

**Rating: Subscribe**

### Issue Offer

Fresh Issue of 38,680,000 equity shares up to INR 5.72 Bn and OFS of 5,268,000 shares up to INR 779.7 Mn by Promoters group taking the total issue size of 43,948,000 shares at INR 6.50 Bn.

### Issue Summary

Price Band INR	140-148
Face Value INR	10
Implied Market Cap INR Bn.	25.97
Market Lot	101
Issue Opens on	Nov 22, 2024
Issue Close on	Nov 26, 2024
No. of share pre-issue	136,850,000
No. of share post issue	175,530,000
Listing	NSE, BSE

### Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

### Registrar

Bigshare Services Pvt Ltd.

### Book Running Lead Managers

Hem Securities Limited

### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	93.66%	70.02%
Public & Others	6.3%	29.98%

### Objects of the issue

- Infusion of funds in our Subsidiary, EIEL Mathura to build 60 MLD STP under the project titled "Mathura Sewerage Scheme" at Mathura in UP through Hybrid Annuity Based PPP Mode;
- Repayment in full or part, of certain of our outstanding borrowings.
- To meet the Working Capital Requirements;
- Funding inorganic growth through unidentified acquisitions and general corporate purposes

**Abhishek Jain**

[abhishek.jain@arihantcapital.com](mailto:abhishek.jain@arihantcapital.com)

022-422548871

**Rohan Baranwal**

**Arihant Capital Markets Ltd**

Enviro Infra Engineers Limited designs, constructs, operates, and maintains Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs) for government authorities in India. Established in 2009, Company has earned a reputation for quality, timely delivery, and price competitiveness. Over the past seven years, the company has successfully developed 28 WWTPs and WSSPs across India, including 22 projects with a capacity of 10 MLD. Currently, the company is executing 5 projects under the AMRUT scheme, 5 projects under the Jal Jeevan Mission, 2 projects under the Namami Gange Programme, and 1 project under the National Mission for Clean Ganga.

### Investment Rationale:

**Focus on In-house Capability Enhancement and Building Reputation:** The company's in-house design, engineering, and execution capabilities enable it to undertake complex and critical projects, including process description, STPs, CETPs, WWTPs, WSSPs, and various other processes. Its strategic focus on EPC, HAM, and O&M components ensures stable cash flows and improved margins post-commissioning of any project. It also offers a diverse range of design and engineering capabilities, including STPs based on various technologies such as Upflow Anaerobic Sludge Blanket Reactor (UASB), Activated Sludge Process (ASP), Moving Bed Biological Reactor (MBBR), and others. These solutions are tailored to meet diverse technological and environmental challenges. An in-house team of 180 engineers ensures accurate project bidding, detailed designs, minimal outsourcing, and stringent quality control. This approach aids efficient, cost-effective project delivery within timelines.

**Building Expertise and Geographical Expansion Across India:** Company has a strong presence in Northern India and is currently executing projects across eight states: Gujarat, Rajasthan, Delhi, Jharkhand, Karnataka, Uttar Pradesh, Chhattisgarh, and Madhya Pradesh. Over the years, the company has gained significant knowledge and experience in these regions by successfully developing projects. This expertise positions it well to capitalize on emerging opportunities for new WWTP and WSSP projects in these states. Moreover, the company intends to leverage its established reputation and proven experience to expand into states where it has yet to establish a footprint.

**Established Track Record and Expertise in Project Execution:** Managed by experienced and qualified promoters with decades of expertise in the waste and wastewater management industry. Assisted by a team skilled in executing WWTP and WSSP projects, the company has developed the capability to deliver a diverse range of projects, including WWTPs, CETPs, STPs, SS, and WSSPs. These projects undertaken on both EPC and HAM bases, contributing to a robust order book of 21 WWTPs and WSSPs with a total value of INR 19.06 Bn. It also attributes its consistent order book growth to its firm focus on project execution and its ability to successfully bid for and win new opportunities. Company's growth reflects its disciplined approach to project execution and successful bidding, driven by strong design, engineering, construction, and O&M capabilities.

**Use of Advance Technologies in WWTP and WSSP Development:** The company emphasizes in technically complex and unique projects that require time-intensive design and engineering and are capital-intensive in nature. Recent technological advancement by the company includes providing High Rate Anaerobic Digester (HRAD) and Sequencing Batch Reactor (SBR) systems, along with Biological Nutrient Removal (BNR) even at low BOD concentrations. Also, the company offers Moving Bed Biofilm Reactor (MBBR) solutions such as Integrated Fixed-film Activated Sludge (IFAS) in existing or partly built systems, utilizing minimal infrastructure to deliver cost-effective and viable solutions. It has also deployed advanced tertiary treatment technologies, including dual media filters, activated carbon filters, UV treatment, and ultra-filtration systems, reinforcing its commitment to delivering innovative and efficient solutions.

### Valuation and View:

The company is poised to grow through initiatives to build its capabilities in executing WWTP and WSSP projects, with a vision to scale up project sizes from the current 50 to 200 MLD for STPs and 20 to 50 MLD for CETPs. It is also tactically aiming to expand its business operations into East and South India, recently securing bids in states within these regions. The company plans to capitalize on government initiatives such as "Har Ghar Jal" under the Jal Jeevan Mission and programs like Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0, which give emphasis to universal sewerage and septage management. **At the upper band of INR 148, the issue is valued at a P/E ratio of 23.93x, based on a FY24 EPS of INR 6.2. We are recommending a "Subscribe for long term" rating for this issue.**

**Arihant Research Desk**

Email: [instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 <sup>st</sup> Floor Andheri Ghatkopar Link Road Chakala, Andheri E Mumbai – 400093 Tel: 91-22 42254800 Fax: 91-22 42254880	6 Lad Colony Y.N Road Indore - 452003, M.P. Tel: 0731-4217100 Fax: 91-731 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	<a href="http://www.arihantcapital.com">www.arihantcapital.com</a>	<a href="mailto:instresearch@arihantcapital.com">instresearch@arihantcapital.com</a>

**Disclaimer:** This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.  
1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri E  
Tel. 022-42254800 Fax. 022-42254880