

## 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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**#StockMarket #StocksToTrade #StocksInFocus #StocksToBuy #stocks  
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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