

...continued from previous page.

Shares undertaken by the Company on February 18, 2022.

a. Weighted average cost of acquisition, floor 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 <sup>a</sup>	NA <sup>a</sup>	NA <sup>a</sup>
(b) Weighted average cost of acquisition for secondary sale/ acquisitions 18 months prior to RHP	NA <sup>a</sup>	NA <sup>a</sup>	NA <sup>a</sup>
(c) Weighted average cost of acquisition of primary issuances 3 year prior to RHP	32.29 <sup>a</sup>	17.34	18.27
(d) Weighted average cost of acquisition for secondary transactions 3 year prior to RHP	91.64 <sup>a</sup>	6.11	6.44

Note: <sup>a</sup>There were no primary / new issue of shares (equity/ convertible securities) transactions, other than equity shares issued pursuant to a bonus issue on 18 February 2022, in last 18 months prior to the date of the RHP.

<sup>a</sup>There were no secondary sales / acquisition of shares of shares (equity/ convertible securities) transactions in last 18 months from the date of the RHP.

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 shareholder(s) 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.

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

- Total Income is for the year ended March 31, 2022.
- 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.
- 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.
- Enterprise Value = Market cap as explained above plus Net debt as on March 31, 2022.
- Earnings refers to Profit for the year ended March 31, 2022.
- P/E Ratio has been computed based on the respective price per Equity Share divided by Basic/ Diluted EPS as on March 31, 2022

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 5 and each of the Offer Price is 112 times the face value at the lower end of the Price Band and 118 times the face value at the higher end of the Price Band. The financial information included herein is derived from our Restated Financial Statements. Prospective investors should also refer to the sections 'Our Business', 'Risk Factors', 'Restated Financial Statements', and 'Management Discussion and Analysis' on pages 149, 204 and 267 of the RHP, respectively, to have a more detailed view before making any investment decision.

**Qualitative Factors:** Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are - 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 vehicle 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 major domestic and global customers; Experienced board of directors and senior management team supported by skilled and qualified workforce; Consistent financial performance with focus on innovation and R&D capabilities. For further details, please see 'Our Business', 'Our Strengths' on pages 151 of the RHP.

**Quantitative Factors:** Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements. For details, see 'Restated Financial Statements' beginning on page 204 of the RHP. Some other quantitative factors which form the basis for computing the Offer Price, are as follows:

**Basic and Diluted Earnings Per Equity Share ("EPS")<sup>a</sup>, as adjusted for change in capital as per Restated Financial Statements:**

Financial Period	Basic EPS (₹)	Diluted EPS (₹)	Weightage
Fiscal 2022	15.78	15.78	-
Fiscal 2021	13.92	13.92	2
Fiscal 2020	41.64	10.18	1
Fiscal 2019	14.93	14.93	-
<b>Weighted Average</b>	<b>9.32</b>	<b>9.32</b>	<b>-</b>
Six months ended September 30, 2022 <sup>a</sup>	9.32	9.32	-

<sup>a</sup> Basic EPS (₹) = Basic earnings per share is calculated by dividing the net profit/loss for the period attributable to equity Shareholders by the weighted average number of Equity Shares outstanding during the period. <sup>b</sup> Diluted EPS (₹) = Diluted earnings per share is calculated by dividing the net profit/loss for the period attributable to equity Shareholders by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all dilutive potential Equity Shares outstanding during the period.

<sup>c</sup> Not annualized.

**Notes:** 1. Basic EPS and Diluted EPS calculations are in accordance with Indian Accounting Standard 33 'Earnings per Share' notified under the Companies (Indian Accounting Standards) Rules, 2015.

2. Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / Total of weights.

3. The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the section titled 'Restated Financial Statements' on page 204 of the RHP.

4. The face value of Equity Shares of the Company is ₹ 5.

5. Price Earning ("P/E") Ratio in relation to Price Band of ₹ 560 and ₹ 590 per Equity Share

Particulars	P/E ratio at the lower end of the Price Band (number of times)	P/E ratio at the higher end of the Price Band (number of times)	P/E ratio at the Offer Price (number of times)
Basic EPS as per the Restated Financial Statements for the Fiscal 2022	33.41	35.20	[c]

Diluted EPS as per the Restated Financial Statements for the Fiscal 2022

Particulars	P/E ratio at the lower end of the Price Band (number of times)	P/E ratio at the higher end of the Price Band (number of times)	P/E ratio at the Offer Price (number of times)
Highest	124.23	-	-
Lowest	41.64	-	-
Average	65.78	-	-

<sup>a</sup> Peer Group includes entities mentioned in table 7.1. Peer list has been compiled based on the closing market price of equity shares on February 1, 2022, on [www.bseindia.com](http://www.bseindia.com) divided by the Diluted EPS as at March 31, 2022 as disclosed in audited financial statements with the respective entity with the stock exchange for the year ended March 31, 2022.

<sup>b</sup> Notes: 1. The highest and lowest P/E ratio shown above is based on the peer set provided below under 'Comparison with listed industry peers'. The industry average has been calculated as the arithmetic average P/E of the peer set provided below. 2. P/E ratios for the peer are computed based on closing market price as on February 1, 2022 on NSE, divided by Diluted EPS on consolidated basis for the Fiscal 2022.

3. Average Return on Net Worth (RoNW)

Financial Period	RoNW, as derived from the Restated Financial Statements (%)	Weightage
Fiscal 2022	13.57	3
Fiscal 2021	12.86	2
Fiscal 2020	13.39	1
<b>Average Return on Net Worth/Weighted Average</b>	<b>13.30</b>	<b>-</b>
Six months ended September 30, 2022 <sup>a</sup>	7.20	-

<sup>a</sup> Return on Net Worth (%) = Restated Profit for the period divided by Total Equity at the end of the year. <sup>b</sup> Total Equity has been computed as the aggregate of equity capital and other equity.

<sup>c</sup> Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RoNW x Weight) for each year] / Total of weights.

<sup>d</sup> Not annualized.

4. Net Asset Value per Equity Share

Financial Period	NAV derived from the Restated Financial Statements (₹)
As on March 31, 2022	123.50
As on September 30, 2022	129.38
After the completion of the Offer	At the Floor Price: 174.40
	At the Cap Price: 175.33
	At the Offer Price: [c]

Notes: (i) Net Asset Value per Equity Share = Total Equity as per the Restated Financial Statements / number of equity shares outstanding at the end of the period.

5. Key financial and operational performance indicators ("KPIs")

All the KPIs disclosed below have been approved by a resolution of the Audit Committee of the Company dated January 9, 2023. The Audit Committee has confirmed that the KPIs disclosed are fair and relevant to the Company and have been disclosed in a manner that is not misleading and in a manner that is not in violation of the RHP. For further details of our key performance indicators, see 'Risk Factors', 'Our Business', and 'Management Discussion and Analysis of Financial Condition and Results of Operations' on pages 149, 168 and 267 of the RHP, respectively. Our Company shall continue to disclose the KPIs disclosed above, on a periodic basis, at least once in a year (or for any lesser period as determined by our Company), for a duration of not less than the later of (i) one year after the listing date or period specified by SEBI; or (ii) the utilization of the Net Proceeds. Any change in these KPIs, during the aforementioned period, will be explained by our Company. The ongoing KPIs will continue to be certified by a member of our Company who is independent of the Company's management.

The Managing Director, Whole time director, CFO, and other members of the Board monitor and review the operating results of our Company. Key metrics like revenue growth, EBITDA Margin and low finance cost ratios are monitored on a periodic basis for evaluating the financial performance of the Company.

Particulars	Six months ended September 30, 2022	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021	Financial Year ended March 31, 2020
Revenue from operations	1,537.16	2,257.77	1,263.75	1,500.65
Revenue CAGR <sup>a</sup> (From FY2020 to FY2022)	-	-	-	21.29%
Total Income	1,735.47	2,416.74	1,550.26	1,767.40
EBITDA	270.87	558.13	518.95	369.35
EBITDA (%) of Revenue from Operations	27.14%	28.97%	27.82%	23.22%
EBITDA CAGR <sup>a</sup> (From Fiscal 2020 to Fiscal 2022)	-	-	-	32.82%
EBIT (%) of Total Revenue	25.19%	25.71%	27.04%	24.73%
PAT	244.31	461.51	280.63	255.39
PAT (%) of Total Revenue	16.66%	19.09%	19.51%	16.42%
PAT CAGR <sup>a</sup> (From Fiscal 2020 to Fiscal 2022)	-	-	-	32.82%
Earnings Per Share (Basic) <sup>b</sup>	9.32	16.76	13.82	11.64
Earnings Per Share (Diluted) <sup>b</sup>	9.32	16.76	13.82	10.18
Debt Equity Ratio <sup>c</sup>	0.11	0.00	0.00	0.25
Fixed Asset Turnover (Times) <sup>d</sup>	0.71	1.30	1.15	1.12
Adjusted ROCE (%) <sup>e</sup>	14.86%	29.47%	27.41%	24.35%
Net Working Capital Turnover Ratio	2.49	5.52	5.96	5.40
Current Ratio	4.93	4.92	4.90	2.51
Operating Cash Flow	103.28	516.77	269.05	383.29
Inventory Turnover Ratio	4.31	8.23	7.86	7.85
Not annualized	-	-	-	-

Explanation for the KPIs Notes:

(1) Revenue CAGR: The three-year compound annual growth rate in Revenue. (Ending Value/Beginning Value) <sup>a</sup> (1/N)<sup>a</sup>.

(2) EBITDA = Earnings before Finance Cost, Taxes, Depreciation and Amortization less other income which is calculated by adding employee benefit expenses and other incomes from Manufacturing Gross Profit.

(3) EBITDA CAGR = The three-year compound annual growth rate in EBITDA. (Ending Value/Beginning Value) <sup>a</sup> (1/N)<sup>a</sup>.

(4) EBIT = Earnings before Finance Cost and taxes.

(5) PAT CAGR = The three-year compound annual growth rate in PAT. (Ending Value/Beginning Value) <sup>a</sup> (1/N)<sup>a</sup>.

(6) Basic Earnings per share (₹) = Net profit/ (loss) after tax, as restated attributable to equity Shareholders divided by weighted average number of Equity Shares outstanding during the period.

(7) Diluted Earnings per share (₹) = Net profit/ (loss) after tax, as restated attributable to equity Shareholders divided by weighted average number of Equity Shares outstanding during the period.

(8) Debt Equity Ratio: Debt (includes Borrowings and Current & Non-Current Liabilities) over total share holders equity (including Reserves & Surplus and excluding preference share capital).

(9) Fixed Asset Turnover Ratio: Revenue from Operations / Average Gross Block of Property Plant and Equipment.

(10) ROCE = PAT / Average Shareholder's equity.

(11) Adjusted ROCE = EBIT less interest income on Fixed deposits / capital employed less Fixed deposits where total assets less current liabilities excluding Compulsorily Convertible Preference Shares (CCPS) as at the close of the period.

(12) Net working capital turnover ratio: Revenue from operations over average working capital (average working capital = Inventory + Receivables - Payables).

(13) Current Ratio: Current Asset over Current Liabilities.

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

(15) Inventory turnover ratio: Revenue from operations over average inventory.

6. Comparison of KPI with Listed Industry Peers (as of March 31, 2022)

No.	Ratio	Dvgi Tornt Limited (Standalone)	Sona BLW Precision Forgings Limited (Standalone)	Bosch Limited (Standalone)	ZF Commercial Vehicle Control Systems India Limited (Standalone)	Sundaram Fasteners Limited (Consolidated)	Endurance Technology Limited (Standalone)
1	Net Working Capital Turnover Ratio	5.52 <sup>a</sup>	3.83	2.85	1.75	6.70	5.9
2	Current Ratio	4.40 <sup>a</sup>	2.46	1.94	3.92	1.58	2.4
3	Debt to Equity Ratio	0.00 <sup>a</sup>	0.04	0.01	-	0.29	(0.09)
4	Operating Cash Flow	610.77 <sup>a</sup>	3,953.94	2,893	1,382.56	4,011.5	5,488.24
5	Inventory Turnover Ratio	8.23 <sup>a</sup>	6.96	4.82	13.07	4.02	10.8

Source: Annual Report of respective companies for Fiscal 2022.

<sup>a</sup> Numbers below ₹ 1,000 in USD million.

(1) Net working capital turnover ratio: Revenue from operations over average working capital (average working capital = Inventory + Receivables - Payables).

(2) Current Ratio: Current Asset over Current Liabilities.

(3) Debt Equity Ratio: Debt (includes Borrowings and Current & Non-Current Liabilities) over total share holders equity (including Reserves & Surplus and excluding preference share capital).

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

(5) Inventory turnover ratio: Revenue from operations over average inventory.

7. Comparison with Listed Industry Peers

Name of the company	Latest Fiscal	Face value (₹)	P/E	EPS (₹) (Diluted)	EPS (₹) (Diluted)	RoNW (%)	NAV per equity share (₹)
Dvgi Tornt Limited Systems Limited	Stand-alone	5	[a]	19.76	16.76	13.57 <sup>a</sup>	123.50
Sona BLW Precision Forgings Limited	Consolidated	10	73.52 <sup>a</sup>	6.22	6.21	18.07 <sup>a</sup>	34.23
Bosch Limited	Consolidated	10	41.44 <sup>a</sup>	413.10	413.10	11.41 <sup>a</sup>	3,821.03
ZF Commercial Vehicle Control Systems India Limited	Consolidated	5	124.83	74.90	74.90	6.72	1,114.57
Sundaram Fasteners Limited	Consolidated	1	45.10	21.74	21.74	15.32	125.40
Endurance Technologies Limited	Consolidated	10	44.61	32.75	32.75	11.75	278.65

Source: 1. All the financial information for the Company mentioned above is based on the Restated Standalone Financial Statements for the year ended 31 March 2022.

2. All the financial information for the listed industry peers mentioned above is on a consolidated basis and is sourced from the audited consolidated financial statements of the respective companies for the year ended 31 March 2022 available on the website of National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com).

3. NAV is computed as the closing net worth (sum of equity capital, other equity and non-controlling interest) divided by the closing outstanding number of equity shares as on 31 March 2022.

4. P/E Ratio has been computed based on the closing market price of the Company as on February 01, 2023, on [www.nseindia.com](http://www.nseindia.com), divided by the Diluted EPS as on 31 March 2022.

5. RoNW is computed as net profit after tax and minority interest divided by closing net worth. Net worth has been computed as the aggregate of share capital and reserves and surplus. In case the net worth is negative for a particular year, the same has not been considered.

6. Weighted average cost of acquisition

a. The price per share of the Company based on the primary/new issue of shares (equity/ convertible securities)

There has been no issuance of Equity Shares or convertible securities, other than equity shares issued pursuant to a bonus issue on February 18, 2022, during the 18 months preceding the date of the RHP, where such issuance is equal to or more than 3% of the fully diluted paid-up share capital of our Company (calculated based on the Offer price based on these transactions), in a single transaction or multiple transactions combined together over a span of 30 days.

b. The price per share of the Company based on the secondary sale / acquisition of shares (equity/ convertible securities)

There have been no secondary sale / acquisition of Equity Shares or any convertible securities, where the Promoters, members of the Promoter Group, Selling Shareholders or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of the RHP where either acquisition or sale is equal to or more than 3% of the fully diluted paid-up share capital of our Company (calculated based on the pre-offer capital of such transactions), in a single transaction or multiple transactions combined together over a span of 30 days.

c. 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 shareholder(s) 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, is as below:

Primary transactions:

Except as disclosed above, there have been no primary transactions in the last three years preceding the date of the RHP.

Date of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of transaction	Total consideration (₹)
October 17, 2020	96,038	100.00	5,811.39	Conversion <sup>a</sup>	Cash 5,60,30,373

Pursuant to a resolution of our Board dated December 7, 2021 and Shareholders' resolution dated December 14, 2021, equity shares of face value of ₹ 100 each of our Company were sub-divided into Equity Shares of face value of ₹ 25 each. Consequently, aforementioned 96,038 equity shares of face value of ₹ 100 each was sub-divided into 2,396,696 Equity Shares of face value of ₹ 25 each.

Date of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of transaction	Total consideration (₹)
February 18, 2022	1,37,76,040	5.60	-	Bonus Issue	Not Applicable
<b>Total</b>	<b>1,54,26,900</b>	<b>5.60</b>	<b>-</b>	<b>-</b>	<b>56,00,30,373</b>

Weighted average cost of acquisition (WACA) (in ₹)

<sup>a</sup> 153,962 Compulsorily Convertible Preference Shares issued to Omkar India Joint Investment Fund I were converted in two tranches: Conversion of Tranche-I of 78,801 Compulsorily Convertible Preference Shares into 63,366 Equity Shares on August 12, 2019 and conversion of Tranche-II of 75,161 Compulsorily Convertible Preference Shares into 60,938 Equity Shares on October 17, 2021. Consideration paid at the time of acquisition of Compulsorily Convertible Preference Shares.

Secondary transactions: Except as disclosed below, there have been no secondary transactions in the last three years preceding the date of the RHP.

Date of transaction / transfer	No. of Equity Shares acquired	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of transaction	Total consideration (₹)
March 15, 2021	700	100	5,811.40	Transfer	Cash 40,75,900
March 27, 2021	33,604	100	Nil	Transmission	Not Applicable
October 14, 2021	16,087	100	Nil	Transmission	Not Applicable
<b>Total</b>	<b>44,391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,75,900</b>

Weighted average cost of acquisition (WACA) (in ₹)

\* This WACA has been calculated without taking (i) 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) bonus issue of Equity Shares undertaken by the Company on February 18, 2022.

d. Weighted average cost of acquisition, floor 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)
Weighted average cost of acquisition of primary / new issue as per paragraph (a) above.	NA <sup>a</sup>	NA <sup>a</sup>	NA <sup>a</sup>
Weighted average cost of acquisition for secondary sale/ acquisitions as per paragraph (b) above.	NA <sup>a</sup>	NA <sup>a</sup>	NA <sup>a</sup>
Weighted average cost of acquisition of primary issuances as per paragraph (c) above.	32.29	17.34 times	18.27 times
Weighted average cost of acquisition for secondary transactions as per paragraph (d) above.	91.64	6.11 times	6.44 times

Note: <sup>a</sup> There were no primary / new issue of shares (equity/ convertible securities) transactions, other than equity shares issued pursuant to a bonus issue on 18 February 2022, in last 18 months prior to the date of the RHP.

<sup>a</sup> There were no secondary sales / acquisition of shares of shares (equity/ convertible securities) transactions in last 18 months from the date of the RHP.

Explanation for Offer Price Cap Price being [a] times of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares (set out in paragraph (a) above) along with the Company's key performance indicators and financial ratios for the six months period ended on September 30, 2022 and the Fiscals 2022, 2021 and 2020:

\* To be included in Prospectus stage

Revenue from operations	Revenue from operations was ₹ 1,337.16 million for the six months period ended on September 30, 2022.
Total Income	Revenue from operations increased from ₹ 1,505.75 as at March 31, 2021 to ₹ 1,735.47 as at March 31, 2022 primarily on account of increase in revenues from Transfer case. Revenue from operations increased from ₹ 1,590.65 as at March 31, 2020 to ₹ 1,695.75 as at March 31, 2021 primarily on account of increase in sales of products by ₹ 1,211 million led by an increase in volume of transfer case sold. Total income increased from ₹ 1,735.47 million for the six months period ended on September 30, 2022 to ₹ 2,416.74 million as at March 31, 2022 primarily due to changes in Company's revenue from operations and other income. Total income increased from ₹ 1,707.40 million as at March 31, 2020