



IPO NOTE

DEE DEVELOPMENT ENGINEERS LIMITED

Rating:

Subscribe

(For long Term)



ISSUE OFFER

Issue Opens on	JUNE 19, 2024
Issue Close on	JUNE 21, 2024
Total IPO size (cr)	₹418.01
Fresh issue (cr)	₹325.00
Offer For Sale (cr)	₹93.01
Price Band (INR)	193- 203
Market Lot	73
Face Value (INR)	₹10
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
53,039,140	69,048,992

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	24-06-2024
Refunds/Unblocking ASBA Fund	25-06-2024
Credit of equity shares to DP A/c	25-06-2024
Trading commences	26-06-2024

DEE Development Engineers Limited is an engineering firm that uses engineering, procurement, and manufacturing to deliver specialized process piping solutions for the oil and gas, chemicals, electricity (including nuclear), and other process sectors. In addition, the company produces and distributes industrial pipe fittings, pressure vessels, modular skids, high frequency induction pipe bends, high pressure piping systems, piping spools, longitudinally submerged arc welding pipes, and accessories.

OBJECTS OF THE ISSUE

- Funding working capital requirements.
- Repayment of all or a portion of certain outstanding borrowings.
- General corporate purposes.

OUTLOOK & VALUATION

DEE Development Engineers, a leading player in the Indian process piping solutions industry, has exposure to a niche sector with high barriers to entry.

DEE boasts a strong competitive position with established client relationships and a diverse portfolio of specialized offerings. Notably, the company benefits from a robust order book and consistent financial performance.

However, some key risks necessitate careful consideration. DEE's business is susceptible to downturns in the industries it serves, such as oil and gas, power, and chemicals. Additionally, competition from both domestic and international players presents a challenge. Furthermore, losses incurred by its subsidiaries require monitoring.

Despite the premium valuation of 82.85x P/E, DEE's market leadership, consistent growth trajectory, and strong order book warrant consideration for long-term investors. Thus we recommend a Subscribe rating for the long term.



KEY MANAGERIAL PERSONNEL

01

Krishan Lalit Bansal

Chairman and Managing Director of the Company. He holds a bachelors' degree in mechanical engineering from Punjab Engineering College, Chandigarh. He has been associated with the Company since its inception in 1988 and has experience in prefabricated piping systems and bio-mass power sector.

02

Ashima Bansal

Whole-time Director of the Company. She holds a bachelors' degree in education from D.S. College of Education for Women, Ferozepur City, Panjab University and a masters' degree in arts from Panjab University. She has been associated with the Company since April 30, 2007.

03

Sameer Agarwal

Chief Financial Officer of the Company. He has been associated with the Company since March 4, 2023. He holds a bachelors' degree in science from RMP Degree College affiliated to Kanpur University and is registered with the Institute of Chartered Accounts of India.

04

Ranjan Kumar Sarangi

Company Secretary and Compliance Officer of the Company. He holds a bachelors' degree in science (honours) from Aanchal College, Padampur and a bachelors' degree in law from L. R. Law College, Sambalpur affiliated to Sambalpur University, Odisha. He is also registered with the Institute of Company Secretaries of India.

05

Pankaj Agarwal

Chief Operating Officer of the Company. He has been associated with the Company since July 25, 1994 as the marketing manager. He is involved in the strategic, financial, and operational development of the Company.



COMPANY PROFILE

- The company providing specialized process piping solutions for industries such as oil and gas, power (including nuclear), chemicals, and other process industries through engineering, procurement and manufacturing.
- The company has seven manufacturing facilities in Palwal, Haryana; Anjar, Gujarat; Barmer, Rajasthan; Numaligarh, Assam; and Bangkok, Thailand, with three manufacturing facilities located in Palwal, Haryana.
- The company's manufacturing facilities had a cumulative installed capacity of 70,875 MT for the nine months ended December 31, 2023, with annual capacities of 94,500 MT, 91,500 MT, and 86,500 MT for Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively.
- The Company currently is ranked as one of the leading process pipe solution providers in the world, in terms of technical capability to address complex process piping requirement arising from multiple industrial segments.

COMPETITIVE STRENGTHS

- Leading player in an industry with significant barriers to entry.
- The largest player in process piping solutions in India.
- Long-standing customer relationships with a strong order book.
- Wide range of specialized product offerings and services.
- Experienced and dedicated promoter and professional management team with extensive domain knowledge.

KEY STRATEGIES

- Leverage the market-leading position in the industry to capitalize on the revival of the capital expenditure cycle in the sectors that the company services which will drive the next phase of the growth.
- Drive automation across the facilities and processes to bring in operational efficiencies.
- Forging technology tie-ups with select global OEMs to derive consistent order flow and making a preferred partner.
- Increasing the focus on high-margin products.

KEY CONCERNS

- Any downturn in the oil and gas, power (including nuclear), process industries, and chemical sectors would create an adverse impact on revenue from operations, cash flows, and financial conditions.
- Companies face competition from both domestic as well as international companies.
- Experienced negative cash flows.
- Subsidiaries have incurred losses in the last three Fiscals years.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME	RoNW (%)
DEE Development Engineers Limited	2.45	79.87	-	6,143.20	3.14
Peer Group					
ISGEC Heavy Engineering Limited	26.72	325.32	42.40	64,117.13	8.59

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2023	FY 2022	FY 2021
Equity Share Capital	106.08	106.08	156.93
Other equity	4,130.36	4,013.74	4,386.25
Net Worth	4,236.44	4,119.82	4,543.18
Total Borrowings	618.19	468.21	513.11
Revenue	5,954.95	4,609.16	4,952.17
EBITDA	691.76	646.07	536.84
Profit before Tax	203.72	132.94	89.49
Net Profit of the Year	129.72	81.97	142.05


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