InsightKnox

# Enviro Infra Engineers Ltd

**(NSE: EIEL)**

**Sector: Utilities | Industry: Water Supply & Management (Water & Related Utilities)**

# Executive Summary

Company specializes in Sewage Treatment Plants (STP), Sewage Systems (SS), Common Effluent Treatment Plants (CETP), and Water Supply Scheme Projects (WSSP). It operates through EPC, Hybrid Annuity Model (HAM), and O&M delivery models. Clients include Hindustan Zinc, Gujarat Industrial Development Corp, RUDSICO, JUIDCO. The company was originally incorporated as a private limited company on June 19, 2009, and later converted to a public company on August 8, 2022. Its registered office is in Rohini, Delhi, India.

**Key Qualitative Strengths + Recent Strategic Highlights:**

- As of August 15, 2022, EIEL has successfully established 22 WWTPs and WSSPs with a capacity of over 10 MLD across India, totaling an aggregate capacity of 550.80 MLD. In the past five years, the company developed 20 WWTPs and WSSPs with a combined capacity of 430.20 MLD.

- As of August 15, 2022, the company's Order Book includes 15 WWTPs and WSSPs with an aggregate capacity of 236.16 MLD, valued at ₹1,56,894.18 lakhs. Their Operation & Maintenance (O&M) Order Book comprises 26 WWTPs and WSSPs with a total value of ₹43,226.63 lakhs.

- EIEL has completed projects in diverse geographical regions across states such as Gujarat, Rajasthan, Punjab, Haryana, Uttarakhand, and Chhattisgarh.

- The company relies on its in-house designing, engineering, and construction teams, comprising 57 engineers supported by third-party consultants and industry experts, to ensure compliance and quality standards for project execution.

- The treatment process installed at most of their Sewage Treatment Plants (STPs) and Common Effluent Treatment Plants (CETPs) is Zero Liquid Discharge (ZLD) compliant, allowing treated water to be reused for horticulture, washing, refrigeration, and other industrial processes.

- WWTPs and WSSPs are partly funded by Central Government schemes such as the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), National Mission of Clean Ganga (NMCG), and Jal Jeevan Mission (JJM), with additional funding from states or Urban Local Bodies (ULBs).

- The company funds its operations primarily through cash flow from operating activities and borrowings from banks and financial institutions. Net cash from operating activities was

# Company Overview

Incorporated in 2009, Enviro Infra Engineers Ltd. is involved in the development of Water Treatment Plants (WTP), Sewage Treatment Plants (STP), and Common Effluent Treatment Plants (ETP).

**Founder's Profile:**

- Late Shri Rajinder Kumar Jain - an alma mater of BITS Pilani, he was the man behind the foundation of Enviro Infra Engineers. He started consulting services in wastewater treatment plants in 1991, providing services of wastewater treatment, water recycling and reuse. He also looked after the related operational activities.
- The firm ventured into EPC (engineering, procurement and commissioning), diversifying its scope of work in the water-treatment and recycling industry. Unfortunately, Shri RK Jain left the world in 2011, but his legacy lives on through Enviro Infra Engineers, as the firm continues to uphold his values of excellence, integrity, and commitment to environmental conservation. With a strong foundation laid by him, the company remains at the forefront of the industry, delivering sustainable solutions for a better tomorrow.

**Mission & Vission:**

- The company's mission is to innovate and implement sustainable solutions that address the critical challenges of water resource management. Dedicated to advancing technologies that enhance the efficiency, safety, and reliability of treatment processes while minimizing environmental impact.
- By fostering collaboration among engineers, and policymakers, it aims to create resilient and adaptive systems that ensure equitable access to clean water and safe sanitation for communities.
- Revolutionizing Water Conservation: The company champions the reuse of treated water from STPs and CETPs, significantly reducing the strain on precious clean drinking water.
- Empowering Energy Independence: By generating power during the wastewater treatment process and harnessing solar energy, it diminishes reliance on external electricity sources and cuts down on recurring operational and maintenance costs.
- Advancing National Water Accessibility: Aligned with the Government of India's 'Har Ghar Jal' initiative, Enviro Infra is committed to developing robust infrastructure that ensures every household in every village across India has access to clean water.

**Business Verticles:** Enviro Infra Engineers Limited combines robust in-house design and engineering capabilities to provide comprehensive end-to-end solutions in environmental engineering. Our diverse offerings include Water Treatment Plants (WTP), Sewage Treatment Plants (STP), Common Effluent Treatment Plants (CETP), Sewerage Solutions (SS), and Water Supply Scheme Projects (WSSP), all aimed at enhancing sustainability and public health.

- A Water Treatment Plant (WTP) is a facility that purifies water to make it safe for drinking and other uses by removing contaminants and harmful substances.
- A Sewage Treatment Plant (STP) is a facility designed to treat wastewater and sewage to remove contaminants, ensuring the safe discharge or reuse of treated water.
- A Common Effluent Treatment Plant (CETP) is a facility that treats industrial wastewater from multiple sources collectively, ensuring compliance with environmental regulations and reducing pollution.
- A Sewerage Scheme (SS) is a comprehensive system designed to collect, transport, and treat wastewater and sewage to protect public health and the environment.
- A Water Supply Scheme (WSS) is a structured plan that outlines the methods and infrastructure needed to deliver safe and reliable drinking water to communities.
- Operations and Maintenance (O&M) refers to the management and activities involved in ensuring that facilities and equipment function efficiently and effectively over their operational lifespan.

# Business Model & Revenue Streams

Enviro Infra Engineers Limited (EIEL) primarily operates on a project-based business model, with a mix of Engineering, Procurement, and Construction (EPC) services and Operation & Maintenance (O&M) contracts. The company also undertakes projects based on the Hybrid Annuity Model (HAM).

**EPC vs O&M vs BOT Projects:**

**1. EPC (Engineering, Procurement, Construction):**
EIEL is actively involved in the design, construction, operation, and maintenance of Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs). Their order book includes numerous projects where they are responsible for the entire EPC cycle, often followed by an O&M period. For example, several ongoing projects listed involve "Engineering, Procurement, Construction, Testing, Commissioning, Trial Run and Operation & Maintenance" of various water supply schemes and STPs. The company also received five EPC contracts for water supply schemes in Madhya Pradesh in 2022.

**2. O&M (Operation & Maintenance):**
A significant portion of EIEL's business involves the operation and maintenance of completed WWTPs and WSSPs for extended periods, ranging from 7 to 15 years, as seen in their project descriptions. This includes projects like the 35 MLD STP in Indore, which includes ten years of operation and maintenance , and the HAM project in Bareilly, which entails O&M for 15 years. As of August 15, 2022, their O&M Order Book was valued at ₹43,226.63 lakhs.

**3. HAM (Hybrid Annuity Model):**
HAM is a combination where the government contributes a certain percentage (e.g., 40%) of the project cost during construction, and the remaining amount is paid as annuities over the O&M period. EIEL, along with a joint venture partner, was awarded a HAM project under the Namami Gange Programme. This project involves the design, development, and operation & maintenance of three STPs for 15 years.

**Recurring vs. Project Revenue:**

The revenue generated from EPC contracts is project-based, as it is tied to the completion of specific construction and commissioning milestones.

The O&M contracts provide a recurring revenue stream for EIEL over the long term, typically for several years after the plant's construction and commissioning. The HAM projects also contribute to recurring revenue through annuity payments received during the operation and

**Key Revenue Drivers:**

EIEL's business is directly and significantly dependent on projects awarded by government authorities and bodies. The company's strategy includes increasing the size of projects they bid for and expanding their geographical footprint to secure more tenders.

The Indian government's ambitious initiatives in the water and wastewater treatment sector are significant revenue drivers for EIEL. These include schemes such as:

- Jal Jeevan Mission - Har Ghar Jal: Focused on rural water supply schemes.
- Atal Mission for Rejuvenation and Urban Transformation (AMRUT): Launched in October 2021 with a budget allocation of ₹2,99,000 crore for five years.
- National Mission for Clean Ganga (NMCG) / Namami Gange Programme: Launched in June 2014, with a budget of ₹2,800 crore allocated in 2022-2023.
- SWAJAL: Launched in February 2018 with a budget allocation of ₹700 crore.

# Order Book & Project Pipeline

- (7th Feb 2025): Order book of INR 1,687 Cr and O&M order book of INR 738 Cr
- Order Inflows & Orde Book Updates: (Till Q4FY25)
    - ❖ Secured new EPC and O&M projects worth over INR 200 Cr
    - ❖ Order book of INR 1185 Cr and O&M portfolio of INR 806 C.
    - ❖ Robust bid pipeline of over INR 5000 Cr
    - ❖ Management expects INR 1,000–1,250 Cr order inflow
    - ❖ Increased project size from 50 to 200 MLD (Million Litres Per Day) for STPs and from 20 to 50 MLD (Million Litres Per Day) for CETPs
- (28th May 2025 - Q4FY25 Investor Presentation):
    - ❖ Delivered 52 water & wastewater treatment plants (880 MLD)
    - ❖ Segment revenue: 49% WWTPS, 48% WSSPS, 3% O&M
- (29th May 2025): Order inflow expected INR 1,000–1,250 Cr
- (23rd Jun 2025): Received 3 orders worth INR 306 Cr for EPC of MLD Sewage Treatment Plants & 15 years O&M.
- Secured two solar power projects totalling 69 MW (Odisha & Maharashtra), marking entry into renewables.

# Capacity & Capex

EIEL engages in strategic partnerships, particularly through joint ventures, to execute large-scale projects and leverage combined expertise.

**Joint Venture (JV) Partners:**

EIEL has formed a joint venture with Shriji Infratech India Private Limited. This partnership was established to undertake significant projects, such as the Hybrid Annuity Model (HAM) project awarded under the Namami Gange Programme. This project involves the design, development, and operation & maintenance of three Sewage Treatment Plants (STPs) in Bareilly, Uttar Pradesh.

**Municipal / Government MoUs:**

EIEL's business is directly dependent on projects awarded by government authorities and bodies. The relationship appears to be primarily project-based through tender awards and

## Fundraising, Preferential Issue, HNI / Institutional Buying

- List of Shareholders, holding 1% or more of the paid-up Equity Share capital of the Company as of two years prior to filing this Draft Red Herring Prospectus:

| S. No. | Name of the Shareholders | Number of Equity Shares held | Percentage of the pre-Issue Equity Share capital (%) |
|---|---|---|---|
| 1. | Sanjay Jain | 1,01,85,000 | 39.75 |
| 2. | Manish Jain | 1,01,85,000 | 39.75 |
| 3. | Ritu Jain | 26,25,000 | 10.25 |
| 4. | Shachi Jain | 26,25,000 | 10.25 |
| | **Total** | **2,56,20,000** | **100.00** |

“There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, Right issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares of our Company have been listed or application money unblocked on account of failure of Issue. Further, except for the allotment of Equity Shares pursuant to the Offer and the Pre-IPO Placement, if any. our Company does not intend to alter its capital structure within six months from the date of opening of the Offer, by way of split / consolidation of the denomination of Equity Shares. However, our Company may further issue Equity shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as our Board of Directors may deem fit, if an opportunity of such nature is determined by the Board of Directors to be in the interest of our Company.”

source: Draft Red Herring Prospectus (DRHP)

”There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner except for the issued and allotment of Equity Shares pursuant to the Pre-IPO Placement, if any, during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares are listed on the Stock Exchanges.”

source: Draft Red Herring Prospectus (DRHP)

# Industry & Regulations: India's Water & Wastewater

The water and wastewater treatment sector in India is a critical and growing industry, significantly influenced by government policies and a robust regulatory framework.

**Market Size & Growth Drivers:**

- India's increasing urbanization and industrial growth are key drivers for the demand for efficient water and wastewater treatment solutions. As cities expand and industrial activities intensify, the need for clean water supply and effective wastewater management becomes paramount to address rising water consumption and pollution.

- Growing public awareness regarding environmental pollution and water scarcity is pushing for stricter regulations and greater investment in water infrastructure.

- The sector receives substantial impetus from various central and state government schemes and missions aimed at improving water accessibility, sanitation, and pollution control. These initiatives ensure a continuous pipeline of projects and financial support for companies operating in this space.

**Key Policies and Programs:**
The Indian government has launched several flagship programs that directly impact the water and wastewater management industry, providing significant policy tailwinds:

- Jal Jeevan Mission - Har Ghar Jal: This mission focuses on providing safe and adequate drinking water through individual household tap connections to all rural households in India by 2024.

- Atal Mission for Rejuvenation and Urban Transformation (AMRUT): Launched in October 2021, AMRUT aims to ensure that every household has access to a tap with an assured supply of water and a sewerage connection, along with other urban rejuvenation efforts. The scheme has an allocation of ₹2,99,000 crore for a period of five years.

- National Mission for Clean Ganga (NMCG) / Namami Gange Programme: Launched in June 2014, this program focuses on the abatement of pollution, conservation, and rejuvenation of the Ganges River. It involves significant investment in sewage treatment infrastructure along the river basin. A budget of ₹2,800 crore was allocated for this mission in 2022-2023.

- Central Pollution Control Board (CPCB) Norms and National Green Tribunal (NGT) Regulations: These bodies play a crucial role in setting and enforcing environmental standards for water and wastewater discharge. Companies like EIEL must adhere to strict CPCB norms for effluent treatment and comply with directives and judgments passed by the NGT, which addresses environmental disputes and ensures environmental protection.

**Compliance Requirements:**

- Companies operating in the water and wastewater treatment sector, such as EIEL, are subject to stringent environmental laws, regulations, and standards. Key compliance requirements typically include:

- Obtaining necessary environmental clearances from relevant authorities for the establishment and operation of treatment plants.

- Adhering to specific discharge standards for treated water and wastewater as stipulated by the CPCB and State Pollution Control Boards (SPCBs). This includes parameters like BOD, COD, TSS, and pH.

- Securing "Consent to Establish" and "Consent to Operate" from SPCBs, which are essential for initiating and running projects.

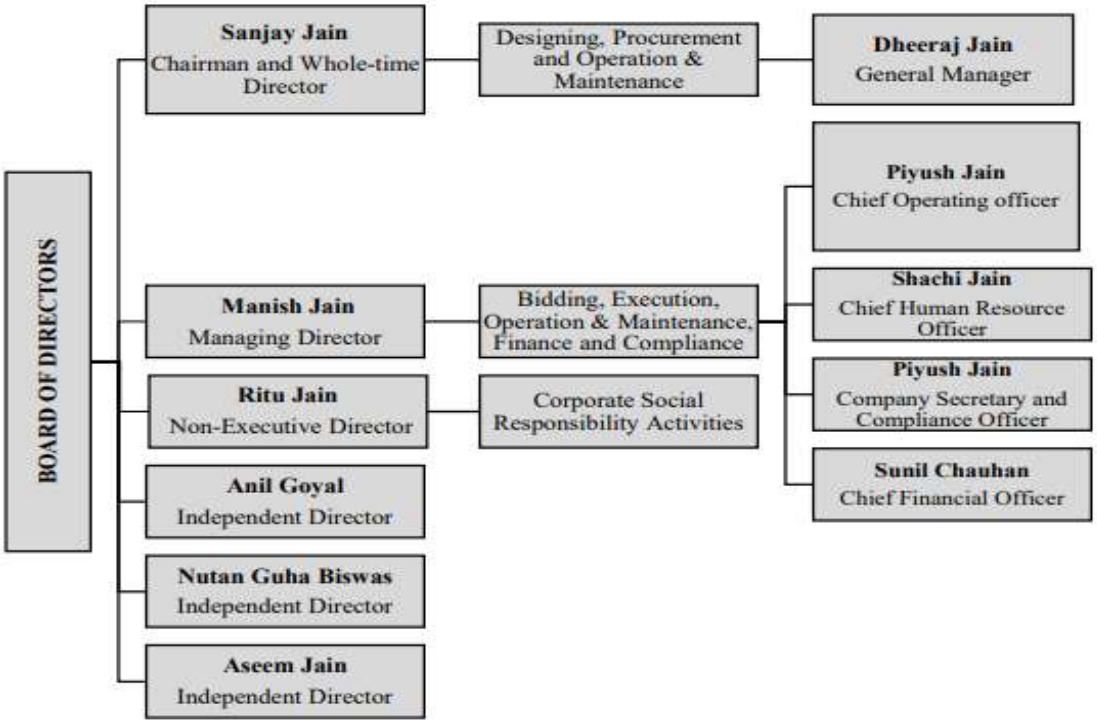
- Implementing continuous monitoring of effluent quality and submitting regular compliance reports to regulatory bodies.

- Complying with orders and guidelines issued by the NGT, which often involve environmental protection measures and penalties for non-compliance.

- The company's operations are directly affected by these regulatory changes, and any failure to comply could have adverse impacts on its business.

# Management & Governance

- The following chart depicts the company's Management Organization Structure:




- Changes in the Key Managerial Personnel and Senior Management Personnel in last three years:

| Name | Designation | Date of change | Reason |
|---|---|---|---|
| Sunil Chauhan | Chief Financial Officer | August 23, 2022 | Redesignated as Chief Financial Officer |
| Piyush Jain | Company Secretary and Compliance Officer | August 23, 2022 | Appointment as Company Secretary and Compliance Officer |
| Piyush Jain | Chief Operating Officer | April 1, 2023 | Appointment as Chief Operating Officer |
| Shachi Jain | Chief Human Resource Officer | April 1, 2023 | Redesignated as Chief Human Resource Officer |

source: Draft Red Herring Prospectus (DRHP)

The rate of attrition of the company's Key Managerial Personnel and Senior Management is not

- Key Managerial Personnel and Senior Management Personnel:

Key Managerial Personnel

- **Sunil Chauhan** is the Chief Financial Officer of our Company with effect from August 23, 2022. He is associated with our Company since May 2019 and responsible for day-to-day accounting, financing, banking and taxation related matters in our Company. He holds a bachelor's degree in commerce (honours) from University of Delhi. Prior to joining our Company, he has worked with Vikas Retail Private Limited and Delhi Tyres.
- **Piyush Jain**, is the Company Secretary and Compliance Officer of our Company with effect from August 23, 2022. He looks after the overall corporate governance and secretarial matters of our Company. He is an associate member of the Institute of Company Secretaries of India. He holds a bachelor's degree in commerce (Hons.) from University of Delhi and also completed post-graduation course in financial management from Jaipur National University. Prior to joining our Company, he has worked with DCM Shriram Industries Limited and Metal Coatings (India) Limited.

Senior Management Personnel

- **Piyush Jain** is the Chief Operating Officer in our Company. He has been associated with our Company since April 1, 2023. He holds master's degree in computer applications from the Indira Gandhi National Open University. He has over fifteen (15) years of experience in field of information technology. He looks after procurement, project coordination, O&M and project execution in our Company. He has previously worked with NIIT Technologies Limited.
- **Dheeraj Jain** is the General Manager (Projects) in our Company. He has been associated with our Company since 2010. He holds a bachelor's degree in engineering (Electrical & Electronics) from Mangalore University. He looks after designing, purchasing, execution and operation & maintenance of the projects in our Company.
- **Shachi Jain** is the Chief Human Resource Officer in our Company. She has been associated with our Company since 2009. She has completed post graduate diploma in business management from Symbiosis Centre for Distance Learning. She looks after human resource related activities in our Company.

# Competitive Advantages and Differentitation

EIEL possesses several key competitive advantages and differentiators that position it strongly in the water and wastewater treatment sector:

**Proprietary Technologies / In-house R&D:**

- EIEL emphasizes its in-house designing, engineering, and construction teams. These teams comprise 57 engineers who ensure compliance and quality standards for project execution, indicating strong in-house technical capabilities that could be considered a form of applied R&D in project design and execution.
- The company highlights that the treatment process installed at most of its Sewage Treatment Plants (STPs) and Common Effluent Treatment Plants (CETPs) is Zero Liquid Discharge (ZLD) compliant. This technological capability allows treated water to be reused for various purposes, showcasing an advanced approach to water management.

**Scale / Execution Track Record:**

- EIEL boasts a significant execution track record. As of August 15, 2022, the company had successfully established 22 WWTPs and WSSPs with individual capacities exceeding 10 MLD, accumulating an aggregate capacity of 550.80 MLD across India.
- In the five years leading up to August 15, 2022, EIEL developed 20 WWTPs and WSSPs with a combined capacity of 430.20 MLD.
- Its robust Order Book further demonstrates its scale, with 15 WWTPs and WSSPs totaling 236.16 MLD capacity valued at ₹1,56,894.18 lakhs, and an O&M Order Book of 26 WWTPs and WSSPs valued at ₹43,226.63 lakhs (as of August 15, 2022).

**Diversified Project Portfolio:**

- EIEL handles a diversified project portfolio covering both Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs).
- The company undertakes projects based on different models, primarily Engineering, Procurement, Construction (EPC) and increasingly the Hybrid Annuity Model (HAM), which often includes long-term Operation & Maintenance (O&M) contracts.
- Its operations are geographically diversified, with projects executed and ongoing across multiple Indian states, including Gujarat, Rajasthan, Punjab, Haryana, Uttarakhand, Chhattisgarh, Madhya Pradesh, and Uttar Pradesh.

# Financial & Strategic Highlights

- **Prev Close:** ₹243.15
- **Market Cap:** ₹4186 Cr
- **TTM PE:** 23.8x
- **Sectoral PE Range:** 10-50
- **PE Remark:** Lower end of sector range

- Key Financials (INR Cr):

| Period | Sales | Op Profit | Net Profit | OPM | NPM |
|---|---|---|---|---|---|
| Mar-25 | 1058 | 268 | 177 | 25% | 17% |
| Mar-24 | 729 | 166 | 106 | 22% | 15% |
| Mar-23 | 338 | 82 | 55 | - | - |
| Dec-24 (Q3) | 247 | 54 | 37 | 22% | 15% |
| Mar-25 (Q4) | 393 | 99 | 74 | 25% | 19% |

source: Screener

# Past & Landmark Projects

- **Jaipur 30-50**

  - **Client Name:** Project Director (UI),Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited.
  - **Project Location:** Jaipur, Rajasthan Description: Jaipur(Heritage)-I (New STP of 30 MLD and up gradation of existing 50 MLD and Reuse of treated water in various areas of JNN (Heritage).

- **Jodhpur SS**

  - **Client Name:** Project Director (UI),Rajasthan Urban Drinking Water Sewerage & Infrastructure Corporation Limited, Jaipur Rajasthan
  - **Project Location:** Jodhpur, rajasthan
  - **Description:** Providing, laying, jointing, testing and commissioning of Sewerage System and all ancillary works along with Design, construction, supply, installation, testing and commissioning (Civil, Mechanical, electrical, instrumentation & other necessary works) of Sewage Pumping Station/MPS (if any), Sewage Treatment Plant based on SBR Process with provision for treated waste water reuse including 1 year defect liability with 10 years O&M for towns under package AMRUT-

- **Shahgarh Banda**

  - **Client Name:** Project Director, Madhya Pradesh Jal Nigam Maryadit, Bhopal, Madya Pradesh
  - **Project Location:** Sagar, Madhya Pradesh
  - **Description:** “Engineering, Procurement, Construction, Testing, Commissioning, Trial Run and Operation & Maintenance of Various Components of Shahgarh Banda Multi-Village Scheme, District Sagar & Chattarpur in Single Package on ‘Turn-Key Job Basis’ including Trial Run and Operation & Maintenance of the Entire Water Supply Scheme for 10 Years.

- **Mandla**

  - **Client Name:** Project Director, Madhya Pradesh Jal Nigam Maryadit, Bhopal, Madya Pradesh
  - **Project Location:** Mandla, Madhya Pradesh
  - **Description:** “Engineering, Procurement, Construction, Testing, Commissioning, Trial Run and Operation & Maintenance of Various Components of Narayanganj Bijamandi Multi-Village Scheme, District Mandla in Single Package on ‘Turn-Key Job Basis’ including Trial Run and Operation & Maintenance of the Entire Water Supply Scheme

# SWOT Analysis

**STRENGTHS:**

- Specialized Expertise

EIEL has core technical strength in sewage treatment plants (STP), sewage systems (SS), common effluent treatment plants (CETP), and water supply projects—vital for urban and industrial environmental compliance.

- Reputed Clientele

Trusted by prominent clients like Hindustan Zinc, GIDC, RUDSICO, and JUIDCO, which demonstrates project reliability and execution capability.

- Flexible Project Models

Operates through EPC (Engineering, Procurement, Construction), Hybrid Annuity Model (HAM), and Operation & Maintenance (O&M), allowing adaptability to varied client and government contract demands.

- Government Project Experience

Proven track record in managing public sector infrastructure projects, giving it an edge in

**WEAKNESSES:**

High Government Dependency

A major portion of revenues comes from state and central government contracts, making the company vulnerable to policy changes and funding delays.

Limited International Footprint

EIEL's operations are largely India-focused, which restricts access to global markets and cross-border diversification.

Cash Flow Cycles

Infrastructure projects often have delayed receivables and long execution periods, which can strain working capital and affect liquidity.

Total Borrowings rose from INR 17 Cr in Mar'22 to INR 376 Cr in Sep'24.

Trade receivables rose from INR 39 Cr in Mar'22 to INR 123 Cr in Sep'24.

Negative operating cash flow (OCF) in FY24.

Narrow Sectoral Focus

Concentration in water infrastructure limits expansion opportunities into adjacent sectors like solid waste, renewable energy, or smart utilities.

**OPPORTUNITIES:**

- Smart Cities & Urbanization

India's Smart Cities Mission and urban infrastructure development drive large-scale investments in STPs, CETPs, and water systems.

- Rising ESG Mandates

Environmental compliance and ESG scoring are becoming essential for industries and municipalities, increasing demand for EIEL's sustainable water solutions.

- Government Tenders Pipeline

A growing number of new tenders under schemes like AMRUT 2.0, Jal Jeevan Mission, and Namami Gange are being floated for water and sewage projects.

- Industrial Growth & Pollution Control

Expansion of industrial clusters requires pollution control infrastructure such as CETPs and water recycling plants, opening more business avenues.

**THREATS:**

- Policy Delays & Bureaucracy

Delays in project approvals, land clearances, or disbursement of government funds can severely affect project timelines and financial planning.

- Competitive Pressure

Faces stiff competition from both large infrastructure conglomerates and agile new EPC players, leading to potential margin erosion.

- Regulatory Risks

Changes in environmental norms, contract structuring rules, or funding priorities by the government can impact project viability.

- Aggressive Bidding Environment

The need to win government tenders often results in underbidding, which can squeeze margins and affect long-term profitability.

# Future Strategy & Growth Outlook

Enviro Infra Engineers Limited (EIEL) outlines several strategic initiatives aimed at driving future growth and expanding its market presence within the water and wastewater treatment sector.

**Market Expansion (New Geographies / States):** EIEL intends to continue expanding its geographical presence. This involves strengthening its foothold in states where it already has an established presence, as well as venturing into other new regions across India to tap into broader market opportunities.
Product / Segment Diversification: The provided document primarily focuses on EIEL's core business of Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs). There is no explicit mention of plans to diversify into other segments such as e-waste management or renewable energy projects within this document.

**Order Book Monetization & Capacity Ramp-up:** EIEL's strategy includes capitalizing on its existing order book and expanding its capacity to undertake more significant projects.
Key aspects of this strategy involve:

- The company aims to increase the size and complexity of the projects it bids for, focusing on those with higher contract values. This indicates a focus on larger-scale project acquisitions to enhance revenue streams.

- EIEL plans to bid for more HAM projects, which typically involve long-term operation and maintenance components, contributing to stable future revenue.

- The company intends to continue capitalizing on government policy initiatives and schemes in the WWTP and WSSP sectors, which provide a robust pipeline of opportunities for order book growth.

- EIEL aims to continuously enhance its in-house design and engineering capabilities to support its expanding project portfolio and effectively manage the ramp-up in capacity required for larger projects.

# Risk & Mitigation

- The current constitution of the Risk Management Committee is as follows:

| Name of the Director | Position in the Committee | Designation |
|---|---|---|
| Manish Jain | Chairperson | Managing Director |
| Nutan Guha Biswas | Member | Independent Director |
| Piyush Jain | Member | Chief Operating Officer |

source: Draft Red Herring Prospectus (DRHP)

- The terms of reference Risk Management Committee are as follows:

- To formulate a detailed risk management policy which shall include -
  - a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks
  - c. Business continuity plan
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee
- The Risk Management committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors
- Laying down risk assessment and minimization procedures and the procedures to inform Board of the same
- Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions, including cyber security, as may be delegated by the Board
- The Risk Management committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary
- Perform such other activities as may be delegated by the Board or specified / provided under the SEBI Listing Regulations, as amended or under any other applicable law or by any regulatory

# Financial Analysis

**Revenue**
Revenue growth is expected to be around 35% CAGR for next 4-5 years. This is primarily because of huge potential in EPC and HAM projects in waste water treatment and effelunet plants.

Order book till march 2025 was Rs 1185 Crores in waste water treatment, effeluent plants and water supply and sanitation projects with majority being in EPC followed by HAM. And Rs 806 Crores was for operation and Maintenance projects spread over 10 years giving clear long term revenue visibility. With average project completion duration being 24 months there is revenue visibility form these projects. (Addintional projects worth Rs 200 crores for FY 2026)

Also Company  has bid for projects worth Rs 5000 crores at start of CY 2025. While company has good success ratio in getting projects with 30%-40% success rate. But still taking a conservative ratio of 25% then there can be Rs 1250 worth of projects for the company.

On an average the inflows start getting after 7-9 months from a particular project from the start of bidding. So company expects major inflows in Q3 and Q4.
Also company has ventured into solar energy space with its subsidery. It will start adding revenues form this particular year but it will be very small.
**From the order book and a good track record of timely completion, and constatly wining new projects company can deliver a growth rate of 30%-40% in Fy 2026. This can continue for 3-4 years, given huge potential in India.**

**EBITDA**
Company has maintained a EBITDA margin of around 22% - 25% for last 2 years. This is highest in industry. While the competitors struggle to maintain a EBITDA margin of around 15% Enviro has constantly outperformed the industry.

**The reasons are as follows** The company operates in a asset light model which do not require constant capex requirement. Before 2023 the ticket size for company was very low, it was in range of Rs 50 Crores which had lot of competitors. But after 2023 company started focusing on larger ticket projects which has better margins and fewer competition. On top of that company started getting benefit of operating leverage Also most importantly company has in house design capabilities and strong execution skills. Due to which company do not have to depend on subcontractors. Thus it is able to have a control on quality and cost Major MOAT for the company is life cycle cost, which is minimum for projects among competitors shocasing its opex efficiency. This intern helps it win the projects
**Capex**
Around Rs 50 crores will be spend on solar project under the subsiidery And Rs 50 crores is assumed from our side for capex requirement for the company. As company is exploring opportunities in solar space and also looking an option to expand abroad
**Perpetual Growth Rate**
It is assumed to be long term average of GDP numbers that is 6%. This is because this is a government

| P&L Assumptions | Mar-22 | Mar-23 | Mar-24 | Mar-25 | Mar-26 |
|---|---|---|---|---|---|
| Revenue Growth | | 51.26% | 115.59% | 46.25% | 30.00% |
| COGS | 69.69% | 66.19% | 70.75% | 68.02% | 68.02% |
| Gross Margin | 30.31% | 33.81% | 29.25% | 31.98% | 31.98% |
| Employee Costs | | 6.45% | 4.65% | 4.49% | 6.00% |
| Other Expenses | 1.72 | 7.96 | 12.78 | 25.29 | Balance Ne |
| EBITDA | 23.06% | 25.00% | 22.84% | 25.12% | 20.00% |
| Depreciation (Dep / Op. FA Bal) | | 22.57% | 28.39% | 19.55% | 20.00% |
| Finance Costs (FC / Op. Loan Bal) | | 463.89% | 52.28% | 41.27% | 30.00% |
| Taxes | 33.08% | 25.78% | 27.57% | 26.36% | 25.17% |

| Profit & Loss Statement | Mar-22 | Mar-23 | Mar-24 | Mar-25 | Mar-26 |
|---|---|---|---|---|---|
| Revenue | 223.52 | 338.10 | 728.92 | 1,066.05 | 1,492.47 |
| Less : COGS | 155.78 | 223.80 | 515.74 | 725.09 | 1,007.66 |
| Gross Profit | 67.74 | 114.30 | 213.17 | 340.96 | 484.81 |
| | | | | | |
| Less : Expenses | | | | | |
| Employee Costs | 14.48 | 21.81 | 33.88 | 47.91 | 89.55 |
| Other Expenses | 1.72 | 7.96 | 12.78 | 25.29 | 15.34 |
| Total Expenses | 16.20 | 29.77 | 46.66 | 73.20 | 104.89 |
| | | | | | |
| ***EBITDA*** | 51.54 | 84.53 | 166.51 | 267.76 | 379.92 |
| | | | | | |
| Other Income | 2.10 | 3.56 | 9.09 | 19.41 | 19.41 |
| Depreciation | 4.33 | 2.30 | 6.08 | 9.44 | 23.07 |
| Finance Costs | 14.48 | 8.35 | 22.51 | 37.18 | 22.68 |
| | | | | | |
| Profit Before Taxes | 34.83 | 77.44 | 147.01 | 240.55 | 353.58 |
| | | | | | |
| Less : Tax Expenses | 11.52 | 19.96 | 40.53 | 63.40 | 88.99 |
| | | | | | |
| ***Profit After Taxes*** | **23.31** | **57.48** | **106.48** | **177.15** | **264.59** |

| Mar-27 | Mar-28 | Mar-29 | Mar-30 |
|---|---|---|---|
| | | | |
| 30.00% | 30.00% | 30.00% | 30.00% |
| 68.02% | 68.02% | 68.02% | 68.02% |
| 31.98% | 31.98% | 31.98% | 31.98% |
| 6.00% | 6.00% | 6.00% | 6.00% |
| et Off EBITDA | | | |
| 20.00% | 20.00% | 20.00% | 20.00% |
| 20.00% | 20.00% | 20.00% | 20.00% |
| 30.00% | 30.00% | 30.00% | 30.00% |
| 25.17% | 25.17% | 25.17% | 25.17% |

| Mar-27 | Mar-28 | Mar-29 | Mar-30 |
|---|---|---|---|
| | | | |
| 1,790.96 | 2,238.71 | 2,775.99 | 3,414.47 |
| 1,200.24 | 1,489.11 | 1,832.61 | 2,237.04 |
| 590.72 | 749.60 | 943.38 | 1,177.43 |
| | | | |
| | | | |
| 107.46 | 134.32 | 166.56 | 204.87 |
| 15.34 | 15.34 | 15.34 | 15.34 |
| 122.80 | 149.67 | 181.90 | 220.21 |
| | | | |
| 467.92 | 599.93 | 761.48 | 957.22 |
| | | | |
| 19.41 | 19.41 | 19.41 | 19.41 |
| 23.07 | 23.07 | 23.07 | 23.07 |
| 22.68 | 22.68 | 22.68 | 22.68 |
| - | | | |
| 441.59 | 573.59 | 735.14 | 930.88 |
| | | | |
| 111.14 | 144.36 | 185.02 | 234.28 |
| | | | |
| **330.45** | **429.23** | **550.12** | **696.60** |

| VALUATION -DCF | |
|---|---|
| **Present \ INR Crs** | 1440.95 |
| | |
| **Terminal Value (Part II)** | |
| **Perpetual Growth** I | 0.04 |
| **Terminal Value** | 8287.85 |
| **Present Value of Terminal value (Part II)** | 4084.61 |
| | |
| **Equity Value (Part I + Part II)** | 5525.57 |
| **Number of Shares** | 15.06 |
| **Value Per share** | **366.904** |
| | |
| **Price as on Valuation Date** | **232** |
| | |
| **Premium / Discount** | **-36.77%** |

## Ratio Analysis of - Enviro Infra Engineers Ltd

| Years | Mar-20 | Mar-21 | Mar-22 | Mar-23 | Mar-24 | Mar-25 | MEAN | MEDIAN |
|---|---|---|---|---|---|---|---|---|
| SalesGro | 0.00% | 15.19% | 80.09% | 51.25% | 115.59% | 46.25% | 34.26% | 15.19% |
| EBITDA ( | 0.00% | 46.04% | 243.54% | 63.39% | 103.72% | 60.82% | 57.50% | 46.04% |
| EBIT Gro | 0.00% | 70.41% | 359.94% | 61.66% | 94.01% | 60.37% | 71.82% | 60.37% |
| Net Profi | 0.00% | 76.28% | 396.18% | 59.72% | 87.86% | 62.02% | 75.79% | 59.72% |
| Dividend | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross Ma | 11.75% | 14.03% | 24.68% | 27.13% | 25.44% | 28.22% | 13.13% | 12.89% |
| EBITDA M | 9.25% | 11.73% | 22.38% | 24.17% | 22.84% | 25.12% | 11.55% | 10.49% |
| EBIT Mar | 8.12% | 10.71% | 21.61% | 23.49% | 22.01% | 24.23% | 11.02% | 9.41% |
| EBT Marg | 5.21% | 7.70% | 19.67% | 21.02% | 18.92% | 20.74% | 9.33% | 6.45% |
| Net Profi | 3.44% | 5.27% | 14.52% | 15.33% | 13.36% | 14.80% | 6.67% | 4.36% |
| SalesExp | 2.50% | 2.30% | 2.30% | 2.95% | 2.60% | 3.10% | 1.58% | 2.30% |
| Depreciat | 1.13% | 1.02% | 0.77% | 0.68% | 0.83% | 0.89% | 0.53% | 0.72% |
| Operating | 8.12% | 10.71% | 21.61% | 23.49% | 22.01% | 24.23% | 11.02% | 9.41% |
| | | | | | | | 0 | |
| Return on | 16.05% | 19.69% | 54.28% | 41.58% | 30.51% | 21.03% | 18.31% | 17.87% |
| Retained | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 60.00% | 100.00% |
| Return on | 12.89% | 17.64% | 45.31% | 40.97% | 33.33% | 15.86% | 16.60% | 14.38% |
| Self Sust | 12.89% | 17.64% | 45.31% | 40.97% | 33.33% | 15.86% | 16.60% | 14.38% |
| Interest C | 2.79 | 3.56 | 11.15 | 9.51 | 7.12 | 6.95 | 4.11 | 3.17 |
| Debtor T | 1.82 | 2.43 | 5.67 | 5.98 | 7.00 | 5.18 | 2.81 | 2.13 |
| Creditor | 1.92 | 2.78 | 3.82 | 2.16 | 3.10 | 3.95 | 1.77 | 2.04 |
| Inventor | 66.51 | 44.33 | 26.71 | 34.43 | 20.67 | 25.30 | 21.79 | 22.99 |
| Fixed As | 13.76 | 15.71 | 21.91 | 18.44 | 15.54 | 15.16 | 10.05 | 14.46 |
| Capital T | 3.74 | 3.35 | 3.12 | 2.67 | 2.49 | 1.07 | 1.65 | 1.78 |