Challenges ease, cement cos may now go from strength to strength

Aided by volume growth, analysts see earnings improving in March quarter

VIVEAT SUSAN PINTO
Mumbai, 26 February

The March quarter (Q4) of the ongoing financial year (FY23) may see cement companies report better financial numbers as input costs ease, pricing action resumes, and cement demand remains firm. While companies have been cautiously optimistic about their outlook, analysts and sector experts remain bullish.

In its latest report on the cement sector, brokerage IDBI Capital said that it expected earnings before interest, tax, depreciation, and amortisation (Ebitda) per tonne for cement companies to improve by ₹200-300 sequentially in Q4. This is likely to be aided by a 10 per cent year-on-year (YoY) volume growth in the March quarter, a 10 per cent sequential decline in fuel costs and a 1-4 per cent sequential price hike during the period, the brokerage house said.

On average, Ebitda per tonne for cement companies in Q3, according to experts, was ₹760-780, a decline of ₹120-130 from a year ago. Sequentially, there was an improvement of ₹180-190 in Ebitda per tonne for cement firms in Q3, this metric, followed closely by analysts, is expected to grow in Q4.

In a report last week, research and ratings agency Crisil said coal and petroleum coke prices, which are used to make cement, were easing, which would support the operating margins of companies.

As far as FY23 goes, the industry may close the year with production of around 390 mt, growth of 9–10 per cent over the previous year

"After hitting a decadal low of sub-10 per cent in the September quarter of FY23, the industry's margin improved by 390 basis points in the December quarter to 13.8 per cent with the softening of fuel prices. A meaningful recovery in operating margins of companies will depend on the sustained softening of fuel prices," said Koustav Majumdar, associate director, research, Crisil.

Power and fuel costs constitute a third (30-35 per cent) of the production cost for cement companies, said Majumdar. Though the Russia-Ukraine war aggravated supply-side concerns last year, those issues have eased now.

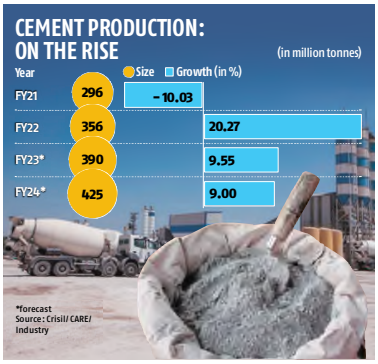
From a demand perspective, the January-March period is considered to be the strongest for cement companies, owing to a pick-up in construction activities. After a gap of 3-4 months, top cement players last week raised prices by ₹5-15 per 50-kg bag across regions, which is expected to improve value growth for companies.

The impact of this price hike, according to experts, could determine the next round of price increases by companies in the new financial year. "The past few days have seen the chatter on price hikes coming back, though the trend needs to be monitored," said Prateek Kumar, research analyst at Jefferies. "This may also suggest the intent of companies to increase prices in April."

According to both Crisil and CARE Advisory, the sector may see its third straight year of growth in cement production in FY24 to 425 million tonnes (mt), led by a 7-9 per cent volume growth during the period. This may prompt firms to increase prices next year, as the outlook remains strong for the market.

As far as FY23 goes, the industry may close the year with production of around 390 mt, growth of 9-10 per cent over the previous year. Though FY22 remains the best year for the industry over the past few years, growth, experts said, of 20.27 per cent over the previous year (296 mt in FY21) was led by a low base effect.

"The cement industry is expected to see a continued uptrend in volume growth in the near term. This is owing to renewed demand in the housing and infrastructure segments, coupled with the government's continued focus on infrastructure development in light of Central Elections in 2024," said Tanvi Shah, director, CARE Advisory.



'By 2030, CSK to be world's leading T20 franchise'

At a time when the Women's Premier League (WPL) is grabbing headlines and amid media reports that MS Dhoni is expected to play his last match at Chepauk on May 14, Chennai Super Kings (CSK) chief executive officer **KASI VISWANATHAN** talks to Shine Jacob about the reasons for staying away from WPL, plans to expand abroad through cricket academies, and investment road map. Edited Excerpts:

Why did you stay away from WPL, and how will this introduction increase IPL brand value?

Regarding women's IPL, we have to look at economic survival also. At this point, we felt it might not be possible to do this. If you look at it, the highest bid is around ₹1,200 crore, which means around ₹120 crore a year. Economics doesn't work for us in this regard. That is one of the reasons. We have entered the South African league and had other options, too, so we will wait. There are only five franchises now, and it will likely go up later. Then, we may try. It is a call that the board will take.

In the long run, it will increase the brand value of IPL as a whole. There will be a consistent improvement in the performance of the women's team, as well.

What is the vision for CSK going ahead?

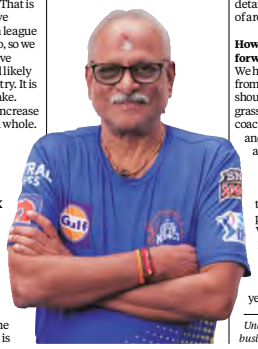
At some point in the years to come, you will only have T20 leagues worldwide. Club cricket will overtake even bilateral series. I feel that by 2030, CSK should be the leading franchise in the world as far as T20 cricket is concerned, and talent development is something we are betting on.

Q&A

KASI VISWANATHAN
Chief executive officer, Chennai Super Kings (CSK)

How are you planning to use Dhoni going ahead?

We don't use Dhoni for anything except for our sponsorship deals. We don't ask him to do anything out of the way. We never interfere in the cricketing affairs of the team management. It is Dhoni, Fleming and the support staff who decide on cricket.



You have land in Navalur on the IT corridor in Chennai, where the TN government plans to develop a sports City. What are your plans regarding that?

We are planning to have a high-performance centre at Navalur. It will be a state-of-the-art academy, where we will have seven or eight wickets with different kinds of soil. It will have other modern facilities, like a gym and clubhouse, of international standards. We are planning for that, and initial works have been done. I think it will take two years for us to complete the project. We are in the process of finalising the details. It may see an investment of around ₹150-200 crore.

How are you planning to take forward Super Kings Academy?

We have been into cricket right from the 1960s. We thought we should get into coaching at the grassroots level. We have started coaching academies in Chennai and Salem. In Tirunelveli, Hosur and Trichy, it will be coming up within two months. We plan to have academies not only in Tamil Nadu but across the country and abroad. We plan to start an academy in Vadodara (April-May) and England in July. These projects that we have taken up now will help improve the brand over the next few years.

Unabridged version on business-standard.com

...continued from previous page.

BID/OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE : TUESDAY, FEBRUARY 28, 2023*

BID/OFFER OPENS ON : WEDNESDAY, MARCH 1, 2023*

BID/OFFER CLOSES ON : FRIDAY, MARCH 3, 2023^

*Our Company and the Selling Shareholders, in consultation with the BRLMs may, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

^ UPI mandate end time and date shall be at 5.00 pm of the Bid/ Offer Closing Date i.e., Friday, March 3, 2023

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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.

Mandatory in public issues. No cheque will be accepted.

UPI-Now available in ASBA for Retail Individual Investors and Non Institutional Investor applying for amount upto Rs 5,00,000/- ("UPI Bidder") applying through Registered Brokers, DPs and RTAs. UPI Bidder 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. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021, read with press release dated September 17, 2021

ASBA has to be availed by all the investors except anchor investors. UPI may be availed by UPI Bidders. 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 *"Offer Procedure"* beginning on page 323 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("**AIBI**") and Stock Exchanges and in the General Information Document. ASBA bid-cum-application forms can be downloaded from the websites of BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**") and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. RIBs Bidding using the UPI mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Axis Bank Limited and HDFC Bank Limited have been appointed as Sponsor Bank for the Offer, in accordance with the requirements of the SEBI Circular dated November 1, 2018 as amended. For offer related queries, please contact the Book Running Lead Managers ("**BRLMs**") on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail Id: ipo.upi@npci.org.in.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least 3 additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLMs may, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of 3 Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be allocated on a proportionate basis to the Qualified Institutional Buyers ("**QIBs**"), ("**QIB Portion**"), provided that our Company and Selling Shareholders in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹1,000,000 provided that under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective ASBA accounts, and UPI ID (in case of RIBs and NIIs) if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by Sponsor Banks under the UPI Mechanism, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see *"Offer Procedure"* beginning on page 323 of the RHP.

Bidders/ Applicants should ensure that DP ID, PAN, Client ID and UPI ID (for RIBs bidding through the UPI mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for RIBs bidding through the UPI mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA account or for other correspondence(s) related to the Offer. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/TApplicants' sole risk. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021, read with press release dated September 17, 2021.

Contents of the Memorandum of Association of our Company as regards its objects: For information on the main objects of our Company, please see the section *"History and Certain Corporate Matters"* on page 174 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, please see the section entitled *"Material Contracts and Documents for Inspection"* on page 380 of the RHP.

Liability of the members of our Company: Limited by shares

Amount of share capital of our Company and Capital structure: As on the date of the RHP, the authorised share capital of our Company is ₹ 200,000,000 divided into 40,000,000 Equity Shares of face value of ₹ 5 each. The issued, subscribed and paid-up equity share capital of our Company is ₹ 137,660,400 divided into 27,532,080 Equity Shares of face value ₹ 5 each. For details, please see the section entitled *"Capital Structure"* beginning on page 70 of the RHP.

Names of signatories to the Memorandum of Association of our Company and the number of Equity Shares subscribed by them: The names of the signatories of the Memorandum of Association of our Company are Magharwahal Basatappa Swami Rao, Ramrao Narsingrao Divgi, Bhaskar Divgi, Bhalchandra Narsingrao Divgi and Mohan N Divgi. For details of the share capital history and capital structure of our Company, please see the section entitled *"Capital Structure"* beginning on page 70 of the RHP.

Listing: The Equity Shares once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated November 25, 2022 and November 28, 2022, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see *"Material Contracts and Documents for Inspection"* on page 380 of the RHP.

Disclaimer Clause of the Securities and Exchange Board of India ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities or the offer document. The investors are advised to refer to page 305 of the RHP for the full text of the disclaimer clause of SEBI.

Disclaimer Clause of NSE : It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 307 of the RHP for the full text of the disclaimer clause of NSE.

Disclaimer Clause 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 cleared or approved by BSE nor does it certify 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 disclaimer clause of BSE.

General Risks: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to *"Risk Factors"* on page 26 of the RHP.

CORRIGENDUM TO THE RHP

This corrigendum is with respect to the RHP filed in relation to the Offer. In this regard please note that the details of Profit/(loss) for three months ended September 30, 2022 on Page 99 of the RHP and EBIT for three months ended September 30, 2022 on Page 100 of the RHP, shall stand amended to read as follows:

Profit was ₹ 256.64 million for the six months period ended on September 30, 2022.
EBIT was ₹ 346.43 million for the six months period ended on September 30, 2022.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER	COMPANY SECRETARY AND COMPLIANCE OFFICER
INGA	Equirus	LINK Intime	
Inga Ventures Private Limited 1229, Hutdown Solaris, NS Phadke Marg, Opp. Telli Galli, Andheri (East) Mumbai 400 069, Maharashtra, India **Telephone:** +91 22 6854 0806 **E-mail:** divgi.ipo@ingaventures.com **Investor grievance e-mail:** investors@ingaventures.com **Website:** www.ingaventures.com **Contact person:** Kavita Shah **SEBI registration No.:** INM000012698	**Equirus Capital Private Limited** 12th Floor, C Wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel, Mumbai 400013, Maharashtra, India **Telephone:** +91 22 4332 0734 **E-mail:** divgitsl.ipo@equirus.com **Investor grievance e-mail:** investorsgrievance@equirus.com **Website:** www.equirus.com **Contact person:** Mrunal Jadhav **SEBI registration No.:** INM000011286	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park, L.B.S Marg, Vikhroli West, Mumbai 400 083, Maharashtra, India **Telephone:** 022 49186200 **E-mail:** divgi.ipo@linkintime.co.in **Investor grievance E-mail:** divgi.ipo@linkintime.co.in **Website:** www.linkintime.co.in **Contact person:** Shanti Gopalkrishnan **SEBI Registration No.:** INR000004058	**Satish Chandrashekhar Kadrolli** "ShivSai", P No. 19/B, Block 2, Tukaram Nagar, Talegaon Dabhade, Pune, Maharashtra, India. 410506 **Tel:** +91 020 – 63110114 **E-mail:** sckadrolli@divgi-ts.com Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Investors may also write to the BRLMs.

AVAILABILITY OF THE RHP: Investors are advised to refer to the RHP and the *"Risk Factors"* beginning on page 26 of the RHP, before applying in the Offer. A copy of the RHP shall be available on website of SEBI at www.sebi.gov.in and is available on the websites of the **BRLMs**, i.e. Inga Ventures Private Limited and Equirus Capital Private Limited at www.ingaventures.com and www.equirus.com, respectively and on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively.

AVAILABILITY OF BID CUM APPLICATION FORMS: Bid cum Application Forms can be obtained from the Registered Office of **DIVGI TORQTRANSFER SYSTEMS LIMITED, Tel:** +91 020 - 63110114; **BRLMs : Inga Ventures Private Limited, Telephone:** +91 22 6854 0806 and **Equirus Capital Private Limited, Telephone:** +91 22 4332 0734 and **Syndicate Member :** Equirus Securities Private Limited, **Telephone:** +91 22 4332 0600 and at the select locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. ASBA Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

Sub-Syndicate Members: Alankit Assignments Limited, Anand Rathi Share & Stock Brokers Limited, Almondz Global Securities Ltd., Asit C. Mehta Investment Intermediates Ltd., Axis Capital Ltd., Bonanza Portfolio Ltd., Centrum Broking Ltd., Eureka Stock & Share Broking Services Ltd., Hem Securities, ICICI Securities Limited, IDBI Capital Markets & Securities Ltd., IIFL Securities Ltd., JM Financial Services Ltd, KJMC Capital Market Service Ltd., Kotak Securities Ltd., LKP Securities Ltd, Motilal Oswal Financial Services Ltd, Prabhudas Lilladher Pvt Ltd, Pravin Ratilal Share & Stock Brokers Ltd, Rikhav Securities Ltd, RR Equity Brokers Pvt, SMC Global Securities Ltd, Sharekhan Ltd., Tradebulls Securities Private Limited and Yes Securities (India) Ltd

Escrow Collection Bank, Public Offer Account Bank, Refund Bank and Sponsor Banks: HDFC Bank Limited and Axis Bank Limited

UPI: UPI Bidders can also Bid through UPI Mechanism.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For **DIVGI TORQTRANSFER SYSTEMS LIMITED**
On behalf of the Board of Directors
Sd/-
Satish Chandrashekhar Kadrolli
Company Secretary and Compliance Officer

Place: Pune
Date: February 25, 2023

DIVGI TORQTRANSFER SYSTEMS LIMITED is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its Equity Shares and has filed the RHP with RoC on February 23, 2023. The RHP is available on the website of SEBI at www.sebi.gov.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and is available on the websites of the BRLMs, i.e. Inga Ventures Private Limited and Equirus Capital Private Limited at www.ingaventures.com and www.equirus.com, respectively. Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, please see the section entitled *"Risk Factors"* on page 26 of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **"U.S. Securities Act"**) or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made. There will be no public offering of the Equity Shares in the United States.