

Ceigall India Ltd

IPO Note



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Specialized EPC Infrastructure Player

Incorporated in July 2002, the company has established itself as a significant player in India's infrastructure construction sector, specializing in engineering, procurement, and construction (EPC) projects. Its portfolio includes elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, expressways, and runways. The company has a strong track record of timely and efficient project execution, evolving from a small construction firm to an established EPC player across ten states in India.

The company has built strong relationships with key public sector clients such as the National Highways Authority of India (NHAI), Indian Railway Construction International Limited (IRCON), and Military Engineer Services (MES). It forms project-specific joint ventures to meet specific eligibility requirements and expand its project portfolio.

The company is also empaneled with the Delhi Metro Rail Corporation Limited and a public sector undertaking for highway, bridge, and tunnel construction in north-eastern India. These strategic partnerships position the company to capitalize on the growing infrastructure investment by the Government of India.

The success of the company is driven by its dedicated management team, led by Promoter and Managing Director Ramneek Sehgal, who has over 20 years of experience in the construction industry. The team's strong industry understanding enables effective identification and capitalization on market opportunities.

The company has a reputation for delivering projects either on time or ahead of schedule, with several EPC projects completed before their deadlines. Its efficient project execution, low operational expenses, and strategic resource utilization underscore its strong position in India's infrastructure construction sector.

Key Consolidated Financial Data (INR Cr, unless specified)

	Revenue (INR)	EBITDA (INR)	Net Profit (INR)	EBITDA Margin (%)	PAT Margin (%)	EPS (INR)	ROE (%)	ROCE (%)	P/E (X)	P/BV (X)
FY21	873.2	159.7	112.5	18.3	12.9	6.5	36.8	32.5	62.1	22.9
FY22	1,133.8	185.9	125.9	16.4	11.1	7.2	29.2	16.6	55.5	16.2
FY23	2,068.2	295.6	167.3	14.3	8.1	9.6	28.2	14.8	41.8	11.8

Source: Ventura Research & Company update

Industry	Infrastructure
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Scrip Details

Listing	BSE & NSE
Open Date	Aug 01, 2024
Close Date	Aug 05, 2024
Price Band	INR 380 – 401
Face Value	INR 5.0
Market Lot	37 Shares
Minimum Lot	1

Issue Structure (%)

Issue Size (INR cr)	INR 1,252.7
Issue Size (Shares)	31,238,480
QIB Share (%)	≥ 50%
Non-Inst Share (%)	≤ 35%
Retail Share (%)	≥ 15%
Pre Issue sh (in cr)	15.7
Post Issue sh (in cr)	17.7
Post Issue Market Cap (in cr)	6,985

TOTAL	100.0
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Shareholding (%)

	Pre (%)	Post (%)
Promoter	99.99	82.06
Public	0.01	17.94

TOTAL	100	100
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Issue Structure and Offer Details

Ceigall India IPO is a book built issue of INR 1,252.66 cr. The issue is a combination of fresh issue of 1.71 cr shares aggregating to INR 684.25 cr and offer for sale of 1.42 cr shares aggregating to INR 568.41 cr.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50.00% of the Net Issue
NII (HNI)	Not more than 15.00% of the Net Issue
Retail	Not less than 35.00% of the Net Issue

Number of shares based on a higher price band of INR 401

Source: Company Reports

Objects of the Issue

The Company proposes to utilize the Net Proceeds towards funding the following objects:

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

Financial Summary

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
Income Statement				Per share data & Yields			
Revenue	873.2	1,133.8	2,068.2	Adjusted EPS (INR)	6.5	7.2	9.6
YoY Growth (%)		29.8	82.4	Adjusted Cash EPS (INR)	7.2	8.3	11.8
Raw Material Cost	0.0	0.0	0.0	Adjusted BVPS (INR)	17.5	24.8	34.0
RM Cost to Sales (%)	0.0	0.0	0.0	Adjusted CFO per share (INR)	5.9	(7.7)	(4.2)
Employee Cost	14.3	25.3	29.6	CFO Yield (%)	1.5	(1.9)	(1.0)
Employee Cost to Sales (%)	1.6	2.2	1.4	Adjusted FCF per share (INR)	4.3	(11.8)	(10.9)
Other Expenses	699.2	922.6	1,742.9	FCF Yield (%)	1.1	(3.0)	(2.7)
Other Exp to Sales (%)	80.1	81.4	84.3	Solvency Ratio (X)			
EBITDA	159.7	185.9	295.6	Total Debt to Equity	0.1	0.7	1.2
Margin (%)	18.3	16.4	14.3	Net Debt to Equity	(0.4)	0.1	0.5
YoY Growth (%)		16.4	59.0	Net Debt to EBITDA	(0.8)	0.3	1.1
Depreciation & Amortization	13.5	18.6	37.6	Return Ratios (%)			
EBIT	146.2	167.3	258.0	Return on Equity	36.8	29.2	28.2
Margin (%)	16.7	14.8	12.5	Return on Capital Employed	32.5	16.6	14.8
YoY Growth (%)		14.4	54.2	Return on Invested Capital	85.7	34.5	28.3
Other Income	11.6	12.7	18.9	Working Capital Ratios			
Bill discounting & other charges	6.5	10.5	51.7	Payable Days (Nos)	21.9	18.2	63.3
Fin Charges Coverage (X)	22.4	15.9	5.0	Inventory Days (Nos)	11.8	12.4	18.9
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	15.1	30.9	55.8
PBT	151.3	169.5	225.2	Net Working Capital Days (Nos)	5.0	25.1	11.4
Margin (%)	17.3	14.9	10.9	Net Working Capital to Sales (%)	1.4	6.9	3.1
YoY Growth (%)		12.0	32.9	Valuation (X)			
Tax Expense	38.8	43.6	57.9	P/E	62.1	55.5	41.8
Tax Rate (%)	25.6	25.7	25.7	P/BV	22.9	16.2	11.8
PAT	112.5	125.9	167.3	EV/EBITDA	42.9	37.9	24.7
Margin (%)	12.9	11.1	8.1	EV/Sales	7.8	6.2	3.5
YoY Growth (%)		11.9	32.9	Cash Flow Statement			
Min Int/Sh of Assoc	0.0	0.0	0.0	PBT	151.3	169.5	225.2
Net Profit	112.5	125.9	167.3	Adjustments	9.6	(194.6)	(253.3)
Margin (%)	12.9	11.1	8.1	Change in Working Capital	(18.5)	(65.8)	13.3
YoY Growth (%)		11.9	32.9	Less: Tax Paid	(38.8)	(43.6)	(57.9)
Balance Sheet				Cash Flow from Operations	103.6	(134.6)	(72.7)
Share Capital	1.0	39.3	39.3	Net Capital Expenditure	(32.9)	(79.7)	(156.4)
Total Reserves	304.3	392.0	553.8	Change in Investments	13.3	(83.9)	22.6
Shareholders Fund	305.3	431.3	593.1	Cash Flow from Investing	(19.6)	(163.6)	(133.9)
Long Term Borrowings	4.5	170.4	367.6	Change in Borrowings	0.0	320.6	383.6
Deferred Tax Assets / Liabilities	(2.4)	(2.4)	(10.9)	Less: Finance Cost	(6.5)	(10.5)	(51.7)
Other Long Term Liabilities	0.0	0.0	2.5	Proceeds from Equity	0.0	(0.5)	0.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	1.9	1.6	2.5	Dividend Paid	0.0	0.0	(5.9)
Total Liabilities	309.3	600.9	954.8	Cash flow from Financing	(6.5)	309.6	326.0
Net Block	67.3	125.6	248.8	Net Cash Flow	77.5	11.4	119.5
Capital Work in Progress	0.7	3.9	1.8	Forex Effect	0.0	0.0	0.0
Intangible assets under development	0.0	0.0	0.0	Opening Balance of Cash	9.0	86.0	97.5
Non Current Investments	0.1	0.3	0.3	Closing Balance of Cash	86.0	97.5	216.9
Long Term Loans & Advances	14.1	14.2	8.6				
Other Non Current Assets	19.2	145.3	292.1				
Net Current Assets	207.8	311.6	403.1				
Total Assets	309.3	600.9	954.8				

Source: Ventura Research

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