

Rating: Subscribe for Long Term

Issue Offer

Fresh Issue of 2,860,000 Equity shares aggregating up to INR 100.1 Mn

Issue Summary

Price Band (INR)	33-35
Face Value (INR)	10
Implied Market Cap (INR mn.)	368.4
Market Lot	4000
Issue Opens on	Dec 17, 2024
Issue Close on	Dec 19, 2024
No. of share pre-issue	7,665,136
No. of share post-issue	10,525,136
Listing	BSE,SME

Issue Break-up (%)

QIB Portion	≥50%
Retail Portion	≤35%
NII(HNI) Portion	≤15%

Registrar

Maashitla Securities Private Limited

Book Running Lead Managers

GYR Capital Advisors Private Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	95.90%	69.84%
Public & Others	4.10%	30.16%

Objects of the issue

- Working Capital
- General corporate purposes

NACDAC Infrastructure Limited specializes in construction projects including multi-story buildings and residential, commercial, and international structures makes it a significant business. In 2012, this was established. In addition, Uttarakhand Peyjal Sansadhan Vikas Evum Nirman Nigam has formally acknowledged this organization as a premium level. It is also ISO certified, meaning it satisfies global quality and management requirements. Bridges, steel structures, and associated civil, structural, and electrical work are among the company's current areas of significant emphasis. They have also finished about 45 projects in addition to numerous others for the Uttarakhand government.

Investment Rationale

Strategic Geographical Expansion and Customer Diversification: The company has established a solid client base, including key government entities such as Indian Railways, Northern Railways, Bharat Electronics Limited, and Uttarakhand Peyjal Nigam. While operations are currently concentrated in Uttarakhand, the company plans to expand selectively to other Indian states and international markets. This measured expansion strategy is designed to ensure service quality while mitigating region-specific risks, thus reducing dependency on a single geography. This approach aims to de-risk the business by diversifying revenue streams and minimizing exposure to regional demand fluctuations.

Focus on Strengthening Project Execution: Timely and efficient project execution remains a cornerstone of the company's operational strategy. The adoption of advanced project management systems and construction technologies enables cost optimization, improved productivity, and enhanced profitability. In addition, a strong emphasis on talent acquisition particularly hiring engineering graduates and continuous skill development through in-house and external training initiatives is expected to bolster execution capabilities.

Enhancing Fleet and Operational Efficiency: The company is actively investing in acquiring advanced machinery and equipment to ensure continuous availability and cost-effective project execution. This focus on operational competitiveness is expected to drive margin expansion by reducing execution costs and improving efficiency. Leveraging cutting-edge construction technologies further strengthens the company's ability to deliver projects within budget and timelines, reinforcing its competitive positioning in the market.

Robust Work Order Book Driving Growth Visibility: The company's robust work order book highlights its focused strategy of leveraging core competencies to secure high-quality infrastructure and construction projects. Effective resource allocation, stringent quality control, and adherence to best practices in labor, material, and equipment management continue to drive client satisfaction. The strong pipeline of orders provides revenue visibility, ensures operational stability, and underpins growth potential over the medium to long term.

Valuation and View : The company's strategic initiatives reflect a well-rounded approach to sustaining growth and profitability. Diversifying geographically and reducing dependency on a single region positions the company to mitigate risk and tap into new revenue opportunities. Investments in technology and human capital underline the focus on operational excellence and long-term competitiveness. The strong work order book not only ensures stability but also highlights the company's ability to consistently secure projects in a competitive environment. These measures collectively enhance the company's growth outlook, operational resilience. At the upper band of INR 35, the issue is valued at a P/E ratio of 11.62x based on a FY24 EPS of INR 3.01. And based on annualized FY25 earnings the issue is valued at P/E ratio of 1.16. We are recommending a "Subscribe for long Term" for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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