

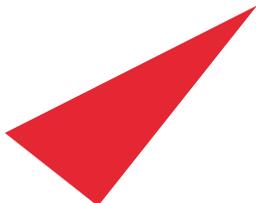


# Quarterly Results Pick

## Enviro Infra Engineers Ltd.



Aug 21, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Water Treatment and Supply	Rs 255.6	Buy in Rs 253-258 band and add on dips in Rs 227-232 band	Rs 278	Rs 301	2-3 quarters

HDFC Scrip Code	EIELEQNR
BSE Code	544290
NSE Code	EIEL
Bloomberg	EIEL:IN
CMP Aug 20, 2025	255.6
Equity Capital (Rs Cr)	175.5
Face Value (Rs)	10
Equity Share O/S (Cr)	17.6
Market Cap (Rs Cr)	4485
Book Value (Rs)	56.7
Avg. 52 Wk Volumes	9257047
52 Week High	392
52 Week Low	170

Share holding Pattern % (June, 2025)	
Promoters	70.09
Institutions	3.04
Non Institutions	26.87
Total	100



\* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**

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### Our Take:

Enviro Infra Engineers Ltd (EIEL) incorporated in 2019, is in the business of designing, constructing, operating and maintaining 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) along with pumping stations and laying of pipelines for supply of water. 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. Most WWTP and WSSP turnkey projects also include 1-15 years of O&M, covering operations, maintenance, and supply of consumables.

The company has an in-house engineering and design team of 211 engineers having the necessary skills and expertise in preparing detailed architectural and structural designs based on the conceptual requirements of its clients. Company has developed expertise and capability in executing diverse projects both on EPC and HAM basis along with O&M post commissioning of projects. Company is presently executing projects in ten states namely, Gujarat, Rajasthan, Delhi, Jharkhand, Haryana, Punjab, Delhi, Karnataka, Uttar Pradesh, Chattisgarh and Madhya Pradesh. EIEL's promoters, Sanjay Jain and Manish Jain are qualified professionals with an individual experience of more than two decades in the water & waste-water treatment industry have been instrumental in driving the company's growth. As a part of its strategy "Waste to Energy", company is also integrating solar power plants and Compressed Bio Gas (CBG) plants into its projects focusing on sustainable development.

As of 30<sup>th</sup> June 2025, company has an order backlog of Rs. 2,051 cr with WWTP-EPC contributing 76%, WWTP-HAM contributing 17% and WSSP contributing 7% comprising 22 diverse projects across multiple states. O&M order book adds another Rs. 946 cr, providing clear visibility into future revenues and growth pipelines. For FY25 company has bid projects over Rs. 5,000 cr portraying a robust pipeline and for FY26 it secured additional new orders worth Rs. 1,178 cr, indicating a strong start to the year.

### Valuation & Recommendation:

EIEL has margins at ~25% indicating focused operational efficiency, a strong balance sheet with healthy debt to equity and return ratios and improved cash flow. Moreover, management aims to sustain its growth trajectory with an expected annual growth rate of 35% to 40%, while maintaining healthy EBITDA margins in the range of 22% to 24%. Company's rapid expansion plans in solar, hydro-power, green hydrogen along with plans to increase the scale of its projects from 50 to 200 MLD for sewage treatment plants and from 20 to 50 MLD for common effluent treatment plants, aids well for the company's growth.

**We believe investors can buy the stock in the price band of Rs 253-258 (13.1x FY28E EPS) and add on dips in Rs 227-232 band (11.8x FY28E EPS) for a base case fair value of Rs 278 (14.3x FY28E EPS) and bull case fair value of Rs 301 (15.5x FY28E EPS) in the next 2-3 quarters.**

## Q1FY26 Result Update:

Revenue was up 17.4% YoY to Rs.241 cr driven primarily by the execution of key water and wastewater treatment projects. EBITDA for the quarter came in at Rs. 64 cr (before Rs. 4.95 cr loss of exceptional items) compared to Rs. 51 cr in Q1FY25, up 25.2% YoY with stable EBITDA margins of 26.7%. Profit after tax grew by 41.8% YoY to Rs. 42 cr, with a PAT margin of 17%. Net working capital is ~ 90 days with a total debt of Rs. 222 cr.

## Concall takeaways:

- EIEL secured fresh orders worth approximately Rs. 1,178 cr in the quarter. Company forayed into the ZLD (Zero Liquid Discharge) segment, with a Rs. 395 cr CETP project in Maharashtra, deploying advanced ultrafiltration, reverse osmosis, and MVR (Mechanical vapor recompression) technology, to achieve near-total reuse of treated wastewater. Total order book of the company is Rs. 2,051 cr (21 active projects) with O&M portfolio to Rs. 946 cr, giving multi-year revenue visibility. FY27 O&M revenue is expected to rise to Rs. 70–75 cr from Rs. 30 cr currently, with margins of 30–35%.
- The majority of the order book of EIEL is central or multilateral agency funded, with no contracts purely supported by state government funds. Focus on projects includes AMRUT 2.0, Namami Gange, CETPs, and only residual exposure to JJM. Around 80–85% of the legacy order book will be executed in FY26; new Q1 orders have a 24-month execution timeline.
- Company expanded its geographical footprint, adding new projects in Maharashtra and Odisha. These include tertiary treatment plants, advanced ultrafiltration systems, and long-term O&M contracts.
- EIEL made a strategic entry into renewable energy via the acquisition of two solar assets (in Maharashtra and Odisha) through subsidiary EIE Renewables. These are structured as both IPP and EPC models. Odisha project is a 40 MW solar power project from SECI in which 24 MW is already installed and the balance solar power plant of 16 megawatts is being installed. Second project is from MSEDCL which is an EPC project.
- A cyber fraud incident led to a loss of Rs. 11.15 cr (of which Rs. 2.5 cr was recovered and Rs. 0.6 cr is frozen). An exceptional charge of Rs. 4.95 cr was taken this quarter. As a measure of accountability, Chairman and MD have forgone remuneration until recovery. Internal controls and SOPs have been strengthened to prevent recurrence.

## Major Development post Q1:

- EIEL had acquired an additional 2,50,00,000 equity shares of the EIE Renewables Private Limited (target Company) at a price of Rs. 10/- per equity share which is a wholly owned subsidiary of the company. The additional investment will enable the Company to tap the opportunities prevailing in the renewable energy sector and aligns with the long-term vision of the Company to expand into sustainable and future-oriented business segments.
- Enviro Infra Engineers received orders for two EPC projects worth Rs 221.25 cr from Bangalore Water Supply and Sewerage Board.
- Secured orders worth Rs.85.2 cr from the Gurugram Metropolitan Development Authority. The order involves engineering,

procurement, and construction (EPC) along with operation and maintenance (O&M).

### Key Risks:

**Client Concentration:** Nearly all customers are state agencies or government-backed, exposing the company to sectoral and bureaucratic risks.

**Working Capital Risk:** Sector remains government-driven and can be subject to delays, as seen in the JJM scheme in FY25. Management has reduced JJM exposure and now focuses on other centrally/multilaterally funded schemes with more assured funding flows.

**Competition:** Project bidding is competitive with numerous players in the sector.

**Fraud:** The cyber fraud incident could pose operational/control risks.

### Financial Summary:

(Rs cr)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	240.9	205.2	17.4	392.9	-38.7	729	1,066	1,333	1,599	1,887
EBITDA	59.3	51.3	15.6	99.4	-40.4	167	268	334	408	491
APAT	45.6	30.8	48.0	73.3	-37.8	108	176	237	284	341
Diluted EPS (Rs)	2.4	2.2	10.6	4.2	-42.6	7.9	10.0	13.5	16.2	19.4
RoE-%						74.2	27.4	21.3	20.7	20.2
P/E (x)						32.3	25.4	18.9	15.8	13.2
EV/EBITDA						27.5	15.5	12.3	9.7	7.7

### Price chart (Since Listing)



(Source: Company, HDFC sec)

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### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks

have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

### Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

### Disclosure:

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