



Date – 26.09.2024

To,

**The Board of Directors**

**Deepak Builders and Engineers India Limited,**

Ahluwalia Chambers, 1st Floor,

Plot No. 16 & 17, Local Shopping Centre,

Madangir, Near Pushpa Bhawan,

New Delhi, Delhi, India, 110062

**Re: Proposed initial public offer (“IPO”) of equity shares of face value Rs. 10 each (“Equity Shares”) by Deepak Builders & Engineers India Limited (“Company”) (the “Offer”) in accordance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), and other applicable laws, as amended.**

We, Parmod G Gupta & Associates, Chartered Accountants, Ludhiana, FRN – 018870N, the present statutory auditors of the Company, have been informed by the Company that it proposes to undertake the Offer in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”) and the Companies Act, 2013, as amended (“Companies Act”). We have received a request from the Company to perform certain procedures with respect to certain identified key performance indicators (“KPI”) of the Company.

Our engagement has been undertaken in accordance with the Standard on Related Services (SRS) 4400 (“SRS 4400”) “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the Institute of Chartered Accountants of India. SRS 4400 is generally adopted to perform agreed upon procedures regarding financial information, however, this standard can also be used as a guide to perform agreed upon procedures regarding non-financial information.

We have reviewed the restated financial statements of the Company as on June 30, 2024 and for the Fiscals 2024, 2023 and 2022, which was audited in accordance with the Companies Act, 2013, as amended and the rules framed thereunder, the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “Restated Financial Statements”).

At your request, we have read and verified the items / statements identified by you on the attached copy of the selected pages of the DRHP / RHP / PROSPECTUS included in **Annexure A** and have performed the following procedures, which were applied as indicated with respect to the letters explained below:

- A. Compared the amounts with, or recalculated the percentages based on, corresponding amounts appearing in a schedule prepared by officials of the Company based on the accounting records of the Company and found them to be in agreement. We proved the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amount identified in such schedule with the corresponding amount appearing in the relevant accounting records of the Company and found them to be in agreement.





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B. Compared the amounts/ metrics with, or recalculated the percentages based on, corresponding amounts/ metrics appearing in a schedule prepared by officials of the Company based on management accounts, relevant management information system reports, the enterprise resource planning (ERP) systems or other financial information, corporate, secretarial, regulatory filings, or other records of the Company and found them to be in agreement. We proved the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amounts/ metrics identified in such schedule with the corresponding amounts/ metrics appearing in the relevant corporate, secretarial and other records of the Company and found them to be in agreement.

C. Proved the arithmetic accuracy or computation of the percentages or amounts.

On the basis of the procedures set forth above and nothing came to our attention that caused us to believe the information contained in **Annexure A** were not accurate, valid and complete.

We hereby confirm the details and KPIs included in **Annexure A** hereto and confirm that we have reviewed the information/documents and performed the procedures highlighted in **Annexure A** to provide such confirmation of the details and KPIs included there under.

Based on our examination and as per information and explanation given to us, we confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ("ICAI"), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects; the aforesaid Guidance Note requires that we comply with the ethical requirements of the 'Code of Ethics' issued by the ICAI, as revised from time to time. Further, we have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements', as revised from time to time.

This certificate is issued for the purpose of the Offer, and can be used, in full or part, for inclusion in the draft red herring prospectus, updated draft red herring prospectus, red herring prospectus, prospectus and any other material used in connection with the Offer (together, the "Offer Documents").

This certificate may be relied on by the BRLM, their affiliates and legal counsel in relation to the Offer and to assist the BRLM in conducting and documenting their investigation of the affairs of the Company in connection with the Offer. We hereby consent to this certificate letter being disclosed by the BRLM, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We hereby indemnify and keep indemnified, saved, defended and harmless the BRLM and Legal Counsel to the proposed Offer of the Company and all persons claiming under them ("Indemnified Persons"), from and against all losses and/or damages arising as a result of the aforementioned representations made by us in order to disclose details of the same in the Abridged Prospectus for the Offer or arising as a result of any notices, proceedings, litigations, claims, penalties, demands and costs that may be made and/or raised on the Indemnified Persons by any third parties and/or with regard to any matter arising in connection thereto or otherwise by reason of the matter contemplated





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herein and/or sustained by the BRLM and/or Legal Counsel to the Offer as a result of any statements, representations, assurances, confirmations hereinunder given being untrue.

We undertake to update you of any changes in the abovementioned position until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours Sincerely,

For Parmod G Gupta & Associates,  
Chartered Accountants  
Firm Reg. No. – 0188708

*Parmod Gupta*



**Parmod Gupta**  
**Partner**

**Membership No. – 096109**  
**UDIN – 24096109BKDSFZ9422**

**Place: Ludhiana**

CC:

**Fedex Securities Private Limited**  
3rd Floor, B Wing, Jay Chambers,  
Dayaldas Road, Vile Parle East,  
Mumbai – 400057

(\*Fedex Securities Private Limited is referred to as the “Book Running Lead Manager” or “BRLM”)

**Vidhigya Associates**

501, 5<sup>th</sup> Floor, Jeevan Sahakar Building  
Sir P M Road, Homji Street  
Fort, Mumbai - 400 001

(\*Vidhigya Associates is referred to as the “Legal Counsel to the Offer”)



**Annexure A**

The table below sets forth the details of the KPIs that our Company considers have a bearing for arriving at the basis for Offer Price. These KPIs have been used historically by the Company to understand and analyse the business performance, which in result, help in analysing the growth of various verticals segments in comparison to the peers. The Bidders can refer to the below-mentioned KPIs, being a combination of financial and operational key financial and operational metrics, to make an assessment of our Company's performance in various business verticals and make an informed decision.

(₹ in millions, other than ratios)

Metrics	For the three months period ended June 30, 2024	Fiscal 2024	Fiscal 2023 <sup>#</sup>	Fiscal 2022 <sup>#</sup>
<b>Financial</b>				
Revenue from operations <sup>(1)</sup>	1,051.08	5,114.02	4,334.55	3,630.52
Growth in Revenue from Operations (%) <sup>(2)</sup>	NA	17.98%	19.39%	16.83%
Gross Profit <sup>(3)</sup>	398.56	1,566.50	772.42	642.55
Gross Profit Margin(%) <sup>(4)</sup>	37.92%	30.63%	17.82%	17.70%
EBITDA <sup>(5)</sup>	314.44	1,175.39	528.93	438.71
EBITDA Margin(%) <sup>(6)</sup>	29.92%	22.98%	12.20%	12.08%
Adjusted EBITDA <sup>(7)</sup>	302.15	1,121.99	508.88	419.36
Adjusted EBITDA Margin(%) <sup>(8)</sup>	28.75%	21.94%	11.74%	11.55%
Restated Profit after tax (PAT) <sup>(9)</sup>	142.12	604.10	213.95	176.64
PAT Margin <sup>(10)</sup>	13.52%	11.81%	4.94%	4.87%
RoE(%) <sup>(11)</sup>	8.48%	39.39%	23.06%	24.72%
RoCE(%) <sup>(12)</sup>	8.97%	41.72%	26.10%	27.26%
Net Debt / EBITDA Ratio <sup>(13)</sup>	4.83	1.30	1.77	1.81
Debt Equity Ratio <sup>(14)</sup>	0.91	1.00	1.04	1.11
<b>Operational</b>				
Order Book <sup>(15)</sup>	1,3803.89	1,1126.88	16,578.79	7,196.32
Book to Bill ratio <sup>(16)</sup>	14.91	2.00	4.05	2.11
<b>Category wise Revenue</b>				
Construction Projects <sup>(17)</sup>	388.98	2,868.52	3,283.85	2,592.78
Construction Projects (as a % of operating revenue)	37.01%	56.09%	75.76%	71.42%
Infrastructure Projects <sup>(18)</sup>	395.72	1,851.51	189.58	408.76
Infrastructure Projects (as a % of operating revenue)	37.65%	36.20%	4.37%	11.26%
<b>Type wise Revenue</b>				
EPC projects <sup>(19)</sup>	471.61	2,091.71	829.20	757.30
EPC projects (as a % of operating revenue)	44.87%	40.90%	19.13%	20.86%
Item-rate / Percentage rate <sup>(20)</sup>	313.09	2,628.32	2,644.23	2,244.24
Item-rate / Percentage rate (as a % of operating revenue)	29.79%	51.39%	61.00%	61.82%
<b>Key working capital parameters (in days)</b>				
Working Capital Days <sup>(21)</sup>	220	172	111	105
Inventory Days <sup>(22)</sup>	208	152	143	69
Trade Receivable Days <sup>(23)</sup>	86	52	82	96
Trade Payable Days <sup>(24)</sup>	119	83	99	83

#Certain numbers have been re-grouped  
Notes:





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\*KPIs and metrics for the period are not annualized. Growth rate from Fiscal 2024 to three months period ended June 30, 2024 is not disclosed as the periods are not comparable

1. Revenue from Operations means the revenue from operations as appearing in the Restated Financial Statement.
2. Growth in revenue from operations (%) is calculated as a percentage of revenue from operations of the relevant period/year minus revenue from operations of the preceding period/year, divided by revenue from operations of the preceding period/year.
3. Gross Profit is calculated as revenue from operations less cost of materials consumed and construction expenses.
4. Gross Profit Margin refers to the percentage margin derived by dividing Gross Profit by revenue from operations.
5. EBITDA is calculated as restated profit / (loss) for the period / year, plus finance costs, total taxes, and depreciation and amortisation expense.
6. EBITDA Margin (%) is calculated as EBITDA divided by revenue from operations.
7. Adjusted EBITDA is calculated as EBITDA less other income.
8. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by the revenue from operations.
9. Profit after Tax means restated profit / (loss) for the period/year as appearing in the Restated Financial Statement.
10. Profit after Tax Margin refers to the percentage margin derived by dividing Profit after Tax by revenue from operations.
11. Return on Equity (%) refers to restated profit after tax divided by Equity for the year/period less revaluation surplus. Restated profit after tax means restated profit / (loss) for the period/year as appearing in the Restated Financial Statement.
12. Return on Capital Employed is calculated as adjusted EBITDA less depreciation and amortisation / Average Capital Employed. Capital Employed is calculated as total equity plus total borrowings plus total lease liabilities and deferred tax liabilities(net) minus deferred tax assets (net). Average Capital Employed means Opening Capital Employed plus Closing Capital Employed divided by two (2)
13. Net Debt to EBITDA Ratio is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA.
14. Debt Equity ratio is calculated as total borrowings divided total equity less revaluation surplus available to the equity shareholders of the Company.
15. Our order book as of a particular date comprises of anticipated revenues from uncompleted portion of existing contracts (signed contract for which all pre-conditions to entry have been met, including letters of intents issued by the client).
16. Book to Bill ratio is calculated as Order Book (including GST) at a particular period divided by the Revenue from construction contracts (including GST) for that period. Construction Projects comprises of construction and development of institutional & administrative buildings, hospitals and medical colleges, industrial building, historical memorial complex, stadium and sports complex, residential complex
17. Construction Projects comprises of construction and development of institutional & administrative buildings, hospitals and medical colleges, industrial building, historical memorial complex, stadium and sports complex, residential complex
18. Infrastructure Projects comprises of structural work such as, flyovers, approach roads, road under bridge, bridges and railway over bridges and development and redevelopment of railway stations
19. EPC Projects comprises of project executed under EPC contract
20. Item-rate basis / percentage rate basis comprises of project executed on an item-rate basis / percentage rate basis.
21. Working Capital Days refers to total current assets days minus total current liabilities days.
22. Inventory days have been calculated as inventory divided by revenue from operations multiplied by ninety-one (91) (to annualize) for the three months period ended June 30, 2024 and 365 days for the complete fiscal years.
23. Trade Receivables days have been calculated as Trade Receivables divided by revenue from operations multiplied by ninety-one (91) (to annualize) for the three months period ended June 30, 2024 and 365 days for the complete fiscal years.
24. Trade Payables days have been calculated as Trade Payables divided by revenue from operations multiplied by ninety-one (91) (to annualize) for the three months period ended June 30, 2024 and 365 days for the complete fiscal years.

**Explanation for the KPI metrics**

KPI	Explanations
Revenue from Operations (₹ in million)	Revenue from Operations is used by our management to track the revenue profile of our business and in turn helps assess the overall financial performance of the Company and size of the business
Growth in revenue from operations (%)	Growth in Revenue from operations provides information regarding the growth of the business for the respective period.
Gross Profit (₹ in million)	Gross Profit provides information regarding the profits from manufacturing of products by the Company.
Gross Profit Margin (%)	Gross Profit Margin is an indicator of the profitability on sale of products manufactured sold by the Company.
EBITDA (₹ in million)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability of the business before interest, depreciation, amortisation, and taxes and financial performance of the business.
Adjusted EBITDA (₹ in million)	Adjusted EBITDA provides information regarding the operational efficiency of the business after adjusting for other income, which





KPI	Explanations
	non-core income
Adjusted EBITDA Margin (%)	Adjusted EBITDA Margin is a further indicator of the operational profitability and financial performance of the business after negating the impact of non-operating income
Restated Profit after Tax (PAT) (₹ in million)	Restated Profit after Tax is an indicator of the overall profitability and financial performance of the business.
PAT Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of the business as a percentage to the revenue from operations.
Return on Equity ("RoE") (%)	RoE provides how efficiently our Company generates profits from the shareholders' funds.
Return on Capital Employed ("RoCE") (%)	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Order Book	Our order book as of a particular date comprises of anticipated revenues from uncompleted portion of existing contracts (signed contract for which all pre-conditions to entry have been met, including letters of intents issued by the client)
Book to Bill ratio	Book-to-Bill Ratio is an indicator of the size of the order book as of a particular period to the revenue generated for that period
Net Debt / EBITDA Ratio	It represents how many years it would take for our Company to pay back its debt if net debt and EBITDA are held constant.
Debt Equity ratio	This gearing ratio compares shareholders' equity to company debt to assess the company's amount of leverage and financial stability.
Working Capital Days	Working capital days indicates the working capital requirements of our Company in relation to revenue generated from operations, it defines the number of days taken by the company for converting the purchase to collection.
Inventory Days	Inventory Days provides number of days in which inventory turnaround in particular period / year.
Trade Receivable Days	Trade Receivable Days is the number of days that a customer invoice is outstanding before it is collected.
Trade Payable Days	Trade Payable Days is the number of days that a company takes to pay its bills and invoices to its trade creditors.

