

Rating: Subscribe for Long Term

Issue Offer

Fresh Issue of 75,00,000 equity shares up to INR 2,205 Mn.

Issue Summary

Price Band INR	279-294
Face Value INR	10
Implied Market Cap (INR Mn)	7,850
Market Lot	50
Issue Opens on	Jan 22, 2025
Issue Close on	Jan 24, 2025
No. of share pre-issue	1,92,00,000
No. of share post issue	2,67,00,000
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Integrated Registry Management Services Private Limited

Book Running Lead Managers

Smc Capitals Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100%	71.91%
Public & Others	0%	28.09%

Objects of the issue

- To meet working capital requirements of the Company; and
- General corporate purposes.

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Incorporated in 2016, Denta Water and Infra Solutions Limited is a growing water and infrastructure solutions company engaged in designing, installing, and commissioning water management infrastructure projects with expertise in groundwater recharge projects. The company has experience in water engineering and EPC services, the company specializes in infrastructure projects, including groundwater recharging through recycled water, addressing growing water solution demands. 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. The company owns 98 acres of land in Madikeri, Karnataka, producing coffee, pepper, and cardamom. Additionally, it has a beach resort in Udupi, generating revenue through a facility management agreement.

Investment rationale

Established expertise in water management projects: Denta Water and infra Solutions Limited has completed 32 water management projects for the Government of Karnataka, specializing in ground water recharge (GWR) and lift irrigation. As of November 30, 2024, the company's order book included significant contracts in GWR projects and drinking water supply initiatives, totaling INR 7,740 million in direct contracts and INR 4,657.19 million in sub-contracts. The company's consistent growth is attributed to its technical expertise, timely execution, reputation for quality, and competitive pricing in bidding for new projects.

In-house expertise in designing and engineering of water management infrastructure projects: Denta Water and infra Solutions Limited has a skilled in-house design and engineering team with expertise in ground water recharging, lift irrigation, and other water management projects, enabling it to offer tailored solutions for complex geographical and project requirements. It employs advanced technologies like GIS, soil testing, and structural engineering software to design and implement GWR projects, while outsourcing non-core activities to specialized subcontractors.

Strong Order Book: The company has 17 ongoing projects with a total contract value of INR 11,004.36 million, primarily focused on water management projects, with INR 7,524.51 million remaining in the order book. Denta Water and infra Solutions Limited has demonstrated strong execution capabilities, particularly in GWR projects in Karnataka, with an average completion time of 24 to 36 months. The company has grown steadily, maintaining a conservative approach to business expansion while focusing on projects in Karnataka.

Valuation and View: Denta Water and Infra Solutions Ltd order book stood at INR 7,524.5mn (~3.2x of FY24 revenue shows business visibility over medium term. The IPO proceeds of INR 1,500mn (~68% of proceeds) will be utilized for working capital purpose. The company has strong expertise in ground water recharge projects. The company is focused on infrastructure development space and expansion into other geographies for reuse of discharge water. At the upper band of INR 294, the issue is valued at an EV/EBITDA of 9.1x based on FY24 EBITDA and P/E of 13.14x, based on FY24 EPS of INR 22.37. We assign a "Subscribe for Long Term" rating for this issue.

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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