



### Enviro Infra Engineers

IPO DETAILS	
<b>IPO Open Date:</b>	<b>November 22, 2024</b>
<b>IPO Close Date:</b>	<b>November 26, 2024</b>
<b>Expected IPO Listing Date:</b>	<b>November 29, 2024</b>
<b>Face Value:</b>	<b>₹10 Per Equity Share</b>
<b>IPO Price Band:</b>	<b>₹140 to ₹148 Per Share</b>
<b>Issue Size:</b>	<b>Approx ₹650 Crores</b>
<b>Fresh Issue:</b>	<b>Approx ₹572 Crores</b>
<b>Issue Type:</b>	<b>Book Built Issue</b>
<b>IPO Listing:</b>	<b>BSE &amp; NSE</b>

- Core Expertise:** Enviro Infra Engineers specializes in designing, engineering, and executing water and wastewater treatment projects. Their expertise includes Zero Liquid Discharge (ZLD) compliance and renewable energy integration, such as solar power and biogas plants, in their projects.
- Extensive Order Book:** As of June 2024, the company has 21 active projects in water and wastewater treatment, valued at approximately ₹1,90,628.06 lakh. This includes ventures that promote sustainable development.
- Revenue Model:** The company follows a milestone-based payment model during project execution. It competes with established players like VA Tech Wabag and Ion Exchange India for contracts from state governments and urban local bodies.
- Growth and Financial Performance:** Enviro Infra Engineers experienced significant growth, with a 116% increase in revenue and a 101% rise in profit after tax between FY 2023 and FY 2024. The company's financial health positions it well for managing large-scale projects.

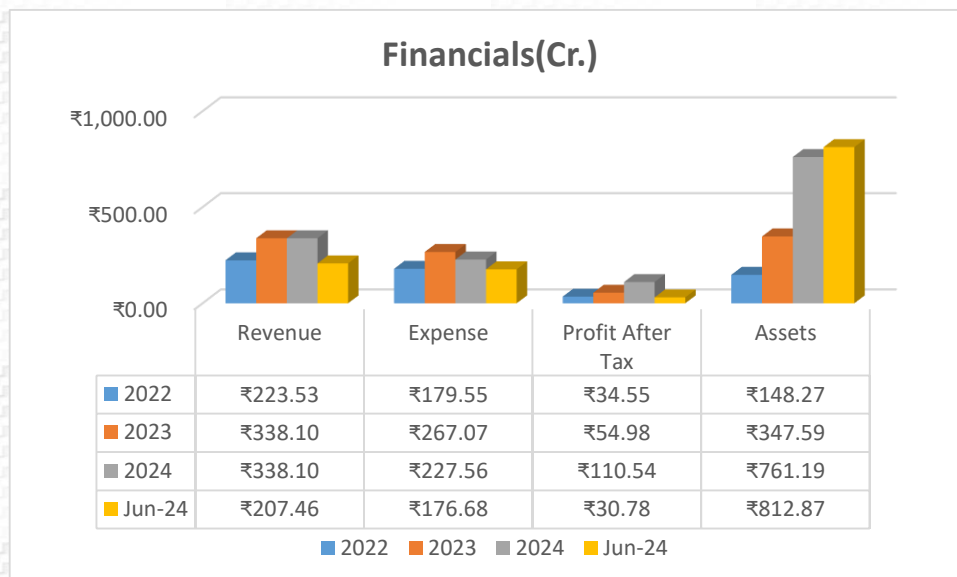
### Valuation Fiscal 24

KPI	Values
<b>EBITDA Margin</b>	<b>23.23%</b>
<b>PAT Margin</b>	<b>15.17%</b>
<b>Debt to equity ratio</b>	<b>0.8</b>
<b>Earning Per Share (EPS)</b>	<b>8.13</b>
<b>Price/Earning P/E Ratio</b>	<b>18.20(Approx)</b>
<b>Return on Net Worth (RoNW)</b>	<b>37.83%</b>
<b>Net Asset Value (NAV)</b>	<b>₹ 21.48</b>

### Peer Comparison

Company	EPS Basic	EPS Diluted	NAV	P/E(x)	RoNW	Financial statements
Enviro Infra Engineers Limited	8.13	8.13	21.48	<b>18.20(Approx.)</b>	37.83	Consolidated
Ion Exchange (india) Ltd.	16.53	16.53	143.73	25.92	19.09	Consolidated
Va Tech Wabag Ltd.	39.49	39.49	69.4	38.68	19.23	Consolidated
Vishnu Prakash R Punglia Limited	10.95	10.95	292.43	43.9	13.5	Consolidated
EMS Limited	29.38	29.38	57.85	25.31	16.95	Consolidated

### Financials



### **The primary purposes of the IPO are:**

1. To meet the Working Capital Requirements
2. 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.
3. Repayment/prepayment in full or in part, of certain of our outstanding borrowings; and
4. Funding inorganic growth through unidentified acquisitions and general corporate purposes.

### **IPO Strengths & Weakness**

- ✓ In-house project designing, engineering and execution team
- ✓ Widespread presence in existing geographies with new projects
- ✓ Diversified order book value across India
- ✓ Technological advancement in the construction and installation of WWTPs and WSSPs
- ✓ Experienced team of promoters and managers
- ✓ Consistent track record of financial performance
- ✓ A significant portion of its revenue relies on government contracts, indicating a substantial dependency on public sector projects.
- ✓ Operating in a competitive industry alongside established players like VA Tech Wabag and Ion Exchange India presents challenges in sustaining market share and profitability.
- ✓ While the company has a strong domestic footprint, its limited international presence may constrain growth opportunities compared to its global competitors.

### **Views**

- ✓ The company operates within the rapidly expanding water and wastewater management sector, driven by urbanization and industrialization trends. The company’s focus aligns well with government initiatives like the Jal Jeevan Mission, which enhances its long-term growth potential. With a solid track record of successful projects across India and ongoing advancements in sustainable wastewater treatment and solar power, the company shows great promise. Its remarkable 116% revenue growth from FY23 to FY24 further underscores its potential. Additionally, the price-to-earnings (P/E) ratio at the upper end of the price band is below the industry average, making it an attractive long-term investment.

- ✓ However, despite these positives, Enviro Infra's heavy reliance on government contracts introduces potential risks if government priorities shift or funding fluctuates. Furthermore, the company operates in a competitive market with established players, making it challenging to maintain market share and profitability. Its focus on the domestic market may also limit its growth potential compared to peers with a more international presence or broader service offerings.
  
- ✓ On a positive note, the fresh issue accounts for 88% of the IPO, which signals the company's commitment to growth. While immediate listing gains may be modest, estimated between 10-20%, the stock presents a solid opportunity for mid-to-long-term investment.



## SSL Research Centre

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