



**CERTIFICATE ON WORKING CAPITAL ASSESSMENT TOWARDS OBJECTS OF THE ISSUE**

To,

**The Board of Directors**

**Denta Water and Infra Solutions Limited**

#40, 3rd Floor, Sri Lakshminarayana Mansion,  
South End Road, Basavanagudi,  
Bangalore, South Bangalore,  
Karnataka 560 004, India

**SMC Capitals Limited**

A-401/402,  
Lotus Corporate Park  
Off Western Express Highway,  
Jai Coach Junction,  
Goregaon (East),  
Mumbai - 400063  
Maharashtra, India

Dear Sirs,

**Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (the “Equity Shares”) by Denta Water and Infra Solutions Limited (the “Company”, and such issuance, the “Issue”).**

We, Maheshwari & Co., Chartered Accountants, are the statutory auditors of the Company. We have been requested by the Company to verify and certify the existing working capital and funding requirements on the basis of the audited standalone statements of assets and liabilities as at and for the financial period/years ended September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022, the audited standalone statement of profit and loss (including other comprehensive income), audited standalone statement of changes in equity and the audited standalone statements of cash flows for the financial period/years ended September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022 (together, the “**Working Capital Financial Statements**”), which forms a part of the audited standalone financial statements for the for the financial period/years ended September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022 (together, the “**Audited Financial Statements**”).

Accordingly, we have obtained and verified the following documents:

- (a) Working Capital Financial Statements.
  - (b) Obtained the working for the existing working capital requirements prepared by the Company for the financial period/years ended September 30, 2024, March 31, 2024, March 31, 2023, and March 31, 2022, based on the Working Capital Financial Statements.
  - (c) Obtained the Board resolutions approving the business plan and financial projections of the Company for the financial years ended March 31, 2025 and March 31, 2026.
1. Based on the above procedures, information and explanations provided by the management of the Company, we confirm that as of and for the financial period/years ended September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022 the company’s existing working capital and funding requirements compiled on the basis of Working Capital Financial Statements and for the financial period/years ended September 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022 are as follows:



**M/s Maheshwari & Co  
Chartered Accountants**

(₹ in million)

S. No.	Particulars	Six months period ended September 2024	As at Fiscal 2024	As at Fiscal 2023	As at Fiscal 2022
<b>I</b>	<b>Current Assets</b>				
<b>1.</b>	<b>Inventories</b>	223.91	195.13	64.98	33.59
<b>2.</b>	<b>Financial assets</b>				
	(a) Trade receivables	101.87	254.63	231.52	134.54
	(b) Cash and cash equivalents	177.04	629.59	363.19	135.75
	(c) Loans	-	-	-	-
	(d) Others	12.83	38.75	5.25	88.24
<b>3.</b>	<b>Other current assets</b>	1,248.80	624.78	113.37	108.26
	<b>Total current assets (A)</b>	<b>1,764.46</b>	<b>1,742.88</b>	<b>778.31</b>	<b>500.38</b>
<b>II</b>	<b>Current Liabilities</b>				
<b>1.</b>	<b>Financial liabilities</b>				
	a) Trade payables	44.01	112.33	101.74	35.86
	b) Other financial liabilities	3.26	3.13	2.89	-
	c) Provisions	171.53	236.79	1.10	0.91
<b>2.</b>	<b>Other current liabilities</b>	15.32	117.21	56.46	10.72
<b>3.</b>	<b>Current tax liabilities (net)</b>	74.44	74.63	11.79	11.22
	<b>Total current liabilities (B)</b>	<b>308.56</b>	<b>544.08</b>	<b>173.98</b>	<b>58.71</b>
<b>III</b>	<b>Working capital requirements (A-B)</b>	<b>1,455.90</b>	<b>1,198.80</b>	<b>604.33</b>	<b>441.67</b>
<b>IV</b>	<b>Funding Pattern</b>				
	Short-term borrowings	500.00	500.00	-	-
	Internal accruals	<b>955.90</b>	<b>698.80</b>	<b>604.33</b>	<b>441.67</b>
	<b>Total Means of Finance</b>	<b>1,455.90</b>	<b>1,198.80</b>	<b>604.33</b>	<b>441.67</b>

2. On the basis of Company's existing working capital requirements and the projected working capital requirements, the Board of Directors of the Company pursuant to their resolution dated December 30, 2024 have approved the business plan and financial projections for the financial year ending March 31, 2025 and March 31, 2026, and the projected working capital requirements for the respective periods and the proposed funding patterns for those years.

The following data has been extracted from the minutes of the board meeting dated December 30, 2024:

(₹ in million)

S. No.	Particulars	Estimated amount as on March 31, 2025	Estimated amount as on March 31, 2026
<b>I</b>	<b>Current Assets</b>		
<b>1.</b>	<b>Inventories</b>	249.69	296.75
<b>2.</b>	<b>Financial assets</b>		
	(a) Trade receivables	326.14	387.83
	(b) Cash and cash equivalents	758.29	1,257.676
	(c) Loans	-	-
	(d) Others	49.63	59.02
<b>3.</b>	<b>Other current assets</b>	800.23	951.60
	<b>Total current assets (A)</b>	<b>2,183.98</b>	<b>2,952.87</b>
<b>II</b>	<b>Current Liabilities</b>		
<b>1.</b>	<b>Financial liabilities</b>		
	(a) Trade payables	145.00	173.07
	(b) Other financial liabilities	3.13	3.13
	(c) Provisions	11.83	14.08
<b>2.</b>	<b>Other current liabilities</b>	150.13	178.52
<b>3.</b>	<b>Current tax liabilities (net)</b>	95.59	113.67



## M/s Maheshwari & Co Chartered Accountants

S. No.	Particulars	Estimated amount as on March 31, 2025	Estimated amount as on March 31, 2026
	<b>Total current liabilities (B)</b>	<b>405.68</b>	<b>482.47</b>
<b>III</b>	<b>Working capital requirements (A-B)</b>	<b>1,778.30</b>	<b>2,470.40</b>
<b>IV</b>	<b>Funding Pattern</b>		
	Net Proceeds from the Fresh Issue	500.00	1000.00
	Short term borrowings	500.00	500.00
	Internal accruals	778.30	970.40
	<b>Total Means of Finance</b>	<b>1,778.30</b>	<b>2,470.40</b>

The Company proposes to utilize ₹ 1,500 million from Net Proceeds towards funding our working capital requirements. The company expects that the funding pattern for working capital requirements for Fiscals 2025 and 2026 will comprise of short-term borrowings from banks and other financial institutions, internal accruals, and Net Proceeds.

3. The table below contains the details of the holding levels (in number of days or relevant matrix as applicable) considered and is derived from the Working Capital Financial Statements for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 and assumptions based on which the working plan projections has been made and approved by the Board of Directors:

(₹ in million)

S. No.	Particulars	March 31, 2022 (Actuals)	March 31, 2023 (Actuals)	March 31, 2024 (Actuals)	September 30, 2024 (Actuals)	March 31, 2025 (Estimated)	March 31, 2026 (Estimated)
<b>I</b>	<b>Current Assets</b>						
<b>1.</b>	<b>Inventories</b>	33.59	64.98	195.13	223.91	249.69	296.75
<b>2.</b>	<b>Financial assets</b>						
	(a) Trade receivables	134.54	231.52	254.63	101.87	326.14	387.83
	(b) Cash and cash equivalents	135.75	363.19	629.59	177.04	758.29	1,257.67
	(c) Loans	-	-	-	-	-	-
	(d) Others	88.24	5.25	38.75	12.83	49.63	59.02
<b>3.</b>	<b>Other current assets</b>	108.26	113.37	624.78	1,248.80	800.23	951.60
<b>II</b>	<b>Current Liabilities</b>						
<b>1.</b>	<b>Financial liabilities</b>						
	a) Trade payables	35.86	101.74	112.33	44.01	145.00	173.07
	b) Other financial liabilities	-	2.89	3.13	3.26	3.13	3.13
	c) Provisions	0.91	1.10	236.79	171.53	11.83	14.08
<b>2.</b>	<b>Other current liabilities</b>	10.72	56.46	117.21	15.32	150.13	178.52
<b>3.</b>	<b>Current tax liabilities (net)</b>	11.22	11.79	74.63	74.44	95.59	113.67

### Key Assumptions to the projected working capital requirements of the Company\*

Particulars	FY 2026 Assumptions (Days)	FY 2025 Assumptions (Days)	Six months period ended September 30, 2024	FY 2024(Actual Days)	FY 2023 (Actual Days)	FY 2022 (Actual Days)
<b>(1) Current Assets</b>						
• Inventories	29.81	29.81	83.58	29.85	13.61	10.25
• Trade Receivables	38.95	38.95	38.03	38.95	48.48	41.07
• Cash and Cash Equivalent	126.32	90.57	66.09	96.31	76.04	41.44
• Other Current Assets	95.58	95.58	466.16	95.58	23.74	33.05
<b>(2) Current Liabilities</b>						
• Trade payables	54.80	54.80	50.85	54.80	59.71	27.01



Justification for Holding Period Levels

S. No	Particular	Justifications
1	Inventories	Inventories include construction materials and work in progress. Historically, our inventories' holding level was negligible on account of outsourcing of contract execution till Fiscal 2022 and successful completion of the project which translated into unbilled revenue receivables. However, Company estimates inventories holding days to be around 30 days in Fiscal 2025 and Fiscal 2026 considering size of orders in hand, projected activity schedule and various factors involved in the execution of projects and processing bills thereto such as site-inspection, confirmation, approval to raise running account bills and processing of the bills.
2	Trade Receivable	The historical holding days of trade receivables (calculated as trade receivables divided by revenue from operations over 365 days) has been 38.95 days in Fiscal 2024, 48.48 days in Fiscal 2023, 41.07 days in 2022. As per the current credit terms of the company & prevalent trend in business of the company, the holding level for debtors anticipated at 38.95 days of total revenue from operations during Fiscal 2025 and Fiscal 2026 which is in line with previous years holding levels.
3	Other Current Financial Assets	Other Current financial Assets include Margin towards bank guarantees provided as performance and security deposit by way of Fixed Deposits with original maturity of more than 3 months and less than 12 months from the Balance sheet date
4	Cash and Cash Equivalent	Cash and cash equivalents are computed from the historic Special Purpose Restated Standalone Financial Information. The Company has assumed the holding level for cash and cash equivalents as 90.57 days of revenue from operations for the Fiscal 2025. The cash and cash equivalent holdings are as on date of balance sheet and same have been maintained in line with projected sale for the Fiscal 2025.
5	Other Current Assets	Other Current Assets includes unbilled revenue, advance to suppliers, other receivables etc. The value of services performed in accordance with the contract terms but not billed is represented as unbilled revenue. The historical holding days of other current assets (calculated as other current assets divided by revenue from operations over 365 days) has been 95.58 days in Fiscal 2024, 23.74 days in Fiscal 2023 and 33.05 days in 2022. As per the current order book position of other current assets, they are anticipated at the level of 95.58 days for Fiscal 2025 and Fiscal 2026 which is in line with our previous year holding levels.
6	Trade Payable	Past trend of trade payable holding days (calculated as trade payables divided by purchases over 365 days) has been 54.80 days in Fiscal 2024, 59.71 days in Fiscal 2023 and 27.01 days in Fiscal 2022. We intend to maintain trade payable in the range of 54.80 days for Fiscal 2025 and Fiscal 2026 based on our current credit terms with the suppliers.
7	Other Financial Liabilities, Other Current Liabilities and Provisions and Current Tax Liability	Other liabilities primarily include creditors other than suppliers, interest accrued but not due, employee related liabilities, other expenses payable, provision for expenses, current tax liabilities (net), advance received from customers, and statutory dues. We expect the growth in other liabilities to be in line with the expected growth in business.

**Key justification for projected working capital requirements:**

The working capital requirement of the Company is expected to increase by ₹ 579.50 million or by 48.34% from ₹ 1,198.80 million in Fiscal 2024 to ₹1,778.30 million in Fiscal 2025 and expected to increase by ₹ 692.10 million or by 38.92% from ₹ 1,778.30 million in Fiscal 2025 to ₹2,470.40 million in Fiscal 2026 on account of expected increase in revenue as per the current order book of the Company as well as new order book expected to be received during the Fiscal 2025 and Fiscal 2026.

The working capital requirements of the Company is estimated at ₹1,778.30 million for the Fiscal 2025 and ₹ 2,470.40 million for the Fiscal 2026, based on the following assumptions:

- Current Order Book: As on November 30, 2024, out of total contract value of ₹ 11,004.36 million, the Company has completed work amounting to ₹ 3,479.85 million and the outstanding order book is at ₹ 7,524.51 million as on November 30, 2024.



- **Margin money for performance guarantees:** As part of its business and as is customary, the Company is required to provide financial and performance bank guarantees in favour of its project clients under the respective contracts in relation to the projects. For projects, the Company typically issues bank guarantees to the relevant authority which enter into contractual arrangement with the Company.
- **Future Order Book:** The Company is continuously working to increase its order book and it requires working capital to execute these projects subject to allotment of letter of intent. The availability of working capital also provides strength to the Company for bidding for new projects.
- **Receivables:** The Company is engaged in government contractor business wherein realization of payment from the clients may take some time due to operational reasons of the respective government departments.

The estimates of working capital requirements for the year ended March 31, 2025 and March 31, 2026, have been prepared by the management of the Company. The same is based on the estimates of future financial performance as projected by the management of the Company and as approved by the Board, which represents their view of reasonable expectations at the point of time when they were prepared, but such information and estimates are not issued as assurances that the same will be achieved or events will occur as predicted. The projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described herein.

We confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context and will enable investors to make a well-informed decision.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, '*Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*,' issued by the ICAI. We have conducted our examination in accordance with the '*Guidance Note on Reports or Certificates for Special Purposes*' issued by the Institute of Chartered Accountants of India ("**ICAI**") which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI and in accordance with '*Guidance Note on Reports in Company Prospectuses*' (Revised 2019). We hereby confirm that while providing this certificate we have complied with the above guidance notes.

This certificate is issued for the purpose of the Issue, and can be used, in full or part, for inclusion in the red herring prospectus, prospectus and any other material used in connection with the Issue (together the "**Offer Documents**"). We hereby consent to the aforementioned details being included in the Offer Documents and consent to the submission of this certificate as may be necessary, to the Securities and Exchange Board of India, any regulatory / statutory authority, stock exchange where the Equity Shares are proposed to be listed, Registrar of Companies, Karnataka at Bangalore or any other authority as may be required and/or for the records to be maintained by the BRLM in connection with the Issue and in accordance with applicable laws, and for the purpose of any defense the BRLM may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.

This certificate can be relied on by the Company, the BRLM and the Legal Counsel to the Issue and to assist the BRLM in conducting and documenting their investigation of the affairs of the Company in connection with the Issue. We hereby consent to this certificate being disclosed by the BRLM, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued pursuant to the Issue commences trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date on which the Equity Shares commence trading on the Stock Exchanges.

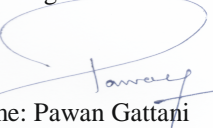


**M/s Maheshwari & Co  
Chartered Accountants**

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours faithfully,

For and on behalf of  
Maheshwari & Co.  
Chartered Accountants  
Firm Registration Number: 105834W

  
Name: Pawan Gattani  
Partner



ICAI Membership Number: 144734  
Date: December 30, 2024  
Place: Mumbai  
**UDIN: 24144734BKBIWL1562**

**CC:**

**Legal Counsel to the Issue (“Legal Counsel”)**

**Dentons Link Legal**  
Aiwan-e-Ghalib Complex,  
Mata Sundri Lan