

This is a public announcement for information purposes only and is not a prospectus announcement and does not constitute an invitation or offer to acquire, purchase or subscribe to securities. Not for release, publication or distribution directly or indirectly, outside India. Initial public offer of Equity Shares (as defined below) on the main board of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges" in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").

# DIFFUSION

Innovative superconditioning solutions

## DIFFUSION ENGINEERS LIMITED



(Please scan the QR code to view the RHP)

Our Company was incorporated under the provisions of the Companies Act, 1956 with the name "Diffusion Engineers Private Limited" pursuant to certificate of incorporation dated November 05, 1982 issued by Registrar of Companies, Maharashtra. Further, pursuant to resolutions passed by our Board of Directors at its meeting held on May 06, 1995 and by our Shareholders at the extra-ordinary general meeting held on May 17, 1995, our Company was converted into a public limited company. Consequently, our name was changed to "Diffusion Engineers Limited" and a fresh Certificate of Incorporation dated July 03, 1995, was issued by the Registrar of Companies, Karnataka at Bangalore. For details in relation to the change in our Registered Office of our Company, see "History and Certain Corporate Matters" beginning on page 176 of the red herring prospectus dated September 20, 2024 filed with the RHP ("RHP" or "Red Herring Prospectus").

Registered Office: T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra; Telephone: +91 9158317943; Contact Person: Chanchal Rajesh Jaiswal, Company Secretary and Compliance Officer; E-mail: cs@diffusionengineers.com; Website: www.diffusionengineers.com

Corporate Identity Number: U90999MH2000PLC124154

### PROMOTERS OF THE COMPANY: PRASHANT GARG, DR. NITIN GARG AND CHITRA GARG

INITIAL PUBLIC OFFER OF UP TO 9,405,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF DIFFUSION ENGINEERS LIMITED ("COMPANY OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹ [●] MILLION ("ISSUE").

THIS ISSUE INCLUDES A RESERVATION OF UP TO 50,000 EQUITY SHARES (CONSTITUTING UP TO [●]% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL) FOR PURCHASE BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WOULD CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL. OUR COMPANY, IN CONSULTATION WITH THE BRLM, MAY OFFER A DISCOUNT OF UP TO 5% TO THE ISSUE PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE ISSUE AND THE NET ISSUE CONSTITUTED [●]% AND [●]%, RESPECTIVELY, OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

We are engaged in the business of manufacturing welding consumables, wear plates, wear parts and heavy engineering equipments.

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Net Issue | Non-Institutional Portion: Not less than 15% of the Net Issue | Retail Portion: Not less than 35% of the Net Issue

Employee Reservation Portion: Up to 50,000 Equity Shares of face value of ₹10 each aggregating up to ₹[●] million

PRICE BAND: ₹159 TO ₹168 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH

THE FLOOR PRICE IS 15.9 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 16.8 TIMES THE FACE VALUE OF THE EQUITY SHARES  
THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FY 2024 FOR THE COMPANY AT THE UPPER END OF THE PRICE BAND IS AS HIGH AS 15.35 TIMES  
AND AT THE LOWER END OF THE PRICE BAND IS 14.53 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP P/E RATIO OF 32.45 TIMES.

BIDS CAN BE MADE FOR A MINIMUM OF 88 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH

AND IN MULTIPLES OF 88 EQUITY SHARES OF FACE VALUE OF ₹10 EACH THEREAFTER

A DISCOUNT OF ₹8.00 PER EQUITY SHARES IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated September 20, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Issue Price" section on page 181 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis for Issue Price" section on page 181 of the RHP and provided below in the advertisement.

IN MAKING AN INVESTMENT DECISION AND PURCHASE IN THE ISSUE, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RHP AND THE TERMS OF THE ISSUE, INCLUDING THE RISKS AND MERITS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE ISSUE AVAILABLE IN ANY MANNER.

In relation to the price band, potential investors should refer to this price band advertisement for the Issue 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 BRLM.

### RISK TO INVESTORS

(For details refer to section titled "Risk Factors" on page 38 of the RHP)

- Dependence on domestic market for sales:** Our Company is highly dependent on domestic market for its sales and any downturn in it could dent our business operations. For the Fiscals 2024, 2023 and 2022, our revenue from domestic sales were ₹ 2,307.76 million, ₹ 2,146.40 million, and ₹ 1,795.84 million, respectively, representing 89.75%, 87.94% and 91.74%, respectively of our revenue from operations as per restated standalone financials.
- Risk in relation to Objects of the Issue:** Our Company proposes to utilise ₹713.80 million for the Proposed Expansion and ₹303.85 million for the Proposed Facility to fund capital expenditure requirements which are subject to the risks of unexpected delays including in relation to receipt of approvals and implementation. If there are delays in setting up the Proposed Facility or Proposed Expansion or if the costs of setting up and the possible time or cost overruns related to them or the purchase of plant and machinery for the aforesaid Objects are higher than expected, it could have a material adverse effect on our financial condition business operations.
- Risk related to sourcing of raw materials:** Our business and profitability is substantially dependent on the availability and cost of our raw materials and any disruption to the timely and adequate supply or volatility in the prices of raw materials may adversely impact our business operations. For the Fiscals 2024, 2023 and 2022, our total cost of raw materials were ₹ 1,502.92 million, ₹ 1,582.79 and ₹ 1,302.04 million, respectively, representing 58.45%, 64.85% and 66.51%, respectively of our standalone revenue from operation.
- Risk relating to insufficient cash flows:** Our business is working capital intensive. Insufficient cash flows from our operations or inability to borrow to meet our working capital requirements may materially and adversely affect our business operations. As on July 31, 2024, our aggregated sanctioned working capital facilities was ₹700.00 million. We intend to utilize ₹220.00 million (as part of the Net Proceeds) towards funding our incremental working capital requirements in Fiscal 2025. For the Fiscals 2024, 2023 and 2022, our net working capital requirements stood at ₹927.85 million, ₹980.92 million and ₹ 603.86 million, respectively.
- Risk related to absence of long-term arrangements with suppliers:** We do not have long-term agreements with our suppliers for raw materials and an inability to procure the desired quality, quantity of our raw materials in a timely manner and at reasonable costs, or at all, may have a negative impact on our business operations. Purchases of raw materials are concentrated from a few suppliers with our top 10 suppliers contributing of our revenue from operations on restated standalone financial statement for Fiscals 2024, 2023 and 2022 amounted to ₹ 869.11 million, ₹ 719.94 million and ₹ 603.03 million, respectively, representing 31.25%, 29.50% and 30.80%, respectively our revenue from operations as per restated standalone financials.
- Risk related to leasehold property:** Our Units I, II and III admeasuring in aggregate approx. 16,038 sq. mtrs. from where we operate have been given to us on long term lease by MIDC. In the event we lose or are unable to renew such leasehold rights or we are unable to adhere to or comply with the conditions of such lease, our business operations may be adversely affected.
- Risk related to approvals:** We are required to obtain several approvals, licenses, registrations and permits and comply with certain rules, regulations and conditions to operate our business, and failure to obtain, retain or renew such approvals and licenses in a timely manner or to comply with the requisite rules, regulations and conditions may adversely affect our business operations.
- Negative cash flows from operating activities:** We have incurred negative cash flows from operating activities of ₹ (47.37) million in the Fiscal 2023 as per restated consolidated financials. Any negative cash flows in the future would adversely affect our business operations.
- Concentration on manufacturing facilities:** Our business is dependent on four Manufacturing Facilities all of which are located in Nagpur, Maharashtra and therefore, any localized social unrest, natural disaster or breakdown of services or any other natural disaster in and around, Nagpur, Maharashtra or any disruption in production at, or shutdown of, all our manufacturing units could have material adverse effect on our business operations.
- Dependence on the performance of certain other industries:** We are dependent on the following five industries for deriving a major portion of our revenues. The following table sets forth revenues generated from the sale of products on restated standalone financial statement from other industries, for the periods indicated:

End-use segment	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(₹)	(%)	(₹)	(%)	(₹)	(%)
Cement	942.59	36.66%	747.09	30.61%	719.13	36.74%
Engineering	357.93	13.92%	262.36	10.75%	145.50	7.43%
Power	188.02	7.31%	325.82	13.35%	291.76	14.90%
Steel	332.12	12.92%	291.19	11.93%	213.35	10.90%
Sugar	114.97	4.47%	104.00	4.26%	91.60	4.68%
Total	1,935.62	75.28%	1,730.46	70.90%	1,461.34	74.65%

- Conflict of Interest with our Group Companies and Subsidiaries:** Conflict of interest may arise as some of our Group Companies and Subsidiaries are authorized to carry on similar line of business as our Company which may lead to real or potential conflicts of interest for our Promoters or Directors.

Continued on next page



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12. Risk of default in payment of receivables: Our inability to collect receivables and default in payment from our customers could result in the reduction of our profits and affect our business operations. For the Fiscals 2024, 2023 and 2022, our bad debts written off were ₹9.56 million, ₹3.88 million and ₹1.39 million, respectively, representing 0.34%, 0.15% and 0.06%, respectively of our revenue from operations and further our disputed trade receivables for fiscals 2024, 2023 and 2022, were ₹7.02 million, ₹6.48 million and ₹5.55 million, respectively, representing 0.25%, 0.25% and 0.26%, respectively of our revenue from operations.
13. The Price to Earnings ratio at the Floor Price is 14.53 times and the Cap Price is 15.35 times based on diluted EPS as per Restated Consolidated Financial Statements for the fiscal 2024.
14. The BRLM associated with the Issue has handled 8 Main board public issues and 8 SME public issues in the past three years, out of which No issue has closed below the issue price on listing date.
15. Average cost of acquisition of our Promoters as on the date of RHP:

Name of Promoters	No. of Equity Shares held	Average cost of acquisition (in ₹)
Prashant Garg	10,379,551	10.11
Chitra Garg	6,130,971	6.55
Dr. Nitin Garg	6,876,254	3.31
Prashant Garg jointly with Neelu Garg	65,548	18.48
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	6.07

\* As certified by M/s. PGS & Associates, Chartered Accountants, our Statutory Auditors, by way of their certificate dated September 16, 2024.

16. Weighted Average Return on Net Worth of our Company for Fiscals 2024, 2023 and 2022 is 17.40%.

17. The weighted average cost of acquisition of all Equity Shares acquired in last three years, 18 months and one year preceding the date of the RHP by are as follows:

Period	Weighted Average Cost of Acquisition (in ₹)*	Upper end of the Price band (₹ 168) is 'x' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last 1 year	12.68	13.25	0-762
Last 18 months	12.68	13.25	0-762
Last 3 years	12.68	13.25	0-762

\* As certified by M/s. PGS & Associates, Chartered Accountants, our Statutory Auditors, by way of their certificate dated September 16, 2024.

18. Weighted average cost of acquisition, floor price and cap price:

Type of transactions	Weighted Average Cost of Acquisition (in ₹)*	Floor Price (i.e ₹ 159/-)	Cap Price (i.e ₹ 168/-)
Weighted average cost of acquisition (WACA) of Primary issuances 18 month prior to RHP	108.86	1.46	1.54
Weighted average cost of acquisition (WACA) of secondary transactions 18 month prior to RHP	Nil	NA	NA

\* As certified by M/s. PGS & Associates and Co., Chartered Accountants, by way of their certificate dated September 16, 2024.

**BID/ISSUE SCHEDULE****ANCHOR INVESTOR BID/ ISSUE PERIOD WEDNESDAY, SEPTEMBER 25, 2024<sup>(1)</sup>****BID/ ISSUE OPENS ON THURSDAY, SEPTEMBER 26, 2024****BID/ ISSUE CLOSES ON MONDAY, SEPTEMBER 30, 2024\***

<sup>(1)</sup> Our Company in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.  
\*UPI Mandate end time and date shall be 5.00 p.m on the Bid/Issue Closing Date.

**BASIS FOR ISSUE PRICE**

The Price Band and the Issue Price will be determined by our Company in compliance with SEBI ICDR Regulations and 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. The face value of the Equity Shares is ₹10 each and the Floor Price is 15.9 times the face value and the Cap Price is 16.8 times the face value. Investors should refer to "Risk Factors", "Our Business", "Summary of the Offer Document", "Restated Financial Statements" and "Management Discussion and Analysis of Financial Position and Results of Operations" on pages 38, 232, 30, 325 and 371 of the RHP, respectively, to have an informed view before making an investment decision.

**Qualitative Factors**

Some of the qualitative factors and our strengths which form the basis for computing the Issue Price are as follows:

- Synergistic business models focused on forward integration:** Our Company has manufactured 602.28 MT, 532.65 MT and 638.16 MT of special purpose electrodes for the Fiscals 2024, 2023 and 2022, respectively. Out of which we have captive consumption of 20.25%, 37.29% and 31.27% for the Fiscals 2024, 2023 and 2022, respectively. Our Company has manufactured 1,613.79 MT, 1508.13 MT and 1324.37 MT of flux cord wire for the Fiscals 2024, 2023 and 2022, respectively. Out of which we have captive consumption of 17.01%, 82.43% and 79.82% for the Fiscals 2024, 2023 and 2022, respectively.
- Serving industry leaders directly as well as through OEMs:** Our Company serves 473 and 423, direct customers for the Fiscals 2024, 2023 and 2022, respectively which constitutes 72.25%, 70.68% and 66.60% contribution in our standalone revenue from operations.
- Consistent financial performance:** Our revenue from operations has grown from ₹878.37 million in Fiscal 2013 to ₹ 2,571.26 million in Fiscal 2024, registering a CAGR of 10.26% in last 11 years.
- Long-standing relationships with customers across industries:** We have a diversified customer base and we have served 503, 500 and 444 customers for the Fiscals 2024, 2023 and 2022, respectively.
- Experienced promoters and strong management team:** Prashant Garg, Promoter and Managing Director of our Company and a second-generation entrepreneur has been associated with our Company since 2003. He has a rich experience of nearly two decades in the industry we operate.
- Strategically located manufacturing facilities.**

For further details, see "Risk Factors" and "Our Business" on pages 38 and 232 of the RHP, respectively.

**Quantitative Factors**

Some of the information presented in this section is derived from our Restated Financial Statements. For details, see "Restated Consolidated Financial Statements" on page 325 of the RHP. Investors should evaluate our Company and their decisions taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital.

As derived from the Restated Consolidated Financial Statements:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal 2024	10.94	10.94	3
Fiscal 2023	7.91	7.91	2
Fiscal 2022	6.08	6.08	1
Weighted Average	8.12	8.12	

For more details refer to page 181 of the RHP.

2. Price / Earnings (P/E) Ratio in relation to Price band of ₹ 159 to ₹ 168 per Equity Share

Particulars	P/E at the lower end of the price band (no. of times) *	P/E at the higher end of the price band (no. of times) *
a) P/E ratio based on Basic EPS as at March 31, 2024	14.53	15.35
b) P/E ratio based on Diluted EPS as at March 31, 2024	14.53	15.35

**Industry Price / Earnings (P/E) Ratio**

Based on the peer company information (excluding our Company) given below in this section:

Particulars	P/E ratio
Industry	
Highest	35.88
Lowest	29.01
Average	32.45

Notes: P/E ratio has been computed based on the closing market price of equity shares on NSE as on September 12, 2024, divided by the diluted EPS for the year ended March 31, 2024.

3. Return on Net Worth (RONW):

Year ended	RoNW (%)	Weight
Fiscal 2024	18.52	3
Fiscal 2023	18.86	2
Fiscal 2022	15.10	1
Weighted Average	17.40	

For more details refer to page 182 of the RHP.

4. Net Asset Value (NAV) per Equity Share

Financial Year	Net Asset Value per equity shares
As of March 31, 2024	68.06
After Completion of the Issue	
-At the Floor Price	90.91
-At the Cap Price	93.17
Issue Price	■

For more details refer to page 183 of the RHP.

5. Comparison with listed industry peer:

Following is the comparison with our peer companies listed in India:

Name of the Company	For the year ended March 31, 2024					
	Face value (₹)	Revenue from operations (₹ in Mn)	Basic EPS (₹)	Diluted EPS (₹)	P/E (based on diluted EPS)	Return on net worth (%)
Diffusion Engineers Limited	10	2,781.44	10.94	10.94	■	18.52%
Peer Group						68.06
Ador Welding Limited	10	8,638.30	46.46	46.46	29.01	18.43%
AIA Engineering Limited	2	45,537.61	120.4	120.4	35.88	18.41%
Our Company						705.86

Source: All the financial information for listed industry peers mentioned above is on a consolidated Standalone basis as available sourced from the financial Reports of the peer company uploaded on the NSE website for the year ended March 31, 2024.

For more details refer to page 183 of the RHP.

Investors should read the above mentioned information along with "Risk Factors", "Our Business", "Management Discussion and Analysis of Financial Position and Results of Operations" and "Financial Information" on pages 38, 232, 371, and 325 of the RHP, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "Risk Factors" and you may lose all or part of your investments.

6. Key financial and operational performance indicators ("KPIs")

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of various verticals.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

KPI	Explanation
Revenue from Operations (₹ million)	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
Total Revenue	Total Revenue is used to track the total revenue generated by the business including other income.
EBITDA (₹ million)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Restated profit for the year (₹ million)	Restated profit for the year provides information regarding the overall profitability of the business.
Restated profit for the year as % of Total Revenue (PAT margin)	PAT Margin is an indicator of the overall profitability and financial performance of our business.
Average Capital Employed	Average Capital Employed (ACE) is a key financial metric used to assess how efficiently a company utilizes its invested capital, providing insights into profitability and guiding decision-making for optimal resource allocation and performance improvement.
Return on Capital Employed	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
Debt to Equity Ratio	Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage.
Interest Coverage Ratio	The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Net Capital Turnover Ratio	This metric enables us to track how effectively company is utilizing its working capital to generate revenue.
Revenue per sales person	This metric calculates the average revenue generated by each salesperson, providing insights into individual sales performance and overall sales team efficiency.
Revenue per order of Wear Plates and Job Work	This metric assesses the average revenue generated per order specifically for Wear Plates and job work, offering valuable insights into the production/service segment's contribution to overall revenue.
Revenue per order of Heavy Engineering Division	This metric measures the average revenue generated per order for the Heavy Engineering Division, helping evaluate the division's financial performance and contribution to the company's overall revenue.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated July 31, 2024 and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three financial years preceding the date of filing of the Red Herring Prospectus. Further, the KPIs herein have been certified by M/s. PGS & Associates, Chartered Accountants, by their certificate dated September 16, 2024.

**Financial KPI of our Company**

Particulars	2024	Fiscal 2023	2022
Financial KPIs			
Revenue from operations	2,781.44	2,548.76	2,045.89
Other Income	74.17	37.95	41.58
EBITDA	473.88	347.97	275.22
EBITDA margin	17.04%	13.65%	13.45%
Restated profit for the year	308.04	221.45	170.46
Restated profit for the year as % of Total Revenue (PAT margin)	10.79%	8.56%	8.17%
Average Capital employed	2,076.14	1,676.66	1,350.28
ROCE (%)	20.63%	18.46%	17.30%
RoE (%)	18.52%	16.86%	15.10%
Debt-to-Equity ratio	0.18	0.34	0.20
Interest Coverage Ratio	26.99	15.18	19.90
Current Ratio	1.89	1.70	1.69
Net Capital Turnover Ratio	4.50	5.18	4.99

**Notes:**

As certified by M/s. PGS & Associates, Chartered Accountants pursuant to their certificate dated September 16, 2024. The Audit committee in its resolution dated July 31, 2024 has confirmed that the average revenue generated per order for the Heavy Engineering Division, helping evaluate the division's financial performance and contribution to the company's overall revenue.

For more details refer to page 187 of the RHP.

Further, set forth below are some of our key operational performance indicators as of and for the periods indicated which have been approved by our Audit Committee pursuant to its resolution dated July 31, 2024.

**Operational KPIs for the Company**

Sr No.	Metric	(₹ in Millions)		
		2024	Fiscal 2023	2022
1	Revenue per sales person	17.72	17.10	13.82
2	Revenue per order of Wear Plates and Job Work	0.59	0.59	0.44
3	Revenue per order of Heavy Engineering Division	1.80	2.99	3.37

**Notes:**

a) Revenue per Sales person is total revenue from operation for the fiscals 2024, 2023 and 2022 is ₹2,781.44 million, ₹2,548.76 million and ₹2,045.89 million (on consolidated basis) divided by total strength employees for sales department as of the last day of the relevant period, for the fiscals 2024, 2023 and 2022 is 157 employees, 149 employees and 148 employees respectively, (including employees of subsidiaries) i.e. average sales by an individual.

b) Revenue per order of Wear Plates and Job Work is total revenue from operation of Fabrication and Job Work for the fiscals 2024, 2023 and 2022 is ₹ 469.11 million, ₹467.90 million and ₹ 333.50 million respectively of Unit divided by total orders executed for the fiscals 2024, 2023 and 2022 is 790 projects, 794 projects and 760 projects, respectively. This shows the average size per order.

c) Revenue per order of Heavy Engineering Division is total revenue from operation of Heavy Engineering Division work for the fiscals 2024, 2023 and 2022 is ₹ 722.73 million, ₹531.34 million and ₹550.11 million, respectively divided by total orders executed for the fiscals 2024, 2023 and 2022 is 407 projects, 178 projects and 183 projects, respectively. This shows the average size per order.

For further information in relation to historical use of such KPIs by our Company to monitor the operational and/or financial performance of our Company, "Our Business - Key Performance Indicators" on pages 232 of the RHP.

**IV. Comparison of KPIs with listed industry peers**

Set forth below is a comparison of our KPIs with our peer group companies listed in India:

Metric	Diffusion Engineers Limited			Ador Welding Limited			AIA Engineering Limited		
	As of and for the Fiscal 2024	As of and for the Fiscal 2023	As of and for the Fiscal 2022	As of and for the Fiscal 2024	As of and for the Fiscal 2023	As of and for the Fiscal 2022	As of and for the Fiscal 2024	As of and for the Fiscal 2023	As of and for the Fiscal 2022
Financial KPIs									
Revenue from operations	2,781.44	2,548.76	2,045.89	8,838.30	7,787.60	6,614.80	48,537.61	49,087.69	35,665.47
EBITDA	473.88	347.97	275.22	899.20	583.70	483.30	13,352.68	12,406.41	7,209.45
EBITDA Margin (%)	17.04%	13.65%	13.45%	10.17%	7.50%	7.28%	27.51%	25.27%	20.21%
Restated profit for the year	308.04	221.45	170.46	631.90	600.90	360.40	11,369.92	10,565.00	6,196.18
Restated profit for the year as % of Total Revenue (PAT margin)	10.79%	8.56%	8.17%	7.05%	7.67%	5.40%	22.14%	20.54%	16.64%
Average Capital employed	2,076.14	1,676.66	1,350.28	3,721.30	3,109.85	2,740.15	66,498.91	54,726.63	45,932.94

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# मॉड्युलर ऑपरेशन थिएटरचे उद्घाटन

# उभया ट्रकला ट्रॅव्हल्सची धडक : दोन ठार

गरजुनी लाभ घ्यावा : पालकमंत्री संजय राठोड यांचे आवाहन



यवतमाळ, २२ सप्टेंबर : येथील सहाय्यक शॉक शास्त्रीय येथील महाविद्यालयाच्या नव्याने मॉड्युलर ऑपरेशन थिएटरचा उद्घाटन करण्यात आला. यावेळी पालकमंत्री संजय राठोड यांच्यासह अनेक मान्यवरांनी उपस्थितता दर्शवली. यावेळी पालकमंत्री संजय राठोड यांच्यासह अनेक मान्यवरांनी उपस्थितता दर्शवली. यावेळी पालकमंत्री संजय राठोड यांच्यासह अनेक मान्यवरांनी उपस्थितता दर्शवली.

यवतमाळ, २२ सप्टेंबर :

नागपूर तुरुंगार महागणपती शनिवारी दि. २१ला रात्री १:३० वाजताच्या दरम्यान लोहा येथील ६९१२ वा क्रमांकाचा ट्रक नॉंदेड वरून उडीट भरून जात असताना जवळ येथील चौघी पेट्रोला पंपाजवळ त्याचा टायर पंक्चर झाला त्यामुळे गाडीचा टायर बदलविण्यासाठी रोखड्या बाजूला लाऊन टायर बदलवित असताना पाठीमागून उभ्या ट्रकला सोलापूर वरून येणाऱ्या ट्रॅव्हल्सची धडक दिली त्याचा ट्रकचा वाहक व ट्रॅव्हल्समधील जवळची वा दोघांचा जागीच मृत्यू झाला आहे.



सुनासुर मिळालेल्या माहितीवरून वरील दोघीचा नॉंदेड मार्गावरून नागपूर येथे जात होते या दरम्यान

उभ्या करून टायर बदलवित होते तेव्हाच मागून सोलापूर नागपूर जाणारी ट्रॅव्हल्सच्या उभ्या ट्रकला मागून धडकली त्यामुळे दोघांचा वाहक भावावा लागला व ३० रा. लोहा वरून नॉंदेड हा ट्रक खाली दाबल्याने त्याचा मृत्यू झाला व तसेच ट्रॅव्हल्समधील जवळची नांदेड येथील चौघी पेट्रोला पंपाजवळ त्याचा टायर पंक्चर झाला त्यामुळे गाडीचा टायर बदलविण्यासाठी रोखड्या बाजूला लाऊन टायर बदलवित असताना पाठीमागून उभ्या ट्रकला सोलापूर वरून येणाऱ्या ट्रॅव्हल्सची धडक दिली त्याचा ट्रकचा वाहक व ट्रॅव्हल्समधील जवळची वा दोघांचा जागीच मृत्यू झाला आहे.

## अन्नत्याग उपोषणाला खासदार संजय देशमुख यांची भेट...

यवतमाळ, २२ सप्टेंबर : वारिंगा लोकसभा मतदारसंघाच्या खासदार संजय देशमुख यांनी उपोषण मंडळाचा भेट देण्यास उपोषणकर्त्या सुनयना संजय बेतकर (अनांत) यांच्याशी भेट केली व मागण्या समजून घेतल्या काही मागण्या केंद्राच्या अधिकारिता असल्यामुळे आपण त्या संघर्षात पाठपुरावा करू असे ज्ञा. संजय देशमुख यांनी सांगितले व अन्न मागण्यासाठी मागणू शासनाकडे मागणी करू असे आग्रहाने त्यांनी दिले. यावेळी बाळासाहेब मांगळकर, उतम गुहाने, ज्योती तिपाते, वैतय गोर, शैलेश गुरुवारे, विनाई शिंदे, अन्न कर्षी, संजय बेतकर, बाळू निलत आदी उपस्थित होते.



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Metric	Diffusion Engineers Limited			Aor Welding Limited			AIA Engineering Limited		
	As of and for the Fiscal 2024	As of and for the Fiscal 2023	As of and for the Fiscal 2022	As of and for the Fiscal 2024	As of and for the Fiscal 2023	As of and for the Fiscal 2022	As of and for the Fiscal 2024	As of and for the Fiscal 2023	As of and for the Fiscal 2022
Return on Capital Employed (ROCE) (%)	20.63%	18.46%	17.30%	24.07%	26.45%	19.32%	22.80%	25.26%	17.69%
Return on Equity (ROE) (%)	18.52%	16.86%	15.10%	18.43%	19.85%	13.88%	18.41%	20.23%	15.73%
Debt To Equity Ratio	0.18	0.34	0.20	0.12	0.05	0.00	0.07	0.09	0.00
Operational KPIs									
Revenue per sales person	17.72	17.10	13.82	N/A	N/A	N/A	N/A	N/A	N/A
Revenue per order of Wear Plates and Job Work	0.59	0.59	0.44	N/A	N/A	N/A	N/A	N/A	N/A
Revenue per order of Heavy Engineering Division	1.80	2.99	3.37	N/A	N/A	N/A	N/A	N/A	N/A

For more details refer to page 187 of the RHP.

### 7. Weighted average cost of acquisition ("WACA"), floor price and cap price

(a) The price per share of our Company based on the primary new issue of shares (equity/convertible securities)

There has been no primary new issue of Equity Shares or convertible securities and issuance of bonus shares, during the 18 months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction(s)), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuance")

(b) The price per share of our Company based on secondary sale of acquisitions of equity/convertible securities

There have been no secondary sale of acquisitions of Equity Shares or convertible securities, where our Promoters, members of our Promoter Group or Shareholders (if having the right to nominate directors) in the Board of Directors of the Company are a party to the transaction (excluding gift), during the 18 months preceding the date of the Red Herring Prospectus

For further details, please see "Basis for Issue Price" beginning on page 181 of the RHP.

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

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company, in consultation with the Book Running Lead Manager, may for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of one Working Day, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will 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 Book Running Lead Manager and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("SCSBs"), other Designated Intermediaries and the Sponsor Bank, as applicable.

The issue is being made in terms of Rule 19(2)(g) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the SEBI ICDR Regulations. The issue is being made through the Book Building Process in accordance with Regulation 1(1) of the SEBI ICDR Regulations, where not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") provided that our Company, in consultation with the Book Running Lead Manager, may allocate up to 60% of the QIB Portion to Anchor Investors and the balance of such allocation will be on a discretionary basis by our Company, in consultation with the BRLM, in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("Anchor Investor Allocation Portion"). 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 (other than 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 (other than 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 (other than 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 (other than the Anchor Investor Portion) ("the Net QIB Portion").

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Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s)) in a single transaction or multiple transactions combined together over a span of rolling 30 days. Floor price and cap price being 1.46 and 1.54 times the weighted average cost of acquisition (WACA) based on primary/secondary transaction(s) as disclosed in terms of clause (a) and (b), shall be disclosed in the following manner:

8. Justification for Basis for Issue Price

Explanation for Issue Price / Cap Price being 1.54 times price of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares along with our Company's key performance indicators and for the Fiscals 2024, 2023 and 2022.

1) Amongst the players considered for the industry between fiscal 2021-2024, our Company recorded third highest CAGR of 21% in operating income, second highest CAGR of 38% in profit after tax and third highest CAGR of 33% in EBITDA. (Source: CRISIL Report)

2) The weighted average cost of acquisition is estimated at around Rs 22 billion in fiscal 2024 and as expected to grow at a CAGR of 6-9% to Rs 26 billion in fiscal 2027. (Source: CRISIL Report)

3) We serve diverse clientele, which includes both OEMs who service major players in the cement, steel, and power sectors, as well as direct customers. These OEMs, in turn, service major players of their respective industry. This intricate network positions us as a vital link in the OEM ecosystem of some of the major players in core industries.

4) We have, through over 4 decades of business operations, established long-standing relationships with several Indian and global customers across industries. We have a diversified customer base and we have served 603, 500 and 444 customers for the Fiscals 2024, 2023 and 2022, respectively.

5) Prominent Group Promoter and Managing Director of our Company and a second-generation entrepreneur has been associated with our Company since 2003. He has a rich experience of nearly two decades in the industry we operate.

9. The Issue Price is [x] times of the Face Value of the Equity Shares.

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