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PURSUIT WITH EXCELLENCE

# CEIGALL INDIA LIMITED

Our Company was originally incorporated as "Ceigall Builders Private Limited" at Ludhiana, Punjab, India under the provisions of the Companies Act, 1956 pursuant to a certificate of incorporation dated July 8, 2002, as a private limited company issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Chandigarh. Upon the conversion of our Company into a public limited company, pursuant to a board resolution dated January 28, 2011 and a shareholders' resolution dated January 29, 2011, the name of our Company was changed to "Ceigall India Limited" and a fresh certificate of incorporation dated February 9, 2011 was issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Chandigarh. For details in relation to the changes in the registered office of our Company, see "*History and Certain Corporate Matters - Changes in the registered office of our Company*" on page 244 of the red herring prospectus dated July 26, 2024 filed with the RoC ("RHP" or "Red Herring Prospectus").

Corporate Identity Number: U45201PB2002PLC025257

Registered Office: A-898, Tagore Nagar, Ludhiana 141 001, Punjab, India; Corporate Office: 2nd Floor, JMK Towers, Kapashera, Delhi 110 037, India. Contact Person: Utkarsh Gupta, Company Secretary and Compliance Officer; Tel: +91 161 4623666; E-mail: secretarial@ceigall.com; Website: www.ceigall.com

## PROMOTERS OF OUR COMPANY: RAMNEEK SEHGAL, RAMNEEK SEHGAL AND SONS HUF AND RS FAMILY TRUST

INITIAL PUBLIC OFFERING OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF CEIGALL INDIA LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE INCLUDING A SECURITIES PREMIUM OF ₹ [•] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ [•] MILLION (THE "OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO [•] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 6,842.52 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 14,174,840 EQUITY SHARES (THE "OFFERED SHARES") AGGREGATING UP TO ₹ [•] MILLION (THE "OFFER FOR SALE").

THE OFFER INCLUDES A RESERVATION OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH, AGGREGATING UP TO ₹ 20.00 MILLION (CONSTITUTING UP TO [•]% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [•]% AND [•]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE OFFER FOR SALE BY SELLING SHAREHOLDERS AND THE WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE OF FACE VALUE OF ₹ 5/- EACH.			
NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED/ AMOUNT (₹ IN MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)
Ramneek Sehgal	Promoter Selling Shareholder	Up to 4,248,300 Equity Shares of face value of ₹ 5 each aggregating up to ₹ [•] million	Nil
Ramneek Sehgal and Sons HUF	Promoter Selling Shareholder	Up to 7,536,050 Equity Shares of face value of ₹ 5 each aggregating up to ₹ [•] million	Nil
Avneet Luthra	Promoter Group Selling Shareholder	Up to 4,950 Equity Shares of face value of ₹ 5 each aggregating up to ₹ [•] million	0.02
Mohinder Pal Singh Sehgal	Promoter Group Selling Shareholder	Up to 919,960 Equity Shares of face value of ₹ 5 each aggregating up to ₹ [•] million	0.06
Parmjit Sehgal	Promoter Group Selling Shareholder	Up to 548,980 Equity Shares of face value of ₹ 5 each aggregating up to ₹ [•] million	Nil
Simran Sehgal	Promoter Group Selling Shareholder	Up to 914,950 Equity Shares of face value of ₹ 5 each aggregating up to ₹ [•] million	0.06
Kanwaldeep Singh Luthra	Individual Selling Shareholder	Up to 1,650 Equity Shares of face value of ₹ 5 each aggregating up to ₹ [•] million	0.06

<sup>^</sup>As certified by Statutory Auditors, by way of their certificate dated July 26, 2024.

We are an infrastructure construction company with experience in undertaking construction of elevated roads, flyovers, bridges, railway over bridges, tunnels, highways, metros, expressways and runways. Our business model is broadly divided into engineering, procurement and construction projects, Hybrid Annuity Model projects and operation and maintenance.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Category: Not less than 15% of the Net Offer | Retail Category: Not less than 35% of the Net Offer

Employee Reservation Portion: Up to [•] Equity Shares of face value of ₹ 5 each aggregating up to ₹20 million

PRICE BAND: ₹380 TO ₹401 PER EQUITY SHARE OF FACE VALUE OF ₹5 EACH

THE FLOOR PRICE AND THE CAP PRICE ARE 76.00 TIMES AND 80.20 TIMES THE FACE VALUE OF THE EQUITY SHARES RESPECTIVELY

BIDS CAN BE MADE FOR A MINIMUM OF 37 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH

AND IN MULTIPLES OF 37 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH THEREAFTER

A DISCOUNT OF ₹ 38 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION

THE PRICE TO EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2024

AT THE UPPER END OF THE PRICE BAND IS 20.70 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 18.34

WEIGHTED AVERAGE RETURN ON NET WORTH FOR LAST THREE FULL FINANCIAL YEARS IS 31.05%

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated July 27, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "*Basis for Offer Price*" section beginning on page 114 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "*Basis for Offer Price*" section on page 124 of the RHP and provided below in this advertisement.

In making an investment decision, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

### RISKS TO INVESTORS:

(For details refer to section titled "*Risk Factors*" on page 34 of the RHP)

- Our business is primarily dependent on contracts awarded by governmental authorities. As on June 30, 2024, Fiscal 2024 , 2023 and 2022 the NHAI projects awarded to us constituted 80.31%, 76.66%, 89.72% and 95.05% of our Order Book, while the remaining 19.69%, 23.34%, 10.28%, and 4.95 % of our Order Book was from contracts with other central, state governmental and local departments. Any adverse changes in the central, state or local government policies may lead to our contracts being foreclosed, terminated, restructured or renegotiated, which may have a material affect on our business and results of operations.
- Losses and negative cash flow from operating activities in the past:** We have sustained negative cash flows from operating activities in the past and may experience earnings declines or operating losses or negative cash flows from operating activities in the future. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

Details are as follows:

(in ₹ million)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net cash generated from/ (used in) operating activities	(2,108.26)	(727.13)	(1,345.89)
Net cash generated from/ (used in) investing activities	(381.58)	(1,337.95)	(1,635.86)
Net cash generated from/ (used in) financing activities	2,749.22	3,259.72	3,096.12

- Competitive Risk:** All, EPC and HAM projects we operate have been awarded primarily through competitive bidding process. Our bids may not always be accepted. We may not be able to qualify for, compete and win projects or identify and acquire new projects, which could adversely affect our business and results of operations. In Fiscal 2024, 2023 and 2022, our Company has bidded for 52, 50 and 139 projects and has been awarded 4, 5 and 14 projects. Further Market conditions may affect our ability to complete our HAM and EPC projects at expected profit margin.
- Operational Risk:** Our revenue from execution of projects in the roads and highways sector including specialized structures constituted approximately 92.71%, 96.57% and 97.46% of our total revenue for the Financial Years ended

March 31, 2024, 2023 and 2022, respectively. Our business and our financial condition would be materially and adversely affected if we fail to obtain new contracts or our current contracts are terminated.

- Risk related to high working capital requirement:** We have high working capital requirements. If we experience insufficient cash flows to enable us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations and profitability of our Company. Our working capital requirement was ₹ 5,304.70 in Fiscal 2024, ₹ 4,059.98 in Fiscal 2023 and ₹ 3,080.25 in Fiscal 2022.
- Risk related to RoC non-compliance:** In the past, we have had instances of non-compliance under the Companies Act, 2013, where our Company had filed compounding applications for non-compliance by (i) not constituting nomination and remuneration committee; (ii) not constituting audit committee and (iii) not appointing at least two independent directors on Board. Any such instances of non-compliance may have an adverse effect on our reputation and impact our profitability.
- Risk related to delay in completion of construction:** Delays, such as natural disaster, seasonal impact, delay in land acquisition by authority and others, in the completion of construction of ongoing projects could lead to termination of our contracts or cost overruns or claims for damages, which could have an adverse effect on our business and results of operations.
- Risk related to operations with Joint venture:** Projects sub-contracted or undertaken through a joint venture may be delayed on account of non performance of the joint venture partner, principal or sub-contractor, resulting in delayed payments or non enforcement of performance guarantee issued by us, could lead to material adverse effect on our business and results of operations.
- Risk related to payment towards royalty charges for mining:** We are required to pay royalty charges for mining pursuant to terms of our contracts and specific central and state regulations. Any adverse change in the terms of contract and policies adopted by the government regarding payment of royalty on mining could adversely affect our project cost and profitability. We have paid mining royalty of ₹ 365.60 million in Fiscal 2024, ₹ 65.88 million in Fiscal 2023,