

## RATING



Ranking 1 to 5, denoting lowest and 5 highest

Date : 26-11-2024



**FIN2RESEARCH**  
Investment Advisor Pvt. Ltd.

## IPO : ENVIRO INFRA ENGINEERS LTD



**Recommendation : Buy For Listing Gain (Expected Return: 25%)**

(Note: All the information and data in this report is from RHP)

<b>Total Issue Size - ₹650.43 Cr</b>	<b>Fresh Issue - ₹572.46 Cr</b>	<b>Offer for Sale - ₹77.97 Cr</b>
<b>Price Band - ₹140 to ₹148</b>	<b>IPO Date - 22 Nov - 26 Nov</b>	<b>Listing Date - 29 Nov</b>

**About Company :** Enviro Infra Engineers Limited, established in 2009, specializes in the design, construction, operation, and maintenance of water and wastewater treatment plants (WWTPs) and water supply projects (WSSPs) for government agencies and entities. Its expertise includes Sewage Treatment Plants (STPs), Sewerage Schemes (SS), and Common Effluent Treatment Plants (CETPs) under WWTPs, as well as Water Treatment Plants (WTPs), pumping stations, and pipeline installation under WSSPs.

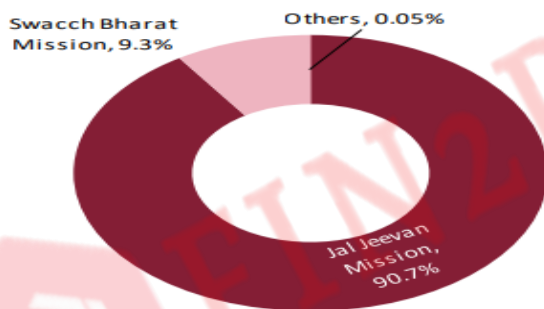
The company actively participates in tenders issued by state governments and urban local bodies (ULBs) for developing WWTPs and WSSPs on an Engineering, Procurement, and Construction (EPC) or Hybrid Annuity Model (HAM) basis. As of June 30, 2024, Enviro Infra Engineers Limited has successfully completed 28 WWTP and WSSP projects across India over the past seven years, including 22 projects with capacities of 10 MLD or higher.

## SWOT ANALYSIS

### STRENGTHS:

The Company has developed expertise in executing diverse projects, including WWTPs (CETPs, STPs, SS) and WSSPs, on EPC and HAM basis, with an Order Book of 21 WWTPs and WSSPs valued at ₹1,90,628.06 lakhs. As of June 30, 2024, the Company has successfully developed 28 WWTPs and WSSPs across India over the past seven years, including 22 projects with capacities of 10 MLD and above. The Company utilizes advanced technologies in the construction and installation of these plants. Its revenue has grown at a CAGR of 80.58%, from ₹22,352.51 lakhs in Fiscal 2022 to ₹72,891.50 lakhs in Fiscal 2024, while profit has grown at a CAGR of 78.87%, from ₹3,455.03 lakhs in Fiscal 2022 to ₹11,054.41 lakhs in Fiscal 2024.

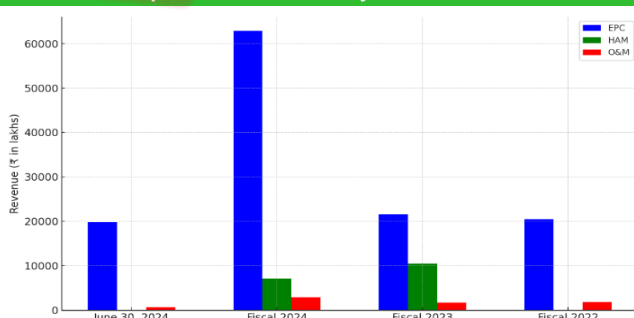
### Department of Drinking Water and Sanitation Budget for FY 2024-25



### WEAKNESSES:

A significant portion of the Company's revenue is derived from government contracts, with government clients contributing ₹20,515.18 lakhs (2024), ₹72,891.50 lakhs (Fiscal 2024), ₹33,810.20 lakhs (Fiscal 2023), and ₹22,268.44 lakhs (Fiscal 2022).

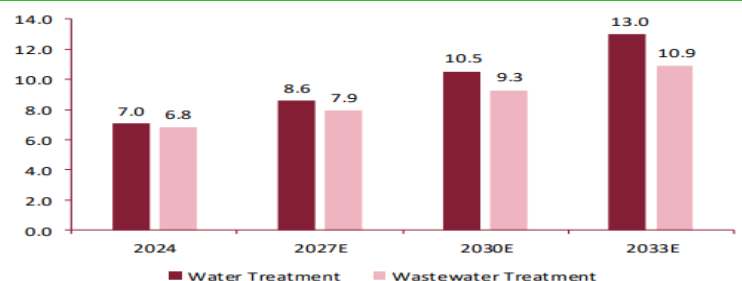
### Dependence on EPC Projects for Revenue



### OPPORTUNITIES:

India is ranked among the most water-stressed countries globally, with approximately 600 million people facing high water stress. In 2021, India's annual per capita water availability was 1,486 cubic meters, categorizing it as water-stressed. This is projected to drop to 1,341 cubic meters by 2025 and further decline to 1,140 cubic meters by 2050. Currently, India generates about 62,000 MLD of domestic sewage in urban centers, but only 23,000 MLD is treated, with just 33% of urban wastewater being treated and even less reused. If 80% of untreated wastewater from 110 major cities is reused, it could meet 75% of projected industrial water demand by 2025. The demand for water is expected to grow at a CAGR of 2.8% from 2010 to 2030, leading to a 50% supply gap by 2030. The Indian water and wastewater treatment market is projected to reach USD 19.8 billion by 2030, growing at a CAGR of 6.04%.

### India Water & Wastewater Treatment Market Revenue By Type (\$ Bn)



### THREATS:

Groundwater depletion and untreated water discharge are major challenges for the water and wastewater treatment market. Over-extraction of groundwater and the discharge of untreated wastewater lead to water scarcity and contamination, worsening environmental and public health issues. These challenges increase the demand for effective water treatment technologies, particularly as urbanization and industrial growth intensify these problems. Addressing these issues is crucial for sustainable water management and market growth. Lack of effective water and infrastructure management hinders the growth of the water and wastewater treatment market. High installation, equipment, and operational costs limit the growth and expansion of the water and wastewater treatment market, despite its crucial role in environmental sustainability and public health.

### Objectives of the Issue :

The company proposes to utilise the Net Proceeds towards funding the following objects

- To meet the Working Capital Requirements.
- Infusion of funds in our Subsidiary, EIEL Mathura Infra Engineers Private Limited (EIEL Mathura) to build 60 MLD STP under the project titled ‘Mathura Sewerage Scheme’ at Mathura in Uttar Pradesh through Hybrid Annuity Based PPP Mode.
- Repayment/prepayment in full or in part, of certain of our outstanding borrowings.
- Funding inorganic growth through unidentified acquisitions and general corporate purposes.



### KEY HIGHLIGHTS:

#### Focus on Sustainable Development

In line with government policies and industry trends, the Company is actively pursuing "Waste to Energy" initiatives to reduce its carbon footprint and contribute to environmental sustainability. It has installed solar power plants at several of its projects, with the generated power being used for captive consumption or supplied to the power grid. Additionally, the Company is installing Compressed Bio Gas (CBG) plants at ongoing projects in Jodhpur and Jaipur, Rajasthan, as part of government schemes. The CBG generated will be sold to Oil Marketing Companies (OMCs) or used for power generation once the STPs are operational. Out of the Company's existing Order Book of 21 WWTPs and WSSPs, 7 projects are focused on sustainable development.



#### Diversified Order Book of Projects Across India

The Company has developed significant expertise and capability in executing a diverse range of projects, including WWTPs, CETPs, STPs, SS, and WSSPs, both on EPC and HAM bases. As of June 30, 2024, the Company's Order Book includes 21 WWTPs and WSSPs with a total value of ₹1,90,628.06 lakhs.

#### Adoption of Advanced Technologies in WWTPs and WSSPs

Enviro consistently adopts advanced technologies in the construction and installation of WWTPs and WSSPs. The Company has utilized technologies like Sequential Batch Reactors (SBR) and High Rate Anaerobic Digestors (HRAD) for Biological Nutrient Removal (BNR). Additionally, it has implemented Moving Bed Biological Reactors (MBBR) in combination with Integrated Fixed Film Activated Sludge (IFAS) systems in existing or partially built systems. Over the years, Enviro has deployed several tertiary treatment technologies, including dual media filters, activated carbon filters, rapid sand gravity filters, chlorination, and UV treatment. The Company is also incorporating disc filters and ultra-filtration in its ongoing projects.



#### Consistent Financial Performance

The Company has demonstrated robust financial growth, with its revenue from operations increasing at a CAGR of 80.58%, rising from ₹22,352.51 lakhs in Fiscal 2022 to ₹72,891.50 lakhs in Fiscal 2024. Similarly, the Company's profit has grown at a CAGR of 78.87%, from ₹3,455.03 lakhs in Fiscal 2022 to ₹11,054.41 lakhs in Fiscal 2024. As of June 30, 2024, the Company's debt-equity ratio stood at 0.95.

**Valuation:** The IPO is priced at a P/E of 21.67 based on annualized FY25 earnings and 23.90 based on FY24 earnings, indicating it is fully priced. The company's listed peers, including EMS Ltd., ION Exchange, Va Tech Wabag, and Vishnu Prakash R., are trading at P/E ratios of 24.4, 43.1, 40.5, and 27.9, respectively. At the upper price band of ₹148, the IPO's FY24 EV/EBITDA is 16.7x, compared to the peer average of 14.6x. Over FY22-24, the company's revenue, EBITDA, and PAT grew at CAGRs of 115.6%, 107.3%, and 101.1%, respectively. The order book is strong at ₹1,906.3 crore, providing over 30 months of revenue visibility. However, with a debt of ₹305 crore as of June 30, 2024, concerns over financial leverage remain. Tendering activity was subdued in H1FY25 due to the general election, but is expected to pick up in H2FY25. Given the IPO's almost similar valuation compared to peers and the sluggish tendering activity, we assign a "Subscribe for Listing Gain" rating to the IPO.





## COMPANY OPERATIONS

The Company specializes in developing Wastewater Treatment Plants (WWTPs) and Water Supply Schemes (WSSPs), which are partly funded by the Central Government under programs like the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and the National Mission for Clean Ganga (NMCG) for urban areas. In rural regions, WSSPs are supported by schemes like the Jal Jeevan Mission (JJM). Additional funding comes from state governments or Urban Local Bodies (ULBs) through respective schemes.

The Company offers tailored solutions for recycling and reusing contaminated wastewater from manufacturing facilities. These include physico-chemical treatments like oil removal with DAF, API, and CPI separators; primary processes such as neutralization, sedimentation, and grit removal; biological anaerobic treatment using UASB technology; and aerobic methods like activated sludge processes, extended aeration systems, trickling filters, and fixed film reactors. Advanced treatment options, including ultra/microfiltration and reverse osmosis, ensure high-quality water recycling. These comprehensive solutions enable industries to meet environmental standards and promote sustainable water management.

The Company excels in providing comprehensive solutions for water treatment and supply, which include raw water pre-treatment using cascade aeration and pre-chlorination, followed by clarification to allow solids to settle and clarified water to flow through the top of clarifiers. The filtration process includes rapid sand gravity filters and pressure sand filters for smaller plants, ensuring efficient purification. Disinfection is typically achieved through chlorination, while UV treatment is also employed as an advanced technology option. These capabilities enable the Company to deliver high-quality water treatment solutions for various applications.

The Company participates in bids for turnkey projects in the field of WWTPs and WSSPs, which include O&M contracts typically spanning 1 to 15 years. These O&M services cover operations, maintenance, and supply of consumables and spares, ensuring a continuous revenue stream. As of June 30, 2024, the Company operates and maintains 11 STPs and 5 CETPs, with a dedicated O&M team in place to oversee all plant activities. The on-site team comprises chemists, fitters, electricians, operators, and support staff, who conduct routine preventive maintenance as per OEM recommendations. In case of equipment breakdowns, the O&M team performs necessary repairs, while major breakdowns are managed by OEMs within the warranty period, ensuring that equipment is either repaired or replaced for clients.

The Company actively bids for tenders issued by state governments and ULBs, developing WWTPs and WSSPs on an EPC (Engineering, Procurement, and Construction) or HAM (Hybrid Annuity Model) basis. As of June 30, 2024, the Company has successfully delivered 28 WWTPs and WSSPs across India in the past seven years, including 22 projects with a capacity of 10 MLD or more. The Company's Order Book, as of the same date, includes 21 projects valued at ₹1,90,628.06 lakhs.

A self-reliant organization, the Company has an in-house team for design, engineering, and construction, supported by 180 engineers, third-party consultants, and industry experts to ensure compliance and quality. The in-house civil construction team reduces reliance on external contractors. The scope of services encompasses project design, procurement, on-site execution, project management, and commissioning. Additionally, operations and maintenance (O&M) services are often included as part of the project awards.

The Company frequently forms joint ventures with infrastructure and construction firms to bid for and execute projects, leveraging the technical and financial qualifications of its partners. As of June 30, 2024, five projects are being executed in collaboration with joint venture partners.

Aligned with government policies and industry trends, the Company has undertaken initiatives to integrate sustainable practices, such as "Waste to Energy" solutions, into its projects. Solar power plants have been installed at several sites, with the generated power utilized for captive purposes or supplied to the grid. Additionally, Compressed Bio Gas (CBG) plants are being installed at ongoing projects in Jodhpur and Jaipur, Rajasthan, to produce and purify CBG for sale to Oil Marketing Companies (OMCs) or for power generation.



## REVENUE BIFURCATION

(₹ in lakhs)

Particulars	H1 FY25	31-Mar-24	31-Mar-23	31-Mar-22
Projects				
WWTPs	7,841.82	20,296.00	23,378.45	20,480.62
% of Revenue	38.22%	0.28	0.69	91.63%
WSSPs	11,997.99	49,669.60	8,682.67	-
% of Revenue	0.58	0.68	0.26	0.00
O&M	678.21	2,925.90	1,749.08	1,871.89
% of Revenue from Operations	3.30%	4.01%	5.17%	8.37%
Total	20,518.02	72,891.50	33,810.20	22,352.51

## Revenue bifurcation based on geographies

(₹ in lakhs)

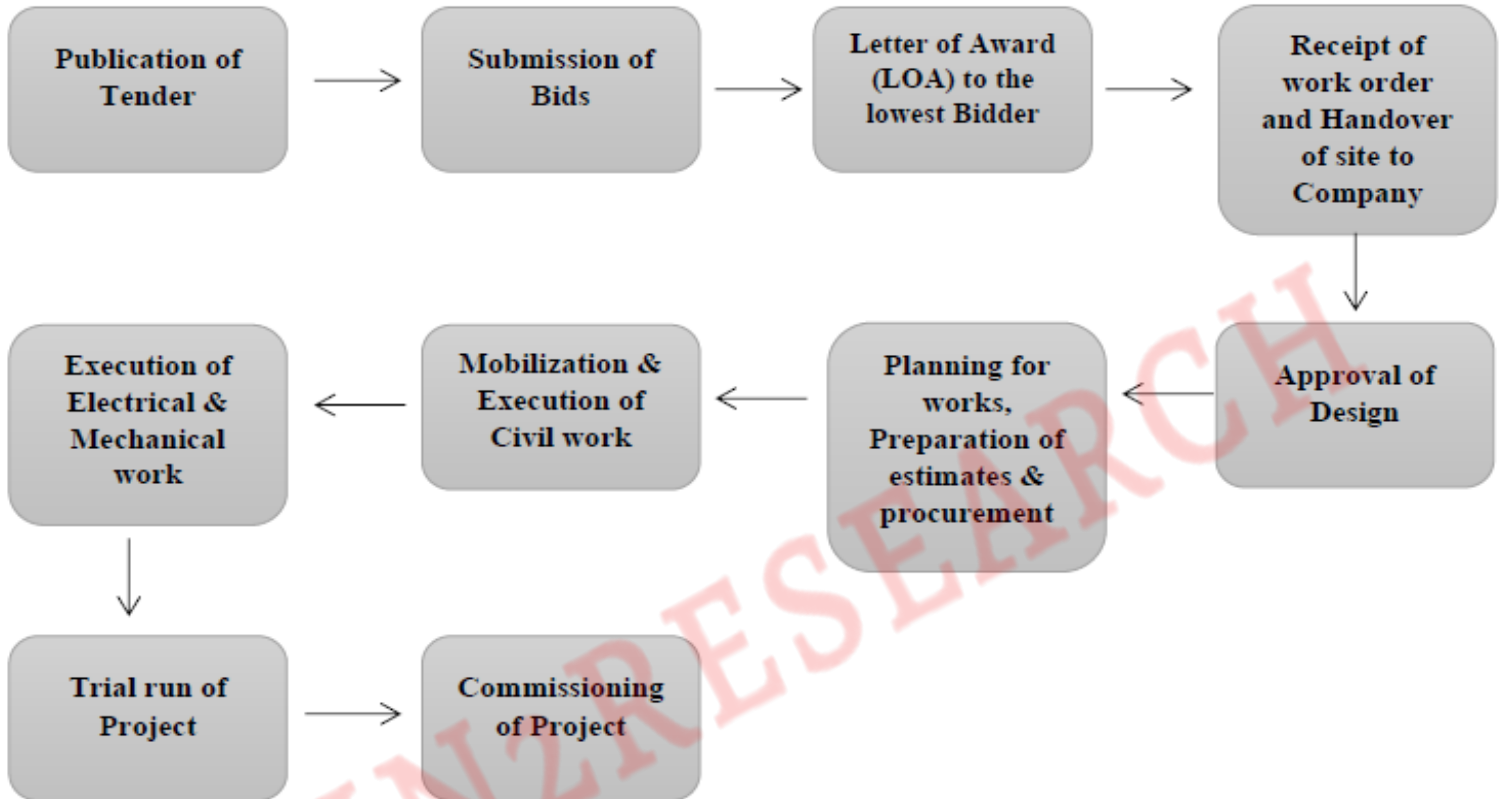
Revenue – State-wise	H1 FY25	31-Mar-24	31-Mar-23	31-Mar-22
Chhattisgarh	21.86	1961.4	1,391.44	5,908.02
Delhi	15.88	2535.12	210.95	210.95
Gujarat	2356.54	3977.03	3,410.67	3,410.67
Haryana	343.18	1386.06	4,506.13	4,506.13
Karnataka	0	0	10.64	10.64
Madhya	11997.99	50124.48	8,682.67	8,682.67
Punjab	100.35	327.73	1,338.04	1,338.04
Rajasthan	3864.45	2099.22	1,602.98	1,602.98
Uttar	1122.51	8925.7	12,656.68	12,656.68
Jharkhand	695.25	1554.77	0	0
Total	20,518.02	72,891.50	33,810.20	33,810.20

## Key Performance Indicators:

Particulars	H1 FY25	31-Mar-24	31-Mar-23	31-Mar-22
Revenue from operations	20518.02	72891.5	33810.2	22352.51
EBITDA	5128.43	16932.25	8168.74	5002.26
EBITDA margin	25%	23%	24%	22%
PAT	3077.77	11054.41	5497.81	3455.03
PAT Margin (%)	15%	15%	16%	15%
Net Worth	32299.61	29218.37	12651.4	7162.25
Return on Net Worth (%)	10%	38%	43%	48%
Debt Equity Ratio	0.95	0.8	0.51	0.25
Order book	1,90,628.06	2,12,558.63	1,49,668.63	16986.4
Order Inflow				
Number of Projects	0	11	9	4
Value of Projects	0	1,27,589.55	1,61,011.38	27380.37

(₹ in lakhs, except for percentage)

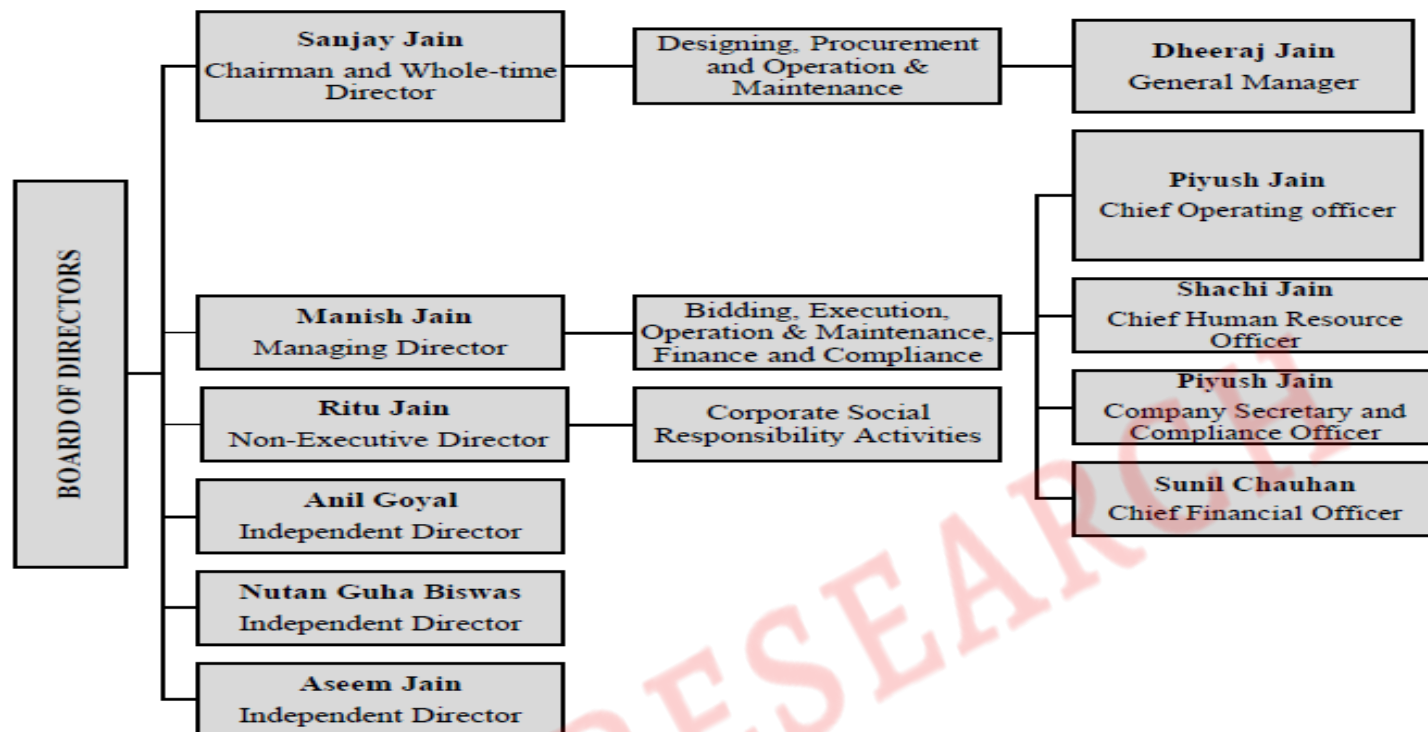
## Project Cycle



Name of the Shareholder	No. of Equity Shares	As a % of pre-issued Capital
<b>Promoter</b>		
Sanjay Jain	5,09,25,000	37.21
Manish Jain	5,09,25,000	37.21
Ritu Jain	1,31,24,000	9.59
Shachi Jain	1,31,24,000	9.59
<b>Total (A)</b>	<b>12,80,98,000</b>	<b>93.6</b>
<b>Promoter Group</b>		
Piyush Jain	75,000	0.05
Abhigya Jain	500	Negligible
Sanjay Jain HUF	500	Negligible
Manish Jain HUF	500	Negligible
R K Jain HUF	500	Negligible
<b>Total (B)</b>	<b>77,000</b>	<b>0.06</b>
<b>Total (A+B)</b>	<b>12,81,75,000</b>	<b>93.66</b>



## MANAGEMENT ORGANIZATION STRUCTURE:



### Late Shri RK Jain – Visionary Founder of Enviro Infra Engineers

Late Shri RK Jain, an alumnus of BITS Pilani, was the visionary founder of Enviro Infra Engineers. His journey as the promoter of the company began in 1991 when he started offering consulting services for wastewater treatment plants. Specializing in wastewater treatment, water recycling, and reuse, Shri RK Jain played a pivotal role in executing various operational activities related to these services. Under his leadership, Enviro Infra Engineers established itself as a trusted name in the field of water treatment from 1991 to 2000. With a focus on innovation and sustainability, the company consistently aimed to provide cutting-edge solutions to environmental challenges. In 2000, the company expanded its services to include EPC (engineering, procurement, and commissioning), enabling it to cater to a broader range of clients and projects in the water treatment and recycling industry.

### Sanjay Jain: Chairman and Whole-Time Director

Sanjay Jain, the Chairman and Whole-Time Director of the Company, has been integral to its operations since its inception. A chemical engineering graduate from Mangalore University, he brings over two decades of expertise in the water and wastewater treatment industry. He oversees the design, procurement of raw materials and machinery, as well as the construction and operation & maintenance of the Company's projects.

### Manish Jain: Managing Director

Manish Jain, the Managing Director of the Company, has been a key figure since its inception. A chemical engineering graduate from Punjab University, he possesses over two decades of experience in the water and wastewater treatment industry. He oversees bidding, project execution, and operation & maintenance activities, along with managing finance and business development functions for the Company.

### Sunil Chauhan: Chief Financial Officer

Sunil Chauhan has been the Chief Financial Officer of the Company since August 23, 2022, and has been associated with the Company since May 2019. He oversees day-to-day operations related to accounting, finance, banking, and taxation. A commerce graduate with honors from the University of Delhi, he brings over 25 years of experience in finance and accounts. Before joining the Company, he held positions at Vikas Retail Private Limited and Delhi Tyres. In Fiscal 2024, he received a gross compensation of ₹11.64 lakhs.

### Piyush Jain: Company Secretary and Compliance Officer

Piyush Jain has served as the Company Secretary and Compliance Officer of the Company since August 23, 2022. He is responsible for overseeing corporate governance and secretarial matters. An associate member of the Institute of Company Secretaries of India, he holds a bachelor's degree in commerce (honors) from the University of Delhi and a postgraduate degree in financial management from Jaipur National University. With over five years of experience in corporate governance and secretarial functions, he has previously worked with DCM Shriram Industries Limited and Metal Coatings (India) Limited. In Fiscal 2024, he received a gross compensation of ₹8.77 lakhs.





**FIN2RESEARCH**  
Investment Advisor Pvt. Ltd.

Initial Public Offer

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### DISCLAIMER

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**Expected Return:** The expected return on an IPO can be estimated by averaging the Grey Market Premium from multiple sources and dividing it by the issue price, expressed as a percentage.

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