

IPO NOTE

Issue Details

Price Band: ₹ 140 to ₹ 148
Employee Discount: ₹ 13/Share
Issue Opens on: November 22, 2024
Issue Closes on: November 26, 2024
Lot Size: 101 Shares & in Multiples thereafter

Issue Highlights

Issue Size:	₹ 650.43 Cr.
No of Shares:	43,948,000
Face Value:	₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	572.46
Offer for Sale	77.97
Total	650.43

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	324.54
HNI	15	97.36
Retail	35	227.18
Employee	-	1.35
Total	100	650.43

Listing

BSE & NSE

Lead Managers

- HEM Securities Limited

Registrar

BigShare Servies Private Limited

Contact Details

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COMPANY OVERVIEW

Enviro Infra Engineers Ltd. Is in the business of designing, construction, operation and maintenance of Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs) for government authorities/bodies. WWTPs include Sewage Treatment Plants (STPs), Sewerage Schemes (SS) and Common Effluent Treatment Plants (CETPs) while WSSPs include Water Treatment Plants (WTPs) alongwith pumping stations and laying of pipelines for supply of water (collectively, "Projects"). The treatment process installed at most of the STPs and CETPs is Zero Liquid Discharge (ZLD) compliant and the treated water can be used for horticulture, washing, refrigeration and other process industries.

The company has successfully developed 28 WWTPs and WSSPs across India in past seven years. As of June 30, 2024, their Order Book includes 21 WWTPs and WSSPs for an aggregate value of ₹ 1,90,628.06 lakhs. In addition to the execution of projects independently, they also enter into joint ventures with other infrastructure and construction companies to jointly bid and execute projects. As on June 30, 2024, they are executing 5 WWTPs and WSSPs projects in partnership with their joint venture partners. They are presently executing projects in 8 states namely, Gujarat, Rajasthan, Delhi, Jharkhand, Karnataka, Uttar Pradesh, Chattisgarh and Madhya Pradesh.

HIGHLIGHTS

1. In house designing, engineering and execution team 180 engineers
2. Increasing presence in existing geographies with new projects
3. Diversified Order Book of 21 projects across India for an aggregate value of ₹ 1,90,628.06 lakhs as of June 30, 2024 across India
4. Use of advanced technologies in the construction and installation of WWTPs and WSSPs
5. Consistent financial performance.

OBJECTS OF THE ISSUE

1. To meet the Working Capital Requirements (₹ 181 Cr.)
 2. Infusion of funds in Subsidiary, EIEL Mathura Infra Engineers Private Limited ("EIEL Mathura") to build 60 MLD STP under project titled "Mathura Sewerage Scheme" at Mathura in Uttar Pradesh through Hybrid Annuity Based PPP Mode. (₹ 30 Cr.)
 3. Repayment/prepayment in full or in part, of certain of outstanding borrowings (₹ 120 Cr.)
 4. Funding inorganic growth through unidentified acquisitions and General Corporate Purposes
- To carry out the Offer for Sale of up to 5,268,000 Equity Shares of face value of ₹ 10 each by the Promoter Selling Shareholder. The company will not receive any proceeds from Offer for sale.

OUR VIEW

Enviro Infra operates in a vital niche by providing end-to-end services in water and wastewater treatment, which include Sewage Treatment Plants (STPs), Sewerage Schemes (SS), and Common Effluent Treatment Plants (CETPs).

Enviro Infra has robust order book and is expanding its geographical footprint. Its expertise in integrating these advanced solutions strengthens its market positioning, particularly in a regulatory environment that demands innovation. It increases its focus on qualification, bidding/execution of projects of higher size to upto 50-200 MLD for STPs and 20-50 MLF for CETPs. Execution of higher capacity projects has lesser competition, better margins, economies of scale and better utilization of resources.

However, risks to consider are reduced government budget allocations for WWTPs and WSSPs, challenges meeting qualification criteria, high attrition, dependence on contract labour, and delays in statutory payments, which could affect growth and profitability.

On the financial front, the Revenue and PAT CAGR for the period FY22-24 grew at around 80% and 77% respectively. The company operated on an EBITDA margin of 23.23% and PAT margin of 15.17% for FY24. The number was 25% and 15% respectively for Q1FY25. As at Q1HY25 the company's total borrowings stood at ₹ 305 Cr. and its Debt-to-equity ratio at 0.95x.

The issue is priced at a P/BV of 6.27 based on its NAV of Rs. 23.6 as of June30, 2024 and is asking for a PE multiple of 18x on the upper end of the price band and using diluted EPS for FY24 (₹ 8.13) and if we attribute FY25 earnings, then the asking price is at P/E of 20x which seems reasonably priced when compared with the competitors and with average industry P/E at around 33x.

Enviro Infra's IPO offers a strategic entry point into India's expanding water infrastructure and sustainability ecosystem. Looking at all the factors, risks, opportunities and valuation, investors can invest in the issue with Long term horizon.

Brief Financials

PARTICULARS	As at June 30, 2024	₹ in Lakhs		
		FY '24	FY '23	FY '22
Total Income	20,745.61	73,800.46	34,166.24	22,562.35
Total Expenditure	16,434.01	58,819.42	26,707.36	17,955.40
EBITDA	5,128.43	16,932.25	8,168.74	5,002.26
Profit before Tax	4,311.60	14,981.04	7,458.88	4,606.95
Profit after Tax	2,996.81	10,856.95	5,533.89	3,454.86
E.P.S. (Diluted)	2.25*	8.13	4.29	2.70
P/E (x) (Diluted)	-	18.20	-	-
RONW (%)	9.53*	21.48	9.88	5.59

* Not Annualised

PRICE CHART (@ ₹ 148) (Retail Category)

LOT SIZE	Amount
101	14,948
202	29,896
303	44,844
404	59,792
505	74,740
606	89,688
707	104,636
808	119,584
909	134,532
1,010	149,480
1,111	164,428
1,212	179,376
1,313	194,324

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	1,414	209,272
Big HNI	6,767	1,001,516

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	27/11/2024
Initiation of refunds/unblocking ASBA Fund	27/11/2024
Credit of Equity Shares to demat accounts of Allottees	28/11/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	29/11/2024

For more details, Please refer RHP,

<https://www.bseindia.com/markets/publicissues/DisplayIPO.aspx?id=3706&type=IPO&idtype=1&status=F&IPONo=6850&startdt=22/Nov/2024>)

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