

## 1. About Company:

Garuda Construction and Engineering is primarily involved in providing end-to-end civil construction services for a wide variety of projects. These services range from residential, commercial, industrial, and infrastructure construction projects to hospitality sector developments. The company's expertise includes:

- **Civil Construction:** The company handles construction from design and engineering to procurement, mobilization, and execution of construction works.
- **Infrastructure Development:** Garuda focuses on projects such as roads, highways, and township developments.
- **Industrial and Commercial Projects:** The company is involved in building industrial facilities and commercial spaces, including office buildings and shopping complexes.
- **Operations and Maintenance (O&M) Services:** The company offers long-term maintenance solutions for infrastructure projects, ensuring operational efficiency.
- **Mechanical, Electrical, and Plumbing (MEP) Services:** These services form part of the company's holistic offering in construction projects.

### Notable Projects:

Garuda Construction and Engineering has been involved in several key construction projects across various sectors:

- **Golden Chariot Vasai Hotel & Spa:** One of the company's early projects in the hospitality sector, completed in 2014.
- **Delhi Police Headquarters:** This marquee project, completed in 2021, featured twin towers with modern designs.
- **Residential Projects:** The company has ongoing residential projects in Mumbai, such as the construction at Borivali and Kandivali.

**Historically, Garuda Construction primarily catered to its group-related entities. However, the company has now expanded its focus to cater to third-party developers and other clients, actively bidding for larger projects outside its promoter group. This move is part of the company's strategy to grow its client base and develop expertise in larger-scale projects as a developer. Company's current order book is for Rs. 1,408 Crore.**

## 2. Objects of the Issue:

### Meet Working Capital Requirements:

- A significant portion of the net proceeds will be allocated towards meeting the company's working capital needs. The company is involved in large-scale civil construction projects, and maintaining a healthy cash flow is crucial to ensuring that these projects continue to progress without disruption.

### General Corporate Purposes:

- A portion of the funds raised through the issue will be used for general corporate purposes. This typically includes expenses for enhancing business operations, upgrading infrastructure, expanding teams, or other corporate-level activities that improve the company's overall efficiency and ability to pursue new opportunities.

### Offer for sale:

The issue also includes an offer for sale by one of the promoters, PKH Ventures Limited. However, Garuda Construction will not receive any proceeds from this part of the offer. The funds raised from this portion will go to the selling shareholder, after accounting for related expenses.

## 3. Offer details:

**Issue Open Date:** Oct 08 2024

**Issue Close Date:** Oct 10 2024

**Fresh Issue:** 1,83,00,000 Equity Shares aggregating to ₹ 168.48 Cr.

**Offer for Sale:** 95,00,000

**Issue Price:** Rs. 95 per share.

#### 4. Financials:

(Rs. In Cr.)

Particulars	Period ended Apr 2024	FY 2023-24	FY 2022-23	FY 2021-22
<b>Revenue</b>	11.87	154.17	160.68	77.02
<b>EBITDA</b>	4.70	50.08	55.99	27.16
<b>EBITDA Margin</b>	39.60%	32.48%	34.84%	35.26%
<b>PAT</b>	3.50	36.43	40.79	18.78
<b>PAT Margins</b>	29.48%	23.62%	25.38%	24.38%

#### 5. Peer Comparison:

Companies	Revenue	EBITDA	PAT	MCap	P/E
Garuda Construction	154.17	50.08	36.43	883	24.26
PSP Projects Limited	2,565	293	121	2,594	21.20
Capacite Infraprojects Limited	2,071	406	155	3,127	20.2
Vascon Engineers Limited	1,108	111	66	1,336	20.30
Ahluwalia Contracts (India) Limited	4,011	602	356	7,089	19.91
B L Kashyap & Sons Limited	1,342	136	63	2,040	35

( FY24 number are taken for Comparison )

## 6. Risks in the business:

- a) One of the 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. Any such proceedings, or any adverse action as a result of such proceedings, may affect the reputation of the promoter and subsequently that of the business.
- b) The construction and infrastructure sectors in India are highly competitive, with many well-established companies vying for similar contracts. Any loss of competitiveness could lead to a decline in market share or contract awards.
- c) The construction industry is prone to delays due to factors like labor shortages, material supply disruptions, adverse weather conditions, and regulatory approvals. Any such delays could affect the company's financial performance and reputation.

## 7. Conclusion:

Garuda Construction and Engineering Limited is a growing company in civil construction and infrastructure development, aiming to raise capital through its IPO primarily for working capital requirements and general corporate purposes. While the company's expansion and revenue growth show promise, there are concerns.

A key issue is the offer for sale by promoter PKH Ventures Limited, from which Garuda will receive no funds. This partial exit by the promoter could raise doubts about their confidence in the company's long-term potential. Additionally, using a significant portion of the IPO proceeds for working capital rather than strategic investments might indicate cash flow pressures, which could affect future profitability and growth.

Given these factors, investors should carefully consider the risks associated with the offer and the company's financial needs before making any investment decisions.