



Capacit'e Infraprojects Limited

About the company

- Capacit'e Infraprojects Limited (CIL) is a fast growing construction company focussed on Residential, Commercial and Institutional buildings.
- It provides end-to-end construction services for residential buildings ("Residential"), multi level car parks, corporate office buildings and buildings for commercial purposes (collectively, "Commercial") and buildings for educational, hospitality and healthcare purposes ("Institutional"). Its capabilities include constructing concrete building structures as well as composite steel structures. It also provides mechanical, electrical and plumbing ("MEP") and finishing works.
- It predominantly operates in the Mumbai metropolitan region ("MMR"), the National Capital Region ("NCR") and Bengaluru. Its operations are geographically divided into MMR and Pune ("West Zone"), NCR and Patna ("North Zone") and Bengaluru, Chennai, Hyderabad and Kochi ("South Zone"). 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 its total projects, respectively.
- It works for a number of reputed clients and are associated with some marquee construction projects in India. Some of its clients include Kalpataru, Oberoi Constructions Limited, The Wadhwa Group, Saifee Burhani Upliftment Trust, Lodha Group, Rustomjee, Godrej Properties Limited and Prestige Estates Projects Limited.
- It uses specialised formwork technologies, including vertical composite panel system for columns, horizontal composite panel system for slabs, crane enabled composite table formwork, aluminium panel formwork and automatic climbing system formwork. these modern formwork technologies helps to reduce the construction cycle time of replicating floors in a high rise construction compared to conventional formwork systems, such as cup-lock formwork.
- As of May 31, 2017, it had 1,711 employees and 10,035 contract labourers across all its projects.
- It has received an ISO 9001:2008 certification for its quality management system. Further, it has also received an ISO 14001:2004 certification for its environmental management system and an OHSAS 18001:2007 certification in respect of its occupational health and safety management systems.

Issue Details

Issue Opens	13 Sept'17
Issue Closes	15 Sept'17
Issue Size (Rs Cr.)	400
Face Value	Rs 10
No. of Shares Offered	16,000,000 Equity Shares
Price Band(Rs)	245-250
Market Lot	60 equity shares and in Multiples thereof
Listing	NSE,BSE

Financial Highlights

Y/E March (Rs in Cr)	FY2017	FY2016	FY2015	FY2014
Total Income	1165.97	860.25	562.58	216.58
Total Expenses	1059.36	785.91	516.47	205.67
PBT	106.61	74.34	46.11	10.91
PAT	69.66	48.84	32.04	4.11
EPS Diluted (Rs)	14.01	11.05	9.80	1.61
RONW%	23.15	28.44	56.11	-



Investment Rationale

- The company exclusively focuses on construction of buildings in major cities.
- It possesses large Order Book with marquee client base and repeat orders.
- It comprises of experienced Promoters, Directors and management team.
- The company has ownership of modern system formworks and other Core Assets.
- It has access to skilled workforce.
- The company displays strong financial performance.

Business strategy

- The company continues to remain focused on building construction.
- It plans to expand in the mass housing segment and expand presence in cities with high growth potential.
- It focuses to undertake projects on a design build basis and also to increase focus on and execute greater number of projects on a lock-and-key basis.
- It wants to bid for, and undertake, projects in the public sector.
- The company aims to capitalise on changes in the construction industry that will arise on account of the implementation of the RERAAct.

Peer Comparison

Name of Company	Total Revenue(Rs in Cr)	Face value(Rs)	P/E	EPS(Basic) (Rs)	RONW (%)	NAV/Share (Rs)
Capacit e Infraprojects	1165.97	10	17.49-17.84	14.01	23.15	74.36
Ahluwalia Contracts	1434.96	2	22.57	12.84	16.93	75.82
JMC Projects	2486.63	10	-	12.46	8.74	143.27
Simplex Infrastructure	5701.58	2	17.75	27.65	7.96	309.75

Risks

- Business is manpower intensive and dependant on the supply and availability of a sufficient pool of contract labourers.
- Liability claims or claims for damages or termination of contracts with clients for failure in meeting project milestones or defective work.
- The company relies on sub-contractors and third parties for supply of raw materials and non-Core Assets in construction.
- Company depends on the availability of and prices of steel and ready-mix concrete.
- Most of the projects and revenue are concentrated in the MMR, NCR and Bengaluru.
- Operation of clients in a highly regulated environment, and existing and new laws, regulations and government policies affect the sector in which it operates.
- The company requires obtaining approvals for operations, failure to obtain license and approvals may lead to adverse effects.

Outlook

The issue is attractively priced in comparison with listed peers. Considering the strong financials as discussed above, we believe the company would be able to perform better than industry growth. Investors can subscribe the issue for medium to long term investment.

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