineering Ltd	1,513	207	22.0%	23.2%	19.2	4.2	2.2	11.0	1.9	82.7	377	0.62
KNR Constructions Ltd	1,262	411	21.2%	19.6%	14.7	3.1	2.7	11.3	2.5	26.7	126	0.36
ITD Cementation India Ltd	871	896	18.3%	22.7%	32.0	5.9	1.1	11.8	1.1	15.9	87	0.58
J Kumar Infraprojects Ltd	593	504	12.5%	16.6%	19.3	2.4	1.3	9.2	1.3	43.7	349	0.22
Average			**18.2%**	**18.7%**	**18.7**	**3.4**	**2.0**	**10.4**	**1.7**			**0.64**

Note: Considered financials for the period during FY21-24 (with IPO adjustments); Source: Choice Broking Research

- CIL began its journey in road construction with a project awarded in 2006 by the Punjab Public Works Department in Ludhiana, covering 20.42 lane kilometers at a cost of Rs. 6.3cr. In 2014, CIL secured its first four-lane highway EPC project from NHAI, spanning 24.08 lane kilometers and costing Rs. 3.78 cr. Recently, the company was awarded a significant four-lane elevated corridor EPC project by NHAI. This project, one of the longest elevated corridors in India, measures 14.26 kilometers in length, covers 100.32 lane kilometers, and has a total project cost of Rs. 1,969.3cr (Source: RHP).
- The company has successfully designed and built numerous road and highway projects, including specialized structures, in 10 states across India (Source: RHP). As of the date of this RHP, CIL has completed over 34 projects in the roads and highways sector. These include 16 EPC projects, one HAM project, five O&M projects, and 12 Item Rate projects. Currently, the company is working on 18 ongoing projects, which consist of 13 EPC projects and five HAM projects. These projects include elevated corridors, bridges, flyovers, railway over-bridges, tunnels, expressways, runways, metro projects, and multi-lane highways. In addition to its operation and maintenance (O&M) responsibilities under EPC and HAM agreements, CIL also manages independent O&M projects and continues to handle sub-contracting work.
- As of the date of this Red Herring Prospectus, CIL is qualified to bid on single NHAI EPC projects worth up to Rs. 5,700cr and single NHAI HAM projects worth up to Rs. 5,500cr. Additionally, the company is empanelled with the Delhi Metro Rail Corporation Limited to participate in upcoming tenders for constructing railways, mega bridges, and tunnels both in India and internationally. The company is also empanelled with a public sector undertaking for highway, bridge, and tunnel construction projects in the northeastern states of India. This empanelment is mutually extendable.
- CIL's growth can be attributed to its effective business model, which emphasizes careful project selection and cost optimization. By executing projects with meticulous planning and strategy, the company has enhanced its efficiency and increasing profit margins. During the pre-bidding phase, the company takes a strategic approach by conducting technical surveys, feasibility studies, and analyzing both design parameters and associated costs. This thorough preparation helps ensure successful project execution and financial performance.

Key highlights of the company (Contd…):

- The company regularly invests in machinery, including some assets acquired through buyback arrangements. These arrangements allow CIL to return the machinery to the vendor after a set period for a predetermined amount, as specified in the agreements. This approach helps CIL to avoid tying up capital in fixed assets and ensures access to effective machinery for the timely completion of its projects.
- As of March 31, 2024, rental equipment and owned equipment make up 17.03% and 82.97%, respectively, of the company's total equipment cost. This strategy has allowed the company to generate more revenue per rupee invested in fixed assets, resulting in lower overall investment in these assets. The average Fixed Asset Turnover Ratio for the fiscal years 2022, 2023, and 2024 is 0.17, 0.17, and 0.13, respectively, on a standalone basis (Source: RHP).
- As of June 30, 2024, and for the fiscal years 2024, 2023, and 2022, CIL's order book stood at Rs. 9,470.8cr, Rs. 9,225.7cr, Rs. 10,809.0cr, and Rs. 6,346.1cr, respectively. Projects awarded by NHAI accounted for 80.31% of the order book as of June 30, 2024. CIL's other public sector clients include Indian Railway Construction International Limited (IRCON), Military Engineer Services (MES), and Bihar State Road Development Corporation Limited (BSRDCL). The book-to-bill ratio for the fiscal years ending March 31, 2024, March 31, 2023, and March 31, 2022, was 3.05, 5.23, and 5.60 times, respectively.
- CIL has extensive experience managing projects in diverse locations across India, handling a range of complexities. The company has successfully expanded its operations to include major multi-lane highway projects with specialized structures across various states, including Punjab, Haryana, Rajasthan, Uttar Pradesh, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Delhi, Maharashtra, and Bihar. In Fiscal 2022, CIL's projects were located in six states, but by Fiscal 2024, the company had expanded to ten states. As of the date of this RHP, CIL is actively working on projects across these ten states in India.
- In FY24, revenue from Punjab increased to Rs. 1,530.7cr, accounting for 50.53% of total revenue, up from Rs. 1,039.1cr (50.25%) in FY23 and Rs. 450.0cr (40.05%) in FY22. Jammu and Kashmir saw a significant rise in revenue to Rs. 413.4cr (13.65%) in FY24, compared to Rs. 190.7cr (9.22%) in FY23 and Rs. 18.3cr (1.61%) in FY22. Haryana's revenue was Rs. 281.6cr (9.49%) in FY24, a significant increase from Rs. 44.9cr in FY23, though down from Rs. 606.8cr (53.52%) in FY22. Uttar Pradesh experienced a rise in revenue to Rs. 702.9cr (23.21%) in FY24, up from Rs. 688.9cr (33.31%) in FY23. Revenue from other states constitutes the remainder.
- CIL's revenue is divided into three segment. In the FY22, the EPC segment generated 73.96% of the revenue, amounting to Rs. 847.9cr. This increased to Rs. 1,645.8cr (78.86%) in FY23 and Rs. 2,025.3cr (66.05%) in FY24. The HAM segment contributed 23.03% of the revenue, with Rs. 264.0cr in FY22, Rs. 360.7cr (17.28%) in FY23, and Rs. 807.5cr (26.34%) in FY24. The O&M segment had a minimal contribution of 0.46%, with Rs. 5.3cr in FY22, Rs. 8.8cr (0.43%) in FY23, and Rs. 9.7cr (0.32%) in FY24.

Peer comparison and valuation: CIL is an Infrastructure construction company where its business operations are broadly divided into EPC projects and hybrid annuity model (HAM) projects. The company's activities are spread across ten states in India, reflecting its diverse geographical presence. By diversifying its skill set and utilizing an efficient business model, CIL has successfully secured contracts, which has positively impacted its revenue.

At the higher price band, CIL is asking for a P/E multiple of 23x (to its FY24 EPS of Rs. 17.5), this valuation appears to be higher compared to the industry average. The company's strong order book and its potential to convert these orders into revenue appear promising. However, the increasing debt level is a concern, and thus, we recommend a **"Subscribe with Caution"** rating for this issue.

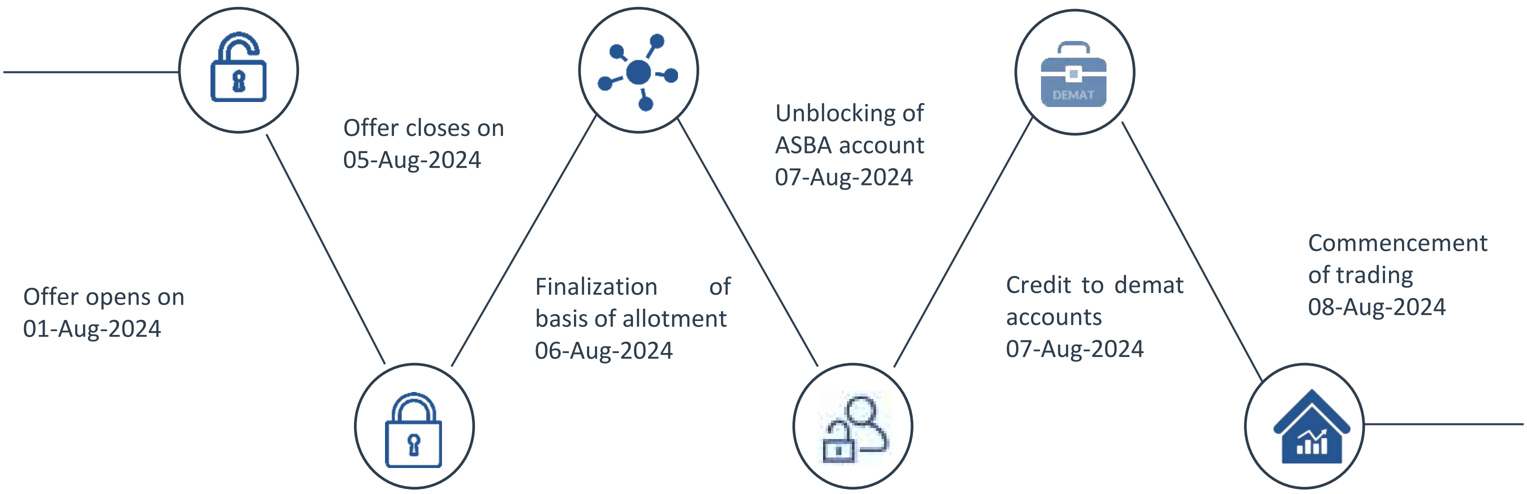
About the issue:

- CIL is coming up with an IPO with 3.124 - 3.218cr shares (fresh issue: 1.706 - 1.800cr shares; OFS shares: 1.417) in offering. This offer represents 17.93% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 1,222.9 - 1,252.7cr.
- The issue is through book building process with a price band of Rs. 380 - 401 per share.
- Lot size comprises of 37 equity shares and in-multiple of 37 shares thereafter.
- The issue will open on 01st Aug. 2024 and close on 05th Aug. 2024.
- 0.0050 - 0.0053cr shares are reserved for eligible employees. Discount offered to the employees is Rs. 38 per equity share.
- Consequently, the net-issue consists of 3.119 - 3.213cr shares with an issue size of Rs. 1,220.9 - 1,250.7cr.
- The IPO is a combination of fresh issue (Rs. 684.3cr) and OFS portion (of Rs. 538.6 - 568.4). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 99.8cr for purchase of equipment, Rs. 413.4cr for repayment or prepaymet, in full or in part, of certain borrowings availed by the company and its subsidiary (Ceigall Infra Projects Pvt. Ltd.). Residual proceeds will be used for general corporate purposes.
- Few of the promoter & promoter group (P&PG) entities are participating in the OFS and offloading 1.417cr shares. While only one of the individual public shareholder is offloading 1,650 shares. Consequently, post-IPO, the P&PG and public shareholders will have 82.06% and 17.94% stake in the company, respectively.
- 50% of the net issue is reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	**Post-issue (at higher price band)**
Promoter & promoter group	99.99%	82.06%
Public	0.01%	17.94%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY21-24: Initially operating in just one state, the company has now expanded its reach to 10 states. This strategic move to diversify and broaden its presence has been instrumental in the company's growth. Through this expansion, the company has secured numerous orders and successfully completed many projects, resulting in substantial business growth.

The company achieved impressive growth, with a 51.4% CAGR in total operating revenue, reaching Rs. 3,029.4cr in FY24. This success was fueled by expanding its presence across various regions in India, securing numerous orders, and efficiently executing projects ahead of schedule.

The company experienced a decrease in raw material costs as a percentage of revenue. However, the cost of construction increased as a percentage of revenue due to more extensive structural work for ongoing projects. This includes expenses for equipment rental, civil construction, and other site-related costs. These costs grew at a CAGR of 45.5% and 57.3%, respectively. As a result, the gross profit margin decreased by 29 bps, bringing it down to 22.4%. Additionally, higher employee costs, driven by the hiring of new staff for a corporate office and ongoing projects, led to a 120 bps contraction in the EBITDA margin, reducing it to 17.1%. In absolute term, consolidated EBITDA grew at a CAGR of 48%, reaching Rs. 517.7cr in FY23.

During this period, the company experienced higher financial costs due to increased debt. These costs, along with other business expenses, impacted the PAT margin, causing it to contract by 284 bps to 10% in FY24. However, the reported PAT grew at a 39.3% CAGR, reaching Rs. 304.3cr.

CIL has steadily increased its borrowing over time, leading to a substantial rise in its financial liabilities, which have grown at a CAGR of 221.4%. This surge in debt has significantly worsened the company's debt-to-equity ratio, climbing from 0.1x in FY21 to 1.2x in FY24. Pre-issue RoIC and RoE stood at 41.2% and 34.3%, respectively, in FY24.

Pre-issue financial snapshot (Rs. cr)	FY21	FY22	FY23	FY24	CAGR over FY21-24	Y-o-Y (FY24 annual)
Revenue from operations	873.2	1,133.8	2,068.2	3,029.4	*51.4%*	*46.5%*
Gross Profit	198.1	262.5	393.7	678.5	*50.7%*	*72.3%*
EBITDA	159.7	185.9	295.6	517.7	*48.0%*	*75.1%*
Reported PAT	112.5	125.9	167.3	304.3	*39.3%*	*81.9%*
Restated adjusted EPS	6.5	7.2	9.6	17.5	39.3%	81.9%
Cash flow from operating activities	103.2	(134.6)	(72.7)	(210.8)	-226.9%	189.9%
NOPLAT	108.8	124.2	191.7	347.3	47.3%	81.2%
FCF		(45.6)	(33.1)	99.5		
RoIC (%)	39.4%	28.2%	29.3%	41.2%	178 bps	1,190 bps
Revenue growth rate		29.8%	82.4%	46.5%		
Gross profit growth rate		32.5%	50.0%	72.3%		
Gross profit margin	22.7%	23.2%	19.0%	22.4%	(29) bps	336 bps
EBITDA growth rate		16.4%	59.0%	75.1%		
EBITDA margin	18.3%	16.4%	14.3%	17.1%	(120) bps	279 bps
Restated PAT growth rate		11.9%	32.9%	81.9%		
Restated PAT margin	12.9%	11.1%	8.1%	10.0%	(284) bps	196 bps
Inventories days	12	11	13	14	4.6%	5.7%
Trade receivables days	15	21	36	45	43.8%	23.6%
Trade payables days	(22)	(18)	(37)	(42)	24.5%	15.4%
Cash conversion cycle	5	14	13	16	47.7%	29.0%
Fixed asset turnover ratio	12.8	8.8	8.3	10.0	-8.0%	21.2%
Total asset turnover ratio	1.8	1.2	1.1	1.2	-14.1%	3.3%
Current ratio	2.3	1.9	1.5	1.5	-12.6%	3.5%
Quick ratio	2.1	1.8	1.3	1.4	-12.5%	4.5%
Total debt	33.0	322.0	720.2	1,096.3	221.4%	52.2%
Net debt	(119.0)	129.9	359.5	728.2		102.6%
Debt to equity	0.1	0.7	1.2	1.2	125.2%	1.7%
Net debt to EBITDA	(0.7)	0.7	1.2	1.4		15.7%
RoE	36.9%	29.2%	28.2%	34.3%	(257) bps	607 bps
RoA	23.7%	13.1%	9.2%	11.7%	(1,199) bps	259 bps
RoCE	47.1%	40.7%	42.7%	38.8%	(834) bps	(389) bps

Note: Pre-IPO financials; Source: Choice Equity Broking

Competitive strengths:

- One of the fastest growing EPC company with an experience in executing specialised structures
- Healthy order-book giving long term revenue visibility
- Demonstrated project development, execution and operational capabilities
- Efficient business model
- Experienced management team

Business strategy:

- Diversification by leveraging existing capabilities
- Selectively expand its geographical footprint
- Continue to explore hybrid annuity based model to optimize its project portfolio
- Continue focusing on enhancing execution efficiency
- Continue to grow and benefit from the robust future growth of India’s economy and infrastructure

Risk and concerns:

- High Dependency on Government Contracts
- There has been negative cash flow from operating activities in the past and this trend may continue
- Delayed project completions may result in contract termination and negatively impact the business
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)						
	FY21	FY22	FY23	FY24	CAGR over FY21-24	Annual growth over FY23
Revenue from operations	**873.2**	**1,133.8**	**2,068.2**	**3,029.4**	**51.4%**	**46.5%**
Cost of raw materials consumed	(341.6)	(411.5)	(687.1)	(1,053.1)	45.5%	53.3%
Cost of construction	(333.5)	(459.9)	(987.4)	(1,297.8)	57.3%	31.4%
Gross profit	**198.1**	**262.5**	**393.7**	**678.5**	**50.7%**	**72.3%**
Employee benefits expenses	(14.3)	(25.3)	(29.6)	(62.0)	63.2%	109.2%
Other expenses	(24.1)	(51.3)	(68.4)	(98.8)	60.0%	44.4%
EBITDA	**159.7**	**185.9**	**295.6**	**517.7**	**48.0%**	**75.1%**
Depreciation and amortization expenses	(13.5)	(18.6)	(37.6)	(55.0)	59.7%	46.3%
EBIT	**146.2**	**167.3**	**258.0**	**462.7**	**46.8%**	**79.3%**
Finance costs	(6.5)	(10.5)	(51.7)	(94.2)	143.3%	82.1%
Other income	11.6	12.7	18.9	36.8	47.1%	95.2%
PBT	**151.3**	**169.5**	**225.2**	**405.4**	**38.9%**	**80.0%**
Tax expenses	(38.8)	(43.6)	(57.9)	(101.0)	37.6%	74.5%
Reported PAT	**112.5**	**125.9**	**167.3**	**304.3**	**39.3%**	**81.9%**

Consolidated balance sheet statement (Rs. cr)						
	FY21	FY22	FY23	FY24	CAGR over FY21-24	Annual growth over FY23
Equity share capital	1.0	39.3	39.3	78.6	330.9%	100.0%
Other equity	304.3	392.0	553.8	809.2	38.5%	46.1%
Non controlling interest	0.0	0.0	0.0	18.7		0.0%
Non-current borrowings	4.5	170.4	367.6	647.4	422.4%	76.1%
Non-current lease liabilities	0.0	0.0	2.5	4.3		67.9%
Provisions	1.9	1.6	2.5	3.8	26.4%	51.6%
Trade payables	52.4	56.7	358.8	343.6	87.1%	-4.2%
Current borrowings	25.2	145.9	332.5	413.8	154.3%	24.4%
Current lease liabilities	0.0	0.0	0.3	0.8		204.0%
Other current financial liabilities	3.3	5.7	17.2	30.1	108.5%	74.3%
Contract liabilities	20.8	71.4	88.3	148.0	92.5%	67.6%
Other current liabilities	59.2	74.0	60.6	93.1	16.3%	53.6%
Current Provision	1.6	2.1	1.5	1.0	-14.5%	-35.6%
Current Tax Laibilities (net)	0.0	0.0	2.9	0.0		-100.0%
Total liabilities	**474.2**	**959.1**	**1,827.8**	**2,592.2**	**76.2%**	**41.8%**
Property, plant & equipments	67.3	125.5	246.0	296.0	63.8%	20.3%
Capital work-in-progress	0.7	3.9	1.8	2.0	40.2%	8.8%
Right-of-use assets	0.0	0.0	2.8	4.9		77.8%
Intangible Assets	0.0	0.1	0.0	0.1		330.4%
Investments	0.1	0.3	0.3	2.2	164.3%	553.4%
Other financial assets	18.9	29.6	17.2	40.0	28.3%	132.1%
Receivable under service concession arrangements	0.0	118.2	282.8	654.1		131.3%
Deferred tax assets (net)	2.4	2.4	10.9	8.9	55.1%	-18.2%
Other non-current assets	14.4	11.8	0.6	13.9	-1.3%	2081.1%
Inventories	28.3	38.6	106.9	118.3	61.0%	10.6%
Contract assets	52.8	94.1	305.0	402.8	96.9%	32.1%
Investments	12.5	70.5	22.2	0.0	-100.0%	-100.0%
Trade receivable	36.2	95.9	316.3	429.8	128.2%	35.9%
Cash and cash equivalent	152.0	192.1	360.7	368.1	34.3%	2.0%
Loans	0.1	0.1	0.1	0.0	-26.6%	-10.0%
Other financial assets	41.5	12.9	11.2	17.3	-25.3%	54.5%
Receivable under service concession arrangements	0.0	0.0	0.0	7.6		
Current tax assets (net)	0.0	3.6	0.0	9.3		
Other current assets	47.0	159.5	142.8	217.0	66.5%	51.9%
Total assets	**474.2**	**959.1**	**1,827.8**	**2,592.2**	**76.2%**	**41.8%**

Source: Choice Equity Broking

Financial statements (Contd…):

Consolidated cash flow statement (Rs. cr)						
	FY21	FY22	FY23	FY24	CAGR over FY21-24	Annual growth over FY23
Cash flow before working capital changes	160.9	188.0	299.7	522.8	48.1%	74.5%
Working capital changes	(18.5)	(275.1)	(308.7)	(625.1)	223.3%	102.5%
Cash flow from operating activities	**142.4**	**(87.1)**	**(9.0)**	**(102.3)**	**-226.9%**	**189.9%**
Purchase of fixed assets and CWIP	(33.7)	(84.7)	(170.8)	(166.2)	70.2%	-2.7%
Cash flow from investing activities	**(19.6)**	**(163.6)**	**(133.8)**	**(38.2)**	**24.8%**	**-71.5%**
Dividend paid	0.0	0.0	(5.9)	(11.8)		98.7%
Cash flow from financing activities	**(6.5)**	**309.6**	**326.0**	**274.9**	**-448.5%**	**-15.7%**
Net cash flow	**77.1**	**11.4**	**119.5**	**25.9**	**-30.4%**	**-78.3%**
Cash and cash equivalent at the beginning of the year	9.0	86.0	97.5	216.9	189.2%	122.6%
Cash and cash equivalent at the end of the year	86.0	97.5	216.9	242.9	41.3%	12.0%
Net Increase/ (Decrease) in cash and cash equivalents	**77.1**	**11.4**	**119.5**	**25.9**	**-30.4%**	**-78.3%**

Consolidated financial ratios				
Particulars	**FY21**	**FY22**	**FY23**	**FY24**
Profitability ratios				
Revenue growth rate		29.8%	82.4%	46.5%
Gross profit growth rate		32.5%	50.0%	72.3%
Gross profit margin	22.7%	23.2%	19.0%	22.4%
EBITDA growth rate		16.4%	59.0%	75.1%
EBITDA margin	18.3%	16.4%	14.3%	17.1%
EBIT growth rate		14.4%	54.2%	79.3%
EBIT margin	16.7%	14.8%	12.5%	15.3%
Restated PAT growth rate		11.9%	32.9%	81.9%
Restated PAT margin	12.9%	11.1%	8.1%	10.0%
Turnover ratios				
Inventory turnover ratio	30.8	33.9	28.4	26.9
Trade receivable turnover ratio	24.2	17.2	10.0	8.1
Accounts payable turnover ratio	16.7	20.8	10.0	8.6
Fixed asset turnover ratio	12.8	8.8	8.3	10.0
Total asset turnover ratio	1.8	1.2	1.1	1.2
Liquidity ratios				
Current ratio	2.3	1.9	1.5	1.5
Quick ratio	2.1	1.8	1.3	1.4
Total debt	33.0	322.0	720.2	1,096.3
Net debt	(119.0)	129.9	359.5	728.2
Debt to equity	0.1	0.7	1.2	1.2
Net debt to EBITDA	(0.7)	0.7	1.2	1.4
Cash flow ratios				
CFO to PAT	0.9	(1.1)	(0.4)	(0.7)
CFO to Capex	3.1	(1.6)	(0.4)	(1.3)
CFO to total debt	3.1	(0.4)	(0.1)	(0.2)
CFO to current liabilities	0.6	(0.4)	(0.1)	(0.2)
Return ratios				
RoIC (%)	39.4%	28.2%	29.3%	41.2%
RoE (%)	36.9%	29.2%	28.2%	34.3%
RoA (%)	23.7%	13.1%	9.2%	11.7%
RoCE (%)	47.1%	40.7%	42.7%	38.8%
Per share data				
Restated EPS (Rs.)	6.5	7.2	9.6	17.47
BVPS (Rs.)	17.5	24.8	34.0	51.0
DPS (Rs.)	0.0	0.0	0.3	0.7
Operating cash flow per share (Rs.)	5.9	(7.7)	(4.2)	(12.1)
Dividend payout ratio (%)	0.0	0.0	3.5%	3.9%

Source: Choice Equity Broking

IPO rating rationale

Subscribe: An IPO with strong growth prospects and valuation comfort.
Subscribe with Caution: Relatively better growth prospects but with valuation discomfort.
Avoid: Concerns on both fundamentals and demanded valuation.

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