



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Capacite Q4FY24 consolidated revenues came in at ₹598.89 Cr, up 34.06% YoY and up 24.59% QoQ.
- Op Profit for Q4FY24 stood at ₹109 Cr, up 29.76% YoY and up 25.28% QoQ.
- Op margins for Q4FY24 came at 18%, -100 bps YoY and flat QoQ.
- PAT for Q4FY24 stood at ₹52 Cr, up 136.36% YoY and up 73.33% QoQ.

2. MANAGEMENT COMMENTARY:

- Management has guided for 25% minimum revenue growth in FY25 and will try to be net debt free by the end of current financial year.

3. SEGMENTAL ANALYSIS:

- Q4FY24 Category Breakup: Institutional (21%), Mixed use (39%), and Residential (41%).
- Q4FY24 Project Breakup: Highrise (75%), Super Highrise (10%), Other (14%).

4. CONCALL SUMMARY

- The Company registered highest ever revenue & profitability for both Q4 FY24 and whole year.
- Higher execution has helped in better absorption of fixed costs.
- Successfully raised INR 200cr by QIP in Q4 FY24, Capital raised has been deployed to strengthen execution across projects.
- Projects awarded during FY24 stood at INR 2009cr excluding GST.
- Order book on standalone basis at 9011cr as on 31 March 24, public sector at 69% and private at 31%.
- Company has bid for INR 700cr Data center projects and tied up for technical collaboration for data center components.
- Minimum order intake guidance can be taken at INR 3000cr plus.
- Capex in FY24 was 45.11cr and has guided for 55cr capex for FY25.
- CIDCO backlog is about INR 3200cr. Company has done INR 375cr in the last financial year and look to do INR 600cr in the current financial year and 750cr in next subsequent year.

5. FUTURE OUTLOOK:

- Bid Pipeline opportunity of more than 3 lakh crores to 4 lakh crores per year for the next 5 years if the momentum in construction or infrastructure is not tampered with.
- Company will be actively pursuing opportunities in Data centers, healthcare, residential, commercial and retail space.
- Strong case for a reduction in the net working capital by nearly 20 days in the current financial year, intend to come back at 96-97 days.
- Management has guided for 12-12.5% EBIT Margin and net debt free by end of FY25.

6. VALUATION AND OUTLOOK:

- We expect momentum of higher execution of projects to continue in FY25. PMAY, Data centres strong bid pipeline, ease of liquidity constraints and healthy order book will give strong boost to Top line. Entry into new geographies like Delhi, Noida and gurugram is also one of the positives.
- We initiate BUY rating on the stock and value the scrip at 20x FY25E EPS to arrive at a target price of ₹ 374.**

RECOMMENDATION - BUY

CMP – 288

TARGET – 374 (30%)

Industry	Realty
NSE CODE	CAPACITE
BSE CODE	540710
Market Cap (₹ Cr)	2458
Shares Outstanding (in Cr)	8.46
52 wk High/Low (₹)	335 / 187
P/E	20.4
P/BV	1.62
Face Value (₹)	10.00
Book Value (₹)	179
EPS (FY24) (₹)	14.22
Dividend Yield (%)	0.00%
Debt / Equity	0.22
Interest Coverage	2.75

SHAREHOLDING PATTERN

	Mar 24	Dec 23	Sep 23
Promoters	31.69	38.28	35.66
MF/ DII	7.82	5.51	8.26
FII/FPI	11.12	7.26	8.13
Retail & Others	49.37	48.96	47.94
Promoter Pledging	44.89	38.52	28.59

FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2024A	2025E	2026E
Crore			
Sales	1932	2414	2898
Sales Gr(%)	7.4	25	20
EBITDA	363	459	580
EBITDA %	18.5	19	20
PAT	120.3	158	173.8
EPS (₹)	16.1	18.7	20.5
EPS Gr. (%)	26	31	10
Ratios			
RoE (%)	9.3	10.4	11.5
RoCE (%)	16.0	16.7	18.1
Valuation			
P/E (x)	20.4	15.6	14.2

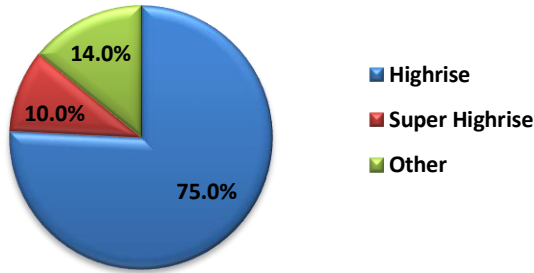
Historical & Industrial Val Ratios

Historical P/E	15.9
Industry P/E	33
Historical P/B	1.2
Industry P/B	2.89

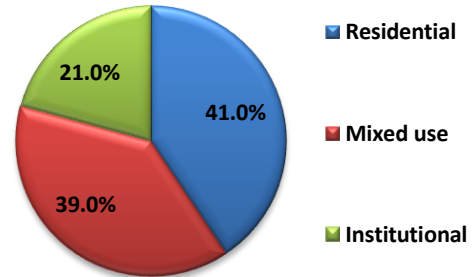


REVENUE SPLIT (Q4 FY24)

Project Split (Q4 FY24)



Category Split (Q4 FY24)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY23			FY24				FY25E*	FY24	FY25E*
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
Net sales	431	443	447	430	422	481	599	516	1932	2414
YoY change (%)	24.9%	21.3%	28.7%	-9.7%	-2.2%	8.4%	34.0%	20.0%	7.4%	25.0%
Total Expenditures	350	356	363	360	359	394	490	423	1600	1955
EBITDA	82	87	84	71	62	87	109	93	331	459
Margins (%)	19%	20%	19%	16%	15%	18%	18%	18%	17%	19%
Other income	3	3	2	5	15	5	10	5	33	32
Interest	23	25	22	25	22	25	23	23	96	87
Depreciation	32	34	27	24	28	27	22	24	101	99
PBT	30	31	37	26	28	41	73	51	167	220
Rate (%)	6.9%	6.9%	8.3%	6.1%	6.6%	8.5%	12.2%	9.8%	8.6%	9%
Adjusted PAT	22	23	22	19	20	30	52	37	120	158
EPS in Rs	3.2	3.3	3.1	2.8	2.7	3.8	6.1	4.3	14.2	18.7

Key Performance Indicators

Order Book	9026	9764	9513	10,245	10,233	9670	9011		9011	
Order Book/Sales	20.9	22.1	21.3	23.8	24.2	20.1	15.1		15.1	
Net debt equity	0.39	0.20	0.17	0.17	0.17	0.15	0.05		0.05	

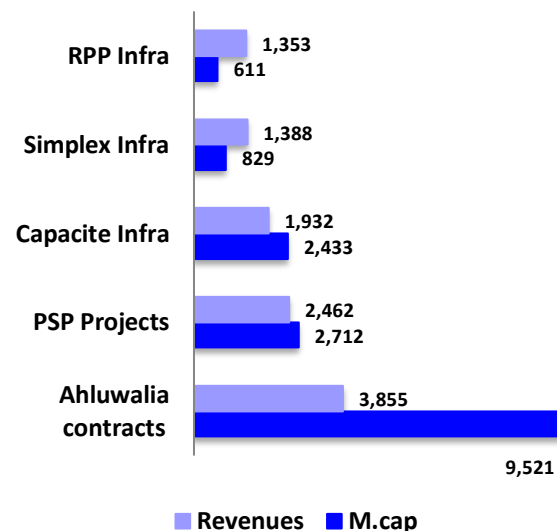
Source: Company, Hem Securities Research.



INDUSTRY OVERVIEW

- The Indian real estate sector is expected to reach USD 1 trillion by 2030, making it one of the largest in the world (Source: NAREDCO).
- The real estate and construction sectors together contribute nearly 15% to India's GDP (Source: Economic Survey 2021-22).
- The implementation of RERA (Real Estate (Regulation and Development) Act, 2016) has led to increased transparency and consumer confidence in the sector.
- Adoption of technologies like BIM (Building Information Modeling), IoT (Internet of Things) for smart buildings, and PropTech (Property Technology) solutions is on the rise, enhancing construction efficiency and building management.
- Challenges include liquidity constraints, regulatory compliance, land acquisition issues, and economic uncertainties impacting investor sentiment.
- Trends such as co-working spaces, mixed-use developments integrating residential and commercial spaces, and sustainable building practices are gaining traction in the market.
- Despite challenges, the long-term outlook for the Indian real estate sector remains positive, driven by demographic trends, urbanization, infrastructure investments, and evolving consumer preferences.
- Current trends in the Indian real estate industry include the rise of co-working spaces, mixed-use developments, green buildings, and affordable housing initiatives supported by government schemes like Pradhan Mantri Awas Yojana (PMAY).

Peer group



PEER PERFORMANCE

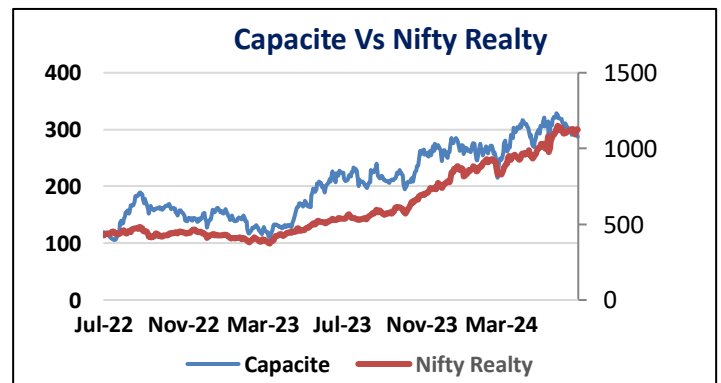
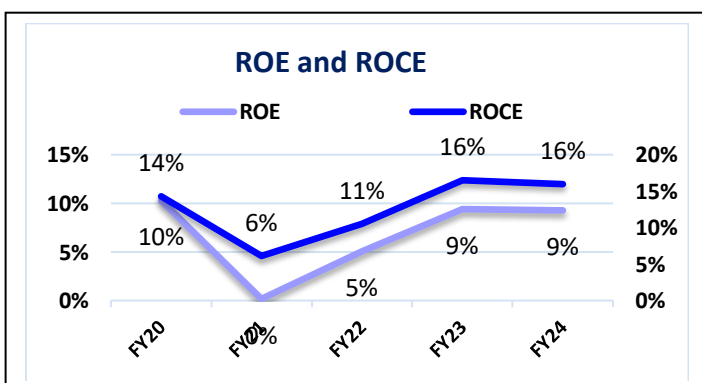
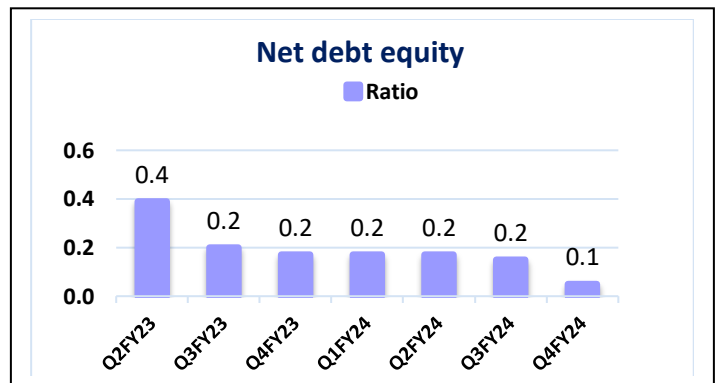
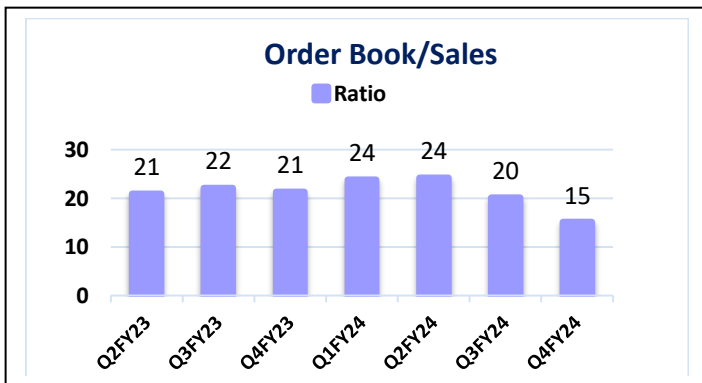
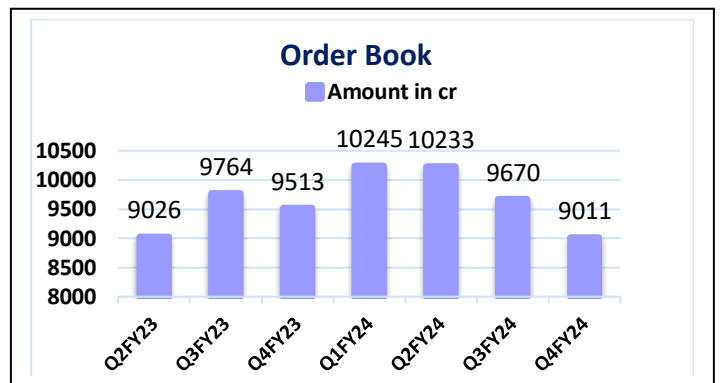
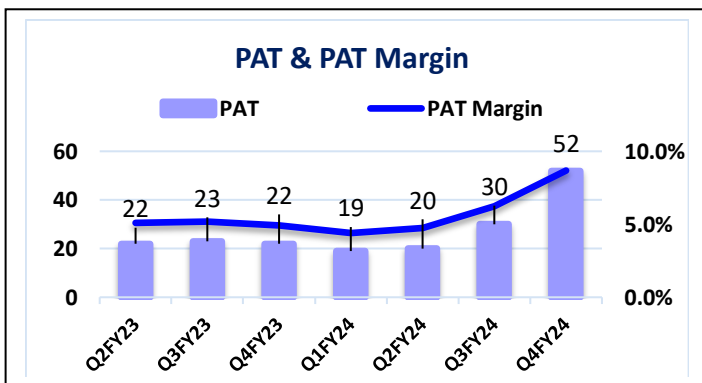
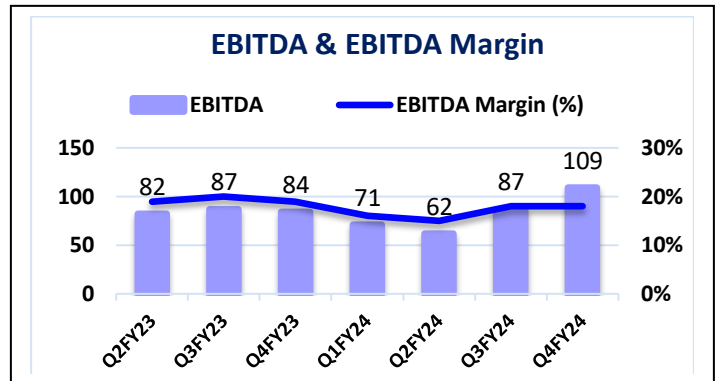
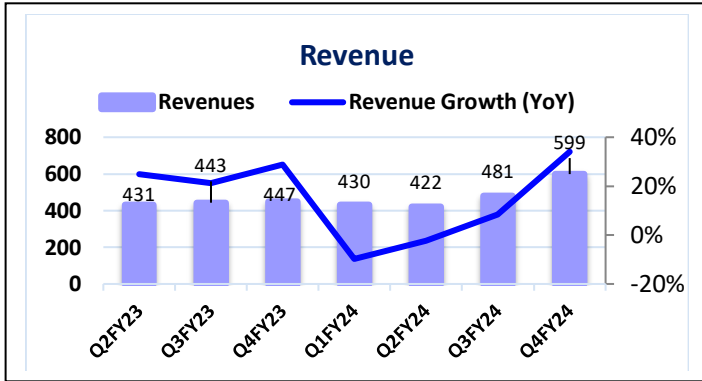
(₹ Cr)

Particulars	Capacit'e Infraprojects	Ahluwalia Contracts	Simplex Infrastructures	RPP Infra Projects	PSP Projects
Market Cap	2433	9521	829	611	2712
Net Sales	1932	3855	1388	1353	2462
EBITDA	331	388	28	57	262
PAT	120	375	(72)	57	124
EPS(₹)	14.22	55.96	(12.65)	57	34.4
EBITDA MARGIN %	17%	10%	2%	4%	11%
PAT MARGIN %	6.2%	9.7%	(5.2%)	4.2%	5.1%
ROCE %	16.0%	23.9%	(0.3%)	21.2%	19.1%
ROE %	9.3%	16.4%	(27.1%)	14.5%	14.4%
P/E TTM	20.3	41		10.7	21.9
P/B TTM	1.6	5.9	3.60	1.45	2.69
EV/EBITDA	7.01	20.8	174	5.72	10.3
Dividend Yield %	0.0%	0.03%	0.00%	0.00%	0.37%
MCap/ Sales TTM	1.3	2.4	0.6	0.45	1.10

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- Higher execution has helped company in better absorption of fixed cost. Momentum of higher execution is expected to continue.
- Management is confident of achieving 25% minimum revenue growth and 12-12.5% EBIT Margin in current financial year.
- Key catalysts include a robust bid pipeline from companies like Oberoi, Raymond, and Brookfield. Additionally, the government's PMAY initiative aims to construct 4 crore houses, further bolstering the sector.
- Successfully raised INR 200cr by QIP and capital raised has been deployed to strengthen execution across projects.
- Data center is new emerging theme, Currently, Capacit'e is executing 13 data centers for defense in various cities, slated for completion by August in the current fiscal year. Additionally, the company has bid for a 700 crore data center project.
- Capacit'e has rapidly developed internal capabilities, shifting focus from basic 'shell and core' constructions to integrated design and build projects. Company is also planning to enter into new geographies like Gurugram, Delhi and Noida.
- Going forward bifurcation will be 70:30 in public and private sector, Diversification into public sector projects is further boosting its growth prospects.
- The company is currently participating in the pre-qualification process for the Adani Dharavi project.
- Company is aiming to be net debt free by end of financial year which will help in increasing bottom line. Starting from the second half of the current financial year, Management anticipate a reduction in finance costs by approximately 100 basis points.

RISK / NEGATIVE FACTORS:

- As the company operates solely within a single segment, its growth opportunities are constrained compared to more diversified competitors.
- The concentration of the company's project orders in the Western region, particularly in Mumbai Metropolitan Region (MMR) and Pune, exposes it to potential slowdowns in the real estate sector in these areas. Additionally, factors like regional bans on activities such as sand mining pose further risks to operations.
- Liquidity challenges have disrupted the progress of several developers' projects, causing delays in execution. Should any clients encounter liquidity issues, it may result in extended payment cycles or project delays for Capacit'e Infraprojects Ltd.
- If Momentum in realty cycle is tampered, Company growth could be affected
- Given its reliance on labor, any labor-related challenges in any region could significantly affect their operations and potentially lead to operational losses.
- Effective management of working capital is crucial for profitability. Delays in cash flows can elongate the working capital cycle, thereby

COMPANY RECAP

- Capacit'e Infraprojects Ltd is a prominent construction firm based in India, specializing in residential, commercial, and institutional buildings. Founded in 2012 by Rahul Katyal, Rohit Katyal, and Subir Malhotra, the company emerged following the real estate business demerger of Pratibha Industries Ltd.
- Capacit'e Infraprojects Ltd focuses on constructing superstructures, building shell and core structures, and providing finishing and MEP (Mechanical, Electrical, Plumbing) services. Their portfolio includes diverse projects across major Indian cities like Mumbai, Delhi-NCR, Bengaluru, and Chennai. They are noted for their expertise in high-rise residential towers, commercial complexes, and institutional buildings.
- The company serves a varied clientele that includes prominent real estate developers such as Lodha Group, Godrej Properties, Oberoi Realty, and Prestige Group. Capacit'e Infraprojects Ltd has demonstrated consistent growth since its inception, bolstered by a strong order book and effective project execution.
- The company emphasizes the adoption of modern construction technologies and practices. This includes leveraging advanced equipment, sustainable building methods, and digital solutions to enhance productivity, efficiency, and project outcomes.
- Capacit'e Infraprojects Ltd has garnered recognition within the industry for its excellence in project execution and management. Awards and accolades further validate their standing as a leader in the construction sector.
- Overall, Capacit'e Infraprojects Ltd continues to evolve and expand its footprint in India's dynamic construction landscape. Their blend of innovation, expertise, and client-focused approach positions them as a preferred partner for delivering complex and high-value projects across the country.



ANNUAL PERFORMANCE

Financials & Valuations

Income Statement							(₹ Cr)
Y/E March	2020	2021	2022	2023	2024	2025E	2026E
Revenue from operations	1,528.9	879.7	1,339.8	1,798.5	1931.6	2414.5	2897.5
Growth YoY (%)	-14.9	-42.4	52.3	34.2	7.3	24.9	20.0
Total Expenditure	1,272.2	743.2	1,121.2	1,447.2	1600.2	1955.8	2318
(%) of sales	83.2	84.4	83.6	80.4	82.8	81.0	80.0
EBITDA	256.7	136.4	218.5	351.3	331.3	458.8	579.5
EBITDA Growth (%)	-1.7	-41.4	40.1	55.7	-5.6	38.4	26.3
EBITDA Margin (%)	18.4	18.7	17.2	20.0	17.1	19.0	20.0
Depreciation	114.1	90.1	98.8	136.0	101.3	99.0	159.3
EBIT	167.9	74.8	132.1	225.3	230.0	305.8	366.2
EBIT Growth (%)	-15.2	-55.4	76.4	70.5	2.0	32.9	19.7
Net Interest Expenses	64.5	70.3	66.9	89.4	95.6	87.1	87.5
Other Income	25.4	28.8	13.1	9.5	32.0	32.0	32.0
Earnings before Taxes	103.3	4.5	65.1	135.9	166.4	219.8	241.7
EBT Margin (%)	6.76	0.5	4.8	7.5	8.6	9.1	8.3
Tax-Total	12.3	3.0	17.3	40.6	47.0	61.8	67.9
Rate of tax (%)	11.9	66.5	26.6	29.9	28.2	28.1	28.0
Net Profit	91.0	1.5	47.7	95.3	120.3	158.0	173.8
PAT Growth (%)	-6.4	-98.3	3,016.9	99.5	26.2	31.3	10.0
PAT Margin (%)	5.9	0.1	3.5	5.3	6.2	6.5	5.9
Minority Interest	0.00	0.00	0.00	-0.01	0.0	0.0	0.0
Adjusted PAT	91.0	1.5	47.7	95.2	120.2	157.9	173.7
EPS	13.4	0.2	7.0	14.0	16.0	18.7	20.5
EPS Growth (%)	-6.4	-98.3	3,016.7	99.5	14.6	16.2	9.6

Balance Sheet

Y/E March	2020	2021	2022	2023	2024
Equity Capital	68	68	68	68	85
Reserves	858	861	897	993	1432
Borrowings	320	291	335	370	329
Other Liabilities	1119	1025	1081	1193	1303
Total Liabilities & Equity	2364	2246	2381	2624	3149
Fixed Assets	659	664	694	659	594
CWIP	5	6	14	6	9
Investments	1	2	1	1	3
Other Assets	1699	1574	1673	1957	2544
Total Assets	2364	2246	2381	2624	3149

Source: Company, Hem Securities Research.



Ratios					
Y/E March (Basic (INR))	2020	2021	2022	2023	2024
Profitability and return ratios					
Net profit margin (%)	5.96	0.17	3.56	5.30	6.21
EBITDA margin (%)	18.45	18.79	17.29	20.06	17.13
EBIT margin (%)	10.98	8.51	9.86	12.53	13.61
ROE (%)	10.30	0.17	5.04	9.41	9.3
ROCE (%)	14.29	6.11	10.53	16.49	16.0
Working Capital & liquidity ratios					
Payables (Days)	108.57	332.21	223.54	227.76	231
Inventory (Days)	23.30	42.44	28.88	21.32	31
Receivables (Days)	109.63	139.20	92.69	75.33	104
Current Ratio (x)	1.47	1.36	1.42	1.43	1.68
Valuations Ratios					
EV/sales (x)	0.35	1.70	0.66	0.55	1.31
EV/EBITDA (x)	1.91	9.06	3.83	2.77	6.99
P/E (x)	5.42	892.11	15.55	8.46	20.3
P/BV (x)	0.53	1.47	0.77	0.76	1.62
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00%
Return on Assets (%)	3.91	0.06	1.96	3.59	3.81
Leverage Ratio					
Debt/Equity (x)	0.33	0.31	0.34	0.34	0.22

Cash Flow Statement					
Y/E March	2020	2021	2022	2023	2024
CF from Operating activities (A)	357.49	77.03	34.49	101.35	-38.82
CF from Investing Activities (B)	-276.94	-122.13	-22.93	-42.79	-152.34
CF from Financing Activities (C)	-2.80	-52.65	0.71	-33.60	181.55
Net Cash Flow	77.75	-97.75	12.28	24.95	-9.61
Add: Opening Bal.	29.84	107.59	9.84	22.11	47.07
Closing Balance	107.59	9.84	22.11	47.07	37.46

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
18th July 2024	Buy	374

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Name of the Research Analyst: ABHISHEK DIXIT

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3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
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