



Issue Opens - December 19, 2024 to December 23, 2024

Price Band
₹665 to ₹701

Face Value
₹5

Issue Size
₹500.33 Cr

Lot Size
21 Shares

Issue Type
Book Built

Issue Size

71,37,321 shares / ₹500.33 Cr

Fresh Issue

24,96,433 shares / ₹175.00 Cr

Offer for Sale

46,40,888 shares / ₹325.33 Cr

Basis of Allotment

Tuesday, December 24, 2024

Initiation of Refunds

Wednesday, November 13, 2024

Credit of Shares to Demat

Thursday, December 26, 2024

Concord Enviro Listing Day

Friday, December 27, 2024

research@ganeshstock.com



Objects of The Offer

The net proceeds from the fresh issue will be used for the following:

1. Investment in Concord Enviro FZE for capital expenses to build an assembly unit for water and wastewater treatment systems in the UAE.
2. Investment in Rochem Separation Systems (India) to expand manufacturing facilities (Vasai Project).
3. Funding the company's capital expenses for purchasing plant and machinery.
4. Prepayment or repayment of borrowings by Concord Enviro FZE.
5. Funding working capital needs of Concord Enviro FZE.
6. Investment in Reserve Enviro Private Limited to expand the pay-per-use business.
7. Investment in technology and growth initiatives.
8. General corporate purposes.
- 9.

Brief profile of the Directors

Prayas Goel is the Chairman and Managing Director of the company. He holds a bachelor's degree in mechanical engineering from the University of Mumbai and has over 25 years of experience in organizational strategy, business process improvement, and technology innovation. He has been involved with Rochem Separation Systems (India) Private Limited since 1998 and joined the company in 2009.

Prerak Goel is the Executive Director. He has a bachelor's degree in commerce from the University of Mumbai and a master's degree in business management from the Asian Institute of Management. With over 21 years of experience in strategy, finance, fundraising, and international sales, he has been with Rochem Separation Systems since 2003 and the company since 2009.

Shiraz Homi Bugwadia is an Independent Director with a background in chemical engineering and an MBA from the University of Melbourne. He has over 17 years of experience and joined the company in 2022.

Prakash D. Shah, an Independent Director, holds a law degree from the University of Mumbai. He is a solicitor and advocate with 43 years of experience and has been with the company since 2022.



Rajesh Pai is a Non-Executive Nominee Director, representing AF Holdings. He has degrees in computer engineering, computer science, and an MBA. He has extensive experience in private equity and joined the company in 2015.

Kamal Sandeep Shanbhag, an Independent Director, is a chartered accountant with over 27 years of experience in financial advisory. She has worked with companies like J M Financial, Reliance Industries, and Citi Bank and joined the company in 2022.

Key Business Operations

1. Comprehensive Water Treatment Solutions

- Concord Enviro provides integrated solutions for water and wastewater treatment, focusing on sustainability and efficiency. Their offerings include:
- Effluent Treatment Plants (ETPs)
- Anaerobic Digesters
- Membrane Bioreactors (MBRs)
- Sewage Treatment Plants (STPs)
- Turnkey Solutions for various industries

2. Zero Liquid Discharge Technology

The company's expertise in ZLD technology allows industries to minimize wastewater discharge and recover valuable resources. This approach is crucial for clients facing stringent environmental regulations and aims to promote sustainable practices in water usage.

3. Operations and Maintenance Services

- Concord Enviro not only sells systems but also provides ongoing support through: Operation and Maintenance (O&M) Services for installed plants
- Supply of consumables and spare parts
- Digital solutions incorporating the Internet of Things (IoT) for real-time monitoring and optimization

Their group structure



Set forth below are certain key financial information of their Company based on the Restated Consolidated Financial Information:

(in ₹ million, except percentages and ratios)

Key Financial Information	As of and for the five-month period ended		As at, or for the financial year ended, March 31,	
	August 31, 2014 ⁽¹⁾	2014	2013	2012
Total income	2,080.24	5,122.74	3,504.97	3,375.70
Revenue from operations	2,061.71	4,968.59	3,432.19	3,293.66
Growth in revenue from operations ⁽²⁾	N.A.	44.76%	4.21%	(5.23%)
EBITDA ⁽³⁾	151.12	811.47	495.84	614.27
EBITDA Margin ⁽³⁾	7.33%	16.33%	14.43%	18.65%
Property, plant and equipment turnover ratio ⁽⁴⁾	3.51	8.08	5.04	4.47
Total borrowings ⁽⁵⁾	1,675.33	1,531.87	1,310.61	1,257.56
Net Debt ⁽⁶⁾	1,501.78	1,215.49	486.48	964.83
Debt/Equity Ratio ⁽⁷⁾	0.52	0.47	0.47	0.47
Net Debt / EBITDA Ratio ⁽⁸⁾	9.94	1.50	0.98	1.57
Return on Equity (RoE) ⁽⁹⁾	0.16%	13.73%	2.00%	12.78%
Profit before taxes (PBT)	8.25	439.97	75.53	185.31
Profit for the period/year	5.16	414.39	54.87	164.77
EAT Margin % ⁽¹⁰⁾	0.25%	8.34%	1.60%	5.00%
Capital Employed ⁽¹¹⁾	4,576.63	4,390.64	3,777.96	3,671.12
Return on Capital Employed (RoCE) ⁽¹²⁾	2.08%	14.07%	6.96%	10.23%
Net Worth ⁽¹³⁾	3,197.12	3,208.19	2,792.26	2,668.10
Return on Net Worth ⁽¹⁴⁾	0.16%	12.92%	1.97%	6.18%
Trade Receivables Turnover Ratio ⁽¹⁵⁾	1.43	3.58	2.93	2.35
Trade Payables Turnover Ratio ⁽¹⁶⁾	1.41	3.36	2.89	2.71
Gross Profit ⁽¹⁷⁾	971.46	2,340.10	1,979.60	1,911.45
Gross Profit Margin ⁽¹⁸⁾	47.12%	47.10%	57.68%	58.03%

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	Period	Year	Year	Year
	Ended 31st August, 2024	Ended 31st March, 2024	Ended 31st March, 2023	Ended 31st March, 2022
A. Income				
Revenue from operations	2,061.71	4,968.59	3,432.19	3,293.66
Other income	18.53	154.15	72.78	82.04
Total income (A)	2,080.24	5,122.74	3,504.97	3,375.70
B. Expenses				
Cost of raw materials and components consumed	905.78	2,244.44	1,414.17	1,312.73
Service charges	90.3	252.95	284.04	296.23
Purchase of stock-in-trade	141.17	371.16	117.72	169.07
Increase/(decrease) in inventories of finished goods and work-in-progress	43.3	12.89	-79.3	-99.59
Employee benefits expenses	327.35	710.13	578.77	520.31
Finance costs	85.78	177.93	187.5	185.11
Depreciation and amortisation expenses	60.13	218.74	243.39	254.8
Other expenses	411.8	687.45	686.71	560.12
Total expenses (B)	2,065.61	4,675.69	3,433.00	3,198.78
C. Share of profit/(loss) of joint ventures	-6.38	-7.08	3.56	8.39
D. Profit before tax (A-B+C)	8.25	439.97	75.53	185.31
E. Tax expense:				
Current tax	0.2	35.4	22.74	41.77
Deferred tax charge/(credit)	2.89	-9.82	-4.16	-14.34
Income tax pertaining to earlier years	2.08	-6.89	2.08	-6.89
Total tax expense	3.09	25.58	20.66	20.54
F. Profit for the period/year (D-E)	5.16	414.39	54.87	164.77
G. Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit 1 plans - gain/(loss)	-0.12	-8.99	-9.29	-0.53
Income tax relating to above (charge)/credit	0.03	2.26	2.35	-0.15
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of foreign operations 2	-16.27	8.13	75.17	27.85
Foreign exchange differences on share of joint ventures	0.13	0.14	2.04	0.5
Total other comprehensive income	-16.23	1.54	70.27	27.67
H. Profit for the period/year attributable to:				
Owners of the Company	5.16	414.39	54.87	164.77
Total	5.16	414.39	54.87	164.77
Other comprehensive income for the period / year attributable to:				
Owners of the Company (16.23) 1.54 70.27 27.67	-16.23	1.54	70.27	27.67
Total comprehensive income for the period / year attributable to:				
Owners of the Company	-11.07	415.93	125.14	-92.44
Basic and diluted earnings per share (five months period end)	0.28	22.77	3.01	9.05

Strengths



- **Market Leadership in ZLD Technology:** Concord Enviro is recognized as a dominant player in ZLD technology in India, enhancing its reputation and market position.
- **Integrated Solutions Provider:** The company offers comprehensive services across the entire value chain, including design, manufacturing, installation, operation, and maintenance. This integration allows for better control over quality and costs.
- **Strong R&D Capabilities:** With a focus on innovation, Concord Enviro has developed advanced technologies that improve water recovery and efficiency. The company holds multiple patents, showcasing its commitment to research and development.
- **Diverse Client Base:** Serving 377 customers across various industries globally—such as pharmaceuticals, chemicals, and food and beverages—provides the company with a diversified revenue stream.
- **Sustainability Focus:** The increasing global demand for sustainable solutions positions Concord Enviro favorably to capitalize on environmental regulations and water conservation initiatives.
- **Experienced Management Team:** The leadership has extensive experience in the industry, which aids in strategic decision-making and operational efficiency.

Threats

- **Economic Sensitivity:** The company's performance is closely tied to industrial activity; economic slowdowns could reduce demand for wastewater treatment solutions.
- **Regulatory Challenges:** Operating in multiple geographies introduces complexities related to compliance with varying environmental regulations, which can increase operational costs.
- **High Competition:** The wastewater treatment sector is competitive, with numerous emerging players that could pressure pricing and market share.
- **Dependence on Key Customers:** A significant portion of revenue comes from a limited number of customers, which poses a risk if any major contracts are lost or delayed.
- **Operational Risks:** Potential delays or cancellations of contracts can impact projected revenues, while location-specific risks such as natural disasters could disrupt manufacturing operations.

Valuation and Outlook



Concord Enviro Systems Limited IPO is expected to be priced between ₹665 to ₹701 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 31x whereas the industry average is 38.6x.

Name of the company	P/E as on December 6, 2024	Revenue from operations (in ₹ million) for the year ended March 31, 2024	Earnings/(loss) per share (₹) for continuing and discontinued operations from (₹) for the year ended March 31, 2024	Earnings/(loss) per share (₹) for continuing and discontinued operations (Diluted) (₹) for the year ended March 31, 2024	Net worth (₹ in million) as at March 31, 2024	CAGR (%) for the year ended March 31, 2024	Net Asset Value per Equity Share (₹) as on December 6, 2024
Concord Enviro Systems Limited*	N/A	4,968.59	22.77	22.77	3,204.19	12.92%	177.23
Peer group							
Ray Industries Limited	51.36	35,267.77	16.42	16.42	12,741.60	27.24%	49.35
Ice Exchange (India) Limited	43.26	21,917.30	16.53	16.53	16,113.32	19.24%	86.55
Troxen Engineering and Industries Limited	24.86	12,766.93	18.26	18.26	28,429.12	13.80%	132.11
Vik Tech Vistas Limited	46.28	28,164.66	39.49	39.49	16,641.99	15.24%	276.96
Thermax Limited	81.3	93,234.66	17.26	17.26	43,446.80	14.90%	374.96

Concord Enviro has shown impressive financial growth in recent years. Revenue rose from ₹3,293.66 million in FY2022 to ₹4,968.59 million in FY2024, reflecting strong demand for sustainable water solutions and a solid compound annual growth rate (CAGR). Profit After Tax (PAT) jumped from ₹54.87 million in FY2023 to ₹414.39 million in FY2024, highlighting the company's effective cost management and operational efficiency. Earnings Per Share (EPS) also saw a significant increase, rising from ₹3.01 in FY2023 to ₹22.77 in FY2024, underscoring improved profitability.

Global demand for water treatment solutions is expected to grow due to tighter environmental regulations and the increasing need for sustainability. Regions like South Asia face severe water stress, driving demand for effective wastewater management solutions. Additionally, industries are adopting stricter environmental standards, boosting demand for Concord Enviro's Zero Liquid Discharge (ZLD) solutions.

Growth opportunities for Concord Enviro include expanding manufacturing capabilities and services to boost production capacity, as well as increased investment in R&D to develop innovative solutions for evolving market demands. With a growing Indian market, we give a **"Subscribe"** rating for long-term investors.

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