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GARUDA CONSTRUCTION AND ENGINEERING LIMITED

Our Company was incorporated as 'Garuda Construction and Engineering Private Limited' a private limited company, under the Companies Act, 1956, pursuant to a certificate of incorporation dated September 21, 2010 issued by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our shareholders in the extra ordinary general meeting held on September 09, 2023 and the name of our Company was changed to 'Garuda Construction and Engineering Limited' and a fresh Certificate of Incorporation dated October 10, 2023 was issued to our Company by the RoC. For further details on the changes in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 203 of the red herring prospectus dated September 28, 2024 filed with the RoC ("RHP" or "Red Herring Prospectus").

Registered Office: 201, A Wing, Fortune 2000 C-3 Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra. Contact Person: Aaushi Batheja, Company Secretary and Compliance Officer; E-mail: compliance@garudaconstructionengineering.com
Website: www.garudaconstructionengineering.com; Corporate Identity Number: U45400MH2010PLC207963

OUR PROMOTERS : PRAVINKUMAR BRIJENDRA KUMAR AGARWAL, PKH VENTURES LIMITED AND MAKINDIAN TOWNSHIP PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO 2,78,00,000 EQUITY SHARES OF FACE VALUE OF ₹5 EACH (THE "EQUITY SHARES") OF GARUDA CONSTRUCTION AND ENGINEERING LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹[●] LAKH ("THE OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF UP TO 1,83,00,000. EQUITY SHARES AGGREGATING UP TO ₹[-] LAKH ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 95,00,000 EQUITY SHARES BY OUR PROMOTER, PKH VENTURES LIMITED AGGREGATING UP TO ₹[●] LAKH (THE "PROMOTER SELLING SHAREHOLDER") (THE "OFFER FOR SALE", TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE [●] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

| DETAILS OF OFFER FOR SALE BY THE SELLING SHAREHOLDERS | | | |
|---|---------------------|--|---|
| NAME OF SELLING SHAREHOLDER | TYPE | NUMBER OF EQUITY SHARES OFFERED | AVERAGE COST OF ACQUISITION (in ₹ per Equity Share) ^{a*} |
| PKH Ventures Limited Promoter | Selling Shareholder | Up to 95,00,000 Equity Shares aggregating up to ₹ [●] lakh | 2.14 |

^aAs certified by M/s. Mittal Agarwal & Co., Chartered Accountants, our Statutory Auditor, pursuant to the certificate dated August 31, 2024.
^{*} Calculated on a fully diluted basis.

We are a civil construction and engineering company.
We also provide Operations and Maintenance services ("O&M") and Mechanical Electrical & Plumbing services ("MEP").

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.
QIB Portion: Not more than 50% of the Offer | Non-Institutional Portion: Not less than 15% of the Offer | Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹92 TO ₹95 PER EQUITY SHARE OF FACE VALUE OF ₹5 EACH

THE FLOOR PRICE IS 18.40 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 19.00 TIMES THE FACE VALUE OF THE EQUITY SHARES
THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FY 2024 FOR THE COMPANY AT THE UPPER END OF THE PRICE BAND IS AS HIGH AS 19.51 TIMES
AND AT THE LOWER END OF THE PRICE BAND IS 18.89 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP P/E RATIO OF 27.58 TIMES.

BIDS CAN BE MADE FOR A MINIMUM OF 157 EQUITY SHARES AND IN MULTIPLES OF 157 EQUITY SHARES

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated September 30, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the section "Basis of Offer Price" on page 124 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis of Offer Price" section on page 128 of the RHP and provided below in the advertisement.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RHP AND THE TERMS OF THE OFFER, INCLUDING THE RISKS AND MERITS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE ISSUE AVAILABLE IN ANY MANNER.

In relation to the price band, potential investors should refer to this price band advertisement for the Issue and should not rely on any media articles / reports in relation to the valuation of the Company as these are not endorsed, published or confirmed either by the Company or by the BRLM.

RISK TO INVESTORS

(For details refer to section titled "Risk Factors" on page 33 of the RHP)

1. Our total revenue comes from our top 10 clients, mainly our promoter related entities and group companies. - For the period ended on April 30, 2024, and for the fiscal 2024, 2023, and 2022, our top ten (10) largest clients accounted for approximately 100% of our revenues from operations, respectively.

2. Our limited experience in dealing with unrelated third-party entities presents challenges for our growth. - We are a construction company having predominantly Group Company and Promoter associated construction business, we are venturing into third party contracts for further growth and increased business.

3. The construction industry is cyclical and sensitive to changes in the economy - We are subject to significant fluctuations in the market value of land and inventories as they can change significantly as a result of changing economic and market conditions.

4. One of our Promoter- Mr. Pravin Kumar Brijendra Kumar Agarwal is involved in a criminal proceeding initiated by Airport Police Station which is currently pending before the Hon'ble Metropolitan Magistrate at Andheri, Mumbai. - Airport Police Station has filed a Police Case bearing number 3438 of 2008 before the Hon'ble Metropolitan Magistrate, Andheri, Mumbai against our Promoter- Mr. Pravin Kumar Brijendra Kumar Agarwal, and two others under Sections 143, 147, 149 and 325 of the Indian Penal Code, 1860. The said matter is pending, the outcome of the same cannot be anticipated at this stage.

5. Our Company had negative cash flow in recent fiscals, details of which are given below. - For the stub period ended April 30, 2024 and year ended March 31, 2024 we have some billed revenue the payment for which are due and hence the cash flow from operations is negative.

6. The previous IPO filed by our promoter PKH Ventures Limited was subscribed below 90% and hence withdrawn. The IPO opened on June 30, 2023 and the issue was withdrawn on the last day i.e. July 04, 2023.

7. Our business and profitability are significantly dependent on the performance of the real estate market generally in India and particularly in the Mumbai Metropolitan Region ("MMR") - Our Order Book is principally focused within the MMR, which may be subject to market conditions and regulatory developments that are different from other real estate markets within India.

8. Our contracts are mostly of the nature of EPC contracts and we are exposed to inherent risks related to our contractual framework. - Our revenue from EPC contracts in the last three financial years are as follows:
9. We enter into various sub-contract agreements with primary contractors for construction projects. - Some of our projects are as sub-contractors. The agreement confers the rights on us to construct and develop the said project either for a fixed fee. Such projects involve following the drawing plans, architecture designs, timelines, material quality, end finishing of the structure, etc. to be followed strictly as provided by the principle employer or our customer.

10. Delays in obtaining a requisite approvals or statutory clearances may lead to challenges - Except for our project, Trinity Oasis project situated at Ghodbunder Road, Thane, which is presently mired in procedural complexities attributable to the non- procurement of the requisite commencement certificate over a protracted period of two years, our other contractual commitments remain unimpeded by legal disputes or operational hindrances in the past 3 fiscals.

11. Our business operations require significant working capital. - Our working capital requirements were funded from bank borrowings and internal accruals, details of which for the period ended April 30, 2024 and as at March 31, 2024, March 31, 2023 and March 31, 2022 are given as under:

(₹ in lakhs)

| Sr. No. | Particulars | Period ending April 30, 2024 | Financial Year 2024 | Financial Year 2023 | Financial Year 2022 |
|---------|-----------------------------------|------------------------------|---------------------|---------------------|---------------------|
| 1 | Working Capital Requirement | 9,527.68 | 9,161.69 | 5,764.98 | 2,689.61 |
| 2 | Working capital funding from bank | Nil | Nil | Nil | 1,199.02 |
| 3 | Internal accruals | 9,527.68 | 9,161.69 | 5,764.98 | 1,490.59 |

12. The BRLM associated with the offer has handled 2 SME public issues in the past three years out of which nil issues closed below the issue price on the listing date.
13. The price to earnings ratio at the Floor Price is 18.89 times and the cap price is 19.51 times based on the diluted EPS as per the Restated Financial Statements for the fiscal 2024 as compared to the average industry peer group price to earnings ratio of 27.58 times.
14. The average cost of acquisition of equity shares for the selling shareholders in the IPO is ₹ 2.14 and offer price at the upper end of the price band is ₹ 95.00. This is certified by M/s. Mittal Agarwal & Company, Chartered Accountants by way of their certificate dated August 31, 2024.

| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|----------------------|
| Revenue from EPC Contracts (₹ in lakhs) | 13,947.68 | 12,418.82 | 7,107.59 |
| % of Total Revenue | 90.46% | 77.29% | 92.28% |

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