

**Rating: SUSCRIBE FOR LISTING GAINS**

**Issue Offer**

Fresh Issue of 16,009,852 shares aggregating up to INR 3250 Mn. and OFS of 4,582,000 shares aggregating up to 930 Mn.

**Issue Summary**

Price Band (INR)	193 - 203
Face Value (INR)	10
Implied Market Cap (INR Mn)	14,016.9
Market Lot	73
Issue Opens on	June 19, 2024
Issue Close on	June 21, 2024
No. of share pre-issue	53,039,140
No. of share post issue	69,048,992
Listing	NSE , BSE

**Issue Break-up (%)**

QIB Portion	50%
NII Portion	15%
Retail Portion	35%

**Book Running Lead Managers**

SBI Capital Markets Ltd  
Equirus Capital Private Ltd

**Registrar**

Link Intime India Private Ltd

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	100%	70.18%
Public & Others	0%	29.82%

**Objects of the issue**

- Funding working capital requirements of the Company
- Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the Company
- General corporate purposes

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DEE Development Engineers Ltd specializes in providing engineering, procurement, and manufacturing solutions for process piping across industries such as oil and gas, power (including nuclear), chemicals, and other process industries. At present, it is the largest player in process piping solutions in India in terms of installed capacity. DDEL has seven strategically located Manufacturing Facilities at Palwal in Haryana, Anjar in Gujarat, Barmer in Rajasthan, Numaligarh in Assam and Bangkok in Thailand, with three Manufacturing Facilities located at Palwal, Haryana.

**Investment Rationale**

**Comprehensive Solutions Provider with a Diverse Product Portfolio:** Diversified product portfolio includes piping spools, induction pipe bends, industrial pipe fittings, pressure vessels, modular piping (skids and modules), industrial stacks, wind turbine towers and pilot plants which minimizes dependence on individual products and addresses different business cycles across industries. Further, the company plans to leverage its market leadership, expertise, and infrastructure, to expand its capacity and product offerings to capitalize on growth opportunities particularly in the pharmaceutical, hydrogen energy, and chemical sectors.

**Enhancing operational efficiency through automation:** DDEL is focused on utilizing cost-effective technologies and automation to enhance operational efficiency and reduce costs, aiming to provide comprehensive process piping solutions to customers. It has ongoing investments in automation and digitization across its facilities which is designed to improve productivity, maintain quality, and support sustainable business growth in the specialized process piping solutions industry. Company has lower execution costs attributable to integrated operations, strategically located manufacturing facilities and investment in technology.

**Strategic Inorganic Expansion and Technological Alliances to Enhance Operational Scale and Market Position:** Intend to augment scale of operations through inorganic expansion strategies, including selectively evaluating targets for technical alliances, collaborating with a multinational oil and gas company to trial pipe fabrication automation, with both parties bearing their own costs. DEE also aims to establish similar technology partnerships with other global OEMs to improve product cycles, ensure timely deliveries, and expand into new markets, thereby strengthening its engineering capabilities and overall market position.

**Strong Customer Base and Order Book:** With over three decades of experience, company has established long-term relationships with a balanced mix of domestic and international clients, including Fortune 500 companies, by consistently meeting stringent quality and technical specifications, leading to high customer retention and ongoing business. Long standing relationships with customers is well equipped to retain company's presence in the market and enhance its ability to benefit from increasing economies of scale, ensuring a competitive cost structure to achieve sustainable growth and profitability. Moreover, orderbook stood at INR 8,287.04 Mn and revenue from operations stood at INR 4,844.75 for 9MFY24

**Valuation and View:** The company boasts strong clientele such as RIL, Mitsubishi Heavy Industries, John Cockerill SA, etc. Largest client contributed to 12.46% of revenues and ~40% of revenues come from business outside India (9MFY24). The topline has grown at 13.7% CAGR from FY21 to FY24 (9MFY24 annualized). Looking at the operating performance, margin profile and orderbook, the company trades 70.3x PE (converting current orderbook in revenues), 73.3x FY24 PE (post issue, 9M annualized) and 17.9x FY24 EV/EBITDA (post issue, 9M annualized). Company has an operational capacity of 94,500 tonnes per annum and adding another 9,000 tonnes in its Anjar facility. Post issue, company will have a net debt of INR 2,191.18 Mn. The use of proceeds are mainly to pay off debt of INR 1.75 Bn and fund the working capital requirements of the company (INR 750 Mn). **We recommend to SUBSCRIBE FOR LISTING GAINS.**

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**Stock Rating Scale**

BUY  
ACCUMULATE  
HOLD  
NEUTRAL  
REDUCE  
SELL

**Absolute Return****Research Analyst  
Registration No.****Contact****Website****Email Id**

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