

In July 1999, Mr. Kamlesh Kumar Goel founded Concord Enviro Systems Limited and is a global water and wastewater treatment and reuse solutions provider, including zero-liquid discharge (ZLD) technology. Company has built its business organically and have demonstrated healthy revenue and profitability.

**Business Overview :**

- The company has in-house capabilities to develop solutions across the entire value chain including designing, manufacturing, installation and commissioning, operation and maintenance (“O&M”) and digitalization solutions including Internet of Things (“IoT”).
- The company's business can be segregated into the following:
  - sale of systems and plants
  - operations and maintenance of installed plants, and
  - supplying consumables and spares for installed plants
  - Installation of compressed biogas plants (“CBG Plants”).
- It has also implemented digitalization solutions (including IoT) to provide data capture and analysis platforms that enable real-time monitoring, troubleshooting and preventative maintenance of its installed systems and plants.
- Concord Enviro Systems is an integrated provider of wastewater treatment and ZLD solutions, with focus upon energy optimization and recovery helping industries achieve water conservation and sustainability goals. (Source: 1Lattice Report)
- As of March 31, 2024, it exports its solutions to North America, Latin America, Africa, the Middle East, and Southeast Asia & has a large customer base of 377 customers worldwide.
- It also provide its solutions to customers on a turnkey basis. Its integrated solutions incorporate company's own custom designs for systems and plants including effluent treatment plants, anaerobic digestors, membrane bio-reactors, sewage treatment plants, membrane-based systems including ultra-filtration (“UF”), nano-filtration (“NF”), reverse osmosis (“RO”), desalination systems and waste heat evaporators (“WHE”).
- It also offer its customers a comprehensive suite of O&M services including providing consumables and spare parts. It has also implemented digitalization solutions (including IoT) to provide data capture and analysis platforms that enable real-time monitoring, troubleshooting and preventative maintenance of its installed systems and plants.
- As of August 31, 2024, it serviced over 289 domestic customers and 21 international customers across a diverse set of industries such as pharmaceuticals, chemicals, food and beverage, defence and energy, automotive and auto ancillaries, steel and textiles, and have a presence in two countries.
- The company's clients include Diageo Mexico Operaciones, S.A. De C.V., Grasim Industries Limited, AB Mauri, Anthem Biosciences Private Limited, Bhopal Glues and Chemicals Private Limited, Kasyap Sweetners Private Limited, LANXESS India Private Limited, Puja Spintex Private Limited, SFC Environmental Technologies Private Limited, SMS Limited and Tagros Chemicals India Private Limited. Furthermore, the company currently executes projects for multinational companies like Diageo Mexico Operaciones, S.A. De C.V.that include implementing a ZLD solution for their distillery in La Barca, Jalisco, Mexico and a ZLD solution for another customer at their factory in New York, United States of America.
- It has a history of high customer retention and derive a significant proportion of its revenue from repeat business (recurring business generated from a customer in the last three fiscal years) which the company believe is built on its successful execution of prior engagements.

<b>NSE SYMBOL</b>	<b>CEWATER</b>
<b>SECTOR</b>	<b>CAPITAL GOODS</b>
<b>ISSUE SIZE</b>	<b>Rs. 500.33 Crs.</b>
<b>PRICE BAND</b>	<b>Rs. 665 - 701</b>
<b>BID SIZE (Nos.)</b>	<b>21</b>
<b>FACE VALUE</b>	<b>Rs. 5.00</b>
<b>MARKET CAP</b>	<b>Rs. 1450.82 Crs</b>
<b>RATING</b>	<b>SUBSCRIBE</b>

<b>TENTATIVE DATES</b>	
<b>ISSUE OPEN DATE</b>	<b>19TH DEC 2024</b>
<b>ISSUE CLOSE DATE</b>	<b>23RD DEC 2024</b>
<b>BASIS OF ALLOTMENT</b>	<b>24TH DEC 2024</b>
<b>INITIATION OF REFUNDS</b>	<b>26TH DEC 2024</b>
<b>CREDIT OF SHARES</b>	<b>26TH DEC 2024</b>
<b>LISTING DATE</b>	<b>27TH DEC 2024</b>

- During the five-month period ended August 31, 2024 and during Fiscal 2024, Fiscal 2023 and Fiscal 2022, the revenue contribution from its repeat customers was Rs.198.80 crore, Rs. 461.19 crore, Rs. 269.56 crore and Rs. 263.97 crore representing 96.43%, 92.82%, 78.54% and 80.15% of its revenue from operations, respectively.
- The company has two manufacturing facilities: one in Vasai, India, and another in Sharjah, UAE. Their in-house R&D team, comprising 21 employees as of March 31, 2024, develops the solutions.
- As of the five-month period ended August 31, 2024, its Order Book was Rs. 501.74 crore, of which 74.50% comprises system and plant and module orders and 25.50% comprises after-sales revenue (including consumables and spares orders and O&M services orders).
- In order to capitalize on the expected growth in demand for water and wastewater treatment systems and plants, it is expanding its capacity for the manufacture of membrane modules, WHE modules and containerised plants by building a new assembly unit near its existing facility in Sharjah.
- During the five-month period ended August 31, 2024 and Fiscal 2024, Fiscal 2023 and Fiscal 2022, company's consolidated revenue from operations were Rs. 206.17 crore, Rs.496.85 crore, Rs.343.22 crore and Rs.329.37 crore. During the five-month period ended August 31, 2024 and in Fiscal 2024, Fiscal 2023 and Fiscal 2022, its consolidated revenue from operations by geographical market outside India were Rs. 91.53 crore, Rs.207.52 crore, Rs.82.52 crore and Rs.74.04 crore. *(Source— RHP)*

## STRENGTHS

- Expertise in ZLD technology in India and well placed to harness global industry opportunities
- Integrated solutions provider supported by backward integrated manufacturing facilities
- Established presence in international markets
- Diversified customer base across multiple industries and geographies
- Promoters and management team delivering financial performance. *(Source— RHP)*

## OBJECTS OF THE OFFER

- **The Offer for Sale** - Company will not receive any proceeds from the Offer for Sale of shares of Rs. 325.33 crores. The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale.
- **Fresh Issue** - The Company would also raise up to Rs. 175 crores by offering fresh shares. Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects.
  - Investment in its wholly owned Subsidiary, Concord Enviro FZE ("CEF") for financing its capital expenditure requirements for the greenfield project to develop an assembly unit to assemble systems and plants for treatment of water, waste water and related membrane modules (the "U.A.E Project").
  - Investment in wholly owned Subsidiary, Rochem Separation Systems (India) Pvt Ltd for financing its capital expenditure requirements for the brown field project to expand the manufacturing facilities, storage & supporting activities.
  - Funding capital expenditure requirements of its Company for purchase of plant and machinery.
  - Investment in its wholly owned Subsidiary, Concord Enviro FZE for prepayment or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by Concord Enviro FZE;
  - Investment in its wholly owned Subsidiary, Concord Enviro FZE, for funding working capital requirements of Concord Enviro FZE.
  - Investment in its joint venture, Roserve Enviro Private Limited to grow its pay per use/pay as you treat business, technology and other growth initiatives for access to new markets.

## RISKS

- Company's business is dependent and will continue to depend on its manufacturing facilities.
- Company's capacity utilization has been low in the five months ended August 31, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, which exposes the company to higher production costs and lower profitability
- It is dependent on and derive a substantial portion of its revenue (more than 50%) from its top 10 customers. Cancellation by customers or delay or reduction in their orders could have a material adverse effect on the business
- The contracts in its Order Book may be adjusted, cancelled or suspended by their customers
- The company do not own certain of the premises of its manufacturing facilities and its Registered and Corporate Office, including its proposed Assembly Unit.

## PEER COMPARISON

	Face Value (Rs.)	CMP In Rs. (18-12-2024)	TTM EPS (Rs.)	BV per share (Rs.)	P/E (X)	P/BV (X)	M. Cap / Sales
Praj Indus	2.00	803.60	14.93	70.69	53.8	11.4	4.4
ION Exchange	1.00	709.00	14.74	74.76	48.1	9.5	4.1
Triveni Engineering	1.00	471.75	14.19	131.61	33.2	3.6	1.9
VA Tech Wabag	2.00	1672.05	41.95	316.26	39.9	5.3	5.5
Thermax	2.00	4746.75	54.11	387.83	87.7	12.2	5.7
<b>Concord Enviro**</b>	<b>5.00</b>	<b>701.00</b>	<b>20.02</b>	<b>239.87</b>	<b>35.0</b>	<b>2.9</b>	<b>2.8</b>

(\*\*On upper price band and on FY 2024 EPS)

## RECOMMENDATION

At the upper band of offer price of Rs 701, the issue has been priced at P/BV of 2.9 times and P/E of 35 times on enhanced equity. Compared to peer group, average P/BV of 8.4 times and average P/E of 52.6 times, CONCORD ENVIRO SYSTEMS LTD is reasonably valued.

Investors - SUBSCRIBE to **CONCORD ENVIRO SYSTEMS LTD - IPO** considering expertise in ZLD technology in India, backward integrated manufacturing facilities, diversified customer base and consistent financial performance.

## PROFIT & LOSS A/C

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	5 MONTHS AUG FY 2025
Revenue from operations	329.37	343.22	496.86	206.17
Other income	8.20	7.28	15.42	1.85
Total Income	337.57	350.50	512.27	208.02
Expenses				
Cost of raw materials and components consumed	131.27	141.42	224.44	90.58
Service Charges	29.62	28.40	25.30	9.03
Purchase of stock-in-trade	16.91	11.77	37.12	14.12
Increase/(decrease) in inventories	-9.96	-7.93	1.29	4.33
Employee benefits expenses	52.03	57.88	71.01	32.74
Finance costs	18.51	18.75	17.79	8.58
Depreciation and amortisation expenses	25.48	24.34	21.87	6.01
Other expenses	56.01	68.67	68.75	41.18
Total expenses	319.88	343.30	467.57	206.56
Share of profit / (loss) of joint ventures	0.84	0.36	-0.71	-0.64
Profit before tax	18.53	7.55	44.00	0.83
Tax expense:				
Current tax	4.18	2.27	3.54	0.02
Deferred tax charge / (credit)	-1.43	-0.42	-0.98	0.29
Income tax pertaining to earlier years	-0.69	0.21	0.00	0.00
Total tax expense	2.05	2.07	2.56	0.31
Profit for the Period/ Year	16.48	5.49	41.44	0.52

**BALANCE SHEET**

(In Rs. Crore.)

	FY 2022	FY 2023	FY 2024	5 MONTHS AUG FY 2025
<b>ASSETS</b>				
Property, plant and equipment	73.65	68.06	61.47	58.66
Right of use assets	49.86	43.87	14.67	15.05
Intangible assets	25.91	27.30	27.57	27.41
Intangible assets under development	0.00	0.00	0.97	1.06
Capital work in progress	0.08	0.36	1.37	14.05
Investments accounted for using equity method	21.10	55.11	58.25	59.36
Other Non Current assets	39.07	24.93	26.57	25.01
<b>Total Current assets</b>	<b>209.67</b>	<b>219.63</b>	<b>190.86</b>	<b>200.59</b>
Inventories	134.36	149.93	153.99	156.15
Trade receivables	128.50	105.87	171.36	117.80
Cash and cash equivalents	19.61	60.26	18.26	1.90
Bank balances other than cash and cash equivalents	9.67	22.15	13.38	15.45
Other current assets	35.09	34.38	79.82	148.20
<b>Total Non-Current Assets</b>	<b>327.23</b>	<b>372.59</b>	<b>436.81</b>	<b>439.50</b>
<b>Total Assets</b>	<b>536.90</b>	<b>592.22</b>	<b>627.68</b>	<b>640.09</b>
<b>EQUITY AND LIABILITIES</b>				
Equity share capital	0.43	9.10	9.10	9.10
Other equity	268.12	271.86	313.45	312.35
<b>Total Equity</b>	<b>268.55</b>	<b>280.96</b>	<b>322.55</b>	<b>321.45</b>
Borrowings	41.14	33.10	22.82	23.29
Lease liabilities	33.08	26.52	2.20	2.28
Other non-current liabilities	4.83	6.45	11.22	11.73
<b>Total Non-current Liabilities</b>	<b>79.05</b>	<b>66.06</b>	<b>36.25</b>	<b>37.29</b>
Borrowings	84.62	97.96	130.37	144.25
Lease liabilities	12.59	12.89	3.23	3.23
Trade payables	73.77	86.76	115.67	98.65
Other current liabilities	18.33	47.58	19.61	35.22
<b>Total Current Liabilities</b>	<b>189.31</b>	<b>245.20</b>	<b>268.88</b>	<b>281.35</b>
<b>Total equity &amp; liabilities</b>	<b>536.90</b>	<b>592.22</b>	<b>627.68</b>	<b>640.09</b>

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