

Ceigall India | BUY

Weak quarter; order backlog to be entirely executable by Dec-25

Ceigall India's (CIL) 1Q26 PAT at INR 559mn missed JMFe of INR 586mn due to lower margins and higher interest costs despite higher other income. EBITDA margins fell 210 bps YoY to 11.4% (JMFe: 12%) due to lower gross margins. Gross debt rose from INR 6.4bn in Mar-25 to INR 6.8bn in June-25 due to seasonality. Order backlog adjusted for cancellation of Bhubhaneshwar metro order stood at INR 94bn (2.8x TTM revenue). While only 55% of current backlog is under execution, it will entirely executable by Dec-25. CIL has maintained its revenue growth of 10-15% YoY with pure EPC EBITDA margins (ex of bonus and royalty) of 11-12% for FY26E. With bids worth INR 160bn already submitted, CIL expects inflows of INR 50bn for FY26E. We see sharp EPC cut of 11%/9%/9% in FY26/27/28E factoring in lower revenue/margins amid cancellation of metro project, delay in AD for few HAM projects and weaker margin trajectory. CIL is currently trading at 11.8x/10.6x FY27/28E EPS. We value the EPC business at 13x FY27E EPS to arrive at SoTP based revised price target of INR 342. Maintain Buy.

- **PAT below JMFe due to lower margins and higher interest cost:** Revenue grew by 8% YoY to INR 8.2bn (JMFe: INR 8.35bn). EBITDA declined 7% YoY to INR 935mn (JMFe: INR 1bn). EBITDA margins at 11.4% (JMFe: 12%) fell sharply by 210bps YoY due to lower gross margins (down 240bps YoY). Interest cost remained flat YoY at INR 216mn (JMFe: INR 190mn). Other income increased by 82% YoY to INR 152mn (JMFe: INR 100mn). Gross debt rose from INR 6.4bn in Mar-25 to INR 6.8bn in June-25 due to seasonality. Adjusted PAT declined by 5% YoY to INR 559mn (JMFe: INR 586mn) due to lower margins and higher interest costs despite higher other income.
- **Robust order backlog; to be entirely executable by Dec-25:** CIL received weak order inflows of c.INR 4bn in YTD. Order backlog adjusted for cancellation of Bhubhaneshwar metro order stood at INR 94bn (2.8x TTM revenue). While only 55% of current backlog is under execution, it will entirely executable by Dec-25. CIL has bid for orders worth INR 160bn across verticals like highways, railways, metro, irrigation and urban development where results are awaited.
- **Maintains guidance for FY26E:** CIL has maintained its 10-15% YoY revenue growth guidance with core EPC EBITDA margins of 11-12% for FY26E. CIL has guided for order inflows of INR 50bn for FY26E. For its HAM portfolio of 9 assets, total equity requirement is c.INR 13bn of which INR 4.2bn is infused till Jun-25 while remainder equity is to be invested over FY26-28E.
- **Maintain BUY with revised price target of INR 342:** Given the delay in ADs for HAM projects, cancellation of Bhubhaneshwar metro project and weaker margin trajectory, we have cut EPS by 11%/9%/9% in FY26/27/28E. Having said that, we expect EPS CAGR of 18% over FY25-28E backed by strong order backlog. We expect balance sheet to remain lean with net debt/equity of (0x) and net debt + mobilization advances/EBITDA of (0.1x) in Mar'28E. Valuations at 11.8x/10.6x FY27/28E EPS (prior to adjustment for value of assets) is attractive. We value the EPC business at 13x FY27E EPS and HAM portfolio on P/B basis to arrive at an SOTP-based revised price target of INR 342. Maintain BUY.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	342
Upside/(Downside)	32.8%
Previous Price Target	370
Change	-7.6%

Key Data – CEIGALL IN

Current Market Price	INR258
Market cap (bn)	INR44.9/US\$0.5
Free Float	18%
Shares in issue (mn)	174.2
Diluted share (mn)	174.2
3-mon avg daily val (mn)	INR104.6/US\$1.2
52-week range	425/229
Sensex/Nifty	79,858/24,363
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	-6.8	-11.8	-33.3
Relative*	-3.8	-15.7	-33.5

* To the BSE Sensex

Financial Summary

	(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	29,547	33,709	37,075	44,493	49,837
Sales Growth (%)	43.1	14.1	10.0	20.0	12.0
EBITDA	4,386	4,184	4,627	5,580	6,249
EBITDA Margin (%)	14.8	12.4	12.5	12.5	12.5
Adjusted Net Profit	2,769	2,599	2,985	3,797	4,230
Diluted EPS (INR)	17.6	14.9	17.1	21.8	24.3
Diluted EPS Growth (%)	49.4	-15.4	14.9	27.2	11.4
ROIC (%)	31.1	18.2	15.0	16.6	16.1
ROE (%)	37.1	19.4	15.3	16.6	15.7
P/E (x)	14.6	17.3	15.1	11.8	10.6
P/B (x)	4.6	2.5	2.1	1.8	1.5
EV/EBITDA (x)	10.6	11.0	9.7	7.7	7.0
Dividend Yield (%)	0.3	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 08/Aug/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Quarterly standalone performance

INR mn	1Q25	2Q25	3Q25	4Q25	FY25	1Q26	1Q26E	Variance	FY26E	FY27E	FY28E
Net Sales	7,592	8,097	8,102	9,918	33,709	8,183	8,351	-2.0%	37,075	44,493	49,837
EBITDA	1,023	1,019	1,050	1,092	4,184	935	1,003	-6.8%	4,627	5,580	6,249
EBITDA margin (%)	13.5%	12.6%	13.0%	11.0%	12.4%	11.4%	12.0%		12.5%	12.5%	12.5%
Other income	83	147	97	204	532	152	100	51.5%	625	635	580
Depreciation	109	120	131	155	515	128	130	-1.7%	548	599	668
Interest	217	197	104	205	724	216	190	13.6%	716	542	509
PBT	779	850	912	936	3,477	743	783	-5.1%	3,989	5,074	5,653
Tax	192	217	230	240	879	184	197	-6.9%	1,004	1,277	1,423
Effective tax rate (%)	24.6%	25.5%	25.2%	25.6%	25.3%	24.7%	25.2%		25.2%	25.2%	25.2%
PAT	587	633	682	696	2,599	559	586	-4.5%	2,985	3,797	4,230
Extra-ordinary items	103.6	-	-	-	103.6	-	-		-	-	-
Reported PAT	691	633	682	696	2,702	559	586	-4.5%	2,985	3,797	4,230
Adjusted EPS	3.4	3.6	3.9	4.0	14.9	3.2	3.4	-4.5%	17.1	21.8	24.3

YoY growth (%)

Net sales	18.0%	14.2%	8.8%	15.6%	14.1%	7.8%		10.0%	20.0%	12.0%
EBITDA	12.4%	-1.4%	-6.5%	-17.3%	-4.6%	-8.6%		10.6%	20.6%	12.0%
Other income	9.0%	83.1%	-29.5%	169.2%	43.5%	82.2%		17.5%	1.7%	-8.6%
Interest	28.5%	27.7%	-33.3%	54.5%	18.2%	-0.7%		-1.1%	-24.2%	-6.2%
Depreciation	-9.3%	2.7%	27.0%	24.8%	10.9%	17.4%		6.4%	9.4%	11.5%
PBT	11.8%	0.8%	-8.9%	-17.9%	-5.5%	-4.7%		14.7%	27.2%	11.4%
Adjusted PAT	14.6%	-1.5%	-8.8%	-19.7%	-6.2%	-4.8%		14.9%	27.2%	11.4%
Reported PAT	34.8%	-1.5%	-8.8%	-19.7%	-2.4%	-19.1%		10.5%	27.2%	11.4%

Source: Company, JM Financial

Exhibit 2. Key assumptions

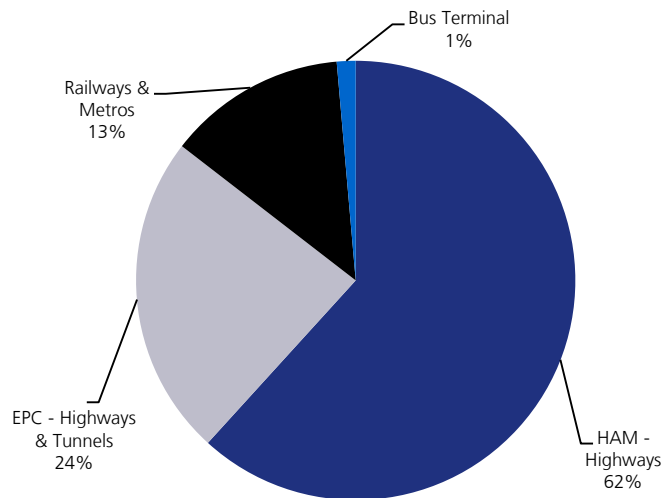
INR mn	FY24A	FY25A	FY26E	FY27E	FY28E
Order Inflows	35,835	40,516	50,000	60,000	75,000
EBITDA margins	14.8%	12.4%	12.5%	12.5%	12.5%
Gross Debt	5,069	6,359	5,500	4,000	4,500
Net WC days*	92	157	140	105	100
Capex	728	1,032	250	500	750

Source: Company, JM Financial; *: ex of L&A to subs and ex of free cash

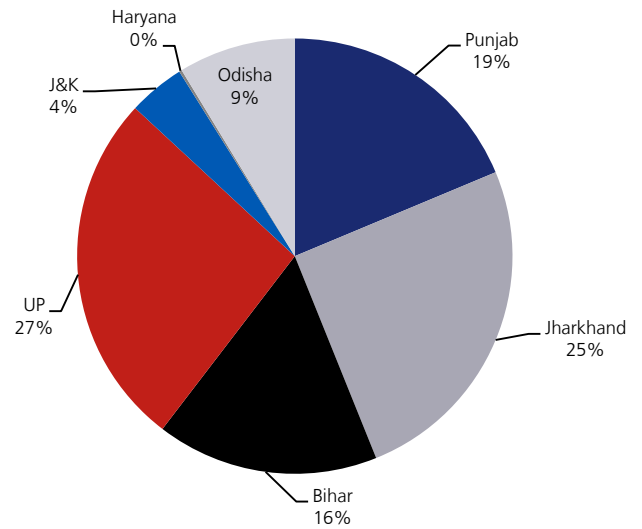
Exhibit 3. Change in estimates

INR mn	FY26E			FY27E			FY28E		
	New	Old	% chg	New	Old	% chg	New	Old	% chg
Net Sales	37,075	38,766	(4.4)	44,493	46,525	(4.4)	49,837	52,155	(4.4)
EBITDA	4,627	5,056	(8.5)	5,580	6,049	(7.8)	6,249	6,803	(8.1)
EBITDA margin %	12.5	13.0		12.5	13.0		12.5	13.0	
Adj. PAT	2,985	3,347	(10.8)	3,797	4,184	(9.3)	4,230	4,652	(9.1)
Diluted EPS	17.1	19.2	(10.8)	21.8	24.0	(9.3)	24.3	26.7	(9.1)

Source: Company, JM Financial

Exhibit 4. Highway segment dominates the order backlog*

Source: Company, JM Financial; *: INR 103bn as of Jun'25

Exhibit 5. Well-diversified order backlog* in terms of geography

Source: Company, JM Financial; *: INR 103bn as of Jun'25

Exhibit 6. SoTP-based price target of INR 342

Segment	Valuation Methodology	Value driver	Multiple (x)	Fair Valuation	INR/share
EPC business	PEx Mar-27E PAT	3,797	13.0	49,355	283
HAM assets	P/Bx Mar-27E	9,737	1.1	10,542	61
- 3 assets to be monetized	P/Bx Mar-27E	2,685	1.3	3,490	20
- 6 new assets	P/Bx Mar-27E	6,833	1.0	6,833	39
(b) Assets to be won	P/Bx Mar-27E	219	1.0	219	1
Less - Promoter loan in Bathinda Dabwali HAM		206	1.3	268	2
Total				59,629	342

Source: Company, JM Financial

Key conference call takeaways

- **FY26 Guidance:** Revenue growth: 10-15% YoY; Pure EPC EBITDA margins: 11-12%; order inflow: INR 50bn (earlier: INR 55bn).
- **Bid pipeline:** CIL has submitted bids of INR 160bn across highways, railways, metro, power T&D, irrigation and urban development where results are awaited.
- **Appointed dates:** Ceigall expects AD for VRK-11 & VRK-12 in 3Q26E, Ludhiana-Bathinda in Sept-25 and Southern Ludhiana bypass in Oct-25.
- **Equity requirement:** CIL has invested INR 4.2bn till Jun-25. Its pending equity requirement stands at c.INR 8.7bn for its HAM portfolio which is to be invested over FY26-FY28E.
- **CIL has removed Bhubaneswar Metro** project (INR 8.9bn) from its order backlog due to cancelation of the same. CIL had spent c.INR 300mn on this project and expects to recover the claims and money spent from client. CIL is open to bid for new tender as well.

Exhibit 7. CIL's HAM asset portfolio

INR mn	State	Length (km)	Authority	AD	BPC	EPC Value	Equity	Equity Invested*	CIL's share of equity*
Malout Abohar	Punjab	65	NHAI	Received	8,196	6,384	1,029	1,029	1,029
Bathinda Dabwali	Punjab	27	NHAI	Received	5,545	4,286	841	841	635
Jalbehra Shahbad	Haryana	23	NHAI	Received	6,840	5,400	852	852	852
Ludhiana Bathinda**	Punjab	68	NHAI	Awaited	8,800	8,613	1069	16	16
VRK Package – 11	Jharkhand	37	NHAI	Awaited	16,560	15,000	2,797	78	78
VRK Package – 12	Jharkhand	33	NHAI	Awaited	13,050	11,510	2,104	70	70
Northern Ayodhya Bypass	UP	37	NHAI	Received	11,993	11,100	1,680	283	283
Southern Ayodhya Bypass	UP	34	NHAI	Received	12,992	12,060	1,820	1,231	1,231
Southern Ludhiana Bypass**	Punjab	25	NHAI	Awaited	9,230	8,613	1293	8	8
Total		281			93,206	82,966	13,485	4,408	4,202

Source: Company, JM Financial; *: as of Jun-25; **: estimate

Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	29,547	33,709	37,075	44,493	49,837
Sales Growth	43.1%	14.1%	10.0%	20.0%	12.0%
Other Operating Income	0	0	0	0	0
Total Revenue	29,547	33,709	37,075	44,493	49,837
Cost of Goods Sold/Op. Exp	23,714	28,054	30,784	36,925	41,344
Personnel Cost	572	383	441	520	598
Other Expenses	876	1,088	1,223	1,468	1,645
EBITDA	4,386	4,184	4,627	5,580	6,249
EBITDA Margin	14.8%	12.4%	12.5%	12.5%	12.5%
EBITDA Growth	47.0%	-4.6%	10.6%	20.6%	12.0%
Depn. & Amort.	464	515	548	599	668
EBIT	3,922	3,669	4,080	4,981	5,581
Other Income	370	532	625	635	580
Finance Cost	612	724	716	542	509
PBT before Excep. & Forex	3,680	3,477	3,989	5,074	5,653
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	3,680	3,477	3,989	5,074	5,653
Taxes	911	879	1,004	1,277	1,423
Extraordinary Inc./Loss(-)	0	104	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	2,769	2,702	2,985	3,797	4,230
Adjusted Net Profit	2,769	2,599	2,985	3,797	4,230
Net Margin	9.4%	7.7%	8.1%	8.5%	8.5%
Diluted Share Cap. (mn)	157.1	174.2	174.2	174.2	174.2
Diluted EPS (INR)	17.6	14.9	17.1	21.8	24.3
Diluted EPS Growth	49.4%	-15.4%	14.9%	27.2%	11.4%
Total Dividend + Tax	118	0	0	0	0
Dividend Per Share (INR)	0.7	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,680	3,477	3,989	5,074	5,653
Depn. & Amort.	464	515	548	599	668
Net Interest Exp. / Inc. (-)	612	724	716	542	509
Inc (-) / Dec in WCap.	-1,886	-6,413	-101	1,954	-472
Others	0	104	0	0	0
Taxes Paid	-951	-906	-1,004	-1,277	-1,423
Operating Cash Flow	1,920	-2,499	4,147	6,892	4,935
Capex	-728	-1,032	-250	-500	-750
Free Cash Flow	1,191	-3,531	3,897	6,392	4,185
Inc (-) / Dec in Investments	-1,197	-1,420	-2,117	-4,216	-4,244
Others	0	0	0	0	0
Investing Cash Flow	-1,926	-2,452	-2,367	-4,716	-4,994
Inc / Dec (-) in Capital	0	6,506	0	0	0
Dividend + Tax thereon	-118	0	0	0	0
Inc / Dec (-) in Loans	421	1,290	-859	-1,500	500
Others	-608	-721	-716	-542	-509
Financing Cash Flow	-305	7,074	-1,575	-2,042	-9
Inc / Dec (-) in Cash	-311	2,123	205	134	-68
Opening Cash Balance	3,593	3,282	5,405	5,610	5,744
Closing Cash Balance	3,282	5,405	5,610	5,744	5,676

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	8,785	17,992	20,977	24,774	29,004
Share Capital	786	871	871	871	871
Reserves & Surplus	7,999	17,121	20,106	23,903	28,133
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	5,069	6,359	5,500	4,000	4,500
Def. Tax Liab. / Assets (-)	-89	-113	-113	-113	-113
Total - Equity & Liab.	13,765	24,239	26,364	28,661	33,391
Net Fixed Assets	2,771	3,289	2,991	2,892	2,974
Gross Fixed Assets	3,997	4,947	5,197	5,697	6,447
Intangible Assets	1	3	3	3	3
Less: Depn. & Amort.	1,247	1,762	2,310	2,909	3,577
Capital WIP	20	101	101	101	101
Investments	1,984	3,404	5,521	9,737	13,981
Current Assets	14,841	27,794	29,258	29,713	31,755
Inventories	1,003	1,037	1,096	1,315	1,473
Sundry Debtors	4,849	8,508	8,634	9,752	10,923
Cash & Bank Balances	3,282	5,405	5,610	5,744	5,676
Loans & Advances	383	712	712	712	712
Other Current Assets	5,324	12,131	13,205	12,190	12,971
Current Liab. & Prov.	5,831	10,248	11,406	13,682	15,319
Current Liabilities	3,285	7,280	7,989	9,582	10,729
Provisions & Others	2,545	2,968	3,417	4,099	4,590
Net Current Assets	9,010	17,545	17,852	16,032	16,435
Total - Assets	13,765	24,239	26,364	28,661	33,391

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	9.4%	7.7%	8.1%	8.5%	8.5%
Asset Turnover (x)	2.4	1.8	1.5	1.6	1.6
Leverage Factor (x)	1.6	1.4	1.3	1.2	1.2
RoE	37.1%	19.4%	15.3%	16.6%	15.7%

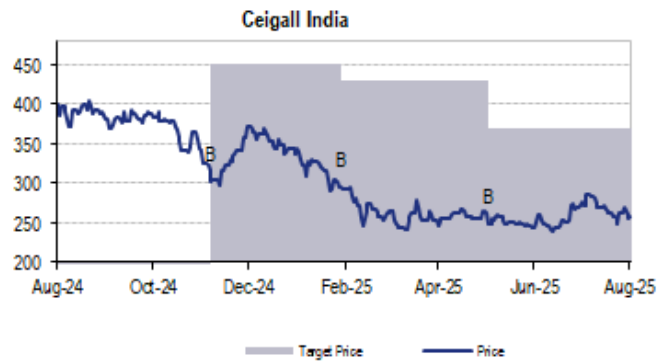
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	55.9	103.3	120.4	142.2	166.5
ROIC	31.1%	18.2%	15.0%	16.6%	16.1%
ROE	37.1%	19.4%	15.3%	16.6%	15.7%
Net Debt/Equity (x)	0.2	0.1	0.0	-0.1	0.0
P/E (x)	14.6	17.3	15.1	11.8	10.6
P/B (x)	4.6	2.5	2.1	1.8	1.5
EV/EBITDA (x)	10.6	11.0	9.7	7.7	7.0
EV/Sales (x)	1.6	1.4	1.2	1.0	0.9
Debtor days	60	92	85	80	80
Inventory days	12	11	11	11	11
Creditor days	48	90	90	90	90

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
13-Nov-24	Buy	450	
4-Feb-25	Buy	430	-4.4
9-May-25	Buy	370	-13.9

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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