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DEE DEVELOPMENT ENGINEERS LIMITED



(Please scan this QR code to view the RHP)

Our Company was originally incorporated as "DE Development Engineers Private Limited" a private limited company under the Companies Act, 1956 through a certificate of incorporation dated March 21, 1988, issued by the RoC. Thereafter, the name of the Company was changed to "DEE Development Engineers Private Limited" pursuant to a Board resolution dated September 28, 1997 and a special resolution passed in the general meeting of the Shareholders held on October 22, 1997 and consequently a fresh certificate of incorporation dated January 8, 1998 was issued by the RoC to reflect the change in name. Pursuant to an amendment to the Companies Act, 1956, our Company was deemed public under Section 43A (1A) of the Companies Act, 1956 with effect from July 1, 1998. Consequently, the word 'Private' was deleted from the name of our Company and the name was changed to "DEE Development Engineers Limited" pursuant to a Board resolution dated June 1, 1998. Thereafter, our Company was converted into a private limited company pursuant to an amendment to Section 43A (1A) in Companies Act, 1956 by Section 43A (2A) of the Companies Amendment Act, 2000 with effect from July 16, 2004 and the name was changed to "DEE Development Engineers Private Limited" pursuant to a Board resolution dated July 16, 2004. The name of our Company was changed to 'DEE Development Engineers Limited' upon conversion to a public limited company pursuant to a Board resolution dated December 29, 2009 and a resolution passed in the extra-ordinary general meeting of the Shareholders held on January 18, 2010 and consequently a fresh certificate of incorporation dated March 11, 2010, was issued by the RoC. For further details, see "History and Certain Corporate Matters – Brief History of our Company" on page 248 of the red herring prospectus of our Company dated June 11, 2024 filed with the RoC ("Red Herring Prospectus" or "RHP").

Registered and Corporate Office: Unit 1, Prithla-Tatarpur Road, Village Tatarpur, Dist. Palwal, Faridabad, Haryana – 121102, India

Contact Person: Ranjan Kumar Sarangi, Company Secretary and Compliance Officer; Tel: +91 1275 248345, E-mail: secretarial@deepiping.com; Website: www.deepiping.com; Corporate Identity Number: U74140HR1988PLC030225

OUR PROMOTERS: KRISHAN LALIT BANSAL ASHIMA BANSAL AND DDE PIPING COMPONENTS PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF DEE DEVELOPMENT ENGINEERS LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF UPTO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UPTO ₹3,250.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 45,82,000 EQUITY SHARES (THE "OFFERED SHARES") BY KRISHAN LALIT BANSAL ("SELLING SHAREHOLDER") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES (CONSTITUTING UP TO [●]% OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY) AGGREGATING UP TO ₹ 10.00 MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) ("EMPLOYEE RESERVATION PORTION"). THE EMPLOYEE RESERVATION PORTION SHALL NOT EXCEED 5% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET OFFER". OUR COMPANY MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, OFFER A DISCOUNT UP TO ₹ 19 OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE OFFER FOR SALE			
Name of the Selling Shareholder	Type	Number of Equity Shares of face value ₹10 Offered	Weighted Average Cost of Acquisition per Equity Share of face value ₹10 (in ₹)*#
Krishan Lalit Bansal	Promoter	Up to 45,82,000 Equity Shares of face value ₹10 aggregating up to ₹ [●] million	0.83

*As certified by VSD & Associates, Chartered Accountant, by way of their certificate dated June 11, 2024.

#12,330 Equity Shares were issued to the Promoter in lieu of the acquisition of the business of partnership firm of M/S Development Engineers. Value of given equity shares is not quantifiable. Accordingly, the consideration amount has not been included for the calculation of average cost of acquisition.

DEE Development Engineers Limited is an engineering company providing piping solutions for industries such as oil and gas, power, chemicals and other process industries through engineering, procurement and manufacturing.

The Offer is being made through the Book Building Process pursuant to Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer

Retail Portion: Not less than 35% of the Net Offer. | Employee Reservation Portion: Up to [●] Equity Shares aggregating up to ₹10.00 million

PRICE BAND: ₹193 TO ₹203 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE IS 19.3 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 20.3 TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE TO EARNINGS RATIO ("P/E") BASED ON BASIC AND DILUTED EPS FOR FINANCIAL YEAR ENDED 2023 FOR THE COMPANY AT THE UPPER END OF THE PRICE BAND IS AS HIGH AS 82.86 TIMES AND AT THE LOWER END OF THE PRICE BAND IS 78.78 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP P/E RATIO OF 42.40 TIMES.

AVERAGE COST OF ACQUISITION OF EQUITY SHARES FOR THE SELLING SHAREHOLDER IS ₹ 0.83.

AVERAGE RETURN ON NET WORTH FOR LAST THREE FULL FINANCIAL YEARS IS 2.78%

BIDS CAN BE MADE FOR A MINIMUM OF 73 EQUITY SHARES AND IN MULTIPLES OF 73 EQUITY SHARES THEREAFTER.

A DISCOUNT OF ₹19 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION.

In accordance with the recommendation of the Committee of Independent Directors of our Company, pursuant to their resolution dated June 11, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section of the RHP vis-à-vis the weighted average cost of acquisition of primary and secondary transaction(s) disclosed in the "Basis for Offer Price" section on page 135 of the RHP.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

In relation to price band, potential Investors should only refer to this price band advertisement for the Offer and should not rely on any media articles/ reports in relation to the valuation of the Company as these are not endorsed, published or confirmed either by the Company or by the BRLMs.

RISK TO INVESTORS

- Dependence on oil and gas, power (including nuclear), Power Generation through our Abohar Biomass Generation Plant and our Muktsar Biomass Generation Plant, process industries, chemical sectors:** Our revenue contribution from our customers in the oil and gas, power (including nuclear power), Power Generation through our Abohar Biomass Generation Plant and our Muktsar Biomass Generation Plant, process industries including sugar, specialty chemicals and distilleries and chemical sectors as a percentage of our total revenue from operations in nine months ended December 31, 2023 were 52.76%, 24.65%, 11.20% 11.39% and Nil, respectively. Factors adversely affecting any of these industries in general, or any of our customers in particular, could have a cascading adverse effect on our business, cash flow, financial condition and results of operations.
- Dependence on long term customers:** Our revenue contribution as a percentage of our total revenue from operations of our largest customer, our top 10 customers and our top 20 customers, for the nine months ended December 31, 2023 were 12.46%, 66.18% and 86.19%, respectively. We derive a significant part of our revenue from some customers. If one or more of such customers choose not to source their requirements from us or to terminate our contracts or purchase orders, it will adversely affect our profitability and liquidity.
- Underutilisation of Manufacturing Capacities:** We have seven located Manufacturing Facilities, which together with the Anjar Heavy Fabrication Facility have an aggregate installed capacity of 100,500 MT. The capacity utilization of our facilities situated at Palwal Facility I, Palwal Facility II, Palwal Facility III, Barmer Facility, Anjar Facility I, Bangkok Facility and Anjar Heavy Fabrication Facility for the nine months ended December 31, 2023 were 5.45%, 50.43%, 107.00%, 78.99%, 64.83%, 39.79% and 25.98%, respectively. Under utilisation of our manufacturing capacities over extended periods, or significant under utilisation in the short-term, could materially and adversely impact our business, growth prospects and future financial performance.
- We have in the past, and may in the future, experience negative cash flows from investing and financing activities:** Our net cash flow generated from operating activities, used in investing activities and financing activities for the nine months ended December 31, 2023 were ₹ 697.11 million, ₹ (948.21) million and ₹ 247.06 million respectively, with Net increase/ (decrease) in cash and cash equivalents to be ₹ (4.04) million. Any negative cash flows in the future would adversely affect

our results of operations, cash flows and financial condition.

- Audit Report Qualifications:** The audit reports of our Company and our Subsidiaries contain an emphasis of matter paragraph and the annexure to Auditor's Report under the Companies (Auditor's Report) Order, 2020 and Companies (Auditor's Report) Order, 2016 of our Company and few of our Subsidiaries, certain adverse remarks or qualifications, which could adversely affect our business. For further details please refer to Risk factor no 26 appearing on page 53 of the RHP.
- Losses incurred by subsidiaries:** Our Subsidiaries, DEE Piping Systems (Thailand) Co. Limited and DEE Fabricom India Private Limited have incurred losses in the last three Fiscals. Our subsidiary DEE Piping Systems (Thailand) Co. Limited and DEE Fabricom India Private Limited have incurred a loss of ₹ (56.64) and ₹ (19.61), respectively during Fiscal 2023. These subsidiaries may continue to incur such losses in the future, which could have a material adverse effect on our business.
- Compliance with high quality standards and stringent performance requirements by customers:** Any failure by us to comply with these standards or performance requirements may lead to the cancellation of existing and future orders, recalls, liquidated damages, invocation of performance bank guarantees or warranty and indemnity or liability claims, which could adversely affect our business.
- Indebtedness Risk:** Our total borrowings as of April 15, 2024, Fiscal 2023, Fiscal 2022 and Fiscal 2021 were ₹ 3,861.89 million, ₹ 3,526.22 million, ₹ 2,853.58 million and ₹ 2,571.65 million respectively. Any breach of terms under financing arrangements or inability to comply with repayment and other covenants could adversely affect our credit rating and business. We intend to utilize ₹ 1,750.00 million, i.e., a majority of the Net Proceeds towards the repayment or prepayment of all or a portion of certain borrowings availed by us and the payment of the accrued interest thereon.
- We will not receive any proceeds from the Offer for Sale:** The Offer consists of a Fresh Issue and an Offer for Sale. The Selling Shareholder shall be entitled to the Net proceeds from the Offer for Sale, and our Company will not receive any proceeds from the Offer for Sale.
- Introduction of Products and Customer Preferences:** If we are unable to introduce new products or engineering processes and respond to changing customer preferences in a timely and effective manner or if our product become obsolete

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due to a breakthrough in the development of technology or alternate products, the demand for our products or engineering services and supplies may decline, which may have an adverse effect on our business.

11. **Risks related to objects of the Offer:** The objects of the Offer for which funds have been raised and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution. Any revision in the estimates, delays or cost overruns may have a significant impact on our business.
12. **Price of raw materials:** Our raw material cost constitutes a significant percentage of our total expenses. Steel constituted 72.85%, 68.05%, 66.72% and 74.25% of total raw materials purchased by the Company for the nine months ended December 31, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. Any increase in the prices of raw materials or a change in our customers' preference of raw material suppliers could adversely affect our affect the business and the profitability of our Company.
13. **Contractual risks under power purchase agreements:** We are subject to contractual risks with our power purchaser, the Punjab State Power Corporation Limited, which is a government body. Any failure to extend or renew our PPAs will have a material and adverse effect on our business.
14. **International operations and foreign currency risks:** A portion of our revenues and expenses are denominated in foreign currencies. Our revenue from operations outside India as a percentage of total revenue from operations in the nine months ended December 31, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021 were 40.53%, 45.10%, 36.48% and 45.63%, respectively. Our existing international operations subject us to various business, economic, political, regulatory and legal risks. Further, we are also exposed to foreign currency exchange risks and regulatory changes in foreign exchange management which may adversely impact our business.
15. **The Offer Price, market capitalization to revenue from operations multiple and price to earnings ratio based on the Offer Price by our Company may not be indicative of the market price of the Company on listing or thereafter:** Market capitalization to revenue from operations multiple and our price to earnings ratio (based on EPS for Fiscal 2023) is as follows:

Particulars	Market capitalization to revenue from operations	Price to earnings ratio
At lower end of price band i.e. ₹ 193 per Equity Share	2.26 times	78.78 times
At upper end of price band i.e. ₹ 203 per Equity Share	2.35 times	82.86 times

16. The weighted average cost of acquisition of all shares transacted in the last eighteen months, one year and three years preceding the date of the Red Herring

Prospectus is as follows:

Period	Weighted average cost of acquisition (in ₹)*#	Upper end of the price band (₹203) is 'X' times the weighted average cost of acquisition	Range of acquisition price: Lowest price – Highest price (in ₹)
Last eighteen months	500.00	0.41	500.00 - 500.00
Last one year	500.00	0.41	500.00 - 500.00
Last three years	102.65	1.98	99.00 - 500.00

*As certified by VSD & Associates, Chartered Accountants, by way of their certificate dated June 11, 2024.
The weighted average cost of acquisition has been calculated excluding bonus issues and transmission of shares.

17. Weighted average return on net worth for Fiscals 2023, 2022 and 2021 is 2.78% and as on nine months ended December 31, 2023 is 3.35% (*Not Annualised*).
18. Average cost of acquisition of shares for the Promoters and the Selling Shareholder
The average cost of acquisition of Equity Shares for the Promoters and Selling Shareholder is as set out below:

Name of acquirer	Number of Equity Shares	Acquisition price per Equity Share (in ₹)*#
Promoters		
Krishan Lalit Bansal (also the Selling Shareholder)	39,639,185	0.83
Ashima Bansal	4,399,900	0.27
DDE Piping Components Private Limited	7,532,275	0.37

*As certified by VSD & Associates, Chartered Accountants, by way of their certificate dated June 11, 2024.
#12,330 Equity Shares were issued to Krishan Lalit Bansal in lieu of the acquisition of the business of partnership firm of M/S Development Engineers. Value of given equity shares is not quantifiable. Accordingly, the consideration amount has not been included for the calculation of average cost of acquisition.

19. The 2 BRLMs associated with the Offer have handled 43 public issues in the past three financial years, out of which issues closed below the Offer price on listing date:

Name of BRLMs	Total Issues	Issues closed below IPO Price as on listing date
SBI Capital Markets Limited*	25	12
Equirus Capital Private Limited*	16	5
Common Issues of above BRLMs	2	Nil
Total	43	17

*Issues handled where there were no common BRLMs.

BID/OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE:
TUESDAY, JUNE 18, 2024*

BID/OFFER OPENS ON:
WEDNESDAY, JUNE 19, 2024

BID/OFFER CLOSES ON:
FRIDAY, JUNE 21, 2024^

*Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.
^UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and the quantitative and qualitative factors as described below and is justified in view of these parameters. The face value of the Equity Shares is ₹10 each and the Floor Price is 19.3 times the face value of the Equity Shares and the Cap Price is 20.3 times the face value of the Equity Shares.
Investors should also refer to "Risk Factors", "Our Business", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 29, 204, 294 and 376, respectively of the RHP to have an informed view before making an investment decision.

Qualitative factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Leading player in an industry with significant barriers to entry
- Largest player in process piping solutions in India, in terms of installed capacity, providing specialized process piping solutions with strategically located state-of-the-art Manufacturing Facilities
- Long standing customer relationships with a strong order book
- Wide range of specialized product offerings and services making us a comprehensive solution provider for our diversified customers spread across geographies and sectors
- Strong focus on automation and process excellence with an experienced engineering team to drive operational efficiencies
- Experienced and dedicated Promoters and professional management team with extensive domain knowledge

For further details, see "Risk Factors" and "Our Business" on pages 29 and 204, respectively of the RHP.

Quantitative factors

Some of the information presented below relating to our Company is derived from the Restated Consolidated Summary Statements. For further details, see "Restated Consolidated Summary Statements" on page 294 of the RHP.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

1. Basic and diluted Earnings per Share ("EPS") at face value of ₹10 each, as adjusted for changes in capital:

Financial Period/Year	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2021	2.44	2.44	1
March 31, 2022	1.53	1.53	2
March 31, 2023	2.45	2.45	3
Weighted Average*	2.14	2.14	
Nine months ended December 31, 2023*	2.70	2.69	-

* Not annualised

*Weighted Average = Aggregate of period/ year -wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each period/ year/Total of weights.

Notes:

- Our Company pursuant to Board resolution dated September 7, 2023 and Shareholders' resolution dated September 7, 2023, has allotted 42,431,312 Equity Shares of ₹ 10 each in the ratio of 4:1. As required under Ind AS 33 "Earning per share", the above Bonus shares are retrospectively considered.

2. Price/Earnings ("P/E") ratio in relation to Price Band of ₹193 to ₹203 per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
P/E ratio based on basic EPS for Financial Year 2023	78.78	82.86
P/E ratio based on diluted EPS for Financial Year 2023	78.78	82.86

Industry P/ E ratio

Particulars	P/E ratio (no. of times)
Highest	42.40
Lowest	42.40
Average	42.40

Notes: The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the

arithmetic average P/E of the industry peers set disclosed in this section. For further details "Comparison of Accounting Ratios with listed industry peers" on page 136 of the RHP.

3. Average Return on Net Worth ("RoNW")

Financial Year	RoNW (%)	Weight
March 31, 2021	3.17	1
March 31, 2022	2.04	2
March 31, 2023	3.14	3
Weighted Average**	2.78	
Nine months ended December 31, 2023*	3.35	-

*Not annualised

Notes:

**The weighted average is a product of RoNW and respective assigned weight dividing the resultant by total aggregate weight.

4. Net Asset Value ("NAV") per Equity Share (face value of ₹10 each)

Net Asset Value per Equity Share	(₹)
As at December 31, 2023	82.59
As at March 31, 2023	79.87
After the completion of the Offer	
- At the Floor Price	107.78
- At the Cap Price	109.07
Offer Price	100.00 [•]

Notes:

(i) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

(ii) Net asset value per Equity Share is the total equity divided by weighted average numbers of Equity Shares outstanding during the period/year (as adjusted for effect of bonus shares issued subsequent to March 31, 2023 and used in calculating basic earning per share in accordance with principles of Ind AS 33).

5. Comparison of Accounting Ratios with listed industry peers

Fiscal 2023	Standalone/ Consolidated	Face Value per equity share (₹)	EPS (₹)		NAV (per share) (₹)	P/E	RoNW (%)	Total Revenue (in ₹ millions)
			Basic	Diluted				
DEE Development Engineers Limited	Consolidated	10	2.45	2.45	79.87	NA	3.14%	6,143.20
Listed peers								
ISGEC Heavy Engineering Limited	Consolidated	1	26.72	26.72	325.32	42.40	8.59%	64,117.13

Notes:

(a) Financial Information for Company has been derived from the Restated Consolidated Summary Statements.

(b) All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/annual results as available of the respective company for the year ended March 31, 2023 submitted to stock exchanges.

(c) Basic EPS is sourced from the audited consolidated financial results of the peer for the year ended March 31, 2023.

(d) Diluted EPS is sourced from the audited consolidated financial results of the peer for the year ended March 31, 2023.

(e) P/E Ratio has been computed based on the closing market price of equity shares on BSE on June 10, 2024, divided by the Diluted EPS.

The peer group above has been determined on the basis of listed public companies comparable in size to our Company or whose business portfolio is comparable with that of our business.

6. The Offer Price is [•] times of the face value of the Equity Shares.

The Offer Price of ₹[•] has been determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity

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Shares through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. The trading price of the Equity Shares could decline, including due to the factors mentioned in "Risk Factors" on page 29, and you may lose all or part of your investments.

7. Key Performance Indicators ("KPIs")

The following table highlights our key performance indicators of our financial performance that have a bearing on arriving at the basis for Offer Price and disclosed to our investors during the three years preceding to the date of the Red Herring Prospectus, as at the dates and for the period indicated:

As at/ For the year				
Particulars	Nine months period ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
(in ₹ million, except percentages and ratios)				
Revenue from operations	5,455.54	5,954.95	4,609.16	4,952.17
Revenue from operations Growth (y-o-y)	NA	29.20%	(6.93%)	NA
Total Income	5,578.62	6,143.20	4,708.39	5,130.26
EBITDA	679.44	691.76	646.07	536.84
EBITDA Margin (%)	12.45%	11.62%	14.02%	10.84%
Restated Profit Before Tax	190.30	203.72	132.94	89.49
Restated Profit Before Tax Margin (%)	3.49%	3.42%	2.88%	1.81%
Restated Profit for the period/ year	143.37	129.72	81.97	142.05
Restated Profit after tax Margin (%)	2.63%	2.18%	1.78%	2.87%
ROCE (%)	3.91%*	3.91%	3.99%	2.47%
RONW (%)	3.35%*	3.14%	2.04%	3.17%
Net Debt	3,710.58	3,198.28	2,600.86	2,246.77
Net Debt to Total Equity	0.85	0.75	0.63	0.49
Order Book	8,287.04	5,633.53	4,345.70	3,356.78

*Not annualised.

*As certified by VSD & Associates, Chartered Accountants, through their certificate dated June 11, 2024.

Explanation for the Key Performance Indicators:

KPI	Remarks/ Definition/ Assumption
Total Income	Total Income includes the total revenue from operations and other income which helps our Company to assess the scale of the business.
Basic EPS (₹)	Restated profit for the period/ year attributable to the equity shareholders of our Company/weighted average number of equity shares outstanding during the period/ year after considering bonus shares which has been issued subsequent to March 31, 2023 for all periods presented in accordance with Ind AS 33.
Diluted EPS (₹)	Restated profit for the period/ year attributable to equity shareholders of our Company/weighted average number of equity shares outstanding during the period/ year considered for deriving basic earnings per share and the weighted average number of Equity Shares which could have been issued on the conversion of all dilutive potential Equity Shares after considering bonus shares which has been issued subsequent to March 31, 2023 for all periods presented in accordance with Ind AS 33.
Total Income Growth (%)	Total Income Growth (%) represents year-on-year growth of our business operations in terms of revenue generated by us.
Revenue from operations	Revenue from operations is recognized when control of goods or services is transferred to the customer
EBIT	EBIT refers to the EBITDA as adjusted for depreciation and amortisation expenses.
EBITDA	EBITDA refers to restated profit for the period/year, as adjusted to exclude (i) other income, (ii) depreciation and amortization expenses, (iii) finance costs, (iv) total tax expense and (v) share of profit of a Jointly controlled entity.
EBITDA Margin (%)	EBITDA Margin refers to the percentage margin derived by dividing EBITDA by Revenue from operations
Restated Profit Before Tax ("PBT")	PBT provides information regarding the profitability before taxes of our Company
Restated Profit Before Tax Margin (%)	"PBT margin" means profit before tax margin, which represents restated profit before tax as a percentage of revenue from operations.
Restated profit for the period/year	Profit for the period/year represents the profit / loss that we make for the financial period/year or during a given period. It provides information regarding the overall profitability of our business.
Restated Profit after tax Margin (%)	"PAT margin" means profit after tax margin, which represents restated profit for the period/year as a percentage of revenue from operations.
Return on Capital Employed (RoCE) (%)	RoCE" means return on capital employed, which represents EBIT (Earnings before Interest and Tax) during the relevant period/year as a percentage of capital employed. Capital employed is the total of all types of capital, other equity, total borrowings, total lease liabilities and deferred tax liabilities (net) less deferred tax assets (net) as of the end of the relevant period/year.
Return on Net Worth (RoNW) (%)	Return on Net Worth provides how efficiently our Company generates profits from shareholders' funds. "RONW" means return on net-worth, return on net worth is the restated profit for the period/ year divided by the net worth. Net worth shall mean the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses. Net worth represents equity attributable to equity holders of the parent and does not include amount attributable to non-controlling interests.
Net Debt	Net Debt is a liquidity metric and it represents the absolute value of borrowings net of cash and cash equivalents, bank balances and other cash and cash equivalents and current investments in the Company.
Net Debt to Total Equity Ratio	Net Debt to total equity is calculated as net debt divided by total equity. Net Debt is calculated as total of non-current borrowings and current borrowings minus total of cash and cash equivalents and bank balances.
Order Book	Order Book is the value of all orders received for the piping division and heavy fabrication division which are yet to be executed as on March 31, 2021, March 31, 2022 and March 31, 2023 and for the nine months period ended December 31, 2023, as the case may be.

The key performance indicators set forth above, have been approved by the Audit Committee pursuant to its resolution dated June 11, 2024. Further, the Audit Committee has on June 11, 2024 taken on record that other than the key performance indicators set forth above, our Company has not disclosed any other such key performance indicators during the last three years preceding the date of the Red Herring Prospectus to its investors. Further, the aforementioned KPIs have been certified by VSD & Associates, Chartered Accountants, by their certificate dated June 11, 2024. For further details, see "Material Contracts and Documents for Inspection" on page 493 of the RHP.

Our Company shall continue to disclose the KPIs disclosed above, on a periodic basis, at least once in a year (or for any lesser period as determined by our Company), for a duration that is at least the later of (i) one year after the listing date or period specified by SEBI; or (ii) till the utilisation of the Net Proceeds. Any change in these KPIs, during the aforementioned period, will be explained by our Company. The ongoing KPIs will continue to be certified as required under the SEBI ICDR Regulations.

For further details of our other operating metrics, see "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 204 and 376, respectively of the RHP.

8. Comparison of our key performance indicators with listed industry peers

The following tables provides a comparison of our KPI with our listed peers for the last three Fiscals, which have been determined on the basis of companies listed on the Indian stock exchanges of comparable size to our Company, operating in the same industry as our Company and whose business model is similar to our business model.

Particulars	DEE Development Engineers Limited				ISGEC Heavy Engineering Limited			
	FY21	FY22	FY23	Nine months ended December 31, 2023	FY21	FY22	FY23	Nine months ended December 31, 2023
(in ₹ million, except percentages and ratios)								
Operational KPI								
Order Book	3,356.78	4,345.70	5,633.53	8,287.04	61,970	73,220	83,210	85,840.00
Financial KPI								
Revenue from operations	4,952.17	4,609.16	5,954.95	5,455.54	54,255.67	54,993.43	63,990.39	43,513.80
Revenue from operations Growth (y-o-y)	NA**	(6.93%)	29.20%	NA**	NA	1.40%	16.40%	(0.11)%
Total Income	5,130.26	4,708.39	6,143.20	5,578.62	54,773.33	55,125.78	64,117.13	43,732.70
Total Income Growth (y-o-y)	NA	(8.20%)	30.50%	NA**	NA	0.60%	16.30%	0.23%
EBITDA	536.84	646.07	691.76	679.44	4,549.66	3,113.58	4,546.03	3,604.60
EBITDA Margin (%)	10.84%	14.02%	11.62%	12.45%	8.39%	5.66%	7.10%	8.28%
Restated Profit before tax	89.49	132.94	203.72	190.30	3,558.13	1,581.00	2,900.30	2,517.40
Restated Profit before tax margin (%)	1.81%	2.88%	3.42%	3.49%	6.56%	2.87%	4.53%	5.79%
Restated Profit for the period/ year	142.05	81.97	129.72	143.37	2,530.72	1,149.85	2,055.41	1,828.10
Restated Profit after tax margin (%)	2.87%	1.78%	2.18%	2.63%	4.66%	2.09%	3.21%	4.20%
ROCE (%)	2.47%	3.99%	3.91%	3.91%*	11.73%	6.11%	9.66%	NA***
RONW (%)	3.17%	2.04%	3.14%	3.35%*	12.60%	5.44%	8.96%	NA***
Net Debt	2,246.77	2,600.86	3,198.28	3,710.58	7,009.86	10,685.86	9,898.89	NA***
Net Debt to Total Equity	0.49	0.63	0.75	0.85	0.35	0.50	0.43	NA***

*Not annualised.

**This data cannot be calculated since comparative period of nine month information is not available.

***This data cannot be calculated as full information regarding net worth is not available on the stock exchanges.

Notes:

For the industry peer, the net worth for nine months ended December 31, 2023 is based on their financial statements submitted to the stock exchanges.

All the financial information for listed industry peer mentioned above is on audited consolidated basis, and sourced from the annual audited financials of the respective company for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and information for the nine months period ended December 31, 2023 is sourced from the unaudited financial results as declared to stock exchange/hosted on website by the listed peer.

All the financial information for our Company mentioned above is on a consolidated basis.

9. Past transfer(s)/ allotment(s)

Our Company confirms that there has been no:

- primary/new issue of shares (Equity Shares/convertible securities), excluding grants of any options and issuance of bonus shares, equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated on the pre-issue capital before such transaction and excluding employee stock options granted but not vested), in a single transaction or multiple transactions (combined together over a span of rolling 30 days) during 18 months preceding the date of filing of the Red Herring Prospectus, in a single transaction or multiple transactions combined together over a span of rolling 30 days; and
- secondary sale/acquisition of shares (Equity Share/convertible securities) by Promoters, Promoter Group entities, Shareholders having the right to nominate directors to the Board, excluding gifts, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated on the pre-issue capital before such transaction and excluding employee stock options granted but not vested), in a single transaction or multiple transactions (combined together over a span of rolling 30 days) during 18 months preceding the date of filing of the Red Herring Prospectus, in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Since there are no such transactions to report to under (a) and (b), the following are the details of the last five secondary transactions (where Promoters or members of the Promoter Group, are a party to the transaction), not older than three years prior to the date of filing of the Red Herring Prospectus irrespective of the size of transactions:

S. No.	Name of Allottee	No. of Equity Shares allotted	Face value per equity share (in ₹)	Offer price per Equity Share (in ₹)	Nature of allotment	Nature of consideration	Total Consideration
1.	Shruti Aggarwal	10	10	450.00	Transfer	Cash	4,500
2.	DEE Group Trust	100	10	500.00	Transfer	Cash	50,000
3.	DDE Piping Components Private Limited	12,744	10	99.00	Transfer	Cash	1,261,656

*The transactions do not include transmission of shares.

10. The Floor Price and Cap Price vis-à-vis Weighted Average Cost of Acquisition based on past allotment(s)/ secondary transaction(s)

Floor Price and Cap Price as compared to the weighted average cost of acquisition of Equity Shares based on primary/ secondary transaction(s), as disclosed in paragraph 9 above, are set out below:

Past allotment/ secondary transactions**	Weighted average cost of acquisition (in ₹)	Floor Price (i.e., ₹ 193)*	Cap Price (i.e., ₹ 203)*
Weighted average cost of acquisition of primary transactions in last three years	NA	NA	NA
Weighted average cost of acquisition of secondary transactions in last three years*	102.39	1.88 times	1.98 times

*Secondary transactions where Promoters, Promoter Group entities are a party to the transaction.

**Transmission and bonus issue have not been considered for the calculation of weighted average cost of acquisition.

*To be included at the Prospectus stage.

Explanation for Offer Price/ Cap Price

Set forth below is an explanation for the Offer Price/ Cap Price being (i) 1.98 times of secondary transactions in last three years; along with our Company's KPIs and financial ratios for Fiscal 2021, Fiscal 2022, Fiscal 2023 and for the nine months period ended December 31, 2023, and in view of the external factors which may have influenced the pricing of the Offer:

- Leading player in process piping solutions industry in India, industry has high entry barriers due to, among others, requirement of skilled labour with complex manufacturing technology, high capital investment and the presence of robust design and execution capability.
- We are currently 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.
- We have a balanced mix of domestic and overseas customers including certain Fortune 500 companies in India and various multinational corporations.
- Our business footprint spans across geographies. As of December 31, 2023, we served customers across 27 countries.
- Strong focus on automation and process excellence with an experienced engineering team to drive operational efficiencies

The Offer Price will be [●] times of the face value of the Equity Shares

The Offer Price of ₹ [●] has been determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above information along with "Risk Factors", "Our Business", "Restated Consolidated Summary Statements" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on pages 29, 204, 294 and 376 of the RHP. The trading price of the Equity Shares could decline due to the factors mentioned in "Risk Factors" or any other factors that may arise in the future and you may lose all or part of your investments.


For details, please see "BASIS FOR OFFER PRICE" on page 135 of the RHP.

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE.

ASBA[#]

Simple, Safe, Smart way of Application!!!

***Applications Supported by Blocked Amount ("ASBA") is a better way of applying to Issues by simply blocking the fund in the bank account. For further details, check section on ASBA. Mandatory in public issues.No cheque will be accepted.**



UPI
UNIFIED PAYMENTS INTERFACE

UPI-Now available in ASBA for all individual investors applying in public issues where the application amount is up to ₹500,000, applying through Registered Brokers, Syndicate, CDPs & RTAs. Retail Individual Bidders and Non-Institutional Bidders also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and read with press release dated September 17, 2021 and CBDT circular no. 7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

ASBA has to be availed by all the investors except Anchor Investors. UPI may be availed by UPI Bidders. For details on the ASBA and UPI process, please refer to the details given in the Bid Cum Application Form and abridged prospectus and also please refer to the section "Offer Procedure" on page 457 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI") and Stock Exchanges and in the General Information Document. The Bid Cum Application Form and the Abridged Prospectus can be downloaded from the websites of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges" and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?do=RecognisedFPIs&se&intmid=35 and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?do=RecognisedFPIs&se&intmid=43>, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link www.sebi.gov.in. UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. ICICI Bank Limited and Axis Bank have been appointed as the Sponsor Banks for the Offer, in accordance with the requirements of SEBI circular dated November 1, 2018 as amended. For Offer related queries, please contact the Book Running Lead Managers ("BRLMs") at their email ID as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail ID: ipo.upi@npci.org.in.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company and the Selling Shareholder, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of one Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a public notice and also by indicating the change on the respective websites of the BRLMs and at the terminals of the members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank(s), as applicable.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made in accordance with Regulation 6(1) of the SEBI ICDR Regulations, through the Book Building Process wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (such portion referred to as "QIB Portion"), provided that our Company, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (the "Anchor Investor Portion"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("Anchor Investor Allocation Price"), in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (excluding the Anchor Investor Portion) (the "Net QIB Portion"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹20 million and up to ₹1.00 million; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, Equity Shares will be allotted on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price (net of Employee Discount, if any). All potential Bidders (except Anchor Investors) are required to mandatorily use the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of UPI Bidders, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank(s) under the UPI Mechanism, as applicable, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For further details, see "Offer Procedure" on page 457 of the RHP.

Bidders/ Applicants should ensure that DP ID, PAN, Client ID and UPI ID (for UPI Bidders using the UPI Mechanism) are correctly filled in the Bid Cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for UPI Bidders using the UPI Mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk. Investors must ensure that their PAN is linked with Aadhaar and

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