

ENVIRO INFRA ENGINEERS LTD

22-11-2024 - 26-11-2024

Industry: Water Supply & Management
Recommendation: Subscribe for Long Term

Price Band: ₹140 - 148
Post Implied Market Cap: - ₹2,457 - ₹2,598Cr

Key Data

Issue Size (₹ Cr)	615 - 650
Fresh (₹)	572
OFS (₹)	78
No. of shares offered	4,39,48,000
Face Value (₹ /share)	10
Bid Lot	101

About the Company

The Enviro Infra Engineers Ltd (Enviro) specializes in designing, constructing, operating, and maintaining Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs) for government authorities. Over the past 7 years, it has successfully executed 28 projects across India, including 22 with capacities of 10 MLD or more. With expertise in diverse projects like CETPs, STPs, and WSSPs on EPC and HAM bases, the company has built a robust order book of 21 ongoing projects worth ₹ 1,906.28 cr.

Investment Rationales

- In house designing, engineering and execution team:** The company specializes in advanced design and engineering for complex Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs). It provides tailored solutions using technologies like UASB, ASP, MBBR, and tertiary treatments, adapting to diverse project requirements. Its in-house team of 180 skilled engineers excels in creating detailed designs, ensuring timely and cost-effective project execution. The company's expertise spans STPs, CETPs, and WWTPs, with a focus on delivering high-quality, client-specific solutions leveraging cutting-edge technologies and engineering processes.
- Increasing presence in existing geographies with new projects:** Enviro has focused on expanding its presence in key states like Gujarat, Rajasthan, Punjab, and Uttar Pradesh, where it initially won projects. Over the past 7 years, it has successfully secured multiple projects in these regions. Currently, the company is executing projects across 8 states, including Delhi, Jharkhand, and Karnataka. It aims to leverage its expertise and experience to penetrate new districts and areas within these states as opportunities for new WWTP and WSSP projects emerge.
- Diversified Order Book of projects across India:** Enviro specializes in executing WWTPs, including CETPs, STPs, SS, and WSSPs, on EPC and HAM bases, with a strong order book valued at ₹1,906.28 Cr across 21 projects. Its established expertise allows it to focus on projects with EPC, HAM, and O&M components, with O&M providing steady cash flows and boosting margins post-commissioning. The company attributes its success in winning projects to its technical capabilities, experience, reputation for quality, timely delivery, financial strength, and competitive pricing.
- Use of advanced technologies in the construction and installation of WWTPs or WSSPs:** The company continuously enhances its technical capabilities to provide cost-effective, high-quality services. It utilizes advanced technologies such as Sequential Batch Reactors (SBR) to meet stringent NGT norms and High Rate Anaerobic Digestors (HRAD) with BNR removal for low BOD concentrations. The company has implemented various tertiary treatment technologies, including dual media filters, UV treatment, disc filters, and ultra-filtration, ensuring Zero Liquid Discharge (ZLD) compliance. The treated water from its STPs and CETPs can be reused for horticulture, washing, refrigeration, and process industries.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	27-11-2024
Refunds/Unblocking ASBA Fund	27-11-2024
Credit of equity shares to DP A/c	28-11-2024
Trading commences	29-11-2024

Shareholding (No. of shares)

Pre-Issue	136,850,000
Post Issue (Lower price band)	175,530,000
Post Issue (Higher price band)	175,530,000

Shareholding Pattern

Promoter:	
Pre Issue	93.60%
Post Issue	69.98%
Promoter Group:	
Pre Issue	0.06%
Post Issue	0.04%
Public:	
Pre Issue	6.34%
Post Issue	29.98%

Issue Breakup

QIB	50%
NIB	15%
Retail	35%

Other Details

BRLMs: Hem Securities Ltd

Registrar: Bigshare Services Pvt. Ltd.

Listing: BSE & NSE

Research Analyst

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Risk

- Capital Intensive business.
- Major dependence on government funded projects.
- Projects are awarded through the competitive bidding process.

MView

We believe Enviro Infra Engineers Ltd IPO brings investors an opportunity to invest in a company which has a specialisation in water and wastewater management, a sector with increasing relevance in India's infrastructure development. We think its technical expertise in advanced technologies such as Sequential Batch Reactors (SBR), High Rate Anaerobic Digestors (HRAD) and tertiary treatment solutions ensures its ability to meet stringent regulatory norms and deliver high-quality, ZLD-compliant systems. We also believe with a strong in-house engineering team and a robust order book worth ₹ 1,906.28 Cr spanning diverse projects, the company demonstrates its capability to execute complex EPC, HAM, and O&M projects efficiently. By looking at the financials, the company showed a substantial increase in Revenue from operations and Net from, as Revenues seen sharp increase by 51%/116% in FY 2023 & FY 2024 while profit surged by 60%/96% in FY 2023 & FY 2024. On valuation parse at the upper price band of ₹ 148/-, the issue is asking a Market cap of ₹ 2598 cr and based on FY 2025e annualised earnings and fully diluted post IPO paid-up capital, the company is asking for PE of 21.67x which seems reasonable looking at financial growth trajectory. Even compared to its listed industry peers which are trading at an average of nearly ~30x. We believe the company's strategic focus on states with significant water infrastructure opportunities and its success in securing repeat projects highlight its operational strength and market reputation. Its ongoing expansion into new districts and innovative solutions tailored to client needs positions it well for growth. The recurring revenue from O&M services post-project completion ensures steady cash flow and improved margins, adding long-term stability to its financial profile. Hence, looking at all attributes, we recommend investors to "SUBSCRIBE" the Enviro Infra Engineers Ltd IPO for a long term perspective.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	For 3 Months Ended Jun-24	As at March' 31		
		2024	2023	2022
Equity Share Capital	136.85	136.85	25.62	2.44
Net Worth	323.00	292.18	126.51	71.62
Total Borrowings	305.59	233.59	64.54	18.11
Revenue from Operations	205.18	728.92	338.10	223.53
Revenue Growth	-	115.59	51.26	-
EBITDA	51.28	169.32	81.69	50.02
EBITDA Margin (%) as stated	24.99%	23.23%	24.16%	22.38%
Restated PAT for the year/period	29.97	108.57	55.34	34.55
Net Profit Margin	15.00%	15.17%	16.26%	15.46%
EPS	2.25	8.13	4.29	2.70
RONW (%)	9.53%	37.83%	43.46%	48.24%
NAV (₹) as stated	23.60	21.48	9.88	5.59
ROE (%)	10.07%	51.68%	55.50%	63.58%
ROCE (%)	8.24%	32.34%	43.33%	56.16%
Order Book (₹ Cr)	1,906.28	2,125.59	1,496.69	169.86

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Revenue from Operation (₹ in Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW (%)
Enviro Infra Engineers Ltd	738.00	2,598	10	6.83	56.14	2.6	21.7	37.83%
EMS Limited	809.07	4,126	10	29.38	143.73	4.7	24.0	19.09%
ION Exchange	2,391.73	9,218	1	16.53	69.40	8.4	42.8	19.23%
VA Tech Wabag	2,899.80	10,604	2	39.49	292.43	5.4	40.8	13.50%
Vishnu Prakash R Punglia	1,482.65	3,316	10	10.95	57.85	4.36	26.9	16.95%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 22-11-2024

Enviro Infra Engineers Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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