

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs552	30.7	Hold	Rs610	10%

*as on 13th Aug, 2025

About the Company:

EMS Ltd. (EMSL), incorporated in 2010, formerly known as EMS Infracon, is in the business of sewerage solution providers, water supply systems, water and waste treatment plants, electrical transmission and distribution, road and allied works, operation and maintenance of WWSPs and WSSPs for government authorities/bodies. WWSPs include STPs along with sewage network schemes and CETPs and WSSPs include WTPs along with pumping stations and laying of pipelines for the supply of water (collectively, projects). The treatment process installed at STPs and CETPs is compliant with the Ministry of Environment, Forest and Climate Change of India norms and the treated water can be used for horticulture, washing, refrigeration and other process industries. Apart from its basic operations, it also earns part of its revenues from the operation and maintenance of WWSPs and WSSPs for government authorities/bodies. The scope of EMS services includes the design and engineering of the projects, procurement of raw materials, and execution at the site, with overall project management up to the commissioning of projects. The company also handles maintenance post work. Mr. Ashish Tomar is the Managing Director of the company.

Results: Quick Glance:

- The net sales reported a growth of 15.8% to Rs2,389mn as compared to Rs2,063mn in the same quarter last year
- The Ebitda margins for the quarter stood at 22.7% as compared to 24.4% in the comparative quarter last year
- The company reported profit of Rs381mn as compared to Rs372mn in the same quarter last year
- The EPS for the quarter stood at Rs6.8 as compared to Rs6.6 in the corresponding period of last year

Other Highlights:

- In **June'25**, EMS has received L1 status for the following contracts (i) work valuing Rs1838.14mn (excl. GST) from UP Jal Nigam (urban) for construction of various components for Fatehpur sewerage and sewage treatment scheme to be executed within a period of 24 months, (ii) work valuing Rs1040.55mn (excl. GST) for surveying, soil investigation, engineering, design and supply of all materials, labour, etc. required for construction, completion, testing & commissioning of following work: (a) intake well cum pump house & approach bridge and associated works, (b) raw water rising main (1100mm dia) from intake well to WTP, (c) water treatment plant (with advanced treatment process) 55MLD under Agra water supply reorganization scheme (Trans Yamuna Zone-I & 11) -Package 1 from UP Jal Nigam (urban) basis to be executed within a period of 24 months
- EMSL had earlier been declared L-1 bidder for Kolkata Municipal project in the month of Sept'24 signifying the lowest evaluated bid in the competitive tendering process of order value of Rs6814.94mn. Following this achievement, it is now been formally issued the LoA in Jun'25 confirming the contract for execution of work of order value of Rs7819.79mn including O&M work; wherein EMSL is having 74% share with the other JV partners for pollution abatement work for rejuvenation of River Adi Ganga, Kolkata, West Bengal. The value has increased due to increase in scope of work
- In **July, 2025** it has received two LoA (i) work valuing Rs194.61mn from Delta bulk Shipping India Pvt. Ltd for electrical works for the Development, Operation and Maintenance of the Multimodal Logistics Park (MMLP) at Nagpur at Sindi, in Wardha District in the State of Maharashtra through Public Private Partnership on DBFOT basis to be executed within a period of 7 months, (ii) work valuing Rs987.97mn from UP Jal Nigam (urban) for surveying, soil investigation design and supply of all materials, labour, T&P etc. for completion of the works of Package-2 of Nagar Nigam Ayodhya Sewerage Scheme District Part-II & District-1 Part- I Zone-1 & 2 to be executed within a period of 21 months. The company had earlier been declared **L-1 bidder** for this project in Jun'25 signifying the lowest evaluated bid in the competitive tendering process. Following this achievement, the company has now been formally issued the LoA in Jul'25 confirming the contract for execution of the work
- The last updated **order book** stands at Rs22,364mn as of 31st March, 2025. The split has 77% of construction work value and 23% of O&M contracts. 75% of the order book caters to water and waste water, 19% for building works and 6% for power works. The company has been increasing its geographical presence by tendering across different states. The bid pipeline is to the tune of Rs45,000mn. The conversion rate generally stands at 10-15%; with Rs6-7bn expected to be received in the current quarter. Most of the projects in the current order book have a 2-3 years' timeline for completion, ensuring stable revenue generation. The order size generally is in the range of Rs2-2.5bn (90% of the projects)

Other Highlights (contd.):

- In terms of the **acquisition of M/s Brijbihari Pulp and Paper Private Ltd** (manufacturer of flex sheets); the company had completed the acquisition of 6,000 equity shares on a premium of Rs12,905 per equity shares for an aggregate amount of Rs77.5mn; becoming 60% holding subsidiary of EMSL. It is acquiring the land parcel through NCLT to serve as collateral for banking facilities. The manufacturing segment is currently in its initial stage of operations but will generate margins of approx. 10% in future

Financials:

Performance (Q1FY26)							
Q1FY26 Result (Rs mn)	Jun-25	Jun-24	y-o-y	Mar-25	q-o-q	FY25	FY26E
Total Revenue	2389	2063	15.8%	2698	(11.5%)	9725	11397
EBITDA	541	503	7.6%	648	(16.5%)	2578	2826
Other Income	23	23	3.5%	22	4.4%	92	109
Interest	31	10	-	19	64.1%	84	100
Depreciation	25	22	18.0%	25	1.3%	96	102
Tax	128	122	4.3%	158	(19.0%)	652	724
Net Profit	381	372	2.4%	469	(18.9%)	1838	2009

Outlook and Recommendations:

The company has reported consolidated revenue growth of 15.8% y-o-y for with Ebitda margins slightly lower at 22.7% compared to 24.4% in the same quarter last year. The PAT growth has been 2.4% y-o-y. This is largely attributed to the manufacturing segment i.e. the newly acquired subsidiary, EMS Industries Pvt. Ltd which is currently in its initial stage of operations but expected to generate margins of approx. 10% in future. Given the lower margins in Q1FY26 through the manufacturing segment; the PAT growth also appears modest despite strong revenue performance. EMSL will also mortgage the property of the subsidiary for facilities already sanctioned by the bank and the banker will release the FDR mortgaged against such facility and EMSL will get the extra liquidity. Due to heavy rains, in the month of Jun'25 especially in Uttarakhand State, progress on the sewerage system experienced delays, which in turn impacted the operational efficiency. As a result, revenue and profit for the current quarter have shown a temporary decline; which is seasonal in nature, and EMSL strongly anticipates it will achieve its projected annual growth rate, maintaining the same positive trajectory observed in previous years. The Management had indicated revenue growth of ~25-30% for FY26E and PAT margins in the ~20-22% range. The Indian water and wastewater treatment sector is witnessing significant growth driven by a multitude of factors shaping the market landscape; EMSL is well placed to capitalize on the same; the primary focus being to strengthen prospects in executing WWSP and WSSP projects. There has been an increasing push by the govt. towards the water sector (Rs51k-cr budget from 2021-26), which has worked well for the company in terms of steady order flow seen across the quarters. Of the existing order book, major chunk still is from the water sector (~70-80% of the total) and infra related segments like power, roads etc. The growing orderbook size not only reflects extensive expertise in sewerage solutions and water supply systems but is also a testament of growing faith in the capabilities of EMSL as a turnkey EPC player. It is also present in the electrical contracting business, undertaking turnkey projects across India. It specializes in construction of 33/11KV, 66/33KV, and 132/133KV substations, internal and external electrification work, and the erection, testing, and commissioning of transformers. The company's strength lies in its in-house design, engineering, and execution team, which boasts strong capabilities and industry experience. It has maintained a robust order book, featuring projects funded by the World Bank which is the main reason for company's robust cash flows/timely payments. The strong performance helps EMSL take on more projects with the help of internal accruals itself, keeping the company debt free at net level, supported by the asset-light model of business. It is very selective in bidding for high-margin projects only with a conversion ratio of around 10-15%. We are positive on EMSL from a long term perspective as domestically India's Water & Waste Water Solutions market offers a massive runway for growth over the next 3-5 years ahead. The company foresees continued growth on infrastructure development especially water supply and sewerage, to enhance urban living and connectivity to provide ample growth opportunities in coming quarters. We have toned down the numbers post the new subsidiary numbers to stabilize which has been a drag on the profitability. Accordingly, we maintain Hold on the stock for a revised target of Rs610.

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