



**DENTA WATER AND INFRA
SOLUTIONS LIMITED**

IPO NOTE – Investor Education Series

January 2025

ISSUE HIGHLIGHTS

- The Company was incorporated as 'Denta Properties and Infrastructure Pvt. Ltd' in Bangalore, Karnataka on November 17, 2016. The name was changed to 'Denta Water and Infra Solutions Private Limited' in July, 2023. Subsequently, on conversion to a public ltd company, the name was changed to 'Denta Water and Infra Solutions Limited' in September 2023.
- **Denta Water and Infrastructure Solutions** is engaged in **design, installation and commissioning of water management infrastructure projects with expertise in groundwater recharging projects**. The company also provides operations and maintenance services for projects (typically, for 3- 5 years). Additionally, the company **undertakes construction projects on railways and highways**.
- Denta Water is **one of the few companies in India with experience and expertise** in design, installation, commissioning, operations and maintenance of **groundwater recharging using recycled water**.
- The company's **water management projects are concentrated in the state of Karnataka**. The company has **completed 32 water management projects** (as main contractors and sub-contractors) and is **presently undertaking 11 water management projects**, which are in various stages of implementation.
- The company **has been awarded 3 projects under the "Jal Jeevan Mission."** As of November 30, 2024, it has successfully completed **445.77 km of infrastructure** for water management projects.
- As on November 30, 2024, the company has **procured direct contracts** (as consortium partner) **worth ₹ 774 Cr**, direct contracts (independent) worth **₹ 47.00 Cr** and **sub-contracts worth of ₹ 465.72 Cr** in Ground Water Recharging (GWR) projects.
- The company has a strong order book of ₹ 1,100.44 Cr, out of which ₹ 1,066.75 Cr is related to water management projects. As of November 30, 2024, the company had completed work amounting to ₹ 347.99 Cr, and the outstanding order book is **₹ 752.45 Cr**.
- The company plans to expand into other geographies such as **Gujarat, Madhya Pradesh, Maharashtra and Uttar Pradesh** for additional opportunities beyond the confines of Karnataka.
- The company intends to **diversify into projects related to railways and highways**. The company **currently has projects worth ₹ 32.32 Cr, which includes railways and highways**. Currently, the Company is in the process of executing 1 project in road construction segment on direct/ sub-contract basis for improvement to existing road and construction of new CC road.

BRIEF FINANCIAL DETAILS*

(₹ IN Cr)

| Particulars | As at Sept 30 th , 2024 (6) | As at March 31 st , | | |
|------------------------------|--|--------------------------------|----------|----------|
| | | 2024 (12) | 2023(12) | 2022(12) |
| Share Capital | 19.20 | 19.20 | 4.80 | 4.80 |
| Net Worth as stated | 188.46 | 164.26 | 104.55 | 54.43 |
| Total Borrowings | 0.71 | 0.86 | 1.15 | - |
| Revenue from operations | 97.78 | 238.60 | 174.32 | 119.57 |
| Revenue Growth (%) as stated | - | 36.87% | 45.79% | 272.84% |
| Total Income | 98.51 | 241.84 | 175.75 | 119.64 |
| Operating EBITDA | 32.77 | 79.14 | 66.96 | 51.81 |
| Operating EBITDA Margin (%) | 33.51% | 33.17% | 38.41% | 43.33% |
| Restated PAT | 24.20 | 59.73 | 50.11 | 38.34 |
| PAT Margin (%) | 24.75% | 25.03% | 28.75% | 32.06% |
| RoE (%) | 12.84% | 36.36% | 47.93% | 70.43% |
| RoCE (%) | 18.96% | 76.99% | 95.98% | 126.60% |
| EPS - Basic & Diluted (₹) | 12.60 [^] | 31.11 | 26.10 | 19.97 |
| NAV per Share | 98.16 | 85.55 | 54.45 | 28.35 |
| Unbilled Revenue (₹ Cr) | 44.93 | 42.26 | 7.74 | 1.23 |

Source: RHP, [^] Not annualized

Issue Details

Fresh Issue of up to 75,00,000 Equity Shares

Issue size: ₹ 209-221 Cr

No. of shares: 75,00,000 [^]Shares

Face value: ₹ 10/-

Price band: ₹ 279 - 294

Bid Lot: 50 Shares and in multiple thereof

Post Issue Implied Market Cap =

₹ 745 Cr - ₹ 785 Cr

BRLMs: SMC Capitals Ltd

Registrar: Integrated Registry Management Services Pvt. Ltd

Issue opens on: Wednesday, 22nd January 2025

Issue closes on: Friday, 24th January 2025

Indicative Timetable

| Activity | On or about |
|------------------------------------|-------------|
| Finalisation of Basis of Allotment | 27-01-2025 |
| Refunds/Unblocking ASBA Fund | 28-01-2025 |
| Credit of equity shares to DP A/c | 28-01-2025 |
| Trading commences | 29-01-2025 |

Issue break-up

| | No. of Shares | ₹ In Cr | | % of Issue |
|--------------|------------------|---------------|---------------|-------------|
| | | @Lower | @Upper | |
| QIB | 37,50,000 | 104.63 | 110.25 | 50% |
| NIB | 11,25,000 | 31.39 | 33.08 | 15% |
| -NIB2 | 7,50,000 | 20.93 | 22.05 | |
| -NIB1 | 3,75,000 | 10.46 | 11.03 | |
| RET | 26,25,000 | 73.24 | 77.18 | 35% |
| Total | 75,00,000 | 209.25 | 220.50 | 100% |

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

| Category | Retail Category | NII-Bid between ₹ 2 - 10 Lakhs | NII-Bid Above ₹ 10 Lakhs |
|----------------------------|-----------------------|--------------------------------|--------------------------|
| Minimum Bid Lot (Shares) | 50 Shares | 700 Shares | 3,450 Shares |
| Minimum Bid Lot Amount (₹) | ₹ 14,700 [^] | ₹ 2,05,800 [^] | ₹ 10,14,300 [^] |
| Appl for 1x | 52,500 Applications | 536 Applications | 1,071 Applications |

Listing: BSE & NSE

Shareholding (No. of Shares)

| Pre-issue | Post issue [~] | Post issue [^] |
|-------------|-------------------------|-------------------------|
| 1,92,00,000 | 2,67,00,000 | 2,67,00,000 |

[~]Lower price Band [^] Upper Price Band

Shareholding* (%)

| | Pre-Issue | Post-Issue |
|-----------------|----------------|----------------|
| Promoter | 96.02% | 69.05% |
| Promoters Group | 3.98% | 2.86% |
| Public -Others | - | 28.09% |
| Total | 100.00% | 100.00% |

* As per RHP

BACKGROUND

Company and Directors

The Company was incorporated as 'Denta Properties and Infrastructure Pvt. Ltd' in Bangalore, Karnataka on November 17, 2016. The name was changed to 'Denta Water and Infra Solutions Private Limited' in July, 2023. Subsequently, on conversion to public ltd company the name was changed to 'Denta Water and Infra Solutions Limited' in September 2023. Denta Water and Infrastructure Solutions is engaged in design, installation and commissioning of water management infrastructure projects with expertise in ground water recharging projects. Additionally, it also undertakes construction projects in the field of railways and highways.

Brief Biographies of Directors & Key Managerial Personnel

Manish Shetty is the Managing Director of the Company. Prior to joining the Company, he was working as the head at Shri J N Shetty, Class-I Contractors (Firm).

Sujith T R is the Whole-time Director and Chief Financial Officer of the Company. In the past, he was associated with Johnson & Johnson Private Limited. He has been associated with the Company since incorporation.

Nista U Shetty is the non-executive director of the Company. She has experience in the field of wellness and hospitality.

Gopalakrishna Kumaraswamy is the Independent Director of the Company. He is an Indian army veteran and has experience in military services.

R. Narendra Babu is the Independent Director of the Company. He has experience in the field of construction, groundwater recharging, lift irrigation and water management. Prior to joining the Company, he was working as Executive Engineer at the Minor Irrigation Division, Government of Karnataka.

Pradeep N is the Independent Director of the Company. He is also an associate member of the Institute of Chartered Accountants of India and is a practising chartered accountant.

Sujata Gaonkar is the Company Secretary and Compliance Officer of the Company. Prior to joining the Company, she was working as associate company secretary at M / s. N K Hebbar & Associates and as whole-time company secretary with Liwayway Foods India Pvt. Ltd.

OBJECTS OF THE ISSUE

| Objects | Amount (₹ Cr) |
|--|---------------|
| • To meet the working capital requirements | 150.00 |
| • General Corporate Purposes | [•] |
| Total | [•] |

OFFER DETAILS

| Fresh Issue | No. of Shares | WACA per Equity Share (₹) |
|-------------------------------------|---|---------------------------|
| Fresh Issue (₹ 221 [^] Cr) | Upto 75,00,000 [^] Equity Shares | - |

SHAREHOLDING PATTERN

| Shareholders | Pre-offer | | Fresh Issue of Equity Shares [^] | Post-offer | |
|--|-------------------------|---------------------------------|---|-------------------------|---------------------------------|
| | Number of Equity Shares | % of Total Equity Share Capital | | Number of Equity Shares | % of Total Equity Share Capital |
| Promoter and Promoters Group | | | | | |
| Promoter | 1,84,36,000 | 96.02% | - | 1,84,36,000 | 69.05% |
| Promoters Group | 7,64,000 | 3.98% | - | 7,64,000 | 2.86% |
| Total for Promoter & Promoter Group | 1,92,00,000 | 100.00% | - | 1,92,00,000 | 71.91% |
| Public Others | - | 0.00% | 75,00,000 | 75,00,000 | 28.09% |
| Total for Public Shareholder | - | 0.00% | 75,00,000 | 75,00,000 | 28.09% |
| Total Equity Share Capital | 1,92,00,000 | 100.00% | | 2,67,00,000 | 100.00% |

([^] at upper price band)

BUSINESS OVERVIEW

Denta Water and Infra Solutions was established in 2016 and has emerged as one of the key players in the field of water engineering, procurement, and construction (“EPC”) services. The company is a growing water and infrastructure solutions company engaged in design, installation and commissioning of water management infrastructure projects with expertise in groundwater recharging projects. In addition, the company also undertakes construction projects in the field of railways and highways. The company is one of the few companies in India having experience and expertise in design, installation, commissioning, operations and maintenance of groundwater recharging using recycled water.

Denta Water has been a contributor to addressing the rising demand for water-related solutions in the country. Some of the notable projects include the Byrapura and Hiremagaluru LIS Project, Karagada LIS Project, and others, primarily executed through lift irrigation systems. Denta Water played a substantial role in the first phase of the KC Valley project, contributing to Bengaluru's reputation as the second-largest city globally in terms of treated wastewater quantity. The company's significant involvement in the government's "Jal Jeevan Mission" reflects the company's commitment to critical water management initiatives. Further, Denta Water secured contracts for lift irrigation projects in various regions, such as Makali, Makali Hosahalli, Krishnapura, Karnataka and neighbouring villages in the Channapatna Taluk of Ramanagar District, Karnataka.

The company is awarded contracts through transparent competitive bidding process undertaken by the State and Central Governments. The company also undertakes contracts as sub-contractors from various private parties. The company participates in tenders for developing projects such as infrastructure for groundwater recharging, lift irrigation, and infrastructure for supplying drinking water to various habitations under “Jal Jeevan Mission” on a competitive basis.

Under the “Jal Jeevan Mission”, the Company was awarded 3 projects i.e. “Kerehalli Drinking Water Project” and “Chikkabekal Drinking Water Project” and Rehabilitation of MVS to Doddakowlande and other 55 Villages of Nanjangud Taluk which are located in the State of Karnataka. As on November 30, 2024, the company has successfully covered 445.77 km of infrastructure for water management, pumping of secondary treated sewage water from adjoining cities of Bangalore, Mysore in the State of Karnataka, to replenish the dried lakes in adjoining districts such as Kolar, Chikkaballapura and Ramanagara in the State of Karnataka and supplying of drinking water to peripheral habitations from reservoirs.

The company renders a range of services from “concept-to-commissioning” and beyond to various water management projects. The company's services for any given project include any one or a combination of (i) preliminary investigations and reconnaissance; (ii) feasibility studies, (iii) planning and project formulation; (iv) field surveys and testing of soil; (v) design; (vi) tender bidding consultancy; (vii) project management and construction supervision; (viii) formulation of operation and maintenance guidelines; (ix) engineering procurement consultancy, turnkey projects; etc. regarding water management projects.

As on November 30, 2024, the company has completed 32 projects related to water management infrastructure development, and the company has 17 ongoing projects constituting an aggregate contract value of ₹ 1,100.44 Cr, out of which ₹ 1,066.75 Cr is in relation to water management projects and ₹ 33.68 Cr is in relation to infrastructure projects including railways (improvement of infrastructure) and roadways (roads and bridges construction).

The Company has, over the years, established a dedicated team of 8 engineers for designing, engineering and construction of water conveyance system in relation to ground water recharging with secondary treated sewage water and fresh water. The company have a team of 42 engineers in the fields of civil, mechanical and electrical for execution of the projects. The company also takes assistance from various third-party consultants namely, Indian Institute of Science, Bangalore and industry experts namely, X Impasse Groups, Jalavahini Management Services Pvt. Ltd, wherever required, to ensure compliance and quality standards laid down by the Government agencies and departments.

Post commissioning, the company also provides operations and maintenance services for the projects for a period of time (typically, ranging from 3 to 5 years). The company has a separate AMC team comprising 6 personnel who are focused on operations and maintenance of completed projects of the Company.

REVENUE FROM OPERATIONS

| Particulars | As at Sept. 30 th , 2024 | As at March 31 st , | | |
|--|-------------------------------------|--------------------------------|-------------|-------------|
| | | 2024 | 2023 | 2022 |
| Sale of Services | | | | |
| -Contract | 52.48 | 190.09 | 155.07 | 97.51 |
| -Project Management Consulting Service | - | 5.80 | 11.07 | 20.39 |
| Unbilled Revenue | 44.93 | 42.26 | 7.74 | 1.23 |

| Particulars | As at Sept. 30 th , 2024 | As at March 31st, | | |
|--------------------------------|-------------------------------------|-------------------|---------------|---------------|
| | | 2024 | 2023 | 2022 |
| Other Operating Revenue | | | | |
| -Rental | 0.37 | 0.44 | 0.44 | 0.45 |
| Total | 97.78 | 238.60 | 174.32 | 119.57 |

Source: RHP

DESCRIPTION OF BUSINESS

Ongoing Projects: The company is currently undertaking assignments in relation to services in the water, power and infrastructure sectors comprising of second stage lifting or pumping secondary treated water, construction of intake channels, design engineering services, tender engineering services, project management consultancy activities, quality assurance, construction supervision, commissioning support, operations and maintenance and rehabilitation. The company has 17 ongoing projects.

| Project | JV /Sub-contract | Project Dates | | Qty of water to be pumped | Total length of pipeline | Value of contract (₹ Cr) | Company's Share (%) |
|--|---|-------------------|--------------------------------|---------------------------|--------------------------|---------------------------|---------------------|
| | | Start | Completion | | | | |
| Joint Ventures | | | | | | | |
| 1. Koramangala-Challaghatta (KC) Valley project – Phase II | RP Shetty Engineers & Contractors and Aditya Const. Co. | May 16, 2022 | November 14, 2025 | 268.51 MLD | 221.92 km | ₹ 446.23 Cr (excl. taxes) | 48.00% |
| 2. Bangalore East Lift Irrigation Scheme (LIS) | JN Shetty | February 24, 2023 | February 23, 2025 | 15 MLD | 46.73 km | ₹ 92.67 Cr (excl. taxes) | 99.00% |
| 3. Multi Village scheme for drinking water supply – Kopal District | SPML | March 27, 2023 | September 26, 2025 | 23 MLD | 388.605 kms | ₹ 235 Cr (excl. taxes) | 99.75% |
| As a Sub-contractor | | | | | | | |
| 4. Koramangala-Challaghatta (KC) Valley project | RP Shetty, Doddahanumanthappa & SAP Ventures JV | June 12, 2021 | June 10, 2024 [^] | 115 MLD | 20.53 kms | ₹ 115.83 Cr (excl. taxes) | 97.00% |
| 5. Hirehalla, Koppal Drinking Water supply | Veerayya Hiremath, ASR Engineering & Projects Ltd JV | May 16, 2022 | December 31, 2024 [^] | 100 MLD | 40 kms | ₹ 93.23 Cr (excl. taxes) | 92.50% |

[^]The application for project time extension made by the Company and the extension is pending for approval.

Other Ongoing projects

| Name of the Work | JV/Sub /Direct | Client | Total Agree-ment (₹ Cr) | Denta Share (₹ Cr) | Start Date | Completion Date |
|---|----------------------|-------------------------|-------------------------|--------------------|-------------------|--------------------------------|
| 6. Kedhakkal to Kadagadalu (CH- 2.85Km to 6.65Km) – RDPR | Sub-contractor | Ganapathi Stone Crusher | 6.59 | 5.85 | March 28, 2023 | June 04, 2025 [^] |
| 7. Chikkabenakal Drinking Water Project – Gangavathi | Sub-contractor | Veerayya Hiremath | 106.51 | 106.51 | March 27, 2023 | April 27, 2025 [^] |
| 8. Renovation of Khanapur LIS Project, Bidar | Direct | GOK | 8.69 | 8.69 | February 10, 2023 | January 09, 2025 [^] |
| 9. Improvements & Retaining wall of Bund (Madikeri) | Direct | GOK | 3.08 | 3.08 | March 29, 2023 | February 25, 2025 [^] |
| 10. Improvements to Goods Road & Drain and to Mangalore tiled PF Shelter at Mysore Railway Station (Railway Works) | Direct | Railway Department | 1.00 | 1.00 | July 17, 2023 | January 31, 2025 [^] |
| 11. Construction of Compound Wall, Repair Works to Holiday Rooms, Officers Rest House, Station Buildings etc., at Mysuru, Madkeri, Sakleshpura and Ashokpuram Colony. | Direct | Railway Department | 2.59 | 2.59 | October 16, 2023 | January 31, 2025 [^] |
| 12. Providing Water Supply Scheme to Kuknuru & Yelburga towns under Amrut-2.0 | JV – DWSIL CIPL SIAN | KUWS&D Board | 205.28 | 201.18 | May 27, 2024 | May 27, 2026 |

| Name of the Work | JV/Sub /Direct | Client | Total Agree-ment (₹ Cr) | Denta Share (₹ Cr) | Start Date | Completion Date |
|--|----------------------------|--------------------------|-------------------------|--------------------|-------------------|------------------|
| 13. Construction of Box culvert at Hosakote Doddakere tank | Direct | GOK | 2.52 | 2.52 | June 13, 2024 | July 12, 2025 |
| 14. Provision for 6nos of new FOB connecting platforms for Palakkad Division under Amrut Bharat Scheme | JV – DWISL Core4 Engineers | Railway Department | 28.79 | 14.68 | January 09, 2024 | January 12, 2025 |
| 15. Re-Habitation of MVS to Doddakowlande and other 55 Villages of Nanjangud Taluk in Mysore District | Sub-contractor | Chidu Infratech Pvt. Ltd | 4.56 | 4.10 | July 24, 2024 | January 24, 2025 |
| 16. Component in project of design supply, Erection testing-Madurai | Sub-contractor | CORE4 Engineers Pvt. Ltd | 4.91 | 4.91 | June 12, 2024 | June 12, 2025 |
| 17. Divyangjan facility and passenger friendly facilities like drinking water booth ticket and inquiry counters, pay and use toilet at KSR Bangalore station SW-2. KSR Bangalore | Direct | Indian Railways | 4.66 | 4.66 | November 15, 2024 | July 15, 2025 |

^The application for project time extension made by the Company and the extension is pending for approval.

MARKET OPPORTUNITY

The India Water and Wastewater Treatment market is expected to grow at a CAGR of 6.20% in terms of value to reach USD 23,849.806 Million in 2033 from USD 13,101.158 Million in 2023. Based on region, south India is expected to have major share in the water and wastewater treatment market with a CAGR of 6.24% in terms of value. According to Government of India Census, 2022, the region's expanding population, rapid urbanization rate exceeding 33% annually, and robust industrial growth are creating an unprecedented demand for advanced water management solutions. According to recent Ministry of Jal Shakti, Government of India, 2023, water scarcity affects over 40% of India's population, highlighting the pressing need for effective water management solutions in regions like South India.

As per the Marketysers Global Report, the water management segment is expected to have a major share in the water and wastewater treatment market with a CAGR of 6.42% in terms of value. As India grapples with issues of water scarcity and pollution, the demand for effective water treatment solutions is burgeoning.

Further, the construction market is expected to grow to USD 1.42 trillion by 2027, expanding at a compound annual growth rate (CAGR) of 17.26% during the 2022-2027 forecast period. The allocation for the Railways sector, with a capital outlay of Rs. 2.40 lakh crore underscores the Government's commitment to modernizing and expanding the country's rail network, which presents the company with a great opportunity to expand in other infrastructure sub-sectors.

COMPETITIVE STRENGTHS

- Established expertise in water management projects with special focus on ground water recharging

Since incorporation, the company has completed 32 water management infrastructure projects for the Government of Karnataka ("GoK"). The company has established its credentials as a water management solutions provider, particularly in the field of ground water recharge projects ("GWR projects") and lift irrigation projects. As on November 30, 2024, the company has procured direct contracts (as consortium partner) worth ₹ 774 Cr, direct contracts (independent) worth ₹ 47.00 Cr and sub-contracts worth of ₹ 465.72 Cr in GWR projects. As of November 30, 2024, the Order Book primarily comprises of GWR projects in the State of Karnataka. In addition to the above, the Order Book also includes projects for supplying drinking water to various habitations in the State of Karnataka.

Details of historical data of the order book (with segmental breaking)

(₹ Cr)

| Particulars | As at September 30th, 2024 | | As at March 31st, | | | | | |
|------------------|----------------------------|-----------------|-------------------|-----------------|----------------|-----------------|----------------|-----------------|
| | Order Received | Amount Realized | 2024 | | 2023 | | 2022 | |
| | | | Order Received | Amount Realized | Order Received | Amount Realized | Order Received | Amount Realized |
| Water management | 207.80 | 33.86 | 3.99 | 192.88 | 796.49 | 142.05 | 200.48 | 884.2 |
| Railways | 9.57 | 1.30 | 18.96 | 0.18 | - | - | - | - |
| Road | - | 25.74 | - | 3.63 | 12.30 | 2.39 | - | - |
| Irrigation | - | - | - | - | - | 1.15 | 5.33 | 4.23 |
| Total | 217.37 | 60.90 | 22.95 | 196.69 | 808.79 | 145.59 | 205.81 | 92.65 |

- **In-house expertise in designing and engineering of water management infrastructure projects**

The Company has an in-house design and engineering team which focusses on design capabilities for geographical complexities and critical aspects of the projects such as identification of potential ground water recharging sites, hydraulic flow calculations, drainage laying design, process flow diagram, hydraulic flow diagram, and water balance. This capability enables the company to correctly bid with project specifications. The company has diverse capabilities that enable it to offer tailor-made solutions for meeting exigencies due to extreme changes in project, design and installation. The company offers bespoke solutions taking into consideration the geographical and the gradient of each location for designing the GWR Projects which are then implemented either by us directly or through sub-contracting.

- **Strong Management Team**

The company is led by qualified and experienced Promoters, that they believe have the expertise and vision to manage and grow their business. The Promoter, C Mruthyunjayaswamy, has over 38 years of experience in the civil sector. The Promoters are ably supported by the management team's collective experience and capabilities which enables them to understand and anticipate market trends, manage the business operations and growth, leverage customer relationships, and respond to changes in customer preferences.

- **Strong order book**

As on November 30, 2024, the company has 17 ongoing projects being implemented either directly by the company or under consortium arrangements with other entities and the Company's share in the aggregate contract value comprises of ₹ 1,100.44 Cr, out of which ₹ 1,066.75 Cr is in relation to water management projects. As on November 30, 2024, the company has completed work amounting to ₹ 347.99 Cr and the outstanding order book is of ₹ 752.45 Cr.

| Project Segment | No of Projects | Contract Value* (₹ Cr) |
|------------------|----------------|-------------------------|
| Road | 1 | 5.85 Cr |
| Water Management | 11 | 1,066.75 |
| Railways | 5 | 27.83 |
| Total | | 1,100.44 |

Source: RHP

- **Established track record for project execution**

The company's focus is to leverage its strong designing and execution capabilities to complete projects in a timely manner while maintaining high quality of engineering and construction. The company has the three important ingredients required by any company in its industry i.e., an in-house design and engineering team, skilled manpower to execute projects in a timely manner and strong post completion team for operations and maintenance of completed projects.

- **Efficient Business Model**

The company have been able to set up an efficient business model due to the company's business knowledge and expertise.

- **Focused Segment** – The Company has been focusing on a particular segment since incorporation. The company is majorly concentrated in GWR (Water Management), Irrigation, O&M pertaining to water projects. The projects which are undertaken by the Company are either through joint venture, sub-contract basis or direct in the State of Karnataka. Focusing on selected segment aids the company with a competitive advantage at the time of award evaluation.
- **Asset light model** – The company's business model relies on the strength of its project execution and management capabilities as well as established relationships with the clients, architects and contractors. Leveraging these capabilities and relationships, the company seeks to transition to a combination of designing and execution-based business model. The company believes in outsourcing equipment requirements and accordingly include the costs while making the bid for any tender. The company believes that its asset light business model results in efficient utilization of capital resulting in lower debt and regular income allowing us to have higher return on capital employed.

KEY BUSINESS STRATEGIES

- **Leverage core competencies in execution of water management projects**

The company continues to maintain and strengthen its position in the implementation of GWR Projects. The company will continue to focus on construction of existing projects while seeking opportunities to expand its portfolio of GWR Projects. As of November 30, 2024, the company has completed 32 GWR projects and is presently executing 11 ongoing GWR projects.

The company intends to draw on its experience, market position and ability to execute and manage multiple projects across various geographies, to further grow the portfolio of water management projects.

- **Expanding the geographical area of operations**

The company believes that geographical diversification of its projects will reduce its reliance on a particular state and will allow it to capitalize on opportunities in the water management field, especially in GWR projects. The company intends to diversify and expand its presence in such regions for the growth of the business prospects of the Company. The company plans to expand into other geographies such as Gujarat, Madhya Pradesh, Maharashtra and Uttar Pradesh to unearth additional opportunities beyond the confines of Karnataka. Due to diversification of its operations geographically, the company intends to hedge risks of operations in only specific areas and protection from fluctuations resulting from business concentration in limited geographical areas.

- **Pursue other segments within infrastructure development space**

The company believes that the infrastructure development will be a major driver for growth of the Indian industry in the near future due to increasing levels of focus by the Government and increased investment in infrastructure in India. The company intends to diversify into and will continue to bid for projects related to the railways and highways.

As on November 30, 2024, the Company has executed 3 projects in the State of Karnataka. The company currently has projects Worth ₹ 32.32 Cr, which includes railways and highways. Currently, the Company is in the process of executing 1 project in road construction segment on direct/ sub-contract basis for improvement to existing road and construction of new CC road.

- **Expansion into other geographies for reuse of discharge water**

The country's urban cities are expanding rapidly and this increase in urban population is unsustainable without effective city planning and the supply of utility services, particularly clean and inexpensive water. It is projected that by 2050, around 1450 km³ of water would be required, with ~75% being utilized in agriculture, 7% for drinking water, 4% in industry, and 9% for energy generation.

According to the Central Pollution Control Board (CPCB), the predicted wastewater generation in rural areas was over 39,600 million litres per day (MLD), while in urban areas it was 72,368 MLD for the year 2020-21. The projected volume in big centres is about double that of rural areas due to the availability of more water for sanitation, which has raised the level of living. The Government of India has devised several initiatives that focus on water conservation and restoration. The company believes that the Government's focus on water re-use and recycling projects presents us with an attractive opportunity to further expand its footprints in such projects.

COMPARISON WITH INDUSTRY PEERS (AS ON 31ST MARCH 2024)

| Company | Face Value (₹) | CMP* (₹) | Revenue from Ops. (₹ Cr) | EPS (₹) | | NAV per share (₹) | P/E (x) | RONW (%) |
|---------------|----------------|----------|--------------------------|---------|---------|-------------------|---------|----------|
| | | | | Basic | Diluted | | | |
| Denta Water | 10.00 | [●] | 238.60 | 31.11 | 31.11 | 85.55 | [●] | 36.36% |
| VA Tech Wabag | 2.00 | 1,516.85 | 2,856.40 | 39.49 | 39.49 | 292.43 | 38.41 | 13.77% |
| EMS Ltd | 10.00 | 807.15 | 538.16 | 29.38 | 29.38 | 143.73 | 27.47 | 19.13% |

Source: RHP; *CMP as on January 10, 2025, on NSE, P/E based on respective CMP

DISCLAIMER:

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