

Denta Water and Infra Solutions Limited

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	10.50	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	100.50 (Enhanced from 70.50)	CARE BBB; Stable / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Denta Water and Infra Solutions Limited (DWISL) continues to derive strength from its satisfactory capital structure, stable profitability and adequate liquidity levels. Ratings also take note of the promoters' experience with decent track record in execution of engineering, procurement, and construction (EPC) business and execution capability of the entity in the water management segment.

However, these strengths are partially offset by the company's increasing working capital intensity due to the build-up of current assets, primarily receivables and unbilled revenues. This resulted in negative cash flows from operations in FY25 and H1FY26. While funds raised through initial public offer (IPO) supported maintenance of adequate liquidity levels, a sustained trend of negative operating cash flows could exert pressure on liquidity in the medium term. Ratings remain affected by competitive and fragmented nature of the industry, the company's profitability susceptible to fluctuations in input material prices and geographical and segmental concentration of the entity's projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations above ₹500 crore while maintaining profit before depreciation, interest, and taxes (PBDIT) margins of over 25% and order book/sales of over 2x and gross current asset days below 150 days.

Negative factors

- Increase in working capital intensity adversely affecting total outside liabilities to tangible net worth (TOL/TNW) above 1.00x and liquidity declining below ₹50 crore.
- Receivables (including unbilled revenue) to revenue from operations increasing above 90%.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CareEdge Ratings) view that the current orderbook will aid growth of the company's scale of operations and support profitability.

Detailed description of key rating drivers:

Key strengths

Execution capability in the segment

DWISL has been present in the industry since 2016. It has an established track record of operations in water supply management projects and EPC and operations and maintenance (O&M) services and has long-standing relationship with government authorities such as Government of Karnataka (GOK), Bangalore Water Supply and Sewerage Board (BWSSB), divisions of Indian Railways, and urban local bodies from which it receives majority contract work. DWISL benefits from the experience and relationship developed by its promoters as reflected in its position in the highly competitive industry.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Satisfactory orderbook position providing moderate revenue visibility

DWISL had an outstanding order book position (net of unbilled revenue) of ₹749.67 crore on March 11, 2026, which is 3.68x of FY25 revenues, providing revenue visibility in the medium term. Of the total outstanding order book on March 11, 2026, ~96% pertains to water management, which exposes it to sectoral concentration risk.

Healthy capital structure and debt coverage indicators

The company's capital structure continues to remain comfortable, with TOL/TNW at 0.05x as on March 31, 2025. Although interest coverage moderated in FY25 due to an increase in interest costs, the metric remains comfortable given the company's stable profitability and low debt obligations. The company has minimal outstanding debt across term loans and working capital facilities and primarily utilises non-fund-based working capital limits for issuance of bank guarantees related to its projects.

Experienced promoters with established track record of operations

The company was founded on November 17, 2016, by Sowbhagyamma and Rajashekar Sujith, to improve core infrastructure for common man's betterment and a mission to create a positive societal impact. The company is now headed by Manish Shetty, Managing Director, DWISL, an engineer with over nine years of industry experience, who looks after the overall operations of DWISL. R Narendra Babu, Independent Director, DWISL, holds a bachelor's degree in engineering and has experience in construction, groundwater recharging, lift irrigation, and water management. Prior to joining DWISL, he worked as Executive Engineer at Minor Irrigation Division, Government of Karnataka.

Promoters are supported by a team of managerial personnel and professionals in project planning, execution, and day-to-day business operations.

Key weaknesses**Moderation in revenues, with stable profitability**

The company's revenues moderated from ₹239.47 crore in FY24 to ₹203.63 crore in FY25, however, profitability remained stable. Moderation in revenue was primarily attributable to extended project timelines arising from execution-related challenges that are typical to the sector. A portion of work executed in the year remained in inventory as it could not be billed in the period.

Increased working capital requirements

The company's working capital requirements increased significantly, rising by ~144% as on March 31, 2025, compared to March 31, 2024. Gross current asset days increased to 359 days in FY25 from 196 days in FY24. Current assets remained elevated as of December 31, 2025, per stock statements submitted to the bank, primarily due to receivables unbilled revenues. Debtors (including unbilled revenue) as a percentage of revenue increased from ~31% as on March 31, 2024, to ~57% as on March 31, 2025, and ~65% as of December 31, 2025. However, with expected billing of unbilled revenues in Q4FY26, current assets are likely to slightly reduce. Higher working capital requirement has been primarily funded through IPO proceeds and internal accruals, with minimal reliance on external debt.

Presence in an intensely competitive and fragmented construction industry with tender-based nature of operations

DWISL is a mid-sized player operating in an intensely competitive and fragmented construction industry, where projects are awarded based on relevant experience of the bidder, financial capability and competitive bidding price. Competitive intensity considering the presence of numerous contractors results in aggressive bidding, which restricts margins. Due to low counterparty credit risk and a relatively stable payment track record associated with projects funded by central and state government bodies, these projects are lucrative for contractors and remain highly competitive.

Profitability susceptible to fluctuations in input prices

Execution period of contracts awarded to DWISL usually range from 12-30 months. Thus, its profitability remains susceptible to fluctuations in input prices such as raw materials, labour, steel, cement and sand. However, DWISL's majority orderbook has an inbuilt price escalation clause, which mitigates risk arising from adverse movement in input prices to a large extent.

Geographical and segmental concentration risk

DWISL's order book is geographically concentrated with orders limited to Karnataka. However, DWISL has established presence in the state for water supply projects (WSP) as the company is well-equipped with technological expertise and execution capabilities. The government's focus on water-related infrastructure through further extension of Jal Jeevan Mission mitigates risk to some extent. Though DWISL, specialises in water management projects across Karnataka, it is also gradually focusing on diversifying into railways and road sector.

Liquidity: Adequate

The company's liquidity position remains adequate, supported by free cash and liquid investments, including mutual funds amounting to ₹86.52 crore as on December 31, 2025. Utilisation of the company's working capital limits of ₹10.50 crore remained low. Although working capital requirements increased in FY25 and FY26, these were met through IPO proceeds and short-term borrowings from financial institutions, all of which have since been repaid except for a working capital term loan, with a remaining repayment obligation of only ₹6 crore in FY27. However, further build-up of current assets may exert pressure on liquidity and will remain a key monitorable.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Utilities	Other Utilities	Water Supply & Management

DWISL was founded on November 17, 2016, by Sowbhagyamma and Dr Rajashekar Sujith. The company is now headed by C Mruthyunjaya Swamy (Chairperson). DWISL is engaged in water EPC services. With a track record in infrastructure project installations, including groundwater recharging through recycled water, turnkey projects involving setting up of water supply network, irrigation, and providing O&M services.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	239.47	203.63	195.07
PBILDT*	80.03	68.54	70.85
Profit after tax (PAT)	60.46	52.89	51.74
Overall gearing (x)	0.01	0.00	NA
Interest coverage (x)	153.32	80.26	88.56

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	10.50	CARE BBB; Stable
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	100.50	CARE BBB; Stable / CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	10.50	CARE BBB; Stable	1)CARE BBB; Stable (04-Apr-25)	1)CARE BBB; Stable (02-Apr-24)	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	100.50	CARE BBB; Stable / CARE A3+	1)CARE BBB; Stable / CARE A3+ (04-Apr-25)	1)CARE BBB; Stable / CARE A3+ (02-Apr-24)	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Karthik Raj K Director CARE Ratings Limited Phone: +91-80-4662 5555 E-mail: karthik.raj@careedge.in</p> <p>Himanshu Jain Associate Director CARE Ratings Limited Phone: +91-80-4662 5528 E-mail: himanshu.jain@careedge.in</p> <p>Gautami Shanker Lead Analyst CARE Ratings Limited E-mail: Gautami.Shanker@careedge.in</p>
--	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**