

## **DIVGI TORQTRANSFER SYSTEMS LIMITED**



THE PROMOTERS OF OUR COMPANY ARE JITENDRA BHASKAR DIVGI, HIRENDRA BHASKAR DIVGI AND DIVGI HOLDINGS PRIVATE LIMITED

DETAILS OF THE OFFER FOR SALE BY SELLING SHAREHOLDERS (ISS: Investor Selling Shareholders; OSS: Other Selling Shareholders)							
NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF SHARES OFFERED/ AMOUNT (IN ₹)	Weighted Average Cost of Acquisition in ₹ Per Equity Share*				
Oman India Joint Investment Fund II	ISS	Up to 22,50,000 Equity Shares aggregating up to ₹ [•] Million	167.30				
NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	ISS	Up to 14,41,441 Equity Shares aggregating up to ₹ [●] Million	125.28				
Bharat Bhalchandra Divgi	OSS	Up to 49,430 Equity Shares aggregating up to ₹ [ • ] Million	0.69				
Sanjay Bhalchandra Divgi	OSS	Up to 40,460 Equity Shares aggregating up to ₹ [•] Million	0.82				
Ashish Anant Divgi	OSS	Up to 104,020 Equity Shares aggregating up to ₹ [•] Million	0.38				
Arun Ramdas Idgunji	OSS	Up to 33,660 Equity Shares aggregating up to ₹ [•] Million	2.50				
Kishore Mangesh Kalbag	OSS	Up to 15,232 Equity Shares aggregating up to ₹ [•] Million	2.50				
*As certified by A. R. Sulakhe & Company, Chartered Accountants, pursua	As certified by A. R. Sulakhe & Company, Chartered Accountants, pursuant to their certificate dated February 23, 2023.						

The Offer is being made in accordance with Regu QIB Portion: Not less than 75% of the Offer | Non-Institutional Portion: Not mor PRICE BAND: ₹560 TO ₹590 PER EQUITY SI

PRICE BAND: ₹560 TO ₹590 PER EQUITY SHARE OF FACE VALUE OF ₹5 EACH.

THE FLOOR PRICE IS 112 TIMES THE FACE VALUE OF THE EQUITY SHARES AND IN MULTIPLES OF 25 EQUITY SHARES THE FACE VALUE OF THE EQUITY SHARES.

BIDS CAN BE MADE FOR A MINIMUM P5 25 EQUITY SHARES AND IN MULTIPLES OF 25 EQUITY SHARES THEREAFTER

In accordance with the recommendation of a Committee of Independent Directors of our Company, pursuant to their resolution dated February 23, 2023, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Ba Offer Price' section of the RHP vis-a-vis the WACA of Primary and Secondary transaction(s) disclosed in 'Basis for the Offer Price' section on page 94 of the RHP.

## **RISKS TO INVESTORS**

1. Selectimanciarratios.		
Particulars	At Floor Price	At Cap Price
Market Capitalisation/ Earnings (FY22)	33.41	35.20
Market Capitalisation/Total Income (FY22)	6.37	6.72
Enterprise Value/EBITDA (Fy22)	21.47	22.73

The Offer Price, multiples and ratios may not be indicative of the market price of the Equity Shares on listing or thereafter.

2. RISK FACTORS ASSOCIATED WITH OUR COMPANY

3. Our business largely depends upon our top five customers, and the loss of such customers or a significar reduction in purchases by such customers will have a material adverse impact on our business.

The table below sets forth the breakdown of our income from sale of goods from our respective customers.

Top one customer

Top 5 customer

	Top one customer		Top 5 customer	
	Revenue	As a (%) of	Revenue	As a (%) of
	generated	revenue from	generated	revenue from
	(in ₹ million)	operations	(in ₹ million)	operations
Six months ended September 30, 2022	988.45	73.92	1,239.05	92.66
Fiscal 2022	1,255.55	53.71	2,133.86	91.28
Fiscal 2021	665.44	35.67	1,732.60	92.86
Fiscal 2020	417.09	26.22	1,382.85	86.94

The geographical concentration of our exports to certain countries and the inability to operate and grow our business in such countries may have a material adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.

The table below sets forth the breakdown of our income from sale of goods across geographic markets, as a percentage of our total sale of goods for the periods indicated.

Geographical Location	India	USA	China	Korea	Russia	Sweden	Total
Six months ended September 30, 2022	91.61%	3.82%	4.54%	-	-	0.03%	100.00%
Fiscal 2022	73.70%	2.71%	8.64%	3.24%	11.71%	-	100.00%
Fiscal 2021	49.87%	10.66%	16.46%	7.22%	15.79%	-	100.00%
Fiscal 2020	48.12%	14.30%	12.96%	10.49%	14.13%	-	100.00%
0 1 1 111 1 1 1 1 1 1	1 (111)						

Fiscal 2020 4 14.30% 1 29.9% 10.49% 114.13% - 10.000%

Contribution by our top five raw material suppliers	As a percentage of total raw material
(in ₹ million)	
243.01	42.70%
384.82	39.67%
287.57	39.45%
290.55	49.07%
	raw material suppliers (in ₹ million) 243.01 384.82 287.57

Delays or defaults in customer payments and receivables may adversely impact our profits and affect our cash flows.

We face the risk of uncertainty regarding the receipt of the outstanding receivable amounts. Our outstanding trade receivables as a percentage of our revenue from operations and the trade receivables turnover ratio was as follows:

	As a percentage of revenue from operations	Trade receivables turnover ratio*
Six months ended September 30, 2022	51.44%	2.20
As of March 31, 2022	22.51%	4.35
As of March 31, 2021	29.36%	4.77
As of March 31, 2020	14.71%	5.18

Trade Receivables turnoverratic Revenue from operations over average Trade Receivable
We have only three manufacturing plants as on the date of the Red Herring Prospectus. Our manufacturing facility at Sirs, Karnataka has the highest Installed capacity, amongst the three manufacturing plants.
Our manufacturing facilities are subject to operational risks associated with breakdown of machinery, manufacturing shutdowns, within may impact us in the future.

So certified by A. R. Sulatine & Company, Charlered Accountants, pursuant to their certificate dated February 23, 2023.  ullation 6(2) of the SEBI ICDR Regulations.					
Gshore Mangesh Kalbag	OSS	Up to 15,232 Equity Shares aggregating up to ₹ [•] Million	2.50		
Arun Ramdas Idgunji	OSS	Up to 33,660 Equity Shares aggregating up to ₹ [ • ] Million	2.50		
Ashish Anant Divgi	OSS	Up to 104,020 Equity Shares aggregating up to ₹ [ • ] Million	0.38		
Sanjay Bhalchandra Divgi	OSS	Up to 40,460 Equity Shares aggregating up to ₹ • Million	0.82		
Sharat Bhalchandra Divgi	OSS	Up to 49,430 Equity Shares aggregating up to ₹ [•] Million	0.69		
-amily Office Legal and Trusteeship Services Private Limited)	ISS	Up to 14,41,441 Equity Shares aggregating up to ₹ [●] Million	125.28		

3. Average cost of acquisition of equity shares for the Selling Shareholders in IPO is as follows:

Name of Selling Shareholder	Average Cost of Acquisition in ₹ Per Equity Share*
Oman India Joint Investment Fund II	167.30
NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	125.28
Bharat Bhalchandra Divgi	0.69
Sanjay Bhalchandra Divgi	0.82
Ashish Anant Divgi	0.38
Arun Ramdas Idgunji	2.50
Kishore Mangesh Kalbag	2.50

\*As certified by A. R. Sulakhe & Company, Chartered Accountants, pursuant to their certificate dated February 23, 2023.

Average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹0.38 to ₹167.30 per Equity Share

And Offer Price at upper end of the Price Band is ₹590 per Equity Share.

4. Handled Issues Data

Name of BRLMs	Total Issues		
Inga Ventures Private Limited	-		
Equirus Capital Private Limited	10	3	
Common issues handled by the BRLMs	-		
Total	10	3	

The 2 BRLMs associated with the Offer have handled 10 public issues in the past three Fiscal Years, out of which 3 issues closed below the offer price on the listing date.

5. Weighted Average Return on Net Worth for Fiscals 2022, 2021 & 2020 is 13.30% and as on September 30, 2022 is 7.20% (Not Annualized).

National Col.,

To The weighted average cost of acquisition for all Equity Shares acquired in the last 18 months, one year and three years preceding the date of the RHP by all the Shareholders is set forth below:

Period	WACA per Equity Share (in ₹)	Cap Price (₹ 590) is 'x' times the WACA	Range of acquisition price per Equity Share: lowest price - highest price (in ₹)
Last 1 year	0.00	NA	0-0
Last 18 months	0.00	NA	0-0
Last 3 years	18.22	32.38	0 - 5,811.40*

\*Acquisition price is (i) pre sub-division of Equity Shares which was approved by the resolution of Board of Directors of the Company on December 7, 2021 and by the resolution of shareholders of the Company dated December 14, 2021; and (ii) pre bonus issue of Equity Shares undertaken by the Company on February 18, 2022.

a. Weichfield average cost of acquisition, floor profes and cap price.

. Proighted divorage cost of dequicition, noof price and cap price				
Types of transactions	Weighted average cost of acquisition (₹ per Equity Share)	Floor price (i.e. ₹ 560)	Cap price (i.e. ₹ 590)	
(a) Weighted average cost of acquisition of primary / new issue 18 months prior to RHP	NA^	NA <sup>^</sup> times	NA <sup>^</sup> times	
(b) Weighted average cost of acquisition for secondary sale/ acquisitions 18 months prior to RHP	NA^^	NA^^ times	NA^^ times	
(c) Weighted average cost of acquisition of primary issuances 3 year prior to RHP	32.29*	17.34 times	18.27 times	
(d) Weighted average cost of acquisition for secondary transactions 3 year prior to RHP	91.64*	6.11 times	6.44 times	

secondary transactions S year flore NEHP

Mote: \*There were no primary / new issue of shares (equily/ convertible securities) transactions, other than equity shares issued pursuant to a borux issue on 18 February 2022, in last 18 months prior to the date of the RHP

\*More were no secondary sales? acquisition of shares of shares (equity/ convertible securities) transactions in last 18 months from the date of the RHP

\*Since there are no such transactions to report to under (a) and (b) therefore, information for last five primary or secondary transactions (secondary transactions where Promoter / Promoter Group entities or Selling Shareholders or shareholders) having the right to nominate director(s) in the Board of Directors of our Company, are a party to the transaction), not older than three years prior to the filing of the RHP irrespective of the size of transactions has been considered.

**BID/OFFER CLOSES TODAY^** 

Considered.

Notes to select financial ratio mentioned in Risk to Investor 1 above:

1. Total Income is for the year ended March 31, 2022.

2. EBITDA – Restated profit/ (loss) before tax plus finance cost plus depreciation & amortization minus other income. EBITDA has been derived from the restated financial information of the Company for the year ended March 31, 2022.

3. Market capitalization refers to the total value of our Company's Equity Shares. It has been calculated by multiplying the respective price per share with total number of outstanding shares of our Company as on March 31, 2022.

4. Enleprise Value = Market cap as explained above plus Net debt as on March 31, 2022.

5. Earnings refers to Profit for the year ended March 31, 2022.

6. PIE Railo has been computed based on the respective price per Equity Share divided by Basic/Diluted EPS as on March 31, 2022.

## BID/OFFER PROGRAMME

## **ASBA**

Investor applying for amount upto Rs. 50,0001-("LPI Bidder") applying through Registered Brokers, IPPs and RTAs, UPI Bidder also have the option to submit the application, domain and basis account, livestors are required to ensure that the basis account used for bidding is linked to their PAN. Bidders must ensure that their PAN is Inked with and press release dated September 17, 2021.

ARSA and UPI Section 1992. The section of the section 1992 of the Section 199 UPI-Now available in ASBA for Retail Individual Investors and Non Institution directly to the ASBA Bank (SCSBs) or to use the facility of linked online traditional dead features and loss users the facility of linked online traditional dead features and loss users.

Mandatory in purise, insection of the BisCoffer Period will be extended by all to ease of any revision to the Price Basin His BisCoffer Period will be extended by all to Working Days. In cases of force majorum banking attitude or similar circumstance too force a mirruan of 3 Working Days, subject to the BisCoffer Period not one to the Coffer Days of the Stock Exchanges, by issuing a public notice, an extended hy notification to the Stock Exchanges, by issuing a public notice, and and the stock of the Stock Exchanges, by issuing a public notice, and the stock the said the Stock Exchanges.

er Bid VIIII's retulus to.

"Un issuing a public notice, and siso by Indicating the criering in

"Unissuing a public notice, and siso by Indicating the criering in

"Unissuing a public notice, and siso by Indicating the criering in

"Unissuing a public notice," of the SEBI CIXI's Regulations, wherein not less than 75% of the Citier state less sits

pustion of 20 of the SEBI CIXI's Regulations, wherein not less than 75% of the Citier state less sits

"United by the CixIII of Memberls and by infrination to the Designated Intermedianes and the Sponsor The Offer is being made through the Book Building Process, in terms of Rule SEBI ICDR Regulations and in compliance with Regulation R(2) of the SEBI ICI Institutional Buyers ("Olde") ("Olde Protrion"), provided indo ruc Company and on a discretionary basis in accordance with the SEBI ICDR Regulations ("And received from dismestic Mutual Funds of a drawby the Another investor Alloscians shall be added to the Net OIB Perrion. Further, 5% of the Net OIB Perrion shall be be available for all location on a corporational basis to all Oils, involution Mutual SEBI ICDR SEBI INCOME.

boginning on jage 22 of the RHP.

Michael Applicants have been proposed to the RHP.

Michael Applicants have

oany and the number of Equity Shares subscribed by them: The names of the signatories of the Mer rao Narsingrao Divgi, Bhaskar Divgi, Bhalchandra Narsingrao Divgi and Mohan N Divgi. For details of the

use of BSE (Designated Stock Exchange): It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the RHP has been verify by BSE nor does it centify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to page 307 of the RHP for the full text of the centification.

GISTRAR TO THE OFFER

:::

go Westurse Private Limited

23 - Hosten Steak, Ni Plassice Marg, Opp, Tall Golli, Andheri (Sast

Limited 400 059, Maharashtra, India, Telephone: 91 22 8854 0698

-mail: dipji\_loo@jareshtrascom.

veetlor girevance - mail: rivesitor:@jirgurevaturss com.

veetlor girevance - mail: rivesitor:@jirgurevaturss com.

Elle Frejatraston No. 18M00001/2888

Elle Frejatraston No. 18M00001/2888

ALIABILITY OF THE RIPP. Investors are advised to refer to the RIPP

wasquinz com, repeticely air and rive besteled of SEE and NSE at law. Lich bitter lote Private Limited
(6.6) mer oo 76.0 (6.6) mer oo 76

enseindia com, respectively.

If nom the Registered Office of Dividi TORQTRANSFER SYSTEMS LIMITED, Tel: +01 QQD

If nom the Registered Office of Dividi TORQTRANSFER SYSTEMS LIMITED, Tel: +01 QQD

If nom the Registered Divides, RTPAs area CCPPs participating in the Office register (signed the Divides), SCSBs. Registered Divides R, RTPAs area CCPPs participating in the Office registered (signed the Company of Members: Alankit Assignments Limited, Anand Rathi Shar lal Services Ltd., KJMC Capital Market Service Ltd., Kotak Se tion Bank. Public Offer Account Bank. Refund Bank. and S

DIVGI TORQTRANSFER SYSTEMS LIMITED On behalf of the Board of Directors

the United States, except pursuant to an exemption from, or in a transaction not subject to, the reg

CM YK