



LONG TERM SUBSCRIBE

IPO Report

18th Dec'24

Snapshot

Company is a global provider of water and wastewater treatment and reuse solutions, including zero liquid discharge (“ZLD”) technology. Company have 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 sources through which company generate its revenue include (i) sale of systems and plants (ii) operations and maintenance of installed plants, and (iii) supplying consumables and spares for installed plants.

VALUATION

Company is bringing the issue at price band of Rs 665-701 per share at p/e multiple of 35x on post issue FY24 PAT basis. Company has expertise in ZLD technology in India and well placed to harness global industry opportunities. Also, company is integrated solutions provider supported by backward integrated manufacturing facilities & has established presence in large international markets. Company has diversified customer base across multiple industries and geographies & has focus on innovation supported by R&D and design capabilities. Company has strong promoters and management team delivering financial performance.

Hence Looking after all above , we recommend “Long term Subscribe” on issue.

Price Band (Rs./Share)	665-701
Opening date of the issue	19th Dec '2024
Closing Date of the issue	23rd Dec '2024
No of shares pre issue	1,81,99,800 Eq Shares
Issue Size	Rs 484-500 Cr
Fresh Issue	Rs 175 Cr
Offer For Sale	46,40,888 Equity Shares
Face Value (Rs/ share)	Rs 5/share
Bid Lot	21

BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer (Approx 35,68,659 Eq Shares)
Non-Institutional	15% of the offer (Approx 10,70,599 Eq Shares)
Retail	35% of the offer (Approx 24,98,063 Eq Shares)
Employee	70,000 Eq Shares
Lead managers	Motilal Oswal Investment Advisors Limited, Equirus Capital Private Limited
Registrar to the issue	Link Intime India Pvt Ltd.

WHAT WE LIKE

Expertise in ZLD technology in India and well placed to harness global industry opportunities

Company is an integrated solutions provider of industrial wastewater reuse and ZLD solutions with a global presence. Company’s inhouse capabilities span across the value chain including design, component manufacturing, installation and commissioning, O&M including digitalization solutions including IoT technology for analysis of customer data. As of Fiscal 2024 company was among the top two largest ZLD solutions providers in India in terms of the revenue and through its recycling solutions have been supporting its customers to achieve their water conservation and achieve sustainability goals. In addition, company is one of the major Indian manufacturer of offshore desalination systems, which is well-positioned to contribute to these efforts

Diversified customer base across multiple industries and geographies

Company have a diversified customer base across industries and geographies. As of August 31, 2024, company had 289 domestic customers and 21 international customers. Company provide its wastewater treatment products and services to industries such as pharmaceutical, chemicals, food and beverage, defence and offshore, automotive and auto ancillaries, steel and textiles industries, amongst others. Company also have built a strong international customer base. Company use its operations in the UAE. to spearhead its international business. As of August 31, 2024, company exported its products and delivered its services to over 14 countries in Asia, North Africa, Latin America and Europe

Promoters and management team delivering financial performance

During the five-month period ended August 31, 2024 and in Fiscal 2024, Fiscal 2023 and Fiscal 2022, company’s ROCE was 2.08%, 14.07%, 6.96% and 10.23%, respectively; its ROE was 0.16%, 13.73%, 2.00% and 12.78%, respectively; and its Net Debt/EBITDA ratio was 9.94, 1.50, 0.98 and 1.57, respectively.



COMPANY BACKGROUND

Company's business operations include:

- **Systems and Plants:** the manufacture and sale water and wastewater treatment, reuse and ZLD of systems and plants and turnkey solutions and includes 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");
- O&M: operations and maintenance; and
- Consumables and Spares: the manufacture and sale of consumables and spare parts (including membranes, plants chemicals and consumables). Company have also implemented digitalization solutions (including IoT) to provide data capture and analysis platforms that enable real-time monitoring, troubleshooting and preventative maintenance of company's installed systems and plants.

Company 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. Company's reach extends to diverse regions, with exports to countries in North America, Latin America, Africa, Middle East and Southeast Asia and a large customer base of 310 customers across the globe as of August 31, 2024.

Company also provide its solutions to customers on a turnkey basis. Company's integrated solutions incorporate its 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"). In addition, company offer its customers a comprehensive suite of O&M services including providing consumables and spare parts. Company have also implemented digitalization solutions (including IoT) to provide data capture and analysis platforms that enable real-time monitoring, troubleshooting and preventative maintenance of company's installed systems and plants.

As of August 31, 2024, company 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. Company service both Indian and Multinational customers such as 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. Further company is currently executing 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.

Company have two manufacturing facilities, one located at Vasai in Maharashtra, India, and the other at Sharjah in the UAE. Company develop its solutions through its inhouse R&D team, which comprises 25 employees as of August 31, 2024, which designs industry-specific membranes for company's systems and develops new technology and processes. As of August 31, 2024, company had been awarded four patents in India and had filed nine additional patent applications. Company's R&D is focused on reducing the operational cost of carbon footprint of ZLD. Company achieve this through energy recovery by anaerobic digestion, ammonia removal and reducing energy required for ZLD by employing company's WHE and industry specific membranes.

Company's business comprises: • the manufacture and sale water and wastewater treatment, reuse and ZLD of systems and plants and turnkey solutions; • operations and maintenance; • the manufacture and sale of consumables and spare parts (including membranes, plants chemicals and consumables). Company develop solutions to address industry specific challenges and requirements using its R&D capabilities. Company is engaged in R&D activities to design and develop new membranes for use in particular industries, improved module design and new technology and systems. As of August 31, 2024, its R&D team comprised 25 employees. Company's R&D capabilities have played a key role in the expansion of its membrane portfolio, and company have developed five membranes. Company's R&D team has developed enhanced module designs, particularly for high concentration applications. In these scenarios, the presence of higher suspended solids and colloidal particles necessitates larger number of flow channels.



INVESTMENT RATIONALE	
<i>E.Z Integrated solutions provider supported by backward integrated manufacturing facilities</i>	Company is a leading global provider of water and wastewater treatment and reuse solutions, including zero liquid discharge (“ZLD”) technology, in terms of revenue from operations, as on March 31, 2024. Company design, manufacture, install, operate and maintain industrial wastewater reuse and ZLD solutions. Company’s integrated solutions incorporate its own industry specific designs and include its inhouse designed and manufactured membranes and systems and plants (including effluent treatment plants, Membrane based plants and waste heat evaporators). Company is an end-to-end solutions provider for the entire wastewater treatment needs of its customers across a diverse set of industries such as pharmaceutical, chemicals, food and beverage, defence and offshore, automotive and auto ancillaries, steel and textiles
<i>Established presence in international markets</i>	Company have an established presence in international markets, which complements its domestic business and present opportunities for growth. Company employ a differentiated approach for entering and deepening its presence in each of its markets so as to address the unique characteristics of each market, such as, its regulatory landscape, market size, competitive landscape and scope for its products. Company export its products and deliver its services across geographies. As on August 31, 2024, company’s reach has grown across diverse regions, with exports extending to countries in North America, Latin America, Africa, and Southeast Asia. As of August 31, 2024, company exported its products and delivered its services to over 14 countries in Asia, North Africa, Latin America and Europe. Company’s major international customers are Diageo Mexico Operaciones, S.A. De C.V. and AB Mauri.
<i>Focus on innovation supported by R&D and design capabilities</i>	Company develop solutions to address industry specific challenges and requirements using its R&D capabilities. Company is engaged in R&D activities to develop new membranes for use in particular industries, improved module design and new technology and systems. As of August 31, 2024, its R&D team comprised 25 employees which is based in its facility at Vasai, Maharashtra. As of August 31, 2024, company had been awarded four patents in India and had filed nine additional patent applications. Company’s R&D provides it with a competitive advantage by addressing trends in environmental compliance, sustainability and industry developments. Company’s R&D has and will continue to facilitate development of newer technologies, plants and systems as well as manufacturing processes that will help reduce the cost of production, simplify manufacturing processes to improve safety, reduce environmental load and provide company with other growth opportunities. In particular, company is engaged in R&D activities to develop new membranes for use in particular industries, improved module design and new technology and systems.
<i>Promoters and management team delivering financial performance</i>	Company’s promoter, Mr. Prayas Goel, is company’s Chairman and has been company’s Managing Director since 2009. The business was started by Mr. Kamlesh Kumar Goel (father of the Promoters) in 1991. Mr. Prayas Goel has over 25 years of experience and oversees its business with a focus on corporate strategy, product development, equipment and process standardization, strategic vendor management and domestic sales function.



OBJECTS OF OFFER

The Offer comprises a Fresh Issue, aggregating up to ₹ 1,750.00 million by company and an Offer for Sale of up to 4,640,888 Equity Shares by the Selling Shareholders.

The Net Proceeds of the Fresh Issue are proposed to be utilised in the following manner:

1. Investment in company's 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");
2. Investment in company's wholly owned Subsidiary, Rochem Separation Systems (India) Private Limited ("RSSPL") for financing its capital expenditure requirements for the brown field project to expand the manufacturing facilities, storage and supporting activities (the "Vasai Project");
3. Funding capital expenditure requirements of Company for purchase of plant and machinery;
4. Investment in company's 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;
5. Investment in company's wholly owned Subsidiary, Concord Enviro FZE, for funding working capital requirements of Concord Enviro FZE;
6. Investment in company's joint venture, Roserve Enviro Private Limited to grow its pay per use/pay as you treat business;
7. Investment in technology and other growth initiatives for access to new markets; and
8. General corporate purpose

RISKS

Company's business is dependent and will continue to depend on its manufacturing facilities. For Fiscal 2024 and the five-months ended August 31, 2024, for its manufacturing facilities at Vasai and Sharjah, its total operating costs were ₹ 1,312.26 million and ₹ 861.68 million, respectively. Company is subject to certain risks in company's manufacturing process which are outside company's control. Any such risks if materialised, could have an adverse effect on company's business, results of operations, financial condition and cash flows.

Source:RHP

INDUSTRY OVERVIEW

Overview of wastewater recycling/ reuse in industries in India

In India, wastewater recycling and reuse are gaining traction across various industries as water scarcity and environmental concerns become increasingly pronounced. Industries such as textiles, food and beverage, pharmaceuticals, and manufacturing are implementing wastewater treatment plants to recycle and reuse water for non-potable purposes like cooling, irrigation, and industrial processes. Concord Enviro is an integrated provider of wastewater treatment and zero liquid discharge solutions, with focus upon energy optimization and recovery and their recycling solutions have been supporting these efforts, helping industries achieve water conservation and sustainability goals. Concord Enviro had revenue of INR 285 Cr from industrial wastewater recycling services in FY24. This approach not only helps alleviate water stress but also enhances operational efficiency and reduces environmental pollution. The wastewater recycling and reuse market in India is in the growth stage, driven by regulations associated with wastewater disposal. The high initial cost of recycling and reuse systems, which has traditionally limited growth, is increasingly outweighed by the higher costs of wastewater disposal and penalties associated with noncompliance. This economic shift is further incentivizing industries to adopt recycling and reuse solutions, thereby fostering broader adoption and development in the sector. With the Indian government emphasizing water conservation and sustainable development through initiatives like the National Water Mission, industries are increasingly recognizing the importance of wastewater recycling and reuse as integral components of their sustainability strategies.



Consolidated Financials

(Rs in Mn)

Financials	FY22	FY23	FY24	Till Aug FY 2025
Total Revenue (A)	3293.66	3432.19	4968.59	2061.71
Total Expenditure (B)	2758.87	3002.11	4279.02	1919.7
EBIDTA	534.79	430.08	689.57	142.01
EBIDTA Margin	16.24	12.53	13.88	6.89
Other Income	82.04	72.78	154.15	18.53
Depreciation	254.80	243.39	218.74	60.13
EBIT	362.03	259.47	624.98	100.41
Interest	185.11	187.50	177.93	85.78
PBT	176.92	71.97	447.05	14.63
Share of profit in Asso	8.39	3.56	-7.08	-6.38
PBIT	185.31	75.53	439.97	8.25
Exceptional	0.00	0.00	0.00	0.00
PBT	185.31	75.53	439.97	8.25
Tax	20.54	20.66	25.58	3.09
PAT	164.77	54.87	414.39	5.16
NPM	5.00	1.60	8.34	0.25
ROE%	6.18	1.97	12.92	0.16
EPS	9.05	3.01	22.77	0.28
Eq Cap	4.26	91.00	91.00	91.00
Net Worth	2,685.45	2,809.61	3,225.54	3,214.47

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
<i>Concord Enviro Systems Limited</i>	<i>5.00</i>	<i>22.77</i>	<i>--</i>	<i>12.92</i>	<i>177.23</i>
Peers					
Praj Industries Limited	2.00	15.42	51.39	22.24	69.35
Ion Exchange (India) Limited	1.00	16.53	43.28	19.24	86.15
Triveni Engineering and Industries Limited	1.00	18.05	24.86	13.80	132.51
VA Tech Wabag Limited	2.00	39.49	48.28	15.04	235.96
Thermax Limited	2.00	57.28	81.30	14.80	314.96

(Source: RHP)



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