Press Release

Enviro Infra Engineers Ltd.

July 19th, 2023

Rating

Sr. No.	Instrument/ Facility	Amount (INR Crore)	Rating Assigned	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	41.50	IVR BB+/INC(IVR Double B Plus /ISSUER NOT COOPERATING)	Re-affirmed and Withdrawn	Simple
2.	Short Term Bank Facilities	18.50	IVR A4+; ISSUER NOT CO-OPERATING (Pronounced as IVR A Four Plus; ISSUER NOT CO-OPERATING	Re-affirmed and Withdrawn	Simple
	Total	**60.00**			

Details of facilities are in Annexure 1

Rating Action

Infomerics Valuation and Rating Private Limited has reaffirmed the ratings assigned to the bank facilities of Enviro Infra Engineers Limited (EIEL) at IVR BB+/INC to long term bank facilities and IVR A4+/INC to the short-term facilities and simultaneously withdrawn the ratings with immediate effect. The above action has been taken at the request of EIEL and 'No Objection Certificate' received from all the bankers who have extended the facilities, and which is rated by Infomerics. The rating is withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities: Not Applicable as ratings withdrawn.

Key Rating Drivers with detailed description

Key Rating Strengths:

Long standing experience of the promoters, proven track record of the company in execution of water treatment projects

The company established in June 2009 has executed several projects in the water treatment domain. The company provides end to end solutions with respect to the water treatment and has completed various projects for some of the premium entities in the past. The promoters, Mr. Sanjay Jain and Mr. Manish Jain have an industry experience of 27 years in this field. Further, the company has executed projects in Haryana, Gujarat, Madhya Pradesh, and Chhattisgarh in the past fiscals.

Reputed customer profile, mostly government bodies reducing counterparty credit risk to an extent

The company in the past has executed projects for some of the premium clients. The current order book also contains orders to be executed for the same set of clients. Presence of reputed customers in the client mix reduces the counterparty risk to an extent.

Improvement in revenues in FY2023(P), increase in EBIDTA margins also aiding growth in return indicators :

The company revenue has improved to Rs. 308.43 crore in FY2023 mainly on the crystallization of receivables and execution of orders. The company in past three fiscals has shown a gradual increase in EBIDTA margins aided by better raw material cost and overheads management. The EBIDTA margins in FY2021, FY2022 and FY2023 have progressively improved to 13.48%, 23.78% and 27.16% respectively. Improvement in EBIDTA especially has led to RoCE improving to 19.64%, 57.42% and 64.61% in FY2021, FY2022 and FY2023. Sustenance, albeit improvement in profitability and return indicators would be a key monitorable, going forward.

Comfortable debt metrics in the past fiscals; albeit improvement in the same

The company in the past fiscals has maintained albeit improved the credit metrics mainly on account of expansion of net worth. The corresponding improvement in profits also aided growth in the debt protection metrics. The overall gearing has remained at 0.10 times in FY2023 over 0.25 times in FY2022. The debt protection metrics like DSCR, Interest Coverage and TD/EBIDTA remained at 5.41x, 10.94x, and 0.15x in FY2023 while the same remained at 4.69x, 11.54x and 0.36x in FY2022.

Key Rating Weaknesses:

Vulnerability to raw material fluctuation risks

The company profitability overall remains vulnerable to raw material fluctuations, adequate pass on of any adverse movement remains critical as far as the profitability is concerned. The company although has been able to pass on any variations in the raw material fluctuations to an extent in the past fiscals.

Tender-based nature of business coupled with high fragmentation increases competitive intensity

The domestic infrastructure/construction sector is highly fragmented marked by presence of many players with varied statures & capabilities. EIEL faces direct competition from various organized and unorganized players in the market. Further, given the largely tender based procurement mechanism also increases the competition to an extent.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria of assigning Rating Outlook.

Policy on Withdrawal of ratings

Liquidity – Adequate

The company's liquidity profile is expected to remain at an adequate position marked by sufficient cash accruals in of Rs. 59.87 crore in the period FY2023 against the envisaged repayments of Rs 1.80 Crore. Being an moderately asset light model, any significant increase in the gross block backed by debt is not foreseen.

About the Company

Enviro Infra Engineers Pvt Ltd. ('EIEPL' or the company) was incorporated on June 19, 2009, as private limited company. Closely held by Jain family & its members and headquartered in Delhi, EIEPL undertakes projects primarily under engineering, procurement, and construction basis (EPC) with prime focus on wastewater management. The company thus provides turnkey solutions in the field of water and wastewater treatment and undertakes operations and maintenance (O&M) contracts for the same. The company provides end to end solutions with the scope of activities being investigation and assessment of treatment plants, conducting feasibility study and design, design implementation, research and development, identifying environmental problems, establishing pollution control priorities, analysing the discharge limits, identifying appropriate correction actions & monitor for non-expectable effluent effects, and emission monitoring and ambient quality monitoring for performance studies.

Financials (Standalone) **INR in Crore**

For the year ended / As on*	31-Mar-22 Audited	31-Mar-23 Provisional
Total Operating Income	210.09	308.43
EBITDA	49.96	83.78
PAT	34.59	57.53
Total Debt	18.07	12.26
Tangible Net Worth	70.88	128.26
EBIDTA Margin (%)	23.78%	27.16%
PAT Margin (%)	16.30%	18.37%
Overall Gearing ratio (x) (Adjusted)	0.25x	0.10x

**Classification as per Infomerics' standards*

Details of Non-Co-operation with any other CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Name of the Facility/ Instrument	Current Rating (Year: 2023-24)			Rating History for the past 3 years		
	Type	Amount (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Dec 30, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Oct 25th, 2021)	Date(s) & Rating(s) assigned in 2020-21 Dec 17th, 2020
Cash Credit	Long Term	13.00	IVR BB+/INC(IVR Double B Plus /ISSUER NOT COOPERATING) & Withdrawn	IVR BB+/INC(IVR Double B Plus /ISSUER NOT COOPERATING)	IVR BBB- /Positive Outlook (IVR Triple B Minus with Positive Outlook)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
Bank Guarantee	Long Term	28.50	IVR BB+/INC(IVR Double B Plus /ISSUER NOT COOPERATING) & Withdrawn	IVR BB+/INC(IVR Double B Plus /ISSUER NOT COOPERATING)	IVR BBB- /Positive Outlook (IVR Triple B Minus with Positive Outlook)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
Overdraft	Short Term	3.00	IVR A4+; ISSUER NOT CO-OPERATING (Pronounced as IVR A Four Plus; ISSUER NOT CO-OPERATING & Withdrawn	IVR A4+; ISSUER NOT CO-OPERATING (Pronounced as IVR A Four Plus; ISSUER NOT CO-OPERATING	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)
LC/BG	Short Term	15.50	IVR A4+; ISSUER NOT CO-OPERATING (Pronounced as IVR A Four Plus; ISSUER NOT CO-OPERATING & Withdrawn	IVR A4+; ISSUER NOT CO-OPERATING (Pronounced as IVR A Four Plus; ISSUER NOT CO-OPERATING	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)

Name and Contact Details of the Rating Analysts:

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	13.00	IVR BB+/INC(IVR Double B Plus /ISSUER NOT COOPERATING)
Bank Guarantee	-	-	-	28.50	IVR BB+/INC(IVR Double B Plus /ISSUER NOT COOPERATING)
Overdraft	-	-	-	3.00	IVR A4+; ISSUER NOT CO-OPERATING (Pronounced as IVR A Four Plus; ISSUER NOT CO-OPERATING
LC/BG	-	-	-	15.50	IVR A4+; ISSUER NOT CO-OPERATING (Pronounced as IVR A Four Plus; ISSUER NOT CO-OPERATING

Annexure 2: List of companies considered for consolidated analysis: NA

Annexure 3: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-enviro-jul23.pdf

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.