

Retail Research	IPO Note
Sector: Water EPC	Price Band (Rs): 279 - 294
20 th January 2025	Recommendation: SUBSCRIBE

Denta Water and Infra Solutions Ltd.

Company Overview:

Denta Water and Infra solutions Ltd 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. Additionally, the company also undertakes construction projects in the field of railways and highways. The company has successfully executed major projects like Byrapura, Hiremagaluru LIS and KC Valley, contributing to Bengaluru's wastewater management and supporting the Government's Jal Jeevan Mission (JJM).

Key Highlights:

- Expertise in water managements projects:** Since incorporation, the company has completed 32 water management infrastructure projects for Government of Karnataka (GOK). It has established its credentials as a water management solutions provider, particularly, in the field of groundwater recharge projects (GWR projects) and lift irrigation projects.
- In-house expertise:** The company has an in-house design and engineering team that focuses on design capabilities for geographical complexities and critical aspects of the projects.
- Strong order book:** As of 30th Nov,'24, the company has 17 ongoing projects to be implemented by them or under consortium. The company's share in the aggregate contract value comprises of Rs 1,100.4 cr, out of which Rs 1,066.7 cr is about water management projects.

Addressable Market Size of Industry: USD 13.9 bn (CY24E) to USD 23.8 bn (CY33E). (CY24E-CY33E CAGR: 6.2%)

Key Risks: Revenue concentration from government (up from 18.3% in FY23 to 63.4% in FY24); Delay in completion of projects; Outstanding litigation against promoter (refer to page 33-35 of RHP).

Valuation: The company is valued at FY24 P/E and EV/EBITDA multiple of 13.1x/9.8 at post-issue capital of upper price band. The company's Revenue/EBITDA/PAT achieved CAGR of 41.3%/23.6%/24.8% to Rs 239 cr/Rs 79 cr/Rs 60 cr during FY22-FY24 period. The industry forecast indicates healthy growth for the Indian Water and Wastewater treatment market which is projected to expand at a CAGR of 6.2% for the CY24E-CY30E period. We recommend the investors to subscribe the issue.

Particulars (Rs cr)	FY22	FY23	FY24	1HFY25	FY22-FY24 CAGR (%)
Revenue	119.6	174.3	238.6	97.8	41.3
YoY (%)	-	45.8	36.9	-	-
EBITDA	51.8	67.0	79.1	32.8	23.6
YoY (%)	-	29.2	18.2	-	-
PAT	38.3	50.1	59.7	24.2	24.8
YoY (%)	-	30.7	19.2	-	-
EBITDA (%)	43.3	38.4	33.2	33.5	-
PAT (%)	32.1	28.7	25.0	24.8	-
RoE (%)	70.4	47.9	36.4	-	-
RoCE (%)	95.1	64.3	49.6	-	-
D/E (x)	0.0	0.0	0.0	-	-
P/E (x)	20.5	15.7	13.1	-	-
EV/EBITDA (X)	14.9	11.2	9.8	-	-

Note: P/E (x) and EV/EBITDA (x) based on post-issue share capital @ upper price band.

Issue Details	
Date of Opening	22 nd January 2025
Date of Closing	24 th January 2025
Price Band (Rs)	279 – 294
Offer for sale (shares)	-
Fresh Issue (Rs cr)	209 – 221
Issue Size (Rs cr)	209 – 221
No. of shares	75,00,000
Face Value (Rs)	10
Post Issue Market Cap (Rs cr)	745 – 785
BRLMs	SMC Capitals Pvt Ltd
Registrar	Integrated Registry Management Services Pvt Ltd
Bid Lot	50 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
To meet the working capital requirements of the company	150.0
General Corporate Purposes [^]	-
Total proceeds from fresh issue	209 – 221

[^] To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with RoC. The amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	1,92,00,000	100.0
Public & Others	-	-
Total	1,92,00,000	100.0

Post Issue @Lower Price Band	No. of Shares	%
Promoter & Promoter Group	1,92,00,000	71.9
Public & Others	75,00,000	28.1
Total	2,67,00,000	100.0

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	1,92,00,000	71.9
Public & Others	75,00,000	28.1
Total	2,67,00,000	100.0

Source: RHP, SSL Research

SBICAP Securities Limited

(CIN): U65999MH2005PLC155485 | Research Analyst Registration No INH000000602

SEBI Registration No.: Stock Broker: INZ000200032 | CDSL: IN-DP-314-2017 | NSDL: IN-DP-NSDL-369-2014 | Research Analyst: INH000000602

IRDA/RW/IR2/2015/081 | IRDA/RW/IR1/2016/041 | IRDA: CA0103

Registered & Corporate Office: Marathon Futorex, A Wing, 12th Floor, N. M. Joshi Marg, Lower Parel, Mumbai-400013.

For any information contact us:

022-6854 5555**E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in****DISCLOSURES & DISCLAIMERS:**

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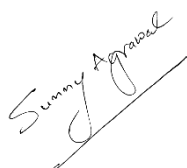
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Name	Qualification	Designation
Sudeep Shah	MMS-Finance	DVP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	CA	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst - Equity Fundamentals
Uday Chandgothia	B-Tech, MBA (Finance)	Research Associate - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ashwin Ramani	B.Com	Research Analyst- Equity Technicals
Ghanshyam Gupta	MBA (Finance)	Research Analyst- Currency Derivative
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

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Sudeep Shah

DVP – Technical & Derivative Research


Sunny Agrawal

DVP – Fundamental Research