High Conviction Report

KEYNOTE

Enviro Infra Engineers Ltd.

6th January 2026

Benefiting from strong government tailwinds

Incorporated in 2009, Enviro Infra Engineers Limited (EIEL) is a leading Indian water and wastewater infrastructure Company providing turnkey design, construction, and Operations & Maintenance (O&M) solutions for government and government-backed clients. The Company operates across Engineering, Procurement and Construction (EPC), Hybrid Annuity Model (HAM), and O&M project models, with capabilities spanning Sewage Treatment Plants (STPs), Sewerage Schemes (SS), Common Effluent Treatment Plants (CETPs), Water Treatment Plants (WTPs), pumping stations, and pipeline networks. EIEL's execution is supported by strong in-house design and engineering and the use of advanced technologies such as Ultrafiltration (UF), Reverse Osmosis (RO), tertiary treatment, and Zero Liquid Discharge (ZLD). Its projects are primarily driven by national programs including Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Jal Jeevan Mission (JJM), and National Mission for Clean Ganga (NMCG), funded by Central and State Governments. The Company executes projects independently or through selective joint ventures. Through its subsidiary, EIE Renewables, it is expanding into renewable and waste-to-energy solutions, focusing on solar power, Compressed Bio-Gas (CBG), and other clean energy initiatives, pursuing both Independent Power Producer (IPP) ownership models and EPC execution for these projects to drive sustained growth.

Strong order book visibility

EIEL's strong execution capabilities have driven robust order book growth and industry-leading margins. As of Q2 FY26, the order book stood at Rs. 28,121 Mn, including Rs. 9,328 Mn of long-term O&M contracts (~10 years average tenure), providing multi-year revenue visibility, supported by a healthy bid pipeline of over Rs. 80,000 Mn and a conservative bid success rate of 15-20%. Expansion is further supported by larger project sizes, geographic expansion, and increased focus on high-value segments such as ZLD and advanced wastewater treatment.

Leveraging government infrastructure programs

EIEL continues to benefit from strong policy support through flagship government initiatives such as JJM, AMRUT 2.0, and NMCG, which are driving sustainable investments in water and wastewater infrastructure and ensuring long-term funding visibility. The total opportunity size for these initiatives is estimated at ~Rs. 803 Bn for FY26E. Although execution under JJM saw some moderation due to tendering delays and timeline extensions, with revised allocations the Company remains well positioned to capture opportunities in wastewater treatment expansion, sewerage infrastructure, and ZLD projects.

View & valuation

With its growing presence in India's water and wastewater treatment sector and a diversified order book, EIEL is well positioned for sustainable growth. Limited exposure to JJM schemes and participation across multiple government programs have helped the Company navigate industry-wide challenges. Supported by increased government spending and participation in CETPs, ZLD, and HAM projects, we expect EIEL to deliver ~25% revenue CAGR over FY25-28E, with EBITDA margins moderating modestly to ~24% by FY28E. Based on these factors, we initiate coverage on EIEL with a BUY rating, valuing the business at 17x P/E on FY28E, implying an upside of ~52.3%.

BUY

CMP Rs. 203

TARGET Rs. 309 (+52.3%)

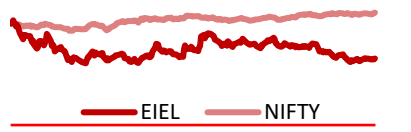
Company Data

Bloomberg Code	EIEL IN
MCAP (Rs. Mn)	35,518
O/S Shares (Mn)	176
52w High/Low	372/ 182
Face Value (in Rs.)	10
Liquidity (3M) (Rs. Mn)	207

Shareholding Pattern %

	Sep-25	Jun-25	Mar-25
Promoters	70.11	70.09	70.09
FIIs	0.42	0.33	0.65
DIIs	1.26	2.71	3.68
Non-Institutional	28.20	26.87	25.58

EIEL vs Nifty



Source: Keynote Capitals Ltd.

Key Financial Data

(Rs. Mn)	FY25	FY26E	FY27E
Revenue	10,661	13,326	16,657
EBITDA	2,692	3,198	3,914
Net Profit	1,790	2,183	2,586
Total Assets	14,983	17,729	21,085
ROCE (%)	24%	19%	19%
ROE (%)	28%	20%	19%

Source: Company, Keynote Capitals Ltd.

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Indian water and wastewater treatment industry

The Indian water and wastewater treatment industry is a critical sector focused on ensuring sustainable water resources by both supplying clean, treated water and managing the treatment and safe disposal of contaminated effluent. The industry is broadly divided into:

1. Water treatment segment:

This segment is responsible for making raw water suitable for drinking or industrial use. It comprises:

- Water Treatment Plants (WTPs): Facilities that treat raw water sourced from rivers, lakes, reservoirs, or groundwater to meet quality standards for municipal distribution or industrial processes.
- Water Supply Scheme Projects (WSSPs): Comprehensive projects that include the design and laying of transmission and distribution pipelines, construction of storage reservoirs, and commissioning of WTPs.

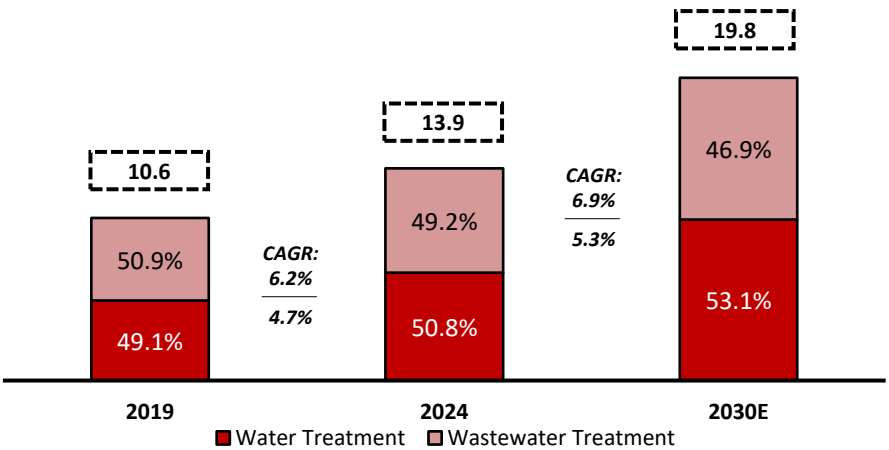
2. Wastewater treatment segment:

This segment focuses on collection, treatment, recycling, and safe disposal of wastewater generated from domestic and industrial activities through Wastewater Treatment Plants (WWTPs) and includes:

- Sewage Treatment Plants (STPs): Designed to treat domestic sewage from households to meet National Green Tribunal (NGT) discharge norms or reuse standards.
- Sewerage Schemes (SS): Infrastructure networks comprising pipelines, pumping stations, and associated systems that are necessary to collect domestic wastewater and convey it to STPs for treatment.
- Common Effluent Treatment Plants (CETPs): Centralised facilities that provide specialised treatment solutions for industrial wastewater, enabling recycling, reuse, and compliant discharge of effluent generated by manufacturing units and industrial clusters.

India's water and wastewater treatment market is estimated at ~US$13.9 Bn in CY24 and is projected to reach ~US$19.8 Bn by CY30, growing at a CAGR of ~6.1%.

Indian water and wastewater treatment industry (US$ Bn)



Source: Company, Keynote Capitals Ltd.

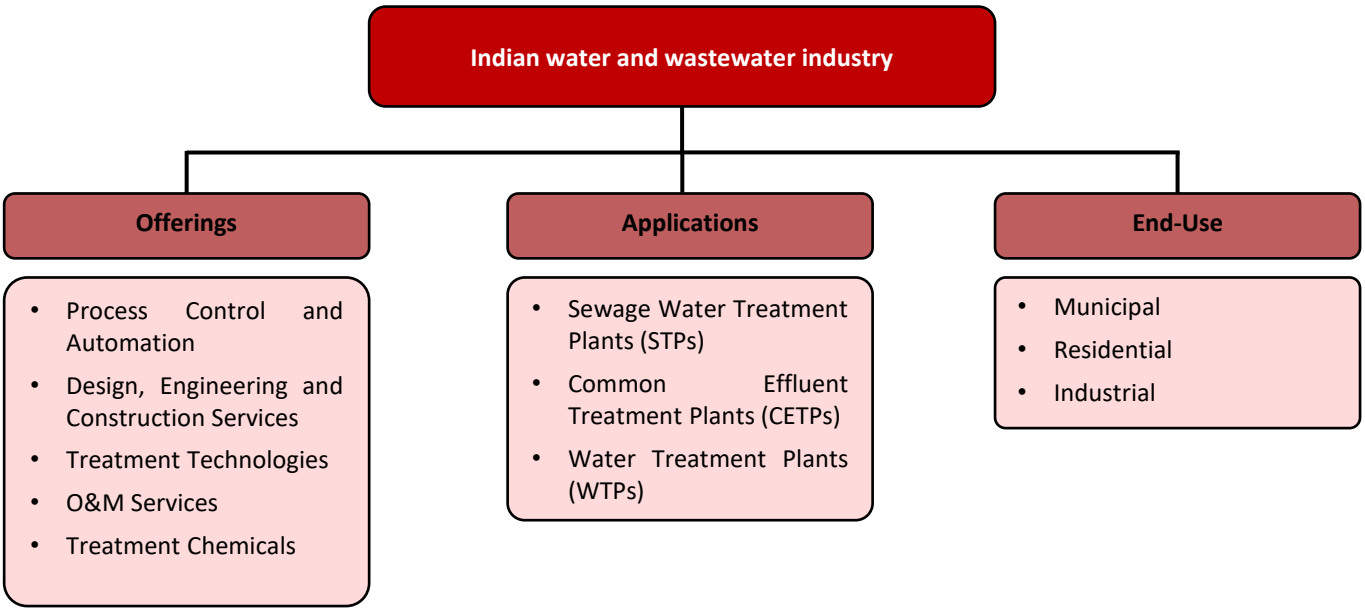
The sector is expanding as the country grapples with worsening water scarcity and rising pollution levels. Nearly 600 Mn Indians currently face acute water shortages, and by 2030, national water demand is expected to exceed available supply by up to 50%, underscoring the scale of the impending crisis, as seen in 2023-24 when cities such as Bengaluru faced severe groundwater depletion and water supply stress.

Wastewater management presents an equally critical challenge. While over 70% of urban residents generate wastewater, ~70% of it remains untreated. Of the ~62,000 Mn Liters per Day (MLD) of sewage generated in urban areas, only ~30% is currently treated, posing significant public health, environmental, and economic risks.

In response, the Government of India has launched several flagship initiatives. JJM and Swajal primarily focus on drinking water supply, while AMRUT, Swachh Bharat Mission, and Namami Gange are largely aimed at sewerage, wastewater treatment, and river pollution abatement. These programmes are designed to accelerate investments by providing multi-year funding visibility and structured project pipelines for states and urban local bodies.

Industry segmentation overview

The Indian water and wastewater industry can be segmented across key dimensions, including offerings, applications, and end-use markets. This segmentation highlights the breadth of services, technologies, and infrastructure solutions involved in managing the water cycle, as well as the primary demand drivers across municipal, residential, and industrial segments.

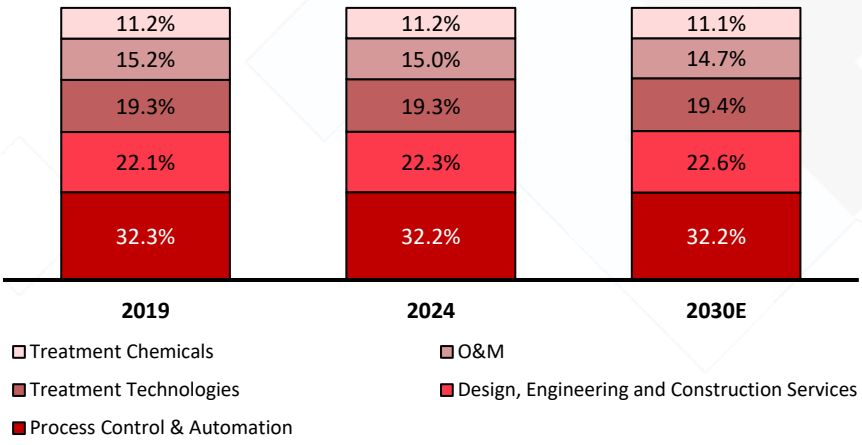


Source: Company, Keynote Capitals Ltd.

Industry segmentation: Based on offerings

The industry is segmented by the services, technologies, and consumables provided across the water and wastewater lifecycle, spanning design and engineering, treatment technologies, automation, and ongoing operations and maintenance.

Indian water and wastewater industry segmentation based on offerings (%)



Source: Company, Keynote Capitals Ltd.

EIEL operates in the Design, Engineering and Construction Services and O&M segments.

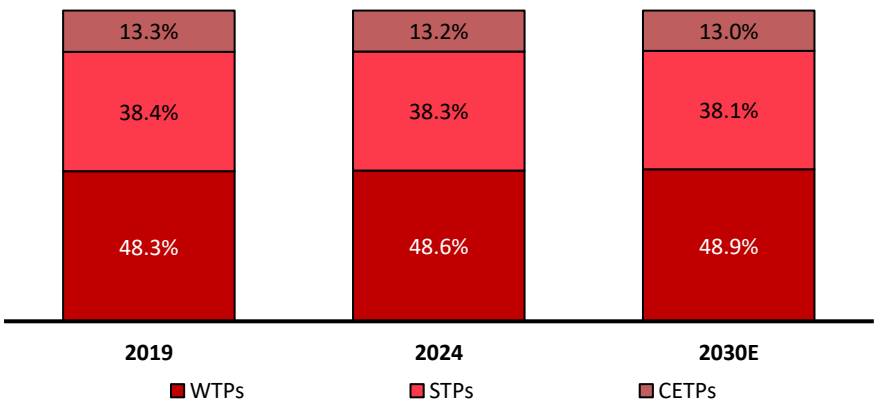
Offering Category	Description
Process control & automation	Automation systems, instrumentation, and digital controls (e.g., SCADA, AI, IoT) used to monitor, regulate, and optimize water and wastewater treatment processes
Design, engineering & construction	Comprehensive planning, engineering design, and EPC services for building water supply, treatment, and wastewater infrastructure
Treatment technologies	Core physical, chemical, and biological technologies such as SBR, MBBR, and ZLD, used for water purification, sewage treatment, and effluent processing
Operation & maintenance	Ongoing plant operations, preventive maintenance, asset management, and performance optimization services.
Treatment chemicals	Chemicals and consumables used for coagulation, disinfection, pH control, and sludge treatment etc.

Source: Company, Keynote Capitals Ltd.

Industry segmentation: Based on applications

The industry is segmented by the type of treatment systems deployed across the water and wastewater lifecycle, including WTPs, STPs, and CETPs, each serving distinct municipal and industrial requirements.

Indian water and wastewater industry segmentation based on application (%)

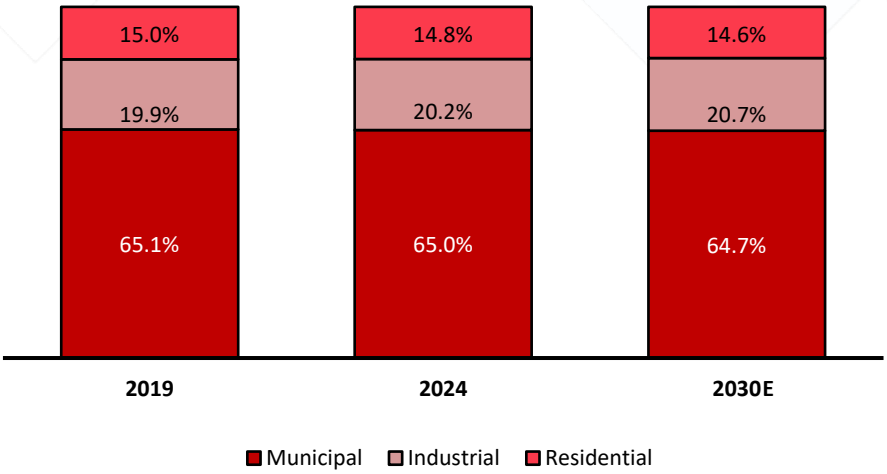


Source: Company, Keynote Capitals Ltd.

Industry segmentation: Based on end-use

The industry is segmented by the primary customer groups that drive demand for water and wastewater solutions, including municipal, industrial, and residential users, reflecting differences in scale, regulatory requirements, and water quality needs.

Indian water and wastewater industry segmentation based on end-use (%)



Source: Company, Keynote Capitals Ltd.

EIEL primarily operates in the municipal and industrial segments.

The municipal segment accounts for the largest share of demand, supported by sustained investments in water and wastewater infrastructure to address the needs of growing urban populations and improve public health outcomes.

This is followed by the industrial segment, propelled by rising wastewater generation and stringent environmental regulations, including NGT norms and ZLD mandates, with key demand originating from industries such as pharmaceuticals, mining, pulp and paper, and power generation.

The residential segment is driven by rapid urbanization and housing expansion, increasing demand for reliable drinking water access and expanded sewerage coverage.

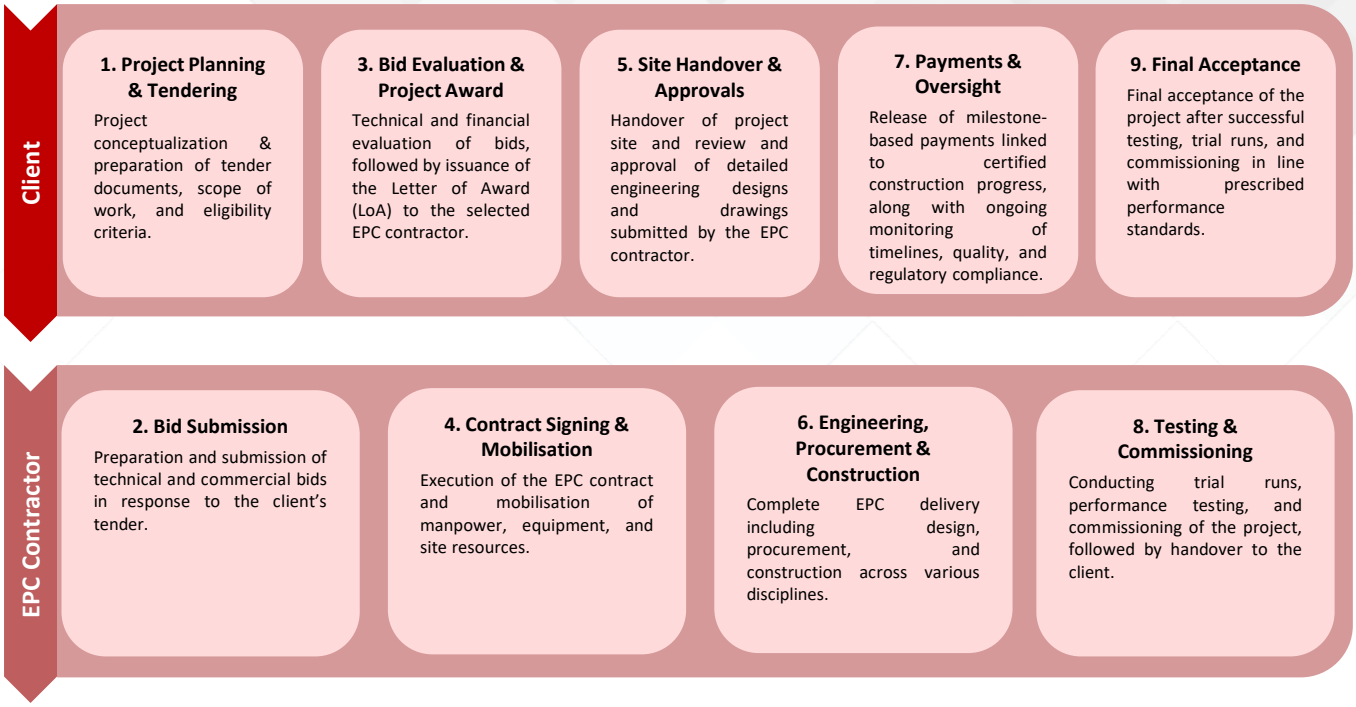
Project execution model

The Indian water and wastewater sector mainly executes projects through traditional EPC and the increasingly preferred HAM models, often bundled with mandatory O&M contracts, under which companies design, build, and operate water infrastructure for government bodies and authorities.

1. EPC model

The EPC model is the most widely adopted contracting approach in the water and wastewater sector, transferring majority of the project execution risks (cost, schedule, and performance) from the client to the EPC contractor.

EPC contractors are fully accountable for timely delivery within agreed parameters, making robust pre-bid engineering, accurate cost estimation, and detailed critical planning to profitability and risk mitigation.



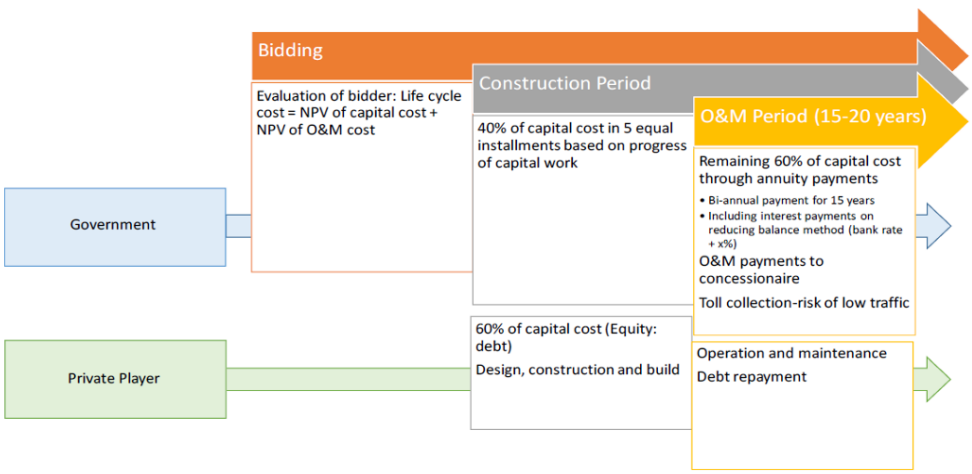
Source: Company, Keynote Capitals Ltd.

Contractually, EPC projects are executed either at a fixed price for the entire project or on a unit-rate basis, where payments depend on the actual quantities executed, allowing adjustments if the scope changes.

2. HAM model:

HAM is a Public-Private Partnership (PPP) framework that combines elements of EPC and BOT-Annuity models and is increasingly used in large government water and wastewater programs such as Namami Gange/NMCG. It is designed to balance risk, ensure long-term O&M performance, and reduce upfront fiscal pressure on the government.

Financial arrangement under HAM



Source: Company, Keynote Capitals Ltd.

Under HAM, project costs are shared: the government provides 40% of the capital cost during construction through milestone-linked payments, while the private concessionaire funds the remaining 60%, typically via an SPV using a mix of debt and equity. The concessionaire recovers its investment through inflation-linked annuity payments over a long-term O&M period (usually ~15 years).

The private partner is responsible for design, financing, construction, and long-term operation & maintenance, with annuity payments tied to performance. Asset ownership is transferred back to the public authority at the end of the concession period, ensuring sustained quality, accountability, and asset longevity.

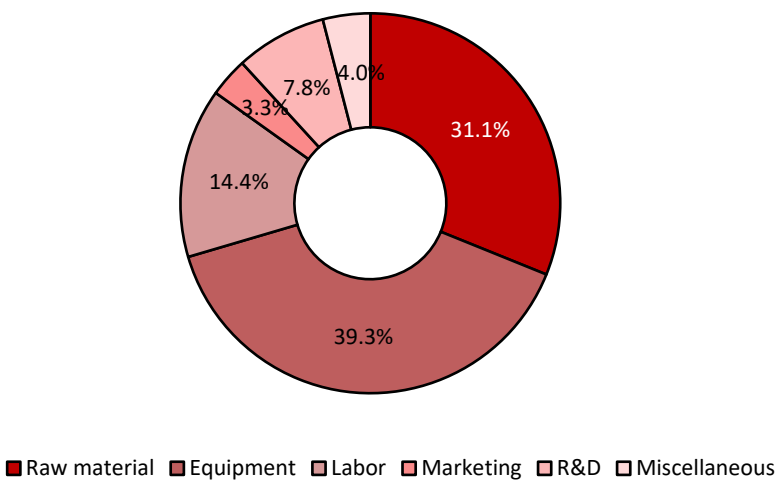
Rising adoption in India

While HAM is widely established in the road sector, its adoption in the wastewater sector is relatively new but rapidly evolving. Under NMCG, several sewerage treatment projects are already being implemented through HAM to ensure long-term O&M sustainability, better regulatory compliance, financial viability for both government and private players and efficient execution through a balanced risk-sharing framework.

Cost structure

The cost structure of the water and wastewater treatment market includes raw materials, labor, maintenance, infrastructure capital, and miscellaneous expenses. These factors collectively impact the operational and investment costs, influencing the financial feasibility of treatment projects.

Average cost structure analysis (%)



Source: Company, Keynote Capitals Ltd.

Government initiatives in the Indian water and wastewater industry

The Indian government has launched several key initiatives to address the country's water scarcity, pollution control, and wastewater management challenges. These programs aim to enhance infrastructure, improve service delivery, and ensure sustainable water and sanitation access across urban and rural areas.

Government scheme	FY21	FY22	FY23	FY24	FY25	FY26E
Government spending (Rs. Bn)	*Actual*	*Actual*	*Actual*	*Actual*	Revised Estimates	Budgeted
JJM	115	501	600	697	227	670
NMCG	73	100	140	160	60	100
AMRUT/AMRUT 2.0	16	23	28	18	29	33

Source: Company, Keynote Capitals Ltd.

Funding structure across key government initiatives

Government Scheme	Coverage	Central funding	State/ Other funding
JJM	UTs, Himalayan & Northeastern states	90-100%	0-10%
	Other states	50%	50%
AMRUT/AMRUT 2.0	UTs, Himalayan & Northeastern states	90-100%	0-10%
	Cities < 0.1 Mn population	50%	50%
	Cities 0.1-1 Mn population	~33%	~67%
	Cities > 1 Mn population	25%	75%/ PPP
NMCG	All projects	100%	-

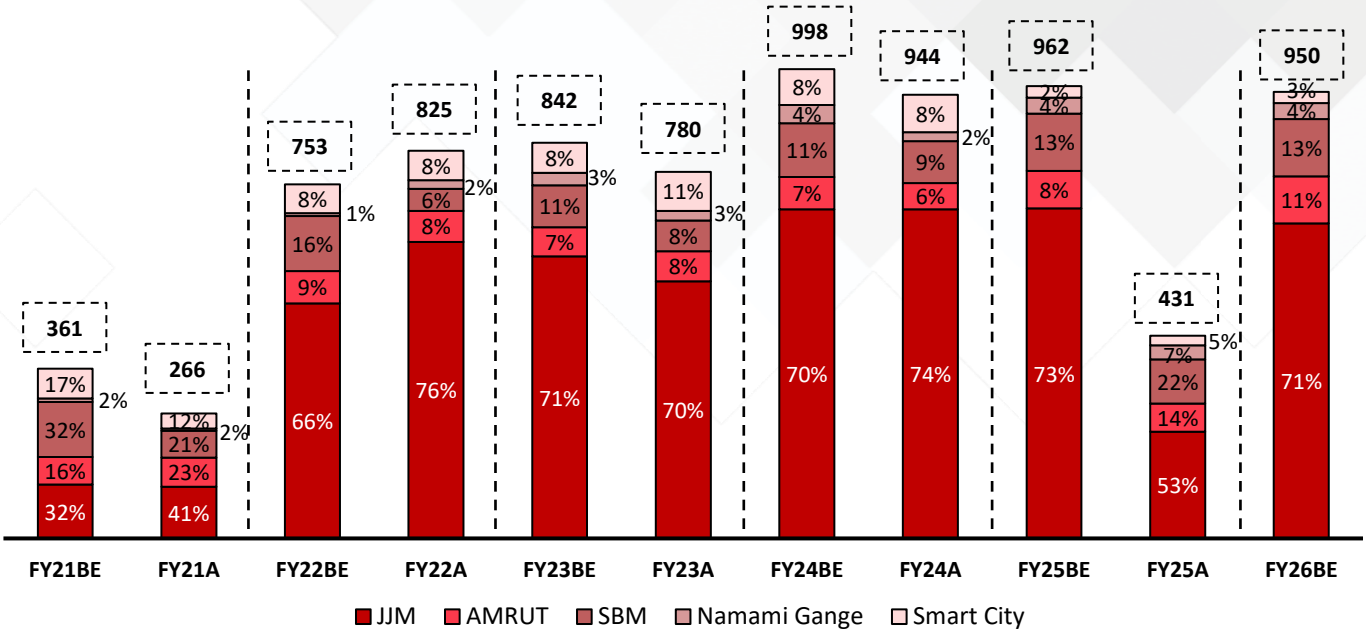
Source: Company, Keynote Capitals Ltd.

1. Jal Jeevan Mission (JJM): Launched in 2019, JJM aims to provide piped potable water to every rural household initially by 2024, later revised. With a budget of ~Rs. 670 Bn in FY26E, the initiative focuses on building water supply infrastructure, including water treatment plants and distribution systems. The mission also prioritizes water conservation, rainwater harvesting, and the management of greywater. JJM is expected to provide water access to over 190 Mn rural households, while fostering local employment and empowering communities to manage and maintain their water systems.

2. National Mission for Clean Ganga (NMCG): NMCG is a flagship initiative aimed at cleaning and conserving the Ganga River. Launched in 2014, the program addresses both sewage and industrial pollution, with the goal of reducing the pollution load in the river. With an budgeted outlay of ~Rs. 100 Bn in FY26E, it funds the construction of STPs, sewerage networks, and solid waste management systems in cities along the Ganga river. The mission also supports riverfront development and the introduction of bioremediation techniques.

3. Atal Mission for Rejuvenation and Urban Transformation 2.0 (AMRUT 2.0): Launched in 2021, AMRUT 2.0 builds upon its predecessor's efforts to enhance urban infrastructure (AMRUT). The program focuses on water supply, sewage treatment, and wastewater recycling in cities with population exceeding one lakh. With a budget of ~Rs. 33 Bn for FY26E, AMRUT 2.0 emphasizes water conservation, the rejuvenation of water bodies, and ensuring that at least 20% of city water demand is met through treated water reuse. The mission involves municipal corporations and local bodies in project execution, which enhances governance and accountability.

Budgetary allocation across different funds (Rs. Bn)



Source: Vishvaraj Environment Ltd. DRHP, Keynote Capitals Ltd.

These government initiatives have created significant growth opportunities for private sector players, particularly in the execution of water supply systems, wastewater treatment, and sustainable water management solutions.

About the Company

Incorporated in 2009, Enviro Infra Engineers Ltd. (EIEL) is a prominent player in India's water and wastewater management sector. The Company provides comprehensive turnkey solutions covering the design, construction, and operation & maintenance of Water and Wastewater Treatment Plants (WWTPs) and Water Supply Scheme Projects (WSSPs) for government bodies across the country.

EIEL's portfolio includes Sewage Treatment Plants (STPs), Sewerage Schemes (SS), and Common Effluent Treatment Plants (CETPs) under WWTPs, along with Water Treatment Plants (WTPs), pumping stations, and pipeline networks under WSSPs. The Company operates on integrated EPC, HAM, and O&M models.

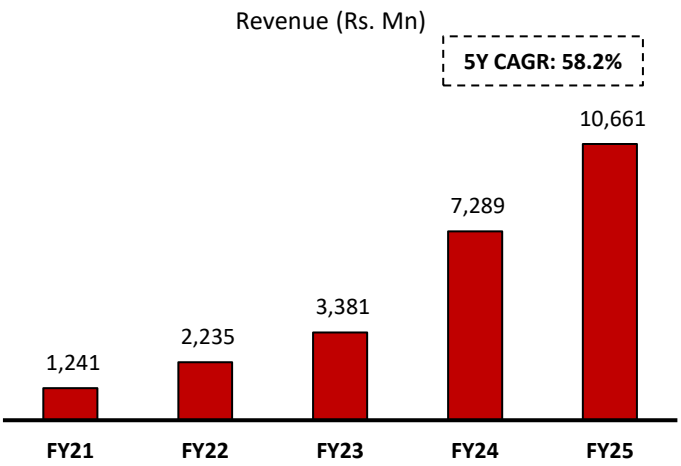
As of Q2 FY26, the Company has delivered 53 treatment plants nationwide with a cumulative capacity of ~880 MLD.

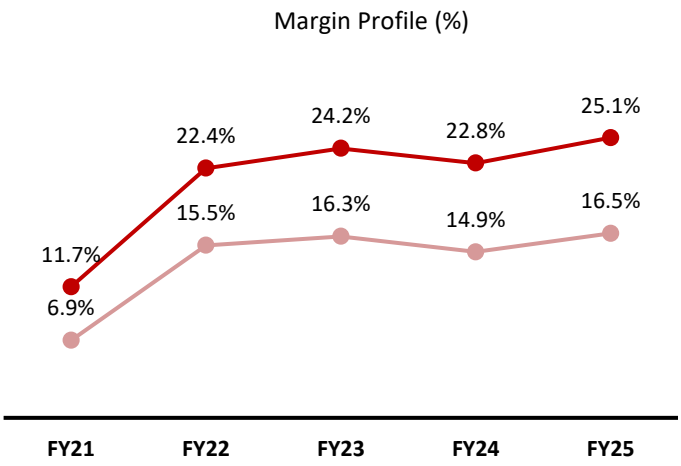
EIEL's strengths lie in strong in-house design capabilities, adoption of advanced technologies such as ultrafiltration, reverse osmosis, tertiary treatment, and Zero Liquid Discharge (ZLD) systems, and a demonstrated ability to execute complex municipal and industrial water infrastructure projects at scale.

EIEL's projects are primarily funded under major national programs including AMRUT, Jal Jeevan Mission, and the National Mission for Clean Ganga, with support from the Central and State Governments as well as Urban Local Bodies. The Company executes projects independently or through joint ventures with established infrastructure partners to meet pre-qualification requirements and leverage complementary capabilities.

EIEL is also strengthening its focus on integrating renewable and waste-to-energy solutions into its projects. To drive this initiative, the Company has established a dedicated subsidiary, EIE Renewables, which focuses on solar energy, Compressed Bio Gas (CBG), hydro power, green hydrogen, and 24x7 renewable energy solutions.

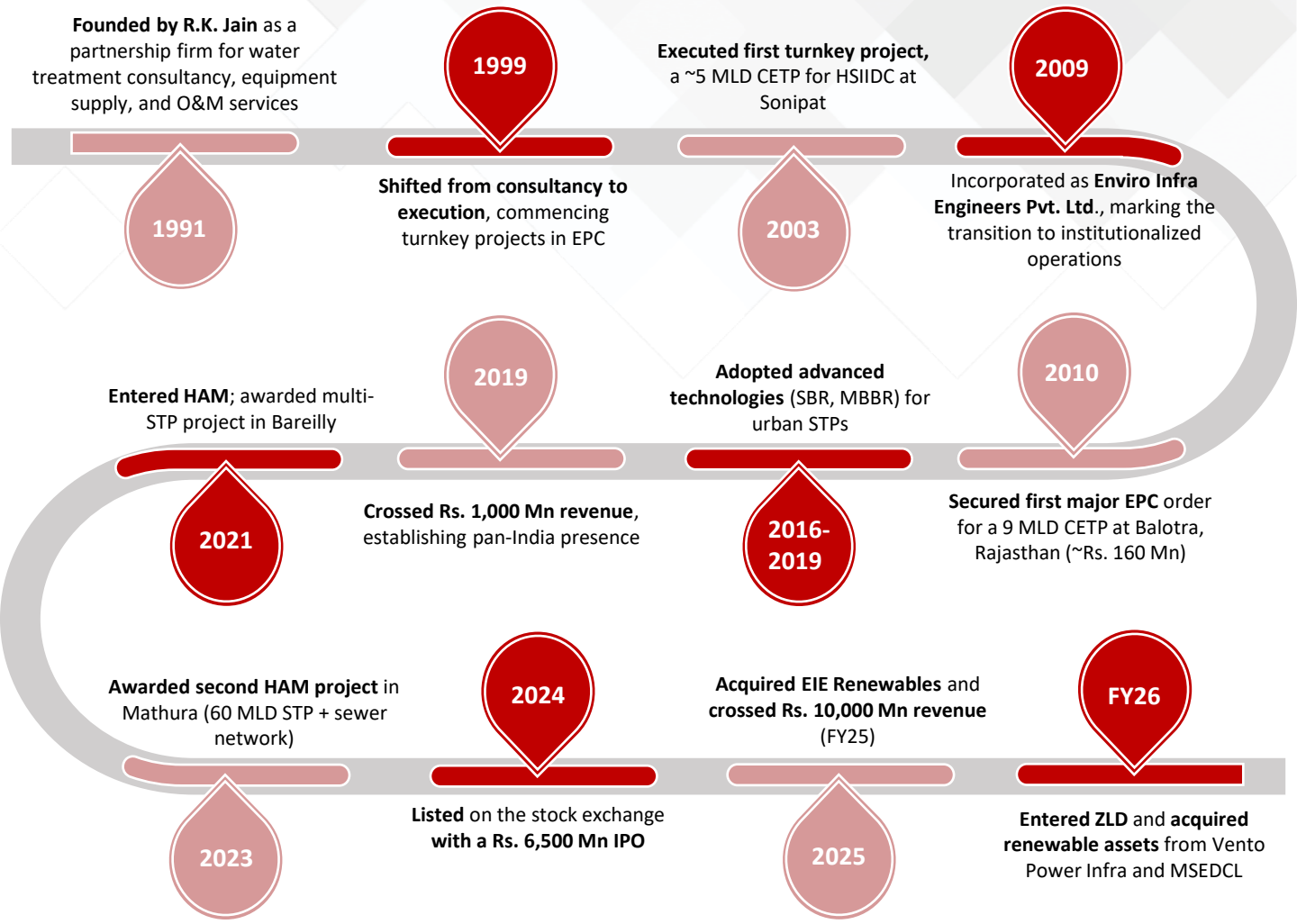
With a growing order book of ~Rs 28,121 Mn (including O&M) and proven expertise in water and wastewater management using modern technologies, EIEL remains well-positioned to contribute meaningfully to India's water infrastructure development.





Source: Company, Keynote Capitals Ltd.

Evolution of EIEL



Source: Company, Keynote Capitals Ltd.

EIEL has evolved over three decades from a specialized wastewater consultancy to a diversified infrastructure Company, now excelling in EPC, HAM, ZLD, and Renewable Energy projects. The Company's growth trajectory can be understood in three distinct phases:

From consultancy to turnkey projects (1991-2009)

EIEL was founded in 1991 by R.K. Jain, a BITS Pilani alumnus, as a consultancy firm focused on wastewater management. Early success came from designing effluent and sewage treatment systems, which helped the Company establish deep technical expertise.

By 1999, EIEL shifted towards turnkey project execution, marking its first major success with a 5 MLD CETP at Sonipat. This move into turnkey projects laid the foundation for the Company's growth in the execution space.

In 2009, Enviro Infra Engineers Pvt. Ltd. was formally incorporated, institutionalizing the business and preparing it for larger, more complex projects. The leadership transition to second-generation entrepreneurs played a key role in scaling the Company for the future, enabling it to target high-value EPC contracts.

Expanding EPC & technological capabilities (2010-2020)

After 2010, EIEL rapidly scaled its operations, executing large CETPs and STPs across multiple states. During this period, the Company invested in adopting advanced treatment technologies such as SBR (Sequential Batch Reactor) and MBBR (Moving Bed Biological Reactor), which positioned it strongly within the urban water treatment sector.

Key projects, such as the 18 MLD CETP at Balotra and the 52 MLD STP at Bathinda, marked EIEL's transition from its initial strong presence in North and North-West India to a pan-India EPC player capable of executing large-scale infrastructure projects across diverse geographies.

By 2019, EIEL had crossed Rs. 1,000 Mn in revenue, solidifying its position as a leading EPC contractor with a multi-location execution model and a proven track record of delivering complex projects on time and within budget.

SBR is a fill-and-draw activated sludge system for wastewater treatment. In this system, wastewater is added to a single "batch" reactor, treated to remove undesirable components, and then discharged.

MBBR is used for biofilm-coated media to enhance treatment efficiency, positioning it strongly within the urban water treatment sector.

Transition to public Company & diversification (2021-Present)

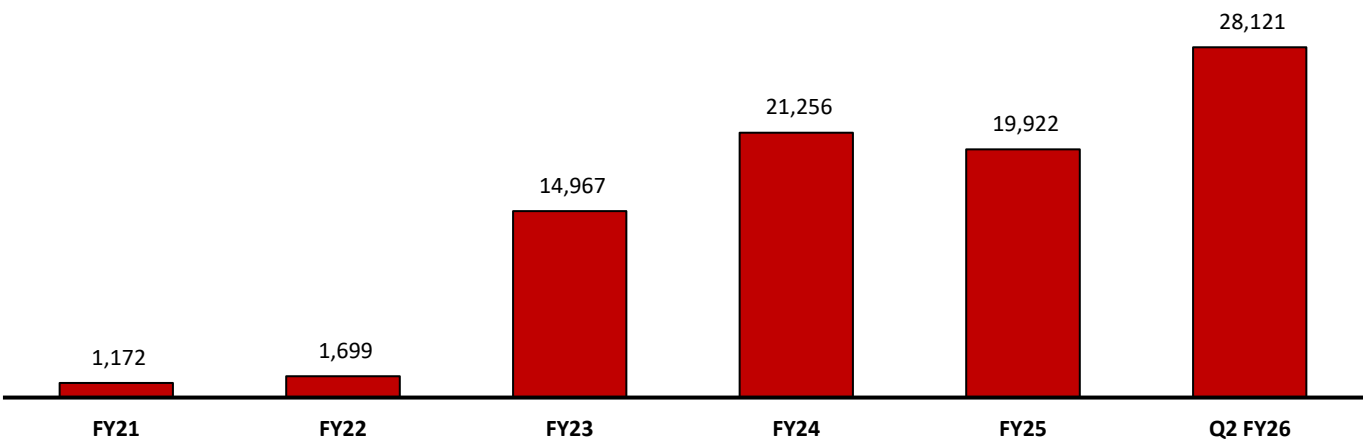
In 2021, EIEL entered the HAM space, securing its first multi-STP project in Bareilly. This strategic transition into HAM contracts, with long-term, annuity-backed revenue streams, signaled the Company's shift toward larger, government-backed projects.

EIEL also diversified its portfolio by expanding into drinking water infrastructure, securing multiple WSSPs under the JJM.

In 2024, the Company launched its ~Rs. 6,500 Mn IPO, the largest in India's water infrastructure sector, to fund HAM projects and new strategic initiatives. This move also enabled EIEL to diversify into renewable energy with the acquisition of EIE Renewables, which strengthened its position in renewable energy solutions.

As of FY26, EIEL is focused on scaling its operations by increasing the capacity of its STPs (from 50 to 200 MLD) and CETPs (from 20 to 50 MLD), expanding its geographical presence in high-potential states, and exploring new initiatives in 'Waste to Energy' to enhance the efficiency and sustainability of wastewater infrastructure.

Order book (Rs. Mn)



Source: Company, Keynote Capitals Ltd.

Service offerings

EIEL provides end-to-end solutions across the entire water and wastewater management value chain. Its primary offerings include design, engineering, procurement, construction, commissioning, operations and maintenance of water and waste water infrastructure for both municipal and industrial clients.

The Company's services are structured into three key verticals:

01 **Waste Water Treatment Plants (WWTPs)**
Design, construction, and maintenance of STPs and CETPs

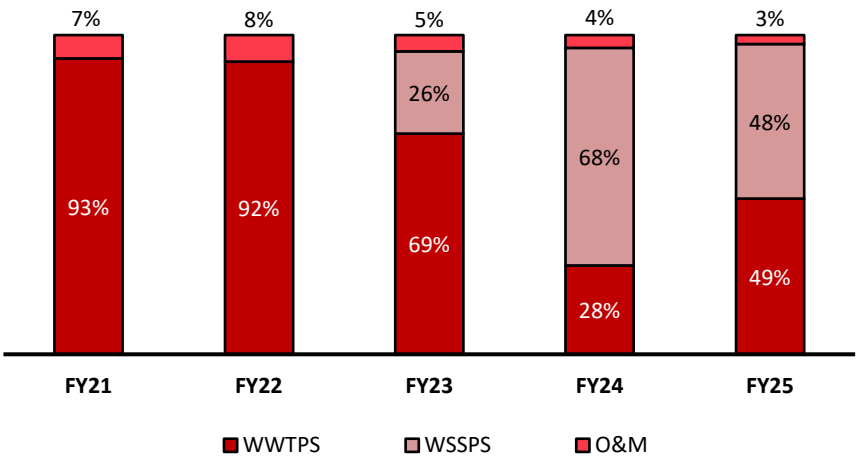
02 **Water Supply Scheme Projects (WSSPs)**
End-to-end solutions for WTPs, pipelines, and reservoirs

03 **Operations & Maintenance (O&M)**
Long-term services to maintain water and wastewater facilities

Source: Company, Keynote Capitals Ltd.

These service offerings are primarily driven by government-funded EPC and HAM contracts, which form the backbone of India's water infrastructure development. This positions EIEL as an important contributor to strengthening national water security and advancing public health objectives.

Revenue mix based on service offerings (%)



Source: Company, Keynote Capitals Ltd.

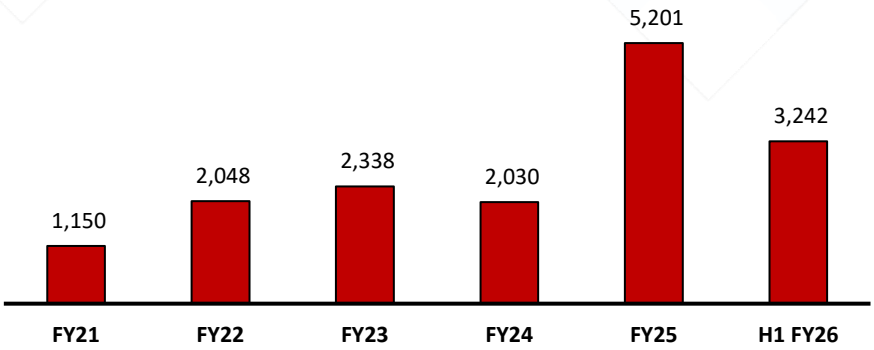
In FY23-24, WSSP's revenue surged due to the execution of five major EPC contracts secured under the JJM in Madhya Pradesh. However, this trend reversed starting FY25 as these projects neared completion.

1. Waste Water Treatment Plants (WWTPs)

The WWTPs segment is the primary business segment for EIEL's operations, with EIEL being one of the key players in the wastewater treatment industry.

The Company focuses on large-scale municipal and industrial wastewater treatment projects, typically ~50 MLD, addressing critical issues such as water pollution and scarcity in urban and industrial sectors. These projects require advanced treatment technologies and infrastructure development expertise.

Revenue from WWTPs segment (Rs. Mn)



Source: Company, Keynote Capitals Ltd.

EIEL's WWTP services include the design, construction, operation, and maintenance of wastewater treatment infrastructure for both domestic sewage and industrial effluents.

The primary goals is to meet stringent National Green Tribunal (NGT) norms for environmental compliance and ensure that the treated water is suitable for reuse in sectors such as horticulture, refrigeration, and industrial processes.

The growth in this segment is significantly driven by government-led initiatives such as AMRUT, Namami Gange, and the JJM.

EIEL's WWTP operations are divided into two main segment:

1. Sewage Treatment Plants (STPs) and Sewerage Schemes (SS):

These involve the collection of domestic wastewater through pipelines, which is then treated at STPs to meet environmental standards for reuse in industries and horticulture.

EIEL executes STPs as complete turnkey projects, covering:

- **Site assessment and planning**, including full area surveys and wastewater flow design.
- **Design and installation of pipeline networks** that ensure smooth and efficient wastewater movement.
- **Construction of pumping stations and major pipelines** to support reliable system operation.
- **Use of modern biological treatment technologies** to clean wastewater effectively.

- **Advanced polishing and disinfection steps** (filtration, UV/chlorination) to meet final water-quality standards.
- **Resource recovery systems**, including sludge thickening and dewatering.
- **Integration of energy-efficient features**, such as solar power and biogas generation in large plan

As of Q2 FY26, EIEL has successfully executed STPs with capacities ranging from 5 MLD to 100 MLD. The Company is now focused on expanding the scale of its projects, aiming to increase capacity from the current average of ~50 MLD to up to 200 MLD. This strategy is expected to enhance its competitive positioning, deliver significant financial benefits through improved operational efficiency, and drive sustained market growth.

2. Common Effluent Treatment Plants (CETPs):

CETPs recycle wastewater generated by multiple manufacturing facilities within industrial clusters, rather than handling domestic sewage. EIEL operates as an EPC contractor in this niche offering, providing specialized solutions for industrial clusters.

These projects are more complex and often face significant variations in influent characteristics due to the diverse industrial sources.

The Company does not focus on executing individual industrial ETPs; instead, it specializes in CETPs designed for large industrial zones, which are typically managed by governmental bodies like industrial development corporations.

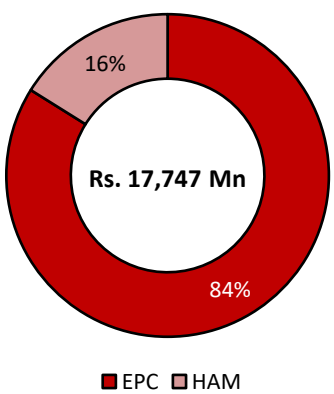
EIEL offers fully customized CETP solutions that cover the entire treatment process, including:

- **Initial treatment steps** to remove oils, grease, and suspended solids.
- **Anaerobic biological treatment** using specialized reactors that handle high-strength industrial wastewater and reduce organic load efficiently.
- **Aerobic biological treatment** to further clean the water.
- **Tertiary polishing processes**, including advanced filtration and disinfection methods (such as activated carbon, sand/dual-media filters, and UV or chlorine), to meet final discharge standards.
- **Water recycling and Zero Liquid Discharge (ZLD) solutions** to recover maximum water where required.

Most of the CETPs constructed by EIEL is ZLD compliant. Achieving ZLD compliance is crucial as regulatory guidelines, including those from the NGT, increasingly mandate ZLD implementation across industrial areas.

Historically, EIEL has executed and upgraded CETP projects ranging from 3 MLD to 26 MLD. The Company aims to increase the project size for future CETP projects from 20 MLD to 50 MLD, with the goal of achieving higher margins and reducing competition.

WWTPs Orderbook Composition (Q2 FY26)



Source: Company, Keynote Capitals Ltd.

Execution model

WWTP projects typically take 24 months to complete, encompassing design, procurement, civil works, mechanical and electrical installations, commissioning, and operation & maintenance (O&M).

EIEL executes projects through two primary contractual models:

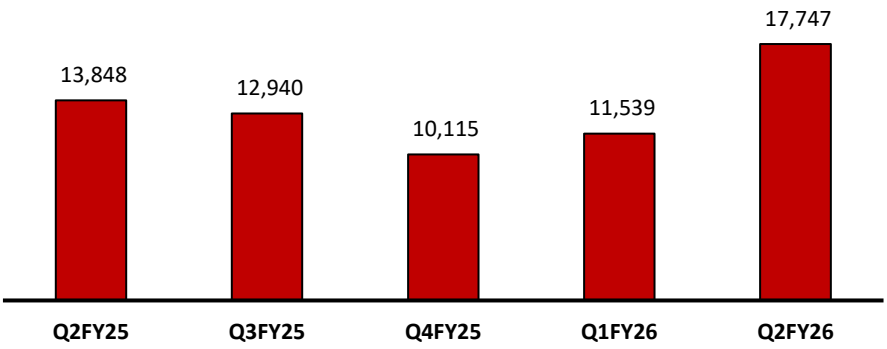
- EPC (Engineering, Procurement, Construction): EIEL handles the entire process, accounting for ~84% of its WWTPs project order book.
- Hybrid Annuity Model (HAM): This model involves shared financing, with the government paying part of the construction cost upfront and the balance received through semi-annual contractual payments. It typically offers higher margins (30%+), and as of Q2 FY26, constitutes ~16% of EIEL's WWTP order book.

Further, almost all turnkey WWTP projects include an O&M period ranging from 1 to 15 years.

Orderbook

The Company's WWTP orderbook has been robust, with a strong pipeline of bids and orders. The Company's orderbook for WWTP includes projects across various states, including Madhya Pradesh and Maharashtra, with significant exposure to large-scale central government-led schemes like AMRUT and Namami Gange.

WWTP's Orderbook (Rs. Mn)



Source: Company, Keynote Capitals Ltd.

The WWTP segment is the largest contributor to revenue and the order book, reflecting the Company's shift away from low-margin water supply projects (JJM).

Technological capabilities

EIEL adopts advanced treatment technologies to meet stringent regulatory standards and enhance water quality. Key technologies include:

- **Sequencing Batch Reactors (SBR)**: Used in most STPs to integrate Biological Nutrient Removal (BNR).
- **High-Rate Anaerobic Digesters (HRAD):** Reduces organic loads in wastewater.
- **Zero Liquid Discharge (ZLD):** Ensures no liquid waste is discharged, with treated water being recovered for reuse. Most of EIEL's STPs and CETPs are ZLD compliant.

- **Reverse Osmosis (RO) and Mechanical Vapor Recompression (MVR):** Used in complex ZLD projects to achieve high-efficiency wastewater treatment.

ZLD technology is gaining momentum in the WWTP sector due to the rising need for wastewater reuse. In Q1 FY26, EIEL expanded its ZLD capabilities with a Rs. 3,955 Mn CETP order from MIDC in Maharashtra, incorporating technologies like Ultrafiltration, RO, and MVR. This move strengthens EIEL's position as industries such as textiles, chemicals, and pharmaceuticals face tighter effluent quality standards.

Differentiated execution capabilities

EIEL's differentiated execution capabilities stem from its vertical integration across in-house design, engineering, execution, and O&M, which reduces dependency on external consultants and supports cost-effective project delivery. The Company's ability to offer energy-efficient solutions, such as solar power systems and CBG plants, enhances project economics, even where upfront capital costs are slightly higher.

Despite competition in the WWTP sector, the structural demand–supply gap enables players like EIEL to sustain healthy profitability, particularly in the CETP segment, where higher technical complexity limits the number of qualified bidders. As a result, CETP projects typically deliver higher EBITDA margins (~30%) compared to STP projects, which generally operate at margins of 24-25%.

Key projects and developments

Notable ongoing projects include:

42+20+1 MLD Bareilly UP (includes solar plant)

52 MLD STP, Bathinda, Punjab

Source: Company, Keynote Capitals Ltd.

- Various large-scale STPs and CETPs, including a 52 MLD STP in Bathinda, 55 MLD STP in Varanasi, a 33 MLD in Anand, and a 21 MLD CETP in Panipat (EPC model).

- A 63 MLD STP in Bareilly, a 60 MLD STP in Mathura and a 135 MLD STP in Saharanpur (HAM model).

Waste to Energy and sustainability initiatives

EIEL has integrated "Waste to Energy" and sustainability initiatives as a core component of its WWTP strategy. The Company views wastewater as a recoverable resource rather than a disposal challenge, aligning with circular-economy principles. This approach is evident in its increasing focus on energy recovery, renewable power deployment, and advanced tertiary treatment solutions within its portfolio.

A key initiative is converting waste into usable energy:

- **Compressed Bio-Gas (CBG):** CBG units are operational at three STP sites as of Q2 FY26 (Jaipur, Jodhpur, Saharanpur), where biogas is generated from sewage sludge. These projects are currently being run as structured pilots, with management evaluating throughput, operating economics, and revenue potential. Subject to successful outcomes, this model will be replicated across additional STPs and could extend to agri-waste and MSW-based CBG installations.

- **Solar Power Integration:** EIEL has been deploying solar systems across STP locations to reduce electricity consumption and lower O&M costs. Solar integration has also become a differentiator in winning bids. For example, despite a higher upfront capital cost (~Rs. 100 Mn) in the Kota STP project, EIEL emerged as L1 due to lifecycle cost savings arising from solar deployment.

Beyond energy recovery, sustainability is increasingly anchored around treated-water reuse and ZLD-based systems. EIEL recently secured a large CETP project in Maharashtra under the ZLD format, deploying advanced tertiary technologies and delivering ~30% EBITDA margin profiles. Management expects ZLD adoption to accelerate as industrial clusters move toward full-reuse compliance under evolving NGT guidelines, with reuse schemes gaining momentum across both CETPs and municipal STPs.

Overall, EIEL's sustainability initiatives enhance competitiveness, support higher-margin wins, and align closely with emerging regulatory direction toward reuse-oriented wastewater infrastructure.

Government support and long-term growth outlook

Demand visibility in the WWTP segment remains strong, backed by ongoing government initiatives such as AMRUT 2.0, Namami Gange, and JJM. With stricter norms around ZLD compliance and rising focus on treated-water reuse, EIEL is structurally well-aligned with policy direction and sector spending.

Management expects WWTP revenues to grow 35-40% annually, driven by expansion from ~50 MLD to ~200 MLD per STP capacity and bidding for larger CETP orders involving advanced tertiary and ZLD systems. The Company is increasingly focusing on projects awarded by industrial development corporations and municipal bodies, ensuring stronger payment security.

2. Water Supply Scheme Projects (WSSPs)

WSSPs constitute EIEL's secondary business vertical alongside WWTPs. Unlike sewage treatment, WSSPs involve sourcing, treating, and distributing potable water to households and villages.

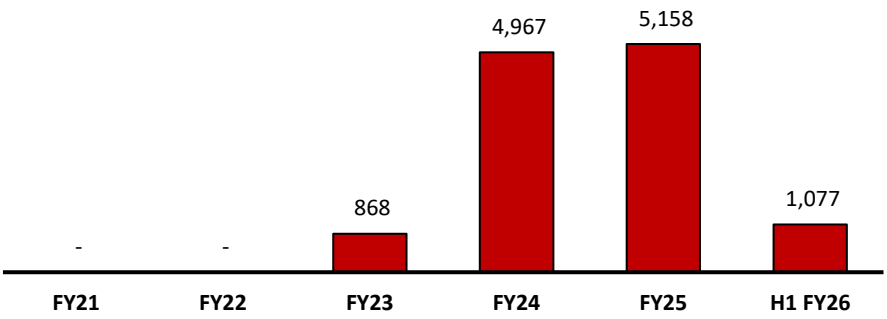
A typical scheme includes:

- Intake wells,
- Long-distance transmission pipelines,
- Multi-stage Water Treatment Plants (WTPs), storage reservoirs, and
- Distribution networks down to household connections.

EIEL executes these on a turnkey EPC basis under Central and State-driven urban and rural water programs, primarily JJM and AMRUT.

The Company has executed multiple large and complex WSSPs across India, showcasing strong capabilities in design, engineering, construction, electromechanical integration, and project commissioning. These capabilities allow the Company to engineer reliable systems that ensure consistent potable-water delivery under varying demand and terrain conditions.

Revenue from WSSPs Segment (Rs. Mn)



Source: Company, Keynote Capitals Ltd.

The WSSP segment went from negligible presence in FY22 to forming over two-thirds of revenues in FY25, with execution of large JJM multi-village schemes in Madhya Pradesh being the primary driver.

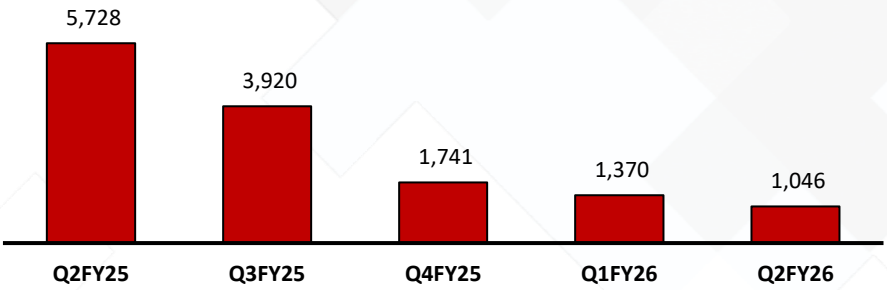
The segment witnessed substantial ramp-up between FY22-25, led by multiple large multi-village rural schemes in Madhya Pradesh. At its peak, WSSPs contributed over two-thirds of revenues in FY24, marking the highest concentration in the Company's execution mix.

However, this rapid scale-up brought operational and financial challenges, including:

- Payment delays during FY24-25 (partly due to election-year approvals)
- Elevated unbilled revenues and working capital lock-ups
- Structurally lower EBITDA margins of 17-20%, compared with 24-25% for STPs and ~30% for CETPs.

Margin dilution in WSSPs is driven by high subcontracting, logistics-intensive procurement, milestone-linked billing, and projects spread across remote locations. These challenges have made long-cycle JJM packages less appealing compared to wastewater execution, leading to a strategic shift away from pursuing new JJM-based bids.

Shrinking WSSP Orderbook (Rs. Mn)



Source: Company, Keynote Capitals Ltd.

The order book for WSSPs has been shrinking as existing projects are executed and no new major orders are added.

Management has explicitly stated that the Company is not participating in new JJM bids, and is instead focused on delivering ongoing projects, recovering receivables, and normalizing working capital requirements by reducing outstanding dues, improving cash collections, and aligning project cash inflows with execution timelines.

Future participation will be selective, primarily limited to urban AMRUT-based packages where bid discipline and pricing visibility allow sustainable 22-23% margins, rather than volume-driven growth.

Despite this shift, WSSPs remain important because they reduce geographical concentration, carry large-ticket, long-duration EPC opportunities under central schemes and offer cases where WTPs, pipelines and O&M come as an integrated package, which EIEL prefers.

Scope within WTPs

As part of its WSSP mandate, EIEL also designs and commissions full-scale WTPs, which convert raw surface-water into safe potable water. WTPs are not typically bid standalone; they form part of integrated water-supply packages (intake-to-distribution). Hence, margins are assessed at scheme level.

EIEL's scope covers complete civil, electromechanical and automation delivery, including:

- **Raw water pre-treatment** (cascade aeration and pre-chlorination) to oxidise impurities and reduce microbial load.
- **Clarification** (sedimentation, inclined-plate settlers and tube settlers) for settling suspended solids.
- **Standard and tertiary filtration** systems to remove colour, odour and residual and for high-quality filtrate.
- **Advanced treatments** (Ultrafiltration, RO, Thermal Concentration)
- **Final disinfection** through chlorination, UV or ozone systems depending on requirements.

Margin profile

The standalone WTP projects have lower margins, typically 17-20% EBITDA. In contrast, full WSSPs (including WTP, pipeline network, and O&M) yield better margins of 22-23% EBITDA, slightly lower than STPs (~24-25%), but structurally stable.

Additionally, pipeline-heavy projects under JJM have historically had low or uneven margins due to issues with DI pipeline execution, such as material inflation and logistical challenges, making earlier JJM contracts less attractive.

This is a key reason why EIEL stopped bidding for JJM projects. They now focus on AMRUT, Namami Gange and multilaterals for better margin visibility.

Execution model

WSSPs are typically executed under EPC mandates, where EIEL manages scheme design, route engineering, material procurement, civil and structural construction, inspection, commissioning, and handover.

Given the scale and qualification requirements of JJM projects, EIEL often executes them through JVs (e.g., with Bhugan Infracon Pvt. Ltd.), where the Company typically retains a ~74% stake.

Most WSSP contracts also include a 1-15 years of O&M, covering plant operations, routine and breakdown maintenance, supply of consumables and performance monitoring. A dedicated O&M workforce comprising chemists, operators, electricians, and engineers ensures smooth daily operations.

While most WSSPs are EPC, the Company may consider HAM-based water supply projects in the future if project size is large, margins are strong, and funding reliability is high. However, there is no active HAM WSSP project as of Q2 FY26. The HAM strategy is currently focused on WWTP/STP clusters.

Further, the competition in WSSP is lower than STPs, due to high execution complexity and margins being sensitive to material cost inflation.

Strategic shift away from JJM

A critical aspect of the current WSSP strategy is the Company's decision to reduce exposure to this segment, specifically the JJM.

Reasons for shift:

- Payment delays: The Company faced significant cash flow stress and delayed payments from JJM projects during FY24-25 (election year), with receivable cycles stretching to ~9-12 months in some cases, leading to elevated unbilled revenue and working capital intensity.
- Lower margins: The margins in WSSPs (17-20%) are dilutive to the Company's overall blended margin compared to STPs and CETPs.
- Further, the Company’s earlier WSSP portfolio exhibited high regional concentration with Madhya Pradesh alone contributed ~48% of total revenue in FY25, almost fully aligned to JJM execution. Therefore, delays in certification, budget release, or state-level approvals directly impacted cash flows and profitability.

While WSSPs helped expand revenue scale, deepen execution credentials, and secure large-ticket EPC mandates, structurally lower margins and working capital stress have resulted in a sharper recalibration.

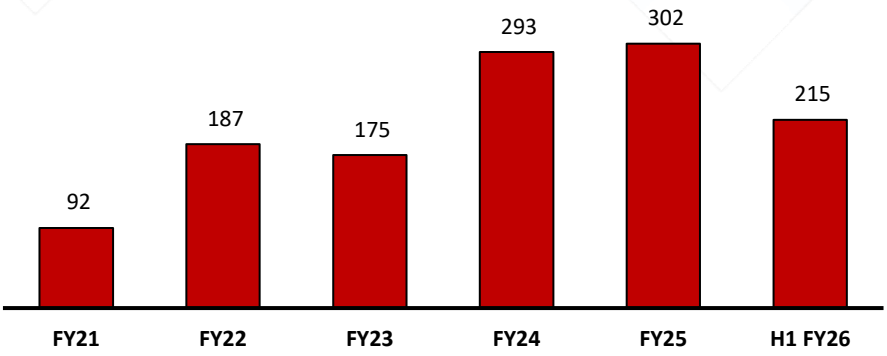
Going ahead, the Company intends to pursue WSSP opportunities only where pricing supports EBITDA margins of ~22-23% with acceptable working capital cycles, while prioritizing higher-margin wastewater projects (particularly STPs and CETPs), which offer superior unit profitability, greater technology depth, and better cash-flow cycles.

3. Operations & Maintenance (O&M)

The O&M segment is a fundamental pillar of EIEL's business model and its strongest recurring revenue stream. While EPC/HAM execution drives upfront growth, O&M provides durability, predictability and annuity-like cash flows over long periods of up to 5-15 years.

Crucially, most turnkey wastewater and water supply contracts mandatorily include an O&M component, making it a built-in revenue stream rather than an optional add-on.

Revenue from O&M (Rs. Mn)



Source: Company, Keynote Capitals Ltd.

Scope of work

O&M begins immediately after project commissioning and is executed on-site through EIEL's technical workforce. The Company is responsible for end-to-end operations of the plant, including:

- **Operations**: Maintaining daily functionality and ensuring treated water meets prescribed norms.
- **Maintenance**: Preventive maintenance as per OEM guidelines and breakdown repairs and servicing.
- **Supply Management**: Providing necessary consumables, chemicals, and spares.
- **Staff Deployement**: Deploying a dedicated site team comprising chemists, fitters, electricians, operators, and support staff.
- **Major Repairs**: Significant equipment failures within warranty are handled by OEMs, with EIEL coordinating replacement or repair

This ensures lifecycle accountability rather than project-based execution.

Since O&M contracts last up to 15 years, EIEL remains deeply embedded with ULBs (municipal corporations), State Jal Nigams, Industrial development corporations and NMCG/Namami Gange authorities. Such engagement strengthens EIEL's technical scoring in future bids, improves repeat order conversion and expands eligibility across new geographies.

Moreover, government agencies increasingly evaluate EPC contractors based on lifecycle responsibility, meaning EPC + O&M bids naturally score higher than EPC-only submissions.

While the O&M segment constitutes a smaller portion of total revenue compared to EPC, it is the most profitable segment for the Company. The O&M segment commands EBITDA margins of 30-35%, significantly higher compared to the EPC segment.

Revenue was muted in FY25 due to ongoing construction activity. However, as projects under execution move into commissioning, management expects O&M revenue to ramp up sharply, reaching ~Rs. 700-750 Mn by FY27. This growth drivers is expected to be driven by commissioning of WWTP/WSSP projects currently under execution, larger HAM-based bids with 10-15 year O&M commitments and higher share of projects with extended lifecycle mandates.

Orderbook

As of Q2 FY26, the O&M order book stands at Rs. 9,328 Mn, with an average tenure of ~10 years. This provides visibility independent of EPC order cycles and acts as a revenue stabilizer during slower construction periods.

O&M for HAM

For HAM STPs, EIEL (as sponsor) must often operate the plant for 10-15 years wherein performance-based annuity payments depend on O&M quality. Consistent O&M ensures meeting effluent norms and uptime requirements whereas poor O&M directly impacts cashflow under HAM projects. Hence O&M is financially material in HAM-based executions.

Risks and liabilities

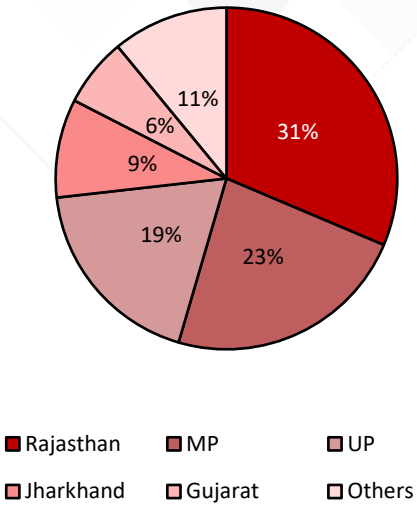
- Performance Standards: Contracts prescribe stringent water quality and maintenance standards. Failure to comply can result in withholding of annuity payments, penalties, or remedial obligations imposed by the authority.
- Cost Escalation: Given the long tenure of O&M contracts, the Company is exposed to increases in labour, power, fuel, and spare costs, which may erode margins if not adequately mitigated through escalation clauses.
- Termination Risk: Persistent failure to meet contractual obligations during the O&M period may lead to termination of the concession agreement.

Clients & owning agencies

EIEL operates in a predominantly government-led infrastructure ecosystem, with its business almost entirely dependent on public sector and government-promoted entities. The Company's clients span Central missions, State engineering bodies, Urban Local Bodies (ULBs), and Industrial Development Corporations across multiple states.

Source: Company, Keynote Capitals Ltd.

State-Wise Revenue (H1 FY26)



EIEL's client base can be grouped into four broad buckets:

1. **Central government-linked agencies:** Primarily associated with the NMCG, these agencies award large, technically complex HAM and EPC sewage infrastructure projects. Such projects are high-value and enhance EIEL's technical credentials and eligibility for future tenders.

2. **State jal nigams, Water boards, and Municipal bodies:** This is EIEL's largest revenue segment. Key clients include UP Jal Nigam, which has awarded major STP, sewerage network, HAM, and EPC projects largely under Namami Gange, and Madhya Pradesh Jal Nigam Maryadit (MPJNM), the Company's single-largest client for multi-village water supply schemes under JJM. Additional projects are executed for state boards and ULBs across Rajasthan, Punjab, Haryana, Gujarat, and other states.

3. **Industrial Development Corporations (IDC):** State-controlled industrial estate developers such as HSIIDC, MIDC, RIICO, and GIDC primarily award CETPs, ZLD systems, and recycling plants. These projects are typically higher margin and driven by tightening environmental and ZLD norms.

4. **Select PSUs and large institutional / industrial clients:** Private exposure remains limited, with notable engagements including STP works for Hindustan Zinc and a rooftop solar project for ONGC. Management has indicated its willingness to bid for PSU-led water and effluent treatment projects as such opportunities arise.

Relationship characteristics

EIEL's client relationships are inherently long term, anchored by embedded O&M tenures of 5-15 years and HAM projects where ~60% of project value is received as performance-linked annuities over ~15 years.

This structure creates strong client stickiness, encourages repeat business through rehabilitation and expansion works, and gives EIEL a competitive advantage as the original EPC contractor and operator due to its familiarity with plant design and operating procedures.

The Company operates multiple STPs and CETPs under long-term O&M contracts, strengthening its positioning as a long-term partner rather than a one-time EPC vendor.

Government schemes driving demand

While EIEL's direct clients are primarily state-level bodies, project funding and execution priorities are largely driven by Central Government missions. Key schemes under which EIEL's clients award projects include:

- **NMCG:** Fully centrally funded initiatives focused on river pollution abatement, with projects awarded by state agencies in Uttar Pradesh, Bihar, Jharkhand, and other states.
- **AMRUT / AMRUT 2.0:** Urban water supply and sewerage strengthening schemes funded through Centre-State-ULB sharing. Core focus areas include 24×7 water supply, NRW reduction, treated water reuse, and water body rejuvenation, aligning closely with EIEL's STP and WSSP capabilities.
- **JJM:** Rural water supply and functional tap connection projects, including EIEL's multi-village WSSPs executed for MPJNM.
- **Industrial CETP Projects:** Funded through state industrial development corporations, user charges, and statutory environmental compliance requirements such as ZLD and PCB norms.

The client base consists mainly of Central schemes and State/ULB entities, which are considered low credit-risk. Payment flows differ across schemes. Namami Gange and AMRUT projects have generally seen relatively stable disbursements, whereas JJM projects experienced delays during FY24-25 due to election-linked fund clearance pauses, resulting in elevated receivables and unbilled revenue.

Disputes with clients

EIEL is involved in arbitration proceedings with certain clients regarding release of dues, security deposits, or liquidated damages.

Key disputes relate to STP and CETP projects across Chhattisgarh, Haryana, Punjab, and Rajasthan, including claims against Nava Raipur Atal Nagar Vikas Pradhikaran, Haryana Shahari Vikas Pradhikaran, Punjab Water Supply and Sewerage departments, HSIIDC, and Hindustan Zinc.

Most claims seek recovery of outstanding dues, wrongfully withheld retention money or bank guarantees, interest on delayed payments, and refunds of liquidated damages, with several disputes arising from delays beyond the Company's control.

In-house execution capabilities

EIEL has delivered 53 water and wastewater projects with an aggregate capacity of over 880 MLD as of Q2 FY26, supported by a fully integrated, in-house execution model. Its strong internal capabilities across design, engineering, construction, commissioning, and O&M underpin consistent and timely project delivery.

A team of 267 engineers handle end-to-end design and engineering, enabling accurate cost estimation, competitive bidding, and customised solutions across diverse water and effluent requirements. The Company adopts advanced treatment technologies such as SBR, MBBR, UF, RO, MVR, tertiary treatment, and ZLD, reinforcing its technical edge.

Execution is largely in-house, reducing reliance on subcontractors, protecting margins, and ensuring quality and mobilisation flexibility. Dedicated monitoring systems enable timely and early completion of projects, including the Bareilly HAM STP commissioned ahead of schedule.

Advanced technology utilized

EIEL deploys a wide range of advanced technologies across its water and wastewater treatment projects, with a focus on regulatory compliance (including NGT discharge norms), lifecycle cost optimisation, and circular-economy outcomes such as water recovery, sludge-to-energy conversion, and renewable energy integration. These solutions are supported by strong in-house design, engineering, and automation capabilities.

- **Biological treatment systems:** The Company's core treatment framework is built on advanced biological processes such as SBR, MBBR, IFAS, and MBR, selected based on influent quality, land availability, and reuse objectives. SBR remains the most commonly deployed technology due to its automation and reliable nutrient removal. MBBR and IFAS are preferred for space-constrained or high-load applications, while MBR is used in reuse-focused municipal and industrial projects requiring high-quality treated water.
- **Tertiary filtration, RO and reuse capability:** With increasing emphasis on treated water reuse, EIEL has developed strong capabilities in tertiary treatment, UF, multi-stage RO and ZLD systems, enabling significant reduction in liquid discharge. The Rs. 3,950 Mn ZLD CETP project for MIDC demonstrates EIEL's technical capability in high-value, engineering-intensive ZLD projects.
- **Automation, energy efficiency and waste-to-energy integration:** EIEL differentiates itself through SCADA-based automation, remote monitoring, and controlled dosing systems, improving plant uptime and compliance during long-term O&M. The Company also integrates renewable energy solutions, including solar power and CBG, to lower lifecycle costs and enhance project competitiveness.

EIEL's integrated approach, combining biological treatment, advanced membranes, automation, energy solutions, and engineering design positions it well for complex urban and industrial water infrastructure.

Looking ahead, the Company has also outlined plans to participate in desalination and green hydrogen–linked water infrastructure through its renewable subsidiary.

EIE Renewables

EIE Renewables Private Ltd. is EIEL's wholly owned renewable energy subsidiary, established to house all clean energy initiatives under a dedicated platform. The separation allows EIEL to clearly ring-fence its core water and wastewater EPC business while building focused execution, financing, and asset ownership capabilities in renewables.

The subsidiary aims to develop annuity-style cash flows through long-term power purchase agreements and operates both as an IPP (owning and operating renewable assets) and an EPC provider. Its current focus includes ground-mounted and rooftop solar projects and 24×7 renewable solutions, with planned expansion into hybrid systems with storage, hydro power, and green hydrogen.

Key assets

As of Q2 FY26, EIE Renewables has an identified renewable portfolio of ~69 MW (AC) held through step-down SPVs.

I. The flagship asset is a 40 MW solar project in Balangir, Odisha, acquired via Vento Power Infra through a distressed-asset reverse auction after the earlier developer faced funding and execution challenges, leading lenders to initiate a resolution process. Of this, 24 MW is operational, while the remaining 16 MW is under implementation and targeted for completion by Apr'26. The project is backed by a SECI PPA at Rs. 4.10/unit, currently generating about 40 MUs annually, with potential generation of up to 74 MUs per year at full capacity.

II. The second major asset is a 29 MW solar project in Maharashtra, tied to MSEDCL. This project benefits from state financial assistance of ~Rs. 32 Mn per MW (~Rs. 928 Mn in total) and offers a 25-year O&M-linked revenue stream at Rs. 0.88/unit, with commissioning targeted by Jun'26.

In addition, EIE Renewables is executing smaller rooftop and EPC projects, including a 2 MW ONGC rooftop solar project.

Synergy with core business

EIE Renewables strengthens EIEL's core water and wastewater business by enabling integrated energy solutions in STP, CETP, ZLD, and WSSP projects.

As power accounts for a significant portion of plant operating costs, embedding captive solar, waste-to-energy/CBG, and future hybrid renewable systems helps materially reduce lifecycle O&M expenses for clients. This enhances EIEL's competitiveness in tenders evaluated on lifecycle cost rather than upfront capex, while also creating annuity-style renewable income for the Company.

Financial outlook

Management expects the renewable segment to generate revenues of ~Rs. 2,000 Mn in FY26 and ~Rs. 5,000 Mn in FY27, as projects become operational. The segment contributed ~Rs. 16.9 Mn in H1 FY26, reflecting the early stage of asset commissioning, with revenues expected to accelerate meaningfully as additional solar capacities come on stream. EBITDA margins are guided at 18–20%, lower than the core water EPC business but supported by stable, long-term cash flows.

Over the medium term, EIE Renewables is expected to evolve from a solar-focused IPP into a broader clean-energy platform. Management has outlined a phased strategy:

- First stabilising solar execution and building a strong operating track record,
- Then expanding into hybrid and 24×7 renewable solutions,
- And, subsequently entering green hydrogen and advanced energy-transition projects.

Overall, the renewable subsidiary is positioned as a second growth engine for EIEL, providing long-duration, predictable cash flows while strengthening the group's integrated, low-carbon water and energy infrastructure offering.

Key Managerial Personnel

Name	Designation	Promoter / Professional	Experience with EIEL (Yrs.)
Mr. Sanjay Jain	Chairman, Whole Time Director	Promoter	29+
Mr. Manish Jain	Managing Director	Promoter	26+

Source: Company, Keynote Capitals Ltd.

Compensation and Skin in the Game

Particulars	FY25
% Promoter Holding (~)	70.1%
MD's salary (Rs. Mn)	48.0

Source: Company, Keynote Capitals Ltd

Top Shareholders with >1% stake (%)

Stakeholders	FY25	Q2 FY26
LIC MF Value Fund	1.18%	-
Mukul Mahavir Agrawal	1.03%	-

Source: Company, Keynote Capitals Ltd.

Peer Analysis

For comparison, we have considered VA Tech Wabag Ltd, EMS Ltd, and Vishvaraj Environment Ltd.

Wabag is a globally diversified, technology-led water solutions provider with strong process engineering capabilities and a significant international presence, executing projects across EPC and O&M models, often with a focus on complex and large-scale treatment solutions.

EMS is a domestically focused, multi-disciplinary EPC Company with a strong emphasis on government-funded water supply and sewerage infrastructure in India, supported by in-house civil execution and related electrical works, making it operationally closer to Enviro's execution-driven model.

Vishvaraj focuses on water management and wastewater reuse projects, primarily executed through PPP- and annuity-led models for government clients, with an emphasis on long-term asset ownership, large-scale reuse, and urban water solutions.

Metrics (FY25)	EIEL	VA Tech Wabag	EMS	Vishvaraj
Year of Incorporation	2009	1995	1998	2008
Financial Metrics				
Revenue (in Rs. Mn)	10,660	32,940	9,658	17,587
Reveue growth CAGR % (3Y)	*68.3%*	*3.4%*	*39.0%*	*62.0%**
EBITDA Margin %	25.1%	12.2%	26.3%	24.1%
EBITDA growth CAGR % (3Y)	*74.9%*	*19.4%*	*31.1%*	*61.9%**
Net Profit Margin %	16.5%	2.1%	19.0%	15.0%
Operating Metrics				
Order book (in Rs. Mn)	19,922	136,670	22,364	160,113
O&M Order book (in Rs. Mn)	8,066	53,736	5,144	-
Order book growth CAGR % (3Y)	*15.4%*	*1.7 %*	*26.9%*	*93.6%**
AUM (in Rs. Mn)	-	-	-	66,779
Order book to revenue ratio (x)	1.9	4.1	2.3	9.1
Ratios				
ROE %	17.7%	13.7%	18.8%	36.6%
ROCE %	22.6%	18.5%	24.5%	25.5%
D/E (x)	0.23	0.17	0.09	1.39

(*) Vishvaraj CAGR figures are based on a 2-year period

Note: AUM is reported only for Vishvaraj, reflecting its annuity/BOT asset ownership model; EPC-focused peers do not carry AUM.

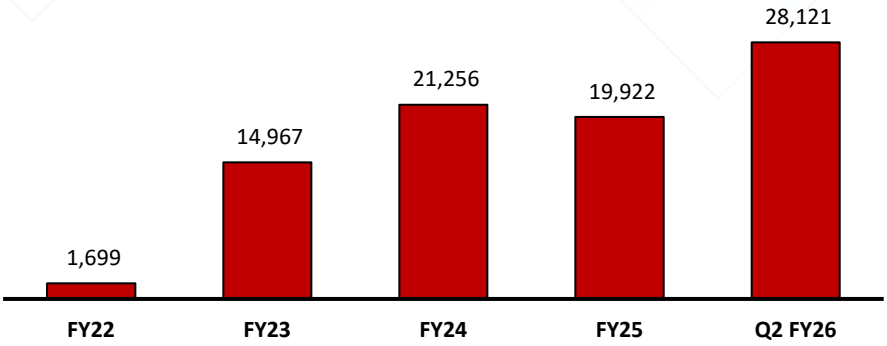
Source: Company, VA Tech Wabag Ltd., EMS Ltd., Vishvaraj environment Ltd., Keynote Capitals Ltd.

Opportunities

Strong order book supports future growth

EIEL has established a strong track record of executing large-scale projects on time and with precision. The Company's ability to manage complex projects, supported by in-house design, engineering, and project management capabilities, has positioned it well for sustained growth. This strength is clearly reflected in its strong order book and a healthy pipeline of future opportunities.

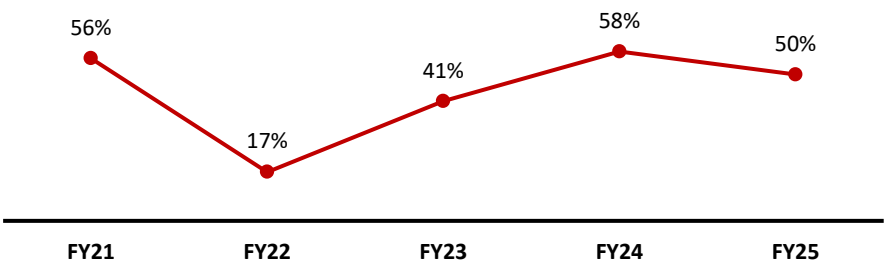
Orderbook (Rs. Mn)



Source: Company, Keynote Capitals Ltd.

As of Q2 FY26, EIEL's order book stands at Rs. 28,121 Mn, including Rs. 9,328 Mn of O&M contracts spread over 5-15 years (with an average tenure of ~10 years). In addition, the Company has submitted bids for projects aggregating more than Rs. 80,000 Mn and is currently awaiting results. EIEL has historically maintained a strong bid success rate of ~40%. However, management has guided for a more conservative success rate of 15-20% to comfortably exceed its guidance of achieving a Rs. 25,000 Mn order book in FY26.

Net Bid Success Ratio (%)



Source: Company, Keynote Capitals Ltd.

FY22 was heavily impacted due to COVID-19 pandemic and supply chain disruption.

The Company's strategy to scale up project sizes is another key growth driver. EIEL plans to increase capacities from ~50 MLD to 200 MLD for STPs and from ~20 MLD to 50 MLD for CETPs. This strategic shift aligns well with the increasing demand from municipalities and industrial clusters for larger-capacity projects, enabling EIEL to pursue higher-value contracts.

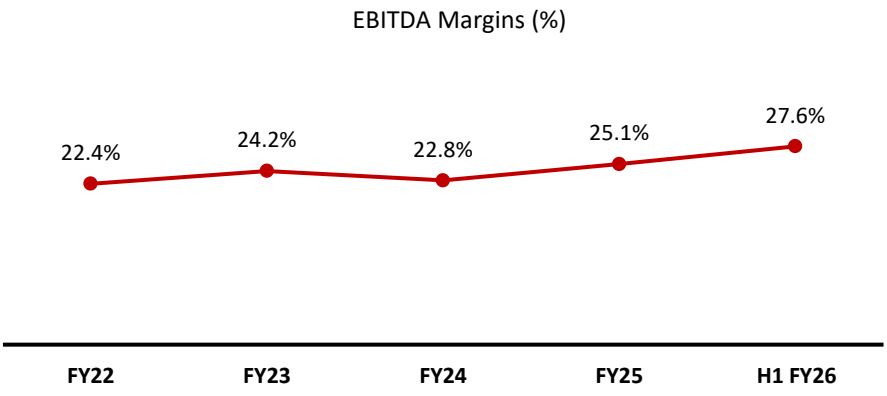
EIEL is also expanding its geographical footprint, with significant progress in the eastern and southern markets, including Jharkhand, Odisha, and Karnataka. This planned expansion has already materialized through recent project awards in Odisha and Karnataka, resulting in a presence across 12 states.

Additionally, EIEL's entry into the ZLD segment further enhances its growth prospects. By leveraging advanced technologies such as ultrafiltration and reverse osmosis, the Company addresses the critical need for near-total water reuse in industrial applications.

Overall, with its strategic focus on scaling project sizes, geographic expansion, and sustainable water management solutions such as ZLD, EIEL is well placed for continued growth and is poised to strengthen its position as a key player in India's water infrastructure sector.

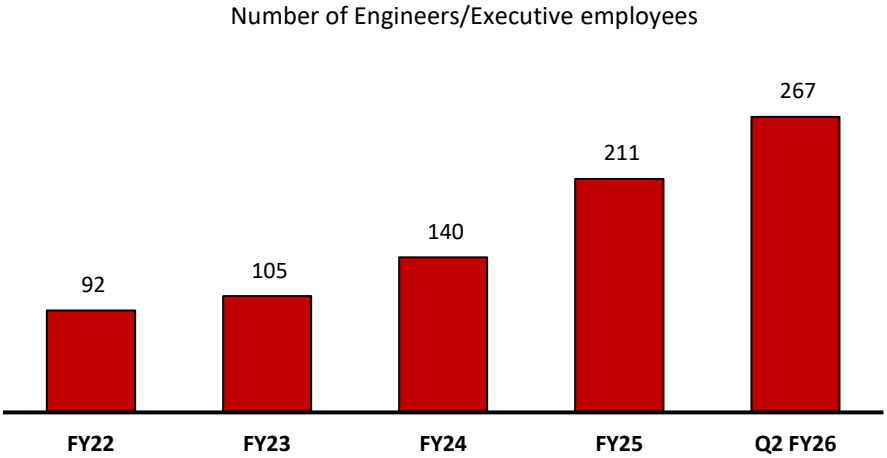
Industry-leading margins support earnings growth

EIEL has consistently outperformed industry profitability benchmarks, boasting impressive EBITDA margins that significantly surpass the average. In FY25, the Company achieved an EBITDA margin of 25.1%, which further improved to 27.6% in H1 FY26, highlighting its operational efficiency and strong cost management practices.



Source: Company, Keynote Capitals Ltd.

A primary driver of these exceptional margins is EIEL's in-house execution model. By handling every aspect of project delivery, design, engineering, procurement, and construction internally, EIEL reduces reliance on third-party contractors, thereby lowering outsourcing costs. This approach not only ensures better control over project timelines and quality but also facilitates faster execution, tighter cost management, and fewer risks of cost overruns, ultimately leading to higher profitability.



Source: Company, Keynote Capitals Ltd.

In addition to its execution model, EIEL's shift toward higher-margin offerings has played a crucial role in boosting profitability. The Company has increasingly focused on high-value sectors such as wastewater treatment, ZLD systems, and O&M contracts. Specializing in complex projects like ZLD systems and CETPs, EIEL targets segments that typically yield margins above 30%. These projects leverage advanced technologies such as ultrafiltration, reverse osmosis, and MVR, catering to industries with stringent regulatory standards.

Segment/Project type	Key components	Avg. operating margin profile
WWTPs	STPs, SS, integrated networks	24-25%
CETPs	Industrial CETPs, cluster-based treatment	28-30%
WSSPs	Intake, WTP, pipelines, integrated O&M	17-20%
O&M	Long-term O&M (5-15 years)	30-35%
ZLD & Tertiary Treatment	Ultrafiltration, RO, MVR, reuse systems	~30%
HAM Projects	STP projects under HAM	~30%

Source: Company, Keynote Capitals Ltd.

EIEL has also strengthened its position in the waste-to-energy sector. By integrating biogas plants and solar energy systems into its offerings, the Company taps into the growing demand for sustainable energy solutions in India. These projects not only provide higher returns on investment but also enhance EIEL's competitive edge in bids focused on environmental sustainability and project lifecycle costs.

While traditional WSSPs, which make up a smaller part of EIEL's portfolio, generate lower margins of around 17-20%, the Company's strategic focus on high-margin wastewater treatment and waste-to-energy projects, combined with its efficient in-house execution model, has successfully shifted its product mix toward more profitable solutions. These elements enable the Company to maintain strong profitability, enhance its bidding advantage, and capture lucrative contracts in a competitive market.

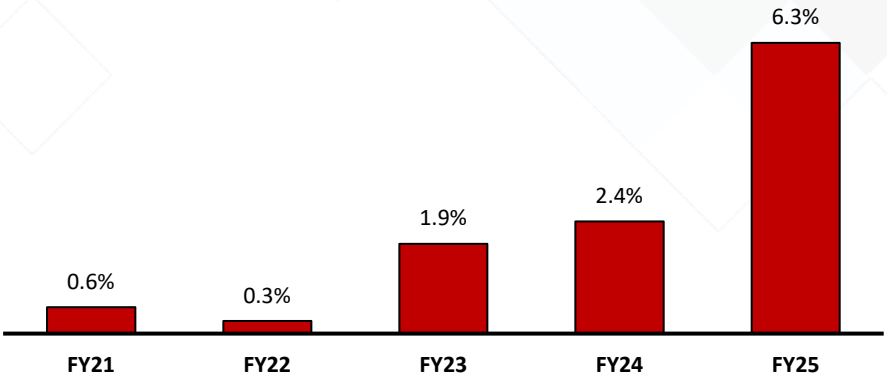
Capitalizing on government initiatives

Government initiatives continue to be a key growth driver for EIEL, with several large-scale programs closely aligned with its project portfolio. Flagship schemes such as JJM, AMRUT 2.0, and NMCG are driving sustained investments in water and wastewater infrastructure, creating a steady pipeline of opportunities for the Company. These programs also provide long-term funding visibility and regulatory clarity, supporting consistent project execution and expansion.

During FY25, tendering activity under certain schemes, particularly JJM, witnessed a temporary slowdown as the original scheme timelines reached their intended completion and extensions were finalized only subsequently. This led to a pause in fresh tendering and delayed fund releases during the election period. However, with the formal extension of JJM timelines and revised budgetary allocations announced, tendering momentum and fund disbursements have resumed, restoring growth visibility across the sector.

EIEL is well positioned to benefit from these investments, particularly in projects aimed at enhancing wastewater treatment capacity, expanding sewage infrastructure, and implementing ZLD systems. The Company's expertise in advanced treatment technologies such as RO, UF, and MVR makes it a preferred partner for government-led projects, especially in industrial clusters where ZLD compliance is mandatory.

EIEL's orderbook as a % of government budget



Source: Company, Keynote Capitals Ltd.

Additionally, EIEL's integration of green energy solutions such as solar power and CBG units into wastewater treatment plants strengthens its competitiveness in sustainability-focused government tenders, reinforces its position as a leader in sustainable water infrastructure, and aligns well with the government's environmental and circular economy objectives.

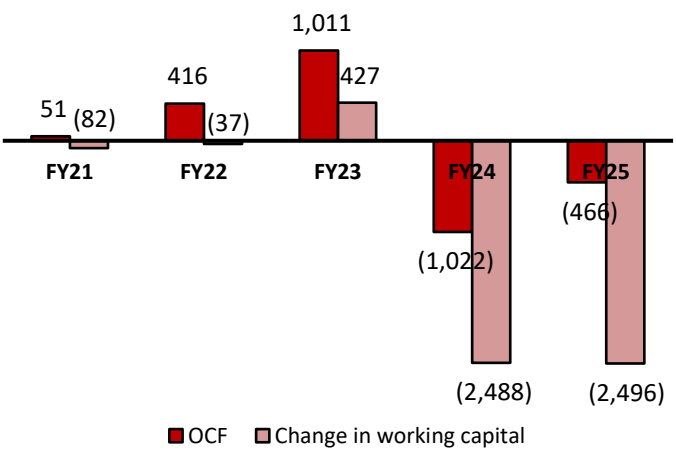
Challenges

Operating cash flow pressure

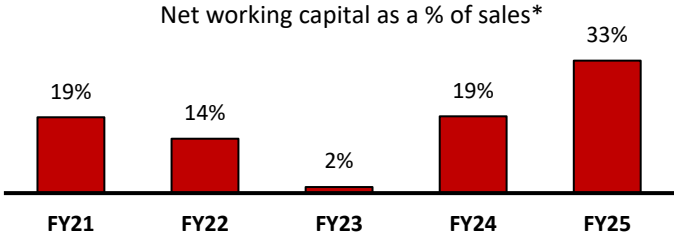
EIEL's EPC-led business model delivers strong revenue growth and industry-leading profitability but it's inherently working-capital intensive, resulting in delayed cash inflows. Government projects involve milestone-based billing, retention money, and certification-linked payments, creating a structural mismatch between revenue recognition and cash realization. This elevates working capital requirements, particularly during execution ramp-ups.

The Company has remained OCF negative due to significant upfront capital deployment toward procurement, civil works, and subcontracting ahead of collections. EIEL reported negative OCF of ~Rs. 466 Mn in FY25 and ~Rs. 1,053 Mn in H1 FY26, with cash largely tied up in receivables and unbilled revenue. This divergence reflects the execution-heavy nature of its order book and the timing of government payments rather than any weakness in operating performance.

OCF vs Change in working capital (Rs. Mn)



Net working capital as a % of sales*



(*) Net Wokring Capital = Current Assets – Current Liabilities

Source: Company, Keynote Capitals Ltd.

Management has guided toward turning OCF positive in FY26, supported by higher billing intensity, improved conversion of unbilled to billed revenue, and normalization of debtor days as execution accelerates in H2. While OCF may remain volatile during periods of rapid execution or external disruptions such as monsoons and administrative delays, sustained improvement in cash conversion will be key to preserving balance sheet flexibility as growth continues.

Dependence on timely government receivables

EIEL's business model is predominantly exposed to government and government-backed entities executing schemes such as JJM, AMRUT 2.0, and NMCG. While this provides strong project visibility and lower counterparty credit risk in theory, it also exposes the Company to timing risks in receivables, which remain a structural challenge in public-sector infrastructure execution.

These risks were evident in CY25, particularly under the JJM and NMCG, where central fund releases slowed due to the general election cycle and related policy delays. The resulting slowdown in collections caused volatility in cash flows, although the Company partially offset this stress by utilizing liquidity from projects under AMRUT and NMCG. As a consequence of delayed payments, trade receivable days increased to 74 days in FY25, compared to a normalised management expectation of ~45 days. Payments related to execution were delayed, temporarily inflating year-end receivable levels and underscoring the sensitivity of collections to government disbursement timelines.

EIEL's scale-up in project size and execution intensity has materially increased working capital requirements, with slow government collections leading to negative operating cash flows as capital is deployed ahead of cash realization. A significant portion of funds remains locked in unbilled revenue, work completed but pending client certification, which stood at ~Rs. 2,650 Mn in FY25, equivalent to ~91 days of sales.

Government-funded projects involve multilayered approvals and staggered budgetary releases, making payment timelines vulnerable to administrative delays, policy transitions, elections, and scheme extensions. As a result, despite management targeting a cash conversion cycle of ~90 days and expecting improvements in debtor days during peak execution periods, receivable volatility remains inherent, exposing the Company to liquidity pressure during periods of delayed government disbursements.

Financial Statement Analysis

Income Statement

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	**7,289**	**10,661**	**13,326**	**16,657**	**20,821**
Growth %	116%	46%	25%	25%	25%
Raw Material Expenses	5,137	7,238	9,061	11,410	14,263
Employee Expenses	339	479	800	999	1,249
Other Expenses	140	251	267	333	416
EBITDA	**1,673**	**2,692**	**3,198**	**3,914**	**4,893**
Growth %	102%	61%	19%	22%	25%
Margin%	23%	25%	24%	24%	24%
Depreciation	61	94	178	232	304
EBIT	**1,613**	**2,597**	**3,020**	**3,682**	**4,589**
Growth %	100%	61%	16%	22%	25%
Margin%	22%	24%	23%	22%	22%
Interest Paid	225	372	408	460	505
Other Income & exceptional	91	194	280	200	200
PBT	**1,478**	**2,420**	**2,892**	**3,422**	**4,283**
Tax	408	638	723	855	1,071
PAT	**1,071**	**1,782**	**2,169**	**2,566**	**3,213**
Minority Interest	-20	8	14	20	25
Net Profit	**1,090**	**1,773**	**2,155**	**2,546**	**3,188**
Growth %	86%	70%	22%	18%	25%
Margin%	14%	17%	16%	16%	16%
Shares (Mn)	-	175.5	175.5	175.5	175.5
EPS	**-**	**10.04**	**12.28**	**14.51**	**18.16**

Balance Sheet

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Cash, Cash equivalents & Bank	1,485	5,552	5,413	5,650	6,077
Current Investments	0	94	94	94	94
Debtors	1,041	2,057	2,532	3,165	3,956
Inventory	353	421	526	628	756
Short Term Loans & Advances	2,682	4,003	5,953	7,903	9,853
Other Current Assets	50	107	107	107	107
Total Current Assets	5,611	12,235	14,626	17,547	20,844
Net Block & CWIP	483	702	1,057	1,491	2,019
Long Term Investments	0	0	0	0	0
Other Non-current Assets	1,518	2,047	2,047	2,047	2,047
Total Assets	**7,612**	**14,983**	**17,729**	**21,085**	**24,911**
Creditors	1,630	1,670	1,833	2,302	2,590
Provision	202	114	114	114	114
Short Term Borrowings	986	1,151	1,371	1,536	1,701
Other Current Liabilities	830	1,047	1,047	1,047	1,047
Total Current Liabilities	3,650	3,983	4,366	5,000	5,453
Long Term Debt	901	983	1,163	1,298	1,433
Deferred Tax Liabilities	0	0	0	0	0
Other Long Term Liabilities	155	80	80	80	80
Total Non Current Liabilities	1,056	1,063	1,243	1,378	1,513
Paid-up Capital	1,369	1,755	1,755	1,755	1,755
Reserves & Surplus	1,553	8,190	10,359	12,926	16,138
Shareholders' Equity	2,922	9,945	12,114	14,681	17,893
Non Controlling Interest	-16	-7	7	27	52
Total Equity & Liabilities	**7,612**	**14,983**	**17,729**	**21,085**	**24,911**

Cash Flow

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Pre-tax profit	1,478	2,420	2,892	3,422	4,283
Adjustments	236	347	320	513	635
Change in Working Capital	-2,488	-2,496	-2,367	-2,216	-2,582
Total Tax Paid	-240	-723	-723	-855	-1,071
Cash flow from operating Activities	**-1,013**	**-452**	**122**	**863**	**1,266**
Net Capital Expenditure	-332	-466	-533	-666	-833
Change in investments	-805	-2,322	0	0	0
Other investing activities	75	157	280	200	200
Cash flow from investing activities	**-1,062**	**-2,631**	**-253**	**-466**	**-633**
Equity raised / (repaid)	551	5,261	0	0	0
Debt raised / (repaid)	1,691	-2	400	300	300
Dividend (incl. tax)	0	0	0	0	0
Other financing activities	-173	-546	-408	-460	-505
Cash flow from financing activities	**2,068**	**4,712**	**-8**	**-160**	**-205**
Net Change in cash	-7	1,629	-138	237	427

Valuation Ratios

	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
EPS	8	10	12	15	18
Growth %	85%	27%	22%	18%	25%
Book Value Per Share		57	69	84	102
Return Ratios					
Return on Assets (%)	20%	16%	13%	13%	14%
Return on Equity (%)	52%	28%	20%	19%	20%
Return on Capital Employed (%)	44%	24%	19%	19%	19%
Turnover Ratios					
Asset Turnover (x)	1.3	0.9	0.8	0.9	0.9
Sales / Gross Block (x)	16.6	14.1	11.2	9.3	8.2
Working Capital / Sales (x)	18%	48%	69%	68%	67%
Receivable Days	40	53	63	62	62
Inventory Days	16	20	19	18	18
Payable Days	88	82	70	66	62
Working Capital Days	-32	-10	12	15	18
Liquidity Ratios					
Current Ratio (x)	1.5	3.1	3.4	3.5	3.8
Interest Coverage Ratio (x)	7.6	7.5	8.1	8.4	9.5
Total Debt to Equity	0.8	0.2	0.2	0.2	0.2
Net Debt to Equity	0.3	-0.3	-0.2	-0.2	-0.2
Valuation					
PE (x)		21.8	16.9	14.3	11.4
Earnings Yield (%)		5%	6%	7%	9%
Price to Sales (x)		3.6	2.7	2.2	1.8
Price to Book (x)		3.9	3.0	2.5	2.0
EV/EBITDA (x)		13.1	11.4	9.3	7.4
EV/Sales (x)		3.3	2.7	2.2	1.7

Source: Company, Keynote Capitals Ltd. Estimates

EIEL's Valuation

Particulars	FY28E
Revenue (in Rs. Mn)	20,821
EBITDA (in Rs. Mn)	4,893
EBITDA Margin %	24%
PAT (in Rs. Mn)	3,213
EPS (Rs.)	18.2
Outstanding Shares (in Mn)	175.5
P/E (x)	17
Estimated Market Cap. (in Rs. Mn)	54,189
Target Price (Rs.)	309
Current Market Cap (in Rs. Mn)	35,588
CMP (Rs.)	203
Upside / (Downside %)	**52.3%**

Source: Company, Keynote Capitals Ltd. estimates

EIEL has scaled up rapidly to establish a meaningful presence in India's water and wastewater treatment industry, delivering ~68% revenue CAGR over the last three years, supported by a growing and diversified order book. Despite industry-wide challenges such as delayed payments and muted order inflows under JJM schemes, the Company's limited exposure to JJM and diversification across government programs have enabled it to sustain growth momentum.

Looking ahead, EIEL is well positioned to benefit from increased government spending on water and wastewater infrastructure, with participation across CETPs, ZLD, and HAM projects supporting revenue visibility. While management remains optimistic, we take a conservative view and expect ~25% revenue CAGR over FY25-28E, with EBITDA margins moderating slightly to ~24% by FY28E as operations scale.

Based on these factors, we initiate coverage on EIEL with a BUY rating, valuing the business at 17x P/E on FY28E, implying an upside of ~52.3%.

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Our Recent Reports


MAHSL| Initiating Coverage Report

KEYNOTE

Medi Assist Healthcare Services Ltd

8th December 2025

BUY

CMP Rs. 468

TARGET Rs. 707 (~51%)

Company Data

Shareholding Pattern %

MAHSL vs Nifty

Key Financial Data

Aashka Trivedi, Research Analyst

aashka@keynotecapitals.net

Medi Assist Healthcare Services Ltd.


Yatra Online Ltd | Initiating Coverag.

KEYNOTE

Yatra Online Ltd.

29th September 2025

BUY

CMP Rs. 142

TARGET Rs. 257 (+80.9%)

Company Data

Shareholding Pattern %

Yatra vs Nifty

Key Financial Data

Manish Chovghre, Research Analyst

manish.c@keynotecapitals.net

Yatra Online Ltd.


EFSL | Special Situation Report

KEYNOTE

Edelweiss Financial Services Ltd.

12th August 2025

BUY

CMP Rs. 94

TARGET Rs. 184 (+95.7%)

Company Data

Shareholding Pattern %

EFSL vs Nifty

Key Financial Data

Aashka Trivedi, Research Analyst

Aashka@keynotecapitals.net

Edelweiss Financial Services Ltd.

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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