Twitter Thread by Desi Wall Street



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(1/n)

SPML Infra - A MULTIBAGGER in the making

A Detailed Thread on India's Leading Water Infra Co

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(2/n)
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.

(3/n)
■■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.

(4/n)
■■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.

(5/n)
■■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

(6/n)
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

(7/n)
■■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

(8/n)
■■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

(9/n)
■■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

(10/n)
■■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

(11/n)
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

(12/n)
■■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

(13/n)
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

(14/n)
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

(15/n)
■■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

(16/n)
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

(17/n)
■■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

(18/n)
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