



VVIPL

IPO Note

VVIP Infratech Limited

Recommendation: **APPLY!**

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Enabling Your Path to Success

Company Background -

- Originally formed and incorporated as 'Vibhor Builders Private Limited' on August 10, 2001. The registered office is in Uttar Pradesh.
- The company is an infrastructure company engaged in execution and construction of projects such as Sewer, Sewer Treatment Plants, Water Tanks, Water Treatment Plants, Sector Development work, Electrical Distribution and Sub Stations upto 33 kVA, Jal Jeewan Mission work etc.
- The company is primarily working on projects in the state of Uttar Pradesh, Uttarakhand, NCR Delhi and other northern Part of India.
- The company has 167 permanent employees.

Objects of the Issue -

- Capital Expenditure
- Working Capital Requirements
- General Corporate Expenses.
- Issue Expense

Promoters Name -

Praveen Tyagi, Vaibhav Tyagi and Vibhor Tyagi.

Rationale for recommendation -

- ✓ The company has seen an increase in the top line, bottom line and profitability margins for FY 2024.
- ✓ The company has a P/E of 11.23 times on Post IPO basis compared to Industry P/E of 10.10 times.
- ✓ The management overview is satisfactory.
- ✓ The infrastructure industry is expected to grow at a CAGR of 9.57% during the forecast period 2024-2029.
- ✓ The company has an order book of Rs. 477.62 Cr.

IPO Details

Opening Date	July 23, 2024
Closing Date	July 25, 2024
Allotment Date	July 26, 2024
Listing Date	July 30, 2024
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹91 to ₹93
Issue Size	61.21 Cr.
Fresh Issue	61.21 Cr.
Offer for Sale	-
Application Amt	₹ 1,11,600 (1,200 shares)

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	18,188.53	20,889.94	28,352.92
EBITDA	590.70	1,981.04	3,145.91
Net Profit	454.76	1,357.66	2,068.45
RoCE	2.97%	11.87%	17.43%
ROE	6.68%	15.71%	18.70%
P/E (x)	1.24	0.41	4.63

Promoter Share Holding Pattern

Pre-Issue	Post Issue
92.34%	68.00%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS (In Rs.)	20.08	8.28
BVPS (In Rs.)	60.16	68.81
P/E (x)	4.63	11.23
P/BV (x)	1.55	1.35
Mkt Cap (In Cr)	171.01	232.22

Lead Managers -

Share India Capital Services Private Limited

Registrar -

Maashitla Securities Private Limited

Business Overview -

VVIP Infratech Limited was originally formed and incorporated as 'Vibhor Builders Private Limited' on August 10, 2001. The company has 167 permanent employees as of March 31, 2024. They also hire on contractual basis.

The company is a Class "A" Civil and Electrical contractor having over two decades of experience in the field of execution and construction of infrastructure projects such as Sewer, Sewer Treatment Plants, Water Tanks, Water Treatment Plants, Sector Development work, Electrical Distribution and Sub Stations upto 33 kVA, Jal Jeewan Mission work etc.

Currently the company has an order book of Rs. 477.62 cr, including order book of O&M services amounting to Rs. 126.19 cr. Also, the company has submitted bids for Rs. 182 cr against tenders in Roorkee, Uttarakhand.

Subsidiary -

VVIP Infratech Limited owns 90.02% shareholding in its subsidiary company namely "Vibhor Vaibhav Infrahome Private Limited" (VVIHPL). VVIHPL was incorporated in 2007 and is the real estate arm of the group. VVIHPL has developed a renowned group housing project VVIP- Addresses in Raj Nagar Extension, Ghaziabad. The project is spread over 81,375 sq. Meter with a total saleable area of around 34.61 lakh Sq. ft and consists of 24 towers and 2,331 flats. Total project cost was around Rs. 750 Crores. Presently, company has completed all phases of project and handed over the possession to Home Buyers.

Business Operations -

1. Common Effluent Treatment Plant
2. Surface Water Treatment Plant
3. Sewage Treatment Plant

Some project sites -



Conclusion -

The company is planning to utilize the net proceeds of the issue for Capital Expenditure (Rs. 1,049.78 lakhs), working capital requirements (Rs. 4,000 lakhs), and the remaining for general corporate purposes.

Revenue Bifurcation service-wise -

(Amt in Lakhs)

Sector	FY 2022	FY 2023	FY 2024
Pipeline, Tube Well & Water Tank	12,909.92	3,042.39	446.69
Sewer Work & Treatment Plant Work	4,629.57	10,974.74	9,009.6
Electric Work	398.39	382.7	334.71
Operation & Maintenance STP	318.48	301.94	268.19
Pool & Boundary Wall Work	72.72	-	-
Material & Scrap Sale	1,836.53	3.9	1.07
Building Construction Work	1,322.62	-	-
Construction (Real Estate)	6,864.69	6,184.27	8,126.46
Total	28,352.9	20,889.94	18,186.7

Competition -

The Infrastructure Industry is competitive where the key factors of competition primarily comprise quality of service and price.

The company faces competition from organized as well as unorganized players in both domestic and international market.

The company has slightly lower barriers to entry.

The bargaining power is slightly high with the suppliers.

The bargaining power is slightly high with customers.

Competitive Strengths -

Strong order book of projects: The company has outstanding orders as on January 31, 2024, as of Rs. 47,762 Lakhs containing work related to Implementation of Various rural water supply projects including O&M services amounting to Rs. 12,619 lakhs.

Strong high-quality work, on-time delivery and competitive pricing: The company is one of the top preferred companies in India in sewer treatment plants. They have done works under the Namami Gange Scheme & AMRUT (Atal Mission for Rejuvenation and Urban Transformation) for sewerage and STP works.

Experienced and qualified engineers and technicians: The company has worked upon the developmental works for agencies like Ghaziabad Development Authority, Noida Authority and has developed various sectors with respect to the facilities like sewerage work, drainage works, internal road works and electrical distribution works.

Risk Factors -

The company has 2 outstanding cases against it for indirect tax amounting to Rs. 944.97 lakhs and the promoters and directors have 1 outstanding case amounting to Rs. 50.50 lakhs.

The subsidiary company has 10 outstanding cases against it for civil matters and indirect tax amounting to Rs. 209.30 lakhs. Also, 1 outstanding criminal case has been filed by the subsidiary company.

The company derives majority of its revenue from Uttar Pradesh which accounted for 98.43%, 98.18% and 91.11% for FY 2022, 2023 and 2024.

The company has contingent liabilities amounting to Rs. 4,286.92 lakhs.

The company has unsecured loans amounting to Rs. 3,137.00 lakhs as of March 31, 2024.

The company had negative cash flow from operations for FY 2022.

PEER ANALYSIS

Particulars	VVIP Infratech Limited			EMS Limited			Vishnusurya Projects and Infra Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	2.5%	6.5%	7.3%	21.5%	20.2%	19.2%	8.2%	13.1%	12.0%
EBITDA Margin	3%	9%	11%	32%	29%	28%	37%	25%	21%
RoCE	3%	12%	17%	29%	27%	24%	47%	32%	29%
ROE	7%	16%	19%	21%	22%	19%	22%	31%	21%
EPS (INR)	74.83	224.29	20.08	16.63	22.88	29.38	19.20	25.16	13.23
P/E	1.24	0.41	4.63	-	-	13.70	-	-	16.62

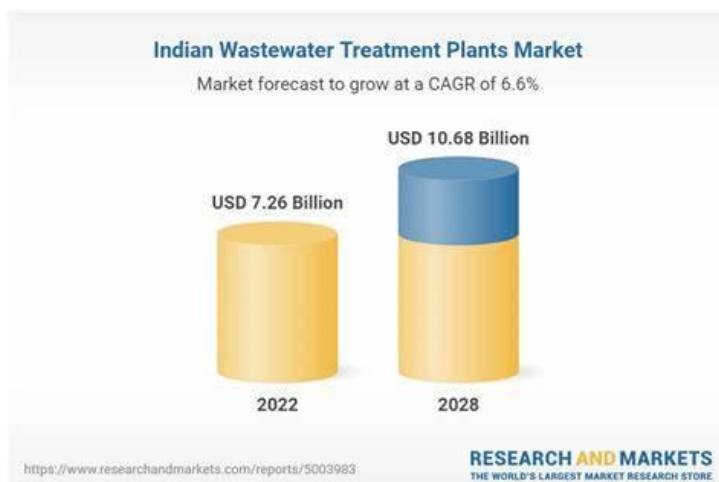
Indian Infrastructure Industry -

The infrastructure capex is estimated to grow at a CAGR of 11.4% over 2021-26 driven by spending on water supply, transport, and urban infrastructure. Investment in infrastructure contributed around 5% of the GDP in the tenth five-year plan as against 9% in the eleventh five-year plan. Further, US\$ 1 trillion investment in infrastructure was proposed by the India’s planning commission during the 12th five-year plan, with 40% of the funds coming from the private sector.

Indian Water & Wastewater Treatment Market -

The India Water and Wastewater Treatment Technologies Market size is expected to grow from USD 0.92 billion in 2023 to USD 1.54 billion by 2028, at a CAGR of 10.78% during the forecast period (2023-2028).

According to Financial Express, by 2030, India's water demand will exceed supply by two times, indicating severe water scarcity in the country. This water shortage for industrial and residential use is expected to increase the need for such water treatment systems in the long run.



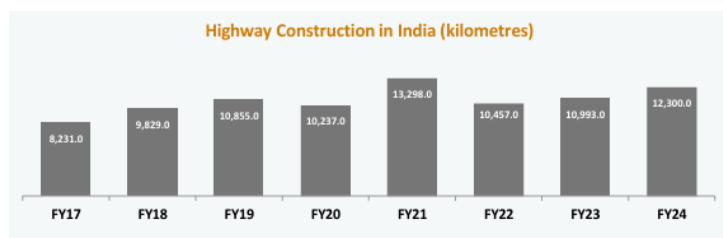
Indian Power Industry -

India is the third-largest producer and consumer of electricity worldwide, with an installed power capacity of 416.59 GW as of April 30, 2023. As of April 30, 2023, India’s installed renewable energy capacity (including hydro) stood at 172.54 GW, representing 41.4% of the overall installed power capacity. Solar energy contributed 67.07 GW, followed by 42.86 GW from wind power, 10.24 GW from biomass, 4.94 GW from small hydropower, 0.55 from waste to energy, and 46.85 GW from hydropower.

Indian Road and Highway Market-

India has the second largest road network in the world, spanning about 63.73 lakh kilometres, which includes national highways, state highways, district roads, and rural roads. This extensive network ensures connectivity across various regions of the country.

The market for roads and highways in India is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.



Sewage and Water Treatment Industry -

The market for sewage and wastewater treatment in India is still evolving. About 50-60 per cent of the wastewater generated in the country gets treated. The government has launched various programmes such as the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Namami Gange, and Smart Cities Mission with a focus on enhancing the sewage/wastewater treatment infrastructure. Many new projects are being undertaken to increase sewerage capacity.

Jal Jeevan Mission -

Jal Jeevan Mission is envisioned to provide safe and adequate drinking water through individual household tap connections by 2024 to all households in rural India.

Objectives -

- To provide FHTC to every rural household.
- To prioritize provision of FHTCs in quality affected areas, villages in drought prone and desert areas, Sansad Adarsh Gram Yojana (SAGY) villages, etc.
- To provide functional tap connection to Schools, Anganwadi centres, GP buildings, Health centres, wellness centres and community buildings
- To monitor functionality of tap connections.

Key Management -

Key Management Persons Name -	Praveen Tyagi
Age	57
Designation and No. of years of experience	Promoter and Director, 30+ Years of experience
Qualification	Diploma in Mechanical Engineering
Roles and Responsibility	-
Other Directorships	Tyag Readymix Private, VVIP Infrahome Private Limited, Gzb Cricket Association etc.

Key Management Persons Name -	Vaibhav Tyagi
Age	34
Designation and No. of years of experience	Promoter and Managing Director, 10+ years of experience
Qualification	Bachelor of Business Administration
Roles and Responsibility	Managing overall affairs of Infra Company of the group.
Other Directorships	VVIP Infrahome Private Limited, Central Himalayan Farms Private Limited, VVIP Entertainment Private Limited etc.

Key Management Persons Name -	Vibhor Tyagi
Age	35
Designation and No. of years of experience	Promoter and Whole-time Director, 10+ years of experience
Qualification	Bachelor of Business Administration (Marketing)
Roles and Responsibility	Manages the Real Estate and Construction business.
Other Directorships	Tyag Landscape Private Limited, Vibhor Vaibhav Infrahome Private Limited, VVIP Infrahome Private Limited

Key Management Persons Name -	Man Mohan Goel
Age	65
Designation and No. of years of experience	Non-Executive Independent Director, 40+ years of experience
Qualification	B. Com (Hons), M. Com, Bachelor of Legislative Law, Certified Internal Auditor (USA)
Roles and Responsibility	-
Previous Associations	DCM Ltd., Jubilant Organosys Ltd., Moser Baer India Ltd., Fedders Llyod Corporation Ltd. etc.

Key Management Persons Name -	Ruchika Jain
Age	39
Designation and No. of years of experience	Non-Executive Independent Director, 15+ years of experience
Qualification	Company Secretary, B. Com, M. Com
Roles and Responsibility	-
Other Directorships	Navup Consulting Private Limited

Key Management Persons Name -	Adarsh Rastogi
Age	32
Designation and No. of years of experience	Non-Executive Independent Director, 10+ years of experience
Qualification	Bachelor's in technology (Computer science), Post graduate degree in Artificial Intelligence
Roles and Responsibility	-
Other Directorships	Appexpert Technology Private Limited

Key Management Persons Name -	Varun Agarwal
Age	43
Designation and No. of years of experience	Non-Executive Independent Director, 18+ years of experience
Qualification	Chartered Accountant
Roles and Responsibility	-
Previous Association	Target, Buongiorno Digital Innovation Pvt Ltd, Grant Thornton

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	18,188.53	20,889.94	28,352.92
Other Income	337.50	166.33	235.40
Total Income	18,526.03	21,056.27	28,588.32
Expenses			
Cost of Materials Consumed	14,327.37	18,390.74	24,780.51
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	2,105.99	-564.04	-829.77
Employee Benefit Expenses	658.95	493.78	524.38
Finance Cost	260.66	269.57	404.98
Depreciation and Amortisation	76.84	99.20	154.85
Other expenses	505.52	588.42	731.89
Total Expenses	17,935.33	19,277.67	25,766.84
EBITDA	590.70	1,981.04	3,145.91
EBITDA Margin	3.25%	9.48%	11.10%
Profit/(Loss) before exceptional items and tax	590.70	1,778.60	2,821.48
Profit/(Loss) before tax	590.70	1,778.60	2,821.48
Tax Expense			
Current tax	246.13	442.21	700.81
Current Tax Expenses Relating to Prior Years	25.52	167.53	26.61
Deferred Tax Asset/(Liability)	0.28	1.23	9.67
Total Tax	271.37	608.51	717.75
Minority Interest	-135.43	-187.57	35.28
Profit/(Loss) for the year	454.76	1,357.66	2,068.45
Net Profit Margin	2.50%	6.50%	7.30%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	60.53	60.53	1,838.77
Reserves and surplus	6,742.97	8,579.13	9,222.40
Total Shareholder's Fund	6,803.50	8,639.66	11,061.17
2. Minority Interest	610.52	422.94	455.44
Total Equity	7,414.02	9,062.60	11,516.61
3. Non-current liabilities			
Long-term borrowings	3,899.30	2,303.14	1,565.63
Other Non-Current Liabilities	5,794.79	4,271.76	3,849.58
Long-term provisions	215.88	213.67	224.53
Total Non-current liabilities	9,909.97	6,788.57	5,639.74
4. Current liabilities			
Short-term borrowings	2,780.58	1,295.25	2,866.35
Trade Payables	3,743.61	3,936.13	3,206.83
Other Current Liabilities	2,753.11	2,966.32	2,836.34
Short-term provisions	21.49	109.72	253.81
Total Current liabilities	9,298.79	8,307.42	9,163.33
Total Liabilities	19,208.76	15,095.99	14,803.07
Total Equity and Liabilities	26,622.78	24,158.59	26,319.68
ASSETS			
1. Non-current assets			

Particulars	FY 22	FY 23	FY 24
Property, Plant & Equipment	361.91	496.75	586.02
Intangible Assets	1,405.67	572.65	567.43
Non-Current Investments	771.48	3,162.10	3,582.90
Deferred Tax Assets (Net)	142.13	139.01	148.69
Other Non- current Assets	2,612.61	2,291.71	2,786.59
Total Non-Current assets	5,293.80	6,662.22	7,671.63
2. Current assets			
Inventories	8,938.17	6,387.18	6,938.11
Trade Receivables	6,675.05	6,726.76	7,626.66
Cash & Cash equivalents	1,019.24	1,105.94	806.27
Short term loans and advances	3,613.32	2,409.78	2,563.35
Other Current Assets	1,083.18	866.69	713.65
Total Current assets	21,328.96	17,496.35	18,648.04
Total Assets	26,622.76	24,158.57	26,319.67

Cash Flow Statement	Amt in Lakhs.		
Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	-87.48	5,165.01	1,910.33
Net Cash Flow from Investing Activities	1,991.13	-1,302.38	-995.60
Net Cash Flow from Financing Activities	-1,032.10	-3,777.18	-1,214.39

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	74.83	224.29	20.08	EV/EBITDA	21.10	5.62	4.67
BV per share	37.00	46.99	60.16	Market Cap / Sales	1.28	1.11	0.82
Operating Ratios				P/E	1.24	0.41	4.63
EBITDA Margins	3.25%	9.48%	11.10%	Price to Book Value	2.51	1.98	1.55
PAT Margins	2.50%	6.50%	7.30%	Solvency Ratios			
Inventory days	179.37	111.60	89.32	Debt / Equity	0.98	0.42	0.40
Debtor days	133.95	117.53	98.18	Current Ratio	2.29	2.11	2.04
Creditor days	746.47	175.04	113.39	Quick Ratio	1.33	1.34	1.28
Return Ratios				Asset Turnover	0.68	0.86	1.08
RoCE	2.97%	11.87%	17.43%	Interest Coverage Ratio	1.97	6.98	7.39
RoE	6.68%	15.71%	18.70%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Share India Capital Services Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Share India Capital Services Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	GEM Enviro Management Limited	44.93	75.00	June 26, 2024	307.80
2.	AVP Infracon Limited	52.34	75.00	March 20, 2024	146.05
3.	Pune E-Stock Broking Limited	38.23	83.00	March 15, 2024	158.90
4.	Wise Travel India Limited	94.68	147.00	Feb 19, 2024	293.65
5.	New Swan Multitech Limited	33.11	66.00	Jan 18, 2024	97.25
6.	Krishca Strapping Solutions Limited	17.93	54.00	May 26, 2023	354.70
7.	De Neers Tools Limited	22.99	101.00	May 11, 2023	200.10
8.	Quicktouch Technologies Limited	9.33	61.00	May 02, 2023	143.10
9.	A G Universal Limited	8.72	60.00	April 24, 2023	62.00
10.	Exhicon Events Media Solutions Limited	21.12	64.00	April 17, 2023	276.35

The company has handled 11 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 18th July 2024.

As per the offer document, from the above-mentioned mandates all have opened at premium on the listing day.

Recommendation -

The company has been in the industry since 2001 and has vast experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO and annualised basis is around 11.23 times which makes it slightly highly priced by looking at the performance of the sector. The Sector P/E is 10.10 times.

The company has seen a sudden increase in the top line for FY 2024 mainly due to incremental increase in revenue from real estate construction business, building construction work, material and scarp sale etc. Also, bottom line of its financials and profitability margins have seen an increase in for FY 2024 and looks sustainable going forward.

Additionally, the company has an order book of Rs. 477.62 Cr, which will help in the growth of the top line in future and improve overall profitability of the company. Also, the company has submitted bids for Rs. 182 Cr against tenders in Roorkee, Uttarakhand which is under process to be opened.

The infrastructure industry has been booming and expected to grow at a CAGR of 9.57% during the forecast period 2024-2029.

Thus, knowledgeable investors can **APPLY** to this IPO keeping in mind that it is for a long-term investment.

Disclaimer

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