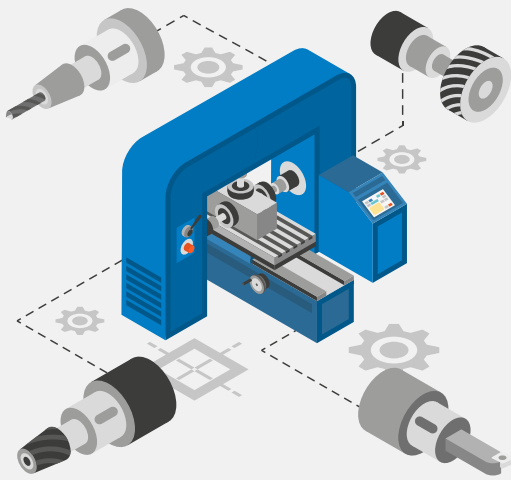




## IPO DETAILS

#IPOology

# DIVGI TORQTRANSFER SYSTEMS LIMITED



### Issue Opens

1st March 2023, Wed

### Issue Closes

3rd March 2023, Fri

### Min. Lot Size

25 Shares

### Issue Price Band

₹560 - ₹590

### Industry

Automotive

### Issue Size

Fresh Issue:  
3.05 Mn Eq Shares  
(₹1,800.00 Mn)

OFS:  
3.93 Mn Eq Shares  
(₹2,321.20 Mn)

Face Value  
₹5

Listing at  
NSE, BSE

## Rationale

Considering the FY22/FY23 Annualized EPS of Rs.15.09 / 16.78 on a post-issue basis, the company is going to list at a P/E of 39.10 / 35.15x with a market cap of Rs. 18,044mn. whereas its peers namely Sona BLW Precision Forging, Sundram Fasteners, Bosch, ZF Commercial Vehicle System and Endurance Technologies are trading at a P/E of 72x, 44x, 39x, 71x and 37x respectively

We assign a "Subscribe" rating to this IPO as it is one of the very few suppliers in India having the capability to develop and provide system-level transfer cases, torque couplers, DCT solutions and transmission systems for EVs across a wide array of automotive vehicles and geographies, with leadership across select product categories. Also, it is available at a reasonable valuation as compared to its peers.

## Objectives of the issue

Funding capital expenditure requirements for the purchase of equipment/machineries of manufacturing facilities.

General corporate purposes

## Rating

**SUBSCRIBE**

**APPLY NOW**



## Divgi Torqtransfer systems Limited

# Company Overview

Divgi Torqtransfer Systems Ltd 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.

They are also the only player manufacturing and exporting transfer cases to global OEMs from India, and the only manufacturer of torque couplers in India. They also have the capability to develop and provide transmission systems for electric vehicles ("EVs"). They are in the process of designing and developing prototypes of transmission systems for EVs pursuant to the receipt of a business award for this purpose.

## Products

**Torq Transfer System**

**Synchronizer Systems  
for Manual  
Transmissions and DCT**

**Components for Torque  
Transfer Systems,  
synchronizer systems ,  
DCT, and EVs**

## Component Development

**Transmission systems  
for EVs**

**DCT systems**

**Rear wheel drive  
manual transmissions.**

## Supply Relationships

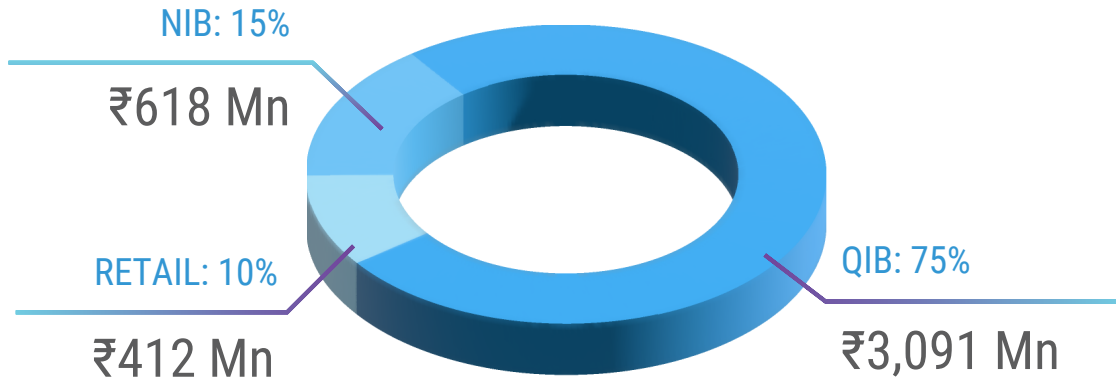
Their diverse capabilities enable them to service customers across segments in the automotive industry, including passenger vehicles, utility vehicles and commercial vehicles. They supply and have long-term relationships with OEMs such as Mahindra & Mahindra, an Indian supplier to global automotive OEM, and a USA-based multi-national automotive supplier.



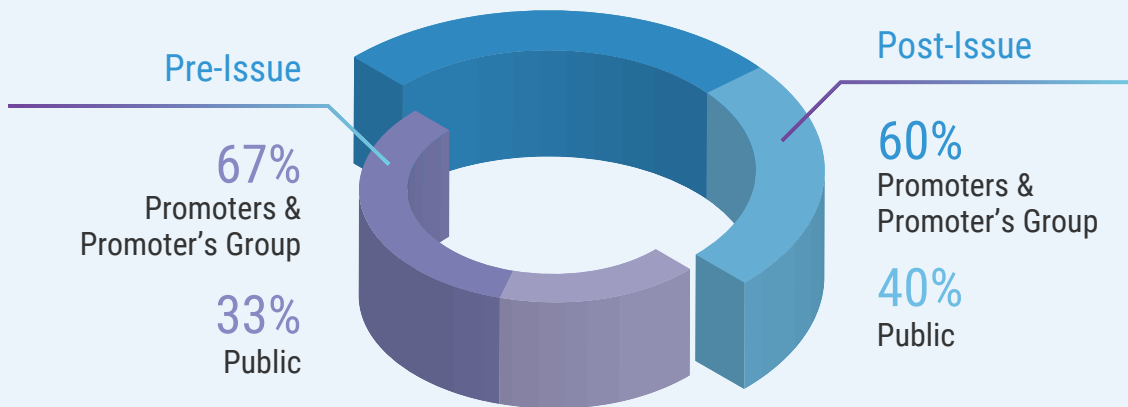
Divgi Torqtransfer systems Limited

# Issue Details

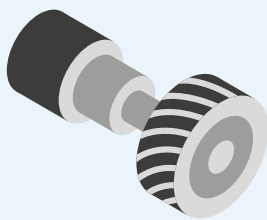
## Issue Break-Up



## Shareholding Pattern

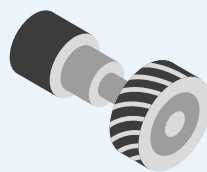


## Capital Structure (in ₹)



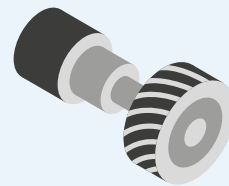
**200 Mn**

Authorised Equity  
Share Capital



**138 Mn**

Paid-Up Capital  
(Pre-Offer)



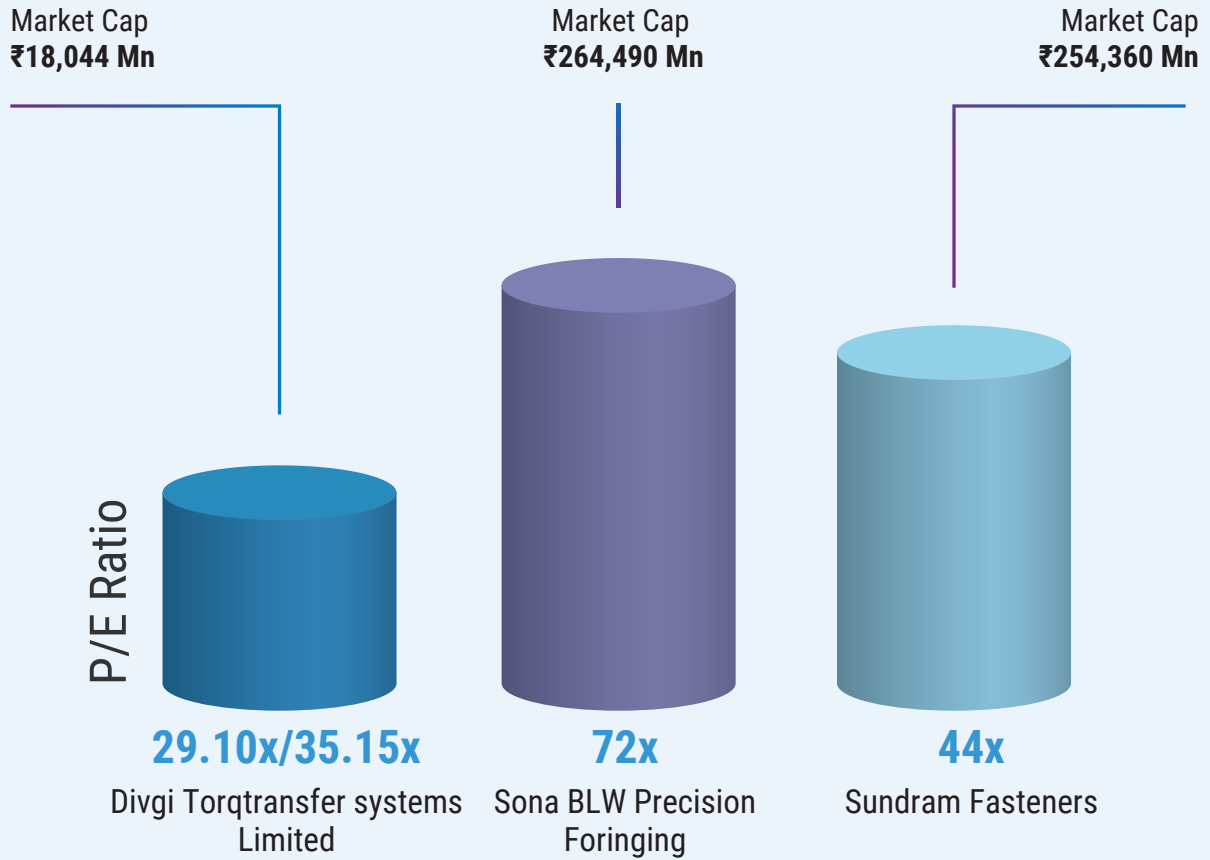
**153 Mn**

Paid-Up Capital  
(Post-Offer)



Divgi Torqtransfer systems Limited

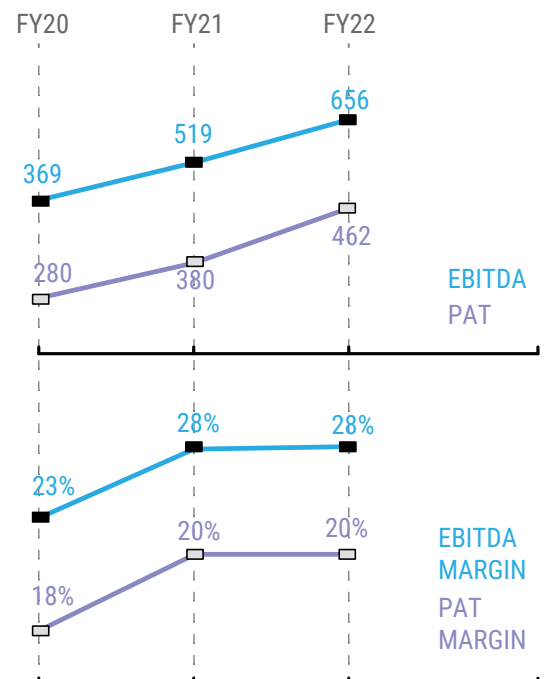
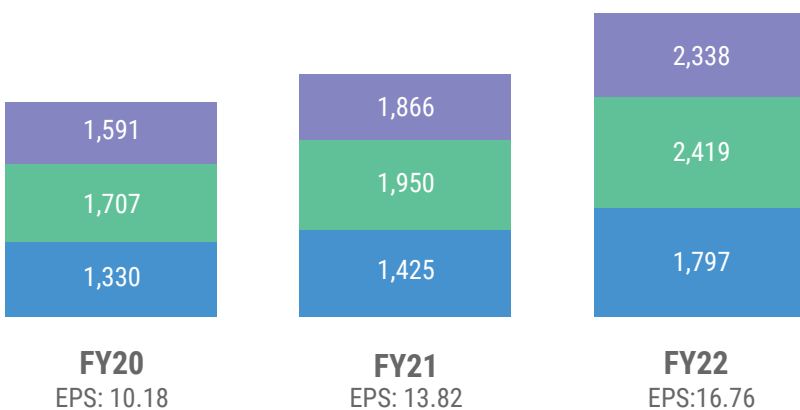
# Valuations and Peer Comparison



Market Cap data of listed securities as on February 28, 2023

## Financial Snapshot (in ₹ Mn)

- Revenue
- Total Income
- Total Expenses





Divgi Torqtransfer systems Limited

# Business Insights



## Competitive Strengths

- One of the very few suppliers in India having the capability to develop and provide system-level transfer cases, torque couplers, DCT solutions and transmission systems for EVs across a wide array of automotive vehicles and geographies, with leadership across select product categories.
- Strategically located manufacturing facilities capable of producing high-precision components meeting system-level design intent.
- Long-term relationships with marquee domestic and global customers
- An experienced board of directors and senior management team supported by a skilled and qualified workforce.
- Consistent financial performance with a focus on innovation and R&D capabilities



## Business Strategy

- Capturing market opportunities in the growing EV space, and the fast-growing demand for automatic transmissions in the passenger UVs segment.
- Improve their market share and wallet share by increasing customer and geographic diversification.
- Cost optimization through product engineering and localization.
- Continued focus on R&D to manufacture diverse products and expand into products to serve new and emerging trends.



## Risks

- Their business largely depends upon 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 their business.
- Their business could be adversely affected by volatility in the price or availability of raw materials and components.
- They are exposed to foreign currency exchange rate fluctuations, which may adversely affect their results of operations and cause quarterly results to fluctuate significantly.
- The business faces substantial competition, and their success depends on ability to understand evolving industry trends and to fulfil the changing preferences of customers.

## Promoters and Management Details

Praveen Purushottam Kadle - Chairman and Independent Director

Jitendra Bhaskar Divgi - Managing Director

Hirendra Bhaskar Divgi - Whole-Time Director