

Engineering Consultancy and Construction Co, WAPCOS files for IPO

Mumbai/Delhi, September 25, 2022: WAPCOS Limited, a central public sector enterprise wholly owned by the Government of India (“GOI”) under the administrative control of the Ministry of Jal Shakti, GOI, is engaged in engineering consultancy services and construction in the fields of water, power and infrastructure sectors for businesses and communities in India and overseas has filed initial papers with the market regulator for its proposed Initial Public Offering (IPO).

The public issue with a face value of Rs 10 per equity share is a complete offer-for-sale (OFS) of up to 32,500,000 equity shares by the President of India, acting through the Ministry of Jal Shakti, Government of India (“The Selling Shareholder”), according to the draft red herring prospectus.

The Offer is being made through the Book Building Process, wherein not more than 50% of the Offer shall be available for allocation to Qualified Institutional Buyers, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders, and not more than 35% of the Offer shall be available for allocation to Retail Individual Bidders.

In the past five decades, WAPCOS and its subsidiaries have provided engineering consultancy services for projects in the water, power, and infrastructure sectors within India and overseas, particularly South Asia and across Africa in the fields of dam and reservoir engineering, irrigation, flood control, and river morphology, groundwater exploration, agriculture, watershed management, and river basin planning, environmental engineering, hydropower and pump storage, thermal power, renewable energy development, like solar and wind, water supply and sanitation, among others.

From concept to commissioning, it carries out preliminary investigations and reconnaissance; feasibility studies; planning and project formulation; field surveys and testing design engineering; baseline and socioeconomic surveys; tender engineering; institutional and human resource development; project management and construction supervision; operation and maintenance; engineering procurement consultancy; turnkey and deposit works; besides consulting services for all its clients.

Currently it has ongoing projects in thirty countries and has been associated with over 455 overseas projects, both completed and ongoing.

In FY22 it was placed first among the top ten international consultancy firms in the water and other urban infrastructure sectors, according to an Asian Development Bank report mentioned in its DRHP. Additionally, it was placed third among the top five Indian corporations for consulting services from 2017 to 2021. Some of the listed peers in the segment are Ircon International, Rites, Engineers India, NBCC, and Va Tech Wabag.

The company’s revenue from operations increased by 11.35% to Rs 2,797.99 crore for the Financial Year 2022 from Rs 2,512.87 crore for the Financial Year 2021, primarily due to an increase in the revenue from the consultancy income, construction contracts income, and other income, while profit after tax increased by 14.47% to Rs 69.16 crore for the financial year 2022 from Rs 60.42 crore for the same period last year.

It's order book as on March 31, 2022 constituting engineering consultancy services stood at Rs. 2,533.93 crore and Rs. 18,497.33 crore for construction contracts. It has a strong capital structure and credit profile with low levels of external debt. As on March 31, 2022 its debt-to-equity ratio stood at 0.10 times. According to CARE, its credit rating for long and short-term borrowing has been maintained at CARE A+; Stable/CARE A1+ as on October 7, 2021.

Professionals in engineering consulting services offer services from idea to commissioning and even afterward for operation and maintenance of the developed asset. About 2.5% to 3% of the worldwide engineering services market, which is projected to rise from USD 24.9 billion (Rs 2.02 trillion) in CY18 to USD 45.5 billion (Rs 3.70 trillion) in CY22, is made up of engineering consulting services. The engineering consultant services sector accounts for roughly 1.2% of India's overall infrastructure economy. India's engineering consulting services market is anticipated to increase from USD 3.9 billion (Rs 31,691 crore) in 2021 to USD 5.8 billion (Rs 47,131 crore) in 2031 at a CAGR of 9.4%.

IDBI Capital Markets & Securities Limited and SMC Capitals Limited are the book-running lead managers and KFin Technologies Limited is the registrar of the offer. The equity shares are proposed to be listed on BSE and NSE.