



Date – 26.09.2024

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 been requested by the Company to verify and certify the existing working capital and funding requirements on the basis of the restated statements of assets and liabilities for the three months period ended as on as of June 30, 2024 and for the Fiscals 2024, 2023 and 2022, the restated statements of profits and losses (including other comprehensive income) and the restated statements of cash flows and changes in equity for the three months period ended as on as of June 30, 2024 and for the Fiscals 2024, 2023 and 2022 of the Company (together, the “**Restated Financial Statements**”).

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**”).

Accordingly, we have obtained and verified the obtained the working for the existing working capital requirements prepared by the Company for the three months period ended as on as of June 30, 2024 and for the Fiscals 2024, 2023 and 2022 based on the Working Capital Financial Statements.





Based on the above information and explanations provided by the management of the Company, we certify the following:

- The details of our Company's working capital as at the three months period ended as on as of June 30, 2024 and for the Fiscals 2024, 2023 and 2022, and the source of funding, derived from the financial statement of our Company, are provided in the table below:

(₹ in million)

Particulars*	As at three months period ended June 30, 2024	As on March 31, 2024	As on March 31, 2023 [#]	As on March 31, 2022 [#]
Current Assets				
Trade receivables	995.39	722.61	975.08	958.00
Inventories	2,401.92	2,128.69	1,700.00	691.12
Other Current Assets including other financial assets (excluding cash and cash equivalents)	1,203.55	923.11	332.59	367.66
Other Financial Assets				
- Fixed deposit towards Bank Guarantee	607.73	608.19	516.38	316.40
Fixed deposit towards Bank Guarantee & Retention amount**				
- Earnest Money Deposit	0.23	0.23	3.41	0.61
Other Non-Current Assets (Retention Amount)	396.51	407.78	272.72	229.85
Total Current Assets (A)	5,605.33	4,790.61	3,800.18	2,563.64
Current liabilities				
Trade payables	1,370.54	1,156.59	1,172.37	823.54
Other financial liabilities, other current liabilities, Provisions and income tax liabilities (excluding current lease liabilities)	510.53	403.36	272.56	299.36
Other Non-Current Liabilities (Mobilisation advance)**	1,188.18	826.22	1,031.34	395.91
Total Current Liabilities (B)	3,069.25	2,386.17	2,476.27	1,518.81
Net working capital (A – B)	2,536.08	2,404.44	1,323.91	1,044.83
Sources of funds				
Borrowings	1,317.68	1,299.35	830.98	682.12
Internal accruals / Equity	1,218.40	1,105.09	492.93	362.71
Total Means of Finance	2,536.08	2,404.44	1,323.91	1,044.83

**Non-current assets being earnest money and retention amount is considered as current assets and mobilisation advance is considered as current liabilities for the purpose of determining working capital requirements

[#]Certain Number have been re-grouped





2. The detail of amount held towards project as on June 30, 2024 and for the Fiscals 2024, 2023 and 2022 as stated herein under:

(₹ in million)

Particulars	For the three months period ended June 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount	% of Order Book	Amount	% of Order Book	Amount	% of Order Book	Amount	% of Order Book
Earnest Money Deposit	0.23	0.00%	0.23	0.00%	3.41	0.02%	0.61	0.01%
Inventories	2,401.92	17.40%	2,128.69	19.13%	1,700.00	10.25%	691.12	9.60%
Bank deposit for margin money	607.73	4.40%	608.19	5.47%	516.38	3.11%	316.40	4.40%
Retention amount	397.53	2.88%	408.80	3.67%	273.38	1.65%	230.40	3.20%
Retention Money - Credit Impaired	18.54	0.13%	18.54	0.17%	6.66	0.04%	5.75	0.08%
(-) Allowances for Expected Credit Loss	(19.56)	-0.14%	(19.56)	-0.18%	(7.32)	-0.04%	(6.30)	-0.09%
(-) mobilisation advance	(1,188.18)	-8.61%	(826.22)	-7.43%	(1,031.34)	-6.22%	(395.91)	-5.50%
Amount held towards project	2,218.21	16.07%	2,318.67	20.84%	1,461.17	8.81%	842.07	11.70%
Outstanding Bank Guarantee	2,932.82	21.25%	3,025.50	27.19%	2,749.09	16.58%	1,375.80	19.12%
Order Book	13,803.89		11,126.88		16,578.79		7,196.32	

3. Key parameters determining the working capital requirements such as growth in revenue, % of net working capital to revenue are as under:

(₹ in million)

Particulars	As at and for the three months period ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from Operations	1,051.08	5,114.02	4,334.55	3,630.52
Net working capital	2,536.08	2,404.44	1,323.91	1,044.83
Percentage of Net working capital to Revenue**	241.28%	47.02%	30.54%	28.78%
Growth in revenue from operations	NA	17.98%	19.39%	16.83%

**Not Annualised

4. The table below sets forth the details of holding levels (in days) for the three months period ended as on June 30, 2024 and for the Fiscals 2024, 2023 and 2022:

(in days)

Days	For the three month period ended June 30, 2024	Fiscal 2024 (Audited)	Fiscal 2023 (Audited)	Fiscal 2022 (Audited)
Trade receivables	86	52	82	96
Inventories	208	152	143	69
Other Current Assets including other financial assets (excluding	104	66	28	37





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Days	For the three month period ended June 30, 2024	Fiscal 2024 (Audited)	Fiscal 2023 (Audited)	Fiscal 2022 (Audited)
cash and cash equivalents)				
Fixed deposit towards Bank Guarantee & Retention amount	53	44	43	32
Earnest Money Deposit	0	0	0	0
Other Non-Current Assets (Retention Amount)	34	29	23	23
Trade payables	119	83	99	83
Other financial liabilities, other current liabilities, Provisions and income tax liabilities (excluding current lease liabilities)	44	29	23	30
Other Non-Current Liabilities (Mobilisation advance)	103	59	87	40

Notes:

1. Holding period (in days) is calculated as respective current asset or current liability divided by revenue from operations multiplied by number of days (see note 2 below).
2. The holding period has been computed over three hundred sixty-five (365) days for each fiscal year and ninety-one (91) days for the three months period ended June 30, 2024.

5. On the basis of the details as mentioned herein above from Point 1 to 3, the estimated working capital requirement of our Company and assumptions for such working capital requirements, our Board pursuant to its resolution dated March 26, 2024, has approved the estimated working capital requirements and the estimated holding level for Fiscal 2025 as set forth below:

(₹ in million)

Particulars*	Fiscal 2025 (Estimated)	Fiscal 2024 (Audited)
<i>Current assets</i>		
Trade receivables	1,541.10	722.61
Inventories	3,082.19	2,128.69
Other Current Assets including other financial assets (excluding cash and cash equivalents)	616.44	923.11
Other Financial assets		
- Fixed deposit towards Bank Guarantee & Retention amount**	835.28	608.19
- Earnest Money Deposit**	177.53	0.23
Other Non-Current Assets (Retention Amount)**	913.92	407.78
Total Current Assets (A)	7,166.46	4,790.61
<i>Current liabilities</i>		
Trade payables	1,849.32	1,156.59
Other financial liabilities, other current liabilities, Provisions and income tax liabilities (excluding current lease liabilities)	410.96	403.36
Other Non-Current Liabilities (Mobilisation advance)**	915.25	826.22





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Particulars*	Fiscal 2025 (Estimated)	Fiscal 2024 (Audited)
Total Current Liabilities (B)	3,175.53	2,386.17
Net working capital (A – B)	3,990.93	2,404.44
Sources of funds		
Borrowings	1,150.00	1,299.35
Internal accruals / Equity	1,721.37	1,105.09
IPO Proceeds	1,119.56	-
Total Means of Finance	3,990.93	2,404.44

**Non-current assets being margin money and retention amount is considered as current assets for the purpose of determining working capital requirements

Based on above figures, the table below sets forth the details of estimated holding levels (in days) for Fiscal 2025 –

Days	Fiscal 2025 (Estimated)
Trade receivables	75
Inventories	150
Other Current Assets including other financial assets (excluding cash and cash equivalents)	30
Fixed deposit towards Bank Guarantee & Retention amount	41
Earnest Money Deposit	9
Other Non-Current Assets (Retention Amount)	44
Trade payables	90
Other financial liabilities, other current liabilities, Provisions and income tax liabilities (excluding current lease liabilities)	20
Other Non-Current Liabilities (Mobilisation advance)	45

Notes:

- Holding period (in days) is calculated as respective current asset or current liability divided by revenue from operations multiplied by number of days (see note 2 below). Estimated holding days for Fiscal 2025 have been rounded to the nearest number.
- The holding period has been computed over three hundred sixty-five (365) days for Fiscal 2025.

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.





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We further hereby confirm that we have examined the prospective financial information / projections of Fiscal 2025 as mentioned herein above in accordance with Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India. The preparation and presentation of the prospective financial information including the underlying assumptions, is the responsibility of the Management and has been approved by the Board of Directors of the company. Our responsibility is to examine the evidence supporting the assumptions (excluding the hypothetical assumption) and other information. Our responsibility does not include verification of projections. Therefore, we do not vouch for the accuracy of the same.

This prospective financial information has been prepared for inclusion in DRHP / RHP / Prospectus. The prospective financial information has been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described above.

We have carried out our examination of the prospective financial information on a test basis. Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projection.

Further, in our opinion the projection is properly prepared on the basis of the assumptions and on a consistent basis with the historical financial statements, using appropriate accounting principles. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material.

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 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.





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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. – 018870N

Parmod Gupta
Parmod Gupta
Partner
Membership No. – 096109
UDIN – 24096109BKDSFQ1913



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, 5th 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”)