

Capacit'e Infraprojects Ltd : Good Issue

IPO Note : Large Order Book Position; Strong growth in top and bottom line made it attractive

: Ranking***



Issue details

Price band (Rs)	Rs.245-250
IPO Opening Date	13/09/17
IPO Closing Date	15/09/17
Issue Size	Rs. 400 Cr.

Recommendation

Total revenue grew at a CAGR of 75.26% from Rs.216.58 Cr for the FY 2014 to Rs.1165.96 Cr for FY 2017. Net profit grew from Rs.4.11 to Rs.69.66 at CAGR of 156.87 in the same period. There are listed peers Ahluwalia Contracts, JMC Projects and Simplex Infra are trading at PE of 20.0, 19.0 and 27 respectively. If we attribute latest earnings on fully diluted equity post issue, then asking price is at a P/E of around 24.36. Thus issue appears fully priced. Considering its order book the company is poised to ripe benefits from Housing for All by 2022, affordable housing and smart city plans. Its top line and bottom line growth in last five years, investment in this outperforming company's offer may be considered for short to long term.

Highlights

- Capacit'e Infraprojects Ltd. (CIL) is a fast growing construction company focused on Residential, Commercial and Institutional buildings.
- It has an an Order Book of Rs. 4602.48 crore as at 31st May 2017 comprising of 56 ongoing projects.
- The order book consist of 96% residential, 3% commercial and 1% institutional projects.
- Focus on construction of high rise buildings in major cities
- Owns equipment that is required for design and development.
- Its top line and bottom line grew at a CAGR of 87% and 132% from FY14 to FY17.
- Its debt for FY17 stood at Rs.153 crore decreased from Rs.177 crore in FY16.

Company Introduction

Capacit'e Infraprojects Ltd. (CIL) is a fast growing construction company focused on Residential, Commercial and Institutional buildings. CIL has an an Order Book of Rs. 4602.48 crore as at 31st May 2017 comprising of 56 ongoing projects. The company 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. CIL also provides mechanical, electrical and plumbing ("MEP") and finishing works.

Capacit'e Infra primarily operates in Mumbai, NCR and Bangaluru. The list of clients include Lodha Group, Rustomjee, Godrej Properties Limited, Prestige Estates and Oberoi



www.capacite.in

Financial Summary (Rs. In Crore)

Particulars	FY2017	FY2016	FY2015	FY2014
Total Income	1165.96	860.24	562.58	216.58
Net Profit	69.66	48.84	32.04	4.11
EPS (Rs)	10.26	7.19	4.71	0.61

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Constructions. Capacit'e has 51 ongoing projects.

Capacit'e Infra owns equipment that is required throughout the lifetime of a project including formwork, cranes, hoists, concrete pumps and boom placers. Company have over 1,688 employees and 10,678 contract workers across all its projects.

Strong Order book Position

As of May 31, 2017, it has an Order Book aggregating to Rs.4602.47 crore, with projects spread across major regions in India, including the MMR, NCR, Pune, Hyderabad, Bengaluru, Chennai, Kochi and Vijaywada. Its Order Book, as at May 31, 2017, is 3.98 times the consolidated revenue from operations for the financial year ended March 31, 2017 and consisted of orders for construction of 12 Super High Rise Buildings, 23 High Rise Buildings, six Other Buildings, 14 Gated Communities and one Villament.

Company Promoters:

Mr. Rohit R. Katyal, Mr. Rahul R. Katyal, Mr. Subir Malhotra and are the Promoters of the Company

The object of the issue

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

IPO Issue Proceed

To part finance its working capital requirements, purchase of capital assets and general corpus fund needs, CIL is coming out with a maiden IPO of 1.60 crore equity shares of Rs. 10 each with a price band of Rs. 245-250 to mobilize Rs. 400 crore. Issue opens for subscription on 13.09.17 and will close on 15.09.17. Minimum application is to be made for 60 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. Post issue its current paid up equity capital of Rs.51.89 crore will stand enhanced to Rs. 67.89 crore. Issue consists of 23.56% of fully diluted post issue paid up capital of the company.

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