

MARCH 01, 2023

IPO Note

DIVGI TORQTRANSFER SYSTEMS LTD (DIVGI TTS)**NOT RATED**

(Note: All the information in this note is taken from RHP)

(For private circulation only)

Offer Details

The offer comprises of the fresh issue and the Offer for Sale (OFS). The fresh issue comprises of aggregating up to Rs180 cr by the company and the OFS comprises up to 39,34,243 equity shares by the selling shareholders. The price band is in the range of Rs.560-590/share.

Objects of the offer

Offer for Sale - The company will not receive any proceeds from the Offer for Sale. The selling shareholders will be entitled to the proceeds from the Offer for Sale, net of their respective portion of the offer related expenses.

Fresh Issue – The company proposes to utilise the net proceeds from the fresh issue towards the following objects: 1. funding capital expenditure requirements for the purchase of equipments/machineries of its manufacturing facilities (Rs150.7 cr) and 2. general corporate purposes.

In addition, the company expects to receive the benefits of listing of the equity shares on the stock exchanges and enhancement of company's visibility and brand image and creation of a public market for its equity shares in India.

Details of the offer

Particulars	Details
Price band (Rs/share)	560-590
Opening date of the Issue [^]	1st Mar, 2023
Closing date of the issue	3rd Mar, 2023
No. of shares pre-issue (nos. lakhs)	275
Fresh Issue (nos. lakhs)*	31
Offer for sale (nos. lakhs)*	39
No. of shares post-issue (nos. Lakhs)*	306
Fresh Issue size (Rs Cr)*	180
Offer for sale size (Rs Cr)*	232
Issue size (Rs Cr)*	412
Face Value (Rs/ share)	5
Bid Lot	25 Equity share & in multiple of 25 equity share thereafter
Book Building	
QIBs (Including Anchor)	75%
Non-Institutional	15%
Retail	10%
Book Running Lead managers (BRLM)	Inga Ventures Private Limited / Equirus Capital Private Limited
Registrar to the issue	Link Intime India Private Limited

Source: Company's RHP, * Based on upper price band; [^]The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date

Shareholding Pattern (%)

	Pre-Issue	Post-Issue [^]
Promoter and Promoter Group	67.2	60.5
Public and Others	32.8	39.5
Total (%)	100.0	100.0

Source: Company's RHP, [^]Based on upper price band

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Shareholding of Promoters and members of Promoter Group

Name of the Shareholder	No. of Equity Shares	% of pre-Offer equity share capital
Promoters (A)	17,245,840	62.6
Jitendra Bhaskar Divgi*	730,680	2.7
Hirendra Bhaskar Divgi**	732,480	2.7
Divgi Holdings Private Limited	15,782,680	57.3
Promoter Group (B)	1,251,360	4.6
Jayshri Mohan Divgi***	712,800	2.6
Suraj Sanjay Divgi***	269,280	1.0
Harshvardhan Bharat Divgi***	269,280	1.0
Total (A) + (B)	18,497,200	67.2

Source: Company's RHP; # Subject to finalization of Basis of Allotment, and assuming transfer of all Offered Shares; * includes 402,840 Equity Shares jointly held with Divgi Holdings Private Limited; **includes 402,760 Equity Shares jointly held with Divgi Holdings Private Limited; ***Equity Shares jointly held with Divgi Holdings Private Limited

Details of Offer for Sale by Selling Shareholders

Name of selling shareholders	No. of Equity Shares held pre-Offer	No. of Equity Shares offered	No. of Equity Shares held post-Offer #
Oman India Joint Investment Fund II	5,977,360	Up to 2,250,000	3,727,360
NRJN Family Trust *	2,394,720	Up to 1,441,441	953,279
Kishore Mangesh Kalbag	44,800	Up to 15,232	29,568
Bharat Bhalchandra Divgi	197,720	Up to 49,430	148,290
Ashish Anant Divgi	208,040	Up to 104,020	104,020
Arun Ramdas Idgunji	44,800	Up to 33,660	11,140
Sanjay Bhalchandra Divgi	161,840	Up to 40,460	121,380
Total	9,029,280	Up to 39,34,243	5,095,037

Source: Company's RHP; # Subject to finalization of Basis of Allotment, and assuming transfer of all Offered Shares; * represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited

Business Overview

Divgi TTS is amongst the very few suppliers in India who have the capability to develop and provide system level transfer case, torque coupler and DCT (Dual Clutch Automatic Transmission) solutions (Source: CRISIL Report). The company is one of the leading players supplying transfer case systems to automotive OEMs in India and the largest supplier of transfer case systems to passenger vehicle manufacturers in India (Source: CRISIL Report). Divgi TTS is also the only player manufacturing and exporting transfer cases to global OEMs from India, and the only manufacturer of torque couplers in India (Source: CRISIL Report). The company has the capability to develop and provide transmission systems for electric vehicles ("EVs"). The company is in the process of designing and developing prototypes of transmission systems for EVs pursuant to receipt of a business award for this purpose.

Divgi TTS manufactures and supply a variety of products under the broad categories of (i) torque transfer systems (which includes four-wheel-drive ("4WD") and all-wheel-drive ("AWD") products); (ii) synchronizer systems for manual transmissions and DCT; and (iii) components for the above-mentioned product categories for torque transfer systems and synchronizer systems in manual transmission, DCT, and EVs. The company has also developed (i) transmission systems for EVs; (ii) DCT systems; and (iii) rear wheel drive manual transmissions. Divgi TTS is one of the few companies who serve both as systems level solution provider as well as component kit supplier to global OEMs and Tier I transmission systems suppliers (Source: CRISIL Report).

Market Sizing and outlook of relevant auto component segments

Transfer case

Transfer case system is used in four-wheel drive (4WD) or commonly known as 4X4 vehicle that has four driven wheels. Transfer case system involves the mechanical transfer case components and electronic components ECU (Electronic Control Unit) & sensors. Transfer cases systems are either chain driven, or gear driven. In India, except for few high-end models, the industry is dominated by chain driven transfer case systems in PV and SCV segment. Current penetration of 4WD is estimated at 1-2% while AWD is about 1% in India. Hence, the transfer case systems are mostly imported by the OEMs (Original Equipment Manufacturer) in India. Aisin, BorgWarner, Dana, Divgi TTS, Magna, Univance are among the key suppliers of transfer cases to passenger vehicle industry in India. Divgi TTS is one of the leading player supplying transfer case systems to OEMs in India and the largest supplier of transfer case systems to passenger vehicle manufacturers in India. Divgi TTS is also the only player manufacturing and exporting transfer cases (including the dominant chain driven transfer cases and ESOF (Electronic shift-on-the fly) transfer cases) to global OEMs from India.

Torque coupler

Torque coupler is used in front wheel drive (FWD) based all-wheel drive (AWD) vehicles. Torque coupler senses the torque requirement & transfers the necessary torque to the rear wheels when wheels start slipping on the surface. Torque couplers are mainly imported since the penetration of AWD is miniscule in India. Aisin, BorgWarner Divgi TTS, Schaeffler, Valeo, ZF are among key global suppliers of torque coupler. Few suppliers like Aisin, BorgWarner, Divgi TTS provide system level solutions offering software that controls the vehicle dynamics and the clutching and de-clutching system. Divgi TTS is the only manufacturer for torque couplers in India. Automatic variant of one of the most popular SUVs, XUV 700 uses Divgi TTS made Nextrac Torque Coupler. In the overall vehicle sales of XUV 700, the automatic variant has a significant (40-45%) contribution.

Auto locking hub

Auto locking hub is used in conjunction with ESOF based transfer case. When a vehicle is running in 2WD (two-wheel-drive) high, the auto locking hub locks the front wheels i.e. no torque is transferred to the front wheels, they are freely rotating. In India, very few models are currently on this system (auto lock hub in conjunction with ESOF transfer case). Hence, auto lock along with the ESOF based transfer case is imported as a whole transmission system.

Synchroniser

Vehicles fitted with Manual Transmission (MT), Automatic Manual Transmission (AMT)/ intelligent Manual Transmission (iMT) and Dual Clutch Transmission (DCT) require synchroniser set. The purpose of a gear synchroniser is to synchronize the speeds of the input and output shafts of a gearbox during a gearshift, before the engagement of the upcoming gear. Key players such as Anand CY Myuteck Automotive Pvt. Ltd., Divgi TorqTransfer Systems Private Limited, Natesan Synchrocones Pvt. Ltd., Yugal Precision Pvt. Ltd. manufactures synchronisers for PV (Passenger Vehicle) and SCV (Small Commercial Vehicle). Divgi TTS is one of the first few suppliers of steel and carbon-based synchronizer systems for the Indian market. Divgi TTS has also been one of the leading manufacturers of steel synchronizers in India.

Manual Transmission

Manual transmission is used to transmit power from the engine to the wheels and contains a gear box that would require the driver to manually choose between different gear ratios using a gear stick and clutch during acceleration and deceleration. This is the most predominant transmission system in the Indian market for PVs and SCVs. OEMs typically undertake assembly of manual transmission systems in-house or through subsidiary companies. OEMs procure sub-components such as gears, shafts, synchronisers, etc. from various auto component suppliers and then assemble it in-house. Few component players supply entire transmission assembly in India, key players are Avtec and Kinetic Engineering.

Dual Clutch Transmission

Dual clutch transmission (DCT), also known as twin-clutch transmission transmits the power from the engine to the wheels of the passenger vehicle using two separate clutches for odd and even gears, within one housing. OEMs are heavily dependent on imports for DCT. The major suppliers to Indian market include Aisin, Hyundai Powersys, Stellantis, etc. BorgWarner, Continental, Eaton, GKN, KG International, Magna, Magnetti Marelli, Punch Powertrain, Schaeffler, Valeo, ZF, etc. are some of the major global competitors. Company like Divgi TTS is in the process of launching domestically manufactured DCT systems for the Indian market. The company is planning to localise and commercialise 7 Speed Dual Clutch Automatic Transmission. Divgi TTS will therefore be the only the manufacturer of DCT systems in India as other leading manufacturers such as Aisin, BorgWarner, Hyundai Powersys have import based business model.

EV transmission

Transmission assembly in electric vehicle is different from the one which is used in conventional Internal combustion engine (ICE) vehicles. Single speed Transmission and Multi-speed Transmission are two types of transmission mostly used in electric vehicles. In India, electric PV vehicle is run on single speed transmission assembly. Components considered for sizing as an EV transmission assembly (single speed) are mechanical gear box, motor and its integration. Pricing of an EV transmission is directly proportional to the motor capacity. Since the EV penetration is 0.6% as on fiscal 2022 in PV category, currently, OEMs are importing EV transmission assembly in India. BorgWarner, Magna, Prestolite electric, ZF are the leading suppliers of EV transmission systems globally.

Transmission Component kit

Transmission component kit consists of parts of the transmission systems such as manual transmission, Dual Clutch Transmission, Transfer case, EV transmission etc. These component kits are typically sourced by tier I transmission system manufacturers from tier II transmission component manufacturers. Globally tier I transmission system manufacturers such as BorgWarner, Aisin, Magna do further value add to these components and supply transmission systems as a solution to global vehicle manufacturers. Divgi TTS is positioned as a tier I supplier in India while on the global platform, the company acts as a tier I supplier as well as a tier II supplier, providing components to other tier I suppliers.

A tier II transmission manufacturer typically manufactures high value-add complex parts like castings, Torque Transfer Components, Synchronizers, Electrohydraulic unit in-house while non-core components such as elastomers, Bearings, oil seals, fasteners, oil cooler, oil filter etc are typically bought-out. Players like Divgi TTS serve both as system level solution providers to global OEMs and also as component kit suppliers to global tier I transmission system suppliers due to its technical capabilities and ability to supply from low cost production hub like India.

Key Managerial Personnel

Name	Designation	Background
Praveen Purushottam Kadle	Chairman and Independent Director	He has received a bachelors' degree in Commerce, Accounting and Auditing from the University of Bombay and has qualified as a Chartered Accountant in 1982, received certificate of merit of Cost and Management Accountant in 1983 and qualified as a Company Secretary in 1983. He is the Chairman of Prachetas Capital Private Limited. He was associated with Tata Information Systems (an IBM and Tata Company) as Vice President (Finance) and Secretary in 1992 and as Vice President (Finance) at Tata Engineering and Locomotive Company Limited in 1996. He was associated with Tata Capital Limited as the managing director in 2008 and as an advisor to Tata Sons Limited in 2018.
Jitendra Bhaskar Divgi	Managing Director	He has received a bachelors' degree in Mechanical Engineer (Honours) from The Birla Institute of Technology & Science, Pilani in the year 1985 and has received a Master's of Science Degree in Manufacturing from the University of Massachusetts, USA in the year 1986. Before joining Divgi Metalwares in 1994, he worked at Digital Equipment Corporation, Massachusetts. He served on the Board of Directors of BorgWarner, China in 2000, and was associated with BorgWarner till 2005.
Hirendra Bhaskar Divgi	Whole-Time Director	He has a bachelor's degree in Mechanical Engineering from the University of Bangalore. He joined the Company in 1988 and has served in various capacities such as the new product development manager and has also worked in the role of controller operations at Company. He has over 30 years of experience working at the Company.
Sudhir Shridhar Mirjankar	Chief Financial Officer	He has been associated with the Company with effect from December 1, 2016. He holds a bachelors degree in Commerce from University of Pune and a Post Graduate Diploma in Business Administration from Symbiosis Centre for Distance Learning. He has qualified as a certified management accountant from the Institute of Management Accountants, United States. He has also successfully completed the chief financial officer program from Indian Institute of Management, Kolkata.
Satish Chandrashekhar Kadrolli	Company Secretary and Compliance Officer	He joined the Company on September 5, 2022. He holds a bachelors' degree in Commerce from, Savitribai Phule Pune University (formerly known as University of Pune) and a certificate of membership from The Institute of Company Secretaries of India. He has been a compliance professional for over 7 years. His previous work experience includes years at Rajkumar Forge Limited, Western India Forgings Private Limited (Group) and Corpage India Advisors Private Limited.

Source: Company's RHP

Strengths

One of the very few suppliers in India having the capability to develop and provide system level transfer case, torque coupler, DCT solutions and transmission systems for EVs across a wide array of automotive vehicles and geographies, with leadership across select product categories.

Divgi TTS is amongst the very few suppliers in India who have the capability to develop and provide system level transfer case, torque coupler and DCT solutions as it has in-house software development capability (Source: CRISIL Report). The company has designed, developed, manufactured and supplied software embedded electronically controlled transfer cases and torque couplers for OEMs like Tata Motors, Mahindra & Mahindra Limited, amongst others. Divgi TTS has recently also been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India, however supply pursuant to the contract has not started as on the date of Red Herring Prospectus.

The company has entered into a product development agreement as well as technology transfer agreement with a German automotive company for DCT systems, and are engaged with a German engineering and digital mobility company for validation of its design prototypes. The company is one of the few companies who serve both as systems level solution provider as well as component kit supplier to global OEMs and Tier I transmission systems suppliers (Source: CRISIL Report). Divgi TTS designs, develop, manufactures and supply engineered, turnkey solutions and components to automotive OEMs across India, USA, China, Korea and Russia, amongst others. The company has developed transmission systems for EVs; DCT systems; and rear wheel drive manual transmissions. The company is in the process of launching domestically manufactured DCT systems for the Indian market. Therefore, Divgi TTS will be the only manufacturer of DCT systems in India (Source: CRISIL Report).

Strategically located manufacturing facilities capable of producing high precision components meeting system-level design intent

The company's facilities are equipped with advanced machinery and certain of its facilities are located in close proximity to their key customers to enable meeting their customers' demand schedules and logistical advantages for its customers, and to insulate them from local supply or other disruptions. Divgi TTS has three manufacturing and assembling facilities across India located at Sirsi in Karnataka, and Shivare and Bhosari near Pune in Maharashtra, with the manufacturing facilities at Shivare and Bhosari being strategically located in proximity to their key clients, and one under-construction manufacturing facility located at Shirwal.

Divgi TTS manufactures transmission, transfer case and synchroniser components at their facility in Sirsi. The company's facility at Shivare, Maharashtra houses grinding and superfinishing equipment to achieve standards in precision and accuracy including those demanded by EV and DCT applications globally and transmission components. Divgi TTS facility at Bhosari, Maharashtra which is the assembling, lab testing and packing unit for its manufactured components and systems, and their facility at Shivare are both strategically located in proximity to its key customers as well as the port for export located at New Mumbai, Maharashtra.

Long-term relationships with marquee domestic and global customers

Divgi TTS believes that it has strong and well established relationships with several marquee domestic and global OEMs in the automobile sector such as Tata Motors, Mahindra & Mahindra and with global suppliers such as BorgWarner. For instance, the company has been in continued business with BorgWarner, Tata Motors and Mahindra & Mahindra for over two decades. With its track record and wide product portfolio, the company has been able to retain their existing customers and has also been able to attract new customers.

Experienced board of directors and senior management team supported by skilled and qualified workforce

Divgi TTS is led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry. The company's promoters Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, are mechanical engineers with considerable experience in the automotive industry. Divgi TTS Chairman, Praveen Purushottam Kadle has considerable experience in the automotive industry, and the company has benefitted from his extensive experience. Majority of company's key managerial personnel or senior management personnel have worked with them for over ten years, resulting in effective operational coordination and continuity of business strategies.

Strategies

Capturing market opportunities in the growing EV space, and the fast-growing demand for automatic transmissions in the passenger UVs segment

The market opportunities in the growing EV space are ample, as the global trend towards electrification of vehicles continues to surge. The market for EV transmission is expected to increase by CAGR of 77-82% from Fiscal 2022 and 2027 in volume terms as well as value terms (Source: CRISIL Report). The EV transmission market is expected to be around Rs4,200-4,400 cr with a volume of 435-440 thousand by Fiscal 2027 (Source: CRISIL Report). Divgi TTS has been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India, which will further company's efforts in capitalising on the expanding EV space. However, supply pursuant to this contract has not started as on the date of Red Herring Prospectus. As part of its growth strategy, the company plans to increase its market share in both the Indian and overseas markets by offering comprehensive transmission solutions and components to EV OEMs. As part of their strategy, Divgi TTS intends to enter into similar contracts with other customers across geographies.

Divgi TTS intends to further leverage their presence in yet another fast-developing trend, which is the increasing demand for automatics observed across the entire UV (utility vehicle) segment. Share of UVs has increased in the total PV industry. Penetration of DCT is expected to remain at the higher level in the compact UV and UV segments (Source: CRISIL Report). Therefore, the size of DCT market is expected to grow at a CAGR of 27-30% to Rs2,600-2,800 cr by Fiscal 2027 (Source: CRISIL Report). Currently OEMs in India are heavily dependent on imports for DCT. Divgi TTS has developed and are in the process of launching domestically manufactured DCT systems for the Indian market and are planning to localise and commercialise 7 Speed Dual Clutch Automatic Transmission. Further, the company is evaluating development or in-licensing of an integrated electric drive unit which will help integrate powertrain and the drivetrain components.

Improve their market share and wallet share by increasing customer and geographic diversification

Divgi TTS intends to strengthen their relationships with its existing customers and explore opportunities to grow along the value chain by expanding the array of their existing products and solutions that is supply's to its customers across geographies, and to win new customer contracts by developing products and solutions aligned with their needs.

The company believes that they have been able to discern emerging trends and proactively identify new segments of business over the past few years, enabling them to capitalize on an early mover advantage in certain segments, and also to harness synergies through knowledge sharing between their cross-functional teams and horizontal and vertical integration across their operations. The company intends to expand their reach through in-house efforts as well as through tie-ups, further bolstered by marketing agreements. The company has and will continue to expand their global marketing team which will be complemented with tie-ups with consultants who have extensive experience in their local geographies. As a part of this growth strategy, Divgi TTS intends to keep expanding its global reach. The company intends to leverage their relationships with certain of its key customers, with some of whom they have an established track record and long-term relationships.

Cost optimization through product engineering and localisation

The company believes that their component business complements its product systems and solutions. Currently OEMs in India are heavily dependent on imports for a large cross-section of products. Divgi TTS has and continues to engage with its customers to re-engineer products which help achieve better operational and cost efficiencies. Offering quality products at competitive prices is a key aspect of maintaining and expanding their relationships with its customers. The company intends to continue enhancing their operational efficiencies, to increase economies of scale, better absorb its fixed costs, reduce their other operating costs and strengthen their competitive position. Divgi TTS would focus on improving capacity utilization at its production facilities, through increase in their overall production volumes.

Continued focus on R&D to manufacture diverse products and expand into products to serve new and emerging trends

Divgi TTS believes that they are an R&D led systems and solution provider offering differentiated and customized solutions to its customers as demonstrated by their recent contracts for EVs and Hybrid Vehicles. With the increasing penetration for automatics in passenger vehicles and with the emergence of EV, the company believes that automotive drivetrains will shift from just mechanical systems to electronics control with embedded software to control the operation of these systems. The company aims to capture this growing trend by continuously investing in R&D to develop and deliver new and innovative systems and components.

Divgi TTS aims to leverage their core engineering competence to enter newer areas with similar technology intensity and margin profile such as defence applications and precision components for non-automotive segments. The company intends to maintain and strengthen their technological competencies through continued focus on improving its capabilities in engineering, mechatronics, software development and system integration. Divgi TTS has developed extensive in-house capability to develop embedded systems and application software, along with integration capabilities to offer their customers a complete solution. The company will complement their R&D efforts through continued partnership with various technology partners like BorgWarner and Hofer.

Risk Factors

- Divgi TTS business largely depends upon its top five customers, and the loss of such customers or a significant reduction in purchases by such customers will have a material adverse impact on the company's business.
- Divgi TTS overseas sales are primarily dependent on two countries, China and Russia, which exposes them to risks of concentration.
- The automotive markets in which the company operates are undergoing significant technological changes, with increasing focus on, among other things, electrification of vehicles, development of Hybrid Vehicles and advanced driver assistance technologies.

Annexures

Typical composition of major transmission component kits for manual transmission, DCT, Transfer case, EV transmission

Manual Transmission	Dual Clutch transmission	Transfer Case	EV transmission
Aluminium Castings: clutch housing, main case, rear case etc	Aluminium castings	Aluminium castings	Torque transfer components: Gears, Shafts
Torque Transfer Components: Gears, shafts, clutches etc	Torque transfer components	Torque Transfer components; Planetary gear set, strockets, output shafts	
Synchronizers	Synchronizers	Electromagnetic Actuator	
Others: Shift Linkages, elastomers, Bearings, oil seals, fastners, speedo sensors, reverse switch, gear indicators etc	Dual clutch	ECU/ software	
	Electrohydraulic control unit	Others: Elastomers, bearings, oil seals, shift linkages, fastners	
	Sensor cluster		
	ECU/Software		
	Others: Oil pump, oil cooler, oil filter etc		

Source - Company's RHP

Description of the primary automotive systems and components offered by the company

Category / Product	ICE (4WD/AWD)	ICE (Manual)	ICE (Automatic)	Hybrid	BEV
Torque Transfer Systems (Transfer Case/Torque Coupler)	√				
Manual Transmission		√			
Synchronizer Systems	√	√	√		
Dual Clutch Transmission			√		
Transmissions for BEV					√
Components	√	√	√	√	√

Source - Company's RHP

Breakdown of company's income from sale of goods across geographic markets (in %)

Geographical Location	Fiscal 2020	Fiscal 2021	Fiscal 2022	Six months ended Sept. 30, 2022
India	48.1	49.9	73.7	91.6
USA	14.3	10.7	2.7	3.8
China	13.0	16.5	8.6	4.5
Korea	10.5	7.2	3.2	-
Russia	14.1	15.8	11.7	-
Sweden	-	-	-	0.0
Total	100.0	100.0	100.0	100.0

Source - Company's RHP

Breakdown of company's income from sale of goods across its top 5 customers (in %)

Customer	Fiscal 2020	Fiscal 2021	Fiscal 2022	Six months ended Sept. 30, 2022
Customer 1#	27.4	37.1	55.8	75.3
Customer 2#	4.4	4.8	7.4	5.0
Customer 3#	7.2	4.6	5.4	5.7
Customer 4#	37.8	34.3	14.6	8.4
Customer 5*	14.1	15.8	11.7	-
Total	90.8	96.6	94.8	94.4

Source - Company's RHP; # Purchase Orders/Letter of Intent entered into by the Company with Customer 1 to 4 are valid as on the date of RHP; * The agreement entered into by the Company with Customer 5 (the Russian automobile manufacturer) has expired on June 30, 2022, and the Company has discontinued its business with the Customer 5 (the Russian automobile manufacturer).

Financials

Restated Summary of Assets and Liabilities

Y/E March (Rs. In Crores)	FY20	FY21	FY22	H1FY23
Assets				
Non-current assets				
Property, plant and equipment	88	104	108	105
Capital work-in-progress	1	3	17	35
Right of use assets	1	1	1	2
Intangible assets	0	0	3	3
Intangible assets under development	5	3	12	12
Financial assets				
<i>Non-current investments</i>	0	0	0	0
<i>Other non-current financial assets</i>	1	1	1	2
Other non-current assets	2.5	0.7	0.5	1.3
Total Non-current assets	99	113	142	159
Current Assets				
Inventories	21	27	30	32
Financial assets				
<i>Trade receivables</i>	23	55	53	69
<i>Cash and cash equivalents</i>	21	20	17	7
<i>Bank Balances Other Than Cash & Cash Equivalents</i>	129	139	156	155
<i>Other current financial assets</i>	5	3	3	3
Other current assets	5	6	4	6
Total Current Assets	205	250	264	271
Total Assets	304	363	405	430
Equity and Liabilities				
Equity				
Equity share capital	6	7	14	14
Other equity	204	289	326	342
Total equity	210	296	340	356
Liabilities				
Non-current liabilities				
Financial liabilities				
<i>Borrowings</i>	0.2	0.1	0.0	0.4
<i>Lease liabilities</i>	0.3	0.3	0.2	1.4
Long Term Provisions	4.4	4.8	4.8	4.9
Deferred tax liabilities (Net)	0.6	0.7	0.5	0.1
Total Non-current liabilities	6	6	5	7
Current liabilities				
Financial Liabilities				
<i>Borrowings</i>	50	0.1	0.1	0.1
<i>Trade payables</i>	23	40	40	37
<i>Lease liabilities</i>	0.4	0.5	0.2	0.5
<i>Other financial liabilities</i>	9	13	9	14
Other current liabilities	1	0	3	6
Provisions	2	2	2	3
Current Tax Liabilities (Net)	3	5	6	8
Total Current liabilities	89	61	60	67
Total Equity and Liabilities	304	363	405	430

Source: Company's RHP

Restated Statement of Profit and Loss

Y/E March (Rs. In Crores)	FY20	FY21	FY22	H1FY23
Income				
Revenue from Operations	159	187	234	134
Other Income	12	8	8	4
Total income	171	195	242	138
Expenses				
Cost of raw material and components consumed	56	69	94	55
Change in inventories	2	-2	0	0
Employee Benefits Expense	20	22	23	13
Finance Costs	4	0	0	0
Depreciation and Amortization Expense	6	8	11	6
Other Expenses	44	46	52	28
Total Expenses	133	142	180	103
Profit before Tax	38	53	62	35
Tax expense:	10	15	16	9
Current tax	11	14	16	9
Deferred tax charge/(credit)	-1	0	-0	-0
Profit for the period / year	28	38	46	26
Total other comprehensive income	-0	0	0	-0
Total comprehensive income for the period / year	28	38	46	25
Diluted earnings per share (in Rs.)*	10.2	13.8	16.8	9.3

Source: Company's RHP; EPS is not annualised for six months ended Sept 30, 2022

Restated Cash flow statement

Y/E March (Rs. In Crores)	FY20	FY21	FY22	H1FY23
Net cash flow from Operating Activities	38	27	51	10
Net cash flow from Investing Activities	-24	-25	-51	-11
Net cashflow from Financing Activities	-6	-3	-3	-9
Net (decrease) / increase in cash and cash equivalents	8	0	-3	-10
Cash and Cash equivalents at beginning of the period / year	12	21	20	17
Cash and Cash equivalents at end of the period / year	21	20	17	7
Change in Cash and Cash equivalents	8	0	-3	-10

Source: Company's RHP

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
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