

Week Gone

- ⇒ Infosys IT major and Daimler AG announced a long-term strategic partnership for a technology-driven IT infrastructure transformation.
- ⇒ Mahindra & Mahindra (M&M) said it will increase the price of its range of tractor across models from 1 January 2021, due to the increase in commodity prices
- ⇒ Wipro announced a strategic digital and IT partnership deal with Metro AG. The estimated deal value for the duration of the first five years is approximately \$700 million.

Week Ahead

- ⇒ India's infrastructure output data for November will be unveiled on 31 December 2020
- ⇒ Overseas, developments surrounding Brexit deal will be closely eyed. It comes after EU Chief Brexit Negotiator Michel Barnier said that the bloc was making a "final push" to strike a Brexit trade deal with Britain ahead of December 31.

Technical Overview

Index closed with a loss of 0.08% at 13749. Index opened this week on a flat note and remained highly volatile throughout the week and has formed long leg Doji candlestick pattern. Index has hit a resistance ratio of 127.2% projection ratio of its previous whole decline which is placed around 13770. Going ahead index to continue its upward move will need to sustain above the mention resistance level, which if it does will open the way for 13900-14200. While failure to do will lead to profit booking dragging index lower towards 13600-13450-13250



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	24-Dec-20	18-Dec-20	Weekly % Chg
Nifty	13,749	13,514	1.7
Nifty Next 50	32,069	32,083	0.0
Nifty 100	13,862	13,872	0.1
Nifty 500	11,325	11,355	-0.3
Nifty Midcap 100	20,476	20,797	-1.5
Sensex	46,943	46,961	0.1
BSE 100 Index	13,871	13,888	-0.1
BSE 200 Index	5,811	5,818	-0.1
BSE 500 Index	17,992	18,027	-0.2
BSE Mid-Cap	17,677	17,801	-0.7
BSE Small Cap	17,676	17,521	0.9

NIFTY TOP GAINERS (WEEKLY)

Scrip	24-Dec-20	18-Dec-20	Weekly % Chg
Wipro Ltd	382.2	356.9	7.1
Infosys	1,236.1	1,159.2	6.6
Cipla	833.2	783.2	6.4
HCL Technologies	919.4	879.4	4.6
Hindustan Unilever L	2,402.3	2,315.3	3.8

NIFTY TOP LOSERS (WEEKLY)

Scrip	24-Dec-20	18-Dec-20	Weekly % Chg
IndusInd Bank	852.8	935.8	-8.9
ONGC	93.2	101.5	-8.2
Indian Oil Corp	90.3	95.4	-5.4
Coal India	136.3	143.5	-5.0
Bharat Petroleum	377.6	395.4	-4.5

WORLD INDICES

Index	24-Dec-20	18-Dec-20	Weekly % Chg
Nikkei Index	26,668	26,763	-0.4
Hang Seng Index	26,387	26,498	-0.4
Kospi Index	2,807	2,772	1.3
Shanghai SE Composite	3,363	3,395	-0.9
Strait Times Index	2,842	2,849	-0.2
Dow Jones	30,145	30,139	0.0
NASDAQ	12,829	12,740	0.7
FTSE	6,502	6,536	-0.5

FOREX

Currency	24-Dec-20	18-Dec-20	Weekly % Chg
US\$ (Rs.)	73.5	73.5	0.0
GBP (Rs.)	100.0	99.2	0.8
Euro (Rs.)	89.7	89.9	-0.2
Yen (Rs.) 100 Units	71.0	71.0	0.0

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
24-Dec-20	5,316.2	4,090.6	1,225.7
23-Dec-20	5,365.7	4,829.5	536.1
22-Dec-20	6,616.4	5,463.4	1,153.0
21-Dec-20	6,595.7	6,919.3	-323.6
<u>MTD</u>	1,37,550.4	98,816.3	38,734.1

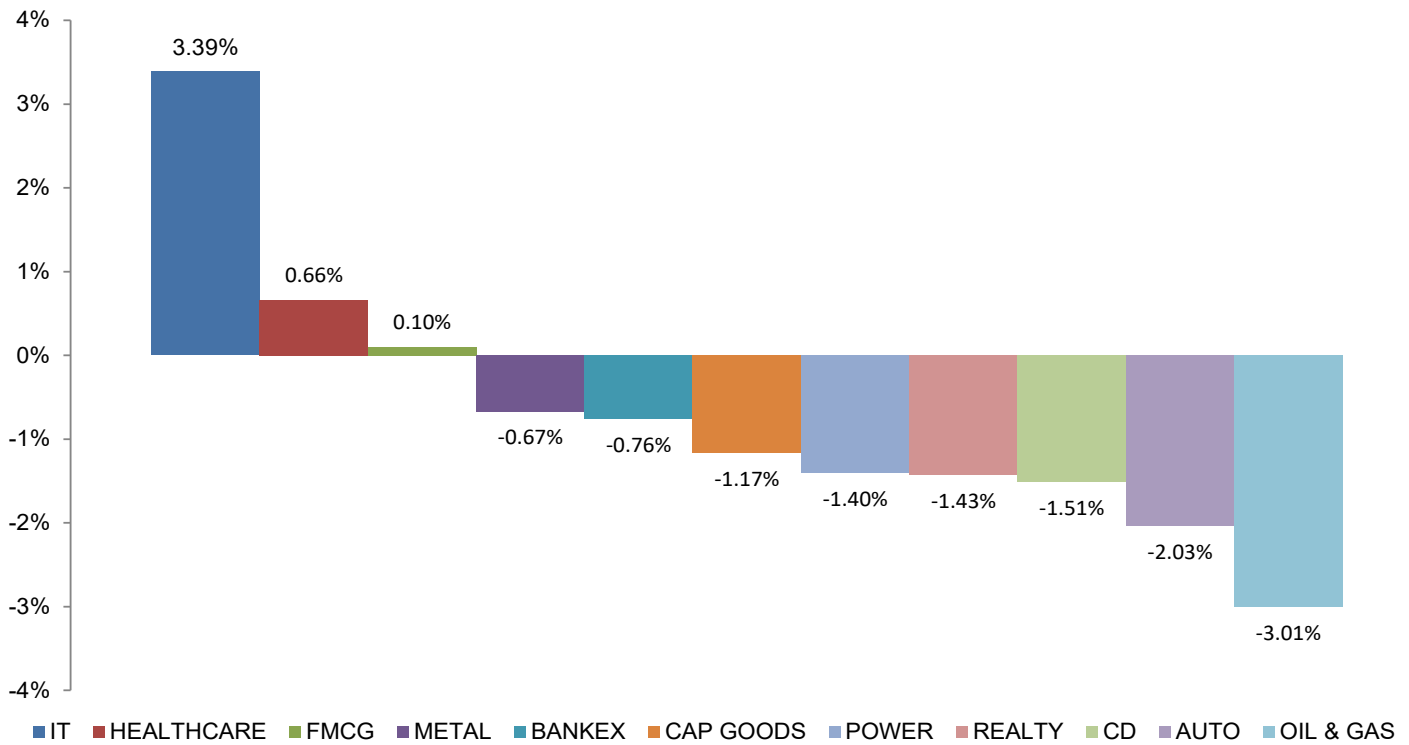
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
24-Dec-20	3,456.2	5,354.1	-1,897.9
23-Dec-20	4,040.7	5,367.6	-1,326.9
22-Dec-20	5,205.2	5,866.7	-661.5
21-Dec-20	5,948.7	5,462.5	486.1
<u>MTD</u>	53,406.1	83,057.2	-29,651.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	24-Dec-20	18-Dec-20	Weekly % Chg	24-Dec-20	18-Dec-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
HAVELLS	897.6	920.95	-2.5	3925000	3433000	14.3
CADILAHC	491.4	478.4	2.7	7966200	7191800	10.8
PVR	1259	1427.75	-11.8	1478631	1354496	9.2
RAMCOCEM	779.35	844.3	-7.7	1500250	1457750	2.9
IDEA	10.15	9.85	3.0	641970000	624120000	2.9

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	24-Dec-20	18-Dec-20	Weekly % Chg	24-Dec-20	18-Dec-20	Weekly % Chg
	Share Price (Rs.)			Open Interest		
GRASIM	898.35	912.9	-1.6	5820650	17489500	-66.7
VEDL	162.75	148	10.0	56178200	124905200	-55.0
ADANI PORTS	479.65	464.95	3.2	23425000	51145000	-54.2
SUNTV	485.05	483.95	0.2	5734500	10885500	-47.3
JSWSTEEL	367.4	365.25	0.6	18351900	34438500	-46.7

Company Background

Capacit'e Infraprojects Limited is an India-based construction company. The Company is focused on residential, commercial and institutional buildings. It provide 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. Company also provides mechanical, electrical and plumbing and finishing works. Its construction includes super high rise buildings, high rise buildings, gated community, villaments and other buildings. It operates across Mumbai metropolitan region (MMR), the National Capital Region (NCR) and Bengaluru, India.

Investment Rationale

Increasing public sector projects to drive revenue growth

With a vision of creating a better developed society, government has increased their penetration of projects across residential and commercial areas severely over last few years. Meanwhile, company has bagged various public sector construction projects as well. In 2QFY20, company bagged a major project of INR 45 bn from CIDCO for construction of ~21,346 residential units across seven project sites in Navi Mumbai. Out of seven sites, execution of projects across five sites has already commenced. The other two sites are expected to commence in 2HFY21. On the other hand, the company has already acquired MHADA projects of worth INR 117.4bn for re-development of BDD Chawl, Worli. Out of which, over INR 22bn projects are expected to commence by end of FY21E. Therefore, undertaking of massive projects would make a significant contribution to the revenue growth over upcoming years.

Healthy order book with strong customer base

From FY15-20, company's order book has grown significantly with a growth of ~36% CAGR led by strong order book of hybrid projects from both government and private sector clients. Despite the slowdown in real estate sector (pre-covid times) and ongoing outbreak of pandemic crises, company was less affected due to its timely execution capabilities, strong client relationship and rising public sector exposure. In terms of customer base, company has developed a healthy relationships with their renowned clients such as Oberoi, Godrej, Piramal, Raymond, Purvankara, Prestige, Rustomjee, among others which helps in acquiring new and repeat projects. Therefore, such additional focus on execution across their project verticals and a strong customer base would enabled to leverage its performance in long term.

Valuation and Outlook

Capacite Infraprojects is poised in creating a remarkable position on account of its impressive execution track record, healthy order book and strong management capabilities. Currently, their operations are commenced across their respective project sites with sufficient work force. Moreover, with its largest project CIDCO (INR 45bn) moving to a final execution stage and gradual pickup in economic activity. Company is inclined towards near term growth. On the valuation front, we valued the company based on the 14x P/E multiple of FY22E and recommend a **BUY** rating on this stock with a target price of INR 217 (20% upside from current levels) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	181
Target Price (INR)	217
NSE Symbol	CAPACITE
BSE Code	540710
Bloomberg	CAPACITE IN
Reuters	CAPEF.BO

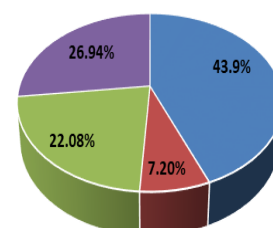
Key Data

Nifty	13,749
52WeekH/L(INR)	217/70
O/s Shares (Mn)	67.9
Market Cap (INR bn)	12
Face Value (INR)	10

Average volume

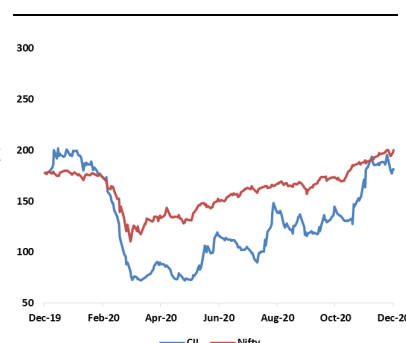
3 months	6,77,640
6 months	14,44,200
1 year	27,47,290

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR Mn)	FY18	FY19	FY20	FY21E	FY22E
Revenue	13,411	17,966	15,290	12,660	16,711
<i>Revenue Growth (Y-o-Y)</i>	<i>15.9%</i>	<i>34.0%</i>	<i>(14.9%)</i>	<i>(17.2%)</i>	<i>32.0%</i>
EBIDTA	2,036	2,512	2,567	1,836	2,858
<i>EBIDTA Growth (Y-o-Y)</i>	<i>28.9%</i>	<i>23.3%</i>	<i>2.2%</i>	<i>(28.5%)</i>	<i>55.7%</i>
Net Profit	796	973	910	443	1,053
<i>Net Profit Growth (Y-o-Y)</i>	<i>14.7%</i>	<i>22.3%</i>	<i>(6.4%)</i>	<i>(51.3%)</i>	<i>137.6%</i>
Diluted EPS	11.7	14.3	13.4	6.5	15.5
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>14.7%</i>	<i>22.3%</i>	<i>(6.4%)</i>	<i>(51.3%)</i>	<i>137.6%</i>

Key Ratios

EBIDTA margin (%)	15.2%	14.0%	16.8%	14.5%	17.1%
NPM (%)	5.9%	5.4%	6.0%	3.5%	6.3%
RoE (%)	10.6%	11.5%	9.8%	4.6%	9.9%
RoCE (%)	8.0%	8.4%	7.5%	5.3%	11.6%

Valuation Ratios

P/E (x)	15.4x	12.6x	13.5x	27.7x	11.7x
EV/EBITDA	12.8x	11.4x	13.0x	20.2x	9.1x
P/BV (x)	1.6x	1.5x	1.3x	1.3x	1.2x
Market Cap. / Sales (x)	0.9x	0.7x	0.8x	1.0x	0.7x

Source: Company, BP Equities Research



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