



IPO INSIGHTS



Diffusion Engineers Limited

Issue Dates - Opens: 26-09-2024 | Closes: 30-09-2024

IPO Note	<ol style="list-style-type: none"> Diffusion Engineers Limited is active in the manufacturing of welding consumables, wear plates and parts, and heavy machinery for core industries. The Company offers specialized repair and reconditioning services for heavy machinery and equipment.
Rating	★★★ (Good)

IPO SNAPSHOT

Issue Size	₹ 158.00 Crores
Issue Type	Book Built Issue IPO
Fresh Issue	₹ 158.00 Crores
Offer for Sale	-
Face Value Per Share	₹ 10
Price Band Per Share	₹159 to ₹168
Minimum Lot Size	88 shares
Listing On	BSE, NSE
Registrar to the Issue	Bigshare Services Private Ltd

IPO SNAPSHOT – Diffusion Engineers Limited

About the Company

- Incorporated in 1982.
- Diffusion Engineers Ltd is engaged in the business of manufacturing welding consumables, wear plates and wear parts and heavy engineering machinery for core industries.
- With over four decades of experience, the Company is dedicated to providing specialized repairs and reconditioning services for heavy machinery and equipment.
- Additionally, they are also involved in trading of anti-wear powders and welding and cutting machinery.
- They provide super conditioning process at their manufacturing facilities, a surface treatment solution for machine components that enhances wear resistance, eliminates stress and improves their repairability ultimately extending their lifespan and reducing production costs.
- The company has four manufacturing units, of which Units I, II, and III are located at Nagpur Industrial Area, Hingna, Nagpur, Maharashtra, and Unit IV at Khapri (Uma), Nagpur, Maharashtra is responsible for the processing and manufacturing of the products.
- The manufacturing operations are spread across the various units as follows:
Unit I: Welding electrodes for special purposes;
Unit II: Flux cored wires, wear plates and wear parts through fabrication and machining;
Unit III: Coatings for abrasion and corrosion resistance;
Unit IV: Flux-cored wires (since the financial year 2024), wear plates, and heavy engineering.
- Each Unit is supported by necessary infrastructure for storage of raw materials, manufacturing of the products, storage of finished goods, together with quality control measures.

Competitive Strengths

- Synergistic business models focused on forward integration.
- Serving industry major players directly as well as through OEMs.
- Long-standing relationships with customers across industries.
- Consistent financial performance.
- Experienced promoters and strong management team.
- Strategically located manufacturing facilities.

Financials (₹ in Crores)

Particulars	31-3-2022	31-3-2023	31-03-2024	Y-o-Y
Revenue	204.58	254.87	278.14	9%
EBITDA	23.36	31.00	39.97	29%
EBITDA Margin	11.4%	12.2%	14.4%	
PAT	17.04	22.14	30.80	39%
PAT Margin	8.33%	8.69%	11.07%	

Valuation

- Attributing Annualized FY23 Earnings asking P/E = 15.28

Peers

Company Name	P/E ratio
Ador Welding Limited	29.46
AIA Engineering Limited	35.66

Note- P/E ratio is calculated as on 23rd September, 2024

Promoters

- Prashant Garg
- Dr. Nitin Garg
- Chitra Garg

Objects of the issue

- Funding capital expenditure requirements towards the expansion of existing manufacturing facility at Khasra No. 36, 38/1, 38/2, 38/3, Khapri (Uma), Nagpur-441 501, Maharashtra, India (Proposed Expansion).
- Setting up of a new manufacturing facility located at Plot Nos. 33-B/1/1/ & 33-B/1/1/Part, MIDC, Hingna, Sonegaon District, Nagpur-440 016, Maharashtra (Proposed Facility).
- Funding working capital requirements of the Company.
- General Corporate Purposes.

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