

## Company Business

- ✦ Denta Water and Infra Solutions Limited ("Denta Water") is an Indian company established in 2016, specializing in providing water and infrastructure solutions. They are engaged in the **design, installation, and commissioning of water and wastewater treatment plants, along with other water management projects.** Their primary focus lies in groundwater recharging. Denta Water has completed over 32 projects across various sectors, including residential, commercial, and industrial.
- ✦ As on November 30, 2024, company has 17 ongoing projects constituting an aggregate contract value of ₹ 1,100.43 crore, out of which ₹ 1,066.75 crore is in relation to water management projects; and ₹ 33.68 crore is in relation to infrastructure projects including railways (improvement of infrastructure) and roadways (roads and bridges construction). As on November 30, 2024, out of total contract value of ₹ 1,100.43 company has completed work amounting to ₹ 347.98 crore and outstanding order book is ₹ 752.45 crore.

## Industry Analysis and TAM

Denta Water operates in the water and wastewater treatment market, a sector experiencing significant growth in India. The industry is driven by factors like:

- ✦ **Rising urbanization** : Leading to increased demand for clean water and efficient wastewater management.
  - ✦ **Government initiatives** : Focusing on improving water infrastructure and sanitation.
- The market is projected to grow at a CAGR of 10.6% from 2023 to 2033.

### Key Industry Trends:

- ✦ **Increasing adoption of advanced technologies** : Such as membrane filtration and UV disinfection.
- ✦ **Growing demand for decentralized water treatment systems** : Especially in rural areas.
- ✦ **Focus on water reuse and recycling** : To address water scarcity issues.

### Challenges:

- ✦ **Regulatory changes** : Affecting project approvals and tariffs.
- ✦ **Economic downturns** : Impacting government spending on infrastructure projects.
- ✦ **Competition from established players** : In the industry.

## IPO Details

- ✦ Issue Size :  
**Fresh issue of up to 75,00,000 Equity Shares of face value ₹10 each aggregating up to ₹ 220.50 Cr.**
- ✦ Offer for Sale : **Not applicable**
- ✦ Price Band :  
**₹ 279 to ₹ 294 per Equity Share.**
- ✦ Pre IPO Promoter Holding :  
**100%**
- ✦ Post IPO Promoter Holding :  
**71.91%**

## Objects of the Issue

Denta Water plans to utilize the net proceeds from the IPO for:

- ✦ Meeting working capital requirements :  
**₹150 Cr.**
- ✦ General corporate purposes

Denta Water has demonstrated strong financial performance in recent years, with revenue from operations reaching ₹238.59 Cr. in Fiscal 2024.

## Financials of the company

(Fig. in Cr)

Particulars	Sep 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	97.78	238.59	174.32	119.57
EBITDA	32.76	79.13	66.96	51.81
EBITDA Margins	33.51%	33.17%	38.41%	43.33%
PAT	24.19	59.72	50.11	38.33
PAT Margins	24.75%	25.03%	28.75%	32.06%
ROCE		76.99%	95.98%	126.60%
D/ERatio	0.00	0.01	0.01	0.00
CFOA	-46.75	26.89	51.46	-7.80

### Key Financial Highlights:

- ✦ **Revenue Growth** : Steady growth in revenue over the past few years, driven by the execution of various projects.
- ✦ **Profitability** : Strong profit margins, indicating efficient operations and cost management.
- ✦ **Strong ROCE** : consistently higher than industry peers, suggesting efficient utilization of capital.

## Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Denta Water and Infra Solutions (FY 2024)	238.59 Cr.	33.17%	25.03%	0.00	784.98 Cr.	13.14*
VA Tech Wabag (TTM)	2,965 Cr.	13%	8.97%	0.22	9,463 Cr.	36.40
EMS (TTM)	885 Cr.	26%	19.43%	0.09	4,594 Cr.	26.80

\*Forward PE is 16.22 on the basis of FY 25 PAT.

### Key Differences:

- ✦ **Size** : Denta Water is a smaller player compared to VA Tech Wabag and EMS Limited in terms of revenue.
- ✦ **Market Focus** : Denta Water has a specific focus on groundwater recharging, which might differentiate it from its peers.
- ✦ **Profitability** : Denta Water has shown higher profitability margins compared to its peers.

## Positive and Negative Points —————

### Positive

- ✦ **Experienced Management Team** : With a proven track record in the water management sector.
- ✦ **Strong Financial Performance** : Indicating efficient operations and growth potential.
- ✦ **Favorable Industry Dynamics** : The water and wastewater treatment market in India is growing rapidly.

### Negative

- ✦ **Competition** : The industry is competitive, with several large and established players.
- ✦ **Dependence on Government Contracts** : A significant portion of Denta Water's business comes from government projects, which can be subject to policy changes and budget constraints.
- ✦ Untraceable individuals have filed complaints with SEBI and other authorities against Company and Promoter, C Mruthyunjaya Swamy, alleging corrupt practices and misuse of authority.
- ✦ Company relies heavily on the Government of Karnataka for its business. 83.98% of company revenue from operations in the six months period ended September 30, 2024, is from the Government of Karnataka.
- ✦ Contingent liability of Rs. 57.82 Cr.



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