

Rating

SUBSCRIBE

(Only for High Risk Investors)

Issue Offer

Issue Opens on	March 20, 2023
Issue Close on	March 23, 2023
Total IPO size (cr)	66.00
Fresh issue (cr)	66.00
Offer For Sale (cr)	Nil
Price Band (INR)	33-35
Market Lot	428
Face Value (INR)	10
Retail Allocation	60%
Listing On	NSE, BSE

Objects of the issue

- Funding incremental working capital requirements of the Company.
- General corporate purposes.

Issue Break-up (%)

QIB Portion	10
NIB Portion	30
Retail Portion	60

Shareholding (No. of Shares)

Pre Issue	36,500,000
Post Issue	55,357,143

Indicative Timetable

Finalisation of Basis of Allotment	28-03-2023
Refunds/Unblocking ASBA Fund	29-03-2023
Credit of equity shares to DP A/c	31-03-2023
Trading commences	03-04-2023

Incorporated in 2019, Udayshivakumar Infra Limited is engaged in the business of construction of roads including National Highways, State Highways, District Roads, Smart Roads under PM's Smart City Mission projects, Smart Roads under Municipal Corporations, Bruhat Bengaluru Mahanagara Palike (BBMP) and Local Area Roads in various Taluka Places etc., in the State of Karnataka, Constructions of Bridges across Major and Minor Rivers, Railway Over Bridges (ROB), construction of Major and Minor Irrigation and canal projects, Industrial Areas, based in the State of Karnataka. The Company bid for Roads, Bridges, Irrigation & Canals, Industrial Area construction in the State of Karnataka including Government Departments.

- The Company along with the erstwhile partnership firm, M/s. Udayshivakumar, have executed various projects in the State of Karnataka. Since Fiscal 2015, The Company along with the erstwhile partnership firm, M/s. Udayshivakumar, have completed 30 projects having an aggregate contract value of ₹68,468 lakhs.
- As on December 31, 2022, they also have new work orders allotted (but work not yet started) comprising of fourteen (14) roads, one (1) toll plaza and one (1) irrigation works with an aggregate order book value of ₹ 43,650.98 lakhs.
- In addition to independently undertaking projects like the ones they have executed in the past, they intend to enter into joint ventures with other infrastructure companies in the industry to jointly bid and execute larger projects.
- In order to execute the work on time and to reduce the cost of procurement for the raw material required for completion of a civil projects, the Company has set-up RMC plants at different locations as backward integration. After captive consumption, the RMC are also sold to other small contractors, commercial and residential builders for their construction projects

Outlook & Valuation: Developing and modernizing the infrastructure sector has been a priority for the Government of India and has witnessed increasing public investments and budgetary support. Udayshivakumar Infra is engaged in the construction of roads, bridges, and flyovers in the state of Karnataka. The company has a strong order book and great execution capabilities with industry experience. Over the last 3 years, the company has reported a mix set of financial results. The company is operating in a limited geographic location where it is dependent on a limited number of clients, especially government projects, which could be a risk. The IPO is coming at a P/E valuation of 10.51, which is fairly priced. So, finally, our view on the overall sector is bullish, but as this particular offer is very small in size, **we will recommend only High-risk investors to Subscribe this IPO.**

KEY MANAGERIAL PERSONNEL

- Udayshivakumar is the Promoter, Chairman and Managing Director on the Board of the Company. He founded the erstwhile sole proprietorship 'M/s Udayshivakumar' in 2002 and has over 20 years of experience in the civil construction sector.
- Manjushree Shivakumar is an Executive Director on the Board of the Company. She has been associated with the Company since 2020 in the capacity of a manager in the bidding and tender procurement department and the accounts and finance department and was appointed as an Executive Director with effect from August 30, 2022.
- Kodachawad Sheetakumar M, is the Chief Financial Officer of the Company. He holds a bachelor's degree in commerce from Karnatak University. He is responsible for handling finance and accounting matters of the Company.
- Sanjeevani Shivaji Redekar, is the Company Secretary and Compliance Officer of the Company. She is responsible for handling secretarial matters of the Company.

COMPETITIVE STRENGTHS

- Focused on Roads, Flyovers and Bridge construction.
- Strong Order Book of roads, bridges, flyovers and irrigation projects from Karnataka state government.
- Strong execution capabilities with industry experience
- Experienced management team.

KEY STRATEGIES

- Maintain focus on Roads, Bridge and Irrigation projects construction.
- Expansion of geographical footprint.
- To enter into joint venture arrangements with other infrastructure companies to bid and execute large value projects.
- Diversification of business activities.

KEY CONCERNS

- Company business is concentrated in Karnataka state only. Any adverse change in such single state can affect company business.
- The Company derive a significant portion of its revenue from a limited number of clients.
- The Company derive majority of its revenue from civil construction and termination of these contracts or failure to get new one could impact its business.
- Its projects are exposed to various implementation and other risks, including risks of time and cost overruns, and uncertainties, which may adversely affect the business.
- There are outstanding litigations involving the Company, if determined adversely, may adversely affect the business and financial condition.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2022)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
Udayshivakumar Infra Limited	3.33	18.72	-	18,562.92	17.78
Peer Group					
KNR Constructions Limited	13.58	91.00	19.11	3,60,582.24	14.32
PNC Infratech Limited	22.63	141.42	14.59	7,20,803.56	16.00
HG Infra Engineering Limited	58.31	220.34	11.23	3,75,143.10	26.47
IRB Infrastructure Developers Limited	8.69	208.07	32.19	5,80,370.00	26.47

FINANCIALS (RESTATED CONSOLIDATED)

Particulars (Rs. In Millions)	FY 2022	FY 2021	FY 2020
Equity Share Capital	3,650.00	3,650.00	3,650.00
Other Equity	3,182.14	1,968.04	1,036.51
Net Worth	683.2	561.8	468.7
Total Borrowings	557.12	738.92	1,588.92
Revenue from Operations	18,562.92	21,039.67	19,360.78
EBITDA	2,488.91	2,363.03	2,506.80
Profit Before Tax	1,601.37	1,231.67	1,418.52
Net Profit for the year	1,214.81	931.92	1,048.72

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