



**DEEPAK BUILDERS**  
& ENGINEERS INDIA LIMITED

**Corporate Identity Number:** U45309DL2017PLC323467

**Registered Office:** Ahluwalia Chambers, 1st Floor, Plot No. 16 & 17, Local Shopping Centre, Madangir, near Pushpa Bhawan, South Delhi, New Delhi – 110 062, India

**Corporate Office:** Near Lodhi Club, Shaheed Bhagat Singh Nagar, Ludhiana – 141 012, Punjab, India

**Contact Person:** Anil Kumar, Company Secretary and Compliance Officer; **Tel.:** +91 98759 09242

**E-mail:** investor@deepakbuilders.co.in; **Website:** www.deepakbuilders.co.in

INITIAL PUBLIC OFFERING OF UP TO 12,810,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF DEEPAK BUILDERS & ENGINEERS INDIA LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [-] PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹ [-] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [-] MILLION COMPRISING A FRESH ISSUE OF UP TO 10,700,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AGGREGATING UP TO ₹ [-] MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE ("OFFER FOR SALE") OF UP TO 2,110,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AGGREGATING UP TO ₹ [-] MILLION ("OFFERED SHARES") BY THE SELLING SHAREHOLDERS, COMPRISING UP TO 1,920,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AGGREGATING UP TO ₹ [-] MILLION BY DEEPAK KUMAR SINGAL AND UP TO 190,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AGGREGATING UP TO ₹ [-] MILLION BY SUNITA SINGAL (COLLECTIVELY THE "SELLING SHAREHOLDERS" OR "PROMOTER SELLING SHAREHOLDERS"), ("OFFER FOR SALE", TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE [-] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

**\*SUBJECT OF FINALIZATION OF BASIS OF ALLOTMENT.  
THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH**

NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED/ AMOUNT (₹ IN MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*
Deepak Kumar Singal	Promoter Selling Shareholder	1,920,000 Equity Shares having face value of ₹10 each aggregating up to ₹[•] million	9.87
Sunita Singal	Promoter Selling Shareholder	190,000 Equity Shares having face value of ₹10 each aggregating up to ₹[•] million	10.00

\*As certified by our Statutory Auditor - Parmod G Gupta & Associates, Chartered Accountants, by way of their certificate dated October 12, 2024.

We are an integrated engineering and construction company, specializing in execution and construction of administrative & institutional buildings, hospitals and medical colleges, industrial building, memorial complex, sports complex, and residential complex. We have diversified in undertaking structural work such as flyovers, approach roads, and development and redevelopment of railway stations. We undertake Construction & Infrastructure Projects both, as EPC services on a fixed-sum turnkey basis as well as on an item-rate basis/percentage basis and also derive revenue from sale of residue construction products. We started our business operations primarily in Punjab and have gradually expanded to other States such as Haryana, Rajasthan and Uttarakhand and the Union Territory of Chandigarh and the National Capital Territory of Delhi.

PRICE BAND: ₹192 TO ₹203 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH  
THE FLOOR PRICE IS 19.2 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 20.3 TIMES THE FACE VALUE OF THE EQUITY SHARES  
THE PRICE/EARNINGS RATIO BASIC AND DILUTED EPS FOR FISCAL 2024 AT THE FLOOR PRICE IS 11.40 TIMES AND AT THE CAP PRICE IS 12.05 TIMES  
BIDS CAN BE MADE FOR A MINIMUM OF 73 EQUITY SHARES OF FACE VALUE OF ₹10 EACH AND IN MULTIPLES OF 73  
EQUITY SHARES OF FACE VALUE OF ₹10 EACH THEREAFTER  
THE UPPER END OF THE PRICE BAND IS 8.11 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 25.03  
WEIGHTED AVERAGE RETURN ON NET WORTH FOR LAST THREE FULL FINANCIAL YEARS IS 39.86%

*In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated October 14, 2024 the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP. The price band is in line with the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the 'Basis for Offer Price' section on pages 128 of the RHP and provided below in this advertisement.*

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

Bid Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10:00 am and 5:00 pm (Indian Standard Time ("IST"))
Bid/ Offer Closing Date*	
Submission of Electronic Applications (Online ASBA through 3-in-1accounts)	Only between 10:00 am and 5:00 pm IST
Submission of Electronic Applications (Bank ASBA through Online Channels like Internet Banking, Mobile Banking & Syndicate ASBA applications made through UPI)	Only between 10:00 am and 4:00 pm IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10:00 am and 3:00 pm IST
Submission of Physical Applications (Bank ASBA)	Only between 10:00 am and 1:00 pm IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and Non-Institutional Investors)	Only between 10:00 am and 12:00 pm IST

\*UPI mandate end time and date shall be at 5:00 pm on Bid/Offer Closing Date.

\* QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

Bid/Offer Period:	
Event	Indicative Date
Anchor Opening date	Friday, 18 October, 2024
Bid/ Offer Opens on	Monday, 21 October, 2024
Bid/ Offer Closes on	Wednesday, 23 October, 2024
Finalization of Basis of Allotment with the Designated Stock Exchange	On or about Thursday, 24 October, 2024
Initiation of refunds (if any, for Anchor Investors)/ unblocking of funds from ASBA Account **	On or about Friday, 25 October, 2024
Credit of the Equity Shares to depository accounts of Allotees	On or about Friday, 25 October, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Monday, 28 October, 2024

\*\*For more detail please refer page no. 390 of BHP

in accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated October 14, 2024 the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for offer Price' section of the RHP Page no 128. The price band is in line with the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the 'Basis for offer Price' section on pages 128 of the RHP and provided below in this advertisement.

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

1. Our revenue is majorly concentrated from projects undertaken or awarded by government, semi-government and government-controlled entities. As of June 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, the Revenue from projects undertaken for Government, Semi-Government and Government related entities amounts to 74.66%, 92.30%, 80.13%, 82.68%. Any adverse changes in the government policies may lead to our contracts being foreclosed, terminated, restructured or renegotiated, which may have a material effect on our business and results of operations.

2. Our project portfolio has historically been concentrated in Punjab. As on June 30, 2024, our ongoing projects amounts to ₹13,803.89 million out of which ₹4,261.91 million representing 30.87% of our ongoing projects is concentrated in the state of Punjab. Any changes affecting the policies, laws and regulations or the political and economic environment in the region may adversely impact our business, financial condition and results of operations.

3. Historically, our EBITDA margin and Profit after Tax margin was below 12% and 5% respectively. However, recently we have witnessed growth in our EBITDA margin and Profit after Tax margin in the recent past. Our EBITDA margin increased from 12.20% in Fiscal 2023 to 22.98% in Fiscal 2024 and 29.92% during the three months period ended June 30, 2024 and our Profit after Tax margin increased from 4.94% in Fiscal 2023 to 11.81% in Fiscal 2024 and 13.52% during the three months period ended June 30, 2024. There can be no assurance that we will continue to witness such growth or maintain the present level in our Profit after Tax margin and EBITDA margin in future.

4. Our business is working capital intensive involving relatively long implementation periods. If we experience insufficient cash flows to enable us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations. As on June 30, 2024, Fiscal 2024, Fiscal 2023, Fiscal 2022, our Company's net working capital requirement consisted of ₹2,536.08 million, ₹2,404.44 million, ₹1,323.91 million and ₹1,044.83 million constituting 241.28%, 47.02%, 30.54% and 28.78% of revenue from operations, respectively for such period.

5. Our Company's credit rating issued in Fiscal 2021 by CARE Rating was downgraded from CARE BB-; stable (Issuer not Cooperating) assigned in Fiscal 2020 by CARE Rating to CARE B+ stable (Issuer not Cooperating). Although, post Fiscal 2021, our rating has not been downgraded by the credit rating agencies, our ability to access capital at attractive costs depends on our credit ratings. Non-availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business and results of operations.

6. In past, our Promoter, Deepak Kumar Singal have been subject to penalty for contravention of Foreign Exchange Management Act, 1999 and certain search operations were carried out by the Income Tax Department under section 132(1) of the Income-tax Act against our Company and the Promoters. Our Promoters and Company are also subject to certain litigations and any adverse order or direction in such cases by the concerned authorities, even though not quantifiable, may have an adverse effect on our reputation, brand, business, results of operations and financial condition.

7. We have sustained negative cash flows from operating activities in the past and may experience earnings declines or operating losses or negative cash flows from operating activities in the future. There can be no assurances that cash flows will be positive in the future thereby creating an adverse impact on our ability to meet working capital expenditure, repay loans without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. Information relating to our cash flows during the three months period ended June 30, 2024, and for the Fiscals 2024, 2023 and 2022 are as follows: (₹ in million)

Particulars	For three months period ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net cash generated from/ (used in) operating activities	64.26	(268.46)	128.82	6.01

8. As on June 30, 2024, our order book was ₹13,803.89 million. However, our order Book may not be representative of our future results and our actual income may be significantly less than the estimates reflected in our order book due to any reason such as project delays, modifications in the scope or cancellations of projects, delay in payments by our customers or our own defaults, incidents of force majeure, adverse cash flows, regulatory delays and other factors beyond our control. Any such factor could adversely affect our business, financial condition, results of operations and prospects.

9. We derive a significant portion of our revenues from a limited number of government clients. For the three months period ended June 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, our revenue from top ten (10) clients constitutes ₹784.70 million, ₹4,720.02 million, ₹3,473.43 million, ₹2,999.31 million representing 74.66%, 92.30%, 80.13%, 82.61% of revenue from operations. The loss of any significant clients may have an adverse effect on our business, financial condition, results of operations, and prospects.

10. We operate in the construction industry where there are low entry barriers and is highly competitive. Construction & Infrastructure Projects are typically awarded to us on satisfaction of prescribed qualification criteria and following a competitive bidding process. During the three months period ended June 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022, we participated in 44 bids out of which 9 of our bids were accepted, 23 of the bids were lost and 12 bids were cancelled by government. Our business and our financial condition may be adversely affected if new Construction & Infrastructure Projects are not awarded to us or if contracts awarded to us are prematurely terminated.

11. There were certain instances of secretarial non-compliances in our Company, wherein our Company filed compounding application for settlement of non-compliance for (i) delay in appointment of cost auditor; (ii) delay in appointment of company secretary. Any such instance of non-compliance may have an adverse effect on our reputation and impact our profitability.

12. As on June 30, 2024, we have contingent liabilities amounting to ₹ 2932.82 million which majorly consist of bank guarantee provided by our Company in favour of our government clients under the respective contracts for our projects. Our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.

13. 4,015,952 Equity Shares of face value of ₹10 each held by our Promoters, Deepak Kumar Singal and Sunita Singal, representing 11.19% of our pre-Offer paid up share capital are pledged and invocation of such pledge in the event of any default by our Company may reduce our Promoters shareholding in the Company.

14. Any defects in construction quality during the construction of our projects, could give rise to claims, liabilities, costs account of additional works required to be undertaken towards rectifying such construction faults, which may result in increased expenditure for our Company and we may not be able to pass on to our clients.

15. Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Any such event could expose us to material liabilities, loss in revenues and increased expenses.

**16. The Offer comprises an Offer for Sale by the Selling Shareholders. The Selling Shareholders will receive the entire proceeds from the Offer for Sale (after deducting applicable Offer related expenses) and our Company will not receive any part of the proceeds of the Offer for sale.**

**17. Weighted average cost of acquisition of primary and secondary issuance compared to Floor Price and Cap Price:**

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