

Dhruv Consultancy Services Ltd.

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Company Snapshot

- ❑ **Single Phase Buying Strategy** = Buy between INR 48-53 (CMP = 48)
- ❑ **Price Target** = INR 110+ in next 12 months & INR 500+ in next 5 years. It can deliver ~50-60% CAGR over the period of 5-10 years.
- ❑ **IPO came in Apr 2018 @ 54rs per share, today stock is trading @ 48rs;** almost zero stock price appreciation in last 4 years which is good for us because we are now entering at the right time. It is trading 40% down from ATH of 85rs.

Dhruv Consultancy services is an Infrastructure consultancy company providing design, engineering, procurement, construction and integrated project management services for Highways, Bridges, Tunnels, Architectural, Environmental Engineering and Ports.

Current market price - ₹ 48	Market Cap- ₹ 70 Cr.	ROE- 13.5 %
BSE- 541302	52 week high/low- ₹ 84.6/29.1	ROCE- 16.6 %
NSE- DHRUV	Promoter's holding- 67.7%	Debt to equity- 0.26
Current Ratio- 1.98	Pledged percentage- 0.00%	Stock P/E- 13
Sales growth CAGR (5Y) – 19.8 %	Profit growth CAGR (5Y)- 10 %	Net worth: ₹ 45.8 Cr.

175+

PROJECTS COMPLETED

4793

KM. DPR PROJECTS COMPLETED

53+

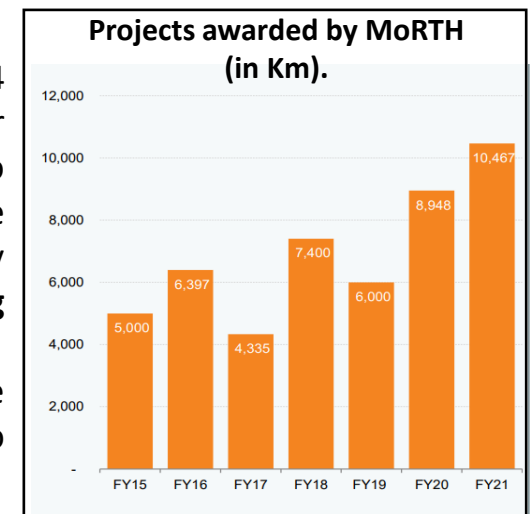
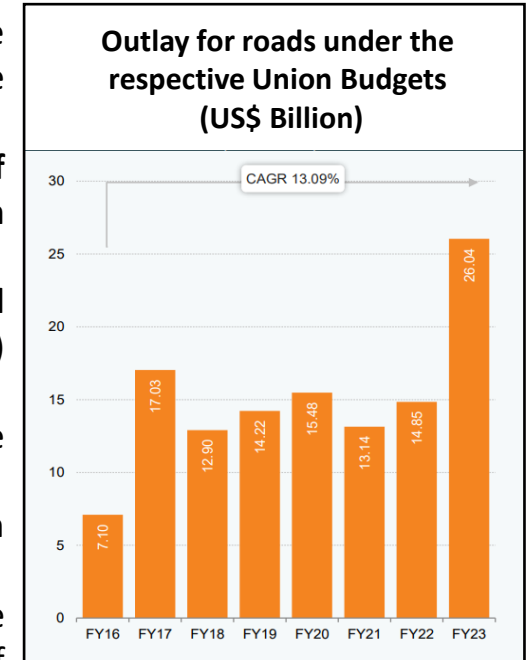
ONGOING PROJECTS

1958

KM.ONGOING PROJECT SUPERVISION

Industry Overview

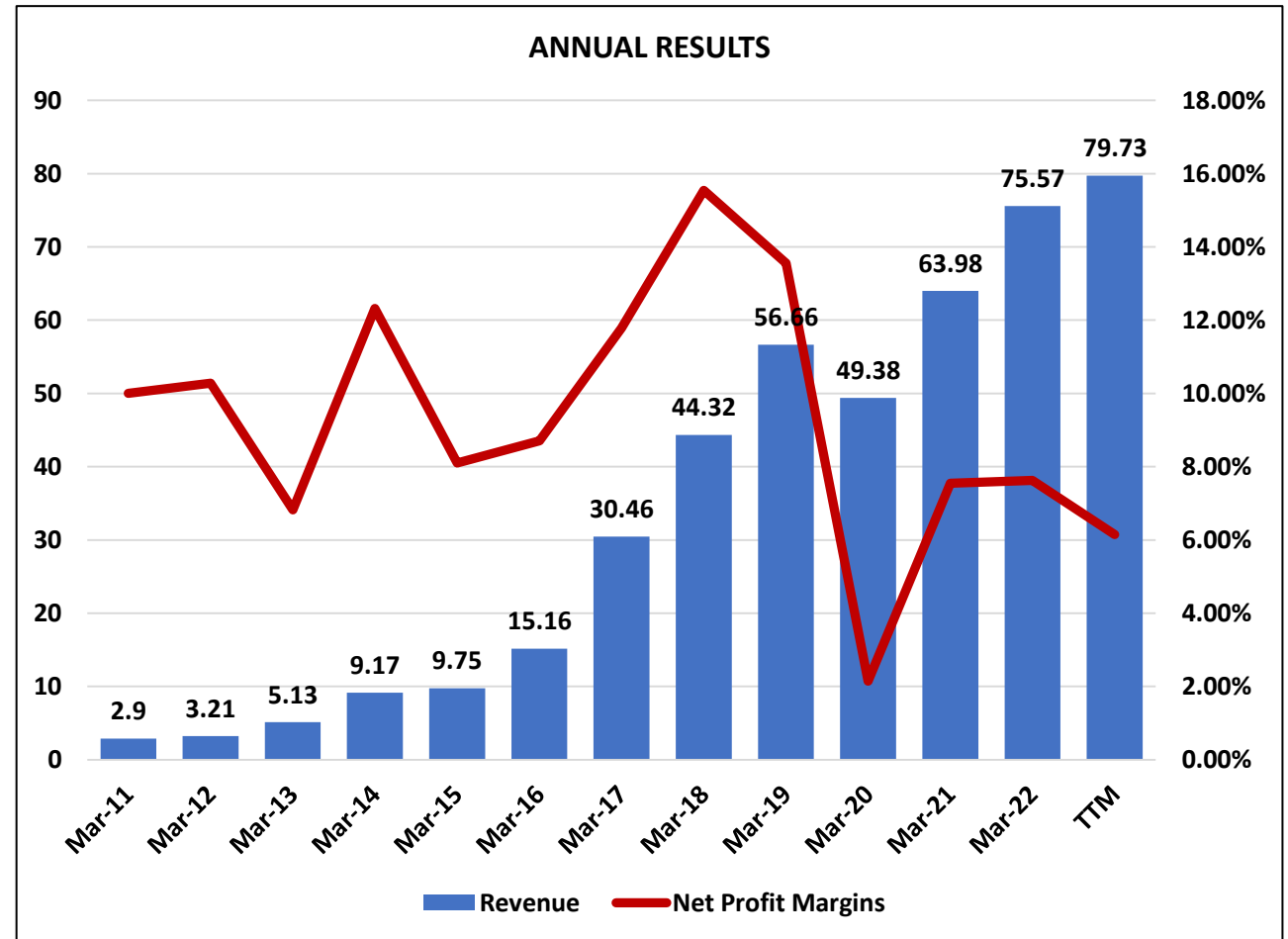
- ❑ Road Infrastructure is one of India's main economic contributors and the one with the largest job prospects is the nation. It has also served as the **main focus of the government's development and growth programme** for the nation's long-term advancement.
- ❑ **The Indian Ministry of Road Transport and Highways built 13,394 km of highways in FY 2020–21, setting a record of 37 km every day.** The length of the nation's highways has increased by 50% in the past seven years, from 91,287 km in April 2014 to 1,37,625 km in March 2021.
- ❑ The **budget and sanctioned amount for road construction have both grown dramatically.** The Ministry of Road Transport and Highways has received funding from the Indian government of Rs. 199,107.71 crore (US\$ 26.04 billion) as part of the Union Budget 2022–23.
- ❑ The government's **initiative to encourage private sector involvement** has benefited the infrastructure sector, since numerous private businesses have entered the market via the public-private partnership (PPP) model.
- ❑ In order to benefit from the expansion of the road industry, a number of international businesses have partnered with Indian players thanks to the government's **permission for 100% Foreign Direct Investment (FDI).**
- ❑ **In 2022–2023, the NHAI intends to build 25,000 kilometers of national roads at a rate of 50 kilometers per day.** The **Gati Shakti National Master Plan** was introduced by the Indian government, and it would guide the development of the nation's infrastructure in a comprehensive and integrated manner while creating massive job possibilities.
- ❑ Under the **National Infrastructure Pipeline (NIP)**, the Indian government has allotted Rs. 111 lakh crore (US\$ 1.4 trillion) for the fiscal years 2019–25. According to the NIP released by the Ministry of Finance, GOI, the road sector would get INR 19.64 lakh crores from FY 19–20. While covid caused the allotment and conversion into projects to move slowly over the first three years, this gap is currently being filled quickly. The remaining expenditure will be awarded and used throughout the following two fiscal years, according to the administration. The budgetary expenditures for the consulting industry make up around 5% of the total. **Nearly 60000 crore worth of consulting employment are anticipated to be given over the next two years.**
- ❑ High technical scores, less competition as a result of the NHAI's bid capacity clause, and Dhruv Consultancy being the sole firm listed on the BSE and NSE main boards all point to the company's outstanding future in the following two years.

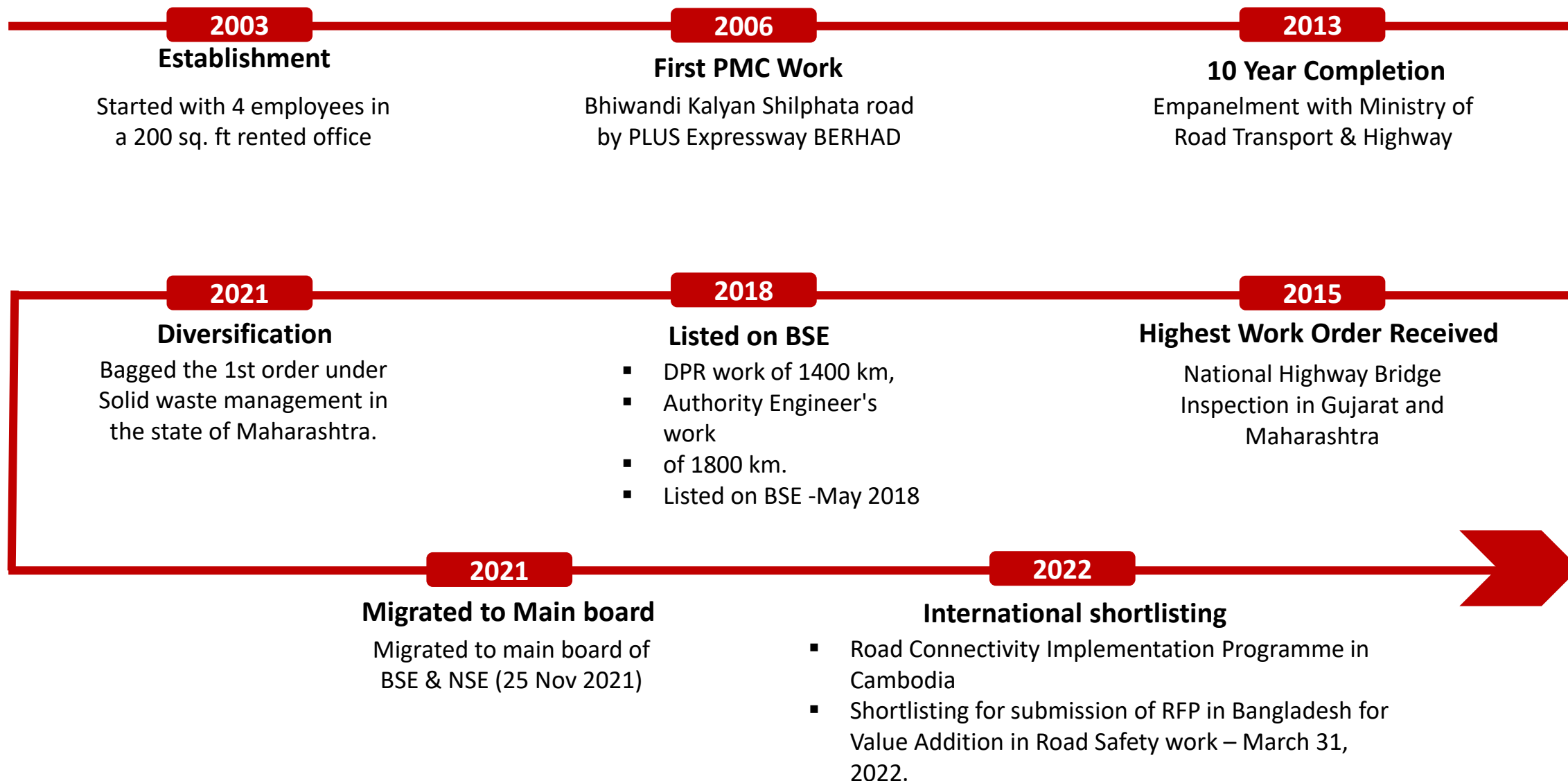


DCSL at a Glance

Incorporated on August 26, 2003, Dhruv Consultancy Services Ltd. is one of India's fastest-growing public listed project management consultancy firms in the field of infrastructure. The company specializes in providing infrastructure solutions like roads, highways, bridges, architecture, waste management and ports. Their brand rests on consistent quality deliverance, timeliness and technologically advanced processes.

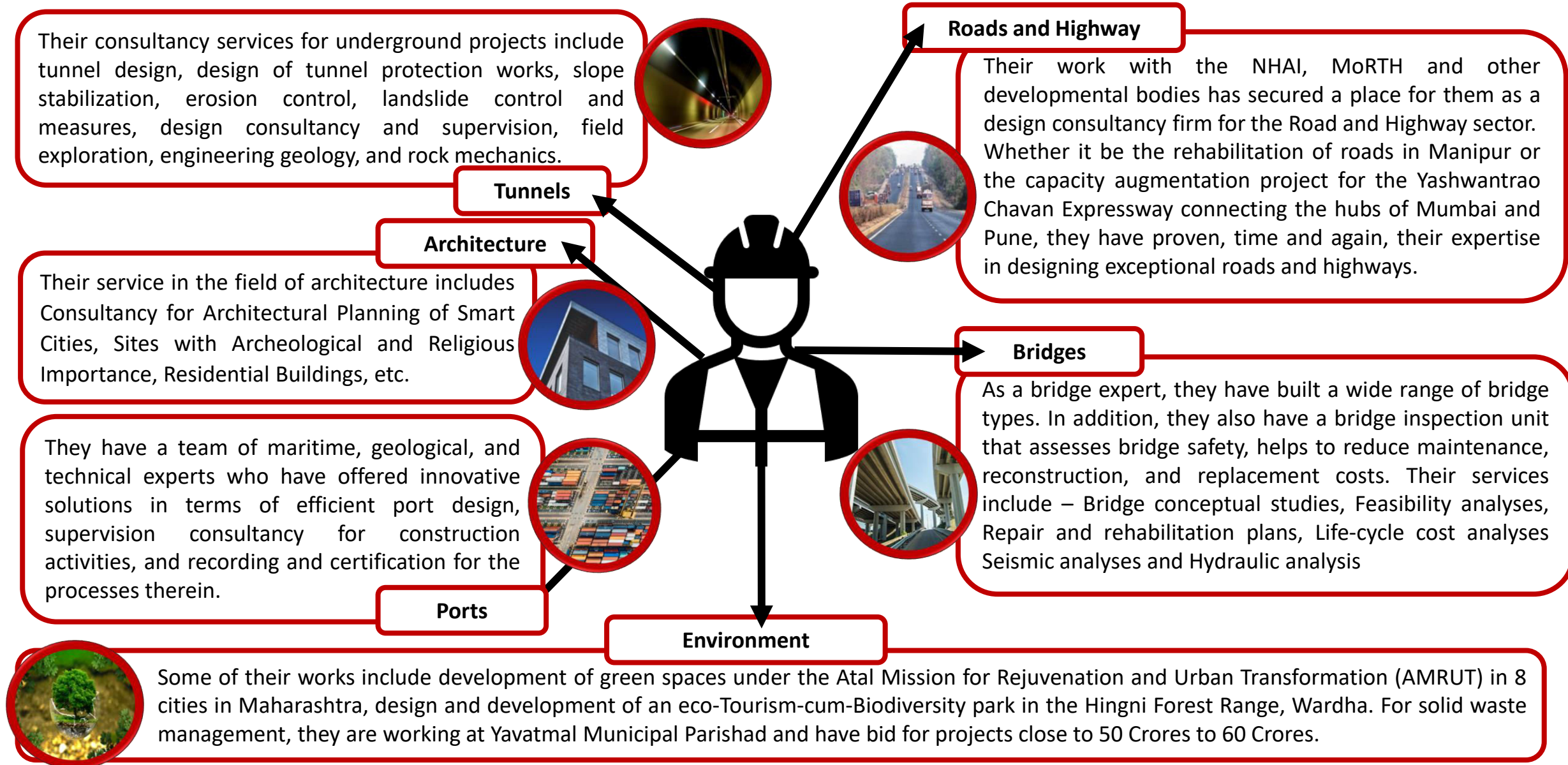
Key Business Segments	Description
Pre-tender Services:	<ul style="list-style-type: none"> ❑ Preparing Detailed Project Reports by Planning, Appraisal and Feasibility Study. ❑ Preparing the Contract/Concession Agreement for the Contractor/Concessionaire ❑ Presiding the pre-bid meetings.
Post Tender Services:	<ul style="list-style-type: none"> ❑ Supervision of project construction as PMC/AE/IE. ❑ Third party audit/inspection of the construction quality.
Advisory:	<ul style="list-style-type: none"> ❑ Lenders Engineer Services. ❑ Financial Bid Preparation. ❑ Techno-Legal Advisory. ❑ Inspection of Bridges and Structures.
Design:	<ul style="list-style-type: none"> ❑ Preliminary and Detailed Design of Bridges and Structures. ❑ Preliminary and Detailed Design of Highway Geometry and Pavement Crust.





Overview of Services

3C Capitals



Investment Rationale

International consultancy works funded by World Bank, Asian Development Bank, African Development Bank and UNDP.

They have tendered bids for international projects in countries like Bangladesh, Cambodia and Zambia, along with some other Asian countries. They have achieved monumental and consistent progress with the same. Their tenders have been moving up and are given thorough consideration in the form of reaching the final rounds of selection.

Huge Addressable market and increase in Ticket size.

A significant number of projects under Bharatmala Phase 1 are yet to be awarded. The consultancy sector is approximately 5% of the budgetary costs.

Seasoned professionals who have worked for 15 years or more in government as well as private sector

As a result, their technical scores for bids of important projects have increased which is a huge transition, making them qualified to take up bigger and better projects.

Increased Ownership of advanced equipment

In-house highway and bridge design teams and robust internal control systems for operational efficiency

Established in the country with a proven track record for more than 18 years.

Strong presence across 23 states and in 6 verticals

Strategic Alliances for higher value contracts

Diversification opportunities in Solid Waste Management sector

The company plans to diversify into sectors like Airport. Metros. Solid Waste Management. Solar EPC, etc. which offer tremendous scope and budget provision in India.

Concrete Steps to Success

- ❑ Dhruv has **developed over the past 18 years** as a brand and as a vehicle for the government's initiatives to improve road safety and infrastructure.
- ❑ They have **diligently worked to enhance their capacities in recent** years. The outcomes were successful. They are currently obtaining work on six-lane corridors, national expressways, and the market for consulting services abroad. This is a significant change for a Mumbai-based firm that has previously mostly operated in Maharashtra for the last 16 years or more.
- ❑ A significant change in the share of their initiatives was seen in FY 21–22. They have begun to **develop a substantial order book with the NHAI** as a result of which they are currently engaged in some of the most recognizable highway projects in the nation. Investors are expected to benefit greatly from this. In FY21, they received contracts totaling INR 95.5 crore in consulting fees and 1059 kilometers of project length, while in FY23's first three to four months alone, they received orders close to 100 crore. With a 350-person workforce now, they are moving quickly in the direction of growing their operations and diversifying into other sectors.
- ❑ **To ensure sustainable growth, the company is re-orienting itself through multiple transitions.** Potential growth accelerators include:
- ❑ In the two years since the covid outbreak, they have steadily built up their credentials. They have been **buying more cutting-edge equipment**, which will help them become more competitive. For the purpose of bolstering their collective technical skills, they **have begun employing retired government employees**. Mr. Himanshu Shrima, a former Chief Engineer for the Maharashtra government and a well-known figure in the Indian infrastructure industry was appointed by Dhruv Consultancy to serve as the organization's Chief Technical Officer in FY20. The company has benefited from this and will continue to do so as they are now **able to receive technical evaluation scores of 95 or higher** for major highway projects in India (up from 88 to 90 in 2018–19), giving them a significantly better bid capacity. As a result, they are now qualified to undertake 6-lane and 8-lane expressway projects, have begun winning more projects, and are anticipated to continue winning projects with bigger margins in the future.
- ❑ **The company plans to diversify** into sectors like Airport. Metros. Solid Waste Management. Solar, etc. which offer tremendous scope and budget provision in India. For solid waste management presently, they are working at Yavatmal Municipal Parishad and projects close to 50 Crores to 60 Crores have already been bided for the results are awaited. Dhruv Consultancy is known for its impeccable work and the expertise that it brings to the table, in the infrastructure domain. With this foray into ecological and environmental infrastructure, they can create sustainable ecosystems while providing good returns for investors.
- ❑ To bid for some higher value contracts, they sometimes **seek to form strategic alliances with other experienced and qualified companies**. Some include MoU with HSS Engineering Sdn Bhd in June 2017, MoU with IRClass Sysytems & Services Pvt. Ltd in August 2016 and MoU with Consistent Engineering Consultants, Dubai in July 2015. They had placed bids for solid waste management projects with their sister firm, Samarth Softech Solutions Pvt. Ltd. and for structural repairs, and solar EPC works with Innovision Studios.

Clients and Geographical reach

- ❑ The enterprise had historically been solely focused on the state of Maharashtra. However, they have recently been receiving large quantities of work from outside Maharashtra. They have **started and finished a number of projects across the length and width of India's unique geographical environment.**
- ❑ They are **working on large-scale projects that are also a part of the economic corridors**, such the Amritsar Bhatinda greenfield project and the access-controlled, greenfield projects at Delhi Saharanpur and Amritsar-Dehradun, to mention a few
- ❑ They have participated in significant government programmes and projects aimed at developing the infrastructure of the country. They have **steadily influenced the nation's infrastructure over the past 18 years**, beginning with architectural projects like expressways, bridges, and tunnels in the state before developing a footprint throughout India.
- ❑ They have **collaborated with MoRTH** and are currently **working with NHAI** as Authority's Engineers on prestigious projects at the state and federal levels, igniting a revolution in the nation's infrastructure.
- ❑ Dhruv Consultancy Services is **currently expanding abroad**. Although they have been empaneled on a few international projects, they are currently testing the waters. Along with various other Asian nations, they have submitted proposals for international projects in Bangladesh, Cambodia, and Zambia. 45 projects sponsored by the World Bank, Asian Development Bank, African Development Bank, and UNDP have received expressions of interest from the firm. Out of these, Zambia, Cambodia, Bangladesh, and the Kyrgyz Republic have shortlisted the firm. **The business anticipates landing at least one or two foreign assignments in 2022–2023.**

KEY PROJECTS OF FY22

Ateli Mandi To Narnaul Section of NH-11

Client: National Highways Authority of India (NHAI)

Project Highlights

- ❑ Total project stretch of 50.81 KM length.
- ❑ Four Lane National Highway.
- ❑ Road executed on Hybrid Annuity Mode.
- ❑ Includes structures such as road over bridge (ROB), major bridge, subways, vehicular under passes, pedestrian underpasses.
- ❑ Two rest areas with provision for truck lay by.

Total project cost: Rs. 1038.56 Cr.

Importance:

This is the first project awarded to Dhruv Consultancy Services in the state of Haryana. Therefore, it has its own unique challenges including difficult terrain in the North India region along with land acquisition issues.

Patas Baramati Indapur Tondale Section of NH-965G

Client: National Highways Authority of India (NHAI)

Project Highlights:

- ❑ The project corridor is 130.202 km
- ❑ 0.6735 km length is rigid pavement for 3 Toll Plaza and rest is flexible pavement
- ❑ Dedicated walkways 68.705 km for 'Palkhi' known as Palkhi Marg are to be constructed on either side of this highway
- ❑ 11 Palkhi Sthals (Place for Palkhis to halt and rest) are to be constructed along the project corridor

Total Project Cost: Rs. 1823.97 Cr.

Importance:

This project will add the experience of construction of 4 lane expressways along with palkhi marg.

Delhi–Vadodara Expressway

Client: National Highways Authority of India (NHAI)

Project Highlights:

- ❑ Total project stretch is 69.50 KM in length
- ❑ The Delhi–Mumbai Expressway is a 1,350 km long, 8-lane wide under construction access controlled expressway.
- ❑ The project consists of around 44 interchanges, out of which 16 interchanges are with National Highways
- ❑ Has Trumpet type ramps

Total project cost: Rs. 2890.27 Cr.

Importance:

This is the first 8 lane project awarded to DCSL and, it comes with its difficulties like cutting of high hilly regions and land acquisition issues. The project also has 3 long bridges which will provide a unique work experience to the team.

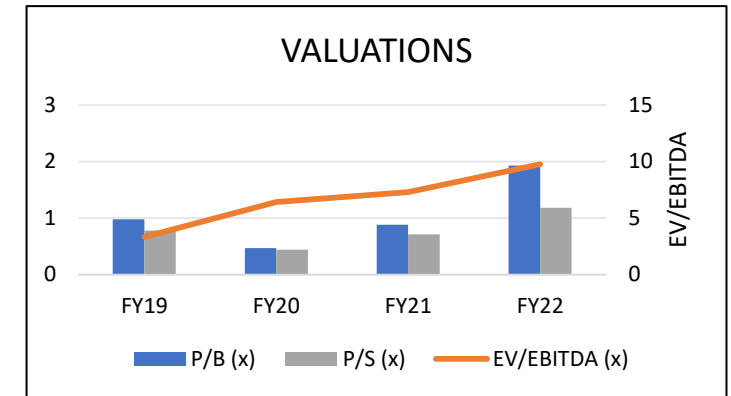
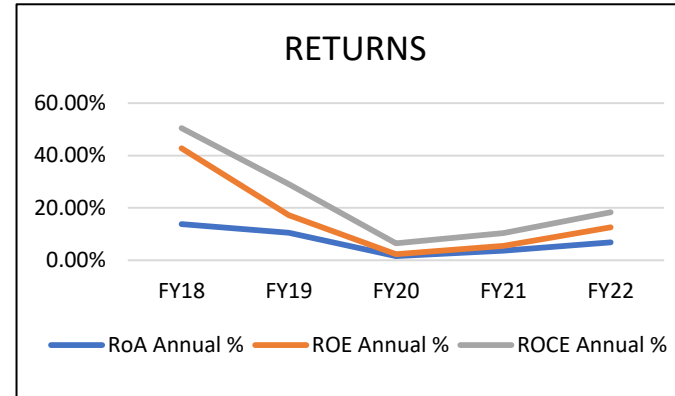
Financial Analysis (1/2)

Particulars	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Revenue (INR Cr.)	5.13	9.17	9.75	15.16	30.46	44.32	56.66	49.38	63.98	75.57
Operating Profit (INR Cr.)	0.54	1.74	1.65	3.45	8.18	11.92	14.59	3.55	8.76	9.31
Operating Margin (%)	10.82%	19.27%	17.44%	22.82%	26.87%	27.47%	26.00%	7.28%	13.82%	12.40%
Net Profit (INR Cr.)	0.35	1.13	0.79	1.32	3.59	6.89	7.68	1.06	4.83	5.76
Net Profit Margin (%)	6.82%	12.32%	8.10%	8.71%	11.79%	15.55%	13.55%	2.15%	7.55%	7.62%
EPS	17.5	37.67	26.33	44	94.47	6.89	5.37	0.74	3.38	4.03
Cash flow from Operating (INR Cr.)	-	-	-	-	2.26	5.28	-10.64	-0.08	2.69	3.65

- ❑ In FY 2021-22, Revenue from operations witnessed a growth of 18% YoY and Profit after tax was up by 19% YoY with enhanced business from existing customers. EBIDTA margin was slightly under pressure on account of increased outsourcing and increased remuneration to manage attrition.
- ❑ In FY22, the company generated an operating cash flow of Rs.3.65 Crores. They have been better owing to decrease in Trade receivables, investments and advances. **Management has and may face difficulty maintaining positive cash flow from operations** in the future owing to nature of business.
- ❑ **Segment Revenues:** Flyover & Bridges contributed around 2.5% of revenue in FY21. Road & Highways (Expressways, Bharatmala Pariyojana Highways, Economic Corridors and National Highways etc.) accounted for around 97% of their revenue in FY21. The same is expected for FY22.
- ❑ **Employee benefits expenses (17.37 CR) were down** by 2.89% despite average increase in salaries of employees. Employees on payroll were 287 against 257 in FY21 and Employee Attrition rate was low. **Finance costs reduced by 15.77%** while **depreciation reduced by 15.02%**. Other expenses increased by 31.67% (primarily owing to **increase of 48.02% in Professional fees** and Engineering Consultancy Services related to outsourcing of work). Profitability is significantly impacted by financial costs.
- ❑ With continued **focus on expanding in the markets beyond Maharashtra and that of India** along with getting higher technical scores in bids on the back of increased technical expertise of employees, recruiting of retired government employees, increased revenue base and continued recognition by industry peers and Government agencies, the company can surely improve revenues and expand their margin profiles.

Financial Analysis (2/2)

	FY20	FY21	FY22
Debtor Days	225.56	157.57	35.89
Book Value Per share	31.9	33.7	32.1
Working Capital Turnover	1.2	1.4	2.1
Current ratio	3.01	2.99	1.98
Debt/Equity	0.2	0.24	0.26
3 year CAGR Sales (%)	26.54	17.36	15.66
EV per Net Sales	0.6	0.8	1.3

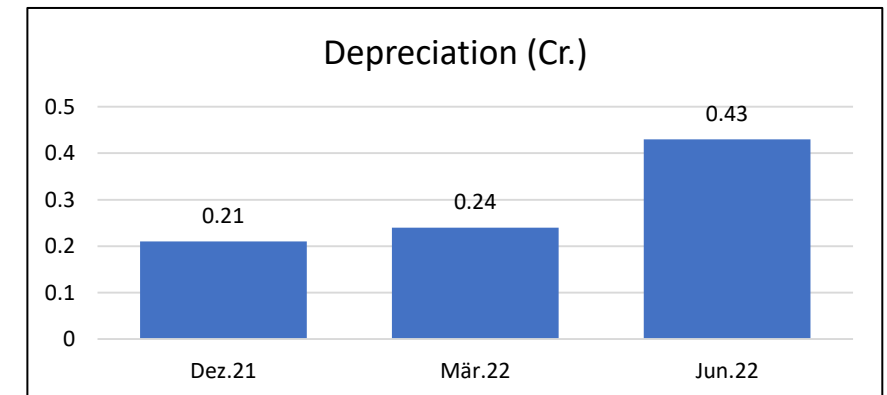
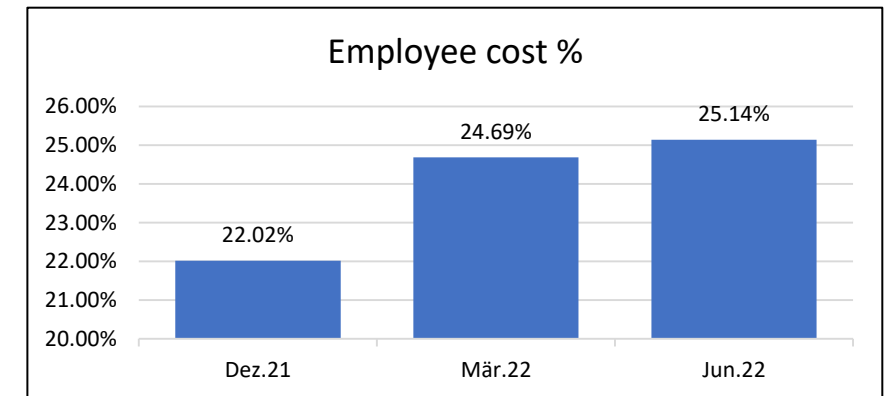


- ❑ **DCSL has moderate debt.** Borrowings have slightly increased. The company does not face a significant liquidity risk with regard to its interest payments as the current assets are sufficient to meet the obligations as and when they fall due. Interest is well covered with interest coverage ratio of 9.28.
- ❑ Despite **improvement in working capital cycle**, it continues to remain elevated since the realization of debtors had been relatively slower in FY21 as the company is into business of consultancy services for infrastructure industry wherein the clients are largely government or PSUs. Hence, the entity has to rely on external working capital borrowings. The proposed allotment of shares and warrants is expected to improve borrowing capacity going forward.
- ❑ The company has **purchased several equipment** in last few years like Mobile Bridge Inspection Unit, Falling Weight Deflectometer, retro reflectometers, etc. Having owned equipment helps to execute in a better manner as well as ensure cost control.
- ❑ **Order book position:** 423 Crores out of which 215 Crores is unexecuted (Q1FY23). This has the potential to grow and double or even triple by end of the financial year as per management.
- ❑ The company **enters associations** with other companies for working on Government contracts and often outsources its works to local businesses in case of certain states. This has put pressure on margins. However, going forward, professional fees associated with outsourcing is expected to reduce.
- ❑ **Debt Level:** The net debt to equity ratio (15.5%) is considered satisfactory. D/E stands at 0.26
- ❑ **Reducing Debt:** The debt-to-equity ratio has reduced from 136.4% to 24.8% over the past 5 years.
- ❑ **Debt Coverage:** The Company's debt is well covered by operating cash flow (32.1%).
- ❑ **Interest Coverage:** The Company's interest payments on its debt are well covered by EBIT (6.7x coverage).
- ❑ Entry into International market and diversification into solar and solid waste management and structural repairs is expected to drive revenue in the medium term. Increased bidding capacity and reduction in competition due to bid capacity clause is expected to improve margins going forward.

Q1 FY23 Update

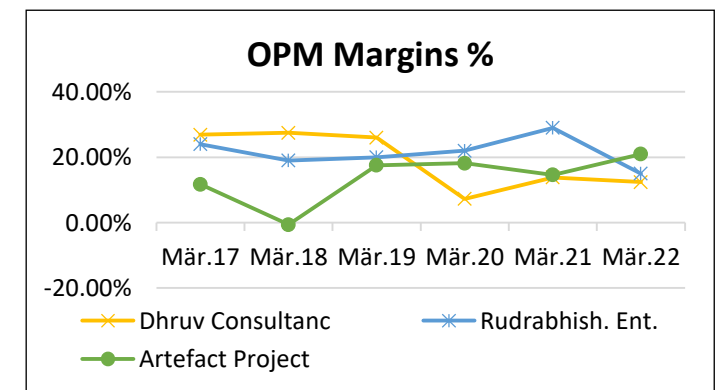
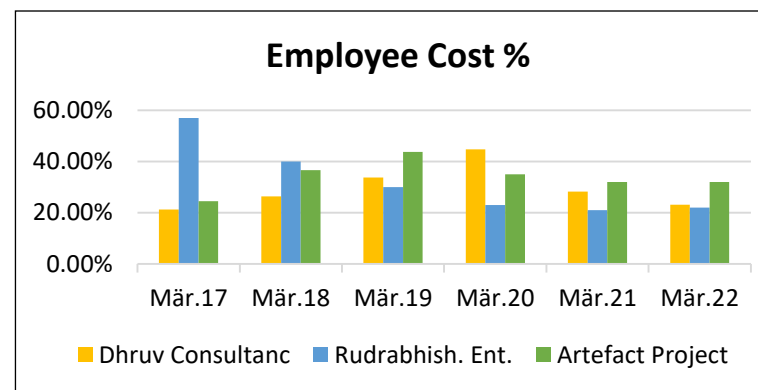
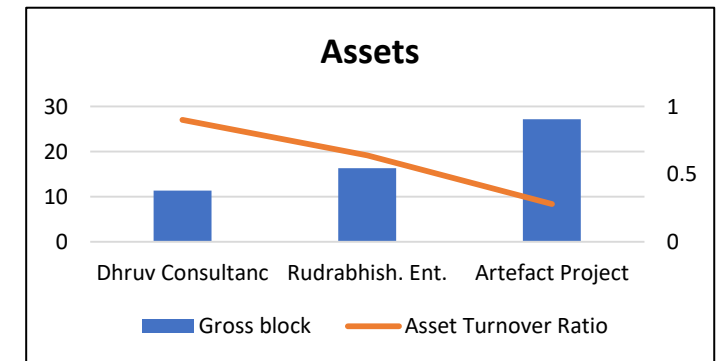
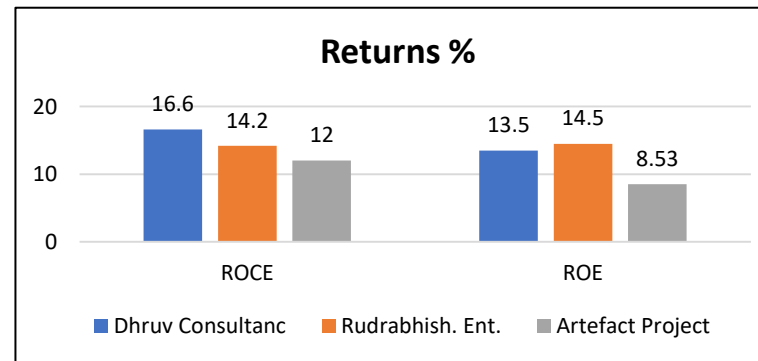
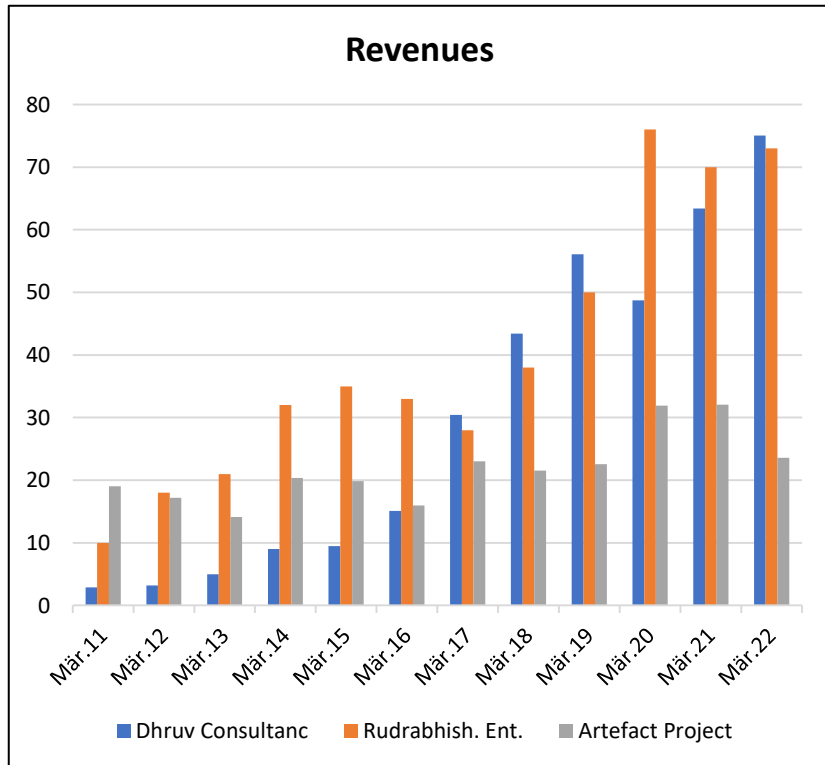
	Q1 FY22	Q4 FY22	Q1 FY23	Q-o-Q (%)	Y-o-Y (%)
Revenue (INR Cr.)	14	20	18	-12.21%	30.68%
Operating Profit (INR Cr.)	2.22	0.33	1.36	312.12%	-38.74%
Operating Profit Margins (%)	16.34%	1.63%	7.70%	-	-
Net Profits (INR Cr.)	1.31	-0.33	0.45	-236.36%	-65.65%
Net Profit Margins (%)	9.64%	-1.63%	2.53%	-	-

- ❑ **The backdrop of seasonality should be considered while analyzing Q1 figures.** The company's reported revenue increased by 30.68% Y-o-Y. The business's quarterly lumpiness is a result of continued expenditure but slow progress of work due to monsoons in the country. Initial mobilization expenses related to projects also has a variable impact on quarterly revenues.
- ❑ As compared to the previous quarter in the same period i.e., Q1 FY2021, the profitability has gone down 65.65%. The company reported an **EBIT margin of 7.70%**, down approximately 860 basis points Y-o-Y owing to factors including increased employee cost, increased depreciation, and making provision of ECL which has not been a part of the last year.
- ❑ The company has **received orders nearing 100 Cr** in the first 3-4 months of FY23. A significant amount of these new orders are from the state of Andhra Pradesh.
- ❑ They have submitted bids for 400 Crores and are planning to submit additional 300 Crores bid up to September 15, 2022. So put together, **Rs.700 Crores bidding will be done**, and results are awaited. Management expects a success rate of 30%.
- ❑ The company is **looking to enter the market for structural repair work and solid waste management**. The previously proposed solar vertical has been kept on the back burner because of the dim market conditions.
- ❑ **Debt level stands** at around 11 Crore.



Competition

- ❑ DCSL's core addressable market can be broadly classified as Project management consultancy in the field of infrastructure design. It has further expanded its addressable market by developing solution frameworks in key verticals including solid waste management and structural repair work.
- ❑ There is high entry barrier owing to time required to build similar technical expertise and networks.
- ❑ The business faces intense and increasing competition from both local and national competitors that seek to provide consultancy services. Their present and future competitors range from large and established companies to emerging startups.
- ❑ **Despite the market's intense competition, DCSL has strengthened its position by putting an emphasis on service delivery and increasing expertise. Market expansion, and diversification are ongoing initiatives for the company.**



Driving Force Of The Company

From a small establishment with just 4 employees in a 200 Sq. ft rented office , Mr. Pandurang Dandawate has grown DCSL into one of India's fastest growing projects management consultancy firm in the field of infrastructure Design . He along with his daughter Mrs. Tanvi Auti and 350+ employees are on their way to develop a more integrated services portfolio with critical and visible change soon to be witnessed.

The focus of the management is to deliver consistent quality performance, timeliness and technologically advanced processes and they are driven by the vision to connect and develop our diverse nation with the best of infrastructural solutions.



Tanvi T. Auti, Managing Director.

- Holds a bachelor's degree in civil engineering from Pune University.
- Joined as Director in the year 2016 and designated as Managing Director with effect from December 21, 2016
- Prior to joining, she worked with Hiranandani Construction, Mumbai and Simplex Infrastructure Limited as an Engineer Trainee. Has over 7 years of experience in this infrastructure industry.



Pandurang B. Dandawate, Non-Executive Director and Promoter.

- Holds a bachelor's degree in civil engineering from Dr. Babasaheb Ambedkar Marathwada University.
- Cleared his MPSC exams and was selected as a Grade I Class II officer (Maharashtra Engineering Service) in PWD, Government of Maharashtra as an assistant Engineer. He took Voluntary Retirement as an Executive Engineer from Maharashtra State Road Development Corporation Limited in the Year 2003.
- Has over three-decade experience in the infrastructure industry.
- Was the Chief Executive Officer of MEP Infrastructure Developers Limited from May 25, 2017 to 31st January 2021 and previously, he was also associated with Maharashtra State Road Development Corporation Ltd. and Public work department, Govt. of Maharashtra. He has vast experience of project execution and financial matters.



Mr. Raja Mukherjee, Chief Executive Officer-Highway & Transportation of Dhruv consultancy Services Ltd

With over 28 years of experience, Mr. Mukherjee is an accomplished Project Management professional. He has been associated with Infrastructure sector in various senior executive roles and been successful in execution of high value infrastructure projects. Before joining DCSL, he was associated with MEP Infrastructure and Developers Ltd., as Chief Technical Officer. And with Gammon Infrastructure Pvt Ltd as Project Head and member of Board of Director, Welspun Projects Ltd., HCC, STUP Consultants, L&T ECC. Mr. Raja Mukherjee is BE Civil Engineer from Osmania University, Hyderabad and MBA in Construction Management from IIBM, Delhi.



Mr. Himanshu Shrimal, Chief Technical Officer of Dhruv consultancy Services Ltd

With over 38 years of experience in Infrastructure sector, Mr. Shrimal is a seasoned Engineering professional. He is a Retired Chief Engineer from Govt of Maharashtra and has been associated with various prestigious projects in the state of Maharashtra. Before joining DCSL, he was working for Public Works Department, Govt of Maharashtra. He is BE Civil Engineer from Devi Ahilya Vishwavidyalaya, Indore University.



Mr. Akhilesh Dandawate, Chief Operating Officer of Dhruv consultancy Services Ltd

With 20 years of experience, Mr. Dandawate is a dynamic Engineering professional. He has a core experience in Road and Highway sector. Before joining DCSL, he was associated with Jai Hind Road Builders as Project head, MEP infrastructure, Gammon India Ltd. He is BE Civil Engineer from Walchand College of Engineering, Sangli.



Mr. Rajesh Sindhav, General Manager -Finance & Accounts of Dhruv consultancy Services Ltd

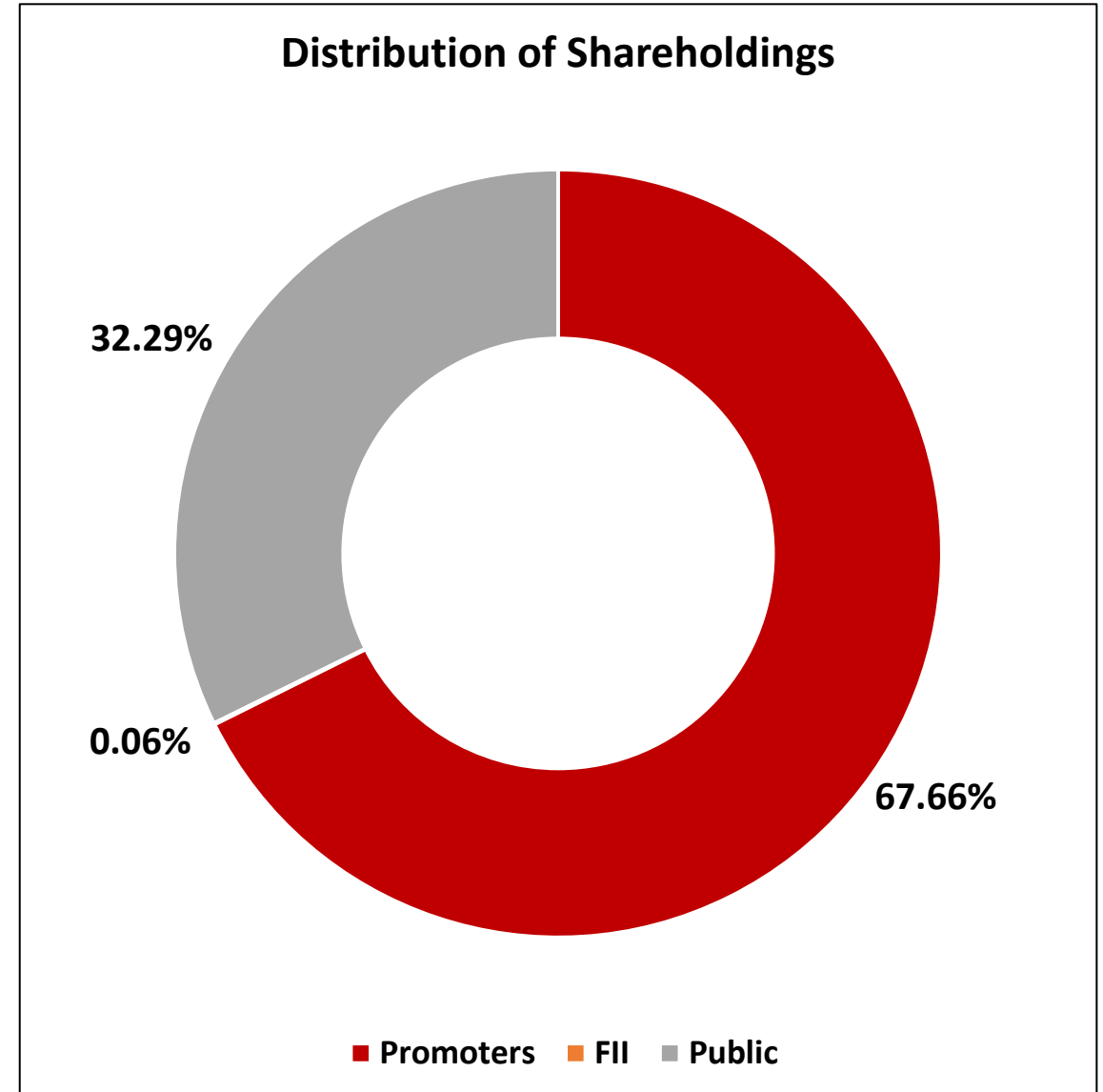
With over 20 years of experience, Mr. Sindhav is an accomplished Finance professional. He has been associated with Engineering & Retail sector in various senior executive roles. Before joining DCSL, he was associated with MEP Infrastructure and Developers Ltd., as Deputy Chief Financial Officer. Prior to MEP, he was with IOT Infrastructure & Energy Services Ltd., Future Group. He is a Chartered Accountant from ICAI.

Shareholding Information

- ❑ Company has a moderate promoter holding and Promoter holding has decreased over last few quarters from 70.16% in March FY21 to 67.66% in Q1FY22.
- ❑ Promoter shareholding has increased in Q2FY22 on Q-o-Q basis owing to purchase of share by Mr. Sandeep Balkrishna Dandawate (Brother of Mr. Pandurang Dandawate) and Mr. Tejas Dasharat Auti (Husband of Mrs. Tanvi Auti).
- ❑ **During the year 2021-22, the Company successfully completed the process of obtaining the approval of members for issue and allotment of up to 40,00,000 equity shares of the Company @ Rs. 63 by way of Preferential Allotment and issuance of 9,22,769 share warrants on preferential basis @ Rs. 63.** Kindly note that the shares and warrants have not been allotted yet and proposed allotment is as follows:.

Name of Allottee (Promoters Group/Promoters)	Share Warrants to be converted in to Equity Shares	Face Value (In Rs.) Equity Share	Issue Price (In Rs.)
Mr. Sandeep Dandawate	300000	10.00	63.00
Mr. Pushkaraj Kulkarni	100000	10.00	63.00
Mr. Tejas Auti	50000	10.00	63.00
Mrs. Anjali M. Dandawate	300000	10.00	63.00
Mrs. Jayashree Dandawate	80000	10.00	63.00
Mr. Pandurang Dandawate	92769	10.00	63.00

Sr. No.	Name of the Proposed Allottee	Category	Maximum Number of Equity Shares	Amount in Rs.
1.	Qadosh Ventures Private Limited	Non Promoter – Public	3200000	20,16,00,000
2.	Reena N Shinde	Non Promoter – Public (Individual)	800000	5,04,00,000





Working Capital Intensive Operations: Despite improvement in working capital cycle, it continues to remain elevated since the realization of debtors had been relatively slower as the company clients are largely government or PSUs. Hence, the entity must rely on external working capital borrowings.



Skilled Labour: The Company's business depends largely upon its skilled and semi-skilled professionals and its ability to hire, attract, motivate, retain and train these personnel. Any inability to maintain a skilled and motivated team of professionals can affect the business.



Dependence on Government Agencies: The company receives majority of its revenues by winning contracts from agencies like MoRTH and NHAI. This may create various challenges for the company if the investment by these agencies are delayed or cancelled.



Competition from other emerging market companies : The company has recently started working on projects outside the state of Maharashtra. At the same time, penetrating international markets might not bear fruit owing to lack of experience in handling such large amount of works and presence of local competition .

- ❑ India's economy, which is among the fastest-growing in the world, is about to enter a period in which **infrastructure development will be the main factor in driving economic expansion**. The sector of roads and highways is crucial to this, and it is excellent that the government is working to boost highway building. The general population will have seamless connectivity thanks to the **construction goal of 50 kilometers each day**.
- ❑ Recently, the corporation has made a **move into the global infrastructure industry**. Like India, infrastructure development is accelerating quickly in certain emerging countries in Africa, South Asia, and the Gulf. The business anticipates landing at least one or two foreign assignments in 2022–2023.
- ❑ With major transitions underway, the company is also undertaking many strategies for the sustainable development over the medium and long term.
- ❑ Thanks to an increase in contracts coming from other states, the company is moving toward expanding outside of Maharashtra. We think there is a big chance for it to expand both domestically and internationally. Due of the stock's **low P/E multiple** at the moment, **we believe the firm is currently undervalued and is poised to see rapid growth**.
- ❑ **We anticipate the business will emerge stronger than ever**, with significant free cash flow generation, exponential revenue growth, growing margins supported by operational leverage and improved technological knowledge.
- ❑ **DCSL's increased technical expertise** has allowed them to take up more sophisticated projects which will soon open up bigger and better opportunities for the company in infrastructure development consultancy.
- ❑ DCSL has **have bagged close to 100 Crores of contracts in the first 3-4 months of FY23** across geographies (i.e., what they did in entire last year). This gives us confidence that the company will be able to at least triple this amount by the end of financial year. Substantial portion of these new deal wins have come from outside Maharashtra, in line with the management's strategy of reducing exposure to the state. Going forward, this shall lead to a higher contribution to revenue from these geographies.
- ❑ Given DCSL's growth potential, **we believe the company is a strong, reliable and profitable consultancy firm in the making**.

SEBI Research Analyst Registration No. INH200006451

1. At the time of writing this article, **the analyst has no position in the stock** covered by this report.
2. The analyst has not traded in the recommended stock in the last 30 days.
3. The research analyst does not have any material conflict of interest at the time of publication of the research report.
4. The research analyst has not received any compensation from the subject company in the past twelve months.
5. The research analyst or its associates has not managed or co-managed public offering of securities, has not received any compensation for investment banking or merchant banking or brokerage services nor received any third party compensation. The subject company was not a client during twelve months preceding the date of distribution of the research report.
6. The research analyst has not served as an officer, director or employee of the subject company.
7. The research analyst or research entity has not been engaged in market making activity for the subject company.
8. The research analyst or research entity or its associates or relatives does not have actual/beneficial ownership of one per cent or more in the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.
9. The analyst does not own more than 1% equity in the said company.