



“Enviro Infra Engineers Limited  
Q3 FY25 Earnings Conference Call”  
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**Moderator:**

Ladies and gentlemen, good day and welcome to Q3 FY25 Earnings Conference Call of Enviro Infra Engineers Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the star then zero on your touch-tone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. I now hand the conference over to Mr. Sanjay Jain, Chairman and Whole-Time Director. Thank you, and over to you, sir.

**Sanjay Jain:**

Thank you. Good afternoon, everyone. I would like to extend a very warm welcome to all of you for Enviro Infra Engineers Limited Earnings Conference Call for the third quarter and 9 months ended 31st December, 2024. I would like to begin by expressing my gratitude to all of you for taking the time to join us today. We have on call with us Mr. Manish Jain, Managing Director and Adfactors PR, our Investor Relations team. We have shared our results presentation.

I hope you all must have gone through it. Since this is only our second earnings conference call, I would like to take you through recent development before we get into business and financial performance for this period. We started in 2009. Enviro Infra has emerged as one of the leading and trusted players in water and wastewater treatment in India. We specialize in designing, building, operating and maintaining treatment plants and also take on water supply projects for government agencies.

Our work plays an essential role in supporting some of India's most ambitious national initiatives such as Jal Jeevan Mission, the Atal Mission for rejuvenation and urban transformation, and the National Mission for Clean Ganga. These projects are not just about

infrastructure, they are about keeping cleaner and more sustainable communities for future generations.

We take immense pride in contributing to these initiatives by delivering solutions that align with India's vision of development. In the recent budget the emphasis on water infrastructure and urban redevelopment to the commendable steps highlighting the government's commitment towards sustainable growth. The extension of the portable tap water mission to 2028 and the launch of the 1 lakh crores urban challenge fund demonstrate a forward-thinking approach.

At Enviro, we proudly support these initiatives and are ready to contribute to India's water sustainability and urban transformation goals. One of the aspects that we are particular about is our commitment to timely project execution. In fact, one of our recent developments further highlights our ability to deliver on critical projects.

We are proud to have achieved early commercial operation dates on major HAM projects, including the Bareilly project, which was completed ahead of scheduled times by more than 2 months. The Mathura and Saharanpur projects are progressing smoothly with the achievement of financial closures and construction of Mathura projects as per schedule. These developments reinforce our reputation as a reliable and appreciated partner for large-scale infrastructure initiatives.

Our strong order book is a testament to our ability to win and deliver critical projects. As of today, our project order book stands at approximately INR1,687 crores, comprising 22 diverse projects across multiple states. And operation and maintenance order book stands at approximately INR738 crores worth of contracts which provide long-term stability and recurring revenue streams.

Our ability to maintain a robust order book demonstrates the trust that stakeholders and government authorities placed in us. We have submitted bids for projects close to INR2,200 crores and are expecting another INR2,000 crores bidding in the coming months. In regards to sustainability and green energy, we are taking significant steps towards a more sustainable future.

The company is in the process of forming a new subsidiary under Enviro Infra Engineers Limited. This new subsidiary will focus on solar energy, 24x7 renewable energy, power hydro and green hydrogen projects. As part of this strategic initiative, the company has already identified opportunities with existing solar assets, solar independent power producers, projects in solar engineering, procurement and construction projects.

To lead this critical endeavour, we will soon have a Chief Operating Officer who will be formally on project in the coming week or two. The appointment of this key leadership position underscores our commitment to expanding our capabilities in the renewable energy sector. Now I would like to hand this opportunity to our MD, Mr. Manish Jain for providing financial and operational information about the company. Over to Mr. Manish.

**Manish Jain:**

Thank you, Sanjay sir. Good afternoon, everyone. I will brief you all about our consolidated financial numbers for this quarter and 9 months. Our revenue from operations for Q3 FY25 stood at INR247.45 crores against INR149.94 crores in Q3 FY24, growing at a rate of 65% year-on-year. EBITDA for the quarter stands at INR53.94 crores as against INR27.67 crores in Q3 FY24, registering a growth of 95% year-on-year basis.

The EBITDA margin for Q3 FY25 stands at 21.8% versus 18.5% in Q3 FY24 registering an improvement of 334 basis points. The profit after tax stands at INR36.7 crores against INR17.91 crores in Q3 FY24 registering a growth of 105% on Y-o-Y basis. The PAT margin for Q3 FY25 stands at 14.5% against 11.7% in Q3 FY24. So it's up by 277 basis points.

Now coming to 9 month FY25 numbers, consolidated revenue from operations for 9 months FY25 was INR665.65 crores vis-à-vis INR428.57 crores in 9 month FY24, registering a growth of 55%. The EBITDA for this period stands at INR160.84 crores as against INR80.64 crores in the previous corresponding period registering a growth of 99% year-on-year basis. The EBITDA margin for 9 months FY25 came in at 24.2% versus 18.8% in 9 month FY24, up by 534 basis points. Profit

after tax stands at INR103.06 crores against INR50.86 crores growing 103% on a year-on-year basis. The PAT margin for 9 month FY25 was 15.1% vis-à-vis 11.7% in 9 month FY24. During this quarter, our project order book stands at a strong level of INR1,687 crores approx for execution, complemented by over INR738 crores from operation and maintenance contracts.

We are also bidding for projects of around INR2,200 crores which we have already bided and another INR2,000 crores projects which are in line, which we are bidding in the next few months. This healthy pipeline ensures sustained growth and long-term revenue visibility. This is all from our side. We can now open the floor for questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahil from MAPL. Please go ahead.

**Rahil:** Yes, sir. First of all, thank you for the opportunity. I actually missed the introduction, so if the question was repetitive please excuse. Usually, we see EPC businesses make margins in the range of 10% to 15% and sometimes 15% to 18%. How is Enviro Infra doing 25%? What are we doing different to attain this?

**Manish Jain:** Basically, we get differentiated from our peers that we are having our in-house designing, which helps us in giving the most viable and most economical solutions to our end clients. And then further, we are having our in-house execution teams. So the execution is being done in-house, so the timeline for execution that always remain in control. There are no cost overruns which are observed.

We are well in time even if there are any challenges which we face during the execution of the project. So that way we are not parting with the margin by giving any subcontracts. These factors are making us to meet that EBITDA margins of around 24% to 25% year-on-year basis.

**Rahil:** Okay, so the primary reason for what I understood is that you don't subcontract it to contractors below and the whole execution is from Enviro Infra itself. So then if I see your margins free FY23 that is FY22

and 21, your margins were in the range of 9% to 12% EBITDA. So what changed in FY23 for you?

**Manish Jain:** Basically, with the execution of project on year-on-year basis, the single-ticket size project that size is increasing. We are having our own T&Ps. When we are deploying those T&Ps, definitely our costings are coming down as a percentage of that project. So that is driving those margins. And now we have reached at a level where the EBITDA margins are getting consolidated at a level of around 24%.

**Rahil:** Sorry, sir. I missed your part. What is coming down. I couldn't hear you clearly?

**Manish Jain:** I was explaining it was single-ticket size project which we were earlier executing. Those were small. So with the executions going on year-on-year basis, our pre-qualifications are improving our single-ticket size projects, what we are bidding. So that is increasing. So the machinery, the fixed cost as a percentage of the costing that is coming down and that is driving the EBITDA margins. And those margins have now got consolidated at a level where we are seeing a continuous EBITDA margin of around 24% for the past 2 years, 3 years.

**Rahil:** Okay. So previously, what was our average ticket size and what is it now?

**Manish Jain:** The ticket size, if I say around 3 years, 4 years back, it was somewhere in the range of INR30 crores to INR50 crores. It was getting increased and now the single-ticket size is somewhere in the range of somewhere around INR150 crores.

**Rahil:** Okay. And sir, if you could exactly explain me when you say the usage of the cost basis for the machinery is coming down in the larger projects, how is that possible because if the project size grows, so would the expenses, right? So how is it exactly reducing, if you could explain it?

**Manish Jain:** I would say the machinery says that is the T&T or the fixed asset of the company. If I am putting up a fixed asset of around INR4 crores, INR5 crores for a INR50 crores project or I am putting that for a INR150 crores project and then again the staff, the deployment, so the costing, the cost

as a percentage of that sale definitely that will come down when we will go for a higher ticket size project.

**Rahil:** Okay. Understood. And sir, if you could explain me the margins in pure sewage EPC versus the margins we make in STP projects versus the margins in O&M?

**Manish Jain:** Margin in STP is in EPC of STP is somewhere in the range of around 24% and that for operation and maintenance, we understand that the margins are somewhere in the range of 30% or 35%. So the margins in O&M are always better.

**Rahil:** Okay. And so we do not do any sewage what we only do STP and the O&M?

**Manish Jain:** We do all three types of treatment plants which says it is water treatment plants, sewage treatment plants, common effluent treatment plants. Along with this, we do the sewage schemes when it is an integrated package which includes STP as well as pipelines. And we also do that O&M water supply schemes as well.

**Rahil:** Understood. Sir in H1 we saw that due to the external reasons of elections, etcetera the order flow had slowed down. Now that all those things are behind us, what sort of order flow we are seeing, any pipeline that you have bid for?

**Manish Jain:** Due to general election, definitely in H1 there were no fresh bids which were submitted or it was just too small. But in this H2, there is flooding of projects and a number of projects have got lined up. So we are continuously bidding. Just in the last month itself we have submitted our bids for somewhere around INR2,000 crores projects. And we understand that we are also submitting bids further for another INR2,000 crores in next 1 or 2 months to come.

So the projects are definitely coming up now. It is under AMRUT schemes or the common effluent treatment plants. So we are submitting our bids. We are getting good opportunity and we are moving ahead.

**Rahil:** Okay. And previously, we were hearing that these schemes were seeing some delays in payments. Is that all behind us now or are we still seeing some delays in payments?

**Manish Jain:** There are no delays of payment in AMRUT projects or Namami Gange projects. Since March 24, JJM had got a bit slowed down. In the recent budget, the JJM has been extended till 2028 and the budgetary, central budgetary allocation of INR67000 crores has been confirmed. So the payments are going to be streamlined at least if I say as of now, yes, there is some stress and there is some cash stress from JJM.

But we are able to manage that cash stress from our other projects which are going on under AMRUT or Namami Gange.

**Rahil:** Okay. That's helpful. So my last question is, as we told you previously, we were targeting ticket sizes of INR30 crores to INR50 crores and right now it's close to INR150 crores. So talking to a few other players in the industry, we got the understanding that in smaller ticket sizes, the competition is a lot more.

So right now, as we are upwards of INR100 crores progress, what sort of a competition are we seeing in bidding, in tenders or is it rather only two, three, four players at max for you?

**Manish Jain:** There is different type of competition in across different segments. First of all, let me explain about common effluent treatment plants. In common effluent treatment plants, generally there is no competition or I will say the number of players are just too less. So the competition is less, the works are more challenging and hence the margins are also quite good.

So ETPs in itself is initial then we come down to STPs. In STPs, the segment in which we operate in there are generally 10-12 players which are prevailing in that particular segment or the ticket size. So definitely the competition remains, but there is so much of work available. So there are some threshold margins which all the company requires for executing these projects. So we are quite in a position to maintain those margins.



Third one is water and water supply schemes. We have definitely gone through this JJM phase, we have executed, we are on executing this INR12,500 crores order which we received from MP Jal Nigam, but the margins were a bit skewed and then DI pipeline was also a bit challenging.

So we are restricting ourselves to high margin projects where we are submitting our bids and we are looking for any of the water supply schemes or water treatment plants where the margins are good. So we have been a bit selective now in submitting our bids further.

- Rahil:** Understood. Got it. That would be all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Sarabjot Chawla from Niveza. Please go ahead.
- Sarabjot Chawla:** Conference call sir you have mentioned that the company was...
- Manish Jain:** Your voice is not audible. Please speak louder.
- Sarabjot Chawla:** Sir, last conference call, the company had given guidance that they were currently bidding for orders worth INR2,000 crores and given the success rate, the company would be able to secure orders worth rupees INR2,000 crores before the end of the financial year. I just wanted to know, are we on track with that?
- Manish Jain:** The last earning call was on 18th of December, but we have confirmed at that point of time, we are aligned with it. We have already submitted bids somewhere in the range of around INR2,000 crores and are expecting another INR2,000 crores order which are in line with our projects. So, we are definitely bidding for these projects also and we are quite hopeful that based on our success ratio in the past, we'll be having a decent order book available with us going forward.
- Sarabjot Chawla:** Understood, sir. One more question, sir. So, given the current revenue for 9 months ended FY25 I think we have added somewhere about INR650 crores. So, considering that the contribution in the quarter 3 has always been higher historically, can we look at ending FY25 at the top line of INR1,000 crores?

- Manish Jain:** If you see in the presentation also, the first three quarters are comparatively lower in comparison to Q4 numbers. So, we generally expect 20% each in the first three quarters with a delta of around 5% on positive or negative side. And the Q4 numbers are in general 40%. So, that way we are aligned, the company is moving in the same direction and we also foresee that we'll be crossing that number.
- Sarabjot Chawla:** Crossing the INR1,000 crores milestone. Yes, understood, sir. Thank you so much. Congratulations on a great set of numbers.
- Moderator:** Thank you. The next question is from the line of Dheeraj Ram from Ashika Institutional Equities. Please go ahead.
- Dheeraj Ram:** Hi, sir. Thank you for taking up my question. Sir, just wanted to know what is the amount of IPO proceeds that we have utilized for working capital in this quarter?
- Manish Jain:** Till now we have utilized INR47 crores out of INR181 crores which was earmarked for the working capital requirements.
- Dheeraj Ram:** Okay. And what is the amount of revenue that is stuck in receivables during the quarter?
- Manish Jain:** The total amount of receivables right now is INR238 crores.
- Dheeraj Ram:** Okay. So, how do you see by the end of FY25, sir, do you see any slowdown? Do you see this increasing by the end of the FY25?
- Manish Jain:** To our understanding the level of debtors and unbilled revenue that will come down substantially. As we understand that the funds in JJM are going to smoothen. So, the trade receivables as well as UBR should come down. And regarding the growth of the company, that is quite satisfactory and we expect to maintain the growth going forward as well.
- Dheeraj Ram:** So, are we doing any UP Jal Nigam project as per your DRHP?
- Manish Jain:** Yes, we are doing a number of projects in UP for UP Jal Nigam. We have recently completed this HAM project at Bareilly and we are glad to inform that we have completed this HAM project and COD has been achieved 2 months ahead of time. A bonus has also been given to the

company and two of the annuities have also been released. So, the project is well in line.

Apart from this, we are doing one project of 55 MLD STP at Varanasi. It is under EPC. Then we are doing one 60 MLD STP at Mathura and another 135 MLD STP at Saharanpur. So, these two projects are under HAM.

**Dheeraj Ram:** Got it, sir. So, from your peer concalls, they were also doing UP Jal Nigam projects which they have said that they are seeing a tremendous slowdown in outlay of funds from the government, especially in UP Jal Nigam project. So, it's not the case for you clearly? Am I right, sir?

**Manish Jain:** It is basically the scheme in Jal Jeevan Mission throughout India, there was a slowdown. Basically, it was related to that completion of project and then extending the timelines for the project. So, that has got a streamline now. So, apart from this, even in UP Jal Nigam, there are no other challenges.

The work which I have confirmed you, these are all Namami Gange under NMCG. So, for all these projects, the funds are already aligned and these are 100% centrally funded schemes. So, there are no challenges at all.

**Dheeraj Ram:** Understood. So, last question, sir. How do you see the EBITDA margins going forward as 25% sustainable margin for the next 2 to 3 years?

**Mansih Jain:** These margins are because our capabilities, we are banking on those capabilities itself and the type of projects and the selection which we are doing for our projects, the way we are bidding, we understand that we will be in a position to maintain these margins.

**Dheeraj Ram:** Okay, sir. Thank you.

**Moderator:** The next question is from the line of Prateek Bhandari from Aart Ventures. Please go ahead.

**Prateek Bhandari:** Yes. Hi, sir. Thanks for the opportunity. I wanted to understand that we have targeted for margins in the range of 22% to 24%, whereas we have seen the margins to be contracting and getting below the previous

quarter. In spite of the fact that we have done a top-line growth of 66% and the base for the previous quarter of the last year was relatively low. So, what is the reason behind that?

**Manish Jain:** Basically, it depends upon the mix of the project and the cycle of the project in which the project is into. So, if you see our 9 months results, our EBITDA margins are at a healthy level of 24.16% in totality. So, still we are maintaining the level which we have confirmed that the margins are somewhere in the range of 24% to 25%. So, in Q2, if you will see the EBITDA margin was 26.11%.

So, basically it will always remain there. That way, there will be a mix, but if you see as a whole in the year to our understanding, those margins of around 24 - 25%, that will be maintained.

**Prateek Bhandari:** That somehow indicates that you would be ending the year around about INR950 - INR1,000 crores of top-line and with an EBITDA of around about INR240 crores to INR250 odd crores?

**Manish Jain:** The way the company is growing and the level at which the company has maintained the growth, definitely that thousand crore growth seems to be quite achievable. And yes, we'll be in a position to maintain those margins.

**Prateek Bhandari:** All right, sir. And just one last question on the JJM front. So, when do you see these payments getting normalized and receivables getting down?

**Manish Jain:** The payments are being released on a monthly basis even now. However, the pace of release of payments has gone slow. So, there has been a buildup in the trade receivables and UBR. We are expecting that the quantum of flows should be decent enough to pay to all the contractors for all the balances. To our understanding, by the end of this financial year, these funds should come. And this is what we have got a confirmation from our departments.

**Prateek Bhandari:** All right. So, the trade receivables due is around about INR240 odd crores, which you feel optimistic that you would be receiving by year end?

**Manish Jain:** We do hope definitely we will be in a position to get these funds released.

**Prateek Bhandari:** Yes. Okay. Thanks. Thanks a lot, sir.

**Moderator:** Thank you. The next question is from the line of Hardik, an individual investor. Please go ahead.

**Hardik:** Namaskarji. Congratulations on the good set of numbers. I think most of my questions are already answered. So, I would just say congratulations once again. And we wish to see the company grow at good levels. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Shaurya from Arjav Partners. Please go ahead.

**Shaurya:** Most of my questions have been answered. Just one more. What kind of top line growth we are expecting in 2026-2027?

**Manish Jain:** We do expect a continuous growth of 35% to 40% going forward for next 4 or 5 years, because there is a huge quantum of work which is to be done in this wastewater field. So, we expect to achieve this top line growth of 35% to 40% on a continuous basis.

**Shaurya:** And what will be the main source of this good and which segment will contribute more?

**Manish Jain:** The segment will be wastewater, which constitutes maximum. It will be STPs or sewerage schemes followed by common effluent treatment plants. And we will drive some strength in water treatment plants. Primarily, we will be focusing on STPs and common effluent treatment plants.

**Shaurya:** And what kind of margins we are expecting, sustainable basis?

**Manish Jain:** We expect to maintain this 24%-25% EBITDA margin.

**Shaurya:** Okay, sir. Thank you. Excellent.

**Moderator:** Thank you. The next question is from the line of Muhammed Sufyan from Dinero CapServ. Please go ahead.

**Muhammed Sufyan:** Thank you, sir, for the opportunity. I just need to ask, the order book we have of INR1,687 crores. So, what will be the execution time period? And like INR2,000 crores was your bid, what is the success ratio we have? I just need to understand the same.

**Manish Jain:** The orders which we have in our hands, the general timeline for these projects is 18 to 30 months. So, this entire order book is going to be executed by middle of FY27.

**Muhammed Sufyan:** Okay, middle of FY27. And in INR2,000 crores order book, what's the success ratio generally, for us?

**Manish Jain:** Pardon, can you repeat this?

**Muhammed Sufyan:** So, the order that we have bid for INR2,000 crores, so what will be the success ratio, I'm asking?

**Manish Jain:** The success ratio of the company for the last financial year, I'll say it was around 50%, 47% or 50%. And the average success ratio was in the range of 30%-35%. So, we are quite hopeful that order book of around INR2,000 crores, which we have analysis for current financial till FY25, at least we will see that L1 or the orders coming into our hands.

**Muhammed Sufyan:** Okay. And what is the confidence for the margin? Don't you like you said for the, you know, compared to your peers, it is better. So, like the orders you have bided? So, are there the margins sustainable or it should improve from here? What's giving you the confidence for the same?

**Manish Jain:** It depends upon how a project is carried and how the execution, how its designing is taken forward. So, the way we are carrying these projects, it always remains the same for all the companies, but it is different margins for different type of companies because the way they are carrying it forward, it depends on it. So, the way we are going forward, we understand and we are quite hopeful that we'll be in a position to maintain the margin, but we are confirming.

**Muhammed Sufyan:** And just confirming again, in the previous like participant, you said that 40% of your revenue comes in Q4, right? So, on that basis, we can say

like around FY25, you will do around top line of like INR1,100 crores or something?

**Manish Jain:** I have confirmed you the past trends what have been there. So, there will be definitely an increase in top line and we are quite hopeful that we will be crossing INR1,000 crores and we will definitely like to outdo those numbers then.

**Muhammed Sufyan:** Okay. Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Tej Patel from Niveshaay. Please go ahead.

**Tej Patel:** Thank you so much for the opportunity, sir. Sir, as far as I recall in the previous call, you said that we have for about INR500 to INR600 crores of HAM projects and currently we have two HAM projects in hand, right? So, I wanted to get your understanding on why we are chasing HAM projects. Why am I saying this? Because probably you need to put 60% of your upfront capital there and then you get your payment after 3 years that also in annuity terms, right?

So, what's the motivation there? Why we are bidding for HAM projects where we have to probably give an upfront capital, which in turn increases your long-term borrowings and we are getting payments after 3 years in annuity forms. So, why HAM over EPC and what's the thought process there?

**Manish Jain:** What we understand is HAM are having even better margins in comparison to EPC. You have said it right, it is 60% infusion of funds from the concessionaire end. So, the balance sheet looks a bit heavy. However, the competition gets reduced. So, attraction is always there. So, we have to keep a combination of HAM and EPC going forward that we can absorb some of the HAM projects in our balance sheet because we are getting good margins and rest of the projects will go in EPC.

So, right now, one of the HAM's is completed, COD is achieved and annuities are coming and two HAM projects are under execution mode. So, for other HAM projects for which we have submitted our bids, we have not got those projects.

**Tej Patel:** Got it. But then when you say higher margin, how much of a higher margin and in terms of competition, you say 10 to 12 players in a normal STP bid. But then in HAM, what's the competitive scenario?

**Manish Jain:** In HAM, that competitive scenario reduces to around 7-8. So, there is a filtration of another 3-4 players. So, the number of players are getting reduced in HAM projects.

**Tej Patel:** In terms of margin, how much if you could just throw light on?

**Manish Jain:** An EPC project of STP is having a margin of around 24%-25% for us and for HAM, we look forward to a margin of somewhere around 30% plus.

**Tej Patel:** Got it. And sir, I just, again, your viewpoint on we are expanding to other sectors like solar, as you mentioned. So, what's the reason? Why I'm asking is this because although let's say the government has extended the scheme, if you look at the capex, especially across all the schemes, especially in the Jal Jeevan Mission, although the allocated budget was quite high, the expenditure has been almost 50% and about let's say 60%-70% under AMRUT and all.

So, your reason for expanding into other sectors is low order inflow or what's the thought process behind it? Because, I mean, in the start of the call, you said you are getting a healthy order inflow, right? Then why are we expanding to other sectors? I mean, do you foresee orders getting slowed down although the budget has been, I mean, the scheme has been extended and the budget allocations are also higher?

**Manish Jain:** First of all, there is humongous work which is to be done in India in the water and wastewater sector. So, the sector is very, very strong and a number of projects are coming up, projects are lined up and projects will come up in future as well and we are quite hopeful. And the same support is there from the central government and states and ULBs as well.

So, there is no challenge at all if we see to this water and wastewater sector. And with the growth in this sector, we are also aligned and we are also growing at the same rate. So, there are no challenges at all



what we foresee in future or at least next 4 to 5 years to come. So, the scenario is, it is very, very healthy and the sector is bullish and there will be huge work which will come up and we are also bidding and will be executing.

The slowdown in JJM was basically what we got to understand is that the scheme was earmarked till March 2024. In this budget, the timeline for the completion of the scheme has been extended till 2028 and the funds have also been allocated for this. So, we don't think that there is going to be any slowdown or the funds not being made available from the government side. So, it was just a temporary phase which was to be handled.

Now, coming to when we are going bullish on this sector, there was an organic growth initiative which we had also foreseen and we had also mentioned in our DRHP and RHP. Our focus has always been on the sustainability and green energy concepts. We are putting up solar power plant as a part of the project in our various STPs which we are installing. So, our focus was that we can definitely enter into this particular sector wherein as a standalone solar power project, we can also think of this line.

There is humongous work again available in this green energy sector. There are commitments from the central government from India to achieve the zero emission norms. So, having said that, since the sector is so bullish again, so we are trying, we are taking some small steps and we are trying to develop ourselves.

So, this new company which will be forming will be a part and will be a subsidiary of Enviro. It will be double growth. The growth which we are achieving from water and wastewater sector, it will continue at this level itself and we expect that a small growth that will also get added to our parent company from this green energy and sustainable growth.

**Tej Patel:**

Got it. Interesting. And so, if you could just throw some light on from when and which year probably, we would start, let us say, bidding for projects under, let us say, the green energy segment and what type of projects exactly under also green energy segment and if you could also

throw some light on, team building because scope of work is different, right?

I mean, although you did solar projects in water, but if you just throw some light on the team building side and when could, you know, this segment start contributing in our order book and in terms of revenue also?

**Manish Jain:**

The team building that will start, we presume it will be sometime next financial year and some revenue generation should also start from next financial year. We are already on the job. We are, we have submitted two bids in solar as well. So, we are aligned to this sector and the moment we get any of the bids wherein we are successful, so that moment will start and the revenues will start accruing from, that I can say because it is just 2 months, so the work is not going to be started.

So, the revenues will also get generated from next financial year. So, it is FY26 and we will see some revenue contribution from this green energy sector as well. Now, coming to the sector, the identification is it is solar, then it is power hydro, then it is 24 by 7 renewables and green hydrogen. So, this is basically what we understand is green energy is all about. Our main focus and our concentration right now will remain solar.

When we will have a stronghold in this solar segment, then we will go on and understand the other sectors and we will move on and increase our strength there.

**Moderator:**

Sorry to interrupt, sir, but the current participant has been disconnected. We will move on to the next question. It is on the line of Sanjay from VT Capital. Please go ahead.

**Sanjay:**

Thank you for the opportunity, sir. So, congrats on a good set of numbers. Like, so just to mention like we are in plan of bidding for the solar project as well. So, how come that we will be able to help those solar companies in like fixing all those PPP projects?

**Manish Jain:**

Right now, we have some small capacities which we have executed in our current projects, current water projects. So, for bidding for a bigger

or I will say for which the technical experience is not available with us, we will enter into some form of joint venture or consortium with some solar companies itself.

**Sanjay:** So, sir, basically what we are going to do, like what kind of things we are going to like set up? Like in the water thing we make all those canals, all those water houses, all these things. So, in the solar thing, what kind of things we are going to make, sir?

**Manish Jain:** This is just a start. So, for the start, we can be an EPC player or an integrator of solar systems. So, entering into that manufacturing of solar modules, so that is not in question right now. First of all, let us enter into it, do some EPC projects, have some strengths with us, we understand the industry, then we will look on what is the size available to us, how we can grow organically into that field.

**Sanjay:** Got it, got it, sir. And sir, just to mention in the previous participants' questions, like for the margin guidance or margin like range for the different sectors of the work, like treatment plant and all those for EPC and HAM. So, what kind of margins we are having for the water supply project? That is where we are thinking of going to be participating in future.

**Manish Jain:** Are you asking for the current water supply projects or for the future ones?

**Sanjay:** Current and future as well, sir, if you can throw some margin guidance for those segments as well, like what you did for the EPC and HAM projects.

**Manish Jain:** Yes, the current water supply schemes, which we are executing are having margins somewhere in the range of 17% to 20%. We will be fairly comfortable for the water supply schemes or projects if we are executing at a slightly lower margin, maybe around 22%-23% margin is there, then we are comparatively comfortable because in STP we look for a margin of around 24% to 25%. So, even though if those margins are there, then definitely we will enter into those projects. We are looking for water supply schemes, which are under AMRUT.

- Sanjay:** Okay, AMRUT schemes, got it. And sir, what could be the margin guidance for the common effluents, like you told in the initial call, these things are very complex to build up, so margins are pretty high in this segment. So, if you can show some numbers to understand, what kind of strategy we have compared to other segments, which we operate?
- Manish Jain:** When we bid for the projects in CETP domain, we expect margins somewhere in the range of around 30% on our costs. So, that way our CETP margins are almost equivalent to those HAM margins, which we are bidding for STPs.
- Sanjay:** Got it, got it. And sir, are we doing any projects in water treatment plant?
- Manish Jain:** Yes, these water supply schemes includes water treatment plant as well.
- Sanjay:** Okay, so margins do differ in that segment or it's almost same like what we operate here?
- Manish Jain:** I have already told the margins in water treatment plant as a standalone project, means these are just two small numbers, which come individually as a treatment plant only. So, these two do generally come as a water supply scheme. So, we have to work out that scheme in totality then.
- Sanjay:** Okay, like if you go for the water supply scheme, you need to fix the water as well, right? That's what you mean to say, sir.
- Manish Jain:** Yes. The water supply scheme in itself is that it is entirely that drawing water from the river, so an intake well to be constructed, then pumps are to be installed, it is VT pumps, then a raw water pipeline, then construction of a treatment plant, then clear water reservoir, mean balancing reservoir, then the distribution pipelines, ESRs, distribution pipelines. So, this whole gambit makes a water supply scheme.
- Sanjay:** Got it, got it, sir. Thank you so much for your time, sir. Wish you all the very best, sir.
- Moderator:** Thank you. The next question is from the line of Siddhant from RV Investments. Please go ahead.

**Siddhant:** So, my question is basically we are consistently maintaining a net profit margin of 15%. So, going in these different sectors like solar and other renewable energy, will we be able to like maintain these margins?

**Manish Jain:** First of all, our company, parent company, Enviro Infra Engineers Limited as a standalone company, it is concentrating on water and wastewater segment. So, our margins will remain healthy and our margin will continue to sustain those margins. So, this line is entirely different and when we are talking about that sustainability entering into solar power, so it is our start into that particular line.

So, at the start, maintaining those level of margins may be challenging or we cannot confirm it right now. First of all, we need to enter into that segment. We need to understand the complexities there. Only then we will be in a position to confirm what exactly will be the margin.

However, having said that, those margins, even if say if that margin is 10%, that is getting added to the margins what we are already generating in the parent company and the growth there, that growth is not getting hampered at all with the entry into a newer segment. So, basically, it will be a consolidation and it will improve to the top line and the bottom line of the company.

**Siddhant:** Okay, sir. That answers my question. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Muhammed Sufyan from Dinero CapServ. Please go ahead.

**Muhammed Sufyan:** Yes, sir. All my questions are answered. What will be the tax rate for FY25 and going forward?

**Manish Jain:** There is no change in the tax rate. The tax rates are same, which have been prevailing for the past 2-3 years. So, there is no change in the tax rates.

**Muhammed Sufyan:** Okay, sir. Thank you.

**Moderator:** The next question is from the line of Tej from Niveshaay. Please go ahead.

**Tej:** Yes, thank you so much for the chance. Again, I am really sorry. I do not know for some reason my line got dropped. So, again, the same question, sir. I am not sure if you have answered this. When are we planning to enter other segments and from when can we expect the orders coming in?

**Manish Jain:** We expect to enter into this new segment in the next financial year. Basically, whatever the company has achieved during this current financial year because the IPO was in the month of November and the IPO funds have travelled only in the last week of November. So, the main growth story from these IPO funds, this will definitely get translated and replicated in FY26 and onwards.

**Tej:** And, sir, I mean, although not that material, but our interest cost has decreased from INR12 crores to about INR8 crores this quarter despite a higher debt base ahead of September. So, why is this? What is the reason? And one more follow-up question is, have all the bank limits for the Saharanpur HAM sanctioned, right?

**Manish Jain:** We are again glad to inform you that the sanction for Saharanpur from our bankers, it was communicated on the date of signing of the concessionary agreement itself. So, that entire 4 months period. So, the closer was already there. So, the time period was available for doing other condition precedence. So, financial closer has already been achieved for the Saharanpur project. Can you please repeat your other question, please?

**Tej:** Yes. My first question was, our interest cost decreased from let's say about INR12 crores to about INR8 crores this quarter, right? Despite a higher base as on September 2024, right? So, I'm asking why the interest cost has decreased despite a much higher base?

**Manish Jain:** Basically, there has been a repayment of INR120 odd crores from the term loans, which the company was having. So, there is a slight reduction in the interest cost.

**Tej:** Got it. And what's the debt balance right now as on December?

**Manish Jain:** The borrowings as on September '24, it was INR376 crores and presently the borrowing level is INR270 crores on a consolidation basis.

**Tej:** Okay. Got it. And when do you expect the results for this about let's say 3000 to 4000 bids that we have submitted? Do you expect the results to come out in this quarter only?

**Manish Jain:** We do expect not all but it do take a time of somewhere around 120 days for which the bids are kept valid. So, for at least for some of the projects, at least we will know that yes, we are L1. So, the evaluation may get completed.

**Tej:** So, any number of how many orders in terms of inflow we are expecting this quarter?

**Manish Jain:** We are expecting, we are maintaining that level of around INR2,000 crores which should flow to the company and at least we should get that line that either we are L1 or we are going to be awarded those level of projects.

**Tej:** Okay. Perfect. Thanks a lot. That's all from my side.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Sanjay Jain for closing comments.

**Sanjay Jain:** I thank the entire team of Enviro Infra Engineers Limited for their untiring efforts, hard work and dedication which drives the company forward through various market conditions. Also, I appreciate all of you for participating in our conference call. Please do get in touch with our investor relations team for any further questions. Thank you. Thank you.

**Moderator:** Thank you. On behalf of Enviro Infra Engineers Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.