

**EMS LTD.**

Buy at CMP: Rs 897 | Target: Rs 1034 (15%) | SL: Rs 815

Sector

Dec 09, 2024

Infrastructure

## Script Details

BSE Group	B
BSE Code	543983
NSE Code	EMSLIMITED
Bloomberg Code	EMSLIMIT IN
Market Cap (INR Cr.)	4,630
Free Float (%)	30.3%
52wk Low/High	935/353
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	10/0.2
Total paid Up Shares (Mn.)	55.5

## Share Holding Pattern (%)

Promoters	Public	Others
69.7%	30.3%	-

## Share Price Relative Performance



EMS Limited provides sewerage, water supply, and wastewater solutions, including STPs, CETPs, WTPs, and pipelines, delivering eco-compliant water for industrial and utility use.

**Investment Rationale**

- ◆ **Healthy Order book and robust order pipeline make earning visibility:** In Q2FY25 EMS secured INR 700 Cr taking to total order book of INR 2,345 Cr, of which INR 170 Cr is operating and maintenance contract and INR 2,200 Cr of HAM road project. The total order book is 2.6x of FY24 revenue, this provides healthy earning visibility form long-term revenue growth. The order book is anticipated to executed with in 2 to 3 Yrs, which provide growth of 38% CAGR in top-line. We model revenue to grow by 21% and PAT at 20% CAGR in FY2 to FY27E. Additionally, company has robust order pipeline of INR 6,477 Cr, which primarily comprise of government project and expected to materialized in next to 2 to 3 Years.
- ◆ **Strategic bidding and asset light business will lead to high margins and profit:** EMS is strategically shifting focus to high-value projects like sewage projects, HAM, and Road EPC, which offer higher margins compared to its traditional water treatment business. The management aims to sustain industry-leading EBITDA margins of 26-30% over the next 2-3 years. EMS operate on asset-light model that reduces capex through equipment rentals, enhancing cost efficiency. This approach positions EMS as a high-growth, margin-accretive investment opportunity.
- ◆ **Sector tailwind, government initiative and execution abilities will fuel growth in EMS:** The Indian water and wastewater market is projected to grow at an 11.6% CAGR, with TAM expanding from USD 10.4 Bn to USD 17.9 Bn by FY29, driven by government initiatives like Jal Jeevan Mission, and H2FY anticipated order inflows for water and sewage treatment plants. The company is well-positioned to capitalize on this growth, leveraging its superior design expertise, strong project execution capabilities, and established relationships with clients, architects, and contractors, further supported by its promoters' strategic guidance and deeper EMS design competencies, enabling project recouping and value addition.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 21%/20% and estimate TIMETECHNO to clock PAT of Rs 274 Cr by FY27E. EMS is trading at forward PE (x) of 16.9 and we value at 20(x) FY27E and Recommend BUY on EMS with Target Price of Rs. 1,034 (15%) .

**Financial Snapshot**

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	793	220	153	30.3	18.7
FY25E	968	256	184	25.2	68.4
FY26E	1,181	313	224	20.6	56.0
FY27E	1,441	382	274	16.9	45.9

Source: Company Data, Ace Equity, GEPL Research

## TECHNICAL VIEW

### Observation

- EMSLIMITED has exhibited strong bullish momentum, with its rising trend marked by the formation of higher bottoms, reinforcing the continuation of a positive trend.
- Despite broader market volatility, the stock has managed to display high relative strength, further emphasizing its resilience and leadership within the market.
- This week, the stock achieved a significant milestone by breaking out of a flag pattern on the weekly scale, a classic continuation pattern. This breakout suggests that the stock is well-poised to sustain its upward trajectory and potentially extend its gains in the coming sessions.
- From a momentum perspective, the RSI stands at 60, indicating renewed bullish momentum that aligns with the stock's positive price action. This reinforces the strength behind the ongoing uptrend and suggests sustained buying interest.
- With strong technical indicators and favorable price patterns, EMSLIMITED remains a compelling candidate for continued upside potential.



### Inference & Expectations

- Considering these factors, it can be inferred that EMSLIMITED stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 1035 level.
- The stop loss must be at 815 level, strictly on the closing basis.

**Invest Now →**



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