



## Press Release

### Capacit'e Infraprojects Limited

September 06, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	287.81	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	<a href="#">Simple</a>
Proposed Long Term Bank Facilities	50.02	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	<a href="#">Simple</a>
Short Term Bank Facilities	30.00	IVR A3 (IVR A Three)	-	Assigned	<a href="#">Simple</a>
Long Term / Short Term Bank Facilities	1199.69	IVR BBB-/Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	-	Assigned	<a href="#">Simple</a>
Proposed Long Term / Short Term Bank Facilities	180.14	IVR BBB-/Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	-	Assigned	<a href="#">Simple</a>
Non-Convertible Debentures	92.86	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	<a href="#">Complex</a>
<b>Total</b>	<b>1840.52</b> <b>(Rupees One thousand eight hundred and forty crore and fifty-two lakh only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.



## Press Release

### **Detailed Rationale**

Infomerics Ratings has assigned long term rating of IVR BBB-/Stable and short term rating of IVR A3 to the bank facilities and reaffirmed the long-term rating assigned to Non-Convertible Debentures of Capacit'e Infraprojects Limited (CIL). The rating assigned to the bank facilities and Non-Convertible Debentures derive strength from experienced promoters and established track record of company as EPC contractors, growth in revenue and profitability in FY24 (FY refers to period April 1 to March 31) and Q1FY25 backed by strong order book, fund infusion in FY24 and healthy capital structure and debt protection metrics. The ratings strengths are, however, constrained by concentration risk in terms of geography, sector, and clientele and working capital intensive operations.

The Stable Outlook factors in the benefit from experienced promoters and healthy order book with repeat orders from private as well as government clients thus ensuring medium term revenue visibility.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Sustained improvement in revenues along with profitability leading to improvement in liquidity of the company.
- Improvement in working capital cycle thereby improving cash flows and liquidity position of the company.

#### **Downward Factors**

- Delays in execution of orders / time lag in conversion of ongoing project execution to realisable sales, leading to moderation in revenues and profitability impacting the cash flows of the company.
- Stretch in working capital cycle deteriorating the liquidity position of the company.



## Press Release

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Experienced promoters and established track record of company as EPC contractors**

Mr. Rahul Katyal, Managing Director & CEO and Mr. Rohit Katyal, Executive Director & Chairman of CIL have experience of around more than 28 years in this industry. The company has completed over 60 projects in a span of 12 years on a pan India basis. The company's clientele includes major government clients like City and Industrial Development Corporation of Maharashtra Ltd (CIDCO), Municipal Corporation of Greater Mumbai (MCGM), Maharashtra Housing and Development Authority (MHADA), Gujarat International Finance Tec-City (GIFT City) PSU like Indian Oil Corporation (IOCL) and private players include Oberoi Realty, Raymond, Piramal, etc. The long-standing relations of the promoters along with a proven track record has helped the company secure repeat orders from its clients.

##### **Growth in revenue and profitability in FY24 and Q1FY25 backed by strong order book**

The total operating income of CIL increased by ~7.40% in FY24 to Rs. 1931.64 crore from Rs.1798.59 crore in FY23 on account of steady execution skills and healthy inflow of orders. The company has an order book of Rs. 9011 crore as on March 31, 2024, to be executed in the next 3 – 3 ½ years. Further the company got new orders of ~Rs.1114 crore in FY25. This is ~5 times FY24 revenues, thus ensuring strong revenue visibility for the medium term. EBITDA and PAT stood at Rs. 331.36 crore and Rs. 120.33 crore respectively in FY24. EBITDA margin moderated to 17.15% in FY24 (PY: 19.54%) due to change in method of measuring progress i.e. output method to input method as specified, however PAT margin improved to 6.13% (PY:5.27%). In Q1FY25 the company has reported revenue of Rs. 569.75 crore and EBITDA and PAT margins improved to 20.43% and 12.53% respectively owing to better execution and improvement in liquidity position.

##### **Equity infusion in FY24**

There has been fresh equity infusion of Rs.296.30 crore during FY24. The company raised funds through preferential allotment of equity to the promoters to the tune of Rs. 96.30 crores in July 2023 which was utilized for working capital requirement of the company thereby improving the cash flows of the company. In addition, the company through Qualified Institutional Placement (QIP) in January 2024 raised Rs 200 crore to further scale up the



## Press Release

operations and maintain enough liquidity in the system for future growth. Further, preferential warrants issued to the promoters in the earlier period were converted to the tune of Rs. 49.60 crore in FY24.

### **Healthy capital structure and debt protection metrics**

The overall gearing ratio on adjusted tangible networth of the company was 0.41x as on March 31, 2024, as against 0.65x as on March 31, 2023. The total debt of Rs. 595.55 crore as on March 31, 2024, comprises of term loan of Rs. 162.81 crore, bank borrowings of Rs. 284.69 crore, unsecured loan from directors of Rs. 3.27 crore, lease liabilities of Rs. 3.17 crore, intercorporate deposits of Rs. 10.22 crore and interest-bearing advance from customers of Rs.131.39 crore. The total indebtedness of the company as reflected by TOL/ATNW stood at 1.13x as on March 31, 2024, as against 1.44x as on March 31, 2023. Debt protection metrics like interest coverage stood healthy at 3.46x in FY24 and 3.93x in FY23. Total debt/ EBITDA stood at 1.80x as on March 31, 2024, compared to 1.98x as on March 31, 2023.

### **Key Rating Weaknesses**

#### **Concentration risk in terms of geography, sector, and clientele**

Order book is highly concentrated in terms of geography and sector, as majority of the projects to be executed are building works in the Mumbai Metropolitan Region (MMR). Further, public sector accounts for 69% of the order book and balance 31% is with the private sector clients. Also, top ten projects of the company comprise 85.60% of the total order book. CIDCO contributes around 38%.

#### **Working capital intensive operations**

CIL's working capital remained stretched due to accumulation of unbilled revenue and bills due for certification aggregating to Rs. 1228.53 crore as on March 31, 2024, which is ~64% of TOI in FY24, as against Rs. 923.84 crore as on March 31, 2023, which is ~52% of TOI in FY23. The average collection period stood at 103 days in FY24 and 93 days in FY23. The company has collected old receivables to the tune of Rs. 353.61 crore since September 2022 till date which has further added to liquidity. Average creditor days remained high at 133 days in FY24 (PY: 111 days). The company has been taking steps to manage the working capital cycle through infusion of funds, procuring contracts that do not stipulate the requirements of



## Press Release

Performance / Advance Bank guarantees against material advance as well as capex advance for form work systems from clients. Further, working capital enhancements in the fund based and non-fund-based limits in February 2024 and July 2024, have also led to an improvement in the working capital utilisation levels post QIP.

**Analytical Approach:** Consolidated. List of companies considered for consolidation analysis is given at Annexure 4.

### **Applicable Criteria:**

[Criteria of assigning Rating Outlook](#)

[Rating Methodology – Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria on Consolidation of Companies](#)

### **Liquidity – Adequate**

CIL's expected gross cash accruals in the projected period FY25-27 are expected to be sufficient vis a vis debt repayment obligation of Rs. 78.92 crore in FY25, Rs.96.80 crore in FY26 and Rs. 78.39 crore in FY27. The company also raised Rs.200 crore through QIP in January 2024 to further scale up the operations and maintain enough liquidity in the system. The free cash and cash equivalent balance stood at Rs. 120.09 crore as on March 31, 2024. Post QIP and enhancement of working capital limits the average utilisation of the fund-based limits too has reduced. The company has different project specific non-fund-based limits for three large public sector projects namely CIDCO, MCGM and MHADA which provides some comfort. The company's liquidity position has further been supported by receipt of few contracts where it does not have to submit bank guarantees for mobilization advance or performance. CIL has also secured approval from State Bank of India to use Rs.100 crore of CIDCO project's bank guarantee (BG) limits of Rs.201.50 crore for retention money BG, along



## Press Release

with the already specified purposes of performance BG and advance BG to the extent of reduction of BG from the present level.

### **About the Company**

Capacit'e Infraprojects Limited was incorporated on August 9, 2012. The company is engaged in construction of residential, commercial, institutional buildings including super speciality hospitals etc & factories with specialization in construction of Highrise and Super High-rise buildings. The company has successfully completed over 60 projects in last 12 years spread across India in MMR, PMR, NCR, Varanasi, Bengaluru, Chennai and Hyderabad and more than 64 mn sq ft of constructed area across residential, commercial and other institutional buildings. It also offers Mechanical Electrical & Plumbing, finishing and interior services for the projects that they work on.

### **Financials (Consolidated):**

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	1798.59	1931.64
EBITDA	351.36	331.36
PAT	95.30	120.33
Total Debt	697.41	595.55
Tangible Net Worth	1072.52	1515.72
EBITDA Margin (%)	19.54	17.15
PAT Margin (%)	5.27	6.13
Overall Gearing Ratio (x)	0.65	0.39
Interest Coverage (x)	3.93	3.46

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA: Nil.**

**Any other information: None.**



## Press Release

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					August 30, 2024	-	-	-
1.	Term Loan	Long Term	141.61	IVR BBB-/Stable	-	-	-	-
2.	Proposed Term Loan	Long Term	50.02	IVR BBB-/Stable	-	-	-	-
3.	Cash Credit	Long Term	146.20	IVR BBB-/Stable	-	-	-	-
4.	Letter of Credit	Short Term	30.00	IVR A3	-	-	-	-
5.	Proposed Fund-Based Working Capital Limits	Long/Short Term	43.80	IVR BBB-/Stable/ IVR A3	-	-	-	-
6.	Bank Guarantee / Letter of Credit	Long/Short Term	1199.69	IVR BBB-/Stable/ IVR A3	-	-	-	-
7.	Proposed Non-Fund-Based Working Capital Limits	Long/Short Term	136.34	IVR BBB-/Stable/ IVR A3	-	-	-	-
8.	Non-Convertible Debentures	Long Term	92.86	IVR BBB-/Stable	IVR BBB-/Stable	-	-	-

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## Press Release

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loans	-	-	-	June 2027	9.36	IVR BBB-/Stable
Term Loans	-	-	-	September 2026	7.64	IVR BBB-/Stable





## Press Release

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loans	-	-	-	July 2027	6.60	IVR BBB-/Stable
Term Loans	-	-	-	May 2026	3.86	IVR BBB- /Stable
Term Loans	-	-	-	August 2027	3.31	IVR BBB- /Stable
Term Loans	-	-	-	March 2031	3.00	IVR BBB- /Stable
Term Loans	-	-	-	April 2031	5.56	IVR BBB- /Stable
Term Loans	-	-	-	March 2028	1.56	IVR BBB- /Stable
Term Loans	-	-	-	March 2027	1.36	IVR BBB- /Stable
Term Loans	-	-	-	March 2026	9.75	IVR BBB- /Stable
Term Loans	-	-	-	August 2028	70.13	IVR BBB- /Stable
Term Loans	-	-	-	June 2026	3.95	IVR BBB- /Stable
Term Loans	-	-	-	December 2025	2.10	IVR BBB- /Stable
Term Loans	-	-	-	January 2026	0.64	IVR BBB- /Stable
Term Loans	-	-	-	February 2026	0.38	IVR BBB- /Stable
Term Loans	-	-	-	September 2039	12.07	IVR BBB- /Stable
Term Loans	-	-	-	May 2025	0.34	IVR BBB- /Stable
Proposed Term Loans	-	-	-	-	50.02	IVR BBB- /Stable
Cash Credit	-	-	-	-	146.20	IVR BBB- /Stable
Proposed fund-based working capital limit	-	-	-	-	43.80	IVR BBB- /Stable / IVR A3
Letter of Credit	-	-	-	-	30.00	IVR A3



## Press Release

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Bank Guarantee / Letter of Credit	-	-	-	-	1199.69	IVR BBB- /Stable / IVR A3
Proposed non-fund-based working capital limit	-	-	-	-	136.34	IVR BBB- /Stable / IVR A3
Non-Convertible Debentures	INE264T07029	June 14, 2024	13.80%	November 05, 2027	92.86	IVR BBB- /Stable

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Capacite-Infraprojects-06sep24.pdf>

### Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

<b>Name of the Security:</b>		Secured, Redeemable, Unlisted Non-Convertible Debentures (INE264T07029)
<b>Financial Covenant</b>		
<b>I</b>		Non-fund-based limits (BG, LCs etc.) to not exceed 90% of the sanctioned limit.
<b>ii</b>		Minimum unencumbered cash balance of Rs. 50.00 crore at all times.
<b>iii</b>		Maximum capex shall not exceed Rs. 60.00 crore in a financial year.
<b>iv</b>		Maximum Gross Debt / LTM EBITDA not to exceed 1.25x
<b>Non-financial Covenant</b>		
<b>i</b>	Redemption Schedule	14 equal quarterly instalments from the effective date commencing with the first repayment due on the fifth calendar day of August' 24 and at quarterly intervals thereafter
<b>ii</b>	Prepayment Premium	Prepayment charges of 0.75% on the amount repaid, shall be applicable in respect of any early redemption done after expiry of the Lock-in period
<b>iii</b>	Pledge of shares	Exclusive pledge over 35,00,000 shares of the Issuer held by the Promoter(s) or any other entity controlled by the Promoter(s) on a fully diluted basis.



## Press Release

iv	Put option	Right to exercise put option at the end of 36 months from the effective date.
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### Annexure 4: List of companies considered for consolidated analysis:

Name of the company/Entity	Consolidation Approach
CIPL-PPSL-Yongnum Joint Venture Construction Private Limited	100%
Capacit'e E-Governance JV	100%
CIL MMEPL EKATHA Private Limited	100%
Capacit'e Viraj AOP	70%
CEPL – CIL Joint Venture	74%
TPL – CIL – Construction LLP	35%
TCC Construction Private Limited	37.10%

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).