

## Dinesh Engineers Limited

**Issue Snapshot:**

Issue Open: Sept 28 – Oct 03 2018

Price Band: Rs. 183 – 185

Issue Size: 10,000,000 Equity Shares

Offer Size: Rs.183.0 crs – 185.0 crs

QIB	Upto	50% eq sh
Non Institutional	atleast	15% eq sh
Retail	atleast	35% eq sh

Face Value: Rs 10

Book value: Rs 36.60 (March 31, 2018)

Bid size: - 80 equity shares and in multiples thereof

100% Book built Issue

**Capital Structure:**

Pre Issue Equity: Rs. 29.50 cr

Post issue Equity: Rs. 39.50 cr

Listing: BSE & NSE

Book Running Lead Manager: Hem Securities Limited

Registrar to issue: Link Intime India Private Limited

**Shareholding Pattern**

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	100.00	74.68
Public	0.00	25.32
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source for this Note: RHP

**Background & Operations:**

Dinesh Engineers Ltd (DEL) is a passive communication infrastructure provider Company in India, focused on providing passive communication infrastructure services mainly to the Telecom operators and internet service providers ("ISPs"). It has been licensed by Department of Telecommunications (DoT) with the Infrastructure Provider (IP)-I License, under which can establish and maintain wired networks, Duct space for the purpose to grant on lease or sale on IRU basis to the licensees of Telecom operators, ISPs etc. Its key expertise lies in the field of providing support services to telecom vendors which inter alia includes project management for laying of the duct and optic fibre cables, construction of basic transmission and telecom utilities, dark fiber leasing, optical fiber network construction, maintenance of duct and optic fibre and optical fibre project turnkey services to various Telecom network operators & broad band Service operators across the states of India.

Since the receipt of the IP-I license, DEL has created its own optic fibre network of around 7500 kms which runs across the state of Rajasthan, Gujarat, Maharashtra, Goa, Karnataka, Andhra Pradesh and Telengana. Its wired network infrastructure solutions are used by many Telecom Companies such as Airtel, BSNL, Reliance Jio, Vodafone, Idea, Tata Communication etc. which helps them inter-alia in increasing network's bandwidth, maximize existing network capacity, improve network performance and availability.

The growth and development of DEL during the past years has been the result of its customer centric approach and core competence in the field of Telecom Infrastructure. Its main focus and vision is on providing the customers with the desired quality work within the given time frame. Based on the past records and experience in the field of laying the fibre for the Telecom operators, Mahanagar Gas Limited has entrusted it with the laying of its gas pipelines under the city of Mumbai. The gas pipeline laying work will help the company to diversify in the field of gas sector and will also open new business avenues for the company. The work of laying the gas pipeline has been undertaken through outsourcing the same to the sub-contractors. Some of the prominent clients of DEL includes telecom giants like Bharti Airtel Ltd, Idea Cellular, Vodafone, Tata Communications Ltd. etc. As well as ISP clients like Intech, D-vois SSV, Atria, power grid, Hathway, Sify riding on its fibre optic network along several routes. Apart from the above it also has Mahanagar Gas Limited in its client list for gas pipeline work.

DEL's total revenue (gross) was Rs 3027.78 million (net revenue from operations was Rs 3021.73 million), Rs 1699.11 million (net revenue from operations was Rs 1692.32 million) and Rs 1225.02 million (net revenue from operations was Rs 1222.53 million) for the fiscal ended March 31, 2018, 2017 and 2016, respectively. The profit after tax of DEL as per the restated consolidated financial statements for the fiscal ended March 31, 2018 2017 and 2016 is Rs 618.01 million, Rs 219.82 million and Rs 128.98 million respectively.

**Objects of Issue:**

The objects of the Issue are:

- Expansion of business by setting up of further OFC Network under IP-1 License
- To fund expenditures towards general corporate purposes; and
- To meet public issue expenses.

**Competitive Strengths**

- Established Optic fiber network in India
- Strong project management and execution capabilities
- Efficient Business Model
- Long standing customer relationships with strong repeat business
- Experienced Promoter, Management Team and Skilled Workforce
- Quality Certification
- Co-ordial relationship with suppliers and contractors

**Business Strategy:**

- To enhance the coverage of the Optic fiber network
- Expand into business areas that create synergies with DEL's current business
- Augment customer relationships
- Enhance project execution capabilities
- Continue to focus on strengthening the goodwill of DEL's name

**Key Concerns**

- Fluctuations in DEL's results of operations on account of adverse weather conditions and other factors beyond control;
- Dependence on limited number of large customers for a significant portion of revenue who may exercise substantial negotiating leverage with DEL;
- Inability to keep abreast with the rapid technological changes;
- Reliance on limited number of third party suppliers for key components and services;
- Inability to successfully execute growth strategies;
- Any adverse impact on the telecommunications networking industry where most of DEL's customers operate;
- Inability to collect dues and receivables from, or invoice DEL's unbilled services to, its customers, its results of operations;
- Inability to effectively compete in the highly competitive market;
- Inability to attract or retain key personnel;
- Any adverse outcome in the legal proceedings in which DEL is involved;
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect the company's business, financial condition, results of operations and prospects;
- Any adverse change in laws, rules and regulations and legal uncertainties; and General economic and business conditions in India and other countries.

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