

**Rating: Subscribe for long term**

### Issue Offer

An Offer for Sale of 10,063,945 equity shares.

#### Issue Summary

Price Band (INR)	1,000-1,033
Face Value (INR)	2
Implied Market Cap (INR Mn)	55,000
Market Lot	14
Issue Opens on	Dec 9th, 2021
Issue Close on	Dec 13th, 2021
No. of share pre-issue	53,242,967
No. of share post issue	53,242,967
Listing	NSE / BSE

#### Issue Break-up (%)

QIB Portion	50
NIB Portion	35
Retail Portion	15

#### Book Running Lead Managers

Axis Capital Ltd.

JM Financial Ltd.

Kotak Mahindra Capital Company Ltd.

DAM Capital Advisors Ltd.

#### Registrar

Link Intime India Pvt. Ltd.

#### Shareholding Pattern

	Pre-Issue	Post- Issue
Promoters & Promoter Group	61.7%	53.7%
Public	38.3%	46.3%

#### Objects of the issue

- To carry out the Offer for Sale of up to 10,063,945 Equity Shares by the selling shareholders.
- To achieve the benefits of listing the Equity Shares.

**Company Profile:** C.E. Info systems Ltd. (CEIS) is a data and technology products and platforms company, offering proprietary digital maps as a service ("MaaS"), software as a service ("SaaS") and platform as a service ("PaaS"). CEIS is a pioneer, and a market leader in the digital mapping industry in India, and is India's leading provider of advanced digital maps, geospatial software and location-based Internet of Things ("IoT") technologies. CEIS provides products, platforms, application programming interfaces ("APIs") and solutions across a range of digital map data, software and IoT for the Indian market under the 'MapmyIndia' brand, and for the international market under the 'Mappls' brand.

#### Investment Rationale:

**Market Leaders with comprehensive product suite:** CEIS is a pioneer of digital mapping in India since 1995 and are leaders in the B2B and B2B2C markets. The company has capitalized on its early mover advantage. Its digital maps comprehensively cover 6.29Mn Km of roads in India (98.5% of India's road network), and provide location, navigation, analytics and other information for 7,933 towns, 6,37,472 villages, 17.79Mn places across categories such as restaurants, retail shops, malls, ATMs, hotels, police stations, etc., and 14.51Mn house and building addresses. CEIS offers a full stack of in-house developed software products (SaaS), platforms (PaaS), APIs and solutions in advanced mapping, navigation, mobility, etc. for users in logistics and transportation etc.

**Independent Nature:** CEIS is an independent maps, geospatial and location based IoT technology company. This independence allows for freer product innovation for customers, and data collection (to support further product innovation).

**Market Positioning and Moats:** The company has built a highly differentiated and unique digital asset that is hard to replicate. Its superior technological capabilities have grown the business and its product value. It's offering is tailored to India's challenging geography, and has created a strong barrier to entry for any further competition. CEIS's map database is updated through continuous use, with over 70Bn geospatial transactions recorded, and 1.2Bn Km of road tracked in FY21. This digital map database has been built through inter alia field surveys, collection and compilation of geographical data to create a detailed data base for the entire country, which offers a high degree of accuracy, reliability and comprehensiveness.

**Long Standing Customer relationships:** The company typically enters long standing, renewable contracts for 3 to 5 years. Many of their customer are market leaders and renowned brands like Hyundai, MG Motor, PhonePe, Flipkart, GSTN, AVIS, Safexpress, Airtel, HDFC Bank, Yulu etc. These strong relationships also create many up-selling and cross-selling opportunities for the firm.

**Large number of use cases:** CEIS's products and solutions are used across many industries like: Automotive, Food Delivery, Ecommerce, Healthcare. Pharma, BFSI, and many more. As new technology paradigms emerge, applicability, relevance and usefulness of the products and solutions is expected to expand, which expands the addressable market for the company.

**Valuation and Outlook:** At the upper price band of INR 1,033 the issue is priced at a P/E multiple of 94x based on the FY21 EPS of INR 11. CEIS is the market leader in the digital maps and geospatial software industry, effectively creating an entry barrier against potential competition. Its long standing relationships with high value clients not only generate repeat sales, but also encourage cross-selling and up-selling. With more and more companies adopting SaaS technology, the number of use cases and the addressable market of the company is also growing at a remarkable pace. The company has strong fundamentals, and it's profitability is expected to inch up going further. Hence, we recommend that investors Subscribe to the issue for the long term.

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## Product Offering



Source: RHP, Arihant Capital Research

## Key Strategies

- The company intends to continue augmenting products, platforms and their technology lead to enhance the scope and quality of their offerings to further differentiate themselves from the competition.
- The company will continue to scale and expand customer reach, leveraging their market presence in India. They will focus on expanding relationships with existing active customers too.
- The company plans to drive expansion in international markets, and in the geospatial sector as well.
- The company will pursue selective strategic acquisitions and investments to grow the business in the future.

## Key Risks

- It is dependent on the success of research and development (“R&D”) and failure to develop competitive products and services or process improvements or update map data could adversely affect the business, and competitive position.
- Since the business operations and future opportunities are characterized by rapid technological change, it could render the current offerings obsolete. Replacing or updating said technology will entail significant expenditures.
- The revenues from international customers are subject to fluctuation in foreign currency risks

## Management

Key Person	Description
<b>Rakesh Kumar Verma</b>	Rakesh Kumar Verma is the Chairman and Managing Director. He co-founded the Company along with Rashmi Verma in 1995 and has significant experience in the field of digital maps and geospatial information technologies. He worked for 10 years in the U.S.A. from 1979-1989 in various organizations, including in General Motors. He is the FICCI National Committee Chair of Geospatial Technologies. He is also currently a member of the Department of Science and Technology’s Legal-sub Committee for the National Geospatial Policy. He has in the past served as a member of the Government of India’s Planning Commission’s National GIS Committee. He received the Geospatial Business Leader of the Year 2015 award from Geospatial Media Communication.
<b>Rohan Verma</b>	Rohan Verma is the Whole-time Director and the CEO. He has experience in the digital mapping, geospatial technologies and automotive mobility technologies. He currently serves as a member of the Confederation of Indian Industry National Committee on Space and represents the company as a core member in the Indian Space Association. He also serves on the Internet and Mobile Association of India’s (IAMAI) Logistics Committee. He has also been elected and serves on the CII Delhi State Executive Council. He is an independent director on the board of directors of Cholamandalam Investment and Finance Company. He joined the Company in 2007 and was appointed as CEO with effect from April 1, 2019. He has been a Whole-time Director since July 26, 2007.
<b>Rakhi Prasad</b>	Rakhi Prasad is a Non-executive Director. She has significant experience in the field of finance and technology and has previously worked with Goldman Sachs, Enam Securities, and Matrix Partners. She is currently an investment manager at Alder Capital. She is a member of Bloomberg Women’s Buyside Network and has been featured in the list of India’s Top 100 Women in Finance in 2020 by the Association of International Wealth Management of India (AIWMI). She has been a Director on the Board since September 28, 2020.
<b>Sonika Chandra</b>	Sonika Chandra is a Non-executive (Nominee) Director. She has experience in the field of financial services and technology and has previously worked in the U.S.A with Western Union. She is currently a vice president at PhonePe India since March 2020. She has been a Director since June 3, 2021.

Source: RHP, Arihant Capital Research

## Peer Comparison

	MapmyIndia	Google Maps	ESRI	Trimble	Here	Tomtom	Mapbox
Digital Map and Geospatial Data for India	✓	x	x	x	✓	✓	x
Digital Map and Geospatial Data for Rest of the World	P	x	x	x	✓	✓	x
Map, Location and Navigation Platforms and Products	✓	✓	P	P	✓	✓	✓
Developer APIs and SDKs	✓	✓	P	x	P	P	P
GIS, Geo Analytics and Geo-AI	✓	P	✓	P	x	x	x
Location Based IoT, Fleet and Workforce Automation	✓	x	x	P	x	x	x
N-CASE Automotive & Mobility Tech	✓	P	x	x	P	P	P
Consumer Location Based Apps & IoT	P	✓	x	x	x	x	x
Location Powered Consumer Tech & Enterprise Digital Transformation	✓	P	P	P	P	P	P
Location Based Advertising	x	✓	x	x	x	x	✓
Geospatial Positioning Infrastructure	x	x	x	✓	P	x	x

✓ Offered
x Not Offered
P Partial

Source: Company IPO Presentation, Frost & Sullivan, Arianth Capital Research

## Financial Performance

Consolidated Income Statement (INR Mn)	2019	2020	2021
Revenue From Operations	1353	1486	1525
Other Income	281	148	398
<b>Total Revenue</b>	<b>1633</b>	<b>1635</b>	<b>1923</b>
Expenses:			
Cost of Goods Sold	199	146	164
Employee Benefit	508	643	540
Finance Costs	26	28	26
Depreciation and Amortisation	92	98	99
Other Expenses	391	404	307
<b>Total Expenses</b>	<b>1215</b>	<b>1319</b>	<b>1136</b>
<b>Profit Before Exceptional Items and Tax</b>	<b>418</b>	<b>316</b>	<b>787</b>
<b>Total Tax Expense</b>	<b>82</b>	<b>84</b>	<b>193</b>
<b>Profit After Tax</b>	<b>336</b>	<b>232</b>	<b>594</b>
<b>Basic EPS</b>	<b>6.38</b>	<b>4.41</b>	<b>11.30</b>
<b>Diluted EPS</b>	<b>6.19</b>	<b>4.27</b>	<b>10.99</b>

Consolidated Cash Flow Statement (INR Mn)	2019	2020	2021
Cash Flow From Operations	268	267	833
Cash Flow Investing Activities	-191	-16	-593
Cash Flow From Financing Activities	-42	-188	-54
<b>Net Cash Generated during the period</b>	<b>34</b>	<b>64</b>	<b>186</b>
Exchange rate differences on cash flows	0	4	0
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>48</b>	<b>82</b>	<b>151</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>82</b>	<b>151</b>	<b>336</b>

Source: RHP, Arianth Capital Research

Consolidated Balance Sheet (INR Mn)	2019	2020	2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	58	82	64
Investment Property	82	80	79
Right-of-use Asset	228	196	157
Other Intangible assets	75	47	28
Financial Assets	1286	1329	1157
Tax Assets	57	79	66
Deferred Tax Assets	30	52	25
<b>Total Non- Current Assets</b>	<b>1816</b>	<b>1866</b>	<b>1577</b>
<b>Current Assets</b>			
Inventories	35	44	28
Financial Assets excluding Cash and Cash Equivalents	1436	1497	2316
Cash and Cash Equivalents	82	151	336
Other Current Assets	23	21	12
<b>Total Current Assets</b>	<b>1576</b>	<b>1713</b>	<b>2692</b>
<b>TOTAL ASSETS</b>	<b>3393</b>	<b>3578</b>	<b>4269</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	1328	1328	1328
Other Equity	1524	1649	2252
<b>Total Equity</b>	<b>2852</b>	<b>2977</b>	<b>3580</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities	225	193	160
Provisions	17	25	25
<b>Total Non- Current Liabilities</b>	<b>242</b>	<b>218</b>	<b>185</b>
<b>Current Liabilities</b>			
Financial liabilities	203	264	221
Other Current Liabilities	95	118	282
Provisions	1	1	1
<b>Total Current Liabilities</b>	<b>299</b>	<b>383</b>	<b>504</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3393</b>	<b>3578</b>	<b>4269</b>

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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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