

## DEE Development Engineers Limited

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	205.08 (Enhanced from 75.05)	CARE A-; Stable	Reaffirmed
Long-term / Short-term bank facilities	673.00 (Enhanced from 452.00)	CARE A-; Stable / CARE A2+	Reaffirmed
Short-term bank facilities	437.00 (Enhanced from 214.00)	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of DEE Development Engineers Limited (DDEL) continue to derive strength from long-standing experience of its promoters in pre-fabrication piping industry, reputed client base and satisfactory financial risk profile. Ratings also take comfort from its unexecuted order book position of ₹1260.87 crore, which is equivalent to 1.96x of its total operating income (TOI) achieved in FY25 providing revenue visibility in the medium term. Ratings also take cognisance of improvement in profitability margins and gross cash accruals (GCA) in FY25 (refers to April 01 to March 31) though the debt levels increased considering higher working capital borrowings.

However, ratings continue to remain constrained by substantial exposure towards wholly owned subsidiaries, which are in process of scaling up operations. Ratings also continue to remain constrained due to working capital intensive operations indicated by elongated collection and inventory period, exposure towards volatile raw material prices and project execution and stabilisation risk.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in operating cycle to below 150 days on a sustained basis.
- Significant improvement in TOI over 30% while sustaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 14%.
- Operations in all subsidiaries becoming self- sustainable.

#### Negative factors

- Further elongating operating cycle beyond 250 days adversely impacting the company's liquidity position.
- Operating margins declining below 10% on a sustained basis.
- Diminishing order book reported below ₹500 crore and/or GCA below ₹40 crore on a sustained basis.
- Higher-than-envisaged increase in exposure towards subsidiaries or debt funded exposure undertaken by the company.

**Analytical approach:** Standalone approach after factoring in exposure towards wholly owned subsidiaries, Malwa Power Private Limited (MPPL), DEE Fabricom (India) Private Limited (DFIPL) and DEE Piping Systems (Thailand) Company Limited (DEE Thailand).

### Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') opinion that the company will continue to benefit from its experienced promoters and reputed clientele and healthy unexecuted orders in hand providing revenue visibility in the medium term.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

## Detailed description of key rating drivers:

### Key strengths

#### Experienced promoters and long track record of operations

DDEL is promoted and managed by Krishan Lalit Bansal having technical qualification and vast experience of nearly three decades in similar line of business. The company has been running operations since 1988 and is one of the leading players in prefabrication piping industry in India, and over the years, has also built-up its presence in the export market.

#### Reputed client base despite exposed to concentration risk

DDEL mainly caters multinational original equipment manufacturers (OEMs) of power generation equipment, engineering, procurement and construction (EPC) contractors serving power, process and oil and gas industry. The company's clientele includes companies such as General Electric (GE), Dangote, Nooter Eriksen, Toshiba, Doosan, L&T, and Thermax among others, which have been providing orders on repeat basis. Top 10 customers in FY25 contributed close to 58% in the company's TOI compared to 52% contribution in FY24, exposing the company to customer concentration risk and changes in procurement policy of these customers may adversely impact the company's operations. However, the company's long and established track with reputed customers mitigates this risk to an extent.

#### Healthy order book position

DDEL has healthy order book position as reflected from its unexecuted order book of ₹1260.87 crore as on September 01, 2025, compared to ₹1076.84 crore as on September 01, 2024. DDEL's unexecuted order book is 1.96x of the last year's TOI, which provides revenue visibility in the medium term. These orders are generally executed in ~12 months period. However, DDEL's order book is concentrated with top two orders comprising ~75% (PY: ~65%) of the total order book, exposing its revenues and cash flows to risks of delays in execution of these orders.

#### Improvement in capital structure in FY25, although expected to moderate going forward

DDEL's financial risk profile has improved post initial public offer on June 26, 2024. DDEL received net proceed of ₹297.13 crore from IPO, which resulted in improvement in capital structure with overall gearing improving from 1.13x as on March 31, 2024, to ~0.72x on March 31, 2025. However, being in a capital-intensive industry, DDEL is in the process of raising additional debt to support its increased order book and business growth plans. The company has got sanction for enhanced working capital limits and also undertaking two capital expenditure projects, one for setting up a seamless piping plant and another for expanding piping solutions with overall project cost of ~₹144 crore. As a result, the capital structure is expected to moderate with disbursement of term loans and incremental working capital utilisation in FY26 and FY27.

#### Improvement in profitability in FY25 despite stable TOI

DDEL's TOI remained stable in FY25 at ₹644.07 crore in FY25 against TOI ₹648.97 crore in FY24. This was mainly considering holdup of material approvals in few major orders lead to a partial revenue shift to the next financial year. The company also operates a biomass power plant situated at Abohar, Punjab contributing ~6.53% of TOI in FY25 (PY: 6.53%) supplying power to Punjab State Power Corporation Limited (PSPCL) under long-term power purchase agreement (PPA) contract of 30 years valid till 2039. The company's PBILDT margins remains satisfactory and stood at 14.82% in FY25 compared to 12.46% in FY24 mainly considering low raw material consumption cost. In Q1FY26, the company reported revenue of ₹169.83 crore with PBILDT margin of ~17%.

### Key weaknesses

#### Exposure towards subsidiaries

DDEL has investments aggregating ₹110.36 crore as on March 31, 2025 (PY: ₹68.20 crore) in its subsidiary companies (MPPL, DFIPL and DEE Thailand). The company has also extended financial support to its subsidiaries in form of inter corporate loans which stood at ₹44.78 crore as on March 31, 2025 (PY: ₹86.91 crore) to service debt repayments and ramp-up of operational performance. Bank facilities of subsidiaries are backed by corporate guarantee provided by DDEL to the extent of ₹52.20 crore (PY: ₹60.30 crore). Going forward, CareEdge Ratings expects group exposure to remain at similar level, considering improvement in operational performance of subsidiaries. However, higher-than-envisaged increase in financial support provided by DDEL towards subsidiaries shall remain crucial for the company's credit profile and shall remain a key monitorable.

#### Working capital intensive operations

The company's operations are inherently working capital intensive, where it is required to procure ~40-50% inventory of order value at the time it is awarded a new order. Given the 5-6 months execution timeline for most projects and absence of price escalation clauses in contracts, inventory period remains high. Inventory holding increased to 287 days (PY: 192 days) considering

higher raw material stocking, undertaken in line with the order book position to safeguard against price volatility. The company imports ~60–70% of its raw material requirements under letters of credit (LC), with a lead time of approximately six months, contributing to elevated inventory levels.

Average collection period stood at 100 days in FY25 (PY: 81 days); however, actual realisation extends to ~150–160 days due to milestone-based payment terms with customers. Average creditor period improved to ~139 days (PY: 87 days), providing partial support to the working capital cycle. Due to this, overall operating cycle of DDEL elongated to 249 days in FY25 (PY: 186 days). With an increasing order book, the company is in the process of enhancing its working capital limits in FY26 to support scale-up in operations.

#### **Exposure to raw material price volatility risk**

Major input material used by the company for fabrication is steel pipes, total cost of materials consumed constituted ~40.63% of TOI in FY25 (PY: 46.67%).

Prices of steel pipes are linked to demand supply scenario of market, and the company generally enters fixed-price contracts with customers in piping segment, and hence, sharp variation in input costs may impact the company's margins as there is no pass through. However, the risk is partially mitigated as DDEL makes back-to-back arrangements with suppliers as soon as the order is secured. The company also has the strategy of partially hedging through natural hedge and remaining receivable through taking one year forward cover, trade payables are hedged by taking short-term cover to safeguard against forex fluctuations as ~60–70% of its raw materials are procured from outside India. DDEL reported foreign exchange gain of ₹4.85 crore in FY25 (PY: ₹4.51 crore). Going forward, the company's ability to effectively manage raw material prices volatility and foreign currency fluctuation risk shall remain imperative from credit perspective.

#### **Liquidity: Adequate**

The company's liquidity position is adequate, supported by envisaged standalone cash accruals of ~₹80 crore against principal debt repayments of ~₹24.41 crore in FY26. On a consolidated basis, the repayment obligation is ~₹33.12 crore. The company also has unutilised non-fund-based working capital limits, partially interchangeable with fund-based limits, totalling ~₹140 crore. As of March 31, 2025, cash and bank balances stood at ₹5.89 crore, providing additional buffer to manage working capital fluctuations.

With gearing at 0.72x as on March 31, 2025, the company maintains sufficient headroom to raise further debt. The company is in the process of enhancing its working capital limits, with most banks having sanctioned the enhancement and remaining approvals expected by November 2025. Finalisation of these enhanced limits will provide the company with adequate buffer for processing its increasing order book.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

#### **Applicable criteria**

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Iron & Steel](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron and steel products

Incorporated in 1988, DDEL is engaged in engineering and fabrication of pressure piping systems across diversified industries including power, oil and gas among others at its manufacturing facility at Palwal District, Haryana, with an installed capacity of 36,000 MT. The company also operates a biomass power plant of 8-MW capacity at Abohar, Punjab. DDEL also has wholly owned

subsidiaries, DF IPL, engaged in heavy metal fabrication projects in areas such as wind towers fabrication, and steel bridges, among others, MPPL engaged in operating a biomass power plant of 7.5-MW capacity at Muktsar district, Punjab and DEE Piping Systems (Thailand) Company Limited.

Brief Financials (₹ crore) (Standalone)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	648.97	644.07	169.83
PBILDT	80.88	95.43	28.87
PAT	19.82	23.35	7.14
Overall gearing (times)	1.00	0.66	NA
Interest coverage (times)	2.01	2.4	2.77

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE A-; Stable
Fund-based - LT/ ST-CC/Packing Credit		-	-	-	350.00	CARE A-; Stable / CARE A2+
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	323.00	CARE A-; Stable / CARE A2+
Non-fund-based - ST-Letter of credit		-	-	-	437.00	CARE A2+
Term Loan-Long Term		-	-	October 2031*	195.08	CARE A-; Stable

\*Due to multiple term loans, we have taken the longest tenor among them

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	195.08	CARE A-; Stable	-	1)CARE A-; Stable (09-Oct-24)	1)CARE BBB+; Stable (10-Oct-23)	1)CARE BBB+; Stable (30-Sep-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	323.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (09-Oct-24)	1)CARE BBB+; Stable / CARE A2 (10-Oct-23)	1)CARE BBB+; Stable / CARE A2 (30-Sep-22)
3	Non-fund-based - ST-Letter of credit	ST	437.00	CARE A2+	-	1)CARE A2+ (09-Oct-24)	1)CARE A2 (10-Oct-23)	1)CARE A2 (30-Sep-22)
4	Fund-based - LT-Cash Credit	LT	10.00	CARE A-; Stable	-	1)CARE A-; Stable (09-Oct-24)	1)CARE BBB+; Stable (10-Oct-23)	1)CARE BBB+; Stable (30-Sep-22)
5	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	350.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (09-Oct-24)	1)CARE BBB+; Stable / CARE A2 (10-Oct-23)	1)CARE BBB+; Stable / CARE A2 (30-Sep-22)
6	Fund-based-Short Term	ST	-	-	-	1)Withdrawn (09-Oct-24)	1)CARE A2 (10-Oct-23)	1)CARE A2 (30-Sep-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT/ ST-CC/Packing Credit	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple
5	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Puneet Kansal Director <b>CARE Ratings Limited</b> Phone: 120-4452018 E-mail: <a href="mailto:puneet.kansal@careedge.in">puneet.kansal@careedge.in</a>
<b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Sandeep Aggarwal Associate Director <b>CARE Ratings Limited</b> Phone: 120-4452062 E-mail: <a href="mailto:Sandeep.aggarwal@careedge.in">Sandeep.aggarwal@careedge.in</a>
	Shabnam Goyal Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:shabnam.goyal@careedge.in">shabnam.goyal@careedge.in</a>

### About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**