

## Capacit'e Infraprojects Ltd

12<sup>th</sup> Sep, 2017

### Rating:



### Issue Summary:

Price band (Rs)	Rs.245 – Rs.250
Face Value (Rs)	10
Market Lot	60 shares
Opens	13 <sup>th</sup> Sep, 2017
Closes	15 <sup>th</sup> Sep, 2017
Issue Size(Rs)	400 Cr
Listing	NSE & BSE

### Issue Break Up:

QIB portion	50%
NIB portion	15%
Retail portion	35%

### Book Running Lead Managers:

➤ Axis Capital Ltd
➤ IIFL Holdings Ltd
➤ Vivro Financial Services Pvt Ltd

### Registrar

➤ Karvy Computershare Pvt Ltd
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### Company & Business Profile

Capacit'e Infraprojects Ltd. is a company which was incorporated in 2012, engaged in construction of residential, commercial and institutional buildings. It provides end-to-end construction services for residential buildings, multi- level car parks, corporate office buildings and buildings for commercial purposes and buildings for educational, hospitality and healthcare purposes. Its construction includes constructing concrete building structures as well as composite steel structures. Company also provides mechanical, electrical and plumbing and finishing works.

Company operates in the Mumbai metropolitan region (MMR), the National Capital Region (NCR) and Bengaluru. The operations are geographically divided into MMR and Pune, NCR and Patna and Bengaluru, Chennai, Hyderabad, Kochi and Vijayawada. As on May 31, 2017, projects in the West Zone, North Zone and South Zone constituted, approximately 58.93%, 14.29% and 26.79% of the total projects, respectively. Its order book as at May 31, 2017 was of Rs 4,602.47 crore, comprising of 56 ongoing projects. The order book consists of 90.05% residential, 9.58% commercial and 0.37% institutional projects.

It has a reputed client base including Kalpataru, Oberoi Constructions Limited, The Wadhwa Group, Saifee Burhani Upliftment Trust, Lodha Group, Rustomjee, Godrej Properties Limited, Brigade Enterprises Limited and Prestige Estates Projects Limited.

The Company owns important equipment like formwork, tower cranes, passenger and material hoists, concrete pumps and boom placers which are core assets required throughout the lifetime of the project. The Company has capabilities to undertake building construction projects using modern technologies including temperature controlled concrete for mass pours, self compacting free flow concrete for heavily reinforced pours and special concrete for vertical pumping in Super High Rise buildings and High Rise buildings. Company have over 1,711 employees and 10,035 contract workers across all its projects.

### Objects of the Issue

Company would utilize the net proceeds for –

1. Funding working capital requirements.
2. Funding purchase of capital assets (system formwork).
3. General corporate purposes.

### Investment Positives

- Focus on construction of high rise buildings in major cities & expand in mass housing segment.
- Company's increased focus on and execute greater number of projects on a lock-and-key basis.
- Large Order Book with marquee client base and repeat orders.
- Capabilities to undertake building construction projects using modern technologies needed for high rise buildings.
- Owns equipment like system formworks and other core assets that is required for design and development.
- Company posted strong revenue growth of 86% in the last 4 years.
- Company has been posting consistent margins of around 6% in the last 3 years. However in FY14 it posted 2.9% margins.
- Company has experienced Promoters, Directors and management team. Company's board includes certain Directors, with more than 20 years of experience in the construction industry.

### Peer comparison

Company	Face value	EPS (Rs per share) Basic	NAV (Rs per Share)	P/E	RONW (%)
Capacit'e Infraprojects Ltd	10	17.22	74.36	17.22	23.15
Ahluwalia Contracts Ltd	2	12.84	75.82	22.57	16.93
JMC Projects Ltd	10	-12.46	143.27	Not Measurable	-8.74
Simplex Infrastructures Ltd	2	17.75	309.75	20.19	7.32

\*Not measurable since EPS is Negative

### Financials (Rs in millions)

Particulars	For the year ended				
	March 31,2017	March 31,2016	March 31,2015	March 31,2014	March 31,2013
Total Income	11659.69	8602.46	5625.8	2165.82	183.44
Total Expenses	10593.63	7859.05	5164.66	2056.69	214.21
PBT	1066.06	743.41	461.14	109.13	-30.77
PAT	696.61	488.4	320.45	41.11	-36.34
EPS(Rs) Basic	17.22	12.27	10.86	1.61	-2.37
EPS(Rs) Diluted	14.01	11.05	9.8	1.61	-2.37
Net CF from op. activities	615.91	-174.33	373.21	407.99	40.85



### **Concern**

There are regulatory restrictions currently in effect for grant of development permission / intimation of disapproval ("IOD") on new projects in Mumbai. Non-removal of such regulatory restrictions may have an adverse impact on companies' future prospects in the Mumbai Metropolitan Region ("MMR").

### **Valuation**

The issue has been offered in a price band of Rs 245-250 per equity share. At the upper price band of Rs 250 the stock is available at P/E of 17(x) based on FY17 EPS. Its valuations are fair. The company has strong order book and is competent to complete the projects within time. We have **"4 star"** rating for the issue.



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