



## Issue Details

Issue Open Date

**20<sup>th</sup>**

March 2023

Issue Close Date

**23<sup>th</sup>**

March 2023

Lot Size

**428 Shares****₹33/- to ₹35/-**

Price Band

Issue Size

**₹0.66 bn****18.85 mn shares**

No of Shares

Face Value

**₹10/- per share**



## Offer Breakup

Category	Allocation	Issue size (No. of Shares)	
		Lower Band	Upper Band
QIB	10%	6,22,28,568.60	6,59,99,997.00
NIL	30%	18,66,85,705.80	19,79,99,991.00
Retail	60%	37,33,71,686.00	39,59,99,970.00
<b>Total</b>	<b>100%</b>	<b>62,22,85,686.00</b>	<b>65,99,99,900.00</b>





## About Company

Incorporated on 22 August, 2002, Udayshivakumar Infra Limited (UIL) is a company engaged in the 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), local area roads in various taluka places, etc. in the state of Karnataka. The company is also engaged in construction of bridges across major and minor rivers, Railway Over Bridges (ROB), construction of major and minor irrigation and canal projects in Karnataka. As on December 31, 2022, the company's equipment base comprised 111 construction pieces of equipment, 46 dumpers, 51 other construction vehicles, and seven Ready Mix Concrete (RMC) plants (out of which one is taken on lease). Also, they have one stone quarry owned by M/s. Udayshivakumar Stone Crusher

## Objects of the issue

**The net proceeds from the fresh issue will be used towards the following purposes:**

- a) Funding incremental working capital requirements of the company.
- b) General corporate purposes.





Strengths



**Strong order book of roads**



**Irrigation projects from Karnataka State Government**



**Experienced management team**

Risks



**Not mentioned in the RHP**



## Investment Rationale

### Large and consistent order book of roads, flyovers, and irrigation projects from the Karnataka state government

The primary focus on roads, bridges, flyovers and irrigation projects has helped UIL in gaining technical expertise for undertaking projects of different sizes involving varying degrees of complexities by establishing a modern fleet of construction machinery, equipment, and skilled manpower. As on 31 December, 2022, UIL had an order book of 46 projects (including 24 roads, 7 smart roads, 1 bridge, 9 irrigation projects, 3 civil construction works, and 2 toll plazas) with a total value of Rs. 12,903.8 million, out of which 30 projects are underway and work is yet to begin on the remaining 14 projects. The consistent growth in order book in the past was primarily due to UIL's ability to successfully bid and win new projects. Technical capabilities, timely performance, reputation for quality and timely delivery, financial strength as well as price competitiveness have enabled the company to successfully bid and win projects. UIL has developed long-standing relationships with clients like PWD, NH, Morth, BBMP KBJNL, VJNL, KIADB, DHUDA, KPWP & IWTD, and other local bodies.

### Strong execution capabilities and experienced management team

Since fiscal 2015, UIL along with the erstwhile partnership firm, M/s. Udayshivakumar has completed 30 projects, having an aggregate contract value of Rs. 6,846.8 million. UIL has three important ingredients required by any infrastructure company i.e., an in-house design and engineering team, a fleet of modern construction machinery and equipment to ensure high-quality construction, and skilled manpower to execute projects on time. The in-house engineering team of 27 engineers has the necessary skills and expertise in preparing detailed architectural and/or structural designs based on the conceptual requirements of clients. UIL's management team is well qualified and experienced in the roads, bridges, and irrigation projects' construction and has been responsible for the growth of their business and operations. The company's promoter has more than 25 years of experience in the infrastructure sector and has been instrumental in driving growth since the inception of the business..

### Valuation and Outlook

Going forward, UIL intends to capitalize on its experience and continue to selectively pursue larger roads, bridges, and irrigation projects, both independently and in partnership with other players. Inhouse integration has been an integral part of growth over the years and the company seeks to further enhance its in-house competencies by expanding into various functional aspects of projects, thereby eliminating dependence on third parties to avoid risks and minimizing costs associated with these functions. On the financial front, UIL's EBITDA margin (11.19% in FY21 vs 13.35% in FY22 vs 16.16% in 6MFY23) and PAT margin (4.41% in FY21 vs 6.52% in FY22 vs 9.35% in 6MFY23) have shown an improving trend. However, the company carries concentration risk as it is primarily focused on the State of Karnataka and there has been no meaningful growth in revenues over the past few years. At the upper end of the price band, the issue is valued at a P/E of 11x based on FY2022 earnings which we feel is reasonable. Hence, we recommend a "SUBSCRIBE" rating for the benefit of listing gains.



## Important Financials Data

For the year/period ended (in Crore)

IPO closing Date	FY20	FY21	FY22	H1FY23
Revenue				
Revenue from Operations	1,936	2,104	1,856	1,066
Total Revenue	1,936	2,104	1,856	1,066
Expenses				
Cost of raw material and components consumed	281	361	353	317
Construction expense	1,409	1,456	1,183	687
Changes in inventories	(39)	11	4	(137)
Employee benefit expenses	31	35	37	17
Other expenses	11	11	39	17
Total Operating Expenses	1,693	1,875	1,615	898
EBITDA	243	229	241	168
Depreciation and Amortization expenses	57	49	54	25
Other income	8	7	8	5
EBIT	194	188	195	148
Finance costs	52	34	34	19
Exceptional item	-	13	-	-
PBT	142	123	160	132
Current tax	35	37	40	33
Deferred Tax charge/ (credit)	2	(7)	(2)	(1)
Total tax	37	30	39	32
PAT	105	93	121	100
Diluted EPS	2.9	2.6	3.3	2.8



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## Last 10 IPO Performances

IPO Listing Date	Company Name	Issue Size (Rs.)	Current Price at BSE (Rs.)	Current Price at NSE (Rs.)	Gain (%)
mar 14, 2023	Divgi TorqTransfer Systems Limited	590	605.15	624.55	5.86
Jan 04, 2023	Radiant Cash Management Services Limited	94	96.64	97.2	2.81
Apr 13, 2022	Hariom Pipe Industries Limited	153	447.15	446.7	192.25
May 24, 2022	Venus Pipes & Tubes Limited	326	728.5	728.35	123.47
Feb 08, 2022	Adani Wilmar Limited	230	474.5	474.4	106.3
Nov 22, 2022	Kaynes Technology India Ltd	587	934.1	931.15	59.13
Apr 08, 2022	Ruchi Soya Industries Ltd	650	1009.35		55.28
Nov 21, 2022	Archean Chemical Industries Limited	407	621.45	621.65	52.69
Nov 16, 2022	Global Health Limited	336	508.85	508.85	51.44
Apr 11, 2022	Veranda Learning Solutions Limited	137	197.9	199.2	44.45



## Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

### Analyst (s) Certification :

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