SINGLE-COMPANY DEEP DIVE

STANDALONE STOCK REPORT

Dart Consultants

Machine Driven Investing

Envirotech Systems

A Noida maker of industrial noise-control equipment that reports a 33% EBITDA margin and trades at 9x earnings, close to its ₹56 IPO price and 60% below its 52-week high. The low multiple has reasons behind it. Three years of profit have produced almost no operating cash. Management missed its own revenue target by 42%. And the annual report is riddled with errors, including the wrong company's name in the auditor's report. At this price we think the stock is roughly fairly valued.

RATING	TARGET PRICE	CMP (12 NOV 2026)	UPSIDE (BASE CASE)
HOLD	**₹60**	**₹58.70**	**+2.2%**

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HOLD

Envirotech Systems Ltd ENVIRO

A profitable niche business whose earnings have not yet turned into cash, and whose annual report is too unreliable to take at face value. At 9x earnings the price already reflects this. HOLD, and read the H1 FY27 results first

Summary

Envirotech Systems designs and makes acoustic and noise-control products. Its core lines are machine and DG-set enclosures, noise test booths, anechoic and semi-anechoic chambers, engine test-cell acoustics, noise barriers, acoustic louvers, and acoustic and fire doors. It also does interior acoustic work. The company was incorporated in Delhi in 2007 and manufactures in Noida and Greater Noida. Customers named in the annual report include HAL, DRDO, NTPC, L&T, RVNL, Havells, Hitachi and GE, plus the Central Vista project. It listed on the NSE SME platform on 24 September 2024 after a ₹30.24 crore IPO at ₹56 a share. The managing director, Manoj Kumar Gupta, and his wife, Sindhu Gupta, held 68.85% at March 2026. Promoter holding was 69.78% at September 2026.

Reported numbers look strong. Revenue grew from ₹28 crore in FY23 to ₹57.6 crore in FY26. FY26 revenue was up 21%, EBITDA was ₹19.0 crore (a 33.1% margin) and net profit was ₹12.1 crore. Net profit fell 14% only because FY25 included a ₹3.88 crore gain on a property sale. Excluding other income, management puts PAT growth at 20% (₹9.41 crore to ₹11.29 crore). A new 1,00,000 sq ft factory in Greater Noida became partly operational in July 2025. It lifts total floor space to 1,21,520 sq ft, and FY26 utilisation was 50.6%.

The cash has not followed. Operating cash flow was about −₹2 crore in FY24, −₹1.4 crore in FY25 and +₹0.5 crore in FY26. That is roughly −₹3 crore in total, against ₹37.6 crore of profit. Trade receivables reached ₹31.7 crore, or 201 days of revenue, and 38% of them were more than six months past due. Inventory nearly tripled. Net trade working capital rose by ₹8.6 crore, equal to 87% of the year's revenue increase. Management had guided to about ₹100 crore of FY26 revenue as late as November 2025. It delivered ₹57.6 crore and gave no FY27 guidance. The stock has fallen 59% in a year, to ₹58.70.

Our rating is HOLD, with a target of ₹60 (+2.2%). Our forward P/E and DCF base cases come out at ₹58 and ₹63, and both bracket the current price. The range of outcomes is wide: ₹32 in our bear case and ₹105 in our bull case. We do not think a 9x multiple is cheap for

TARGET PRICE	
12-month target	**₹60**
CMP (12 Nov 2026)	₹58.70
Implied upside	+2.2%
Rating	HOLD (high risk)

KEY STOCK DATA	
Market cap	₹110 cr
P/E (FY26)	9.1x
P/E (FY27E, Dart base)	9.0x
EV/EBITDA (FY26)	6.4x
52-week range	₹53 – ₹148
Book value/share	₹40.5 (P/B 1.45x)
Dividend (FY26)	Nil
Net debt (Mar 2026)	~₹11.4 cr*
Shares outstanding	1.879 cr (FV ₹10)
IPO (Sep 2024)	₹56/share, ₹30.24 cr

SHAREHOLDING (SEP 2026)	
Promoter group	69.78%
FII	1.06%
DII	0.00%
Public (1,559 holders)	29.16%

FINANCIAL SNAPSHOT (₹ CR)	FY25	FY26	H1 FY27
Revenue	47.6	57.6	due
EBITDA (ex OI)	15.3	19.0	due
PAT	14.1	12.1	due
CFO	−1.4	0.5	due

this company. It has turned almost none of its profit into cash, its guidance has a poor record, and its annual report contains dozens of errors and passages copied from other documents. The H1 FY27 results, expected on 14 November 2026, are the next real data point.

*Borrowings of ₹13.9cr (mainly HDFC cash credit and a Yes Bank overdraft) less ₹0.08cr of cash and ₹2.42cr of bank deposits. The company reports half-yearly. H1 FY27 results were due on 14 November 2026, after this report was written. FY25 PAT includes a ₹3.88cr property-sale gain.

Core thesis: what the market is pricing, and why we are not buying

- **A 9x multiple looks cheap, but the profits are not yet showing up as cash.** At 9.1x trailing earnings, 6.4x EV/EBITDA and 1.45x book, the stock is far below the 24x median P/E of the 35 companies screener.in groups it with. But those are mostly large mainboard machinery firms, and management says it has no listed direct competitors. More important, the FY26 cash flow statement shows ₹0.5 crore of operating cash against ₹12.1 crore of profit. Part of the gap is a ₹5.84 crore "advance against properties" that was booked inside operating cash flow. Even after adding that back, cash conversion was about half of profit. Before FY26 it was negative.

- **Management's guidance has not been reliable.** In November 2025, with ₹26.25 crore of H1 revenue booked and an order book of about ₹21 crore, management repeated its target of about ₹100 crore for FY26. It reported ₹57.6 crore. It blamed a West Asia conflict for delayed sites and material shortages, and then declined to give any FY27 number. In November 2025 it also said it was in "advanced stages" on orders of ₹10 crore or more and expected large defence orders "within this financial year". The orders disclosed to NSE since then are small: ₹2.27 crore (Utkal Alumina), ₹0.65 crore (Indian Navy) and ₹1.07 crore (GKR Future Technologies), all including taxes. The order book was "₹30+ crore" on 1 May 2026.

- **The upside depends on the new factory, and we cannot yet value that with confidence.** FY26 floor space was 50.6% utilised. Management says it will be fully operational in FY27, once pending UPSIDA approvals arrive. New lines include CBRI-certified fire doors, blast-resistant doors, solar noise barriers (an MoU with CSIR-NPL), sound-absorbing panels using a CKM (Taiwan) perforated-aluminium sheet, and a consumer range of soundproof windows. If these fill the plant at current margins, our bull case (₹105) is realistic. Our base case gives them only modest credit, and our bear case (₹32) assumes FY27 revenue is flat. We see both outcomes as plausible.

Business model, revenue mix & moat

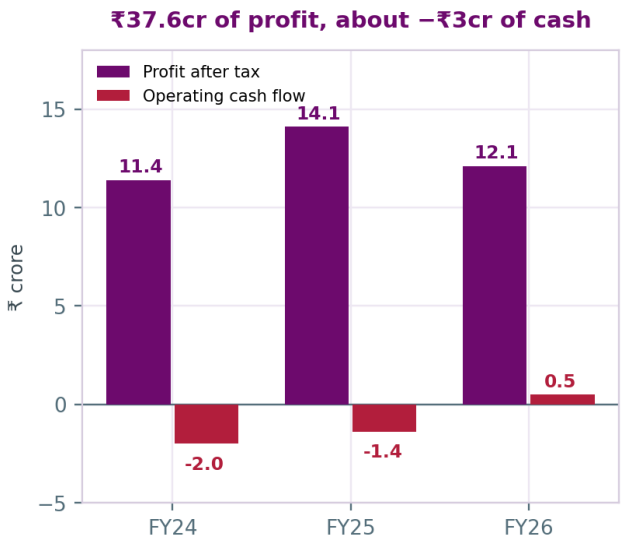
Mix (as disclosed)	Figure	Source
Sale of products (FY26)	₹55.3cr / 96.1%	AR Note 19 (as printed: ₹53,170k, a typo)
Installation charges (FY26)	₹2.27cr / 3.9%	AR Note 19
Export earnings (FOB, FY26 / FY25)	₹0.13cr / ₹0.84cr	AR Note 1.29
Imported share of raw materials consumed (FY26 / FY25)	4.7% / 15.0%	AR Note 1.29
H1 / H2 revenue split	~30 / 70 historically; FY26 ₹26.25cr / ~₹31.3cr	H1 FY26 call; AR
Repeat customers	88–89%	Management, H1 FY26 call
Reportable segments	**One (acoustic products, all India)**	**AR Notes 1.17, 1.20**

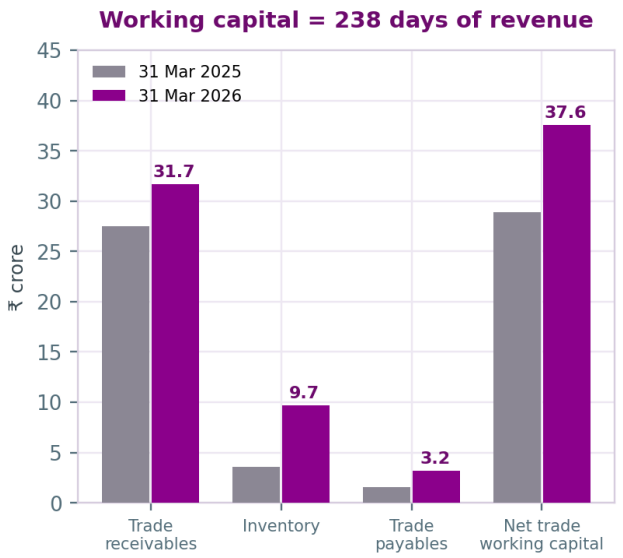
The company does not split revenue by customer, end-market or product family, and it does not disclose its customer concentration. The annual report gives no order-book figure. The ₹30+ crore figure comes from the May 2026 investor presentation.

How the money is made. Envirotech wins mostly made-to-order work from industrial companies, PSUs, defence establishments and EPC contractors. It designs the acoustic solution, fabricates it from carbon, stainless and alloy steel with rock wool and other absorbent materials, and in many cases installs it. Management says ticket sizes range from ₹20 lakh to ₹3 crore and that small jobs take two to four weeks. The business is unusually profitable for steel fabrication. Gross margin, after materials and inventory change, was 61.5% in FY26 (56.0% in FY25), and EBITDA margin has been 33–35% for three years. That is a big change from before the IPO: screener.in shows operating margins of 9–13% in FY21–FY23, rising to 35% in FY24, the year before listing. The disclosures do not explain why margins tripled, and margins this high would normally attract competition. It is one of the main things we would want to understand.

Moat: some engineering know-how and relationships, but we cannot measure them.

- **Design capability across many niches.** The range runs from DG-set enclosures to anechoic chambers for automotive and appliance makers' noise testing, and test-cell acoustics. Management says most competitors are unorganised, regional and limited to a few product types, and that none is listed. We could not verify this independently.
- **Approvals and references.** These include work for HAL (Koraput, Bangalore, Barrackpore), DRDO, NTPC and the Central Vista parliament building, plus ISO 9001/14001/45001, GRIHA and ZED Gold certification, and, per management, CBRI certification for fire-rated doors. Such references matter when bidding for PSU and defence work.
- **No sign of pricing power.** Management said raw-material inflation in H2 FY26 "slightly impacted our margins". Receivable days of 201 suggest that customers set the payment terms.
- **R&D claims are not backed by spending.** The MD&A describes a "well-established R&D department". Annexure I of the Directors' Report puts R&D spending at "Nil", and says technology absorption brought "Nil" benefits. The IIT Delhi waste-to-acoustics project has ₹21 lakh advanced to it. Management expects a market-ready product by the end of 2026.





Three years of profit have produced almost no operating cash, because receivables and inventory grew faster than revenue. FY24 CFO is from screener.in (rounded). FY25–FY26 figures are from the FY26 annual report (Indian GAAP, ₹'000 converted to crore). Net trade working capital is receivables plus inventory, less trade payables and customer advances.

Financial analysis & catalysts

Metric	Value	Read
Revenue CAGR, FY23–FY26	**~27%**	₹28cr → ₹57.6cr; FY25 +3%, FY26 +21%; FY26 target of ~₹100cr missed
EBITDA margin (ex other income)	**13% → 35% → 32% → 33%**	FY23–FY26; FY24–FY25 from screener / AR; FY26 33.1%
FCF conversion (FCF / PAT)	**Negative, FY24–FY26**	FY26 CFO ₹0.5cr, capex ₹7.75cr, PAT ₹12.1cr; FY25 capex ₹28.6cr
ROCE vs WACC	**~20–24% vs ~15%***	AR 23.7%; screener 22.7%; Dart (EBIT / (equity + debt)) 20.4%; ROE 15.9–17.3%
Working capital absorbed	**87% of incremental revenue**	Net trade WC +₹8.6cr against +₹10.0cr of revenue in FY26
Receivable days	**201**	₹31.7cr; ₹11.9cr over six months past due; ₹0.46cr "doubtful", with no provision made
Inventory	**₹9.7cr (up from ₹3.6cr)**	WIP + finished goods +₹4.04cr: an inventory build equal to 21% of FY26 EBITDA
Leverage	**D/E 0.18x; interest cover ~13x**	₹13.8cr of short-term bank lines; finance cost ₹1.37cr includes ₹15.2 lakh of penal charges

*WACC of ~15% is a Dart Consultants assumption for a ₹110 crore NSE SME company with no credit rating disclosed in the annual report. It is not a sourced figure.

Margins. Gross margin rose 5.5 points to 61.5%. Most of that came from a ₹4.04 crore increase in work-in-progress and finished goods, which is credited to the P&L. Materials consumed actually rose 22%, in line with revenue. Employee costs rose 50% (to 15.1% of revenue from 12.1%) as the new plant was staffed. They included a first-time ₹61 lakh gratuity provision; the annual report says gratuity was previously expensed only when paid. Other expenses rose 39%. They included ₹18.2 lakh of interest on income tax, up from ₹6.9 lakh, and a ₹2.5 lakh GST penalty. EBITDA margin still edged up to 33.1%. Without the inventory build, it would have been about 26%. That does not mean the inventory is overstated. Valuing WIP and finished goods involves judgement, though, and here it materially affected reported profit.

Cash and returns. The reported 20–24% ROCE depends on receivables actually being collected. In November 2025 management said it normally collects "in three-four months". Receivables nonetheless grew another ₹4.2 crore over FY26, and ₹6.5 crore (20%) was more than a year past due at March 2026. Capital spending of ₹28.6 crore in FY25 and ₹7.75 crore in FY26 was funded by the IPO and by short-term bank lines, which rose from ₹8.2 crore to ₹13.8 crore. The ₹5.84 crore "advance against properties" is not explained anywhere in the annual report. It does not appear in the IPO objects either, which were land and building for a factory, working capital, and general corporate purposes.

Near-term catalysts (6–12 months)

- **H1 FY27 results (expected 14 November 2026; earnings call 16 November).** These will show whether revenue grew from H1 FY26's ₹26.25 crore, whether margins held through raw-material inflation, and, most importantly, whether receivables and inventory fell from their March 2026 levels.
- **Full commissioning of the Greater Noida plant.** Management expects this in FY27, once the pending UPSIDA approvals arrive. It would take utilisation above 50% and test whether the plant can deliver orders of ₹10 crore or more.
- **A first large order.** Management has spoken of "some large defence orders" and of bids for orders of ₹10 crore or more since November 2025. One such disclosure would be the clearest evidence for the bull case.

- **AGM outcomes.** The 28 September 2026 AGM was asked to approve a five-year MD term at ₹48 lakh a year plus up to 10% annual increments, a move of the registered office to Uttar Pradesh, and amendments to an ESOP plan of up to 9,39,500 options (5.0% of equity). We have not seen the voting results.

Longer-term catalysts (2–3 years)

- Noise barriers for metros and highways. Management says barriers are often a line item in metro tenders but are left unbuilt for budget reasons. The lightweight CKM aluminium panel is pitched at this market, and management hopes it can reach 5–10% of revenue.
- Data-centre and semiconductor-fab acoustics. Projects cited are for Equinix, AdaniConneX, ST Telemedia, NPCI, and Tata Projects for Micron and TSAT.
- Consumer soundproof windows and doors (the "Envirotech Mute" brand), partly outsourced for now. A move to the NSE mainboard, which management has called an "ambition".

What gives us pause

- **Profits that have not produced cash.** Cumulative operating cash flow for FY24–FY26 was about −₹3 crore against ₹37.6 crore of PAT. In the FY26 cash flow statement, the increase in receivables (−₹4.2 crore), inventory (−₹6.4 crore) and "loans and advances" (−₹6.2 crore, most of it the property advance) absorbed nearly all of the ₹18.3 crore of pre-tax operating profit. Until a half-year shows strong collections, the P&L should be read with caution.
- **A large miss on guidance, then no guidance at all.** Management guided to ₹100 crore and reported ₹57.6 crore. In November 2025 it also said that the orders then in hand would be executed "in the next 2.5 months". H1 FY26 revenue of ₹26.25 crore was itself below the roughly ₹30 crore an analyst on that call said had been expected; management said one ₹2 crore shipment had slipped. The talks with Siemens raised on the November 2025 call were "not no, not yes".
- **Ageing receivables with no provision.** ₹6.5 crore of receivables are more than a year past due, and ₹0.46 crore is classified as "considered doubtful". The balance sheet shows no allowance against either. Expenses include ₹43.4 lakh of "W/o expenses", which are not explained.
- **Accounting choices that flatter the balance sheet.** ₹2.37 crore of IPO expenses is carried as an asset ("unamortised IPO expenses", ₹1.75 crore non-current and ₹0.63 crore current) and is being written off over time. Share-issue costs are more commonly charged against the securities premium. Separately, the FY26 cash flow statement includes ₹2.42 crore of bank deposits in cash, while the balance sheet shows them under other current assets.
- **An annual report full of errors.** These are set out under governance below. Some are cosmetic. Others leave us unsure which figures are right: managerial pay, employee numbers, CSR, foreign exchange and the ratio explanations. In one case the auditor's report names a different company.

Corporate governance assessment

1. Which rules actually apply

As an NSE SME company, Envirotech is exempt from the corporate-governance provisions of SEBI LODR (Regulations 17–27 and Schedule V, via Regulation 15(2)), and the annual report says so (Annexure VI). It reports half-yearly and prepares its accounts under Indian GAAP, not Ind AS. Even so, the AGM notice says the ESOP will be accounted for under "Ind AS 102", and the segment note cites "Ind-AS 108". The statutory auditor, HCO & Co. (partner Neeraj Bansal), has been in place since 14 October 2024. According to CARO clause (xviii), the previous auditor resigned because it was not a peer-reviewed firm. The FY26 audit opinion is unmodified, reports no key audit matters, and also gives an unmodified opinion on internal financial controls.

2. What the company does well

Related-party dealings are narrow. The only disclosed transactions are KMP pay and short-term unsecured loans from the promoters: ₹1.10 crore from the MD and ₹0.38 crore from Sindhu Gupta, both lent and repaid within FY26. CARO reports no loans, guarantees or investments given to anyone, and no Section 185/186 exposure. There are no subsidiaries, associates or JVs. The audit, nomination and stakeholder committees are made up entirely of independent directors. Promoter holding is high (69.78%) and rising: the promoters bought 19,000 shares on the market in FY26, and screener.in shows a further 0.93-point increase in the September 2026 quarter. The company has also chosen to keep a secretarial auditor even though the rules do not require one. The auditor reports no pending litigation, no statutory dues in dispute and no defaults.

3. Grey areas

The board is small and family-led: the MD, his wife (whole-time director) and Rakesh Gupta, plus three independent directors.

- **Board turnover.** One independent director died in June 2025 and another resigned in August 2025. Their replacements, appointed on 21 August 2025, are listed by first name only ("Kiran" and "Rekha"), and "Kiran" is called "Mr." in one table and "Mrs." elsewhere. The company secretary changed in February 2026. Rakesh Gupta is described as a non-executive director in four places and as an "Executive Director" in the board attendance table.
- **Pay.** The related-party note shows the MD's pay rising from ₹30 lakh to ₹48 lakh (+60%) and Sindhu Gupta's from ₹24 lakh to ₹36 lakh (+50%) in a year when PAT fell 14%. Annexure II gives the FY26 figures as ₹30 lakh and ₹24 lakh with a "Nil" increase. It also gives employee numbers as at 31 March 2025, so it appears to be last year's annexure. The absolute amounts are modest (₹84 lakh, 6.9% of PAT). Independent directors receive no sitting fees.
- **Statutory compliance.** The secretarial auditor qualified the report on several points. Some ROC forms were filed late with additional fees. The statutory and secretarial auditors were appointed for one year only, although the Companies Act requires a five-year term for statutory auditors. Several stock-exchange filings were late, XBRL filings were not made, and structured digital database entries were delayed. In the accounts, interest on income tax (₹18.2 lakh), bank penal charges (₹15.2 lakh) and a GST penalty (₹2.5 lakh) all point to tight cash management.
- **Internal audit.** The Directors' Report names "Mr. Arun Kumar" as internal auditor for FY26. A "Mr. Arun Kumar – Finance Department" presented the FY26 results on the May 2026 call. We cannot tell whether they are the same person. If they are, the internal audit would not be independent.
- **IPO money.** The MD&A refers to plans to deploy "unutilized IPO funds", while CARO says the proceeds were "applied for the purposes for which those are raised". The annual report contains no statement of how the proceeds were used.

4. Red flags

One, but a serious one: the annual report cannot be relied on. Almost every section has errors, and some of them affect figures an investor would use.

- **The auditor's internal-controls report names the wrong company.** Annexure B opens: "We have audited the internal financial controls … of SBL Infratech Limited". This is the part of the audit that opines on the company's controls.
- **Parts of the MD&A appear to be copied from an unrelated business.** It lists threats such as "adverse changes in global immigration regimes", risks from "host countries", an opportunity in "expansion of the office network in India", and a plan to "restore profitability" after "going concern assessments". None of this fits a profitable Noida manufacturer.
- **Basic facts are inconsistent.** Employees are given as 98 (MD&A), 139 (overview), 140 (Note 1) and 159 (Directors' Report). The board met 12 times, but the report says "all the six board meetings were held physically". The CSR note says ₹2,549.50 *lakh* was spent, against ₹25.5 lakh actually spent, and the FY25 figure is overstated the same way. Annexure I gives foreign-exchange outflow as "1,23,26,363" lakh; Note 1.29 implies about ₹1.23 crore. The registered-office resolution includes a line about moving "from the State of Haryana to the National Capital Territory of Delhi".
- **The ratio explanations contradict each other and the numbers.** The MD&A says receivable turnover fell because of "orders with higher credit period". Note 1.28 says "average trade receivables has reduced". Both say payables turnover rose

because the company paid cash for discounts, yet payables more than doubled. The investor presentation shows identical EBITDA for FY23 and FY24 (₹1,660.09 lakh).

- **The audit report contains boilerplate that does not fit.** CARO says the company "raised money by way of initial public offer during the year" (the IPO was in FY25), that "the dividend declared or paid" complied with Section 123 (no dividend was paid), and that the auditor resigned "during the year".

None of these, on its own, shows that the figures are wrong. The primary statements add up: the balance sheet balances, reserves reconcile to profit, and cash reconciles in the cash flow statement. But errors this widespread, including a misnamed company in the auditor's own report, suggest that neither the board nor the auditors read the document carefully. That weakens the assurance an investor can take from the clean opinion.

5. Items to watch

The AGM voting results; any corrected or revised annual report; a statement of how the IPO proceeds were used; what the ₹5.84 crore property advance is for and who the counterparty is; whether a provision is made against the ageing receivables; how the H1 FY27 cash flow and receivables look; and the actual ESOP grants and their pricing.

GOVERNANCE CONCLUSION

Below adequate. This is not because of related-party leakage. The related-party picture is cleaner than in most SME companies we review: no guarantees, no loans to group entities and no inter-company purchases. The problem is disclosure quality. The annual report is too error-strewn to rely on in detail, the auditor's own report names another company, and management's revenue guidance missed by 42%. Combined with a secretarial audit report listing several compliance lapses and a board that has changed considerably, this is the main reason we apply a deep discount to sector multiples and do not treat the reported 33% margin as proven.

SWOT analysis

STRENGTHS

- 33% EBITDA margin and ~20–24% ROCE (as reported)
- Wide range of acoustic products for industry, defence, power and infrastructure
- Reference projects with HAL, DRDO, NTPC, L&T and Central Vista; 88–89% repeat customers (per management)
- Low leverage (D/E 0.18x); no guarantees or loans to related parties
- New 1,00,000 sq ft plant largely paid for; land and buildings ~₹33cr net book value

WEAKNESSES

- Operating cash flow of about −₹3cr over FY24–FY26 against ₹37.6cr of PAT
- 201 receivable days; 38% of receivables over six months past due, with no provision
- FY26 revenue 42% below guidance; no FY27 guidance; disclosed orders are small
- An annual report with pervasive errors, including the wrong company named in the auditor's report
- Small scale (₹58cr revenue); 70% of revenue in H2

OPPORTUNITIES

- Filling the 50%-utilised plant with orders of ₹10cr or more
- Fire-rated and blast-resistant doors (CBRI certification, per management)
- Metro and highway noise barriers; solar noise barriers with CSIR-NPL
- Data-centre and semiconductor-fab acoustics
- Consumer soundproof windows; e-commerce; a mainboard listing

THREATS

- Customers delaying sites or payments (as in H2 FY26)
- Steel and raw-material inflation with no stated pass-through
- Competitors drawn by 33% margins; much of the market is unorganised
- Further equity raising: management said in November 2025 it "might be raising capital"; ESOP dilution of up to 5%
- Thin trading (often under 20,000 shares a day) and no institutional holders

Valuation

₹ crore unless stated

Multiples against peers. Management says Envirotech has no listed direct competitor, and we found none. Screener.in's peer group is industrial machinery companies, mostly 20–200 times Envirotech's size. We show it for context only. We do not anchor our multiple to it. Prices are 12 November 2026 closes from screener.in. The stock has listed history only since September 2024, covering both a 90% listing premium and a 59% fall over the past year, so we do not use a historical multiple either.

Company	Mcap (₹cr)	P/E TTM	ROCE	Latest qtr sales growth
Envirotech Systems	**109**	**9.0x**	**22.7%**	**+0.7% (H2 FY26)**
Ador Welding	2,593	21.5x	22.7%	+22.9%
Subros	4,033	23.0x	19.2%	+36.3%
Harsha Engineers	4,246	26.0x	13.0%	+16.3%
Esab India	7,834	39.0x	64.7%	+11.1%
Inox India	17,893	67.7x	33.5%	+27.4%
Screener.in industry median (35 companies)	*527*	*24.0x*	*17.1%*	*+22.7%*

Envirotech at ₹58.70	Trailing (FY26)	FY27E (Dart base)
P/E	**9.1x (EPS ₹6.44)**	**9.0x (EPS ₹6.49)**
EV/EBITDA (EV ~₹122cr)	**6.4x (₹19.0cr)**	**6.1x (₹19.9cr)**
P/S	**1.92x**	**1.67x (₹66.2cr)**
P/B	**1.45x**	**—**

Method 1: forward P/E scenarios (FY27E). We start from FY26 revenue of ₹57.6 crore. We assume a full year of depreciation on the new plant (about ₹2.3 crore, against ₹1.27 crore in FY26), interest of about ₹1.6 crore, other income of ₹0.5 crore and a 26% tax rate, on 1.879 crore shares. These are our assumptions; management has given no guidance. We set the multiples to reflect poor cash conversion, the guidance record and disclosure quality. Even the bull multiple is half the sector median.

Scenario	FY27 rev. growth	EBITDA margin	PAT	EPS (₹)	Target P/E	Value/share	vs CMP
Bear	0%	26%	₹8.6cr	4.56	7.0x	₹32	−45.6%
Base	**15%**	**30%**	**₹12.2cr**	**6.49**	**9.0x**	**₹58**	**−0.6%**
Bull	35%	33%	₹16.5cr	8.76	12.0x	₹105	+79.2%

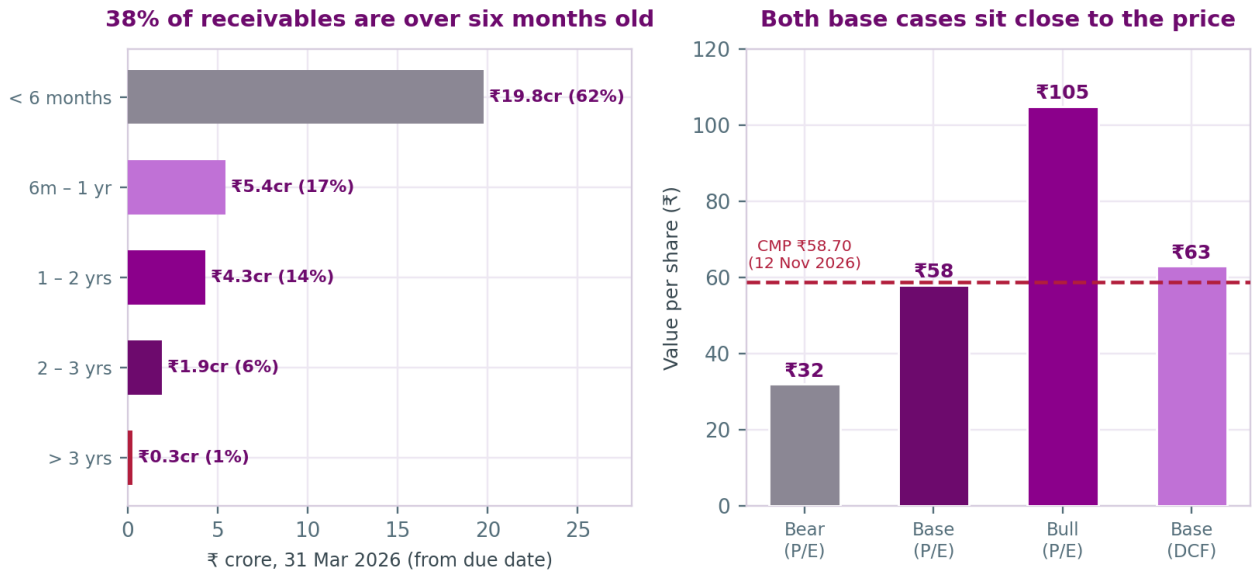
The bear case has FY27 revenue flat, consistent with the H2 FY26 slowdown and a small order book, and margin at about the FY26 level once the inventory build is stripped out. The base case assumes mid-teens growth, roughly the FY23–FY26 trend after the FY25 stall, with margin three points below FY26 as staff and depreciation for the new plant come through. The bull case assumes the new plant wins large orders and margins hold at FY26 levels.

Method 2: discounted cash flow, with working capital made explicit. We use a five-year forecast (FY27–FY31) with revenue growth of 15%, 15%, 15%, 12% and 10%, a 30% EBITDA margin, a 26% tax rate, and capex of ₹3.0–3.5 crore a year (the main plant spending is done). Working capital absorbs 60% of each year's increase in revenue. That is better than FY26's 87% but in line with the business's current 238-day cycle. Discounting at a 15% WACC with 5% terminal growth and deducting ₹11.4 crore of net debt gives **₹63 per share (+7%)**. Free cash flow is positive from FY27 in this case (₹7.1 crore), although the company has not yet produced positive free cash flow in any year we can see. The terminal value is 74% of enterprise value.

DCF value/share (₹)	g = 4%	g = 5%	g = 6%
WACC 14%	67	71	77
WACC 15%	**59**	**63**	**67**
WACC 16%	53	56	59

Working capital as % of incremental revenue	40%	60% (base)	87% (FY26 actual)
DCF value/share (₹) at 15% / 5%	**69**	**63**	**54**

EBITDA margin ±3 points moves the DCF to ₹73 / ₹53. Our bear DCF (flat FY27, then 5% growth; 26% margin; working capital at 87%) gives ₹29. Our bull DCF (35% growth falling to 12%; 33% margin; working capital at 40%) gives ₹111.



Over a third of receivables are more than six months past due. Both our base cases sit close to the current price, with a wide range either side. Receivable ageing is from AR Note 15 (the "1–2 years" figure is taken from the column total, because the printed row has a typo). Scenario and DCF values are Dart Consultants' own estimates.

Target. The average of the two base cases (₹58 and ₹63) is ₹60.5, which we round to **₹60, 2.2% above the current price**. That is a HOLD under Dart's rating bands (between −5% and +15%). We call it a high-risk HOLD because the outcomes either side are wide and plausible. If FY27 revenue is flat and working capital keeps absorbing most of the profit, the bear cases (₹29–32) are where the shares could go. If the new plant wins large orders at current margins, the bull cases (₹105–111) are achievable.

RECOMMENDATION: HOLD (HIGH RISK), TARGET ₹60 (+2.2% FROM ₹58.70, 12 NOV 2026)

What would make us upgrade to BUY: an H1 FY27 cash flow statement showing receivables and inventory falling and operating cash flow at least half of PAT; a disclosed order of ₹10 crore or more, or an order book clearly above ₹30 crore; FY27 revenue growth of 20% or more with EBITDA margin of 30% or more; and a corrected annual report or a clear statement of how the IPO proceeds were used. **What would make us downgrade to SELL:** H1 FY27 revenue at or below H1 FY26 (₹26.25 crore); receivables rising further, or a large write-off; EBITDA margin below 25%; an equity raise at or below the current price; or further auditor or board resignations.

Key risks to our call & sensitivities

- **1. Earnings quality (downside, and the main one).** If the 201-day receivables or the ₹9.7 crore of inventory prove partly unrecoverable, past profits were overstated. A provision of ₹6.5 crore against receivables more than a year past due would take about 8.5% off book value. The DCF falls to ₹54 if working capital stays at FY26 intensity.
- **2. Execution and the order book (either way).** A small order book (₹30+ crore in May 2026) and lumpy, H2-weighted revenue mean a single year can swing by ±30%. A ₹10 crore-plus defence or infrastructure order would move the stock more than anything in our model.
- **3. Disclosure and dilution (downside).** The annual report's errors raise the chance that a figure we rely on is wrong. Management has also said it may need to raise capital for working capital, and the ESOP plan allows up to 5% dilution.

Sensitivity factor	Rough effect (Dart arithmetic)
Working capital at 40% / 87% of incremental revenue	**DCF ₹69 / ₹54 against ₹63 base**
EBITDA margin ±1pp (FY27E revenue ₹66.2cr)	**±₹0.66cr EBITDA → ±₹0.26 EPS → ±₹2.3/share at 9x**
FY27 revenue growth ±10pp	**±₹5.8cr revenue → ±₹0.68 EPS → ±₹6.1/share at 9x**
Target P/E ±2x	**±₹13/share on base EPS of ₹6.49**
Raw materials (steel, rock wool, aluminium)	**Materials were 46% of FY26 revenue; no pass-through mechanism disclosed; not modelled**
Interest rates	**₹13.8cr of cash credit / overdraft: +100bp ≈ ₹0.14cr a year before tax**
ESOP dilution	**Up to 9,39,500 shares (5.0%); full dilution cuts EPS by ~4.8%**

Financial summary — selected disclosed metrics (₹ crore)

	FY23	FY24	FY25	FY26
Revenue from operations	28	46	47.61	57.59
EBITDA (excl. other income)	4	16	15.33	19.04
EBITDA margin	13%	35%	32.2%	33.1%
Other income	0	1	4.60	0.59
Net profit	**2.57**	**11.43**	**14.06**	**12.11**
EPS (₹, on 1.879cr shares)	1.37	6.08	7.48	6.44
Cash from operations	~0	~−2	−1.36	0.50
Capital expenditure	—	—	28.59	7.75
Borrowings	9	9	8.16	13.94
Net worth	6.62	19.61	63.90	76.01
Trade receivables / days	—	— / 144	27.53 / 212	31.71 / 201

FY25–FY26: FY26 annual report (Indian GAAP; ₹'000 converted to crore). FY23–FY24: screener.in (rounded) and the May 2026 investor presentation for PAT and net worth. FY23 EPS is on the current share count; the presentation shows ₹3.52 on a different basis. FY25 EPS of ₹7.48 is as reported. The company divided by the year-end share count, not the weighted average its own policy (Note 1.13) describes, so FY25 EPS is understated. Receivable days for FY24–FY25 are from screener.in. The company reports no contingent liabilities.

Sources: Envirotech Systems Annual Report 2025-26 (user-supplied, 128 pages: corporate overview, AGM notice and explanatory statement, Directors' Report and annexures, secretarial audit, MD&A, AOC-2, independent auditor's report with CARO and IFC annexures, and the financial statements with notes 1–27); H1 FY26 earnings call transcript (12 November 2025) and FY26 earnings call transcript (30 May 2026), both filed with NSE; FY26 investor presentation (29 May 2026, NSE); order intimations to NSE dated 10 October, 31 October and 11 November 2026; screener.in (price, history, shareholding, peers; 12 November 2026 close); IPO details from 5paisa.com and upstox.com. All accessed 13 November 2026.

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