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EFFWA INFRA & RESEARCH LIMITED

CIN: U90001MH2014PLC251793

Our Company was originally incorporated under the name “Effwa Infra & Research Private Limited” under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated January 06, 2014, issued by the Registrar of Companies, Mumbai, Maharashtra. Subsequently, the status of the Company was changed to public limited and the name of our Company was changed to “Effwa Infra & Research Limited” vide Special Resolution passed by the Shareholders at the Extra Ordinary General Meeting of our Company held on March 05, 2024. The fresh certificate of incorporation consequent to conversion was issued on May 02, 2024, by Assistant Registrar of Companies/ Deputy Registrar of Companies/ Registrar of Companies, Centralised Processing Centre. The Corporate Identification Number of our Company is U90001MH2014PLC251793.

Registered Office: G. No. 7, Vardhman Industrial Complex, Lal Bahadur Shastri Marg, Gokul Nagar, Thane West, Thane – 400601, Maharashtra, India | Telephone: + 91 9833850052 | Email: investor@effwa.co.in | Website: www.effwa.co.in
Contact Person: Mr. Dhaval H Mirani, Company Secretary and Compliance Officer



Please scan this QR code to view the RHP

THE PROMOTERS OF OUR COMPANY ARE DR. VARSHA SUBHASH KAMAL AND MR. SUBHASH RAMAVTAR KAMAL

“THE OFFER IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON SME PLATFORM OF NSE (NSE EMERGE).”

THE OFFER

INITIAL PUBLIC OFFER OF UPTO 62,52,800 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH (THE “EQUITY SHARES”) OF EFFWA INFRA & RESEARCH LIMITED (“OUR COMPANY” OR “EIRL” OR “THE OFFEROR”) AT AN OFFER PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LAKHS COMPRISING OF FRESH OFFER OF UP TO 53,16,800 EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS (“FRESH OFFER”) AND AN OFFER FOR SALE OF UP TO 9,36,000 EQUITY SHARES BY DR. VARSHA SUBHASH KAMAL AND MR. SUBHASH RAMAVTAR KAMAL (“SELLING SHAREHOLDERS”) AGGREGATING TO ₹ [●] LAKHS (“OFFER FOR SALE”) (“PUBLIC OFFER”). THE OFFER INCLUDES A RESERVATION OF UP TO 3,24,800 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH, AT AN OFFER PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE “MARKET MAKER RESERVATION PORTION”). THE PUBLIC OFFER LESS MARKET MAKER RESERVATION PORTION I.E. NET OFFER OF UP TO 59,28,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH, AT AN OFFER PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE “NET OFFER”. THE PUBLIC OFFER AND NET OFFER WILL CONSTITUTE [●] % AND [●]% RESPECTIVELY OF THE POST- OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

ALLOCATION OF THE ISSUE

- QIB PORTION: NOT MORE THAN 50.00% OF THE NET OFFER
- RETAIL PORTION: NOT LESS THAN 35.00% OF THE NET OFFER
- NON-INSTITUTIONAL PORTION: NOT LESS THAN 15.00% OF THE NET OFFER
- MARKET MAKER PORTION: UPTO 3,24,800 EQUITY SHARES OR 5.19% OF THE OFFER

PRICE BAND: ₹ 78/- to ₹ 82/- PER EQUITY SHARE

THE FLOOR PRICE IS 7.8 TIMES THE FACE VALUE AND CAP PRICE IS 8.2 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. BIDS CAN BE MADE FOR A MINIMUM OF 1,600 EQUITY SHARES AND IN MULTIPLES OF 1,600 EQUITY SHARES THEREAFTER. THIS OFFER IS MADE THROUGH BOOK BUILDING PROCESS, IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE “SEBI (ICDR) REGULATIONS”), AS AMENDED READ WITH RULE 19(2)(B) OF SECURITIES CONTRACT (REGULATION) RULES, 1957, AS AMENDED.

OFFER PROGRAM

ANCHOR BID OPENS ON THURSDAY, JULY 04, 2024

OPENS ON: FRIDAY, JULY 05, 2024 | CLOSES ON: TUESDAY, JULY 09, 2024

ASBA *	Simple, Safe, Smart way of Application- Make use of it!!!!	*Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details check the section on ASBA below.	Mandatory in Public Issues from January 01, 2016. No cheque will be accepted.		UPI – Now mandatory in ASBA for Retail Investors applying through Registered Brokers, DPs & RTAs. Retail Investors also have the options to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. ** Investors are required to ensure that the Bank Account used for applying is linked to their PAN.
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*ASBA has to be availed by all the investors except Anchor Investors (if any). UPI may be availed by RILs.

For details on the ASBA and UPI process, please refer to the details given in ASBA Form and abridged prospectus and also please refer to the section “Offer Procedure” beginning on page 233 of the Red Herring Prospectus. The process is also available on the website of SEBI and Stock Exchanges in the General information Document. ASBA Forms can be downloaded from the website of Emerge platform of NSE (“NSE Emerge” or “Stock Exchange”) and can be obtained from the list of banks that is displaying on website of SEBI at www.sebi.gov.in.

** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. For the list of UPI Apps and Banks live on IPO, please refer to the link: www.sebi.gov.in. Kotak Mahindra Bank Limited has been appointed as Sponsor Bank for the Offer in accordance with the requirements of the SEBI Circular dated November 1, 2018, as amended.

RISKS TO INVESTORS

1. Our Equity Shares have never been publicly traded and may experience price and volume fluctuations following the completion of the Offer. Further, our Equity Shares may not result in an active or liquid market and the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price or at all.
2. The Merchant Banker associated with the Offer has handled 34 public issues in the past three years out of which none of the issues closed below the issue price on Listing date.
3. The average cost of acquisition of Equity Shares by our Promoters and Selling Shareholder is as follows:

Sr. No.	Name of Promoters and Selling Shareholders	No. of Shares held	Average cost of Acquisition (in ₹)
1.	Dr. Varsha Subhash Kamal	90,93,811	2.24
2.	Mr. Subhash Ramavtar Kamal	87,36,550	2.33

4. Weighted average cost of acquisition:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)
Weighted average cost of acquisition of primary / new issue of shares.	NA
Weighted average cost of acquisition for secondary sale / acquisition of shares.	NA

Since there were no primary or secondary transactions of equity shares of the Company during the 18 months preceding the date of filing of this Red Herring Prospectus, the information has been disclosed for price per share of the Company based on the last five primary or secondary transactions (secondary transactions where Promoter /Promoter Group entities or Selling Shareholders or Shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction), not older than three years prior to the date of filing of this Red Herring Prospectus irrespective of the size of the transaction.

- Based on primary transactions	Nil
- Based on secondary transactions	19.00

BASIS FOR OFFER PRICE

The Price Band and Offer Price shall be determined by our Company and Selling Shareholders in consultation with Book Running Lead Manager on the basis of the key business strengths of our Company. The face value of the Equity Shares is ₹10/- each and the Offer Price is 7.8 times of the face value at the lower end of the Price Band and 8.2 times of the face value at the upper end of the Price Band.

QUALITATIVE FACTORS

- Established track record for timely execution
- Our Order Book
- Complete water solutions provider
- In-house expertise in designing and engineering of water management infrastructure projects
- Lower investments and capital expenditure in our projects due to our outsourcing model
- Experienced Promoter and management team
- Use of advanced technologies in construction and installations

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled “Our Business” beginning on page 117 of the Red Herring Prospectus.

QUANTITATIVE FACTORS

Information presented below is derived from our Company’s Restated Financial Statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic and Diluted Earnings / (Loss) Per Share (“EPS”), as adjusted for changes in capital

As per Restated Financial Statements

Particulars	Basic & Diluted EPS (in ₹)	Weights
March 31, 2024	7.74	3
March 31, 2023	2.88	2
March 31, 2022	2.58	1
Weighted Average	5.26	

Notes:

- (1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights.
- (2) Earnings per Equity Share = Profit for the period/year / Weighted average number of equity shares outstanding during the period/year.
- (3) Basic and diluted Earnings per Equity Share are computed in accordance with Accounting Standard 20.
- (4) The basic and diluted Earnings per Equity Share for the current period and previous period/year presented have been calculated/restated after considering the bonus issue.
- (5) The face value of each Equity Share is ₹10/-.

2. Price Earnings Ratio (“P/E”) in relation to Price Band of ₹ 78/- to ₹ 82/- per Equity Share

Particulars	(P/E) Ratio at the Floor Price (no. of times)	(P/E) Ratio at the Cap Price (no. of times)
Based on Restated Financial Statements		
P/E ratio based on the Basic & Diluted EPS, as restated for FY 2023-24	10.08	10.59
P/E ratio based on the Weighted Average Basic & Diluted EPS	14.83	15.59

Note: P/E ratio has been computed dividing the price per share by Earnings per Equity Share.

3. Industry P/E Ratio

Particulars	P/E Ratio
Highest	33.95
Lowest	22.24
Industry Composite	28.10

4. Return on Net worth (RoNW)

As per Restated Financial Statements

Particulars	RONW (%)	Weights
March 31, 2024	37.15	3
March 31, 2023	21.78	2
March 31, 2022	24.96	1
Weighted Average	29.99	

Note: Return on Net Worth (%) = Profit for the period/ year / Net Worth at the end of the period/year.

5. Net Asset Value (NAV)

As per Restated Financial Statements

Financial Year	NAV (₹)
March 31, 2024	20.84
March 31, 2023	13.21
March 31, 2022	10.34
Net Asset Value per Equity Share after the Offer at Floor Price	31.69
Net Asset Value per Equity Share after the Offer at Cap Price	32.60

Notes: Net Asset Value per Equity Share (in ₹) = Net Worth at the end of the period/year / Weighted number of equity shares outstanding at the end of the period/year.

6. Comparison of accounting ratios with listed industry peers

Name of the company	CMP (₹)	Face Value (₹)	Basic & Diluted EPS (₹)	PE Ratio (times)	RoNW (%)	NAV Per share (₹)
Effwa Infra & Research Limited	[●]	10	7.74	[●]	45.46	20.84
Peer Group						
VA Tech Wabag Limited	1,280.90	2	37.73	33.95	17.10	253.24
EMS Limited	642.95	10	28.91	22.24	23.72	103.80

Source: www.bseindia.com, www.nseindia.com.

Notes:

- (1) The figures for our company are based on Restated Financial Statements for the year ended March 31, 2024 after considering the bonus issue.
- (2) P/E Ratio has been computed based on their respective closing market price on June 28, 2024, as divided by the Basic EPS as on March 31, 2024.
- (3) Restated Profit for the year attributable to equity shareholders divided by Net Worth of our Company.
- (4) Net asset value per equity share is calculated as net worth as of the end of relevant year divided by the weighted average number of equities shares outstanding at the end of the year.
- (5) Price Earning (P/E) Ratio in relation to the Offer Price of [●] per share.

The face value of our share is ₹10/- per share and the floor price is 7.8 times the face value and cap price is 8.2 times of the face value of the equity shares.

Investor should read the above-mentioned information along with the section titled “Risk Factors” beginning on page 27 of the Red Herring Prospectus and the financials of our Company including important profitability and return ratios, as set out in the chapter titled “Restated Financial Statements” beginning on page 171 of the Red Herring Prospectus.

7. Key Performance Indicators (“KPIs”)

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals in comparison to our peers. The KPIs disclosed below have been approved by a resolution of our Audit Committee dated June 29, 2024 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this Red Herring Prospectus. Further, the KPIs herein have been certified by our Peer review Auditors, M/s. AY & Co, Chartered Accountants by their certificate dated June 22, 2024.

The KPIs of our Company have been disclosed in the chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators” on pages 117 and 176 of this Red Herring Prospectus, respectively. We have described and defined the KPIs, as applicable, in “Definitions and Abbreviations” on page 1 of this Red Herring Prospectus.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Issue as per the disclosure made in the chapter titled “Objects of the Offer”, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

Key Performance Indicators of our Company*

As per Restated Financial Statements

Key Financial Performance	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations ⁽¹⁾	14515.93	11509.57	10436.67
EBITDA ⁽²⁾	2099.05	910.90	710.40
EBITDA Margin (%) ⁽³⁾	14.46%	7.91%	6.81%
PAT	1380.06	513.04	459.99
PAT Margin (%) ⁽⁴⁾	9.51%	4.46%	4.41%
Return on equity (%) ⁽⁵⁾	45.46%	24.44%	28.35%
Return on capital employed (%) ⁽⁶⁾	40.99%	22.89%	24.76%
Debt-Equity Ratio (times) ⁽⁷⁾	0.38	0.69	0.56
Net fixed asset turnover ratio (times) ⁽⁸⁾	229.25	232.75	307.25
Current Ratio (times) ⁽⁹⁾	1.68	1.52	1.59
Revenue split between domestic and exports			
In India (Including SEZ)	14515.93	10669.36	10007.05
Outside India	0.00	840.21	429.62
Domestic Market (%)	100.00%	92.70%	95.88%
Export Market (%)	0.00	7.30%	4.12%

*As certified by M/s. AY & Co, Chartered Accountants, by way of their certificate dated June 22, 2024.

Notes:

- ⁽¹⁾Revenue from operation means revenue from sale of our products
- ⁽²⁾EBITDA is calculated as Profit before tax + Depreciation + Finance Costs – Other Income
- ⁽³⁾EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
- ⁽⁴⁾PAT Margin is calculated as PAT for the period/year divided by revenue from operations
- ⁽⁵⁾Return on Equity is calculated by comparing the proportion of net income against the amount of average shareholder equity
- ⁽⁶⁾Earnings before interest and taxes (EBIT) / Capital employed
- ⁽⁷⁾Debt to Equity ratio is calculated as Total Debt divided by equity
- ⁽⁸⁾Revenue from operation/Net fixed Asset
- ⁽⁹⁾Current Ratio is calculated by dividing Current Assets to Current Liabilities

Explanations for the certain financial data based on Restated Financial Statements:

Key Financial Performance	Explanations
Financial KPIs	
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of the business
Return on equity (%)	Return on equity (ROE) is a measure of financial performance
Return on capital employed (%)	Return on capital employed is a financial ratio that measures our company’s profitability in terms of all of its capital
Debt-Equity Ratio	Debt / Equity Ratio is used to measure the financial leverage of the Company and provides comparison benchmark against peers
Net fixed asset turnover ratio (times)	Net fixed asset turnover ratio is indicator of the efficiency with which our company is able to leverage its assets to generate revenue from operations
Current Ratio (times)	The current ratio is a liquidity ratio that measures our company’s ability to pay short-term obligations or those due within one year
Net profit ratio (%)	Net Profit Margin (also known as “Profit Margin” or “Net Profit Margin Ratio”) is a financial ratio used to calculate the percentage of profit our company produces from its total revenue

a) Comparison with Listed Industry Peers

As on March 31, 2024:

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	Effwa Infra & Research Limited	VA Tech Wabag Limited	EMS Limited
Revenue from Operations ⁽¹⁾	14515.93	250970	71936.2
EBITDA ⁽²⁾	2099.05	37960.00	21005.39
EBITDA Margin (%) ⁽³⁾	14.46%	15.13%	29.20%
PAT	1,380.06	23580	14995.7
PAT Margin (%) ⁽⁴⁾	9.51%	9.40%	20.85%
Return on equity (%) ⁽⁵⁾	45.46%	17.10%	23.72%
Return on Capital Employed (%) ⁽⁶⁾	36.73%	22.86%	26.72%
Debt to Equity ⁽⁷⁾	0.38	0.11	0.00
Net fixed asset turnover ratio (times) ⁽⁸⁾	229.25	43.20	20.18
Current Ratio ⁽⁹⁾	1.68	1.66	8.80

As on March 31, 2023:

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	Effwa Infra & Research Limited	VA Tech Wabag Limited	EMS Limited
Revenue from Operations ⁽¹⁾	11509.57	232530	48424.80
EBITDA ⁽²⁾	910.90	6627.00	14488.01
EBITDA Margin (%) ⁽³⁾	7.91%	2.85%	29.92%
PAT	513.94	127	10318.54
PAT Margin (%) ⁽⁴⁾	4.47%	0.05%	21.31%
Return on Equity (%) ⁽⁵⁾	24.48%	0.10%	24.10%
Return on Capital Employed (%) ⁽⁶⁾	22.89%	4.52%	30.18%
Debt to Equity ⁽⁷⁾	0.69	0.16	0.00
Net fixed asset turnover ratio (times) ⁽⁸⁾	232.75	40.11	54.67
Current Ratio ⁽⁹⁾	1.52	1.38	6.53

As on March 31, 2022:

(₹ in Lakhs, otherwise mentioned)

Key Financial Performance	Effwa Infra & Research Limited	VA Tech Wabag Limited	EMS Limited
Revenue from Operations ⁽¹⁾	10436.67	214261	33766.23
EBITDA ⁽²⁾	710.40	20231.00	10964.03
EBITDA Margin (%) ⁽³⁾	6.81%	9.44%	32.47%
PAT	459.99	9218	7515.71
PAT Margin (%) ⁽⁴⁾	4.41%	4.30%	22.26%
Return on Equity (%) ⁽⁵⁾	28.36%	7.59%	22.18%
Return on Capital Employed (%) ⁽⁶⁾	21.10%	12.19%	28.99%
Debt to Equity ⁽⁷⁾	0.56	0.32	0.00
Net fixed asset turnover ratio (times) ⁽⁸⁾	307.25	34.64	43.94
Current Ratio ⁽⁹⁾	1.59	1.42	3.67

Notes:

- 1) Revenue from operation means revenue from sale of our products
- 2) EBITDA is calculated as Profit before tax + Depreciation + Finance Costs – Other Income
- 3) EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
- 4) PAT Margin is calculated as PAT for the period/year divided by revenue from operations
- 5) Return on Equity is calculated by comparing the proportion of net income against the amount of average shareholder equity
- 6) Earnings before interest and taxes (EBIT) / Capital employed
- 7) Debt to Equity ratio is calculated as Total Debt divided by equity
- 8) Revenue from operation/Net fixed Asset
- 9) Current Ratio is calculated by dividing Current Assets to Current Liabilities.
- 10) Financial information for Effwa Infra & Research Limited is derived from the Restated Financial Statements.
- 11) All the financial information for listed industry peers mentioned above is on a standalone basis and is sourced from the annual reports as available of the respective company for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 submitted to stock exchanges

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