



Denta Water and Infra Solutions Limited

Q4 & FY25 Earnings Conference Call

June 03rd, 2025

Management:

1. Mr. C Mruthyunjaya Swamy - Chairman and Executive Director
2. Mr. Manish Jayasheel Shetty - Managing Director
3. Mr. Sujith T R - Whole Time Director and Chief Financial Officer

Denta Water and Infra Solutions Limited**Q4 & H2 FY25 Earnings Conference Call****June 03rd, 2025**

Moderator: Good afternoon, ladies and gentlemen. I am Sejal moderator for this conference. Welcome to the conference Call of Denta Water and Infra Solutions Limited arranged by Concept Investor Relations to discuss its Q4 & FY25 year ended 31st March 2025.

We have with us today, Mr. C Mruthyunjaya Swamy - Chairman and Executive Director, Mr. Manish Jayasheel Shetty - Managing Director, Mr. Sujith T R - Whole Time Director and Chief Financial Officer.

At this moment, all participants are in listen only mode. Later we will conduct a question-and-answer session. At that time, if you have a question, please press '*' and '1' on your telephone keypad. Please note that this conference is being recorded. I would now like to hand over the floor to Mr. C Mruthyunjaya Swamy - Chairman and Executive Director.

Thank you and over to you Sir.

C M Swamy: Ladies and gentlemen. Good afternoon to all of you. I am C Mruthyunjaya Swamy - Chairman and Executive Director of Denta Water and Infra Solutions Limited company. I thank you all for taking the time out to attend our earnings call to discuss quarter 4 and financial year 2025 results.

Firstly, I shall shed some light upon the financials of the company and then operational highlights first quarter of this fiscal year. Post this, we will shall move on to the question-and-answer session.

As of March 31st, 2025, Our company has got a very robust order book of Rs.6143.78 million. I would like to further breakdown the order book in the infrastructure segment as comprising of Rs.5872.56 million from water management projects, Rs.247. 22 million from the railway contracts and Rs.24.01 from road projects.

As far as financial year 2025 compared with financial year 2024, I do narrate two or three lines for your kind consideration. Revenue from operations for the financial year 2025 stood at Rs.2032.85 million as

compared to rupees 2385.98 million in financial year 2024. Earnings before tax, depreciation and amortization for financial year 2025 stood at rupees Rs.724.32 million as compared to Rs.823.76 million in financial year 2024. Profit before tax stood at Rs.715.56 million in financial year 2025 as compared to rupees Rs.813.84 million in financial year 24. Profit after tax stood at Rs.528.85 million in financial year 2025 as against rupees Rs.604.68 million in financial year 2024. Earnings per share for the financial year 2025 stood at Rs.25.83 as compared to rupees Rs.31.43 in finance year 2024.

Now, I do wish to give quarter 4 financial 2025 compared with quarter four financial year 2024. Revenue from operations for this quarter four financial 2025 stood at rupees Rs.541.52 million as compared to rupees thousand Rs.1040.6 million in quarter 4 financial year 2024. Actually, our revenue has not got depleted. We have got the work executed; we have got very good inventory in our books and also, we have got very good receivables, which we will narrate in further slides and it is better when compared to last year, thanks to our IPO fund mobilization. Earnings before interest, tax, depreciation, amortization that is EBITDA for quarter four financial year 2025 stood at rupees Rs.185.77 million as compared to rupees Rs.378.43 million in quarter four financial year 2024 but percentage has got improved. Only in volumetric terms, the amount has got reduced. Profit before tax stood at Rs.192.47 billion in quarter four financial year 2025 as compared to rupees Rs.372.76 million in quarter four finance year 2024 and profit after tax stood at rupees Rs.137.2 million in quarter four financial year 2025 as against rupees Rs.270.41 million in quarter four financial year 2024. And earnings per share for the quarter four financial year 2025 stood at Rupees Rs.6.7 as compared to rupees Rs.14.08 in quarter four financial year 2024.

Financial 2025, was a transformative year for Denta Water and Infra solution. We successfully completed our IPO and got listed on the both, strengthened our balance sheet and enhanced liquidity. With disciplined fund deployment and operation efficiencies and a debt light profile, we were well positioned to scale execution and drive sustainable and profitable growth.

Further, I would like to inform to all of you, our company has got very light debt and we have got light asset model. Our staff strength is with our minimum staff strength. We are achieving very good progress and whatever dip in revenue we are observing in quarter four of financial 2025, we have realized in quarter one of 2025-26. In fact, we have received the funds and we will report shortly in our quarter 1 financial of 2025-26 .

Further, I would like to bring to your kind information that we are also trying to bid for future projects and that once the order gets confirmed, we can intimate to the stock exchanges. Our company is growing very well and our earnings will be very good in quarter 1 of financial 2025-26 and for the entire year, we will have a very good and robust growth. That much assurance I can give from chairman and management side.

I'm open to take questions now. Thank you.

Moderator: Thank you very much. The first question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Dixit Doshi: Yeah. Thanks for the opportunity. So, I'm new to the company. So, some basic question wanted to understand. So, majority of our order book is currently groundwater recharge projects. So, if you can help me understand what is usually a scope of work in these projects and among that, what kind of work we generally do and what work we subcontract to someone else?

C M Swamy: Actually, we from Denta water and infra solutions, have got one of its unique projects in government of India. Actually, city of Bangalore generates around 1600 million liters of sewage water every day. 80% of the sewage water that generated gets treated and that water was being let out into rivers and streams. It was going waste. We have got few districts adjoining Bangalore city, namely Kolar and Chikkaballapur, where there is a huge shortage of water. 30 years back, we had lot of groundwater in those districts. People used to grow crops by taking water from tube wells and bore wells. After the advent of this borewell technology, or tube well technology, farmers began drilling the borewell indiscriminately. The ground water level got depleted and precarious came up to 1500 feet below the ground. We don't have any regular source of river water in those districts. And so, government of Karnataka thought that the secondary treated sewage water, which is going waste, can be reused to recharge the groundwater, and accordingly, this groundwater recharging concept came into picture. And right now, our company is involved in around 70% of secondary treated sewage water, which is generated from Bangalore, which is being pumped to fill up the ground in adjoining districts of Bangalore. Actually, groundwater is available in below ground in cracks between the rocks. We call it as aquifers in technical terms. The water gets stored in more aquifers. This water has to be tapped and it can be used by any farmer in his land. But once all the farmers begin drilling bore well and enjoying that water, this water level goes down. The shallow depth aquifer will get exhausted. It goes deeper into the ground and once the water goes deeper into the

ground, it has got lot of impurities and people do not get quality water. So, we are pumping secondary treated sewage water from Bangalore and filling up into the tanks and lakes and water bodies in adjoining districts. This gets recharged, and now all farmers are getting plenty of water. This is the main focus area. This has been appreciated well by Government of India in its Parliamentary Consultative Committee meeting. In fact, our honorable finance minister has also adopted one of the villages for exemplary work which we have done in groundwater recharging. Even UN General Assembly president has visited our project site and he has appreciated the usefulness of the project. So, it's basically unique project of recharging with the available wastewater.

Dixit Doshi: OK. So, in terms of work at the ground level, let's say the EPC work or the whatever the civil work has to be done, so that is usually done by us or we subcontract or to someone else?

C M Swamy: All the works are done by us. In order to have better workability, we entrust some of the work, like employing of our earth moving equipment and the treatment of pipeline, laying of pipelines we entered on subcontract basis to locally available subcontractor.

Dixit Doshi: OK. And all the raw material or let's say cement, pipes, steel everything, everything goes from our P&L only like we only have to source and give it to?

C M Swamy: Yeah. We have got reputed vendors on our list like Jindal for Mild Steel pipe and GI Pipe which is major raw material for us. Tata Steel for MS Pipe and we have got few HDPE, i.e High-Density Polyethylene pipe manufacturers like Delta and Mangalam pipes and for cement we usually go for JK Cement and Coromandel Cement. We procure from our head office and we give it to project site.

Dixit Doshi: OK. And these 614 crores of order book that we have that is to be executed over how much time? Over next two years, three years?

C M Swamy: We will complete 40% of the work within financial year 25-26 the remaining 60%, i.e Rs.360 crore will be spent in 2026-27.

Dixit Doshi: OK. So, 40% this year and the remaining 60%, FY27. OK. And just one last question, wanted to understand. So typically, EPC companies have a lower margin than what we are doing. So, if you can elaborate that? What is different in our company than in normal EPC companies because we are enjoying a 35% kind of EBITDA margin.

C M Swamy: Our CFO will answer that question.

- Sujith T R:** Margins are usually better with Denta as compared to the peers because so, the kind of projects we bid for are low risk and high margin projects and the efficiencies that we have put in place. So, because of the expertise that we have; our core competencies is water management and water revitalization. We are at low debt and asset light model. One more reason we have higher margins is because of our cost efficiencies and cost optimization for our projects
- Dixit Doshi:** OK.
- Dixit Doshi:** OK. fine. I'll join back in the queue. Thanks.
- Moderator:** Thank you. The next question is from the line of Manan Shah from Money Bee Investments Advisors. Please, go ahead.
- Manan Shah:** Thanks for the opportunity, Sir. Continuing from the earlier participant. So, these groundwater recharge contracts that we've executed, these are like a one-time EPC contract or we continue to earn some sort of an annuity income where we keep processing the water and pumping this water into the ground for groundwater recharge. So, is there any annuity component that is involved that we continue to earn?
- C M Swamy:** So, it is basically EPC contact, but on DBOT model, Design-Build-Operate-Transfer model.
- Manan Shah:** OK.
- C M Swamy:** We are given with some specific targets and we have to fulfill those targets. We have to do design by ourselves. We have to build them to the satisfaction of the concerned line department. We have to operate with the long-term maintenance of five years and at the end of fifth year, we have to transfer the projects since we have got five years maintenance contract, our quality of work is very good. In fact, some of the projects we have already completed third year or fourth year of maintenance and in none of the projects we have encountered any major operational inefficiencies. It is on DBOT model, no annuities involved.
- Manan Shah:** OK, so when it is under our operation and maintenance, what is the, what would be that component of revenue that would be booked in the last year?
- C M Swamy:** It will be around 7 to 8% maintenance cost will be there of the project cost. If you have got Rs.100 crore, it will be Rs.7 crores will be, around

Rs.7 crores will be paid as operation cost. It will be paid over a period of five years in equal instalments.

Manan Shah: OK. And our order book that we have around 600 crores, would that also primarily be for groundwater recharge or it is under any other segment of water?

C M Swamy: Majority Groundwaters, apart from that we have got 2 projects under Jal Jeevan mission where we are providing water supply to around 180 habitations and we have got one urban water supply project under AMRUT scheme where we are supplying water supply to urban habitation of Kuknoor and Yelburga.

Manan Shah: OK, so Sir, under Jal Jeevan mission, we've been reading that the projects have been impacted by you know center withdrawing the funding or not releasing the payment. Our projects also impacted by that and is that one of the reasons for the increase in the receivables this year? Because if I look at our history our receivables have been fairly low. This I'm just talking from our company perspective, not at the industry. So, what led to such a high increase in our risky tables and why is it that our receivables that are at such low numbers compared to the industry because generally there is a concept of some retention money as well in the for the difficult period, but we don't need to have that short so you can just highlight on that.

C M Swamy: Actually, Jal Jeevan mission, we have got 2 projects valued at Rs.3500 million. We have already completed to the tune of Rs.1800 million balance, Rs.1700 million had to be completed within this year. Since our projects have been sanctioned earlier, we are not impacted by any perceived cut in allocation by Government of India. Second, our quarter 4 earnings are just the billing cycle has got postponed to first quarter of FY25-26. So, we have got access to IPO funds, we were able to procure very good quantity of raw materials that you can see in our financials. In inventory, we have got around Rs.770 million and that entire material has got to be treated as I was telling earlier. Once we procure the raw materials, we have to treat. Once treatment is over, then our billing cycle will start. It took around 30 to 45 days and so that whatever billings we had done in the first last quarter of 24-25 has got realized in the first quarter of 25-26. In fact, we are receiving good revenue in first quarter of 25-26. It has got nothing to do with cut in rural Development Fund under Jal Jeevan mission. We are comfortable with our funding.

Manan Shah: OK. Then. So, we'll come again, come back to our historical receivable days in terms of 40 to 50 days?

C M Swamy: Yes, in the last quarter of 24-25 that gets realized in the first quarter of 25-26. We are receiving good revenue this quarter.

Manan Shah: OK, so my last question was on the order book. So, we are sitting on a very large amount of cash of almost Rs.200 crores. Obviously from the IPO procedure as well. And we are also focusing on other areas like roadways and railways. I believe roadways would be a much lower margin business based on what you know, current listed players make in this in that line business. So, what is the plan with this cash that we we've raised? And why are we focusing on roadways which should be at a much lower margin, I believe than what we are existing make.

C M Swamy: We have received funds to the tune of Rs.220 crores out of IPO. We have spent around Rs. 88 crores as on March 2025. Balance funds we are utilizing in first quarter and in second quarter of 25-26. Our cities, we don't concentrate much on road work. Wherever we have got our water sector projects and groundwater recharging projects, if we come across any road work or railway work incidental to our work, we do compete for those work and we try to capture those orders. They are just incidental. They are not our core sector. With that road sector, yes, there will be a variation in profit margin that varies from project to project and we are very selective in bidding for those projects. We try to maintain good healthy margins, maybe a bit variable when compared to what's up the projects, but we want to expand in water sector only in further quarter and we are bidding aggressively for the water sector project that too with readily available funds like AMRUT scheme or Jal Jeevan mission of Government of India. We have got one more fund under government of Karnataka. This KMEF Karnataka Mineral Exploitation Fund that we are going to be aggressive and once the projects are one, we can disclose it since we are also bound by regulatory authorities' regulation. We will announce shortly very good news from our company end.

Manan Shah: So, what would be the value of these orders that are currently floating below which we would be targeting if any sense if you can throw on that line to understand the opportunity that lies ahead for the company. Thank you.

C.M. Swamy: Our board target is that we should compete for work around 1200 crores to 1500 crores. That we want to bid within first quarter and second quarter of 25-26.

Manan Shah: And generally, based on past history, what has been our win ratio?

C.M. Swamy: Ours is 70 to 75%.

- Manan Shah:** OK. Thank you. I'll get back in the queue.
- C.M. Swamy:** Please.
- Moderator:** Thank you. The next question is from the line of Akshay Sharma from Golden Myriad Investments Management LLP. Please go ahead.
- Akshay Sharma:** Yeah. Hi, Sir. Thanks for taking my question. My question is same regarding the margins, is there any technology involved or any IPR patent you know how can these high margins sustain?
- C.M. Swamy:** No such patents are available. We do work with good efficiency and our design team is very competent. They do design the project in such a way that we get economic returns on the progress which we are going to achieve. Further, we will we have got very good procurement efficiency as I was telling earlier to other questionnaire, we have got very reputed manufacturers of Jindal, Tata, JK Cement, Coromandel who do give rates who do give materials at very economical and cost-effective rates and also, we have got zero debt policy. We don't incur much on interest component and also further we have got asset light model where our workforce is also kept to a minimum level. Combination of all these and quick and efficient execution of the work has given us this much of margins. We hope to maintain same kind of margin of profit in coming years also.
- Akshay Sharma:** Got it. Also, Sir, can you help us in how the ordering happened in this and how many bidders are, you know generally participate?
- C.M. Swamy:** It varies from project to project. For generally there will be 3 to 4 bidders. Actually, 10 days back, we have participated in one tender in Arabhavi Taluk in Belgaum district where there were only two bidders and both the bidders have been technically qualified and they are shortly going to open the financial bid. Once financial bids are opened, then we will come to know what will be our position. Normally in state of Karnataka., it will be two or maximum 3 to 4 bidders will be there since all these works do require some past experience. We are pioneers in groundwater recharging, so our chances of obtaining contracts are right when compared to other players in the market.
- Akshay Sharma:** Got it. Got it. And Sir, last question on the order cycle, what's the time period as in since you get the order and then you execute and you know deliver the project, how much time does it take?

- C.M. Swamy:** Usually for bidding it takes 30 to 45 days. Since the order book will be more than a 100 crore. Once the bidding is over, they take 45 to 60 days to give the work orders and after receiving the work order, we have to design the system. We have to do survey on our own to arrive at a very good economical alignment of our pipeline and all those materials. So, it takes another 45 to 60 days. So, in the end, once the project is conceptualized at the end of 188 day, we will be able to start execution. And once the work starts, we get immediate payment based on milestone progress, which we are going to achieve.
- Akshay Sharma:** So, from 188 days, how many more days it may take? One month, 2 month or three months for the completion of the activity?
- C.M. Swamy:** No, usual project timeline will be 12 months, up to Rs.100 crore. Rs.200 to 300 crore work will be two years, more than Rs.300 crore will be 3 years. That is including the time which I told you for design.
- Akshay Sharma:** OK, OK. So, our order book, this also includes order more than 100 crores. Since you know we have execution for 27 as well.
- C.M. Swamy:** Yes, two works are, 1 work is of Rs.235 crore, another work is Rs.135 crore and third one is Rs.230 crore. It varies from project to project. You generally it will be more than Rs.100 crore. Very few works will be even up to Rs.10 crore will be there.
- Akshay Sharma:** OK. So, currently we are having three orders in our order book?
- C.M. Swamy:** No, we have got 17 ongoing projects. Including small projects.
- Akshay Sharma:** Thank you, Sir. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Hello. Good evening, Sir. Thank you for taking my question. Hopefully I'm audible. So, Sir, I just wanted to know, like, I think our order book you said is around Rs.614 crores. So, we want an execution of around 40%. So next year we just expecting around Rs.240-250 crores of revenue. Is that a fair way to look at it, Sir?
- C.M. Swamy:** We are expecting revenue of around Rs.300 crores out of which Rs.200 to 240 crore will be of existing order book. And we are also bidding aggressively this year and we may get revenue from new projects also. On conservative side, we are anticipating the revenue of around Rs.300 crore.

- Darshil Jhaveri:** OK. that's really great to hear, Sir. And the margin, I just wanted to check up once again, sorry I think everyone just asking about the margins, but most of the other companies we've seen in Jal Jeevan mission or somewhere, they don't do around 30% plus margin. So just wanted to you know clarify. So, is this because we do a lot of groundwater recharge where we have the forte, and in Jal Jeevan mission we have a different kind of margin. So just wanted to know like in like even in the sub segment wise, how do our margins differ Sir?
- C.M. Swamy:** Actually, we have got some data regarding listed company like EMS. They are also reporting profit on the similar line.
- Darshil Jhaveri:** Yes.
- C.M. Swamy:** And as I told earlier, our debt free company, light asset model efficiency and execution and procurement efficiency of very good manufacturers who do give us good material at very competitive rates. These all have added to our profit margin and we hope to sustain the same profit margin in coming years. And as far as other companies profit. Since they are not listed and not aware of the figures and facts.
- Darshil Jhaveri:** OK. Fair enough, Sir. And just wanted to know, like uh, currently in our order book of Rs.600 crores, I think you said around 300 crores is Jal Jeevan mission, right Sir?
- C.M. Swamy:** No, sorry. It is around Rs.180 crore.
- Darshil Jhaveri:** OK, Rs.180 crore, is Jal Jeevan. And so just wanted to know like currently on the ground reality, what sector we're getting more orders from? Is it AMRUT or Jal Jeevan or something else like just wanted to know in the water segment, how is it going panning out?
- C.M. Swamy:** Combination of Amrut and Jal Jeevan mission and we have got one specific fund government of Karnataka that KMERC fund – Karnataka Mineral Rehabilitation and Exploitation Fund. There we are bidding aggressively. We hope to bag that order also with our strength of technical efficiency and our work experience so far.
- Darshil Jhaveri:** So, what is that Karnataka opportunity, Sir?
- C.M. Swamy:** Karnataka Mineral Rehabilitation Exploitation Fund. They do collect some royalty out of the iron ore minerals, which is extracted in some specific districts. And that will be kept as a sub fund. It has to be used for the [inaudible 39.20]. In that we are aiming to bid 1 project of

sandur Town where we are providing water supply, sanitary and also end use of recycled treated water.

Darshil Jhaveri: OK. So that opportunity size would be around how much, Sir? Rs.300-200 crores or even size?

C.M. Swamy: Around Rs.850 crores is the project cost which they have prepared. We are actively bidding for that project.

Darshil Jhaveri: OK. That's really great for you Sir. Yeah. And just wanted to know like in terms of you just saying we want to bid for a lot of orders right now. So just want to know the order inflow in our business is more towards H1, how does it work Sir?

C.M. Swamy: Can you repeat? Can you repeat?

Darshil Jhaveri: So we are, I think Sir mentioned we are trying to bid for around thousand Rs.1200 crores orders in quarter 1 or quarter 2. So, there are results or when will the tenders get open roughly. So, will we can we expect the order info to come in H1 or how in H2, how does the timeline work and in general, do we have a seasonality that H1 is better H2 is better. How does that work?

C.M. Swamy: It will be we can release those orders in quarter 2 or quarter 3 of this financial year.

Darshil Jhaveri: OK. And in terms of ours?

C.M. Swamy: We will announce it. We'll announce it as soon as we get the orders.

Darshil Jhaveri: Ohh, we highly anticipating that Sir. And just in terms of seasonality, just wanted to ask because H1 - H2 are like similar or you know H2 is a bit higher usually but this year H2 we didn't have a really great H2. So just wanted to you know kind of ask about that Sir.

C.M. Swamy: H2 will be higher in this year.

Darshil Jhaveri: Fair! Thank you so much sir.

Moderator: Thank you. The next question is from the line of Sanket from Aarth AIF. Please go ahead.

Sanket: Good evening. Thank you for the opportunity. So, most of my questions have been answered. There's one question which I had. So, as I was going through the pitch, it said that there were delays due to the procurement and receipt of customized materials and specialized

treatments which impacted the receipts in the final quarter, right, so had this not happened, how much would we see the revenue in FY25?

C.M. Swamy: No, actually it was not delayed. We got access to our IPO fund on 10th of February. Immediately we took up procurement of the raw material. And usually, raw material manufacturers do take 25 to 30 days to fulfill our orders. So, we were able to get our materials by mid-week of March 25. And with that material, we were able to do treatment, some specialized treatment requests for each project wise specific needs and we were able to bill it in the last week of March. That got postponed to first quarter of 25-26. It was not delayed. It was just a billing cycle which has got postponed to first quarter of 25-26. That was our intention of answering.

Sanket: That question and how much how much would that have been that billing, how much would it add to the revenue?

C.M. Swamy: Probably we are expecting around Rs.260 to 275 crore in this year and first quarter probably Rs.55 to 60 crore.

Sanket: OK, so that billing which got postponed that was around Rs.55 to 60 crores.

C.M. Swamy: Can you please come again?

Sanket: The billing which you had mentioned which got postponed to April is that 55 to 60 crores?

C.M. Swamy: Yes.

Sanket: Yes, OK, alright. Great and my next question is we said earlier that we had some projects from Jal Jeevan mission? Can you elaborate on what kind of work is being done in these types of projects?

C.M. Swamy: Do you want technical details or do you want general details?

Sanket: No, just general details, Sir.

C.M. Swamy: Yes, it is providing water supply to 180 habitations spread over two taluks of Koppal and Gangavati in Koppal district. We have to provide water supply of 135 liter per person per day. And we have to build jack well for drawing out of the water. We have to lay pipeline. And we have to build overhead tank and we have to provide watersupplied to each household. That is the aim of Government of India.

- Sanket:** OK, OK, great. And what are the margins like EBITDA margins in this type of business?
- C.M. Swamy:** It depends on project to project. Our EBITDA margin, which we have published for Q4 FY25 is actually 36.15%. And it's better when compared to last year 35.63% when compared to 34.53 percent, March 31, 2024.
- Sanket:** Correct. Correct now so I'm assuming most of that is because of the groundwater recharging, which Denta Water definitely specializes in, and that's where most of the revenue comes from. But I just wanted to get an idea of how much margin would Jal Jeevan mission project be getting us?
- C.M. Swamy:** It will be on similar lines. I can. I don't have figure project specific or scheme specific. It will be on similar lines 1 or 2% this way or that way.
- Sanket:** OK, got it. Got it. Got it. And could you just repeat again for me, how much was the project amount for Jal Jeevan mission, how much is completed?
- C.M. Swamy:** It is Rs.350 crore is the total contract value. We have completed around Rs.180 crore worth of work balance Rs.170 crore, we will try to complete within this year 25-26.
- Sanket:** Perfect. Excellent. Thank you, Sir. That was all from my side.
- Moderator:** Thank you. The next question is from the line of Madhur Rathie from Counter Cyclical Investments. Please go ahead.
- Madhur Rathie:** Sir, thank you for the opportunity, Sir. I wanted to understand this.
- Moderator:** Sorry to interrupt, Sir. I would request you to please use your handset.
- Madhur Rathie:** Yes, Sir. I wanted to understand regarding our margin. Is our margin high because of the design element and the know how about how these groundwater restoration needs to be done that other players don't have? Or is it something else because of which our margins are on the higher end?
- C.M. Swamy:** As I explained earlier, it is combination of all the factors. Our design efficiency is good. Our company's debt efficient 0 debt free

margin and our model is lighter set model. Combination of all this as given this much of profit.

Madhur Rathi: Sir, I couldn't hear you, Sir. Your voice got cut in the middle. Sir, please, can you?

C. M. Swamy: It is combination of all. Better design efficiency. Efficient procurement policy. Light asset model and almost zero debt company. Our finance costs are very minimal and since our we are outsourcing almost all works on subcontract basis. Our equipment costs are also less. We don't book much of depreciation cost. And light asset model with our efficient staff, we do extract maximum work. Due to combination of all these factors, we are able to have this much of profit.

Madhur Rathi: OK, Sir. So, if I consider, Sir, this would be a personal heavy or talent heavy kind of segment where we would like to keep our talent in line so that the design would be higher. So, is that understanding, correct?

C.M. Swamy: Can you repeat?

Madhur Rathi: Sir, is this business more of design oriented where we need to keep the like the right amount of manpower and right amount of talent portion all on our books so that we can keep on bidding orders and getting these orders. Is that fair assumption?

C.M. Swamy: No, not a single factor. Yes, it is also one of the contributing factors. And you know, we have our attrition rate is very less, around 3 to 4%. Our employees are working since long time, since three to four years and combination of all the factors not only of single factor.

Madhur Rathi: Got it, Sir. How big is this opportunity of groundwater restoration? If I look at India or the target segment that we are like catering to Sir. So, I thought you mentioned I heard you Rs.1000 to 1200 crore pipeline but Sir, how big is the overall opportunity for this for EPC kind of contracts?

C.M. Swamy: Government of India has formulated one scheme called as Atal Jal where groundwater situation, wherever it is very below the ground, has identified 6 states, Karnataka, Maharashtra, Uttar Pradesh, Haryana, Gujarat and Madhya Pradesh. There, the Government of India has given prominence for groundwater recharging and it is very acute in state of Karnataka. Right now, we are concentrated in just two districts in state of Karnataka, we have got ample opportunity to cover rest of the districts in Karnataka where groundwater situation is also very precarious and we have got very good opportunities to

move out of Karnataka and also explore markets in other states where groundwater situation is less stable as I told you about 6-7 states.

Madhur Rathi: Got it. Sir, you mentioned that we bought some inventory that needs to be treated. Sir, so what is this inventory that needs to be treated and you mentioned that these have been procured at very attractive rates. So, can we expect the margin improvement of this Rs.55-60 crore billing that has been shifted to Q1?

C.M. Swamy: Its inventory is basically of different categories of pipes like mild steel pipe, High-Density Polyethylene pipe and ductile iron pipes and also electromechanical equipment like pumps which reach electrical lines and also cement and steel. Since we got access to our IPO funds in 10th of February 2025, we procured all the materials and they have been classified as inventory in our books of accounts. They are all being laid and will receive revenue of Rs.55 to 60 crore in the first quarter of 25-26. And as far as margin is concerned, once audit numbers are out, then I will be able to give you exact figure.

Madhur Rathi: Sure. Just on the final question from my end, Sir, what gives Denta the right to win in this segment? Sir, what is it that we are able to do right because of which we are able to get these orders rather than other players in similar segment and Sir, who would be our competitors if you can name other than the EMS on the unlisted space, any competitors, if you can guide? Sir, that was from end. Thank you so much.

C.M. Swamy: We started in small ways with groundwater recharging and due to our own efficiency, we became the leading player in state of Karnataka. In Karnataka, we don't have any listed players. EMS is more into sewage treatment plant and water supply provision project. In unlisted segment, we have got few players in the state of Karnataka. Shankaranarayan Construction, Amrutha Construction, Vrundavan Construction, and Srinivasa Constructions. They're all unlisted players. And we believe that our technical competency and our cost efficiency will be the leading factor and we will be able to bag much more orders in coming days.

Madhur Rathi: Got it, Sir. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Deepak Juneja, who is an individual investor. Please go ahead.

Deepak Juneja: Sir, my question is why our revenues and profit has deteriorated compared to last year?

- Sujith T R:** I am Sujith here – CFO. So, we need to understand what happens in our industry. So, revenue is recognized based on the project execution milestones here and not on the recurring or uniform timelines. Revenue is drawn from pre awarded contracts and conversion of order book into reported revenue depends entirely on the pace of physical execution and billing certification. There is no loss revenue in this case. We are not going to lose any revenue, only thing, there is a time shift. What may not be recognized in one quarter or year due to execution phase or billing schedule will likely shift into the following period. Comparing the revenue on quarter on quarter or even year on year basis may not always reflect the full operational progress, especially in a milestone driven execution model like ours. In here as you said, the so for the financial year 2025, some projects were in the intermediate phase towards the end of the year. And incidentally, this coincided with the Q4 being the financial year end, which affected the billing cut off and resulted in deferred revenue recognition. We expect this deferred revenue to be realized in H1 Financial year 2026 as those projects move into the higher billing phases. Hope this answers your questions.
- Deepak Juneja:** Thank you, Sir. So, Sir, is the government, you know, paying receivables on time, like what has been your experience of recently?
- Sujith T R:** 45 days.
- Deepak Juneja:** OK, Sir. Thank you, Sir. Last question, Sir, we are expecting a revenue of for Rs.300 crore I think for this year. So, when the PAT margin of 25 to 26% will be maintained for this year also?
- Sujith T R:** Yes, we hope to sustain the same margin. However, the results will be announced during due course of time.
- Deepak Juneja:** Thank you.
- Moderator:** Thank you. The next question is from the line of Amit Agicha from HG Hawa, please go ahead.
- Amit Agicha:** Yes, thank you. Thank you for the opportunity, Sir. And Sir, my question was like how have the IPO proceeds been allocated so far?
- C.M. Swamy:** IPO proceeds Rs.220 crore we have received out of which Rs.25 crore has been marked for issue expenses. Rs.150 crore has been year marked for working capital requirements Rs.45.34 crore for general corporate expenses. And utilization is Rs.49.47 crores out of working capital Rs.24.42 issue expenses, Rs.14.14 for general corporate

expenses. Total expenditure is 88.03 crores. And the amount which we have to utilize in the year 25-26 is 132.47 crore.

Amit Agicha: Thank you, Sir. I appreciate the details. All the best for the future.

Moderator: Thank you. The next question is from the line of Yash Kumar Bhalla from Balaji Trading. Please go ahead.

Yash Kumar Bhalla: Hello.

Moderator: Yes, Sir, you are audible.

C.M. Swamy: Yes, you are audible.

Yash Kumar Bhalla: [inaudible 56.56]

Moderator: Sorry to interrupt, Sir, your question was not clear. I would request you to please use your handset and repeat your question again.

Yash Kumar Bhalla: I am asking that Denta is having such a good order book then why did the price fall suddenly? Management team is also changed then why was it changed?

C.M. Swamy: Yeah, I got your question. Thanks for the question. As I mentioned, our results were out March 2025, soon after the results, so the investors did not understand the reason behind the dip in the so profit. As I already mentioned, for our esteemed investor before, it is the issue with the billing cycle. And whatever the leftover revenue will be build the subsequent quarter in Q1 of 26, so hope this answers the question.

Yash Kumar Bhalla: But so, the reason in falling. Why?

C.M. Swamy: So, because of the results that is announced on March 2025, so because of the results, the investors did not know as to why there is a dip in the so profit. So, as I explained to you, so it is because of the issue with the billing cycle and so, the billing will be done in the H1 2026. So, hope this is clear to all the investors. And so, let me know if any other questions?

Moderator: Thank you. The next follow up question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Dixit Doshi: Yeah. Thanks for the opportunity again. So, you clearly mentioned about why the inventory has gone up. Basically, you have sourced the inventory post the IPO and the billing has not yet happened and will

be done in Q1, but what led to the receivables increasing sharply? I think it was only Rs.25 crores last year on a 240-crore sale this year at March and it is almost Rs.80 crore plus.

C.M. Swamy: Actually, we have billed the all the bills to the respective department. And as we explained earlier, due to the billing cycle delay, we are realizing that revenue in first quarter and second quarter of 25-26. That entire Rs.25 crores is the bill raised in favor of government departments. Actual receivables that we realized in this quarter.

Dixit Doshi: OK. So, you expect the receivables to come down from Q1?

C.M. Swamy: Definitely, it will come down.

Dixit Doshi: OK. fine. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now have the conference over to Mr. Mruthyunjaya Swamy - Chairman and Executive Director for closing comments.

C.M. Swamy: Thanks for the good interactive question and answer section. Actually, I hope I have answered almost all these queries. Our company is one of its kind, which is into groundwater recharging. Please have confidence in the company. Yes, I do admit a marginal dip in or means for the fourth quarter that we will set right in this year especially from first quarter of 25-26. We have got very good outstanding order book and our management has decided to bid aggressively and our order book will definitely go up in coming months and we will show very good results and also a good order book. And we hope to maintain same profit. Have confidence in our company. Please support us. We have supported so far. Let us also continue to build up the company and also build up the investor confidence and also wealth of the investors. Let us have a win-win situation, both for the company and also for all of you - investors.

Moderator: Thank you. On behalf of dental water and Infra Solutions Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.