

Rating: Subscribe for listing gains

Issue Offer

Total issue size of INR 2600 mn including Fresh Issue of shares aggregating up to INR 2172mn and OFS aggregating up to INR 428mn.

Issue Summary

Price Band (INR)	192-203
Face Value (INR)	10
Implied Market Cap (INR Mn)	9,456
Market Lot	73
Issue Opens on	October 21, 2024
Issue Close on	October 23, 2024
No. of share pre-issue	35,880,860
No. of share post issue	46,580,860
Listing	NSE , BSE

Issue Break-up (%)

QIB Portion	≤50
NII Portion	≥15
Retail Portion	≥35

Book Running Lead Managers

Fedex Securities Pvt Ltd

Registrar

Kfin Technologies Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100.00%	72.50%
Public & Others	0.0%	27.50%

Objects of the issue

- Repayment/prepayment, in full or part, of certain borrowings availed by the Company;
- Funding of working capital requirements of the company and
- General corporate purposes.

Deepak Builders & Engineers India Limited is a construction firm specializing in a wide range of projects, including administrative, institutional, and industrial buildings, hospitals, stadiums, and residential complexes. It was founded in 2017. The company has successfully completed numerous turnkey projects that encompass architectural, structural, civil, MEP, firefighting systems, public health services, IT systems, operation theaters, medical gas pipelines, and landscaping. Deepak Builders & Engineers operates across three main verticals: Construction Projects, Infrastructure Projects, and Product Sales.

Investment Rationale

Strong Government Clientele with Competitive Edge: The company has developed a reliable base of government and public sector clients, focusing on high-quality construction projects. By consistently winning contracts from government authorities, they ensure steady revenue inflow and minimize risks associated with economic fluctuations. Their ability to bid competitively and execute projects efficiently sets them apart from competitors, leading to repeat business. This government-backed clientele provides financial stability and predictability in their future projects, allowing the company to plan and optimize resources more effectively.

Ownership of Equipment & Enhanced Bid Capacities for Larger Projects: The company's ownership of a large fleet of modern construction equipment, such as concrete mixers, cranes, and mobile towers, gives them a significant advantage over competitors who rely on outsourcing. This in-house capability ensures projects are completed on time, reducing downtime and maintenance costs. The company is focused on expanding its bid capacity, allowing them to secure larger, more valuable projects. Their accreditation as a Class I Contractor enables them to bid for projects up to INR 6,500 Mn, positioning them for larger & more complex opportunities in the infrastructure space.

Expansion in Northern India and Beyond: The company's strategy to expand its footprint in Northern India and eventually enter new geographical regions diversifies revenue streams and reduces regional risks. This approach opens new market opportunities while consolidating their position in their core regions, ensuring steady growth.

Experienced Leadership and Skilled Workforce: The company's growth is significantly driven by its experienced leadership, particularly Deepak Kumar Singal, who has over 30 years of experience in the construction industry. His strategic vision and hands-on involvement have been key in the successful completion of over 60 infrastructure projects. Additionally, the company benefits from a highly skilled workforce, including 235 in-house engineers with expertise in modern construction methods. This combination of strong leadership and technical expertise allows the company to execute projects efficiently, maintain high standards, and seize future growth opportunities.

Valuation and View: DBEI is a growing player in the construction sector, specializing in projects across infrastructure, residential, institutional, and industrial segments. With a track record of successful execution in government and private sector projects, the company's strong order book, modern equipment ownership, and expertise in project management position it well for continued growth. The company's revenue has steadily increased, with a focus on maintaining profitability through efficient execution and cost management. At the upper band price of INR 203 the EV/EBITDA stands at 9.79x, NAV for FY24 is 39.37. We have a "Subscribe for listing gain" rating for the issue.

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Stock Rating Scale	Absolute Return
BUY	
ACCUMULATE	
HOLD	
NEUTRAL	
REDUCE	
SELL	

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