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Initial public offer of equity shares on the main board of the Stock Exchanges in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").



(Please scan the QR code to view the RHP)

DENTA WATER AND INFRA SOLUTIONS LIMITED

Our Company was incorporated as Denta Properties and Infrastructure Private Limited in Bangalore, Karnataka as a private limited company under Companies Act, 2013, pursuant to a certificate of incorporation dated November 17, 2016 issued by Deputy Registrar of Companies, Central Registration Centre. Thereafter, pursuant to a resolution passed at the meeting of the Board of Directors held on June 14, 2023, and a special resolution of the Shareholders at the extraordinary general meeting held on June 26, 2023, the name of our Company was changed to 'Denta Water and Infra Solutions Private Limited' and a fresh certificate of incorporation dated July 31, 2023, consequent upon the name change, was issued by the Registrar of Company, Karnataka at Bangalore ('RoC'). Subsequently, our Company was converted from a private limited company to a public limited company pursuant to a special resolution passed in the extraordinary general meeting of our Shareholders held on August 14, 2023, and consequently, the name of our Company was changed to 'Denta Water and Infra Solutions Limited', and a fresh certificate of incorporation dated September 12, 2023 was issued by the RoC to our Company. For details relating to changes in the name and registered office of our Company, please see section titled 'History and Certain Corporate Matters' on page 216 of the Red Herring Prospectus dated January 16, 2025 ('RHP') filed with the RoC.

Corporate Identity Number: U75109KA2016PLC097869

Registered Office: # 40, 3rd Floor, Sri Lakshminarayana Mansion, South End Road, Basavanagudi Bangalore, South Bangalore- 560 004 Karnataka, India. Telephone: +91 080 2991 6509. Contact Person: Sujata Gaonkar, Company Secretary and Compliance Officer.
Website: www.denta.co.in. E-mail: cs@denta.co.in

OUR PROMOTERS: SOWBHAGYAMMA, SUJITH T R, C MRUTHYUNJAYA SWAMY AND HEMA H M.

INITIAL PUBLIC OFFER OF UP TO 7,500,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF DENTA WATER AND INFRA SOLUTIONS LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹ [•] MILLION ("ISSUE").

We are water and infrastructure solutions company engaged in design, installation and commissioning of water management infrastructure projects with expertise in ground water recharging projects.

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

- QIB Portion: Not more than 50% of the Issue
- Non-Institutional Portion: Not less than 15% of the Issue
- Retail Portion: Not less than 35% of the Issue

PRICE BAND: ₹279 TO ₹294 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE AND THE CAP PRICE ARE 27.90 TIMES AND 29.40 TIMES THE FACE VALUE OF THE EQUITY SHARES RESPECTIVELY.

THE PRICE TO EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2024 AT THE LOWER END OF THE PRICE BAND (i.e FLOOR PRICE) IS 8.97 TIMES AND AT THE UPPER END OF THE PRICE BAND (i.e CAP PRICE) IS 9.45 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 32.94 TIMES.

WEIGHTED AVERAGE RETURN ON NET WORTH FOR LAST THREE FULL FINANCIAL YEARS IS 45.90%.

BIDS CAN BE MADE FOR A MINIMUM OF 50 EQUITY SHARES AND IN MULTIPLES OF 50 EQUITY SHARES THEREAFTER.

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated January 16, 2025, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Issue Price" section on page 108 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the "Basis for Issue Price" section on page 108 of the RHP and provided below in this advertisement.

In making an investment decision and purchase in the Issue, potential investors must only rely on the information included in the RHP and the terms of the Issue, including the merits and risks involved and not rely on any other external sources of information about the Issue available in any manner.

RISKS TO INVESTORS:

For details, refer to "Risk Factors" on page 33 of the RHP.

- 1) Legal Proceedings by Lokayukta and Enforcement Directorate:** In the past, one of our Promoters, C Mruthyunjaya Swamy, in the capacity as a secretary of the Public Works Department, Karnataka, has been subjected to enquiry by the Lokayukta Police, Bangalore ("Lokayukta") and initiation of certain legal proceedings by the Enforcement Directorate against him, which was subsequently disposed off. Although Mr. C Mruthyunjaya Swamy is currently retired from the services of Government of Karnataka, there is no assurance that legal proceedings will not be reopened by Lokayukta or any other relevant authority against him. For further details, please refer to Addendum dated June 13, 2024 and November 30, 2024.
- 2) Complaints filed with SEBI and other authorities:** Certain untraceable persons have filed complaints with SEBI and other authorities against our Company and our Promoter, C Mruthyunjaya Swamy, with allegations including indulging in corrupt practices, misusing of authority by our Promoter while being in public service and influencing the government officers in awarding the contracts to our Company, among others. There is no assurance that our Company or SEBI or other authorities do not receive similar complaints in future. For further details, please refer to Addendum dated June 13, 2024 and November 30, 2024.
- 3) Customer Concentration:** Our revenue contribution from government clients has increased from 18.25% in FY 2023 to 63.40% as of FY 2024, and we currently rely substantially on our government clients for our revenues. We derive a significant part of our revenue from some customers. If one or more of such customers choose not to source their requirements from us or to terminate our contracts, our business, cash flows, financial condition and results of operations may be adversely affected. For further details on revenue contribution by our customers, please see section titled "Risk Factors" on page 42 of the RHP.
- 4) Dependency on Government of Karnataka:** Our Company relies heavily on the Government of Karnataka for its business. 83.98% of our revenue from operations in six months period ended September 30, 2024, is from Government of Karnataka.
- 5) Dependency on procurement of projects:** We are significantly dependent on the procurement of projects. Our revenue and earnings are dependent upon award of new contracts which we cannot directly control. If we fail to secure new contracts on a continual basis, our operating results may be materially and adversely affected, and we may be unable to secure projects or maintain our growth it may impact our profitability

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and subsequently our revenues, and business operations.

6) **Supplier concentration risk:** We rely on a limited number of suppliers for our raw material, loss of these suppliers may have an adverse effect on our business, results of operations and financial conditions. For further details on suppliers, please see section titled "Risk Factors" on page 44 of the RHP.

7) **Outstanding Litigations:** There is an outstanding litigation against our Promoter, Sowbhagyamma. Any adverse decision in such proceedings may render us / them liable to liabilities / penalties and may adversely affect our business, results of operations and financial condition. For further details, please refer to page no. 348 of RHP.

8) **Risk relating to joint venture arrangements:** We enter into joint ventures arrangements for completion of our projects which may expose us to additional liabilities on account of our partners' failure or underperformance and any premature termination of which, may adversely affect our business, reputation, financial condition and results of operations.

9) **Order Book related risk:** Our current order book may not necessarily translate into future income in its entirety. Some of our current orders may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could adversely affect our business, financial condition,

results of operations and future prospects. For further details on Order Book, please see section titled "Risk Factors" on page 42 of the RHP.

10) The Weighted Average Cost of Acquisition of all Equity Shares transacted in last three years, 18 months and one year preceding the date of the RHP:

Period	Weighted average cost of acquisition (₹)*	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest price – Highest price (in ₹)*
Last one year	Nil	Nil	0-0
Last 18 months	Nil	Nil	0-0
Last three years	Nil	Nil	0-0

* As certified by Maheshwari & Co., Chartered Accountants, by way of their certificate dated January 16, 2025.

11) The BRLM associated with the Issue has handled 1 Main Board issue in the past the three years and such issue has not closed below the issue price on listing price.

BID/ISSUE PROGRAMME

ANCHOR INVESTOR BIDDING DATE* TUESDAY, JANUARY 21, 2025

BID/ISSUE OPENS ON* WEDNESDAY, JANUARY 22, 2025*

BID/ISSUE CLOSURES ON FRIDAY, JANUARY 24, 2025*****

*Our Company in consultation with the BRLM, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date i.e. Wednesday, January 22, 2025.
**Our Company in consultation with the BRLM, may consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations
***UPI Maturity end time shall be at 5:00 pm on the Bid/Issue Closing Date.

BASIS FOR ISSUE PRICE

The Price Band, Floor Price and Issue Price will be determined by our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares issued through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is 27.50 times the Floor Price and 29.40 times the Cap Price of the Price Band. The financial information included herein is derived from our Restated Consolidated Financial Information. Investors should read the below mentioned information along with the sections titled "Our Business", "Risk Factors", "Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Other Financial Information" on pages 178, 33, 249, 315 and 311 of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Issue price are as follows:

- Established expertise in water management projects with special focus on ground water recharging. We have established our credentials as a water management solutions provider, particularly in the field of ground water recharge projects ("GWR projects") and lift irrigation projects. Our Company has successfully completed projects involving the filling up of numerous tanks and check dams, showcasing our proficiency in managing water resources efficiently. As on November 30, 2024, we have procured direct contracts (as consortium partner) worth ₹ 7.740 million, direct contracts (independent) worth ₹ 469.97 million and sub-contracts worth of ₹ 4,657.18 million in GWR projects.
- Expertise in in-house designing and engineering of water management infrastructure projects. We have a competent team with expertise in projects such as ground water recharging, lift irrigation etc. Our Company has an in-house design and engineering team which focuses 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.
- Strong management team: We are led by qualified and experienced Promoters, that we believe have the expertise and vision to manage and grow our business. Our Promoter, C. Muthurajany Swamy, has over 38 years of experience in the civil sector. He has held various positions in the Government and has been involved in planning, preparing project reports, and executing projects in the water sector, road sector, irrigation sector, and rural development sector.
- Strong order book: As on November 30, 2024, out of total contract value of ₹ 11,004.36 million, we have completed work amounting to ₹ 3,419.45 million and our outstanding order book of ₹ 7,524.51 million.
- Established track record for project execution: As on November 30, 2024, the Company has completed 36 projects worth ₹ 2,376.23 million and there have been no instances of time or cost over-runs in respect of these projects.
- Efficient business model: We have adopted an asset-light business model while purchasing equipment which are critical to construction activities of the projects undertaken by our Company. Our asset-light business model allows us to keep our capital requirement low and in turn help us by reducing maintenance costs of equipment. We typically assign a part of the work to the sub-contractors who provide us with manpower along with the equipment support.

For further details, please see section titled "Our Business – Our Competitive Strengths" on page 183 of the RHP.

Quantitative Factors

Certain information presented in this chapter is derived from the Restated Consolidated Financial Information. For further details, please see sections titled "Restated Consolidated Financial Information" and "Other Financial Information" on pages 249 and 311 of the RHP, respectively. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earnings per Share:

As derived from Restated Consolidated Financial Information:

Particulars	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial Year 2022	19.97	19.97	1
Financial Year 2023	26.10	26.10	2
Financial Year 2024	31.11	31.11	3
Weighted Average	27.58	27.58	-
Six months period ended September 30, 2024*	12.60	12.60	-

- Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights, i.e. (EPS x weight) for each year divided by the total of weights.
- Basic and diluted EPS are based on the Restated Consolidated Financial Information.
- The face value of each Equity Share is ₹ 10.
- Earnings per Share ("EPS") = Profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the year/period divided by the weighted average no. of equity shares. The weighted average number of Equity Shares outstanding during the year is adjusted for bonus issue of Equity Shares.
- Basic EPS and diluted EPS calculations are in accordance with Indian Accounting Standard 33 Earnings per Share.
- The above statement should be read with significant accounting policies and the notes to the Restated Consolidated Financial Information.

2. Price/Earning ("P/E") Ratio in relation to the Price Band of ₹ 279 to ₹ 294 per Equity Share:

Particulars	P/E at the lower end of the Price Band (number of times)*	P/E at the higher end of the Price Band (number of times)*
Based on basic EPS of ₹ 31.11 as per the Restated Consolidated Financial Information for the year ended March 31, 2024	8.97	9.45
Based on diluted EPS of ₹ 31.11 as per the Restated Consolidated Financial Information for the year ended March 31, 2024	8.97	9.45

3. Industry Peer Group P/E Ratio

Particulars	Industry P/E	Name of peer company	Peer Company P/E
Highest	38.41	EMS Limited	27.47
Lowest	27.47	VA Tech Wabag Limited	38.41
Average*	32.94	-	-

*The financial information for listed industry peers mentioned above is on a consolidated basis as available sourced from the annual reports of the peer company uploaded on the BSE / NSE website for the year ended March 31, 2024. For further details, see "Comparison of accounting ratios with listed industry peers" on page 110 of the RHP.

Notes: P/E Ratio has been computed based on the closing market price of equity shares on the BSE website on January 10, 2025, divided by the Diluted EPS.

4. Average Return on Net Worth ("RoNW")

As derived from the Restated Consolidated Financial Information:

Financial year ended	RoNW (%)	Weight
March 31, 2022	70.43	1
March 31, 2023	47.93	2
March 31, 2024	38.36	3
Weighted Average	45.90	3
Six months period ended September 30, 2024*	12.84	-

*Net annualised

- Net worth means the aggregate of paid-up equity share capital and other equity (all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account) as per the Restated Financial Information.
- Return on Net Worth (%) = Restated Profit for the year attributable to equity shareholders of our Company divided by Net Worth of our Company.
- Weighted average = Aggregate weighted Return on Net worth divided by the aggregate of weights, i.e. (Return on Net worth x Weight) for each year / Total of weights.

5. Net Asset Value per Equity Share ("NAV")

NAV per Equity Share	₹
Six months period ended September 30, 2024*	88.15
As on March 31, 2024	85.55
After the Issue	-
- At Floor Price	3.26
- At Cap Price	3.44
Issue Price*	16

* Issue Price per Equity Share will be determined on conclusion of the Book Building Process, and this is not derived from Restated Consolidated Financial Information.

Notes:

- Net Asset Value per Equity Share = Net worth based on the Restated Consolidated Financial Information / Number of equity shares outstanding as at the end of year/period.
- Net Worth: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2024 in accordance with regulation 21 (1) (h) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

6. Comparison of accounting ratios with listed industry peers:

Company Name	Face Value per Equity Share	Closing Price on January 10, 2025	Revenue from Operations (₹ in Million)	Basic EPS for the year ended 2024	Diluted EPS for the year ended 2024	NAV per equity share for the year ended 2024	P/E	RoNW for the year ended 2024
Our Company	10	2,395.98	31.11	31.11	31.11	88.15	NA	38.36%
VA Tech Wabag	2	1,516.85	28,664.00	39.49	38.49	252.43	38.41	13.77%
EMS Limited	10	807.15	5,381.61	29.38	29.38	143.73	27.47	19.13%

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis as available sourced from the annual reports of the peer company uploaded on the BSE / NSE website for the year ended March 31, 2024.

- P/E Ratio has been computed based on the closing market price of equity shares on the NSE website on January 10, 2025 divided by the Diluted EPS.
- Restated Profit for the year attributable to equity shareholders of our Company divided by Net Worth of our Company.
- Net asset value per equity share is calculated as net worth as at the end of relevant year divided by the weighted average number of equity shares outstanding at the end of the year.
- RoNW is calculated as profit after tax attributable to the equity shareholders of the Company divided by Net Worth attributable to the equity shareholders of the Company. Net Worth attributable to the owners of the Company means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the restated and audited statement of assets and liabilities, but does not include reserves created out of revaluation of assets, capital reserve, write-back of depreciation and amalgamation, in accordance with SEBI ICDR Regulations as of March 31, 2024.

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals in comparison to our peers.

The KPIs disclosed below have been approved by a resolution of our Board of Directors dated January 16, 2025 and the members of the Audit Committee have verified the details of KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the RHP. Further, the KPIs herein have been certified by Maheshwari & Co., Chartered Accountants, by their certificate dated January 16, 2025.

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The KPIs of our Company have been disclosed in the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations..."

Table with 5 columns: KPIs, Six months period ended September 30, 2024, Financial year ended March 31, 2024, Financial year ended March 31, 2023, Financial year ended March 31, 2022.

Notes: 1. Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Information. 2. Revenue Growth (%) is calculated as Revenue from operations for the current year / period minus Revenue from operations for the previous year / period...

Table with 2 columns: Metric, Explanation for the KPI. Rows include Revenue from Operations, EBITDA, EBITDA Margin, etc.

Table with 4 columns: Particulars, Our Company, VA Tech, Waburg EMS Limited. Rows include Revenue from Operations, Total Income, etc.

Notes: 1. Revenue from operations means revenue from sales and other operating revenues. 2. Total Income represents the total turnover of our business i.e., Revenue from Operations and Other Income, if any.

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE")

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding a total of 10 Working Days...

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes notification dated February 13, 2020 and read with press releases dated June 25, 2021, September 17, 2021 and March 28, 2022 and any subsequent press releases in this regard...

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COMPANY SECRETARY AND COMPLIANCE OFFICER: Suleta Ganker, DENTA WATER AND INFRA SOLUTIONS LIMITED. 440, 3rd Floor, St. Lakshminarayana Mission, South End Road, Basavanagudi, Bangalore...