

Concord Enviro Systems Limited

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Infrastructure

Concord Enviro Systems Ltd specializes in the manufacturing and sale of water and wastewater treatment systems, including Zero Liquid Discharge (ZLD) solutions. The company also provides turnkey project execution and operation and maintenance services for these plants. It operates manufacturing facilities in Vasai, Maharashtra, and Sharjah, UAE. As of August 31, 2024, the company has over 289 domestic and 21 international customers across various industries such as pharmaceuticals, chemicals, food and beverages, defense and energy, automotive and auto components, steel, and textiles. Its clientele includes prominent names like Diageo, Grasim Industries Limited, AB Mauri, Anthem Biosciences, and LANXESS India, among others. The company's order book stood at ₹5,018 million, with 74.5% comprising system and plant orders and 25.5% from after-sales services.

Issue Snapshot

Details	Information
Date of Opening	19th December 2024
Date of Closing	22th December 2024
Listing Date	27th December 2024
Price Band per share (Rs)	665-701
Offer for Sale (Rs mn)	3,253
Fresh Issue (Rs mn)	1,750
Issue Size (Rs mn)	5,003
Face Value (Rs)	10
Registrar	Link Intime India Private Ltd.
Bid Lot	21 shares
QIB shares	Not more than 50% of the Offer
Retail shares	Not less than 35% of the Offer
NII shares	Not less than 15% of the Offer

Investment Rationale:

Expertise in ZLD technology in India: As of FY24, the company ranks among the top two ZLD solution providers in India by revenue and is also a prominent Indian manufacturer of offshore desalination systems. It specializes in developing proprietary technologies, including Ultra High-Pressure Reverse Osmosis (UHPRO) systems and advanced Waste Heat Evaporation (WHE) systems, which achieve a ~97% reduction in energy demand for ZLD compared to conventional water purification methods. The company's R&D efforts are centered on creating innovative membranes and designing high-pressure modules for membrane systems, with a focus on optimizing production costs by minimizing pre-treatment requirements and enhancing module and membrane design. Additionally, the company plans to expand its production capacity in Sharjah, where it will manufacture membrane modules, WHE modules, and containerized plants.

Integrated solutions provider supported by backward integrated manufacturing facilities: The Company designs and manufactures its own ZLD systems, leveraging in-house R&D to develop membranes-accounting for 80% of the raw materials-and high-pressure modules capable of operating at pressures up to 220 bar, as well as waste heat evaporators. In addition to its core products, the company offers operation and maintenance (O&M) services supported by a proprietary Internet of Things (IoT)-enabled data capture and analysis platform. This platform facilitates real-time monitoring and system troubleshooting, ensuring efficient and reliable operation of its solutions.

Expand into new sectors for wastewater reuse and zero liquid discharge: The Company aims to expand its service portfolio by targeting high water-consuming sectors such as paper mills, refineries, common effluent treatment plants (CETPs), power plants, solar panel manufacturing, and sewage treatment plants. It has already executed successful projects, including a paper mill in northern India, a CETP in southern India, and is currently working

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on a water block package for a refinery in Mongolia. Additionally, the company plans to focus on industries in coastal regions facing water shortages, such as Dahej and Vizag, by offering ZLD solutions as a sustainable alternative to coastal wastewater discharge. Its R&D team is developing low-pressure, low-rejection membranes designed for lean wastewater applications. These innovations aim to provide efficient solutions for various industries, including pharmaceuticals, chemicals, distilleries, steel, energy, automotive and ancillaries, as well as food and beverages.

Valuation and View:

Concord Enviro Systems is well-positioned to benefit from increasing ZLD adoption, expanding order book, and strong technological differentiation. Backward integration, after-sales services, and international growth offer sustainable margin improvement. Investors with a medium to long-term perspective can consider this as an attractive growth opportunity.

Financial

Income Statement

Particulars (Rs mn)	FY22	FY23	FY24	1HFY25
Revenue from operations	3,294	3,432	4,969	2,062
Other income	82	73	154	19
Total Income	3,376	3,505	5,123	2,080
Expenses				
Cost of materials consumed	1,313	1,414	2,244	906
Service Charges	296	284	253	90
Purchase of stock-in-trade	169	118	371	141
Changes in inventories of stock-in-trade	-100	-79	13	43
Employee benefits expense	520	579	710	327
Finance costs	185	188	178	86
Depreciation and amortization expense	255	243	219	60
Other expenses	560	687	687	412
Total Expenses	3,199	3,433	4,675	2,066
Share of profit / (loss) of joint ventures	8	4	-7	-6
Profit before tax	185	76	440	8
Current tax	42	23	35	0
Deferred tax	-14	-4	-10	3
Income tax pertaining to earlier years	-7	2	-	-
Total tax expense	21	21	26	3
Profit after tax	165	55	415	5

Cash Flow Statement

Particulars (Rs mn)	FY22	FY23	FY24	1HFY25
Net cash used in operating activities (A)	490	1,174	(347)	(51)
Net cash flow from/ (used in) investing activities (B)	(279)	(498)	(33)	(155)
Net cash flow from/ (used in) financing activities (C)	(120)	(269)	(41)	42
Net increase in cash and cash equivalents (A+B+C)	92	407	(420)	(164)
Cash and cash equivalents at the beginning of the period/year	104	196	603	183
Cash and cash equivalents at end of the period/ year	196	603	183	19

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Balance Sheet

Particulars (Rs mn)	FY22	FY23	FY24	1HFY25
Non-current Assets				
Property, Plant And Equipment	736	681	615	587
Right-Of-Use Assets	499	439	147	150
Intangible assets	259	273	276	274
Intangible assets under development	-	-	10	11
Capital work in progress	1	4	14	141
Investments accounted for using equity method	211	551	582	594
Other investments	7	9	17	19
Other financial assets	84	90	33	43
Deferred tax assets (net)	63	69	81	79
Current tax assets (net)	8	14	23	30
Other Non-Current assets	229	67	111	80
Total Noncurrent Assets	2,097	2,196	1,909	2,006
Current Assets				
Inventories	1,344	1,499	1,540	1,561
Trade Receivables	1,285	1,059	1,714	1,178
Cash And Cash Equivalents	196	603	183	19
Bank Balances Other Than Cash And Cash Equivalents	97	222	134	155
Loans	12	3	3	3
Other Financial Assets	31	31	109	109
Contract Assets	69	11	225	752
Other current assets	240	299	461	618
Total Current Assets	3,272	3,726	4,368	4,395
Total Assets	5,369	5,922	6,277	6,401
Equity And Liabilities				
Equity				
Equity Share Capital	4	91	91	91
Other Equity	2,681	2,719	3,135	3,123
Total Equity	2,685	2,810	3,226	3,214
Non-Current Liabilities				
Borrowings	411	331	228	233
Lease Liabilities	331	265	22	22.79
Other financial liabilities	2	4	20	22
Provisions	45	60	78	79.92
Other non-current liabilities	1	1	15	15.23
Total Non-Current Liabilities	790	661	362	373
Current Liabilities				
Borrowings	846	980	1,304	1,442
Lease Liabilities	126	129	32	32
Trade Payables	738	868	1,157	986.33
Other Financial Liabilities	31	23	17	16
Provisions	19	22	25	29
Contract liabilities	63	370	85	267
Current tax liabilities (net)	14	9	7	7
Other current liabilities	56	52	62	33
Total Current Liabilities	1,893	2,452	2,689	2,813
Total Equity and Liabilities	5,369	5,922	6,277	6,401

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