

Twitter Thread by Desi Wall Street



Desi Wall Street

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SPML Infra - A MULTIBAGGER in the making

A Detailed Thread on India's Leading Water Infra Co

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Mkt cap - 190cr

Book Value - 76

P/B - 0.67x

■■SPML Infra Limited is a leading Infrastructure Development company with over 40 years experience in the public as well as private sector.

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■■Co undertakes tender based contract from government departments & has a pan-India presence with ongoing projects at Delhi, Uttar Pradesh, Rajasthan, Bihar, Gujarat, Maharashtra & Karnataka.

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■■Co has expertise in executing world class infrastructure for water treatment & transmission, waste water handling, treatment & recycling, solid waste management, power transmission & distribution & civil infrastructure development.

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■■Co has managed & implemented over 650 projects across India on an EPC (Engineering, Procurement and Construction), PPP (Public Private Partnership) and BOOT (Build-Own- Operate-Transfer) basis

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Track Record & Milestones

- Among World's Top 50 Private Water Management Companies
- 650+ completed projects
- 10000+ KM of cross country pipelines
- 800000 households connected to electricity
- 5000+ MLD of water pumping stations
- 20000+ Villages Electrified

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- 2000+ Mild Water Treatment Plants
- 1000+ Mild Sewage Treatment Plants
- 1500+ kms of roads and highways
- 500+ kms sewerage network
- 500,000+ Smart water meters installed

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- Co used to be a High Performer, subsequently fell into trouble due to 2000/2500cr receivables stuck in arbitration, Mounting Debt further added to woes & ac became NPA
- Working Capital Constraints further led to delays in Project Executions & Subsequently reported losses

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- Now with Debt Restructuring in its Final Stages, a formal Approval is expected by the end of Feb'22

Co has already made a Turnaround in Q2FY22 & Debt Restructuring will help it Improve its performance further

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- 1573cr worth of Debt could be considered non-sustainable & payable over 14 years without Interest
- Annual Interest cost will be lower by 180-200cr
- 1.3cr shares to be issued to lenders
- 49cr Rights Issue will provide growth capital

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Strong Q3 Performance

- Revenue at 250cr
- PAT at 2.5cr vs 25.4cr Loss YoY

■ During FY21, Co has won orders worth 5770cr from the esteemed clients in the state of Odisha, Manipur, and Uttar Pradesh including several projects under the Jal Jeevan Mission

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- Executing over 40 projects in water, power, irrigation and sanitation sectors

- Q4 expected to be similar to Q3

Projections

FY23 Estimates

- ■ Revenue of 1200cr
- ■ EBITDA at 145cr
- ■ Interest cost of 40cr

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FY24 Estimates

- ■ Revenue of 1800cr
- ■ EBITDA at 215cr
- ■ Interest cost of 40cr

FY25 Estimates

- ■ Revenue of 2500cr
- ■ EBITDA at 300cr
- ■ Interest cost of 50cr

Co continues to bid for water projects aggressively for project tenders worth 20000cr with JV partners

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Big Arbitration Awards

- ■ Co has won Arbitration Awards worth 700cr in its favor
- ■ 310 cr already deposited in Escrow account
- ■ Although these awards have been challenged in higher courts, we are pretty confident that co will win these Arbitrations in Higher courts as well

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- ■ Arbitration Awards itself are more than 3.5x current market cap
- ■ Once co receives this money, co will have a Huge Growth Capital required for execution of its projects

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Big Trigger to Provide Impetus to Earnings

- ■ US\$270 billion (■ 18.5 trillion) is likely to be invested in water infrastructure over the coming 10 yrs, through programmes for piped water supply to all homes by 2024, river-linking, Namami Gange & PMKSY

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- ■ Nal Se Jal scheme is GOIs ambitious project to ensure every rural house gets piped water by 2024
- Nal Se Jal alone will need ■ 6.3 trillion in investment
- ■ We expect co to win 5% of orders from different projects, which provides an Opportunity of ~93000cr over next 10 yrs

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Cos financials will grow by Leaps & Bounds

- Operational Performance will see a significant improvement
- ■ Currently available at a Mkt cap of Just 200cr which is extremely tiny for a co with such Bright Prospects

HUGE Potential for BIG MULTIBAGGER Returns