

CMP: 216

Outlook: Positive

Stock Info

BSE	538374
NSE	-
Bloomberg	CEINSYS:IN
Reuters	CEIS.BO
Sector	IT- Software
Face Value (INR)	10
Equity Capital (INR mn)	154
Mkt Cap (INR mn)	3,672
52w H/L (INR)	249/ 116
Avg Yearly Volume (in 000')	39

Ceinsys Tech Limited is a technology-driven organization that specializes in offering solutions in the Geospatial, Enterprise engineering, and mobility services space for a global clientele. The company's revenue is primarily derived from its Enterprise Geospatial & Engineering Services segment, accounting for 82% of its total revenue, followed by Software Products at 17%, and Power Generation contributing 1%. The company received a total of 19 DPR projects from the UP-state government out of which 12 were received recently. The company has ongoing projects in Mumbai and Navi Mumbai and also a project of water sanitation from Madhya Pradesh Govt. In total, the company's order book is around INR 4,000 Mn.

Investment Rationale

Integration with AllyGrow Technologies propelled the company's global reach

In a notable expansion move, Ceinsys has propelled its global reach by successfully acquiring AllyGrow Technologies. This strategic acquisition marks a significant milestone in the company's growth trajectory, granting access to a diverse talent pool, broader global markets, and technology in the area of mobility including services such as product design, virtual validation, ergonomic analysis, manufacturing engineering services, etc.

Shareholding Pattern %

(As on June, 2023)

Promoters	58.61
DII	-
FII	-
Public & Others	41.39

Refreshing the Brand Identity can help enhance future possibilities

Entering FY23 with impressive growth momentum and a clear vision for the future, the company embarked on a brand identity transformation. The brand identity embodies a force multiplier, with a dynamic construct of the C - a modern, agile design interpretation. The company focuses on the concept of enabling businesses to shape a brighter future by enhancing the possibilities available today.

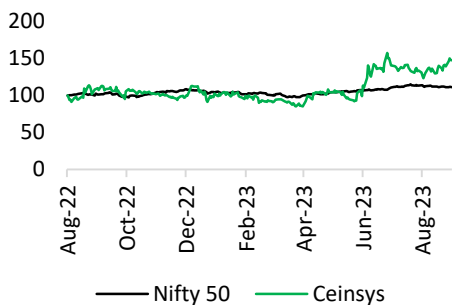
Stock Performance (%)

	3m	6m	12m
Ceinsys Tech Limited	-9.36	60.17	43.29
Nifty	5.26	15.83	15.62

Company's revenue is driven by Enterprise Geospatial & Engineering Services

A significant portion of the company's revenue standing at 82%, was derived from Enterprise Geospatial & Engineering Services emphasizing the company's expertise in the same. Software products contributed 17% to the revenue, showcasing a diverse portfolio. A smaller, yet notable, portion of 1% was attributed to power generation, demonstrating a well-rounded revenue distribution across key sectors.

Ceinsys Tech Limited Vs Nifty 50



Outlook: Ceinsys is thriving in a favorable environment driven by digitalization, increased government spending, rising FDI, and a burgeoning manufacturing sector. The company is capitalizing on the growing demand for water management solutions in both public and industrial infrastructure. It anticipates significant growth in the energy sector for FY24, propelled by grid modernization and smart integration. Their mobility and manufacturing engineering unit has achieved a remarkable 25% YoY growth, setting the stage for exponential expansion, particularly in the EV ecosystem and manufacturing automation in the coming fiscal year. The company has a long list of global automobile player that it serves in the Geospatial, and mobility services space. The company is currently trading at a PE multiple of 10x (FY23).

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Exhibit: Financial overview

(INR Mn)	NetSales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)	ROE (%)	ROCE (%)
FY19	1764.0	270.3	34.4	3.1	15.32%	8.2	70	4.85%	11.93%
FY20	1973.8	519.6	221.5	20.0	26.32%	3.4	11	24.62%	25.31%
FY21	1852.3	191.6	19.9	1.8	10.34%	11.2	120	2.23%	8.70%
FY22	2028.9	272.3	91.9	6.0	13.42%	10.4	36	5.64%	12.21%
FY23	2195.0	431.4	308.9	20.1	19.65%	4.9	10	15.58%	16.07%

Source: Arihant Research, Company Filings

Ceinsys accelerates growth and diversification through AllyGrow Technologies acquisition

Ceinsys is focused on integrating GIS and autonomous driving tech through the AllyGrow acquisition, unlocking transformative potential. Utilizing AllyGrow's US and European presence will bolster Ceinsys' global outreach, reinforced by core competency enhancement and innovative strategies for future growth. The company is actively pursuing both organic and inorganic growth strategies to sustain success and amplify market influence.



Source: Aриhant Research, Company Filings

In 2022, Ceinsys made a significant move into the mobility services industry by acquiring AllyGrow Technologies, a specialized engineering service provider known for its expertise in engineering design, development, and manufacturing engineering services. Ceinsys paid approximately INR 700 Mn for this acquisition, securing a 100% stake in AllyGrow by utilizing INR 120 Mn in cash and INR 570 Mn in equity at an issue price of INR 156. This strategic acquisition has allowed Ceinsys to strengthen its position in various sectors, especially the automotive industry, while expanding its capabilities and presence in the Architecture, Engineering, Construction (AEC), and Manufacturing segments. Additionally, the acquisition has opened up opportunities for Ceinsys to delve into GIS and autonomous driving technologies and expand its global footprint, leveraging AllyGrow's established presence in the US and European markets.

Golden commitment to water solutions at the 55th IWWA convention

Ceinsys, a specialized company in Geospatial Engineering, new-age mobility, and Digital Reality solutions, had a strong history of creating sustainable water management solutions and collaborating with various initiatives to ensure fair access to water. They expressed their delight in being the Gold Sponsor of the 55th Annual IWWA Convention held by the Indian Water Works Association, showcasing their commitment to the water sector. The IWWA, a respected organization of water sector specialists, actively pursued the advancement of science, technology, economics, environment, ecology, and social sciences for effective water management. Ceinsys eagerly invited visitors to their stall H1 at the convention to learn more about their water management solutions and engage in meaningful discussions about the sector.



Ceinsys Tech unveils MEG-Nxt-Pioneering the future of M-Metaverse, E-Education Tech, and G-Gaming

Earlier this year, Ceinsys Tech made a significant entry into the next-generation technology arena by launching its subsidiary, "MEG-Nxt". This new entity is dedicated to developing platforms for M-Metaverse, E-Education Tech, and G-Gaming segments. The company established a new office in Pune to house 50+ technocrats focused on pioneering technologies. As the fourth paradigm in technology rapidly approaches, consumers are eagerly embracing the integration of tech into their daily lives, especially in the realms of virtual reality (VR). The demand for VR, offering a new level of communication and immersion in the virtual world, is on the rise. MEG-Nxt aims to provide a lifelike virtual experience for education, entertainment, and analytics, catering to businesses, institutions, and end consumers. The company positions itself as the go-to technology partner for all virtual-related endeavors.

Source: Aриhant Research, Company Filings

Segment overview: Geospatial

1. Water

Smart solutions for sustained water-efficiency

With a commitment to enhancing possibilities, their new-age water management is poised to address some of the most critical challenges impacting equitable water access. Empowered by technology, imaging, planning, and analytics, they are tackling issues such as depleting water sources, aging infrastructure, and impractical legacy models with smarter solutions.



2. Power

Transforming data into power for customers

Sustainability demands coupled with technological disruption are bringing in a paradigm shift for the power transmission & distribution industry in terms of management of assets, operations, people, and technology.



3. AEC & BIM

Enabling AEC companies to build greater efficiencies with company's GIS services

The AEC industry is witnessing unprecedented change. The amplified need for construction and infrastructure services across the globe has exacted immense pressure on AEC professionals, creating challenges like supply chain holdups, changing regulatory requirements, resource shortages, and rising costs.



4. Oil & Gas

Extracting optimal value to fuel smart oil & gas solutions

The Oil & Gas business is a critical pillar of the world economy because it drives advancement, development, and the fulfillment of fundamental human needs.



Source: Arian Research, Company Filings

Geospatial

5. Transportation

Driving new efficiencies with company's secure and seamless transportation networks

Rapid urbanization and the ever-growing population have elicited the demand for safe, expedient, and cost-effective transportation solutions. The availability of critical data is the key to empowering such smart, integrated, and efficient solutions.



6. Telecom

Unlocking digital futures with next-gen telecom networks

Modern-day networks are rapidly evolving. Rising demand for greater and improved connectivity with a constant quest for high bandwidth to facilitate autonomous operations is compelling telecom service providers to re-imagine their network capabilities to ensure optimal performance and scalability.



7. Land & Natural Resources

Equitable and nature-based solutions to empower a sustainable future

The AEC industry is witnessing unprecedented change. The amplified need for construction and infrastructure services across the globe has exacted immense pressure on AEC professionals, creating challenges like supply chain holdups, changing regulatory requirements, resource shortages, and rising costs.



Source: Arihant Research, Company Filings

Key Services

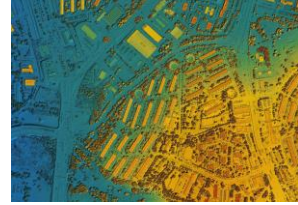
1. Geospatial services

Geospatial technology has elevated humanity's capabilities by enabling precise global inventory location determination beyond traditional spatial data.



2. Geospatial analytics

Modern technology, including mobile devices, location sensors, and social media, empowers geospatial analytics to collect time- and position-specific data for various occurrences.



3. Engineering support

Geospatial information enhances operations across various industries, from Oil & Gas exploration to smart city solutions, energy management, and disaster control.



4. Digital enterprise

Ceinsys specializes in next-generation WebGIS enterprise solutions, collaborating with top cloud service providers to host and integrate data in the cloud, reducing reliance on physical infrastructure.



5. Consulting services

Enabling Utilities Unlock New Frontiers of Value
Developing a Comprehensive Roadmap for Change



Source: Arianth Research, Company Filings

6. Software solutions

Ceinsys offers a diverse technology portfolio, leveraging partnerships with leading OEMs such as ESRI, Autodesk, Bentley, Maxar, Schneider, and Siemens to provide quality, customized solutions across various industries.



Mobility: Industry

Passenger Cars

They offer comprehensive solutions across multiple automotive sectors, spanning the complete product development cycle to assist clients in creating future vehicles. As trusted engineering allies, they aid automotive OEMs and Tier 1 suppliers in tackling primary issues such as speeding up the launch of new models/variants. Their extensive expertise in the automotive field allows them to cater to clients across a range of vehicle systems and subsystems, such as **Vehicle Interiors**, **Seating Systems**, **Body in White**, **Vehicle Exteriors**, **EES Systems**.



Commercial Vehicles

Comprehensive solutions empower clients to tackle common issues of reliability, adaptability, and economic feasibility. As advanced technologies continue to evolve in this sector, the company is in an excellent position to meet all engineering and manufacturing needs, focusing on these crucial systems and modules.



Off-Highway Vehicles

Product Engineering and Manufacturing Engineering efforts assist customers in this sector, which is experiencing significant changes due to fast-paced growth in infrastructure development. Leveraging company's internal expertise, company support their clients in addressing these challenges, enabling them to produce superior products in these areas.



Two / Three Wheelers

Comprehensive vehicle portfolio management that spans all stages of product development, from initial design to prototype construction and validation. Skilled in creating both traditional and electric models, they can assist clients in developing specific parts, modules, platforms, and entire vehicles.



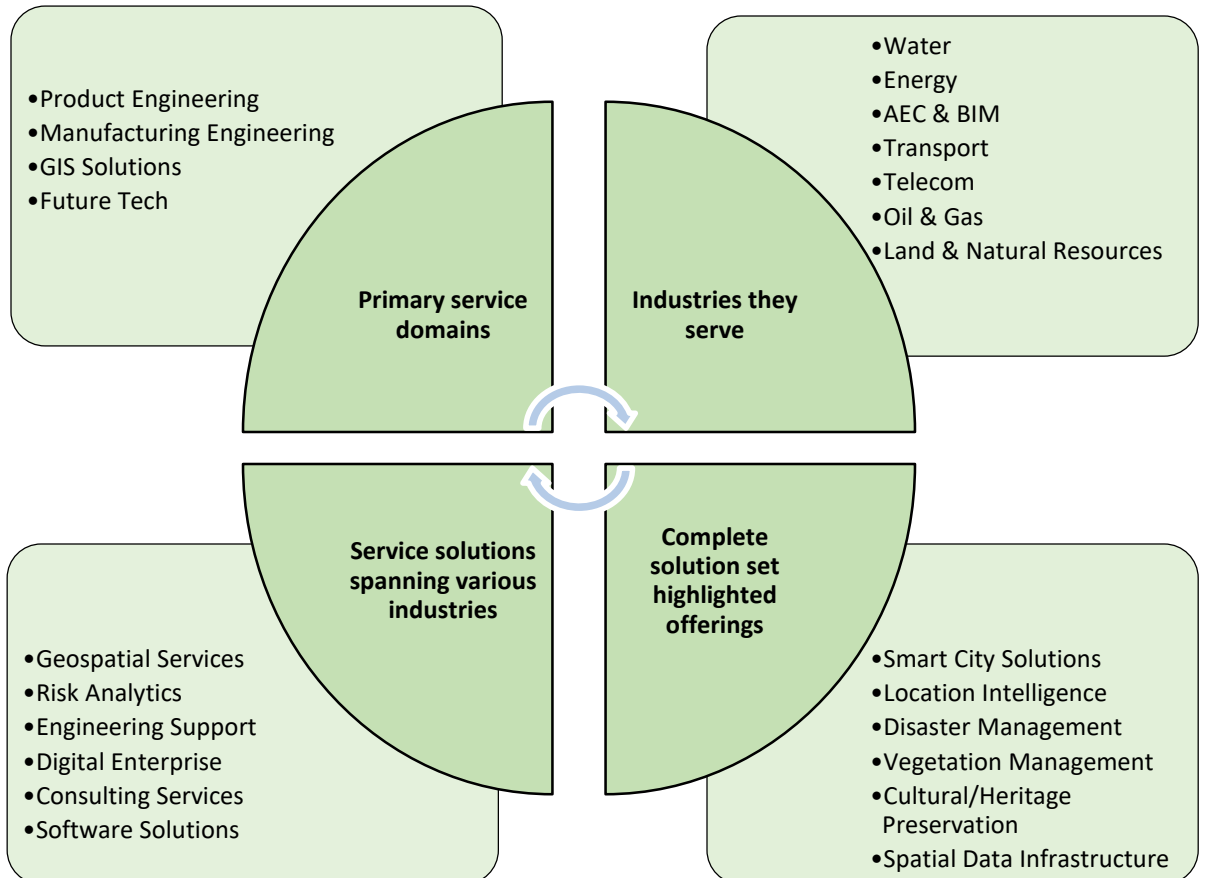
Source: Arihant Research, Company Filings

Key Services

1. Style and Sketch	Benchmarking, style definitions , sketching, rendering, document regulatory requirements
2. Concepts	Concept definitions, engineering feasibility checks, a surface development, ergonomic checks
3. Feasibility	A surface check, packaging studies , DMU, master and feasibility section creation, RPS check, fit function requirement check
4. Pre-Series Development	Pre-series manufacturing , pre-production support
5. Design & Validation	Engineering design (DFM, DFA, DFS checks), GD&T plan, virtual validation , engineering roto release
6. Plant Engineering	Plant layout , processing and cycle time studies, process validation
7. CAD & ECM	Design modifications, CAD modelling, engineering change management (ECM), tooling release
8. Manufacturing Engineering	Assembly line Design and simulation, detailing, BoM, build and installation support.

Source: Aриhant Research, Company Filings

Exhibit: Services and solutions offered



Source: Aриhant Research, Company Filings

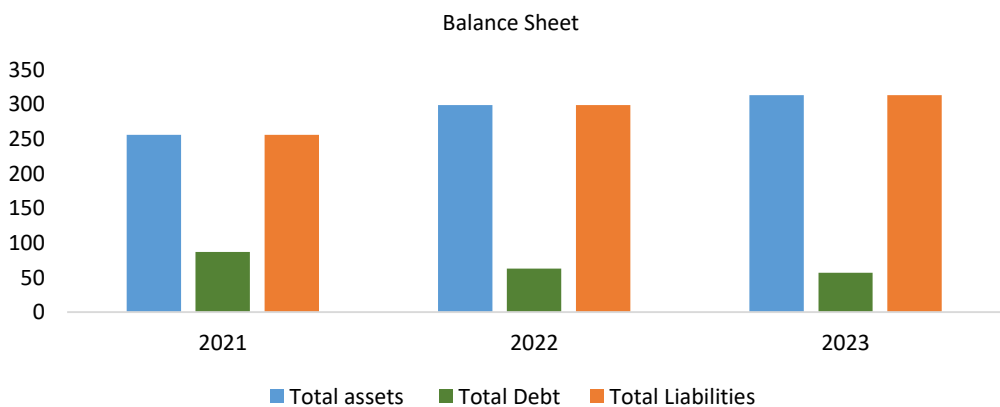
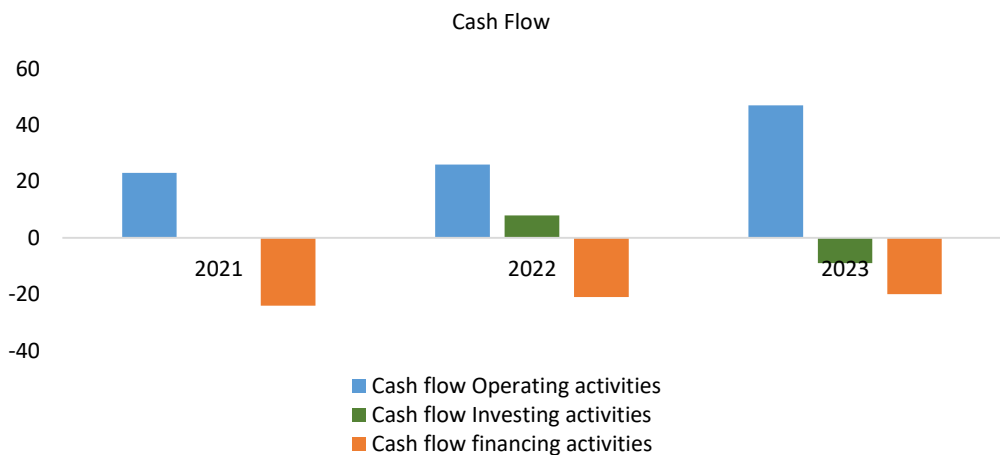
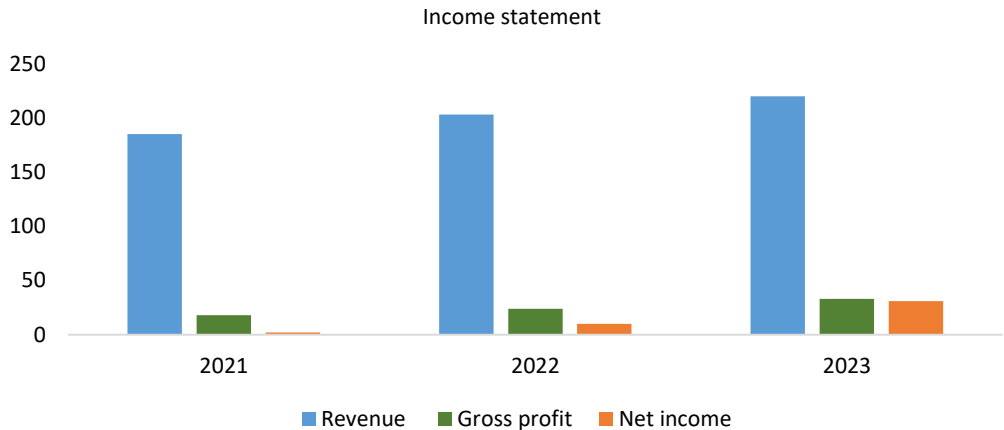
Financial Overview

The company achieved revenue of INR 2,194.98 Mn in FY23, marking an 8.19% increase from the previous year FY22 when revenue was INR 2,028.86 Mn.

Profit before tax on a consolidated basis for FY23 increased significantly by 114.49% to reach INR 289.08 Mn, compared to INR 134.78 Mn in FY22.

This variance in performance is primarily attributable to the acquisition of Ally grow Technologies Private Limited on February 9, 2022. It's important to note that the figures for the current year encompass a full twelve-month period, while the previous year's figures were based on a two-month period, affecting YoY comparisons.

Company directors have recommended a final dividend of INR 2 per equity share for FY23 aggregating to INR 30.86 Mn. Subject to approval of shareholders.



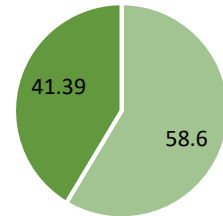
Source: Aриhant Research, Company Filings

Business overview

Ceinsys Tech Limited is a tech-savvy company that provides specialized solutions in areas like Geospatial, Enterprise and engineering, and mobility services to clients around the world. At the heart of everything they do is their mission to "Enhance Possibilities." Whether it's planning or taking action, they're always searching for ways to improve outcomes for their clients, their teams, and the broader community they work within. Founded in 1998, Ceinsys is recognized as a CMMI (SVC & DEV) Level 5 company and is listed on the Bombay Stock Exchange. They're a proud part of the bigger Meghe Group family.

Over the years, the Ceinsys team has been dedicated to offering tech solutions in various fields. They've made a name for themselves as top-tier providers of Geospatial and engineering solutions in the ITES sector. They are always looking for ways to add more value for their end customers.

Shareholding pattern %



■ Promoters ■ Public & others

Exhibit: A quick overview of the company

Reduced engineering & development efforts

A unique blend of service portfolio

Use of high-end digital technologies

Design and execution framework that is optimized and efficient

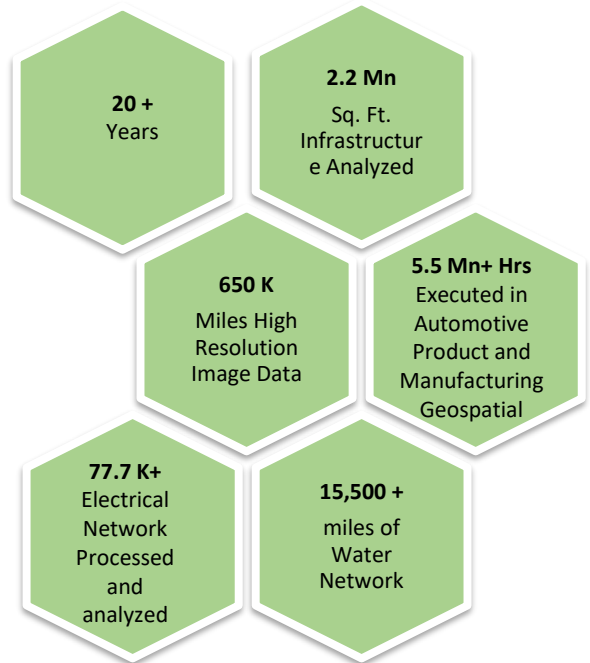


Exhibit: Affiliated entities- Parent and Subsidiary companies



Meghe Group

Founded in 1982, Meghe Group has set standards for organizations in the region, blending traditional and modern educational methods for students of all levels. With over 5,000 employees, the group spans various sectors, all dedicated to enhancing the quality of human life.



Ally Grow Technologies

AllyGrow, a key division of Ceinsys Tech Limited, believes in growth through partnership. With expertise in engineering and a dedication to excellence, the company's aim to transform innovative ideas into world-class solutions, shaping the industry's future.

Source: Aриhant Research, Company Filings

Unlocking the potential of digital twins, revolutionizing industries in the age of industry 4.0

In the realm of Industry 4.0, the rapid ascent of digital twin technology has captivated industries worldwide. This groundbreaking innovation involves the creation of a digital duplicate of a physical asset or system, be it a machine, a building, or even an entire city. Achieved through the amalgamation of data from sensors and various sources, digital twins serve as a simulation platform for mimicking the behaviors and functionalities of their real-world counterparts. As it stands, digital twin technology is poised to revolutionize the design, construction, and operation of physical assets and systems, with its applications already spanning diverse industries including manufacturing, construction, and healthcare.

Among the myriad advantages of digital twin technology, its capability to simulate and optimize the performance of physical entities in a virtual environment before their real-world deployment stands as a beacon of promise. This capability translates into reduced costs, heightened efficiency, and mitigated risks across industries. In the context of manufacturing, digital twins can be harnessed to simulate the production process of a new product, allowing for the identification and elimination of potential bottlenecks and inefficiencies before the product undergoes actual manufacturing. This not only shortens time-to-market but also curtails production costs significantly.

Real-time monitoring and analysis constitute another pivotal advantage of digital twin technology, facilitated by the constant stream of data from sensors and other monitoring devices. This real-time insight empowers stakeholders to swiftly identify and diagnose issues before they escalate, subsequently facilitating continuous optimization of the asset or system. In the healthcare sector, for instance, digital twins can monitor the vital signs of patients in real time, promptly alerting healthcare providers to potential health concerns. The result is improved quality of care and a reduced risk of complications, ushering in a new era of healthcare efficiency and patient well-being.

Step 1: Collecting Data

- Gathering real-time data from sensors and various sources, including details about the physical attributes and performance metrics of the asset or system, is the initial phase in constructing a digital twin

Step 2: Creating a 3D Model

- After data acquisition, it is employed to generate a 3D virtual model of the physical asset or system, encapsulating all pertinent physical attributes and performance information, and this model can be crafted using diverse software tools like computer-aided design (CAD) software or 3D scanning technology.

Step 3: Simulating Performance

- Utilizing the 3D model, simulations are conducted to enhance the performance of the physical asset or system, allowing for the identification of issues, testing of various scenarios, and real-time optimization insights through data collected from sensors and other sources.

Step 4: Integrating with Other Systems

- Moving beyond the virtual realm, digital twins can be seamlessly incorporated into actual systems, including control systems and data analytics platforms, enabling continuous real-time monitoring and analysis of physical asset or system performance, offering valuable insights for ongoing optimization and improvement.

Source: Aриhant Research, Company Filings

Case Studies

GIS

In response to the increasing demand for infrastructure and citizen services, there has been a growing need for effective city administration, including the regularization of services and comprehensive mapping of assets. Recognizing these requirements, the Navi Mumbai Municipal Corporation initiated the "Property Survey and Analysis" project, abbreviated as PSAP. This project aimed to provide an in-depth evaluation of specific properties, assess their current conditions, identify potential issues, and propose solutions for improvement. The PSAP project involved a meticulous survey of properties utilizing advanced technologies such as LiDAR, UAVs (Unmanned Aerial Vehicles), and High-Resolution Satellite Imagery. The collected data was then analyzed to generate detailed reports containing findings and recommendations. These reports served as valuable tools for property owners, buyers, and sellers, offering crucial insights into property strengths, weaknesses, and enhancement potential. One of the primary objectives of the PSAP project was to support property tax assessment and reconciliation processes. It aimed to achieve this by mapping each property accurately and enhancing tax collection through transparency. The project focused on capturing precise ground-level information using modern mapping and surveying technologies, including satellite imagery, UAV images, LiDAR, 360-degree panoramic imagery, and physical field surveys. This information was then validated against attribute data available in the tax records, and all data was made accessible through a GIS (Geographic Information System) platform.

The key activities of the project included:

1. Creating a base map using recent satellite imagery and UAV data.
2. Surveying all properties within the jurisdiction.
3. Designing a web-based centralized online GIS solution to support property assessment activities.
4. Providing visual data proofs for change detection.
5. Developing a revenue-oriented decision support system.
6. Utilizing ArcGIS Enterprise for web GIS application development.
7. Implementing a Service-Oriented Architecture (SOA) for GIS solutions.
8. Delivering geospatial content and capabilities through web services.
9. Integrating GIS services with other enterprise systems (CRM, ERP, CIS, etc.)



Overall, the PSAP project achieved several significant outcomes, including:

1. An online 24/7 solution for administrative officers to access up-to-date geographic information.
2. Detailed property reconciliation and deviation reporting.
3. Effective management of utility assets, including water, sewerage, wastewater, stormwater drains, sanitation facilities, and solid waste management.
4. Identification of encroachment areas.
5. Integration of various layers of data, including utility, assets, building footprints, and roads.
6. Utility asset lifecycle and management.
7. A data-driven decision support system that improved tax assessment and collection processes and enhanced the quality of life.

Source: Arihant Research, Company Filings

Case Studies

Transportation

The Indian government initiated the ambitious task of planning and expanding the national highway network to meet growing traffic demands and boost the economy. Asset Recycling, specifically in the highway sector, was proposed as a means to generate additional resources for future highway construction. The Toll, Operate, and Transfer (TOT) model was developed for the monetization of public-funded operational National Highway projects. Under this model, the right to collect user fees for selected operational NH projects is assigned to developers or investors for a specific period in exchange for an upfront lump-sum payment. The responsibility for operation and maintenance (O&M) also rests with the assigned concessionaire during the contract tenure. Ceinsys was entrusted with the task of creating a digital inventory of highway assets and assessing their physical condition. The project's viability considered rehabilitation and improvement requirements, including highway design, pavement design, existing structure rehabilitation, road safety enhancements, and cost estimates. Consulting services were provided to assess the physical condition of selected National Highway stretches, and prepare detailed project reports, and technical and maintenance schedules for tendering. This assessment included factors such as highway and pavement design, the condition of structures, road safety features, and existing facilities like toll plazas. Improvement options were proposed based on these assessments, including safety enhancements and pavement and structure strengthening. The project utilized modern technology instruments like Lidar, Network Survey Vehicle, Falling Weight Deflectometer, Non-Destructive Testing, and UAVs to capture data and assess conditions. The solution aimed to reduce life cycle costs, provide a defined level of service, and extend the service life of the pavement.



Ceinsys' comprehensive solution, backed by expertise in engineering, geospatial, and IT solutions, was tailored to meet the specific needs of Indian governance and administration. The project covered a total stretch length of 1099.245 kilometers and resulted in a significant increase in revenue by approximately 30%.



Source: Arianth Research, Company Filings

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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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