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DIVYADHAN RECYCLING INDUSTRIES LIMITED

Our Company was incorporated as a Private Limited Company with the name of "Divyadhan Consultants Private Limited" under the Companies Act, 1956 vide certificate of incorporation dated May 03, 2010, issued by Registrar of Companies, Maharashtra, Mumbai, bearing registration no. 202686. Thereafter, the name of the company was changed from "Divyadhan Consultants Private Limited" to "Divyadhan Recycling Industries Private Limited" vide special resolution passed by the members of the company at the Extra Ordinary General Meeting held on September 27, 2023 vide certificate of incorporation dated November 10, 2023. Further, our Company was converted into a Public Limited Company in pursuance of a special resolution passed by the members of our Company at the Extra-Ordinary General Meeting held on December 13, 2023 and the name of our Company changed from "Divyadhan Recycling Industries Private Limited" to "Divyadhan Recycling Industries Limited" & Registrar of Companies, Maharashtra, Mumbai issued a new certificate of incorporation consequent upon conversion dated March 02,2024 bearing CIN U39000MH2010PLC202686.

Registered Office: 1803, Lodha Supremus, Saki Vihar Road, Opp. Telephone Exchange, Powai, Mumbai City, Maharashtra - 400072, India.
Tel: + 91- 8928434702; **Fax:** N.A., **Website:** <https://divyadhan.in/>; **E-mail:** cs@divyadhan.in
Company Secretary and Compliance Officer: Mr. Pramod Kumar Gupta

PROMOTERS: MR. PRATIK GUPTA AND MR. VARUN GUPTA

THE ISSUE

INITIAL PUBLIC OFFERING UP TO 37,76,000 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF DIVYADHAN RECYCLING INDUSTRIES LIMITED ("DRIL" OR THE "COMPANY") FOR CASH AT A PRICE OF RS. [•]/- PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING TO RS. [•] LAKHS ("THE ISSUE"). OUT OF THE ISSUE, 2,00,000 EQUITY SHARES AGGREGATING TO RS. [•] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 35,76,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT AN ISSUE PRICE OF RS. [•] PER EQUITY SHARE AGGREGATING TO RS. [•] LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.39% AND 25.00%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

ALLOCATION OF THE ISSUE	
QIB PORTION (EXCLUDING ANCHOR INVESTOR)	NOT MORE THAN 7,16,000 EQUITY SHARES
ANCHOR INVESTOR PORTION	NOT MORE THAN 10,70,000 EQUITY SHARES
RETAIL PORTION	NOT LESS THAN 12,52,000 EQUITY SHARES
NON-INSTITUTIONAL PORTION	NOT LESS THAN 5,38,000 EQUITY SHARES
MARKET MAKER PORTION	UPTO 2,00,000 EQUITY SHARES

PRICE BAND: ₹ 60/- to ₹ 64/- PER EQUITY SHARE

THE FLOOR PRICE IS 6.00 TIMES THE FACE VALUE AND CAP PRICE IS 6.40 TIMES THE FACE VALUE OF THE EQUITY SHARES

BIDS CAN BE MADE FOR A MINIMUM OF 2000 EQUITY SHARES AND IN MULTIPLES OF 2000 EQUITY SHARES THEREAFTER.

THIS ISSUE IS BEING MADE THROUGH BOOK BUILDING PROCESS, IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI (ICDR) REGULATIONS"), AS AMENDED READ WITH RULE 19(2)(B) OF SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED.

FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "ISSUE PROCEDURE" BEGINNING ON PAGE 259 OF THE RED HERRING PROSPECTUS. A COPY OF THE RED HERRING PROSPECTUS IS BE DELIVERED FOR REGISTRATION TO THE REGISTRAR OF COMPANIES, MUMBAI AS REQUIRED UNDER SECTION 26 OF THE COMPANIES ACT, 2013.

BID/ISSUE PROGRAM

ANCHOR BID OPENS ON SEPTEMBER 25, 2024

BID OFFER OPENS ON SEPTEMBER 26, 2024

BID OFFER CLOSES ON SEPTEMBER 30, 2024

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 below.

Mandatory in Public issues No cheque will be accepted

UPI-Now available in ASBA for Retail Individual Investors ("RII") **
Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI - Now available in ASBA for Retail Individual Bidders applying through Registered Brokers, DPs & RTA. Retail Individual 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.

*ASBA has to be availed by all the investors except Anchor Investors (if any). UPI may be availed by RIIs.

For details on the ASBA and UPI process, please refer to the details given in ASBA Form and abridged prospectus and also please refer to the section "Issue Procedure" beginning on page 259 of the Red Herring Prospectus. The process is also available on the website of SEBI and Stock Exchanges in the General information Document. ASBA Forms can be downloaded from the website of Emerge platform of NSE ("NSE Emerge" or "Stock Exchange") and can be obtained from the list of banks that is displaying on website of SEBI at www.sebi.gov.in.

** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. For the list of UPI Apps and Banks live on IPO, please refer to the link: www.sebi.gov.in. Axis Bank Limited has been appointed as Sponsor Bank for the Issue in accordance with the requirements of the SEBI Circular dated November 1, 2018, as amended.

IN TERMS OF THE SEBI CIRCULAR NO. CIR/CFD/POLICYCELL/11/2015, DATED NOVEMBER 10, 2015 AND THE ALL-POTENTIAL INVESTORS SHALL PARTICIPATE IN THE ISSUE ONLY THROUGH AN APPLICATION SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS PROVIDING DETAILS ABOUT THE BANK ACCOUNT WHICH WILL BE BLOCKED BY THE SELF-CERTIFIED SYNDICATE BANKS ("SCSBS") FOR THE SAME. FURTHER PURSUANT TO SEBI CIRCULAR BEARING NO. SEBI/HO/CFD/TPD1/CIR/P/2023/140, FOR IMPLEMENTATION OF PHASED III FOR UPI FACILITY, WHICH IS EFFECTIVE FROM DECEMBER 01, 2023 ON MADATORY BASIS, ALL POTENTIAL BIDDERS (EXCEPT ANCHOR INVESTORS) ARE REQUIRED TO MANDATORILY UTILIZE THE APPLICATION SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS PROVIDING DETAILS OF THEIR RESPECTIVE ASBA ACCOUNTS OR UPI ID (IN CASE OF RIIS), IN WHICH THE CORRESPONDING APPLICATION AMOUNTS WILL BE BLOCKED BY THE SCSBS OR UNDER THE UPI MECHANISM, AS APPLICABLE. FOR DETAILS IN THIS REGARD, SPECIFIC ATTENTION IS INVITED TO "ISSUE PROCEDURE" ON PAGE NO. 259 OF THE RED HERRING PROSPECTUS. IN CASE OF DELAY, IF ANY IN UNBLOCKING/REFUND THE FUND, OUR COMPANY SHALL PAY INTEREST ON THE APPLICATION MONEY AT THE RATE OF 15% PER ANNUM FOR THE PERIOD OF DELAY. THE ISSUE IS BEING MADE UNDER PHASE III OF THE UPI (ON A MANDATORY BASIS).

1) Basic and Diluted Earnings per Share (EPS) as per Accounting Standard 20.
On the basis of financials:

Financial Year	EPS (Basic & Diluted)	Weight
2023-24	2.41	3
2022-23	2.20	2
2021-22	0.54	1
Weighted Average EPS	2.03	

2) Price to Earnings (P/E) ratio in relation to Issue Price of ₹ [•] per Equity Share of face value ₹ 10/- each fully paid up.
On the basis of Financials

Particulars	P/E Ratio at floor price	P/E Ratio at cap price
P/E ratio based on the Basic & Diluted EPS, as restated for FY 2023-24	24.94	26.61
P/E ratio based on the Basic & Diluted EPS, as restated for FY 2022-23	27.25	29.07
P/E ratio based on the Basic & Diluted EPS, as restated for FY 2021-22	111.36	118.79
P/E ratio based on the Weighted Average EPS, as restated	29.56	31.53

3) Return on Net Worth (RONW)
On the basis of Financials:

Financial Year	Return on Net Worth (%)	Weight
2023-24	18.42%	3
2022-23	25.34%	2
2021-22	8.31%	1
Weighted Average	19.04%	

4) Net Asset Value per Equity Share
On the basis of financials:

Particulars	Net Asset Value (NAV) in Rs.
NAV as on March 31, 2024	13.06
NAV as on March 31, 2023	8.69
NAV as on March 31, 2022	6.49
NAV after the Offer- at Cap Price	27.14
NAV after the Offer- at Floor Price	26.03
Issue Price	[•]

5) Comparison with industry peers

S. No.	Name of the company	Face Value (Per Share)	CMP**	EPS	P/E Ratio***	RONW(%)	PAT (Amount in Lakhs)
1	Divyadhan Recycling Industries Limited	10	[•]	2.41	[•]	18.42	237.80
Peer Group*							
2	Ganesha Ecosphere Limited	10	1,907.20	27.90	68.36	5.74	6,247.53

*Sourced from Annual Reports, Audited Financials, NSE.
**Current Market Price is taken as closing on September 16, 2024.
***We have calculated P/E Ratio by dividing the Current Market Price on September 16, 2024 and EPS as on March 31, 2024.

- Notes:
- Considering the nature and turnover of business of the Company the peer are not strictly comparable. However, the same have been included for broader comparison.
 - The figures for Divyadhan Recycling Industries Limited are based on the restated results for the period ended March 31, 2024.
 - The figures (except PE) for the peer group are based on standalone audited results for the respective year ended March 31, 2024.
 - Current Market Price (CMP) is the closing price of respective scrip as on September 16, 2024.

For further details see section titled Risk Factors beginning on page 24 and the financials of the Company including profitability and return ratios, as set out in the section titled Auditors Report and Financial Information of Our Company beginning on page 173 of the Red Herring Prospectus for a more informed view.

Key financial and operational performance indicators ("KPIs")

Our Company considers that KPIs included herein below have a bearing for arriving at the basis for Offer Price. The KPIs disclosed below have been approved by a resolution of our Audit Committee dated September 13, 2024. Further, the KPIs herein have been certified by M/s KRA & Co., Chartered Accountants, by their certificate dated September 14, 2024 vide UDIN 24503150BKAMCL7385. Additionally, the Audit Committee on its meeting dated September 13, 2024 have confirmed that other than verified and audited KPIs set out below, our company has not disclosed to earlier investors at any point of time during the three years period prior to the date of the Red Herring Prospectus.

For further details of our key performance indicators, see "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 24, 120 and 202 respectively. We have described and defined them, where applicable, in "Definitions and Abbreviations" section on page 02. Our Company confirms that it shall continue to disclose all the KPIs included in this section "Basis for Offer Price", on a periodic basis, at least once in a year (or for any lesser period as determined by the Board of 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 utilization of the Net Proceeds. Any change in these KPIs, during the aforementioned period, will be explained by our Company as required under the SEBI ICDR Regulations.

Key metrics like revenue growth, EBITDA Margin, PAT Margin and few balance sheet ratio are monitored on a periodic basis for evaluating the overall performance of our Company.

KPI indicators

Particulars	(Amount in ₹ lakhs, except EPS, % and ratios)		
	Financial Year ended March 31st, 2024	Financial Year ended March 31st, 2023	Financial Year ended March 31st, 2022
Revenue from operations ⁽¹⁾	5612.99	5733.83	5777.70
Growth in Revenue from Operations ⁽²⁾	(2.11%)	(0.76%)	-
EBITDA ⁽³⁾	570.18	506.67	289.64
EBITDA (%) Margin ⁽⁴⁾	10.16%	8.84%	5.01%
EBITDA Growth Period on Period ⁽⁵⁾	12.54%	74.93%	-
ROCE (%) ⁽⁶⁾	20.76%	25.48%	10.30%
Current Ratio ⁽⁷⁾	1.14	0.94	0.90
Operating Cash flow ⁽⁸⁾	220.98	442.10	383.51
PAT ⁽⁹⁾	237.80	216.18	52.91
ROE/ RoNW ⁽¹⁰⁾	18.42%	25.34%	8.31%
EPS ⁽¹¹⁾	2.41	2.20	0.54

Notes:

⁽¹⁾ Revenue from operations is the total revenue generated by our Company.

⁽²⁾ Growth in Revenue in percentage, Year on Year

⁽³⁾ EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses

⁽⁴⁾ EBITDA Margin is calculated as EBITDA divided by Revenue from Operations

⁽⁵⁾ EBITDA Growth Rate Year on Year in Percentage

⁽⁶⁾ ROCE is Return on Capital Employed calculated as EBIT divided by Total Equity plus Total Debt

⁽⁷⁾ Current Ratio: Current Asset over Current Liabilities

⁽⁸⁾ Operating Cash Flow: Net cash inflow from operating activities.

⁽⁹⁾ PAT is mentioned as PAT for the period.

⁽¹⁰⁾ ROE/RoNW is calculated PAT divided by shareholders' equity

⁽¹¹⁾ EPS is mentioned as EPS for the period

RISKS TO INVESTORS

- At the date of the Red Herring Prospectus, the average cost of acquisition per Equity Share by our Promoters, i.e., Mr. Pratik Gupta, Mr. Varun Gupta, are 5.05 each.
- At the date of the Red Herring Prospectus, the Weighted Average cost of acquisition per Equity Share (For Last 1 Year) by our Promoters i.e., Mr. Pratik Gupta, Mr. Varun Gupta, are 0.18 each.
- Weighted Average Return on Net worth on for Financial Year ending 2024, 2023 and 2022 is 19.04%.

Date: September 20, 2024
Place: Gujarat

Managing Director
DIN: 02731738

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