



Divgi TorqTransfer Systems

Divgi TorqTransfer Systems Limited

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Ref.: DTTS/ Sec/23-24/38

July 08, 2023

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 BSE Scrip Code – 543812	To, National Stock Exchange of India Limited, "Exchange Plaza" 5th Floor, Plot No. C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 NSE Scrip Code - DIVGIITTS
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Sub: Submission of Notice of the 58th Annual General Meeting and Annual Report for the Financial Year 2022-23.

Dear Sir/Madam,

The Annual Report and the Notice convening the 58th Annual General Meeting ("Notice") of the members of Divgi TorqTransfer Systems Limited scheduled to be held on **Monday, July 31, 2023 at 03:00 P.M.** at Auto Cluster Exhibition Center, H-Block, Chinchwad East, 181, Old Mumbai - Pune Hwy, MIDC, Chinchwad, Pimpri-Chinchwad, Maharashtra 411019 is enclosed.

The Company will provide an electronic facility to its Members to cast vote(s) on all resolutions set out in the Notice. The detailed process for casting vote(s) electronically is enclosed in the Notice.

The Notice and Annual Report have also been uploaded on the website of the Company <https://divgi-tts.com/>

Thanking you,

For **Divgi TorqTransfer Systems Limited**

Hirendra Bhaskar Divgi
Whole Time Director
DIN: 01634431

Enclosure: As above



GOT A MINUTE? GEAR UP TO HEAR OUR 'IMTG' STORY.

The acronym by which we expect to change gears and emerge as one of the fastest growing drivetrain solution companies in the world

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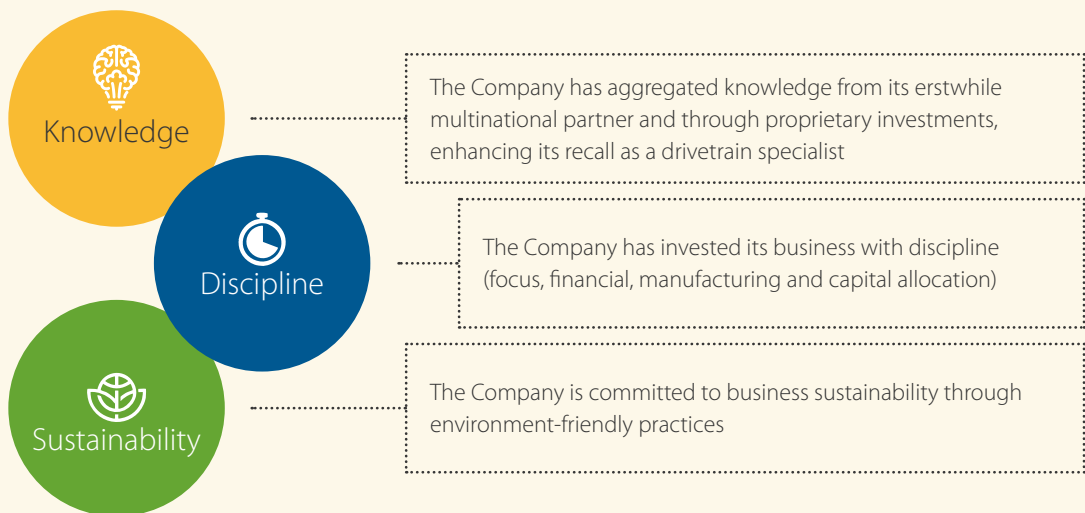
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IMTG : India. Manufacturing. Technology. Global.



Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

5 messages of this annual report

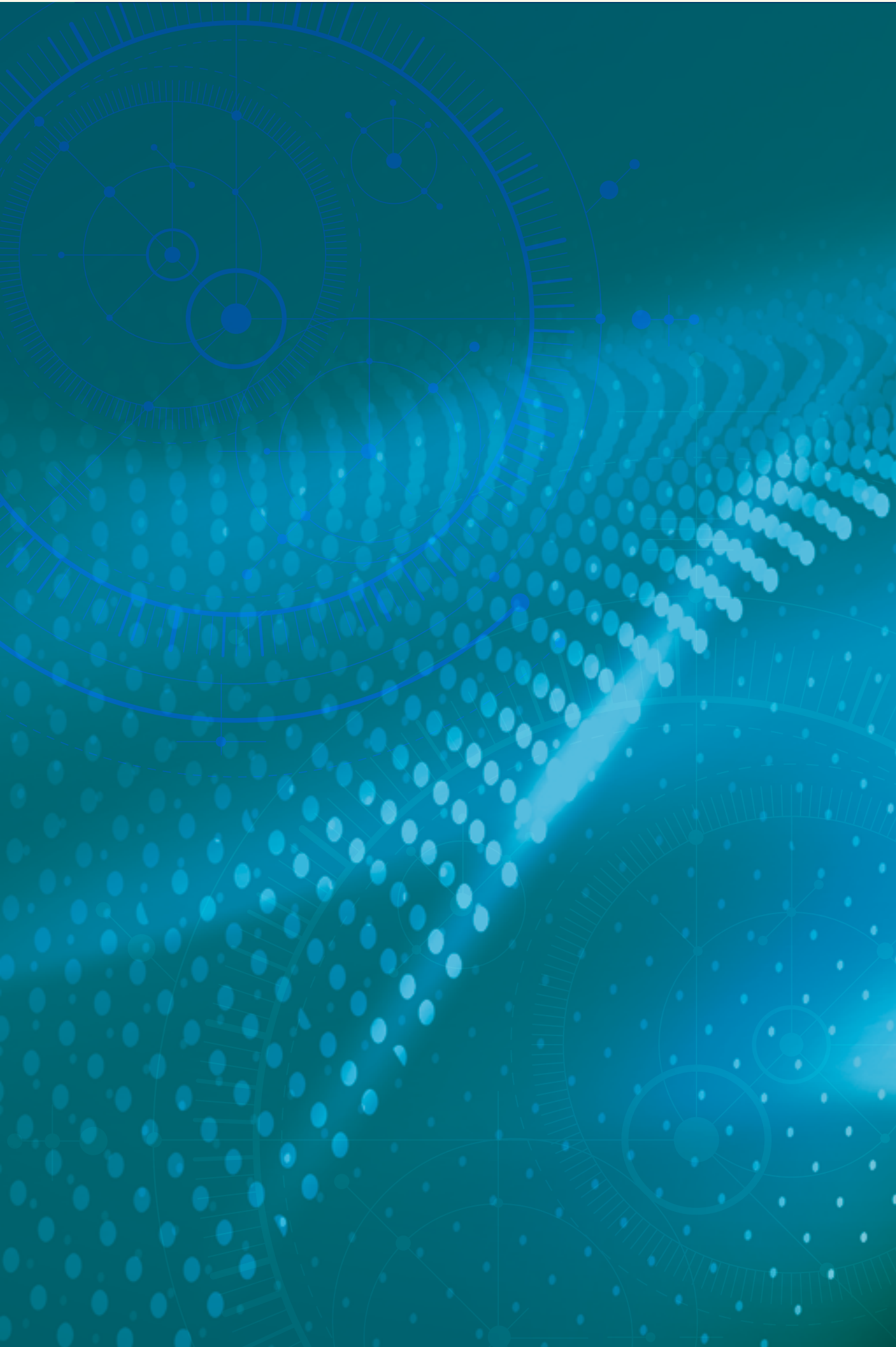
Divgi-TTS is emerging as a disruptor in the drivetrain solutions segment of the global automotive sector

This is a technology-complex segment marked by large enduring technology players

The Company is leveraging an 'IMTG' complement to graduate to the next orbit

The capacity expansion at an existing factory and the launch of a greenfield facility in FY 24 are expected to create a new foundation for sustainable growth

The IPO provides the Company with visibility, acceptability and liquidity for the next growth round



Part one

This is what
we are and
this is what
we do



Corporate snapshot

Divgi TorqTransfer Systems Limited.

Playing the role of a specialist disruptor in one of the most sophisticated niches of India's automotive sector.

Specialising in the design, technology, customisation and manufacture of advanced automotive drivetrain systems and solutions for automobile brands.

Emerging as a passion-driven case study on account of its success in a specialized space, marketing products to Indian and developed global markets – with no debt.

Helping catalyse the success of India's automobile sector.



Vision

To be recognized as a world-class Indian brand in automotive drivetrain components and systems.



Mission

To help our customers and our people continually innovate and excel in building world-class drivetrain components and systems.



Values

Respect for each other: Work in a climate of openness, trust and cooperation with respect and decency to all embracing the diversity of all people.

Power of collaboration: Preserve the freedom of one and all while building a strong business through a unity of purpose.

Passion for excellence: Improve our performance through encouragement of new ideas and attachment of a sense of urgency to every business challenge and opportunity.

Personal integrity: Demand uncompromising ethical standards in our conduct with a commitment to doing what is right—in good times and in

bad, taking accountability for the commitments we make.

Responsibility to our communities: Strive to supply goods and services of superior value to our customers; create jobs that provide meaning for those who do them and to contribute our talents and our wealth generously to the communities in which we do business.



Our legacy

The Divgi Group was founded by Mr. Ramrao Divgi and Mr. Bhaskar Divgi in the early 1960s. In September 1995, the group entered into a joint venture with BorgWarner to establish DivgiWarner. However, in 2016, Divgi Metalwares took over the joint venture and rebranded it as Divgi-TTS. In recent years, the Company made significant strides in the development of various transmission systems, including transfer cases, manual transmission, electric transmission, and dual-clutch transmission.



Our product range

Divgi-TTS is primarily engaged in the production of drivetrain systems and related components that find applications in various types of vehicles, including passenger cars, commercial vehicles, utility vehicles, and farm sector vehicles. Its diverse product range includes 4WD transfer cases, synchronizer systems, automatic locking hubs, torque couplers, electric vehicle transmissions, as well as manual and automatic transmissions. Additionally, the Company manufactures components essential for the proper functioning of drivetrain systems and transmissions.



Our product range

Divgi-TTS leveraged its two-decade partnership with global joint venture partner BorgWarner to build on its technology expertise. As a part of the deal, the Company retained the responsibility of designing, developing, and manufacturing BorgWarner's 4WD/AWD product portfolio under a technology license from the latter. Through its proprietary initiative, Divgi-TTS expanded its portfolio:

- Developed cutting-edge transmission systems for electric vehicles (EVs).
- Collaborated with Hofer Powertrain from Stuttgart, Germany, to develop state-of-the-art dual-clutch automatic transmission technology.
- Produced sophisticated manual transmission systems and synchronizers designed to cater to 5- and 6-speed applications across the world.



Our presence

Divigi-TTS is headquartered in Pune, India, and operates three manufacturing facilities in Pune (Maharashtra) and one in Sirsi (Karnataka).



Our clientele

Divigi-TTS caters to a diverse set of clients across domestic and international markets. The Company forged long-term partnerships with prominent domestic and global OEMs in the automobile sector, such as BorgWarner, Tata Motors and Mahindra & Mahindra, among others. These relationships have been nurtured, some lasting for more than two decades, including through the Company's earlier joint ventures. Divigi-TTS's partnerships with global OEMs begin from design and development, ensuring that its products are customised around their exact specifications.



Our distribution

In recent years, Divigi-TTS has expanded its reach globally. Despite domestic sales accounting for an average of 76.45% of its revenues in the last three years, the Company generated almost a quarter of its revenues from international sales, demonstrating its ability to compete in a challenging and technology-driven market.



Our collaborations

Divigi-TTS has formed strategic alliances with renowned engineering institutions such as Indian Institute of Technology Bombay, College of Engineering Pune (COEP), and Birla Institute of Technology (BITS) to enhance knowledge. This has enabled the Company attract qualified engineers, including those with M.Tech and post-graduate degrees. The Company established partnerships with specialized agencies in Stuttgart and Aachen, Germany, with an expertise in Dual Clutch Transmission Technology, enhancing its technological capability.



Our prominent technology providers

Hofer: System supplier of efficient powertrain solutions in the field of electrification, hybridisation and internal combustion power. The Company is an established and independent partner of the mobility industry, manufacturing pioneering technologies and products to companies globally for more than 40 years.

FEV Group: Internationally renowned leader in design and development of advanced



Our accreditations

Divigi-TTS has been recognized with various certifications that demonstrate its commitment to environmental sustainability, quality management, and employee safety. The Company has been accredited with the Environment Management System ISO 14001:2015 certification, which confirms its focus on environmentally conscious practices. Additionally, it has also been awarded the Occupational Health & Safety System ISO 45001:2018 certification, which validates its emphasis on employee safety and health. Moreover, Divigi-TTS has received the Quality Management System IATF 16949:2016 certification, which acknowledges the high standards of quality management systems maintained by the Company

gasoline, diesel, hybrid powertrains and vehicle systems. Founded in 1978 as a privately held company by Prof. Franz Pischinge, head of the Applied Thermodynamics Department at the Technical University of Aachen. The Company inaugurated the world's largest development and test center for high voltage batteries for passenger and commercial vehicles in 2020.



Awards and accolades

2008

Innovation Award for ECU development by BorgWarner

The BorgWarner Chairman's Operational Excellence Award by BorgWarner Production System

2015

Best Eco Kaizen Award awarded by Toyota Kirloskar Motor

2017

1st runner up at the National HR Competition Circle organized by Confederation of Indian Industry

Zero Defect Supplies Award by Toyota Kirloskar Auto Parts

2018

Toyota Quality Award by Toyota Kirloskar Auto Parts

First prize at the National HR Circle Competition organized by Confederation of Indian Industry

2019

Toyota's Quality Circle Competition Award by Toyota Kirloskar Suppliers Association

First prize at the National HR Circle Competition organized by

Confederation of Indian Industry

2020

Zero Defect Supplies Award by Toyota Kirloskar Auto Parts

Toyota Delivery Award by Toyota Kirloskar Auto Parts

Toyota Quality Award by Toyota Kirloskar Auto Parts

2021

Special Appreciation Award by Mahindra Rise for transfer case for Thar

Outstanding Development for Gears and Synchronizers' certificate by Force Motors

Zero Defect Supplies Award by Toyota Kirloskar Auto Parts

Supplier of the Year Award by Toyota Kirloskar Auto Parts

2022

Toyota Best Supplier Award

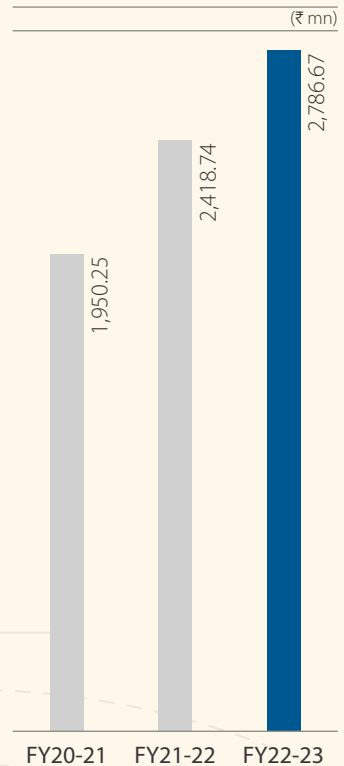
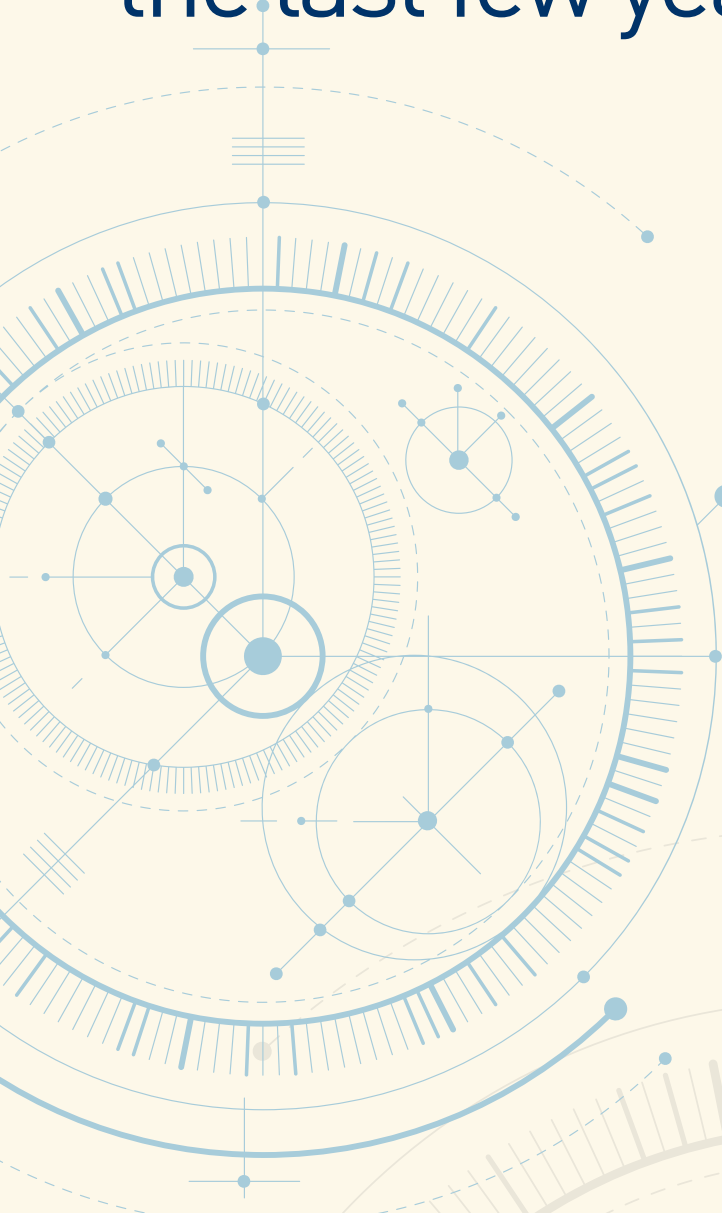
First prize at the National HR Circle Competition organized by Confederation of Indian Industry

2023

Mahindra Powertrain Proprietary Commodity Award

Toyota – Delivery

Our financial performance over the last few years



Revenues

Definition

Growth in sales net of taxes.

Why this is measured

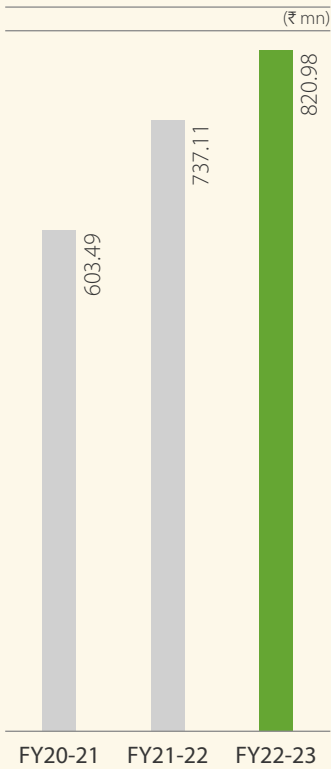
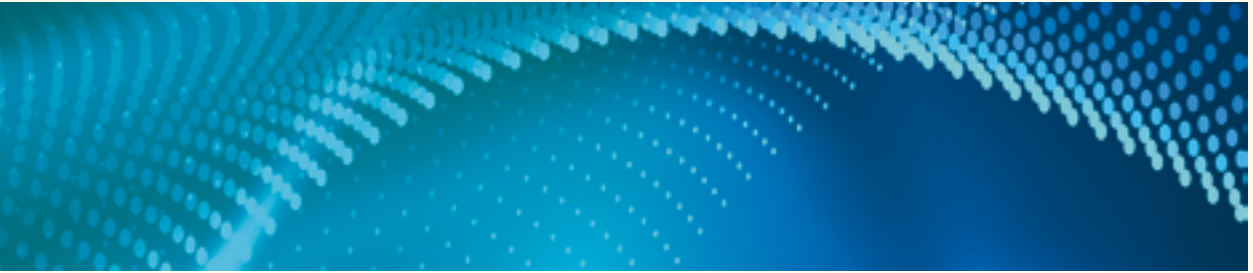
It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the Company's performance can be compared with sectoral peers.

What this means

Aggregate sales increased 15.21% during the year under review

Value impact

The volume offtake remained creditable in an otherwise challenging year for the economy, protecting the Company's industry visibility



EBITDA

Definition

Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why this is measured

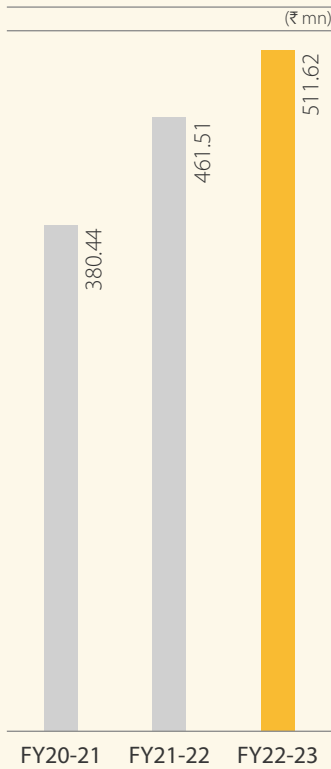
It is an index that showcases the Company's ability to generate a surplus after operating costs, creating a base for comparison with sectoral peers

What this means

Helps create a robust surplus generating engine that facilitates reinvestment.

Value impact

The Company reported 11.38% growth in EBITDA in FY 2022-23



Net profit

Definition

Profit earned during the year after deducting all expenses and provisions.

Why is this measured?

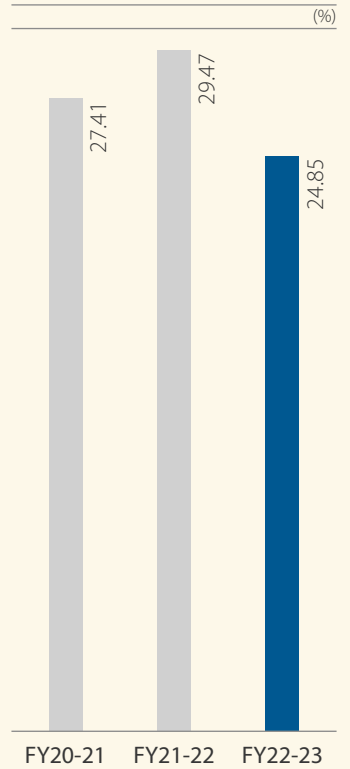
It highlights the strength of the business model in generating value for shareholders.

What does it mean?

Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to sustain momentum.

Value impact

The Company reported a 10.86% increase in net profit in FY 2022-23.



Adjusted ROCE

Definition

This financial ratio measures efficiency with which capital is employed in the business.

Why this is measured

ROCE is an insightful metric to compare profitability across companies based on their capital efficiency.

What this means

Enhanced ROCE can potentially drive valuations and market perception.

Value impact

The Company reported a 462 bps decrease in ROCE in FY 2022-23.



Divgi-TTS: Making a global mark

Revenues by geography

74.68

% of revenues
from within India,
FY 2021-22

94.94

% of revenues
from within India,
FY 2022-23

25.32

% of revenues
from outside India,
FY 2021-22

5.06

% of revenues
from outside India,
FY 2022-23





Divgi-TTS' sales footprint



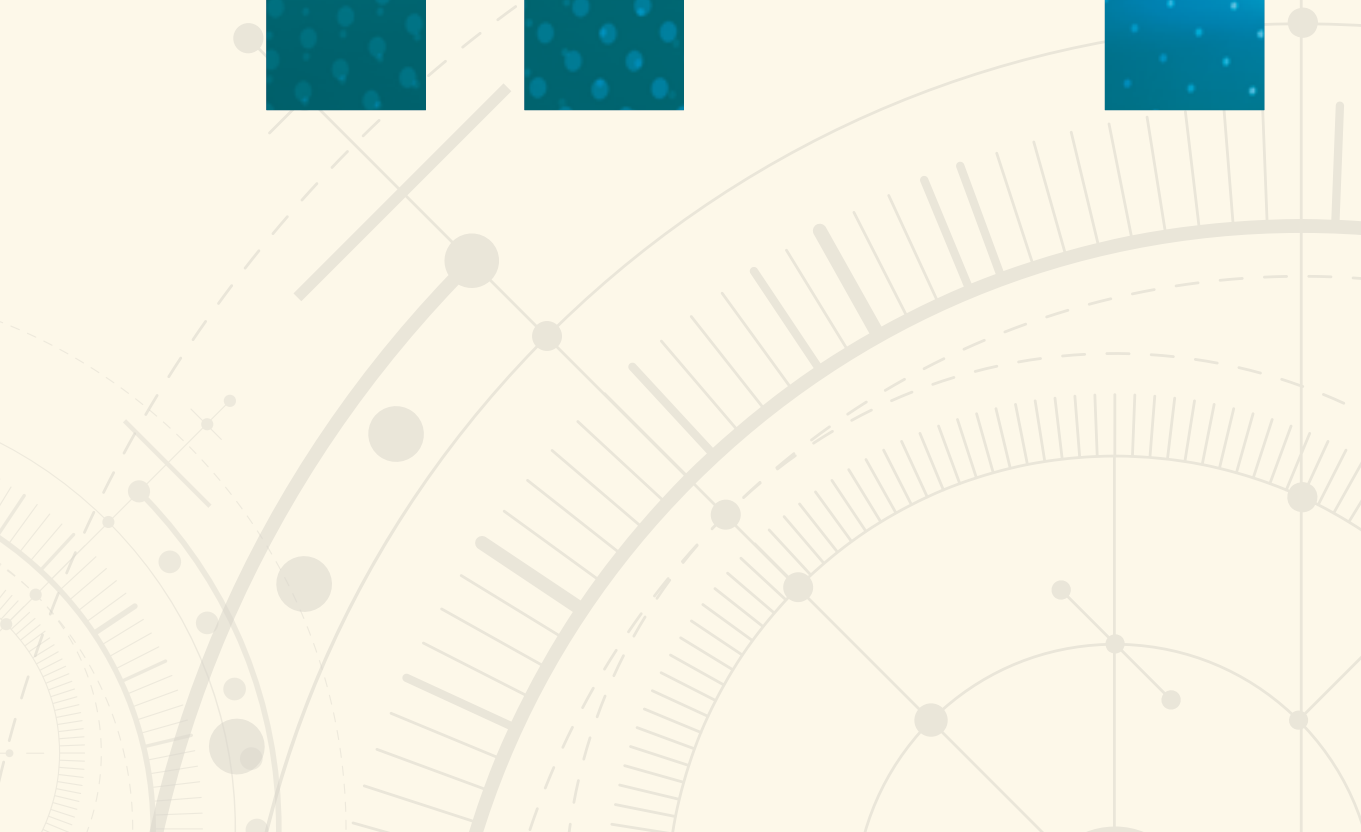


Part one

How we intend to take our business ahead



MM





TG

India. Manufacturing.
Technology. Global.



The first word

If you conclude that our business is only about transmission systems, then you may have missed the larger picture

Even though the automotive sector has been more than century old, there has never been a more exciting moment than now.

The traditional internal combustion engine is yielding to a new player in the room (electric).

The introduction of autonomous vehicles could transform mobility the way we know it.

Artificial Intelligence and Machine Learning could automate most vehicle functions, making them human-independent.

A convergence of electric vehicles, quantum computing and robotics could moderate mobility costs.

The inclusion of 5G technology could revolutionize on-the-road information exchange with wireless capabilities.

Thanks to Internet of Things, connected cars could emerge safer, comfortable and provide a convenient multimedia experience across different.

In this new age environment, some companies that have endured successfully in the past may become irrelevant.

Some niche technology-driven companies could emerge as the sectoral drivers of tomorrow.



At Divgi-TTS, we are one of those niche and focused companies likely to succeed in a challengingly demanding environment.

Not because we will produce more of the same.

Not because we offer attractive wage arbitrage.

Not because we will deliver what our customers ask.

We expect to emerge as one of the fastest growing drivetrain solution companies in the world because of some distinctive capabilities.

Being able to reinvent the global price-value proposition.

Being able to disrupt the global drivetrain solutions sector.

Being able to turn global attention for our product to India.

We had choices on how to grow our business.

We walked the road less convenient.

Divgi-TTS belongs to a sector where a superior automotive transmission product is required to enhance fuel efficiency, gear shift seamlessness, drivability and control.

The Company invested in research, staying ahead of the technology curve

The Company graduated from components replication to transmission innovation solutions

The Company pioneered the indigenisation of the concept and delivery of world-class automatic transmission systems in India

The Company moved from a limited product portfolio to develop transmission system requirements for any vehicle

The Company graduated from one-off sales to multi-year OEM product development agreements

The Company established a responsiveness in shrinking application engineering to prototype in less than 14 weeks (among the fastest in the world)

The Company engaged in the export of 4WD transfer cases and FWD-based AWD systems.

This is what Divgi-TTS has become

The Company has emerged among the world's most excitingly automotive transmission players

The Company has developed intellectual property in enhanced subsystems (mechatronics, high speed disconnect systems and synchronizer)

The Company has specialized in complex products development in the undercrowded mid-to-high sophistication space

The Company has accelerated the absorption of cutting-edge global technologies

The Company has evolved to the advanced hybrid transmission system space

The Company has graduated to the development of futuristic electric vehicle transmission systems

This is how Divgi-TTS is transforming an entire sector

The Company is inspiring companies to outsource a transmission system - especially automatic transmission - than focus on direct manufacture.

The Company is leading India into tomorrow through the design, development, fabrication and mass production of automatic transmission systems

The Company is manufacturing large volumes around one of the most compelling price-value propositions in the world

The Company is empowering Indian vehicle manufacturers to enhance the indigenized proportion of their vehicles

The Company is providing OEMs with the prospect of a long-term automatic transmission partner



The time has come to
step beyond 'business
as usual.'

Reinvent our personality.

*Build a new generation
Company.*

*Building global Company that
makes India proud.*

Our blueprint to build a global showpiece Company is encapsulated in an acronym – ‘IMTG’.

*India. Manufacturing.
Technology. Global.*

At Divgi-TTS, we are building on a unique coming together of capabilities and advantages.

This is expected to reinforce the Company's technological and financial foundation.

This should transform the Company into an attractive global play in the complex drivetrain solutions space of the specialized engineering sector the world over.



The IMTG

The INDIA advantage and Divgi-TTS

India at the cusp of a structural economic shift

Divgi-TTS to carve a disproportionately large share of the drivetrain solutions space

The shift being inspired by the coming together of concurrent transformation realities

Personal mobility to endure as a long-term consumption theme

Unprecedented optimism translating into increased consumption

This is a new India. Growing aggressively in a slowing world.

India is projected to grow from a USD 3 trn economy to a USD 26 trn economy in a little more than two decades

Outperformer

India is likely to emerge as the third-largest economy by 2030.

Assuming 6% growth per annum, India could emerge as a USD 26 trn economy (in market exchange rate terms) by 2047-48.

India's per capita income of a little more than USD 2000 is likely to exceed USD15,000 by then.

20% of the world's middle-class could be Indian by 2047 – the largest share of the world's largest spending population bulge.

Climbing faster

India is the only country to have increased GDP rank across each five-year period starting 2012.

It was the tenth largest economy in 2012, sixth in 2017, fifth in 2022 and a projected third by 2029.

Only one country momentarily improved its rank (Britain) but yielded its position thereafter.

India is evolving from 'developing' to 'developed'.

Law of time compression

Every trn-dollar GDP growth has taken India less time.

India's first trn-dollar GDP took 58 years; the second only seven and the third seven years (included pandemic).

India fourth and fifth USD trn are likely to take three years each.

Sixth trn projected at two years.

Income churn

Since 2008, wealthy families (₹5-20 lakh annual income) more than doubled to 24 mn.

Aspiring households increased from 31 mn to 57 mn.

Elite households (₹20 lakh-plus annual income) trebled to 9 mn.

Household income is expected to rise 40% by 2030.

Indian households are expected to grow from 289 mn (2020) to 354 mn (2030).

Demographic dividend

1.42 bn people makes India the most populous country.

One bn Indians are under 35 years of age.

About 67% of the Indian population is now of working age.

India's working-age population is expected to be 1 bn people by 2030.

Discretionary spending

Every doubling of per capita income in India has led to a 1000% increase in discretionary expenditure.

When basic spending rises 25%; savings rise 400%.

Private final consumption expenditure increased 11.3% CAGR in ten years (nominal GDP growth 10.6%).

Private final consumption expenditure as a percentage of GDP increased from 55% to 60%.

Exports headroom

India's share of export is likely to increase from 1.6% of global trade (global median 6.7%).

Increased trade agreements could widen bilateral trade.

Production Linked Incentive (PLI) scheme is directed at enhancing India's positioning as a global back-factory.

Moderated corporate tax rate is expected to attract foreign investments.

The Country's entrepreneurial ecosystem is widening and deepening.

India accounts for the third-highest number of unicorns.

India accounts for the second-largest startup environment.

India created one new unicorn every 29 days in 2021, and every nine days in 2022.

India added more unicorns than any other nation in the third quarter of FY23.

Digital India

India is the second-largest country on the internet and the largest country not yet on the internet.

India accounted for 41% of the world's real-time transactions in 2022.

India's data cost is ₹7 per GB, lower than the world average.

Consumption penetration

Only 7.5% of India's population owned a car in 2023.

In China, the corresponding number was 22%.

This indicates a vast headroom for car ownership.

In India, mortgage as percentage of nominal GDP was 11% (18% in China).

Rising urbanization

India is the world's fastest urbanising country.

In 2022, urban population for India was 35.9%.

11% of the world's population lives in Indian villages, a growth headroom.

Every minute, 30 Indians move from villages to cities.

(Source: Boston Consulting Group)

India's growth story is translating to its automotive sector

Overview

The success of Mahindra Thar, XUV 700, Mahindra ScorpioN, Tata Punch and Tata Tiago represent the coming of age of India's automotive sector.

Indian automotive companies now offer internationally benchmarked vehicles at prices considerably lower than the global average.

Their success is likely to catalyse the growth of the Indian automotive sector, enhance

the proportion of value-added models, deepen the national technology ecosystem, accelerate research, increase exports and graduate the technology-intensiveness to the next level.

Divgi-TTS supplied the 4WD transfer case for the Mahindra Thar, Mahindra Scorpio and Mahindra ScorpioN, validating its preparedness for the emerging sectorial opportunity.

Electric vehicles and Divgi-TTS

The emerging opportunity in India comprises electric vehicles.

In December 2022, India became the third-largest automobile market, surpassing Japan and Germany in terms of unit sales.

India's electric vehicles (EV) market is likely to cross 10 mn units in annual sales by 2030.

The domestic electric vehicles (EV) market is expected to grow at a

compound annual growth rate (CAGR) of 49% between 2022 and 2030.

The current adoption rate of electric vehicles is 2% and likely to increase to 40% by 2030.

Divgi-TTS possesses a distinctive capability in the development of manual and automatic transmission systems for electric vehicles.

(Source: abplive.com, evreporter.com, insideevs.com, india-briefing.com, indiatimes.com)



The IMTG story

An evolving GLOBAL landscape and how Divgi-TTS is attractively placed to capitalise

Sweeping global changes have created a compelling Indian opportunity

This is evolving the environment and warranting high standards (technology, competitiveness and service)

Divgi-TTS has positioned itself as a global Indian

The Company combines the best of what the world has to offer

The Company reconciles global cum homegrown technologies with Indian costs cum entrepreneurial capability

The IMTG story

A rich TECHNOLOGY pedigree has strengthened Divgi-TTS' respect as a potential disruptor in the global drivetrain solutions sector

There is a growing premium on technology as a product differentiator

Rising standards (speed, safety, riding ease and fuel consumption) are warranting better engineered solutions

Vendorship is passe; there is a priority in working with partners ahead of the curve

The emergence of new competent technologies is putting a premium on technology permutations

In a fast-changing world, there is a premium on quicker and better product development

The goal: To emerge among the leading ten of the global technology-intensive drivetrain solutions space

The global context and landscape

There are less than a dozen drivetrain players in the global 4WD and AWD markets.

Most global governments are insisting on higher safety standards (resulting in higher product development costs)

Budgets are declining for new patent technology research in the drivetrain space

Solutions provider

Divgi-TTS provides the full range of drive train system solutions

The Company offers diverse transmission systems (manual,

electric vehicle and dual clutch automatic)

The Company is the only non-OEM to manufacture 4WD transfer case in India; it exports 4WD transfer cases and FWD-based AWD systems.

The Company is deepening valuable global intellectual property (mechatronics, high speed disconnect systems, synchronizer)

Our R&D pedigree

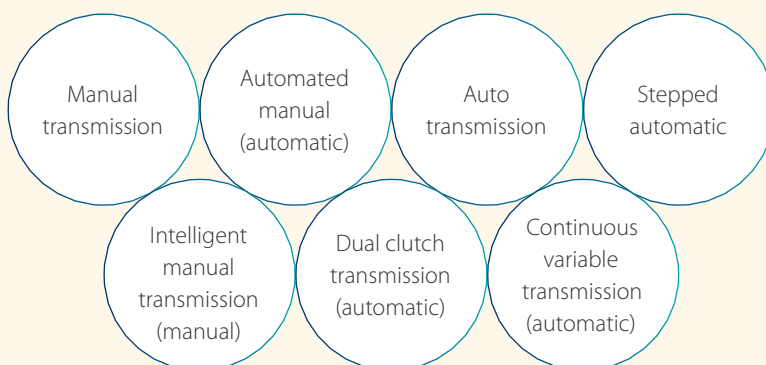
The Company invested in proprietary research (following its disengagement from the joint venture with BorgWarner)

The Company has established a capability in extending from application engineering to a prototype in less than 14 weeks

The Company has designed and developed electric vehicle transmission systems.

The Company is the sole Indian transfer case manufacturer and the first to develop dual clutch transmission for automatic transmission vehicles

Types of transmission systems





What has deepened our technology capability

The Company has deepened its culture of value engineering.

The Company has transitioned from a largely single customer with a high revenue concentration from drive train systems and 4-wheel drive transfer case.

The Company implemented a single manufacturing system across three locations.

The Company invested in Scudding, gear honing, assembly automation and overall modernization of manufacturing.

Our principal technology achievements

We invested in considerably higher in research after going independent in 2016.

We extended from standalone components to complete solutions.

We ventured from replication to innovation.

We pioneered automatic transmission and EV transmission solutions (India's biggest in this niche).

This is the pedigree we have created in seven years

We design and deliver world-class products and solutions.

We deliver a holistic solution (design, technology, manufacturing and supply chain).

We respond with among the shortest product development tenures in the world.

We are among the smallest and youngest in the world for our specialisation standard.

We are being respected as a sectorial disruptor

We have leveraged frugal engineering to manufacture at one of the lowest global costs (development and manufacture).

We export advanced automotive drivetrain systems and solutions to developed markets.

We have delivered attractive profitability and free cash at low scale.

We have fused advanced transmission systems with components manufactured in-house.

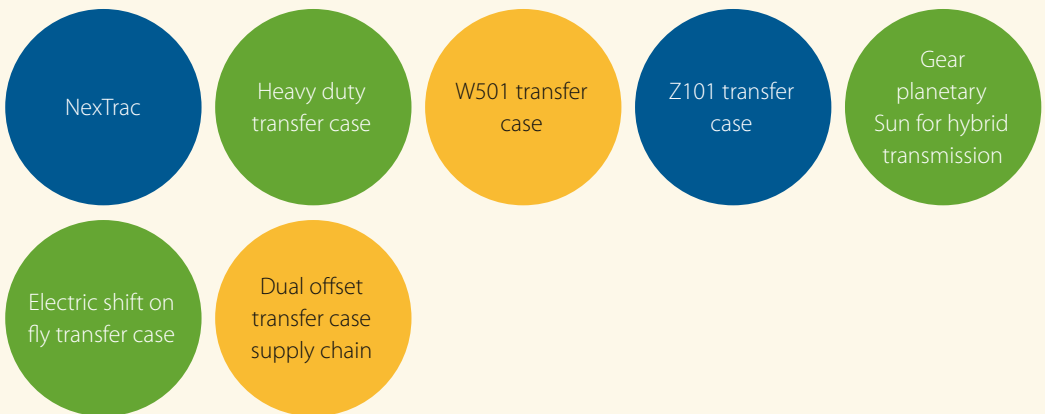


	1998 Electric-shift-on-fly transfer case Mechanical shift transfer case	2007 Dual cone synchronizers	
1957 Transmission components	2000 Automatic locking hub	2008 Nex Trac FWD/AWD	2010 Triple cone synchronizers

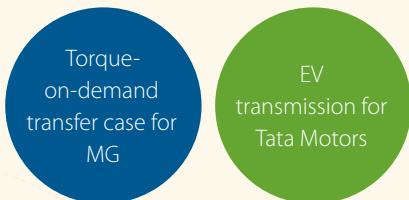
Historic product launches

2011 Mechanical shift transfer case	2015 Electric vehicle transmission	2018 Torque on demand transfer case	2020 Mechanical transfer case for W501
	2016 Heavy duty dual off-set transfer case	2019 Dual offset transfer case for ROXOR NexTrac localization	

Products developed in FY 2021-22



Products developed in FY 2022-23



Our global competence

Why Divgi-TTS is equipped to address an unprecedented global opportunity: The ability to adapt culturally

Indians possess a natural disposition to assimilate into other cultures, an important requisite for doing business

Global hygiene standard

The Company has prioritized investments in ESG.

The Company's ESG commitment comprises focus, long-term orientation, research, Board of Directors, controlled growth and environment integrity, among others.

Actions driven by enunciated policies, systems, checks, balances and certifications.

The business is marked by virtually no debt.

Natural Indian disposition

Ability to speak multiple languages (including English).

India among the largest diasporas in USA, UK, Middle East, East Africa and Far East.

Growing Divgi-TTS global offices

Divgi-TTS commissioned offices in Cologne, Germany and Seoul, South Korea.

Each of these offices is headed by a professional from that terrain.

One office is controlled by the retired Managing Director of BorgWarner.

These global offices are enriching the Company's global procurement, trend understanding and customer access.

Cherry picking from global technologies

Divgi-TTS has positioned itself as a global technology curator.

It curates technologies from select global companies across 12 countries.

These technologies are fused with the Company's proprietary

technology understanding – a unique combination.

Experience in sourcing transfer case parts is expected to help source of upcoming products (e-gear drive).

Winning international contracts

These global revenues were derived from countries across three continents.

These contracts were won in the face of competitive global bidding against larger companies.

Most of these clients have placed larger repeat orders, deepening our role in their sustainable growth.

Building the global business

Signed a deal with Toyota Tsusho to access the Japanese eco-system dispersed across the world.

Won business from Morris Garages for its powerful vehicles and four-

wheel engine; responded with a superior transfer case.

Concessional duty for exports to US is expected to create a large opportunity.

Servicing international contracts

The Company has been built around a global service standard

This competence has been marked by possibly the shortest tenure in new product design cum development

The Company possesses the capacity to graduate approvals to production scale in a short time

The Company possesses adequate capacity – existing and proposed - to service growing customer needs

Our esteemed global customers



BorgWarner: BorgWarner is a leading global supplier of automotive technology. It is ranked among the leading 25 automotive suppliers in the world and operates production facilities and technical systems. The Company has a rich history of acquiring and integrating several automotive companies, strengthening its position in the automotive industry.



Mahindra & Mahindra: The Company is a Mumbai-based multinational automotive manufacturing corporation that was established in 1945 and is a subsidiary of the renowned Mahindra Group. It is one of the largest vehicle manufacturers in India by production and was ranked 17th on Fortune India 500's list of leading companies in India in 2018.



MG Motors: MG Motor is a British car Company that is owned by SAIC Motor UK, which is in turn owned by the Shanghai-based Chinese state-owned Company, SAIC Motor. The Company is headquartered in London, UK, and is responsible for designing, developing, and marketing cars under the MG brand. The manufacturing of vehicles takes place at MG Motor's plants in China, Thailand, and India, while the design of the cars was originally engineered in Longbridge, Birmingham, UK.



TATA Motors: Tata Motors, which is part of the Tata Group founded by Jamsetji Tata in 1868, is the largest automobile company in India. The company has a global presence and is a leading manufacturer of cars, sports vehicles, buses, trucks, and defence vehicles. Its products are sold in over 175 countries, and it serves a diverse range of customers both on and off-road.



Toyota Kirloskar: Toyota Kirloskar is a renowned Indian joint venture between Toyota Motor Corporation and the Kirloskar Group. Based in Bidadi, Karnataka. The Company excels in manufacturing transmissions and cars that are not only highly regarded in India but also marketed and acclaimed worldwide.



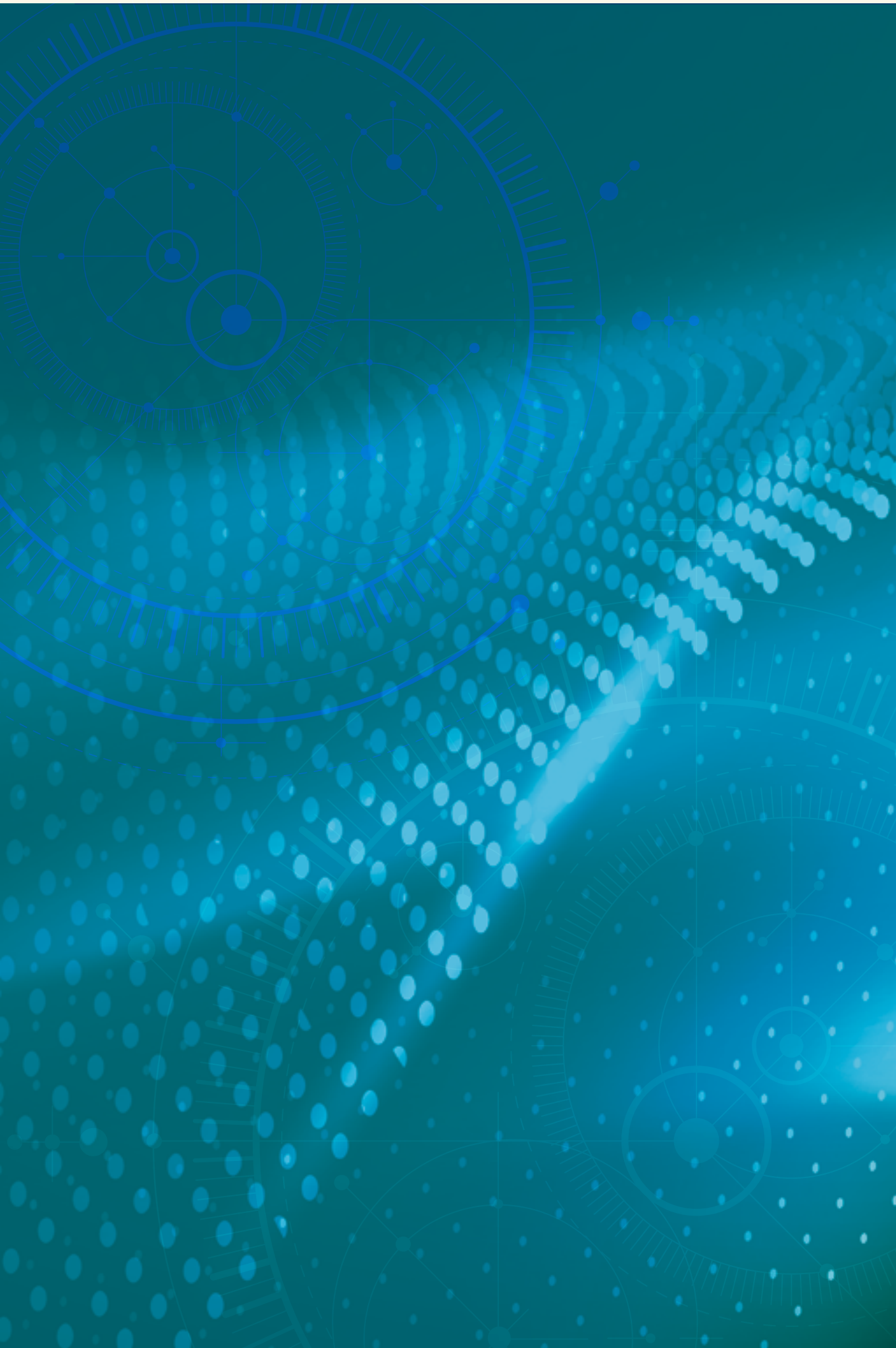
Force Motors: Force Motors Ltd, headquartered in Pune, India, is a leading multinational automotive manufacturing Company. As the flagship Company of the Dr. Abhay Firodia Group, Force Motors specializes in delivering comprehensive solutions for both goods and passenger transportation. Guided by the founder's visionary approach, the Company remains committed to providing efficient and utilitarian vehicles that empower individual entrepreneurs to meet the evolving needs of themselves and the nation.



AshokLeyland: Ashok Leyland is an Indian multinational automotive manufacturer, with their headquarter in Chennai. It is owned by the Hinduja Group. It was founded in 1948 as Ashok Motors which became Ashok Leyland in the year 1955. Ashok Leyland is the second largest manufacturer of commercial vehicles in India, the third largest manufacturer of buses in the world, and the tenth largest manufacturer of trucks.



JCB: JCB is a leading manufacturer of earthmoving and construction equipment in India. The Company started as a joint venture in 1979 and is now a fully owned subsidiary of J.C Bamford Excavators, United Kingdom.



Part three

Perspectives
of our
management
on positioning,
performance
and prospects

The Chairman's overview


Divgi-TTS invested ₹169 cr in the five years ending FY 2022-23; the Company is investing ₹350 cr in the next three years.

Overview

At Divgi-TTS, we believe that governance is the most effective way of changing the game.

At the heart of the governance ethic lies transparency.

Transparency is communicating to stakeholders what the Company intends to do and then going out and doing it.

This enhanced clarity attracts and helps retain like-minded stakeholders, the platform for all sustainable growth.

The most decisive manner in which we have deepened governance is by telling the world how we expect to grow our business across the medium-term through this Annual Report.

This is possibly the most visible manifestation of our governance commitment.

The message is that we are engaged in building capacities ahead of the curve – not because we have orders from customers and are putting up capacities but because we believe that by setting up capacities, we will be attracting large automobile customers to consider working with us.

Holistic approach

The focus at Divgi-TTS is not merely capital expenditure; we have made extensive intangible investments.

My principal focus will be a deepening of the Divgi-TTS culture. This culture determines how we will think, how we will respond to emerging opportunities, what products we will develop, how we will implement our growth blueprint and how we intend to advance our sectorial leadership.

Besides, culture-deepening will comprise a priority in how we

The Indian story appears to be entering its most exciting growth phase. India continued to grow faster than the global average and it would be fair to state that India is among the few exceptions in the ongoing global economic slowdown. This is possibly among the first instances of India decisively bucking the global trend, a reality that we expect to witness in a sustainable way.

recruit, manner in which we brand, way we distribute, how we research, how we promote and market our capability and the way we will engage with our principals.

Financial foundation

I have no doubt that graduation to the next orbit will be the most exciting phase in our existence.

There are good supporting reasons for this.

The Indian story appears to be entering its most exciting growth phase. India continued to grow faster than the global average and it would be fair to state that India is among the few exceptions in the ongoing global economic slowdown. This is possibly among the first instances of India decisively bucking the global trend, a reality that we expect to witness in a sustainable way.

This outperformance is being derived from the Indian infrastructure growth story. For infrastructure, ₹10 lakh cr (3.3% of GDP) was allocated in the budget FY 2023-24, an increase of three times from 2019. This is sending out unambiguous signals: that the government is making a decisive investment in India's growth; this growth will translate into larger order books leading to wider livelihoods; the growth of infrastructure will

become an enabler for micro, small and medium enterprises; the enhanced incomes arising out of this phenomenon is expected to catalyse national consumption. When consumers spend more money, among the first things that they are likely to spend on will be mobility, comprising a disproportionate spending on personal vehicles. This augurs favourably for the entire automotive sector; as prominent automotive transmission solutions leader, Divgi-TTS is attractively placed to capitalize.

Trickle-down

Divgi-TTS in seven years reached a topline of ₹2,786.67 mn in FY 2022-23 from ₹1,225 mn in FY 2015-16 i.e. the year when we decided to go independent. The Company expects to report growth considerably quicker within the next three years.

This sharp growth will come even as the Balance Sheet becomes stronger, the margins widen and there is a larger return in the capital employed in our business. This indicates that our growth will not be achieved by discounting our brand for short-term gains; the growth will be achieved even as we continue to strengthen our brand, the most sustainable of all possibilities.

The first orbit in our existence was profitable; the next orbit will be larger and more sustainable for various reasons. The result is that the Divgi-TTS of today possesses a multi-year foundation to keep investing earnings and net worth in its business without borrowing a rupee. We believe that this platform will make it possible for the Company to be reliant completely on its cash flows for growing the business – and the freedom to expand whenever it wishes, by what extent it desires and in whatever segment of the transmission universe it seeks.

Conclusion

Divgi-TTS invested ₹169 cr in the five years ending FY 2022-23; the Company is investing ₹350 cr in the next three of years. Each phase of the investment will generate sizable returns, available to the Company to invest in the subsequent expansion phase.

With the completion of each expansion phase, the Company will become considerably larger, creating an even bigger platform for its subsequent expansion. This approach will be fundamental to increasing shareholder value across the foreseeable future.

Praveen Kadle
Chairman



Managing Director's perspective



It is the big picture - ₹1,000 cr turnover - by FY 2026-27 - that I present in my maiden communication to you.

Overview

It is an emotional moment for me to present the first annual report of the Company following the initial public offer during the last financial year.

I am grateful that you invested in our IPO, and I am confident that it will be a decision you will cherish.

The Company performed creditably during the last year; its financial performance continued to protect the integrity of the Balance Sheet while the year-end order book indicates we are headed for another growth year.

Much of the granular details of our performance have been discussed in the other parts of this report, liberating me from the fine print and providing me with the room to explain why the Company is at the right place at the right time. I will focus on explaining the context of

our sector, the changes transpiring within, why we are attractively placed – structurally, intellectually and financially – and how our success (including other players within our sector) could represent the inflection that get the world to say, 'We never expected a global automotive success story to come out of India!'

The big picture

To explain where we are and where we expect to go, it would be imperative to explain where we come from.

During the last few decades, the success of India's automotive success has been in pockets; even within this space the general perspective has been that India would do well for India – servicing automobiles that were intended to ply on its local terrains and hence

considered adequate for non-demanding customers.

The result is that while select Indian automotive technology companies serviced the global market, there was a feeling that they were mere re-toolers – companies that had been provided a design, asked to replicate, and provided adequate volume-driven assignments that would cover their overheads. In doing so, these Indian companies – no doubt having invested in their manufacturing facilities around the standards warranted by their global principals – would be good repeatable fabricators, specializing in products with only a moderate technology intensity.

Why did such companies not graduate to the next level where they could design specialized components and thereafter graduate to full-fledged products? Here comes the chicken and egg conundrum: such companies needed orders to graduate to the design of more complex products where they could play the role of an informed advisor or consultant at the global strategic table, which in turn could have got them larger orders, a virtuous cycle. However, in the absence of such orders, several Indian companies – competent, entrepreneurial and trustable – remained global suppliers of components, and, as the sad story goes, remained just that. They got bigger and more efficient, but the reality is that they worked within a glass ceiling: they would remain fabricators; the larger ones could be referred to as larger fabricators; the smaller ones would be referred to as mid-sized fabricators. But fabricators they were, and fabricators they would remain.

I detail this reality because this was precisely our destiny when we worked with one of the most competent drivetrain technology companies of the world for nearly two decades. Consider this: we

worked alongside this specialized global corporation for around 20 years, and we were still only an understudy in the relationship; we were still the apprentice in the shadow of our giant. We did what we were told; we manufactured what we were indented; we acted as directed.

For a number of companies in our position, this may have been a creditable personality attribute, given the fact that our product space – automotive transmission systems – was complex; the technology to manufacture was not available off the shelf; the perpetually evolving technology put a premium on remaining ahead of the curve; there was a need to invest in world-class plants ahead of order books; there was a need to become holistically competitive (intellectual, financial, strategic, locational and cultural) and possessing a liquid under-borrowed Balance Sheet.

When I write all this down – as I am doing now – I realize the enormity of the challenges, warranting a fire-fighting mindset. No wonder, no Indian company cared to consider that this was indeed possible. The general arguments that one heard about a decade ago comprised the following: ‘The technologies being employed by the multi-nationals are way beyond the Indians’; ‘The multinational companies can always reduce their prices and eject small players like us from the marketplace within a week’; ‘The large multinationals spend more on research than the projected topline of Indian drivetrain players (assuming they existed) multiplied by factor of 5x’; ‘Why would an Indian automotive brand trust a small Indian drivetrain solutions Company when it could buy the technology off the shelf from existing vendors?’; ‘Considering that this business would need seed capital, which growth capital provider would care

During the last few decades, the success of India’s automotive success has been in pockets; even within this space the general perspective has been that India would do well for India – servicing automobiles that were intended to ply on its local terrains and hence considered adequate for non-demanding customers



to fund a prospective story with a predominantly high chance of failing?’

All good points

The first thing we decided was that if we intended to remain in this business (and not sell our stake) we would need to emerge from the showdown of our giant partner. We would need to go independent. We would need to venture into the dark.

When we disengaged from BorgWarner, our partner in 2016, the first thing we heard was a polite obituary. Well-meaning industry observers felt that now with our technology pipeline having disrupted, we would find it difficult to generate a reasonable topline, report too marginal a profit to be taken seriously and gradually atrophy – intellectually first to a point of irrelevance and thereafter financially to the point of insolvency. There was no way we could succeed. There was no instance anyone had succeeded in years with our size anywhere in the world.

So, when we selected to walk the road less travelled, we were dismissed as reckless and foolhardy.

Except.

And here it gets interesting. The management at Divgi backed itself – at a time when we were metaphorically seven wickets down in the second innings and still 150 runs from making the other side bat again.

What did we see that others didn't?

One, we had nothing to lose. We could have batted defensively and left every ball outside the off stump, but we, within the management, asked ‘What’s there to lose when the world believes that we have lost anyway?’ (from that one line emerged what I believe – with only a small pinch of salt considering that I am an

interested party in making the statement – is one of the more remarkable comebacks within India’s automotive technology space, but I am getting ahead of the story).

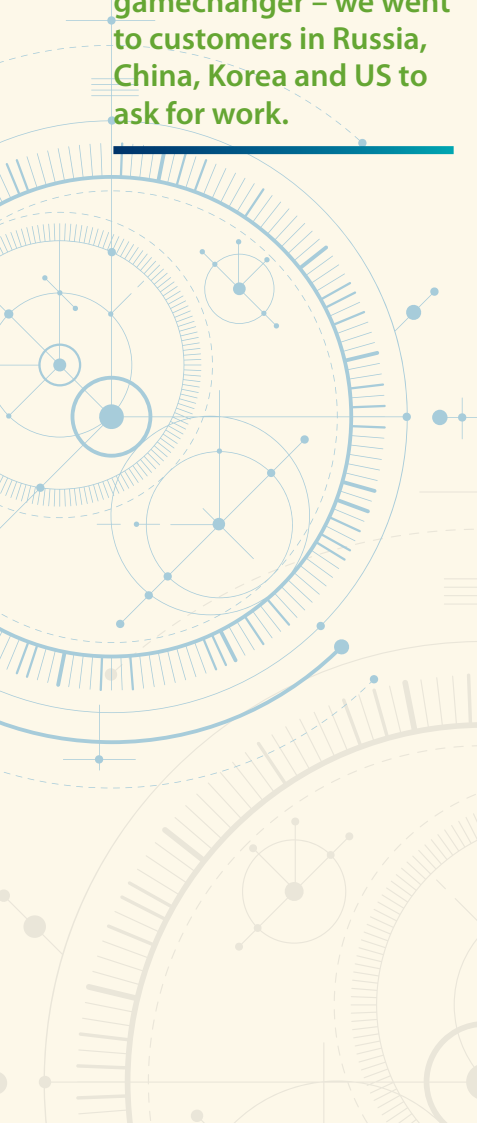
Two, we felt that, by the virtue of having spent around two decades in apprenticeship to one of the world’s most specialized technology masters in our space and serviced several projects in collaboration, we had picked up an understanding of cutting-edge global drivetrain technology standards. During those years, we had not just done what we had been told; we had taken to ask ‘Why?’ and ‘How?’ and ‘What if...?’ The result was that we now possessed a body of knowledge of what would not work as much as we had developed an insight of what would.

Three, we had always been a frugal Company, so even though we had no great order book the saving grace was that we did not have much debt either. Even though we did not have an impressive clientele, we did not have large overheads either. The result was that in the absence of a large repeat or annuity business, we still made a moderate surplus that kept us off liquidators. We possessed no great story (as yet) but the good thing is that we did not have red on our P&L account either.

Four, the gamechanger happened really in our mind. We were not telling ourselves that maybe someday in the future we would be able to make an automotive transmission solution as good as they made in some of the most demanding markets of the world; we were saying that we could make a better version *today* (deliberately italicized).

Five, of course, we couldn’t go around saying this or we would have lost the little credibility we middle-income entrepreneurs still possessed, but we did articulate

We added capacity to impress prospective customers that we could be trusted if they had a large order for us; we went out and recruited technology talent; we replaced legacy equipment for the modern and then – here comes the third gamechanger – we went to customers in Russia, China, Korea and US to ask for work.



our story to private equity players and the next thing we knew was that we were being ‘backed’ (a polite way of saying that someone was impressed enough to put money on the table, convinced that someday into the future, we would pull off the impossible). When I look back, this was a seminal – and perhaps even a moving – moment. There was Indian money available for Indian promoters to build an Indian dream in a space without an Indian precedent. We could have held on to all our equity and taken debt – and paid for it, in more senses than one.

Six, the private equity infusion did something for our Company that extended beyond the Balance Sheet. Until now, only the promoters had quietly believed that we would be able to fight back (remember that seven wickets down analogy?); now there was a commentator (someone who had achieved scale and scope in the global software world) who understood the track, the fatiguing bowlers and was saying ‘The turnaround begins here.’ We now had believers.

Seven, we added capacity to impress prospective customers that we could be trusted if they had a large order for us; we went out and recruited technology talent; we replaced legacy equipment for the modern and then – here comes the third gamechanger – we went to customers in Russia, China, Korea and US to ask for work. We had precious little to show for ourselves – a small Indian Company with hardly any revenues to write to shareholders about and here we were sitting in some of the most influential Board rooms of global automotive customers, talking to them about how we – a modest unlisted company from India – could provide them with a better heart (transmission system). In most cases, visiting cards would have been exchanged and we

would have never been seen again, but there was a small detail (wasn’t so small when seen from the perspective of our prospective customer): we spoke to them in a technology language they felt could come only from someone who had grown up listening to automotive transmissions at work for bedtime listening (over Beethoven’s Ninth); we said we could develop a prototype in a fraction of the time and at a fraction of their usual cost. Of course, few believed we would ever turn up; when we did, our prototype and the accompanying reports surprised. They indicated the convergence of three variables – lower vibrations, less noise and no harshness.

To cut a long story short, what have we achieved in the last seven years after selecting to go independent?

We have created our own version of technology mix. In the past, a drivetrain solutions company like ours was expected to possess a complete ownership of all the technologies it was working with, resulting in a completely insourced solution in a jealously guarded sector. Something has changed in the last decade. Start-ups have emerged; these start-ups specialize in niches; in these niches they deliver disruptive solutions.

The result is that the conventional model of compete technology ownership is going through a rethink. The nimble companies are not companies that know it all and possess it all; the nimble are those who know what their core capability is and where to acquire the rest.

There is one more extension to this; the truly nimble are those who know just what to curate and permute from within and from specialized technology players the world over. This skill is like that of

The private equity infusion did something for our Company that extended beyond the Balance Sheet. Until now, only the promoters had quietly believed that we would be able to fight back (remember that seven wickets down analogy?); now there was a commentator (someone who had achieved scale and scope in the global software world) who understood the track, the fatiguing bowlers and was saying ‘The turnaround begins here.’ We now had believers.

a conductor of an orchestra: the conductor has the music in her head; she knows exactly who in the orchestra needs to play what, how and when. The final result is what she is remembered for, not for who did what.

This then is the emerged role of technology companies like ours in the global drivetrain solutions space; we own and outsource; we combine and blend. If we had invested in asset-heavy investments to completely own technologies as was the practice of the past, we may have been debt-heavy with thin-margins; because we are technology agnostic (to a large extent), we keep watching who is doing clutter-cutting work the world over and we collaborate. We are not a broad river; we are the stream. When we encounter an obstruction, we skirt without slowing. The handicap of the past – no legacy, no reputation, no largeness, no pedigree – has turned into our advantage.

We have created a broad-based organization that covers four segments – manual transmission, automatic transmission, 4-wheel drive and EV transmission, supporting these verticals is a well-rounded eco-system comprising engineering, testing laboratory, manufacturing metallurgical and heat treatment. The result is that we are not just a product fabricator; we are a one-stop transmission system solutions provider.

We have graduated from trying to get a foot into the door to graduating to the strategic high table; we hold an opinion on vehicles being developed by some of the largest automotive companies.

We have demonstrated one of the shortest turnaround times in the development of a range of automotive transmission systems (automatic and manual).

We have convinced our erstwhile 'We trust only international

transmission systems' companies to give us sizable – and repeat – orders.

We have provided transmission systems for electric vehicles; in this case, we supplied a prestigious order for one of the world's most visible EV companies.

We generated 25.32% of our revenues from exports during FY22; thereafter, we accounted for

Our listing has enhanced credibility; the absence of debt on our books will make it possible to raise net worth (should we need); we will commission our third plant – India's largest dedicated to EV transmission systems – during the current financial year; we will execute a large part of our aggregated order book in the current financial year and are positioned to capture a disproportionate part of more transmission systems orders.

transmission system orders from the largest Indian EV company, from one of the fastest growing Indian automotive companies, from a Chinese brand working out of India and for a hybrid model launched by one of the largest Japanese automobile brands.

We are not providing – in case you may have missed the import – these companies with a component to go into another component to go into a product; we have evoked in them the trust to engage us for the complete product. Our product is not incidental to their success; it is critical to their existence and

the attributes we invest in our transmission system influences the success of their vehicles in the marketplace (for those who care to look beyond size, style and colour).

These realities have not been lost on our customers, who would manufacture their own drivetrain solutions in the past. Despite the fact that they possess the manufacturing capacity to do so, they buy from external manufacturers like us – for enhanced specialisation and contemporisation, asset-lightness on their books and a superior price-value proposition. In the past, these companies would trust no one when it came to the manufacture of a technology-intensive solution that represented the heart of their vehicles; today, companies like ours – considerably smaller than them – have encouraged them to do so, and I see this as an achievement. Who could have thought a decade ago that this was even possible?

This brings me to third part of my overview of why I am optimistic.

The first reason is that the global compass is shifting; the large drivetrain companies of the world appear less large and intimidating. The last few years has exposed something telling: companies like ours are proving to be nimbler – we design better/faster, we produce better/faster, we produce cheaper. I will never tire of repeating this trinity because we are doing all these across production volumes that are a fraction of global volumes. All those who said, 'Yes, one day you may become competitive around global costs but for that you will have to first match their volumes, which could take you another 40 years to get to that scale.' Within just seven years of going solo, we are already making complete transmission products at a cost lower than the global benchmark.

The second reason is that in the chaotic ferment of this world –

trade wars, actual wars, low labor availability, high-cost economies, demand slowdowns, political uncertainties, high interest rates – a new generation of automotive technology companies is emerging. This indicates that the large companies of the past may need to downsize and the adaptively nimble of the world (companies like us) may outperform.

The third reason for my optimism is something we in India take so much for granted that we scarcely give it a thought: the unique complement of our social-cultural-frugal advantage. Indians will seek a better way out of any challenge; we have been wired for success through a range of everyday challenges that we take as boringly routine; we have been exposed to a range of cultures within our country, so international diversity sits comfortably with us; we possess a unique coming together of educational (read engineering) and behavioral competencies that make us relevant across any global market.

The fourth reason is seminal – the EV-isation of the world. What existed for more than a century is going to largely wiped away in a decade. The vendors of ICT engines may not automatically migrate to EVs; some may be unable to adapt; a few may make the cut.

At Divgi-TTS, even though the EV-isation within the Indian economy – by scale – is still a few years away, the message we wish to send out is that we have carved away a first-mover's position in drivetrain solutions for the emerging EV space. This is why this reality is worth writing home about: the automobile major that accounts for 80% of India's EV market has a number of global brands bidding for its sizable order: it selected a less visible drivetrain solutions creator that it was confident would deliver a world-class product instead. That solutions creator is us.

When you become a dominant supplier to the largest EV player in one of the fastest growing automotive markets, it becomes a badge of reference: it opens doors across the world, it is something we would like to put in the first three lines of our corporate CV; it is, as Louis Armstrong sang, 'A kiss (order) to build a dream on.'

The fifth reason is a combination of the Make in India direction enunciated by the government and the growing defense budget of the country. That India is among the largest defence spending countries is well known; during the last few years, the Indian government not only announced higher defence outlays; it also banned the import of a number of defence items. With mobility becoming critical to defence preparedness at a time of geo-political stress, there is likely to be a higher sub-outlay for defence vehicles. In the past these defence vehicles – trucks transporting soldiers and equipment – would be fitted with imported drivetrain solutions; that market is shifting to India; Divgi-TTS is at the right point with the right pedigree to capitalize on the opportunity coming out of vehicles manufacture and replacement.

The sixth reason is the Indian ferment that is translating into a larger purchase of vehicles. The two trends that make India a stand-out automobile economy are: the large automobile brands are reporting bookings for vehicles that resemble the license quota raj and waiting list economy: the Mahindra Scorpio N was booked out for its first 100,000 vehicles in the space of just half an hour a couple of years ago, unprecedented in the history of the country for its booking speed and consumer acceptance. This represents the coming of age of the Indian automotive ecosystem in the global theatre - its capacity to produce a world-class product at sub-global prices and

the ability to carve out a new global price-value point of what is technologically and commercially possible. The bottomline is that we are not merely replicating a global model and saying 'We are equal'; we have bettered that model and are saying 'We are better'

Are we prepared? Yes.

Our listing has enhanced credibility; the absence of debt on our books will make it possible to raise net worth (should we need); we will commission our third plant – India's largest dedicated to EV transmission systems – during the current financial year; we will execute a large part of our aggregated order book in the current financial year and are positioned to capture a disproportionate part of more transmission systems orders.

The result then is that even as we expect to perform favorably quarter-on-quarter, that is not what I seek to communicate. The granular detail of our performance is fleeting; the big picture is compelling.

It is the big picture - ₹1,000 cr turnover - by FY 2026-27 - that I present in my maiden communication to you.

Stay with us and we hope to make your drive smooth-in more senses than one.

Jitendra Divgi
Managing Director

Chief Financial Officer's performance overview



A financial perspective into our business

How we maintained business growth in FY 23 and created a new foundation

Overview

Divgi-TTS reinforced its financial foundation amidst unprecedented challenges. Key elements include zero or minimal debt, strong brand, enduring stakeholder relationships, growing customer wallet share, capital expenditure driven by accruals and effective working capital management.

Clarity

Divgi-TTS demonstrates strategic financial clarity, paving the way for sustainable value-accretive growth. This clarity encompasses the following features: consistent revenue growth driven by technology, protected or enhanced credit rating, a well-managed Balance Sheet with low borrowing, capital expenditure funded by accruals, efficient cost management and a significant portion of revenues derived from new products.

Record revenues

In FY 2022-23, Divgi-TTS achieved its highest revenue to date, reaching ₹278.67 cr. This marked

a significant 15.21% increase compared to the previous year's growth rate of 24.02% over FY 2021-22.

During the year under review, the Company achieved significant growth. Revenues increased by 15.94%, EBITDA grew by 11.38%, and profit after tax strengthened by 10.86%. These revenues were the highest ever reported by the Company. The growth in revenue effectively mitigated fixed costs, bolstering profitability.

Export business

Previously, 25.32% of the Company's revenues came from exports. However, in the last financial year, exports represented 4.92% of the total revenues. Export revenues declined from ₹60 cr in FY 2021-22 to ₹14 cr in FY 2022-23 as the Indian market looked up and geopolitical challenges affected global offtake.

Domestic revenues

The proportion of domestic revenues within the Company's overall revenue mix rose from

74.68% in FY 22 to 94.94% in FY 23. This growth was fueled by the success of the Mahindra Thar vehicle, resulting in domestic revenues increasing from ₹175 cr in FY 2021-22 to ₹257 cr in FY 2022-23. The higher demand for transfer case and EV transmission systems contributed to an increase in the sale of value-added transmission products.

Capital efficiency

The Company has a strong track record of capital efficiency, leveraging economies of scale, premiumization, and increasing revenues per unit of capital spending. It reinvests accruals to build a competitive advantage. In the year under review, the Company achieved an ROCE of 24.85%, surpassing the average debt cost (0%). This improvement in ROCE was driven by higher revenues per unit of capital and the ability to manage resource cost increases.

Credit rating

At Divgi-TTS, we have prioritized margin enhancement, net worth growth and debt moderation in recent years. Our ongoing objective is to deliver a commendable performance and attain an improved credit rating this year. A strong credit rating enhances our reputation and overall competitiveness, and we strive to continuously improve our rating towards the highest level.

Liquidity

At Divgi-TTS, financial liquidity is crucial as it enables us to invest in capital expenditure, negotiate favorable terms with vendors through prompt payments and attract credible stakeholders. When faced with a choice, we prioritize moderate-to-high revenues with enhanced liquidity over maximizing revenues with stretched liquidity.

The Company evaluates liquidity using measures such as net cash (cash minus debt), interest cover (EBITDA divided by interest outflow), and gearing. As of March 31, 2023, net worth stood

at ₹551.28 cr and total debt amounted to ₹0.32 cr, compared to ₹340.01 cr and ₹0.03 cr respectively. This reliance on net worth provides a buffer in a volatile environment.

The debt-equity ratio remained attractive at nil and the Company increased its net worth by ₹211.28 cr during the year. Net working capital turnover ratio was 5.31 for FY 2022-23 and 5.52 for FY 2021-22.

Resources

The Company significantly strengthened its cash reserves from ₹173.22 cr as of March 31, 2022, to ₹311.35 cr as of March 31, 2023, providing ample resources for business growth. The net worth of the Company also witnessed substantial growth, increasing from ₹340 cr in FY 2021-22 to ₹551.28 cr in FY 2022-23. The Company maintained negligible debt on its books, with only a negligible vehicle loan recorded as debt. The debt-equity ratio of the Company at the end of the year under review stood at 0.00, indicating the potential debt mobilization capacity if needed. Moreover, the

Company established relationships with banks and private equity firms, providing additional avenues for resource mobilization. The Company spent 68.43 cr for purchase of Fixed Assets including CWIP for FY 23

Capital allocation

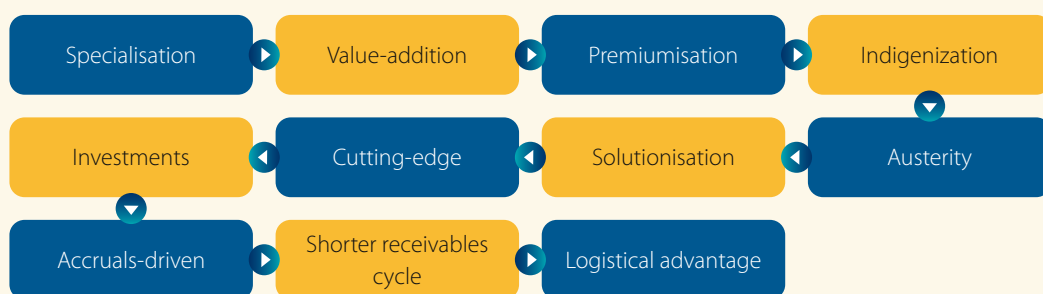
At Divgi-TTS, we have undertaken capital investments that are expected to drive profitable growth. These strategic capital allocations aim to enhance value addition and achieve economies of scale, while maintaining a lower capital cost per unit compared to most greenfield projects.

Outlook

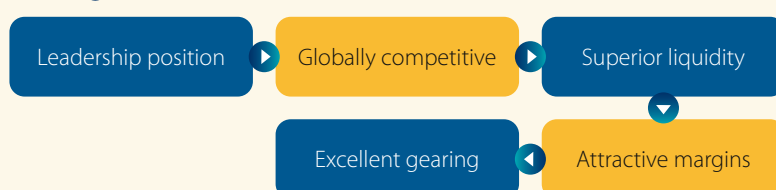
The Company intends to double revenues by FY 2024-25, the growth being derived from the transfer case business from MG Motors (customer added in FY 2021-22) and electric vehicle business with Tata Motors, starting FY 2023-24.

Sudhir Shridhar Mirjankar
Chief Financial Officer

Strategic focus



Strategic outcomes





Part four

How we are enhancing value

Capitalizing on our strengths for sustainable success



Brand: The Company stands out in the Indian automotive components industry with the unique ability to provide system level transfer case, torque coupler and DCT solutions, due to its in-house software development capability. The Company successfully developed and supplied electronically controlled transfer cases and torque couplers to leading OEMs such as Tata Motors and Mahindra & Mahindra Limited.

Market leader: The Company is the only manufacturer and exporter of transfer cases, including dominant chain-driven and electronic shift-on-the-fly transfer cases, to global OEMs from India. The Company has also developed transmission systems for EVs, DCT systems and rear-wheel-drive manual transmissions.

Partnerships: The Company has established partnerships with a German automotive company for product development, technology transfer of DCT systems, with a German engineering and digital mobility Company for prototype validation. Additionally, the Company has been awarded a contract to supply EV transmission systems to a leading EV provider in India. The Company also actively collaborates with Europe's transmission engineering consulting firms like FEV and Hofer.

Customer centric: The Company is a leading supplier of transfer cases, torque couplers and steel synchronizers in India. The Company offers customized solutions to OEM customers at a cost-effective price point, serving as a systems level solution provider and a component kit supplier to global OEMs and Tier I transmission systems suppliers.

Premiumization: The Company aims to align our manufacturing facilities with emerging trends in automation and upgradation. With multipurpose infrastructure and machinery, the Company's manufacturing facilities are equipped to handle varying production volumes and manufacture various precision automotive drivetrain systems.

Long-term relationships: The Company has strong and 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. With its track record and wide product portfolio, the Company has been able to retain existing customers and attract new customers.

Consistent financial performance: The Company's focus on continuous efficiency improvements, improved productivity and cost rationalization has enabled it to deliver consistent and strong financial and operational performance. The Company's revenue from operations stood at ₹2,710.43 mn, EBITDA stood at ₹820.98 mn and profit after tax stood at ₹511.62 mn in FY 2022-23.

Innovation: The Company combines modern manufacturing technology and engineering expertise with efficient operational management processes to deliver quality products. This approach has enabled the Company to enter markets such as the USA, China, Korea, Russia, and others.

Research and development: The Company has made investments in R&D and in building production capacities. The Company developed in-house capabilities to deliver evolving technologies for future mobility solutions, with an aggregate expenditure R&D of ₹87.7 mn in FY 2022-23.

Strategic location: The Company's facilities are located in proximity to our key customers to enable meeting our customers' demand schedules and logistical advantages for our customers and to insulate them from local supply or other disruptions.

Integrated systems: The Company has implemented comprehensive production systems across its facilities, which help the Company improve workmen safety, quality control, inventory management, lean manufacturing process, flexibility to handle varying product mix and timely delivery on an on-going basis.

Introduction of new products: The Company is gearing to introduce domestically manufactured DCT systems in the Indian market, which will enable the Company to become the sole producer of such systems in India.

Experienced Board of Directors: The Company is led by a highly experienced Board of Directors, coupled with a professional and experienced management team with extensive experience in the automotive industry.



How we intend to retain our leadership within India's automotive transmission solutions space

2,710.43

(₹ mn), The Company's
revenue from operations

Our strategy

Capturing market opportunities

The Company plans to provide complete transmission solutions and components to EV OEMs

The Company aims to enhance customer penetration and acquire new customers

The Company is in the process of launching DCT systems for the Indian market

The Company plans to localise and commercialise the 7-Speed Dual Clutch Automatic Transmission.

Diversification

The Company intends to strengthen relationships with existing customers

The Company will explore opportunities to climb the value chain

The Company will expand existing products and solutions

The Company will win new customer contracts by developing relevant products and solutions

New business segments

The Company will identify new segments

The Company will establish an early mover advantage in segments

The Company will share knowledge

between cross-functional teams

The Company will engage in horizontal and vertical integration

Joint ventures

The Company plans to expand its global marketing team

The Company will collaborate with local consultants in different geographies

The Company has engaged marketing consultants in Europe and South Korea

The Company has signed an exclusive distribution agreement to enter the Japanese market.

Cost efficiency

The Company will re-engineer products for customers for better efficiencies

The Company has developed a cost-effective 32-bit processor for BorgWarner (replacing 8-bit technology)

The Company received an award of recognition from BorgWarner for this innovation.

The Company will seek to replicate efforts like these across other customers

Technological advancement

The Company will deepen technologies in line with global needs

The Company will integrate capabilities in engineering, mechatronics, software development and system integration

The Company will strengthen research through recruitment and investment

The Company will engage with niche technology developers the world over

Operational efficiencies

The Company intends to increase economies of scale and reduce operating costs

The Company will enhance capacity utilization

The Company will deepen a culture of continuous improvement

The Company will deepen activity-based costing to enhance competitiveness

Focus on R&D

The Company will offer differentiated and customized solutions

The Company will invest in R&D to develop innovative systems and components

The Company will enhance torque density and reduce systems weight

The Company will achieve a high research outcome at a relatively low international cost

Integrated value creation

How Divgi-TTS is committed to enhance stakeholder value in a sustainable way

Our report on how we have institutionalized our value-creation process

The scorecard
Employee value

244.95

₹ mn, salaries, FY 23

Shareholder value

2,014.8

₹ cr market valuation,
March 31, 2023

Overview

There is a growing premium on the capacity to enhance value for all stakeholders. As a result, the capacity to enhance value has extended from conventional measures like an increase in revenue or profit to intangible measures that establish holistic value creation. Besides, the description of a stakeholder has evolved as well from one who owns shares in a Company to one who is influenced by any aspect of the Company's operations. The result is that stakeholder value creation has emerged as a holistic

and comprehensive means of appraising the effectiveness of modern-day organisations.

The Integrated Value Creation Report draws on diverse realities (financial, management commentary, governance, remuneration and sustainability reporting) and explains how value is enhanced for diverse stakeholders (employees, customers, suppliers, business partners, local communities, legislators, regulators and policy makers).

The extensive input and outcome explain why and how an enterprise is wired for holistic sustainability across market cycles. This makes the communication of this Integrated Value Creation Report imperative our an annual report.

Our sustainability framework

<p>Strategy</p> <ul style="list-style-type: none"> ▪ Deliver product value that addresses under-addressed needs ▪ Enhance environment responsibility of operations ▪ Provide a complex solutions basket for customers <p>Outcome: Enhanced order book; increased revenue visibility</p>	<p>Procurement economies</p> <ul style="list-style-type: none"> ▪ Create an eco-system of component manufacturers ▪ Procure economically through proximate procurement ▪ Procure superior quality, enhancing systemic integrity <p>Outcome: Procure at a competitive delivered cost</p>	<p>Products basket</p> <ul style="list-style-type: none"> ▪ Provide a transmission systems solution basket ▪ Manufacture value-added products ▪ Establish fungibility; move from one product to another <p>Outcome: Enhance overall value</p>
<p>Manufacturing excellence</p> <ul style="list-style-type: none"> ▪ Maximise asset utilisation ▪ Invest in cutting-edge technologies ▪ Manufacture more products in each location <p>Outcome: Reinforce the Company's position as a competitive solutions provider</p>	<p>Financial structure</p> <ul style="list-style-type: none"> ▪ Stay debt-free ▪ Strengthen working capital efficiency ▪ Enhanced margins that add to reserves <p>Outcome: Increase the cash corpus available with the Company</p>	<p>Environment integrity</p> <ul style="list-style-type: none"> ▪ Moderate resource consumption per unit of production ▪ Protect the region's environment balance ▪ Benchmark as per compliance and best global standards <p>Outcome: Enhance customer accretion based on sustainability credentials</p>
<p>People competence</p> <ul style="list-style-type: none"> ▪ Enhance talent productivity ▪ Invest in knowledge, experience and passion ▪ Deepen outperformance <p>Outcome: Enhance per person productivity</p>	<p>Community support</p> <ul style="list-style-type: none"> ▪ Provide community support ▪ Focus on integrated development ▪ Engage in a sustainable way for extended impact <p>Outcome: Extend prosperity from the Company to the community</p>	

Drivers of our value

Our employees represent the aggregate knowledge of how to grow the business across a range of functions (materials procurement, manufacturing, quality, finance etc.). We provide an exciting workplace, generate stable employment and help enhance productivity

Our shareholders provided capital when we went into business. Our focus is to generate free cash, enhancing RoCE and, in doing so, increase the value of their holdings

Our vendors provide credible and a continuously supply of resources (steel, sub-components, equipment and services). We maximise quality materials procurement that is remunerated with speed, incentivizing additional planting

Our customers keep us in business through a consistent purchase of products, generating the financial resources to sustain our operations. Our focus is to sell to a larger number of customers and retain them, strengthening relationships

Our communities provide precious social capital (education, culture, security etc.). We support and grow communities through consistent engagement

Our governments provide us with a stable structural framework that ensures law, order, policies etc. Our focus is to play the role of a responsible citizen

At Divgi-TTS, the prudent interplay of the value generated by each stakeholder ensures business sustainability and enhanced organisational value.

The resources of value creation



Natural capital

We derive all our resources – materials, components, water, fossil fuels and the world’s carbon sinks - from this capital. Our engagement is influenced by the degree of dependence on natural resources, environmental impact of the production process on the environment and what the organisation has to do to operate within environment limits.



Social and relationship capital

This represents the relationships between our Company and stakeholders (community, governments, customers and supply chain partners). These could also comprise operating licenses, dependence on the public sector or supply chain.



Intellectual capital

This includes resources such as patents, copyrights, intellectual property and organisational systems, procedures and protocols, which can provide competitive advantages. Conversely, companies that pollute could attract censure or closure.



Human capital

This refers to skills and know-how of an organisation. The success of an organisation is tied to the competent management of teams. Excessive employee turnover or inadequate remuneration can affect the brand and our ability to enhance value



Financial capital

This includes funds obtained through financing or generated through our accruals - the funds pool available in the production of goods or the provision of services, including debt and equity



Manufactured capital

This comprises physical infrastructure like buildings or technology equipment and tools that contribute to organizational productivity.

Our value creation strategy

Strategic focus	Innovate and excel	Cost leadership	Supplier of choice	Robust people practices	Responsible corporate citizen	Value-creation
Key enablers	<p>Nurturing a culture of process excellence, reflected in higher plant availability and higher crushing recoveries</p> <p>This makes it possible for the Company to generate higher throughput from existing capacities</p>	<p>Divgi-TTS focuses on operational excellence and cost leadership.</p> <p>The Company is among the most competitive producers on account of economies of scale, resource proximity and under-borrowed Balance Sheet</p> <p>The Company's capital cost per tonne of installed capacity is among the lowest in India's drivetrain solutions sector</p>	<p>Divgi-TTS reinforced customer engagements through adequate capacity, timely product delivery and high product quality.</p>	<p>Divgi-TTS is an employer of around 500 people (full time and contractual) across its facilities.</p> <p>The Company's people engagement has been marked by a culture of urgency, delegation, empowerment, responsibility and accountability.</p> <p>The Company's invigorating workplace is marked by training, engagement, fair appraisal and attractive reward</p>	<p>Divgi-TTS is a responsible corporate citizen</p> <p>The Company is engaged in community development activities in the hinterland of manufacturing facilities</p> <p>The Company spent ₹104.20 Lakh across CSR activities in FY 2022-23</p>	<p>Divgi-TTS enhances value for all its stakeholders</p> <p>The Company manufactures products that enhance mobility value, riding comfort and fuel efficiency</p>
Material issues addressed	<p>Superior technology leading to production efficiency quality</p>	<p>Creating the basis of long-term viability through an any market cycle competitiveness</p>	<p>Enhancing revenue visibility through product criticality, enduring customer relationships, and global trend alignment</p>	<p>Creating a professional culture with authority, responsibility and accountability, with excellence</p>	<p>Community engagement; widening the prosperity circle</p>	<p>Stakeholders' need for enhanced value creation</p>
Capitals impacted	<p>Manufactured, Intellectual, Financial</p>	<p>Financial, Intellectual, Natural, Social and Relationship</p>	<p>Intellectual, Manufactured, Social and Relationship</p>	<p>Intellectual, Human</p>	<p>Social and Relationship, Natural</p>	<p>Intellectual, Manufactured, Social and Relationship</p>

Responsibility

Strengthening our ESG commitment at Divgi-TTS

Overview

In a world increasingly focused on Environment-Social-Governance (ESG), we have, as a rapidly growing small-cap company with half a dozen years of our existence in an independent form, embraced conscientious global citizenship. Our business is founded on the principles of sustainability, aligned with ten United Nations' sustainability development goals. These principles encompass human rights, labor interests, environmental responsibility and anti-corruption initiatives, among others. Through these ESG principles, we aim to create a positive impact for our stakeholders, society and planet.

Environment

The environmental aspect of ESG, represented by the letter 'E', encompasses our energy consumption, waste management, resource utilization and impact on

living beings. Besides, it includes aspects related to carbon emissions and actions towards addressing climate change.

At Divgi-TTS, we recognize the significance of environmental management in driving sustainability and business continuity. We believe that environmental regulations play a vital role in sustainable development. We are committed to complete compliance with relevant environmental laws, regulations, codes of practice and directives across our manufacturing sites. Our dedication to environmental responsibility drives us to operate in accordance with the letter and spirit of these regulations, contributing to a greener future.

The environment is a critical component of the Divgi-TTS Production System. All three plants are certified with ISO 14001:2015 certification from international

accreditation body DQS. The organisation is committed to align processes towards carbon neutrality by 2050. All initiatives are designed to reduce our environmental impact throughout the entire life cycle of our products and operations.

Our philosophy

Divgi-TTS has implemented an effective environmental management program aimed at enhancing and optimizing the utilization of natural resources. The Company is dedicated to ongoing efforts in reducing electricity and water consumption. The organization places significant emphasis on the principles of the 4R framework: Reduce, Reuse, Replace and Recycle. These elements not only make it easier to communicate sustainability expectations to the workforce and stakeholders, but also play a vital role in waste minimisation.

Our initiatives

- Utilized used inserts for rough operations
- Updated computer systems with new operating systems instead of replacing them
- Installed an oil skimmer on the HMC machine to extend coolant life
- Collected dripping water from the air compressor for gardening after treatment
- Introduced the reuse of filter oil, resulting in a 50% reduction in consumption (saving 2000 litres per year)
- Minimised capital investment and energy consumption by reconditioning and retrofitting machines, extending their lifespan and circularity

- Saved productivity, energy and capital expenditure by utilizing existing assets instead of purchasing new machines.
- Implemented demand-side measures and foot pedal devices to reduce, recycle and reuse water
- Installed ETP and sewage treatment plants with tertiary treatment capabilities to achieve zero discharge of wastewater from the Company's campuses.
- Conducted Kaizen competitions to encourage employees to find ways to reduce waste
- Implemented Kaizen and 5S improvement drives to address spillage issues and improve waste storage areas, creating a better workplace
- Recycled metal chips through the machining process using chip bailing and briquetting machines.
- Partnered a packaging solution provider to introduce sturdy, high-volume recyclable packaging, reducing the use of single PP boxes and wooden boxes
- Implemented Kanban and Just-in-Time planning through Production Planning and Control function.
- Installed ETP and sewage treatment plants with tertiary treatment capabilities to enable the zero discharge of wastewater from the Company's campuses.

Areas that contribute to the Company's greenhouse gas emissions

- Material movement by vehicles and forklifts

- DG set operations during power failures
- State-of-the-art machines in the machining center that consume electricity during processes like induction hardening, laser welding and coolant oil usage

Our operational pollutants

Used oil, oil-soaked cotton, hand gloves, grinding dust, chemical sludge from wastewater treatment, DG set exhaust and vehicle emissions are the operational pollutants.

Pollution reduction initiatives

Used oil	Oil spillage and leakages are minimized through Total Productive Maintenance, monitoring the shelf-life of oil and maintaining the First-In, First-Out system; a dedicated trolley was designed for safe oil drum handling
Gloves	Workers were made aware of using oil judiciously; separate bins were provided to store hazardous waste, ensuring proper disposal; monthly preventive maintenance enhanced the efficiency of managing chemical sludge from wastewater.
Exhaust	Monitored DG set exhaust, maintaining sufficient stack height and monthly DG set preventive maintenance.

Environmental monitoring results in different locations

Parameter	Specifications	Observed (Bhosari)	Observed (Sirsi)	Observed (Shivare)
Ambient air quality monitoring for carbon monoxide	<4	0.63	1.4	1.47
Work zone air quality monitoring (sulphur dioxide)	<5000	24.78	9.3	14.12
Source emission monitoring (particulate matter)	<150	30.47	59.87	40.12
Noise level	<75 dB	67.4 dB	70.5	61.3
Illumination survey (machine shop)	>100	164	494	815
Insertion loss	>25	26.8	26	25.97



Pollutant generation trend

Pollutant	FY 2020-21	FY 2021-22	FY 2022-23
Hazardous waste (kg)	53,864	66,383	67,739
Production (kg)	36,18,702	42,42,021	42,20,300

Green cover enhancement policy

Environment management program	Target/ requirement	Improvements
Environment awareness	To promote environment awareness among children	An environmental awareness program and tree plantation was conducted at Kanagoda Govt. Primary School near Sirsi.
Water and coolant oil saving	To save 300 liters of water and 15 liters of coolant oil by reducing the frequency of coolant changes.	Introduction of an oil skimmer on a continuously running VMC (Vertical machining center) machine improved coolant emulsion strength and resulted in savings of approximately 18 liters/month of oil and 350 liters/month of water consumption.
Shop floor	To control the oil spillage and leakages from old machines	Guarding activity and machine reliability activity was initiated for the machines through retro fitment of the machines.
Machine shifting	To save trees	By reusing a wooden pallet for interplant machine transportation, 10 trees were saved. Normally, two trees are required for a 100 sq. feet wooden pallet, but in this case, a 460 sq. feet area was covered, resulting in significant tree conservation.
Dripping water from the air compressor	To save water	A separate pit was created to save dripping water at the air compressor unit. The collected dripping water is now being collected in a small tank and treated in an ETP (Effluent Treatment Plant) for reuse.
Power factor	0.95	The power factor was improved to 0.97, resulting in power savings and zero penalties from MSDCL (Maharashtra State Electricity Distribution Company Limited).
Sample G 250 machine oil reuse.	Reduction in oil consumption	By filtering and storing used oil as spare, the filtered oil is now being used for top-ups. This improvement reduced oil consumption from 4000 liters per year to 2000 liters per year.

Water consumption (in KL)

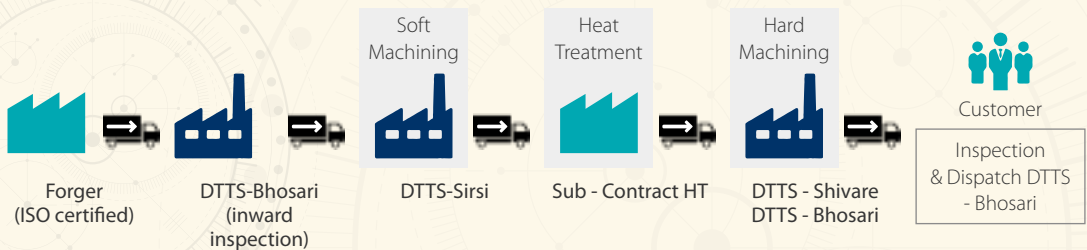
Plant	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Bhosari	5,69,994	6,38,502	9,67,973	11,08,090
Sirsi	7,71,051	7,95,494	9,68,960	11,56,710
Shivare	4,98,400	4,22,937	9,27,117	2,98,971
Enterprisewide	18,39,445	18,56,933	28,64,050	25,63,771

Enterprisewide water consumption declined 10%

Our resource management

Our EHS policy prioritizes resource consumption, waste reduction and energy savings. The Company is committed to use key resources (water, electricity, fuel, LPG, aluminium casting, steel iron material and recast wood) responsibly. Through sustainable practices, it strives to minimize environment impact.

The movement of the resource from the entry stage



Our initiatives

- Invested in a greenfield plant for manufacturing EV transmission systems
- Promoted the transition to EVs for enhanced fuel sustainability
- Implemented rainwater harvesting projects
- Installed solar panels on facility roofs
- Replaced LPG cylinders with electric pans for cooking
- Transitioned from corrugated and wooden packing boxes to recyclable plastic
- Promoted responsible electricity use, maintaining a power factor greater than 0.97.
- Complied with regulatory requirements by working with

plastic material thickness greater than 120 microns.

- Implemented a complete ban on single-use plastic
- Explored EV adoption for commuting to the Shirwal site.
- Established EV charging facilities at each manufacturing site.

Our partnerships

- Divgi-TTS collaborated with organizations like MCCIA and certification bodies
- Management promoted and encouraged participation in OEM and customer initiatives to improve industry sustainability.
- Benchmarked practices were shared through the supply chain; Gemba visits were conducted

to observe sustainability improvements.

- The Company serves as a supply chain partner for prominent customers like Toyota, Mahindra & Mahindra and BorgWarner.

Our strategy

- Packaging planning considers recyclable options during program management.
- Adhered to ISO 14001 guidelines for stringent solid and hazardous waste management practices.
- Engaged authorized agencies for categorization and collection of solid waste materials
- Conducted sustainability strategy and goal reviews during management and Board meetings

Our emissions management



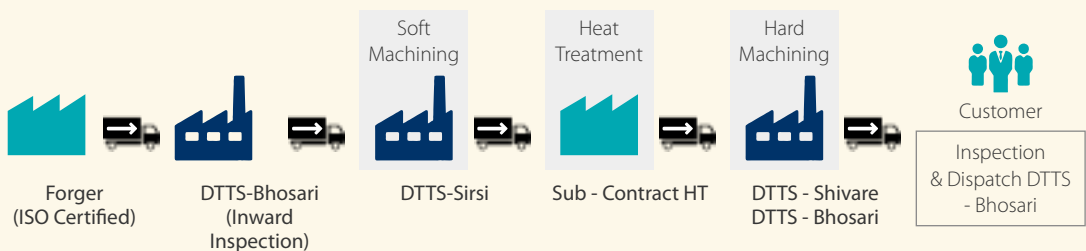
Divgi-TTS established an electric vehicle (EV) transmission manufacturing plant in Shirwal. This plant caters to India's growing EV market, transitioning from internal combustion engine (IC-engine).

Our priorities

Divgi-TTS prioritizes monitoring and minimizing electricity use, controlling emissions from diesel generators (DG), transitioning to EVs and utilizing public transportation to reduce fuel consumption. Energy consumption is key in equipment and facility selection during the design stage,

with an emphasis on using energy-efficient electrical equipment with higher star ratings from Bureau of Energy Efficiency.

The movement of the resource from the entry stage to the safe exit point



List of various gases measured and monitored by the Company

Parameter	Unit	Specification	Observed (Bhosari)	Observed (Sirsi)	Observed (Shivare)	Remark
Ambient temperature	o C	Not specified	31.0	29	32.1	Ok
Relative humidity	% rh	Not specified	48	56	34	Ok
Sulphur dioxide (SO ₂)	µg/m ³	<80	8.85	6.8	19.20	Ok
Oxides of nitrogen (NO _X)	µg/m ³	<80	9.63	9.2	22.12	Ok
Particulate matter-PM ₁₀ (less than 10 micron)	µg/m ³	<100	52.01	43.84	66.78	Ok
Particulate matter-PM _{2.5} (less than 2.5 micron)	µg/m ³	<60	19.22	26.10	23.10	Ok
Ozone (O ₃)	µg/m ³	<180	5.85	0.32	18.32	Ok
Lead (Pb)	µg/m ³	<1.0	Below detectable limit	0.02	Below detectable limit	Ok
Carbon monoxide (CO)	Mg/m ³	<4	0.58	1.4	1.47	Ok
Ammonia as (NH ₃)	µg/m ³	<400	Below detectable limit	0.28	Below detectable limit	Ok



Parameter	Unit	Specification	Observed (Bhosari)	Observed (Sirsi)	Observed (Shivare)	Remark
Benzene (C6H6)	µg/m3	<5	Below detectable limit	0.14	Below detectable limit	Ok
Benzo(a)Pyrene (BaP)	ng/m3	<1	Below detectable limit	Below detectable limit	Below detectable limit	Ok
Arsenic (As)	ng/m3	<6	Below detectable limit	0.05	Below detectable limit	Ok
Nickel (Ni)	ng/m3	<20	Below detectable limit	0.07	Below detectable limit	Ok

Our initiatives

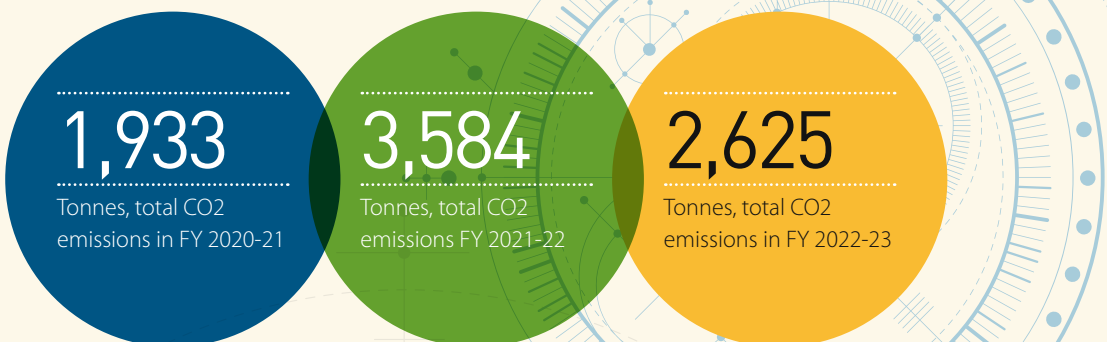
- Divgi-TTS practices Total Productive Maintenance for utility equipment, ensuring optimal performance and reducing pollutant emissions.
- Electric pans are used in tea and milk boiling, eliminating emissions from traditional fuel-based cooking methods and reducing air pollution.

- Bus transportation is provided for employees, promoting carpooling and reducing individual vehicle emissions.
- The Company partners with efficient transport agencies to optimize transportation, minimizing fuel consumption and pollutant emissions.
- Just-in-Time (JIT) and Kanban principles ensure timely material availability, reducing excessive

material transportation and pollution.

- Localized production and engagement with domestic suppliers reduce fuel consumption for material transportation, lowering carbon emissions.
- Proper hazardous waste disposal through approved agencies minimizes pollution and environmental damage.

Big numbers



Our solid waste management

Divgi-TTS strives for zero waste to landfills and reduces effluent discharge. The Company improves explores cleaner alternatives in processes and materials. Annually surveillance assessments by DQS India ensures compliance with waste management practices.

Waste treatment methods for different types of waste

Waste	Treat method
Oil soak cotton and hand gloves	Incineration
Chemical sludge from wastewater treatment	Landfilled
Discarded container/ barrel/ can	Recycle- external agency

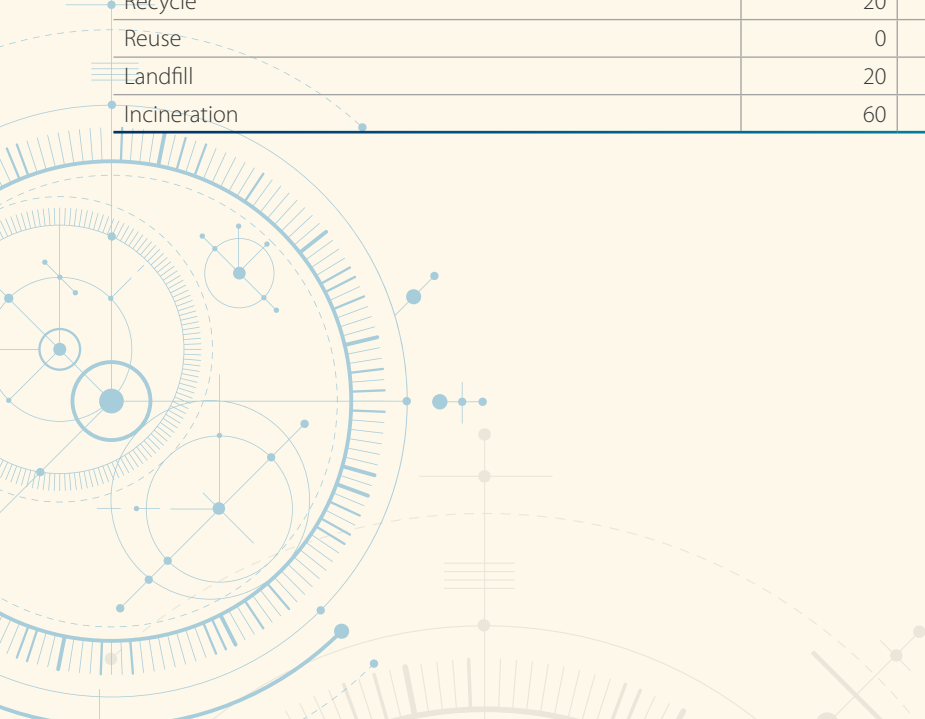
Waste generation reduction (FY20-21 to FY22-23)

Plant (kg)	FY20-21	FY21-22	FY22-23
Bhosari	7,574	10,085	7,439
Sirsi	46,290	53,971	16,748
Shivare	NA	2,327	6,315
Enterprisewide	53,864	66,383	30,502

45% reduction in waste generation

Waste management effectiveness (%)

Year	FY21	FY 22	FY23
Recovery	0	0	0
Reprocess	0	0	0
Recycle	20	20	20
Reuse	0	0	0
Landfill	20	20	20
Incineration	60	60	60



Our green cover enhancement

Divgi-TTS endeavours to promote afforestation by increasing tree plantation and preserving planted trees on its premises. The employee engagement program involves collaborating with local volunteer groups for tree plantations and river cleaning drives. The Company invested in CSR projects themed Pani Panchayat near Saswad, Pune, including the repair of ancient waterways and the Jalsandharn scheme for utilizing dam reservoir sediments in organic farming. The Company celebrated World Environment Day annually to engage internal stakeholders and employee family members.

Our initiatives

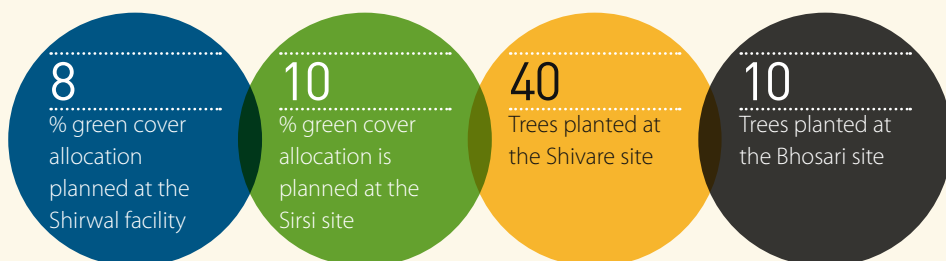
- Undertook a tree plantation initiative within the premises, planting 90 diverse indigenous trees.
- Planned to plant 20 trees in the new facility, targeting an 8% green coverage. In the current year
- Constructed a dedicated water reservoir for effective capture and storage of rainwater and stormwater.

Our strategies

- Prioritized environmentally responsible choices during design feasibility reviews
- Restricted hazardous substances in products, adhering to regulations and promoting safety
- Submitted International Material Data System declarations during program launches, ensuring transparency and accountability in material composition.

Year	FY21	FY 22	FY23
Trees within the Company's influence area	30	70	100
Year	FY21	FY 22	FY23
Trees planted by the Company	30	70	100
Year	FY21	FY 22	FY23
Total afforested area (hectares)	0.027	0.041	0.055
Year	FY21	FY 22	FY23
CO2 neutralized by the Company through its planted trees (tonnes)	8	8	10

Big numbers



Our water management

Divgi-TTS prioritizes responsible water management, recognizing its significance as a critical resource for business activities. A specialized washing process is employed to clean aluminum, steel parts and material handling trays, eliminating or controlling contamination factors. Filtration methods enable water recycling and optimize usage to meet quality standards and minimize environmental impact. Demand-side measures, such as foot pedal devices, facilitate water conservation. The organizational Kaizen competition fosters waste reduction and employee engagement in finding innovative solutions.

Our initiatives

- Implemented advanced ultrasonic washing and cleaning methods.
- Employed an efficient Effluent Treatment Plant and Sewage Treatment Plant systems
- Vigilant monitoring for leak detection and continuous operational improvements.
- Water consumption monitored through installed water meters
- Implemented rainwater harvesting at Shivare plant.
- Constructed water reservoir for stormwater storage and utilization in gardening and tree watering.
- Enhanced employee awareness during Safety Week and World Environment Day.
- Displayed 'Use Responsibly' signage in the drinking water area
- Promoted the Jal Pledge, a poem that was advocated across the entire plant.

Annual water consumption (KL)

Year	FY 2020-21	FY 2021-22	FY 2022-23
Water consumed	50,64,000	61,60,000	74,30,000

Water consumed per unit of the end product (litres)

Year	FY 2020-21	FY 2021-22	FY 2022-23
Water consumed per unit produced	0.0013	0.0014	0.0017

Reason: Water consumption increased because of increase in manpower and construction work

Water storage capacity (litres)

Year	FY 2020-21	FY 2021-22	FY 2022-23
Water storage capacity (litres)	92,000	92,000	92,000

Investments in water conservation infrastructure (in ₹)

Year	FY 2020-21	FY 2021-22	FY 2022-23
Water conservation investment	10,00,000	20,00,000	25,00,000

Our energy management

Divgi prioritized investment in renewable energy by installing 160 KWP solar panels. The Company monitors electricity use and minimizes consumption. It used energy-efficient electrical equipment with higher BEE star ratings. Its computers and laptops were equipped with auto-sleep mode to turn off automatically when not in use.

Our initiatives

- Deployed Shirwal facility with high-velocity and low-speed fans.
- Enhanced employee awareness during Safety Week about the responsible use of fans, lights and equipment.
- Planned solar panel installation on the roof

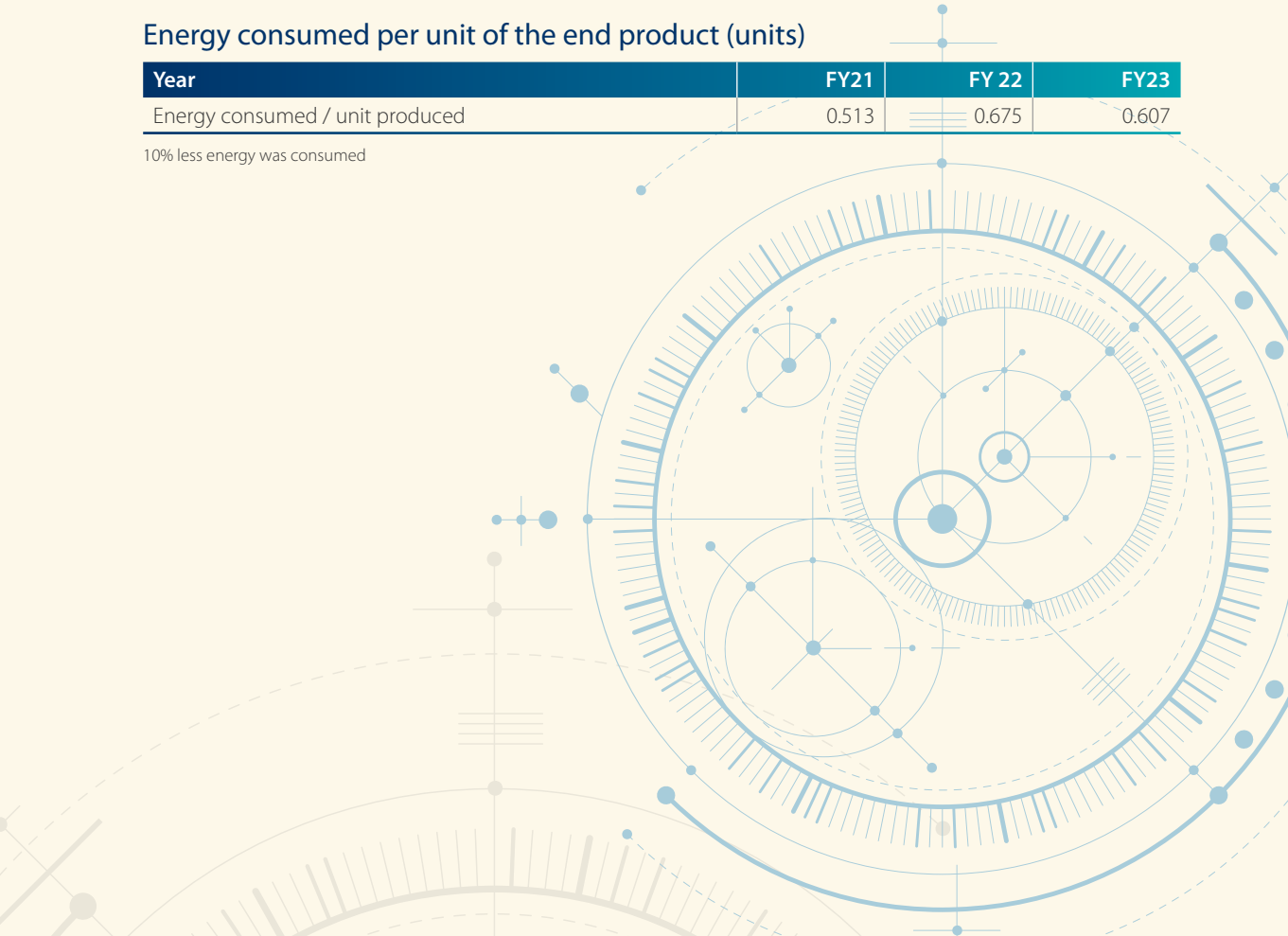
Energy consumed

Year	FY 2020-21	FY 2021-22	FY 2022-23
Energy consumed (units)	18,56,933	28,64,050	25,63,771

Energy consumed per unit of the end product (units)

Year	FY21	FY 22	FY23
Energy consumed / unit produced	0.513	0.675	0.607

10% less energy was consumed



Our social engagement



The 'S' in ESG represents positive stakeholder relationships, including employees, customers, suppliers and communities, demonstrated through industrial relations, diversity and inclusion.

Safety

Safety is a priority at Divgi-TTS; the Company identified 10 emergency situations and preparedness measures. The daily Failure Reporting and Corrective Action included safety performance discussions and communication on corrective actions. Safety and

ergonomic considerations were incorporated into workstation design and equipment selection.

Standardized workstations comprised operational guidelines and a layered process audit that ensured deficiencies were addressed. Employees were encouraged to provide suggestions

for improvement; resources were allocated for kaizen. Machine safety was ensured through periodic predictive tests and safety; fire drills were conducted as per an emergency plan. Approval was granted for upgrading the fire protection system.

Our initiatives

Enunciated policy: The EHS policy was prominently displayed at the entrance gate, shop floor and office area. The Emergency Response Team signage was prominently displayed, ensuring readiness to counter unforeseen circumstances.

Importance within strategic direction: The EHS policy was prepared, implemented and communicated to workers, employees and interested parties. The leadership team was providing a budget approval priority.

Board focus and priority: The Company created and maintained a healthy work environment, resulting in zero injury cases. Safety category (CAR) and budget approval were given priority.

Awareness building and communication: The Company

provided training calendars and tracked their effectiveness. The Safety Week was celebrated to enhance awareness among workers about safety practices.

Team composition: The Safety Committee Team, Emergency Response Team and CFT helped improve the safety culture.

Focused team structure: The emergency response team members followed instructions of the Safety Champion and helped resolve safety issues.

Team engagement: The Company encouraged team and encouraged suggestions from all workers. The leading three best suggestions were awarded monthly prizes and these suggestions were implemented across manufacturing sites.

Periodic reporting: Statutory and regulatory forms were submitted by the HR Senior

Manager. A safety committee meeting was scheduled, and minutes noted.

Recruitment: A competent team was recruited with a focus on safety. Safety champion and ERT teams were in place. Prior experience in ISO 45001 and safety were considered for candidate selection.

Training: Knowledge sessions were conducted, followed by training effectiveness assessments.

Mock drills: Biannual mock drills were conducted with an assigned observer monitoring evacuation, communication and mitigation. An emergency assembly area was provided.

Suitable infrastructure: Ongoing fire safety measures include hydrants, extinguishers, audits and compliance with regulations.

Investing in safety equipment and apparatus:

SCABA, fire blanket, PPE, equipment and barricades were deployed for safety.

Observing Safety Week:

A Safety Week was celebrated comprising competitions, awards and expert mentoring.

Our strategy

- Behaviour-based training and counselling in KYT and KYM (Kiken Yochi Training and Kiken Yochi Meeting) meetings addressed safety violations.

- Safety incidents were monitored monthly in Business Score Card, with CFT (Cross functional team) investigating and taking corrective actions for injuries. LPA (Layered

process audit) audits addressed safety violations.

- Safety training was included in employee induction, covering 15 modules authored by Toyota.

Measurement of accidents and accident-free hours

Fiscal Year	Safety measures	Bhosari	Sirsi	Shivare	Enterprise level
2018-2019	Incident	1	3	0	4
	Fatality	0	0	0	0
2019-2020	Incident	0	3	0	3
	Fatality	0	0	0	0
2020-2021	Incident	1	2	0	3
	Fatality	0	0	0	0
2021-2022	Incident	1	1	0	2
	Fatality	0	0	0	0
2022- 2023	Incident	2	0	0	2
	Fatality	0	0	0	0

Compliance audit systems

- All manufacturing sites (Bhosari, Sirsi and Shivare) are certified with ISO 45001:2018 and ISO 14001:2015 standards.

- The organisation certified auditors for doing assessments as per the ISO 45001:2018 and ISO 14001:2015 standards.
- A layered process audit was conducted for dipstick compliance checks at workstations.

- Best practises were shared across the plant, any near miss or fire incidence communicated with 8D (8 Discipline) or investigation details with the team.

Site	Certificate valid till
Bhosari	15.09.2025
Sirsi	15.09.2025
Shivare	12.12.2024

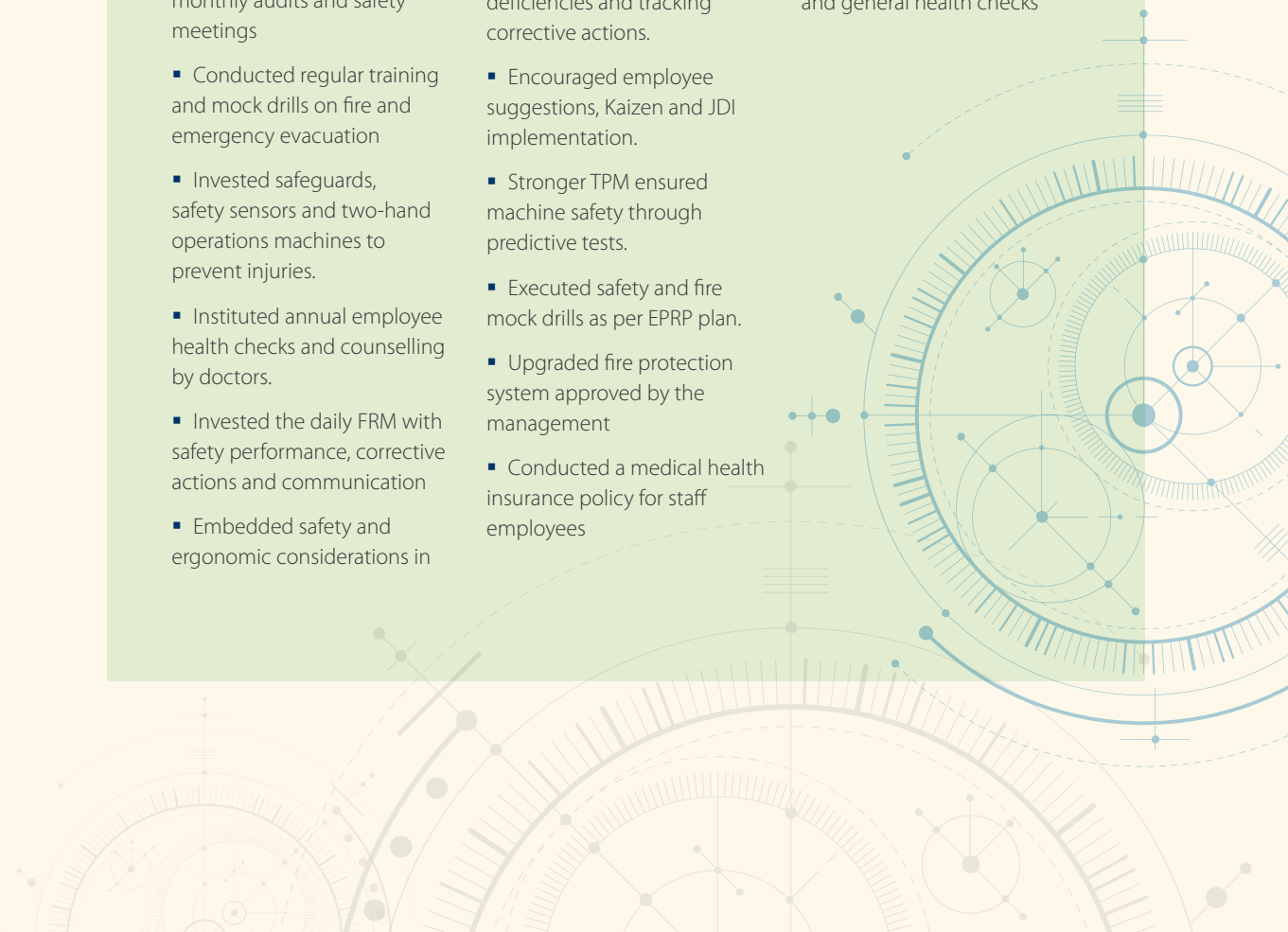
Employee health care



At Divgi-TTS, employee health checks and yoga sessions promoted employee well-being. Inter-unit sports activities enhanced employee fitness. Divgi-TTS remained ISO 14001 and ISO 45001-certified by DQS GmbH. Budgetary expenditures covered EHS compliance, audits, waste disposal, maintenance, training and safety events. Equipment modernization improved productivity.

Our initiatives

- Installed well-equipped fire control system with smoke detectors, sensors and fire extinguishers installed throughout the Company.
- Conducted safety ERT monthly audits and safety meetings
- Conducted regular training and mock drills on fire and emergency evacuation
- Invested safeguards, safety sensors and two-hand operations machines to prevent injuries.
- Instituted annual employee health checks and counselling by doctors.
- Invested the daily FRM with safety performance, corrective actions and communication
- Embedded safety and ergonomic considerations in workstation design during APQP phase three.
- Equipped workstations with detailed operational guidelines
- Strengthened the layered process audit for identifying deficiencies and tracking corrective actions.
- Encouraged employee suggestions, Kaizen and JDI implementation.
- Stronger TPM ensured machine safety through predictive tests.
- Executed safety and fire mock drills as per EPRP plan.
- Upgraded fire protection system approved by the management
- Conducted a medical health insurance policy for staff employees
- Instituted a Group Personal Accident Policy for contractual or variable workforces
- Instituted ESIC coverage for employees
- Conducted regular audiometry, eye, urine tests and general health checks



Our governance commitment



The 'G' in ESG, which stands for governance, refers to the system of practices, regulations and protocols that our Company has put in place to govern its operations, make decisions, abide by laws and address the concerns of external stakeholders.

Our governance platform

Board of Directors: Our strategic direction is steered by a distinguished Board of Directors, consisting of accomplished professionals, esteemed industrialists and influential thought leaders.

Focus: Our business aims to meet the global demand for mobility by specializing in the creation of transmission systems (both manual and automatic) that optimize power output from a given energy source.

Strategic investments: We have made strategic long-term investments with a dedicated focus on nurturing culture, enhancing assets, adopting advanced technologies, acquiring knowledge, developing infrastructure, innovating

products and cultivating strong relationships.

Approach: We have embraced a global mindset, adopting international processes and practices and continually benchmarking our standards against the best in our industry.

Research-driven: At the core of the Company's operations is a relentless focus on research, specifically directed towards developing processes that enable it to achieve faster, superior and cost-effective production outcomes.

Presence: The Company established itself as a comprehensive solutions provider, specializing in complete transmission systems that expanded its scope, increased value-addition, enhanced engagement and boosted profitability.

Practices: The Company invested in systems, processes, practices and digitalization to improve visibility, predictability and scalability.

Controlled: The Company utilized net worth to capitalize on market opportunities, reinvesting earnings for business expansion, while maintaining a debt-free status.

Complex: The Company operated at the forefront of its business, progressing from basic products to advanced solutions.

Environment focus: The Company designed and manufactured products that enhanced engine performance, reducing fuel consumption. It prioritized resource optimization in the manufacturing process to minimize the carbon footprint.

Our Directors' profile



Praveen Kadle, Chairman and Independent Director

Praveen Purushottam Kadle is an Independent Director on our Board with a Bachelor's degree in Commerce and Accountancy. He has extensive experience with the Tata Group and has received numerous awards, including

CFO of the Year and Best CFO in the Auto Sector. He is also recognized as an Indian Business Leader and Best Indian CEO in the Financial Services Sector. Additionally, he serves as an Honorary Trustee and Treasurer for CRY (Child Rights and You).



Jitendra Divgi, Managing Director

Jitendra Bhaskar Divgi serves as the Managing Director on our Board. He obtained his Bachelor's degree in Mechanical Engineering (Honours) from Birla Institute of Technology & Science, Pilani in 1985. He later pursued a Master of Science degree in Manufacturing from

the University of Massachusetts, USA in 1986. Mr. Divgi joined Divgi Metalwares in 1994 after working at Digital Equipment Corporation in Massachusetts. He also served on the Board of Directors of BorgWarner, China in 2000 and was associated with BorgWarner until 2005.



Hirendra Divgi, Executive Director

On our Board, Hirendra Bhaskar Divgi holds the position of Executive Director. He holds a Bachelor's degree in Mechanical Engineering from the University of Bangalore. Mr. Divgi has been a part of the organization since 1988 and has served in different roles during

his tenure, including the New Product Development Manager and Controller Operations. With over 30 years of experience working at the organization, Mr. Divgi brings a wealth of knowledge and expertise to his current position.



Pradip Dubhashi, Independent Director

Pradip Dubhashi has over 48 years of experience in Management Consulting and Company Management. He runs his own consulting firm, specializing in strategy, operations, and finance for various sectors in India and abroad. He has worked in traditional industries as well as with startups in modern fields.

Prior to consulting, he held positions in manufacturing and corporate planning at the Mahindra Group. He has served as a board director for 25 years and has chaired important committees. In the last decade, he has been the Chairperson of listed entities.



Pundalik Dinkar Kudva, Independent Director

Our Board of Directors includes Pundalik Dinkar Kudva, who serves as an Independent Director. Mr. Kudva holds a Hons. Graduate degree in Commerce from the University of Bombay and has been a practicing Chartered Accountant for 37 years. He is a Partner at P.D. Kudva & Co. and specializes in providing advisory

services, handling direct tax litigation and legal representation. Additionally, he serves as the Treasurer of Zonal Transplant Co-ordination Centre Pune, which plays a crucial role in coordinating deceased donor organ transplant in Pune and other cities of Maharashtra.



Geeta Tolia, Independent Director

An Independent Director, Geeta Prafullachandra Tolia is a Bachelor of Commerce from Gujarat University (1988) and a Fellow Member of the Institute of Chartered Accountants of India (1989). She also holds a Masters in Leadership and Strategy from the London Business School (2012). Geeta Tolia is currently the co-founder of TFive Network LLP, a firm that provides key services to startups and

other businesses in areas of strategy, go-to market and customer relations, finance, and fund-raising, and also of Gravitech Business Solutions Private Limited. Prior to this she was the Global Chief Financial Officer at the Sepam Group, an Irish multinational in the EPC business having businesses in the Middle East, China, USA, Australia, Ireland and the UK.



Ajay Limaye, Nominee Director

Ajay Bhaskar Limaye, appointed as the Nominee Director on our Board by Oman India Joint Investment Fund II, has over 25 years of investing experience with growth private equity funds, venture capital, infrastructure funds, special situation

and public markets. He has been with Oman India Joint Investment Fund since inception. He is a CFA Charter holder, with prior qualification as an Engineer and MBA.



Bharat Divgi, Non-Executive Director

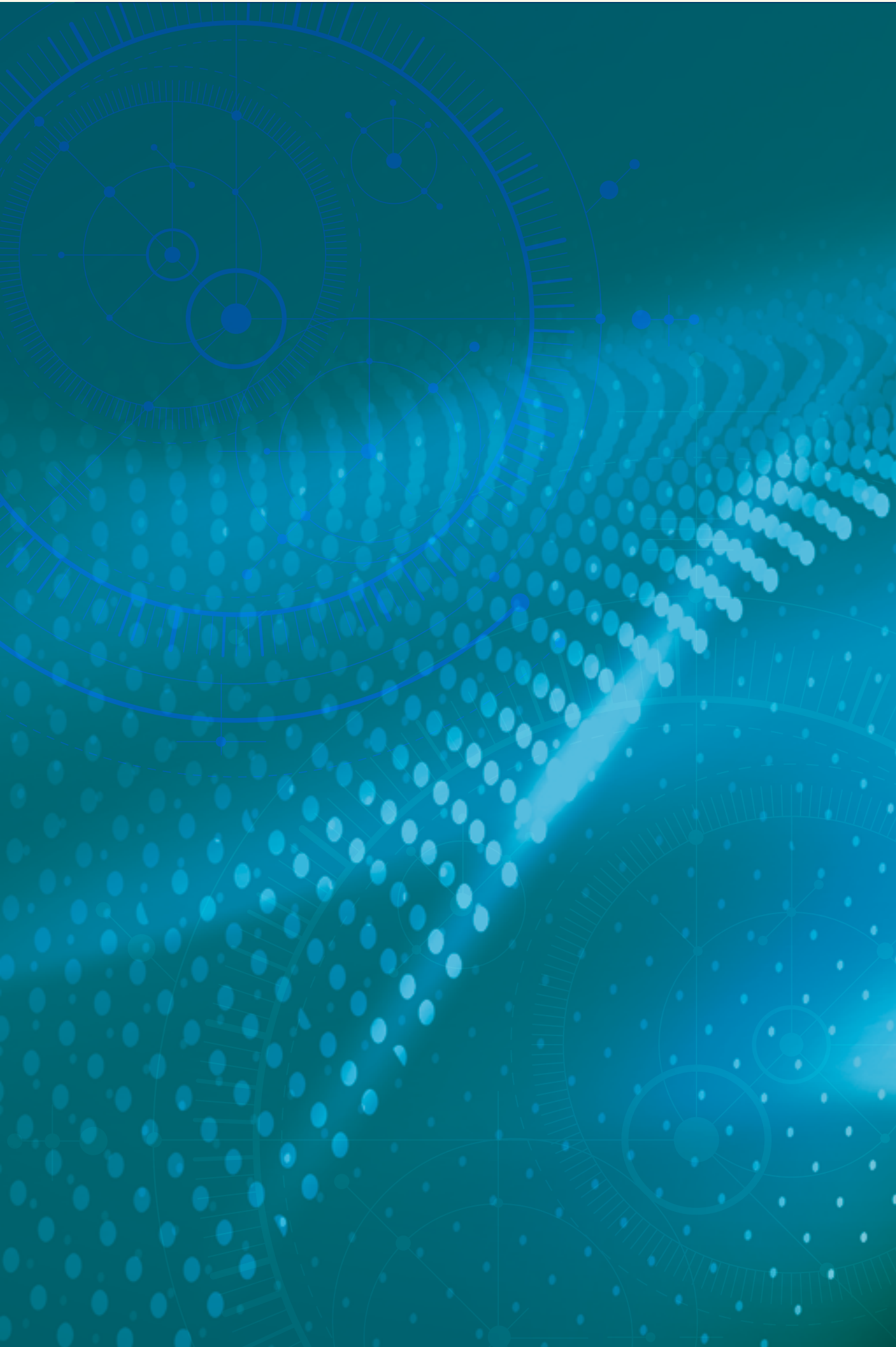
Bharat Bhalchandra Divgi has served as a Director on our Board since 1981. He holds a Hons. degree in Commerce from Indian Institute of Management & Commerce, Hyderabad. During his tenure with the Company, he has held various

positions, including Deputy Manager of Finance in 1985. He has more than 20 years of experience with our Company.



Sanjay Divgi, Non-Executive Director

Sanjay Bhalchandra Divgi is a Non-Executive Director on our Board. He served in various capacities at the Company since 1986, which included new product development and managing manufacturing operations.



Part five

Pillars of our success

Business excellence

Strengthening our manufacturing and R&D competence at Divgi-TTS



Strengths

Customer-centric: The Company's manufacturing system is marked by a commitment to quality, cost, delivery and product development.

Value engineering solutions: The Company's value engineering

translates into lower costs, alternative materials and alternative processes.

Strong management team: The Company transitioned across customers' broadbased across drive train systems, 4-wheel drive transfer cases and EV transmissions.

Principles: The Company implemented a unified production system across four manufacturing locations, inspired by Toyota principles (enhanced efficiency and process reliability).

Technological improvements

Scudding/Skiving machine: Scudding, a gear generating process, enables the production of quality gears with an excellent surface

finish. Its short cycle time and high number of cuts have empowered the Company to produce more than 50,000 ring gears a year.

Horizontal machine centre: The Company's Pallet Changer HMCs offer reliability, stability,

and precision in line with our 4-axis horizontal machining centres. Equipped with high-speed and high-performance spindles, they deliver the highest repeatable metal-removal rates.

Achievements, FY 23

- Increased efficiency and output, while reducing manpower, energy costs and processing time.

- Minimized direct manpower requirements, empowering a single person to address multiple machines.

- Reduced machining allowance in forging leads to moderate machining time and tool costs.

Introduction of the latest technology equipment

High Speed Hobbing Machine

Twin Spindle Gear Grinding Machine

Spline Rolling Machine (Rack Roll)

CNC Gear Shaving Machine

Gear Measurement Machine

Twin Spindle Power Honing Machine.

Initiatives that enhanced our manufacturing edge

Edge preparation technique for scudding tool: To address high tool costs and short tool life in scudding, we implemented edge preparation on all our scudding tools. After multiple iterations, this approach proved successful, increasing tool life. Without edge preparation, the tool life was 170 sharpening, while after edge preparation, it increased to 300 sharpening.

Localization of scudding tool: Initially, we received 10 cutters along with the machine, but

due to technology limitations and the volume of ring gears, we sourced cutters from overseas, resulting in a higher cost per piece. To address this, we approached domestic tool manufacturers, and with our support, a manufacturer produced the tool with superior productivity and quality while reducing costs.

Higher grade material and Multi-start hob: We enhanced productivity and reduced tooling costs by introducing a multi-start higher material grade hob for the sprocket drive and driven components, along with a rigid fixture design on our CLC make 200

Multirun Hobbing machine. The cycle time and cost per piece declined.

Component localization: The Company leveraged cost-effective processes, with a target of reducing costs by 1.5% of sales. The cross-functional team implements strategies to enhance productivity, lower production costs and improve the bottom line while maintaining quality. The Company localized 14 components as a part of this initiative.

Business excellence

Technological capabilities at Divgi-TTS

Strengths

Focused approach: By appointing a Chief Information Officer, the Company aims to prioritize its digitization initiatives.

Transitioning: Manual dependencies are substituted with IT solutions.

Expanding capacities: As newer technologies continue to emerge,

there will be a significant increase in IT footfall and adoption.

Enhancing data security: Increasing emphasis on safeguarding IT Infrastructure and data security

Highlights, FY 2022-23

- Recruitment of a Chief Information Officer to head IT functions.
- Focus on the adoption of new IT technologies to support the business.
- Enhancement initiatives for a better connectivity and uptime.
- Plan to build business continuity for business-critical applications.
- Initiative to set up IT infrastructure in the upcoming new plant site in Shirwal.

Digitalisation initiatives

- Vendor relationship management
- Internal training and certification
- Hardware Techfresh to adopt latest standards.
- SAP upgrade to the latest version along with the introduction of the HANA database.
- High WAN uptime at all locations

Achievements, FY 2022-23

- Hardware Techfresh revolutionized end-user experience by introducing cutting-edge computing devices that transform the user experience
- Stable connectivity has enhanced network uptime, resulting in uninterrupted connectivity, streamlined processes and efficiency.
- The advancements in SAP minimized time constraints and reduced manual processes.

Case study

Safeguarding corporate assets

Reality: The corporate establishment faced cyber-attacks, leading to disruptions in operations, downtime and losses.

Challenges: The organization recognized the need to strengthen its cyber defense system to mitigate risks posed by relentless attacks. It aimed to protect the Company's IT assets

from hacking, intrusion and phishing.

Activity: The Company redefined its cyber defense system. It introduced a comprehensive 360-degree defense mechanism, implementing checks and scanning for all incoming network traffic. This proactive approach aimed to identify

and block malicious traffic. The organization introduced multi-factor authentication to enhance access controls and ensure that only authorized employees could access the IT infrastructure.

Outcome: The introduction of the 360-degree defense mechanism blocked numerous instances of malicious traffic.

Business excellence

Unleashing the power of sales and marketing at Divgi-TTS

Strengths

The Company provides a complete range of drive train systems, including mechanical and electric shift options. It offers all-wheel drive solutions with planetary differentiation of 60:40, featuring single offset and double offset

configurations. Our drive train systems also incorporate a center axle differential within the transfer case. For enhanced four-wheel drive or all-wheel drive capabilities, we utilize NexTrac® couplers.

The Company offers a range of transmission systems, including

5/6-speed manual transmission, electric vehicle transmission and dual-clutch automatic transmission. Additionally, we provide a full range of synchronizers, which are vital components in transmission systems.

Highlights, FY 2022-23

- The successful ramp-up of the W501 Thar project contributed to our growth
- The Company won India's largest EV transmission contract from TACO-Prestolite, reinforcing our position as a leader in the electric vehicle (EV) transmission market.
- The Company is engaged in the development of the MG TOD (Torque-On-Demand) system, known as the Z101.

Achievements, FY 2022-23

- Developed a heavy-duty transfer case specifically designed for the Armored Light Specialist Vehicle (ALSV)

- Secured the prestigious contract for India's largest electric vehicle (EV) transmission from TACO-Prestolite, with the product set to be launched in FY 2022-23.

Product champions of our business

W501 transfer case: Enhanced feature in the all-new Thar SUV, building on the foundation of the Thar CRDe model from the older generation.

Nexon, Tiago, Tigor and Punch: Four electric vehicle transmissions under development

Two-speed transfer case: Enhancing off-road capabilities and providing improved performance across driving conditions.

Outlook

We are committed to maintain our leadership in the 4WD segment by upgrading our technology and introducing innovative product lines. We aim to penetrate diversified product segments, such as all wheel drive systems, manual transmissions and automatics (including dual clutch transmissions). We are dedicated to developing advanced transmissions for battery electric vehicles (BEVs) and hybrid vehicles. By expanding our expertise and offerings, we strive to remain at the forefront of the automotive industry, meeting the evolving needs of our customers and staying ahead of the market.

Divgi-TTS is the sole non- OEM producer of 4WD transfer cases in India. Other essential components, for Maruti Gypsy and TATA 407 are either manufactured in-house or imported.

Business excellence

Widening our global footprint

Strengths

Resilience: Our employees have demonstrated a strong and resilient attitude and their commitment, dedication and positive mindset have been

invaluable in overcoming obstacles and maintaining productivity.

Efficient manufacturing

practices: Our efficient manufacturing practices optimize revenue while minimizing operational costs.

Partnership: Our Company prides itself on fostering strong personal relationships with our customers leading to a higher customer satisfaction.

Highlights, FY 2022-23

- Achieved a significant milestone with record revenue in FY 23
- Due to semiconductor shortages, Toyota made the decision to halt production of the Tundra model ahead of its planned end-of-life cycle.
- The business of BW Ochang was affected due to the bankruptcy of SsangYong Motor in South Korea;
- Sanctions on Russia led to a decline in revenues

Outlook

With our offices in Cologne, Germany, and Seoul, South Korea, the Company is positioned to capture new business opportunities worldwide through effective marketing. The Company is in the process of concluding a deal with BorgWarner in Seneca, South Carolina, widening its global presence.



Business excellence

Strengthening our supply chain

Strengths

Global sourcing: By strategically sourcing parts and products from 12 different countries worldwide, we have established a diverse and robust supply network that enables us to meet the dynamic demands of the market.

Strategic location: With a focus on consolidating our operations in and around Pune, we have successfully reduced our transport

time and enhanced the overall value stream mapping, resulting in a streamlined and agile supply chain.

Thriving ecosystem: Pune, hailed as an industrial hub, presents an exceptional ecosystem that fuels the growth and exploration of new opportunities for Divgi-TTS

Local sourcing: Divgi-TTS has strategically embraced the

localisation of parts within its supply chain that has delivered significant advantages in terms of cost competitiveness and inflation management

International presence: Divgi-TTS has established global sourcing offices in Germany and Korea, strategically positioning the Company to expand its international presence and tap into diverse global markets

Highlights, FY 2022-23

- Optimized the global supply chain for the launch of the Dual Offset and Torque on Demand transfer case

- Developed an efficient supply chain for the Electric Shift on Fly Transfer case

- Successfully developed of the EV Transmission supply chain

- Established a greenfield plant in Shirwal.

Achievements

- Honoured with Mahindra&Mahindra's Powertrain Supplier of the Year award for outstanding supply chain management related to the launch of the Z101 program
- Received Toyota's Best Supplier Award for excellence in quality, delivery, overall alignment and commitment.

Outlook

Divgi-TTS's global supply chain exhibits geographic diversity, encompassing sourcing activities across the globe. This extensive experience in sourcing transfer case parts positions the Company well for upcoming projects such as eGear drive. Additionally, Divgi-TTS's supply chain expertise extends to major commodities like forging, casting, sheet metal,

powder metallurgy and heat treatment, which are crucial for transfer case production. This broad experience in sourcing and managing these commodities will prove invaluable for the development of electric vehicle components and systems.

Business excellence

Deepening engineering capabilities at Divgi-TTS



Strengths

Transfer cases

Brand value: The Company has a strong technical team dedicated to realising our vision of becoming a world-class Indian brand. Our mission is to assist our customers in innovating and constructing exceptional drivetrain systems. As a part of our operations, we are proud to supply heavy-duty transfer cases to our Army through Mahindra Defence.

Innovative design: We possess extensive knowledge, capabilities, and competencies to develop innovative designs that cater to our customers' specific needs, addressing requirements for higher gross vehicle weight (GVW) vehicles, packaging constraints, torque rating in transfer cases, as well as auto and manual transmissions.

First mover: By initiating the early development of transfer cases, the Company has gained a significant advantage as the first mover, which has allowed us to secure Mahindra Defense as our inaugural customer.

Positioning: The Company has positioned themselves as a trusted cost-competitive supplier. This distinction allows the Company to stand out and offer superior value to customers.

EV transmission

Strategic advantage: The Company possesses a strategic advantage in the development of electric vehicle (EV) transmissions due to our expertise in gear manufacturing and our world-class manufacturing facility.

Exclusive supplier: We are the sole supplier in India who developed EV transmission and started supplying it to TATA Motors through TACO for mass production quantities.

Investment: The architectural investment in challenger transmission helped us secure business for NOVA as well, with minimum changes in the existing design

First mover: With a first mover advantage, we received request for quotations from Mahindra Electric and MG Motors for their premium vehicles, which will help us achieve diversify our revenues.





Highlights, FY 2022-23

Transfer cases

- The Company supplied 400 units of Heavy-Duty Transfer Cases (HDTC), resulting in a total revenue of ₹5.4 cr
- MG ToD (Multi-Gear Transfer on Demand) Transfer Case received PPAP (Production Part Approval Process) approval

- The Mahindra Z101 transfer case was developed in collaboration with Mahindra

EV transmission

- Submitted a total of 8 Alfa level prototypes in July 2022
- Submitted 3 Beta level prototypes in February 2023
- Successful bench test validation of our product at

ARAI (Automotive Research Association of India).

- Successful vehicle test in TATA Motors with bearing retention design
- Successful design phase for the Nova transmission

Outlook

Transfer cases: The development of our heavy-duty transfer case presents a significant opportunity for securing new RFQs (Request for Quotations) from major industry players such as Bharat Forge, TATA Motors and Ashok Leyland

Component level development:

Our recent development of EV components for Mahindra Electric vehicles, specifically for its Alfa-Treo three-wheelers and XUV 400 under the code name MET150, will help

us gain knowledge about customer product quality levels and design.

EV transmission: Our successful EV transmission development and collaboration with TATA Motors attracted interest from major EV players. RFQs from Mahindra Electric Vehicles for E-Jeeto transmissions (45KW and 10KW) and ongoing discussions with MG Motors for the MG Comet highlight the growing demand for our drivetrain solutions in the EV market.

Manual transmission: Expanding our presence in the automotive market, we developed manual transmissions, including the 5MT300 SL and 6MT420 for UAZ Russia, and the 6MT250 for MG Motors Hector application. The Company is also collaborating with Ashok Leyland to develop a manual transmission its 2-tonne vehicle and recently received an RFQ from Al-Mansur Egypt for its LMV, to which we proposed our existing 5MT transmission.

Business excellence

Empowering human capital at Divgi-TTS



Strengths

Team: To ensure effective HR and administration support across all four facilities, there is a strong HR and administration team that is present and actively engaged in each location.

Partnerships: The Company develops and nurtures relationships with reputable educational and management

development institutes; it provides numerous benefits to the organization in terms of talent acquisition, employee development and industry knowledge.

Employee involvement: The Company engages and involves employees in various human resources programs, policies and decision-making processes.

Communication: The Company connects employees, teams and departments, enabling the smooth flow of information, ideas and feedback

Response meetings: The Company conducts planning and review forums, coupled with daily fast response meetings, to enhance agility, accountability and continuous improvement.

Achievements, FY 2022-23

- Highest hiring of the year, with over 70 new positions, among these new hires; added five experienced professionals to our team, who joined us as Heads of Department (HOD).
- Our Learning and Development (L&D) efforts were productive, with a total of 134 sessions conducted, resulting in an impressive 4,181 person-hours dedicated

- to employee growth and skill enhancement
- Facilitated targeted learning opportunities for employees, including the Finance Acumen for Leaders program conducted at the esteemed Tata Management Training Center.
- Provided an English language improvement course to enhance communication abilities

- Select individuals had the privilege of attending the CFO Course at IIMC.
- Created 17 internal career opportunities through our talent transfer program.
- Reported an impressive employee engagement score of 78.9% (1.58 out of 2)
- Achieved first prize in the prestigious National CII HR Circle competition.

Outlook

Workforce planning will be a priority, ensuring we have the right talent in the right roles to drive objectives. Education and training initiatives will continue to empower employees with the

skills and knowledge needed to excel. Effective employee communications will be fostered to foster transparency, collaboration and engagement. Lastly, a robust compensation management and performance appraisal system

will help recognize and reward our employees' contributions. By prioritizing these aspects, we are poised to cultivate a high-performing workforce, foster continuous growth, and achieve organizational goals.

Our dashboard

Employee cost

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Employee cost (₹)	196,494,179.99	217,727,191.39	225,416,734.30	244,945,670.22

Employees

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Employees	193	199	200	226

Training hours

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Aggregate person training hours (hours / employee / month)	7.3	6.0	7.4	7.7

Average age

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Average age (years)	38	39	39	38

Women employees as percentage of total employees

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Women employees as percentage of total employees	2.07	2.11	3.5	2.65

Employee productivity

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Revenue per employee (USD)	48,348	57,913	68,431	75,044

People cost

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
People cost as percentage of revenues	12.35	11.67	9.64	9.04

Management discussion and analysis



Global economy

Overview: The global economic growth was estimated at a slower 3.2% in FY 2022-23, compared to 6% in FY 2021-22 (which was on a smaller base of 2020 on account of the pandemic effect). The relatively slow global growth of 2022 was marked by the Russian invasion of Ukraine, unprecedented inflation, pandemic-induced slowdown in China, higher interest rates, global liquidity squeeze and quantitative tightening by the US Federal Reserve.

The challenges of 2022 translated into moderated spending, disrupted trade and increased energy costs. Global inflation was 8.7% in 2022, among the highest in decades. US consumer prices decreased about 6.5% in 2022, the highest in four decades. The Federal Reserve raised its benchmark interest rate to its highest in 15 years. The result

is that the world ended in 2022 concerned that the following year would be slower.

The global equities, bonds, and crypto assets reported an aggregated value drawdown of USD26 trn from peak, equivalent to 26% of the global gross domestic product (GDP). In 2022, there was a concurrently unique decline in bond and equity markets; 2022 was the only year when the S&P 500 and 10-year US treasuries delivered negative returns of more than 10%.

Gross FDI inflows – equity, reinvested earnings and other capital – declined 8.4% to USD 55.3 bn in April-December. The decline was even sharper in the case of FDI inflows as equity: these

fell 15% to USD 36.75 bn between April and December 2022. Global trade expanded by 2.7% in 2022 (expected to slow to 1.7% in 2023).

The S&P GSCI TR (Global benchmark for commodity performance) fell from a peak of 4,319.55 in June 2022 to 3,495.76 in December 2022. There was a decline in crude oil, natural gas, coal, lithium, lumber, cobalt, nickel and urea realisations. Brent crude oil dropped from a peak of around USD 120 per barrel in June 2022 to USD 80 per barrel at the end of the calendar year following the enhanced availability of low-cost Russian oil.

Regional growth (%)	FY 2021-22	FY2020-21
World output	3.2	6.1
Advanced economies	2.5	5
Emerging and developing economies	3.8	6.3

Performance of major economies

United States:

Reported GDP growth of 2.1% compared to 5.9% in 2021

China:

GDP growth was 3% in 2022 compared to 8.1% in 2021

United Kingdom:

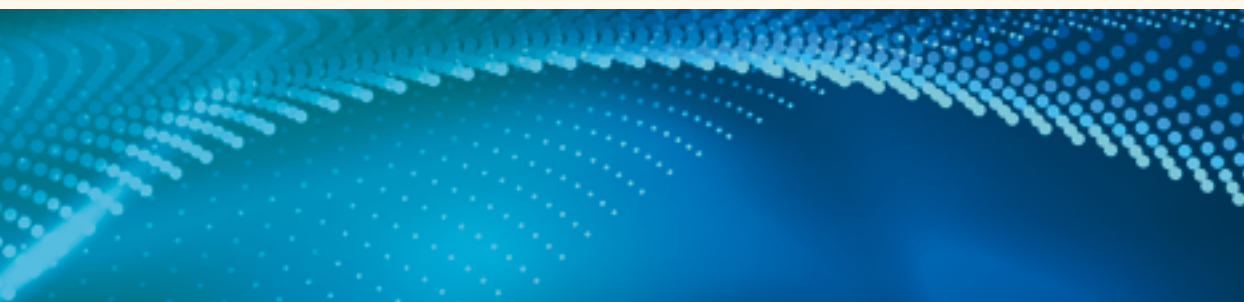
GDP grew by 4.1% in 2022 compared to 7.6% in 2021

Japan:

GDP grew 1.7% in 2022 compared to 1.6% in 2021

Germany:

GDP grew 1.8% compared to 2.6% in 2021



Outlook

The global economy is expected to grow 2.8% in 2023, influenced by the ongoing Russia-Ukraine conflict. Concurrently, global inflation is projected to fall marginally to 7%. Despite these challenges, there are positive elements within the global economic landscape. The largest economies like China, the US, the European Union, India, Japan, the UK, and South Korea are not in a

recession. Approximately 70% of the global economy demonstrates resilience, with no major financial distress observed in large emerging economies. The energy shock in Europe did not result in a recession, and significant developments, including China's progressive departure from its strict zero-Covid policy and the resolution of the European energy crisis, fostered optimism for an improved global trade performance. Despite

high inflation, the US economy demonstrated robust consumer demand in 2022. Driven by these positive factors, global inflation is likely to be still relatively high at 4.9% in 2024. Interestingly, even as the global economy is projected to grow less than 3% for the next five years, India and China are projected to account for half the global growth.

(Source: IMF).

Growth of the Indian economy

Year	FY 20	FY 21	FY 22	FY23E
Real GDP growth(%)	3.7	-6.6%	8.7	6.8

Growth of the Indian economy quarter by quarter, FY 2022-23

Year	Q1FY23	Q2FY23	Q3FY23	Q4FY23E
Real GDP growth (%)	13.1	6.3	4.4	4.9

(Source: Budget FY24; Economy Projections, RBI projections)

India's auto industry grew 21% in FY23; passenger vehicle (UVs, cars and vans) retail sales touched a record 3.9 mn units in FY23, crossing 3.2 mn units in FY19. The commercial vehicles segment grew 33%. Two-wheeler sales fell to a seven-year low; the three-wheeler category grew 84%.

Till the end of Q3FY23, total gross non-performing assets (NPAs) of

the banking system fell to 4.5% from 6.5% a year ago. Gross NPA for FY23 was expected to be 4.2% and a further drop is predicted to 3.8% in FY 2023-24.

India's headline foreign direct investment (FDI) numbers rose from USD 74.01 bn in 2021 to a record USD 84.8 bn in 2021-22, a 14% Y-o-Y increase, till Q3FY23. India recorded a robust USD

36.75 bn of FDI. In FY 2022-23, the government was estimated to have addressed 77% of its disinvestment target (₹50,000 cr against a target of ₹65,000 cr).

India's foreign exchange reserves, which had witnessed three consecutive years of growth, experienced a decline of approximately USD 70 bn in 2022, primarily influenced by

rising inflation and interest rates. Starting from USD 606.47 bn on April 1, 2022, reserves decreased to USD 578.44 bn by March 31, 2023. The Indian currency also weakened during this period, with the exchange rate weakening from ₹75.91 to a US dollar to ₹82.34 by March 31, 2023, driven by a stronger dollar and increasing current account deficit. Despite these factors, India continued to attract investable capital.

The country's retail inflation, measured by the consumer price index (CPI), eased to 5.66% in March 2023. Inflation data on the Wholesale Price Index, WPI (calculates the overall price of goods before retail) eased to 1.3% during the period. In 2022, CPI hit its highest of 7.79% in April; WPI reached its highest of 15.88% in May 2022. By the close of the year under review, inflation had begun trending down and in April 2023 declined below 5%, its lowest in months.

In FY 2022-23, total receipts (other than borrowings) were estimated at 6.5% higher than the Budget estimates. Tax-GDP ratio was estimated to have improved by 11.1% Y-o-Y in RE 2022-23.

Per capita income almost doubled in nine years to ₹172,000 during the year under review, a rise of 15.8% over the previous year. India's GDP per capita was 2,320 USD (March 2023), close to the magic figure of USD 2500 when consumption spikes across countries. Despite headline inflation, private consumption in India witnessed continued momentum and was estimated to have grown 7.3% in FY 2022-23.

Outlook

There are green shoots of economic revival, marked by an increase in rural growth during the last quarter and appreciable decline in consumer price index

inflation to less than 5% in April 2023. India is expected to grow around 6-6.5% (as per various sources) in FY2024, catalysed in no small measure by the government's 35% capital expenditure growth by the government. The growth could also be driven by broad-based credit expansion, better capacity utilisation and improving trade deficit. Headline and core inflation could trend down. Private sector investments could revive. What provides optimism is that even as the global structural shifts are creating a wider berth for India's exports, the country is making its largest infrastructure investment. This unprecedented investment is expected to translate into a robust building block that, going ahead, moderates logistics costs, facilitates a quicker transfer of products and empowers the country to become increasingly competitive. This can benefit India's exports in general, benefiting several sectors. The construction of national highways in FY 2022-23 was 10,993 km; the Ministry of Road Transport and Highways awarded highway contracts of 12,375 km in the last financial year (Source: IMF).

The global landscape favours India: Europe is moving towards a probable recession, the US economy is slowing, China's GDP growth forecast of 4.4% is less than India's GDP estimate of 6.8% and America and Europe are experiencing its highest inflation in 40 years.

India's production-linked incentive appears to catalyse the downstream sectors. Inflation is steady. India is at the cusp of making significant investments in renewable energy and other sectors and emerging as a suitable industrial supplement to China. India is poised to outpace Germany and Japan and emerge as the third-largest economy by the end of the decade. The outlook for private

business investment remains positive despite an increase in interest rates. India is less exposed to Chinese economic weakness, with much less direct trade with China than many Asian peers.

Union Budget FY 2023-24 provisions

The Budget 2022-23 sought to lay the foundation for the future of the Indian economy by raising capital investment outlay by 33% to ₹10 lakh cr, equivalent to 3.3% of GDP and almost three times the 2019-20 outlay, through various projects like PM Gatishakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments. An outlay of ₹5.94 lakh cr was made to the Ministry of Defence (13.18% of the total Budget outlay). An announcement of nearly ₹20,000 cr was made for the PM Gati Shakti National Master Plan to catalyse the infrastructure sector. An outlay of ₹1.97 lakh cr was announced for Production Linked Incentive schemes across 13 sectors. The Indian government intends to accelerate road construction in FY24 by 16-21% to 12,000-12,500 km. The overall road construction project pipeline remains robust at 55,000 km across various execution stages. These realities indicate that a structural shift is underway that could strengthen India's positioning as a long-term provider of manufactured products and its emergence as a credible global supplier of goods and services

Global automotive industry

The automotive manufacturing industry is one of the largest in the world, producing 85.4 mn vehicles in 2022 and accounting for half the global oil consumption. This sector directly employs 14 mn people and provides indirect employment to even more through its support of other businesses. The global automotive manufacturing industry is a major player in the world economy, producing 60 mn vehicles annually and consuming

50% of the world's oil. It directly employs 4 mn individuals and indirectly supports additional jobs through its support of other businesses.

The global automotive manufacturing market was valued at USD 2.9 trn in 2022 and is expected to continue its growth, with a projected CAGR of 3.2% from 2023 to 2028. By the end of the decade, the industry is expected to produce 122.83 mn units, a significant increase from 85.4 mn units

produced in 2022. As of now, the automotive manufacturing industry is the largest among all global manufacturing industries, leading in terms of market size. It is projected that by 2030, the world will see an increase of 58 mn self-driving vehicles in its fleet. The future of the global automotive industry looks bright due to rapid advancements, investment in new capacity specifically for electric vehicles (EVs) and increasing customer demand.

(Source: Azom.com)

Consumer powertrain preference for their next vehicle (2023)

Country	Gasoline/ Diesel Vehicle	Hybrid electric vehicle	Plug-in hybrid electric	Battery electric vehicle	Other vehicles
US	62%	20%	8%	8%	4%
China	45%	14%	12%	27%	2%
India	53%	20%	12%	8%	6%
Germany	51%	15%	12%	16%	6%
Japan	36%	36%	12%	13%	2%
South Korea	38%	27%	13%	17%	5%

(Source: Statista)

Indian automotive industry overview

The automotive industry in India is forecasted to experience a growth rate of 11.3% per year until 2027. The growth of the automotive industry in India is largely attributed to factors such as increased disposable income, readily available credit and financing options, and population growth. The passenger transport sector's expansion and the growing demand for commercial vehicles also contribute to the high potential for future growth in India's automotive sector. At present, the electric vehicle (EV) market share in India's automotive sector is at 0.7%, but this is expected to increase to 3.8% by 2027. In 2022, the automotive industry saw its highest ever

annual sales of domestic passenger vehicles (PVs), with a total of 3.793 mn units sold. This was due to pent-up demand and improved semiconductor chip supply. The sales figure was 23.1% higher compared to 2021.

Commercial vehicles production stood at 9,62,468 units in FY 2022-23 compared to 7,16,566 units in FY 2021-22. The automobile sector received cumulative equity FDI inflow of about USD 33.53 bn between April 2000 to June 2022. The Indian Government has set a target for the automobile sector to attract USD 8-10 bn in both domestic and foreign investments by 2023. India has the potential to become a leader in shared mobility by 2030, with a focus on electric and autonomous vehicles.

India's passenger vehicle exports saw a significant 15% increase in FY23, reaching a total of 6,62,891 units compared to 5,77,875 units in FY22. The country holds a strong position in the global heavy vehicles market, ranking as the largest tractor producer, second-largest bus manufacturer, and third-largest heavy truck manufacturer worldwide.

The Government of India's Automotive Mission Plan (AMP) 2006-26 has been instrumental in ensuring growth for the sector. The Indian automobile industry is expected to achieve a turnover of USD 300 bn by 2026 by expanding at a CAGR of 15% from its current revenue of USD 74 bn.

(Source: Business standard, IBEF)

Global auto components industry

In 2022, the global market for auto parts manufacturing reached a

value of approximately USD 2,265.9 bn. The industry is anticipated to continue its growth, with a projected CAGR of 3.2% from

2023 to 2028. By 2028, the market is estimated to reach a value of around USD 2,737.28 bn.

Indian auto components industry

India's auto component industry plays a crucial role in driving macroeconomic growth and employment. It currently contributes 2.3% to the country's GDP and employs 1.5 mn people directly. By 2026, it is projected that the automobile component sector will contribute 5-7% to India's GDP. With a compound annual growth rate (CAGR) of 6.35% from FY16 to FY22, the industry reached a value of USD 56.50 bn in FY22. Given the

promising prospects in all vehicle industry segments, the auto component sector is expected to experience double-digit growth in FY22.

The auto component industry in India is projected to reach a value of USD 200 bn by FY26, driven by factors such as a growing working population and an expanding middle class. The demand for electric vehicles (EVs) is expected to rise significantly, with an estimated sale of 4 mn units per year by 2025 and 10 mn units by 2030. By 2030, the market size is

anticipated to reach USD 206 bn. The sector's exports are also set to grow, reaching USD 30 bn by FY26. The auto component industry benefits from 100% foreign direct investment (FDI) allowed through the automatic route. Additionally, the Production Linked Incentive (PLI) schemes implemented for automobiles and auto components are expected to attract a capital expenditure of ₹74,850 cr (USD 9.58 bn) over the next five years.

(Source: IBEF)

Financial analysis FY 2022-23

Balance Sheet

Borrowings

for FY 2022-23 stood at ₹4.30 mn compared to ₹1.20 mn during FY 2021-22.

Total non-current assets

for FY 2022-23 stood at ₹2,141.46 mn compared to ₹1,418.25 mn in FY 2021-22.

Net worth stood

at ₹5,512.83 mn as on March 31, 2023 compared to ₹3,400.15 mn as on March 31, 2022, an increase of 62.13%.

Total assets

increased by 58.37% to ₹6,419.98 mn as on March 31, 2023 from ₹4,053.70 mn as on March 31, 2022.

Inventories

increased by 6.02% to ₹318.85 mn as on March 31, 2023 from ₹300.75 mn as on March 31, 2022.

Profit & loss statement

Revenues

increased 15.21% from ₹2,418.74 mn in FY 2021-22 to ₹2,786.67 mn in FY 2022-23.

EBITDA increased

11.38% from ₹737.11 mn in FY 2021-22 to ₹820.98 mn in FY 2022-23.

Profit after tax

increased 10.86% from ₹461.51 mn in FY 2021-22 to ₹511.62 mn in FY 2022-23.

Total expenses

for FY 2022-23 stood at ₹2,098.36 mn compared to ₹1,797.21 mn in FY 2021-22.

Depreciation and amortisation

stood at ₹129.85 mn in FY 2022-23 compared to ₹113.91 mn in FY 2021-22.

Working capital management

Current assets as on March 31, 2023 stood at ₹4,278.52 mn compared to ₹2,635.45 mn as on March 31, 2022.

Current ratio as on March 31, 2023 stood at 5.02 compared to 4.40 as on March 31, 2022.

Inventories increased from ₹300.95 mn as on March 31, 2022 compared to ₹318.85 mn as on March 31, 2023.

Current liabilities stood at ₹851.86 mn as on March 31, 2023 compared to ₹598.76 mn as on March 31, 2022.

Cash and bank balances stood at ₹3,113.48 mn as on March 31, 2023 compared to ₹1,732.25 mn as on March 31, 2022.

Key ratios

Particulars	FY 2022-23	FY 2021-22
EBITDA/Turnover	29.46	30.47
EBITDA/Net interest	291.13	444.04
Debt-equity ratio	0.00	0.00
Return on equity (%)	11.48	14.52
Book value per share (₹)	200.23	123.50
Earnings per share (₹)	18.45	16.76

Risk management at Divgi - TTS

Risk management is a cross-functional and multi-level process that encompasses all aspects of an organization, from the board to the management team and across all projects. The role of risk management is overseen by a Risk Management Committee, consisting of board members, who are responsible for guiding and implementing risk management strategies.

Key risks and their explanation	Mitigation measures
When there is a change in consumer demand, the Company's focus on a specific niche segment may become a drawback.	The Company is working tirelessly to broaden its portfolio to include a wider range of products and applications, such as passenger vehicles, commercial vehicles, tractors, and construction equipment, and to expand its reach to different consumer segments and geographical regions. 80% of the Company's revenue comes from customers who have been associated with the Company for ten years or longer.
A downturn in the economy could negatively affect the Company's performance, as it could lead to a decrease in demand for automobiles, which in turn would impact the Company's revenue.	To reduce its risk of relying on a single market, the Company has diversified its presence across four countries. Additionally, the Company has expanded the range of applications for its products to mitigate the risk of relying on a limited number of applications.
Intense competition in the global market, driven by cost and volume considerations.	Divgi - TTS holds a prominent position as a market leader. To enhance cost management, the Company implemented the principles of lean manufacturing.
There is a rising trend among global OEMs to closely examine the carbon footprint and life cycle assessment of their suppliers' products, leading to stricter screening criteria.	The Company has expanded its network of knowledge partners and has made environmental responsibility a priority. It has held ISO 14000 certification for several years and has started using the Global Reporting Initiative (GRI) framework to report on sustainability. The Company is also a leader in the development of energy-efficient vehicles, partnering with some of the world's leading brands in this field.
Failure to attract and retain talent could jeopardize the Company's long-term success and sustainability.	To attract and retain leading talent, the Company offers a positive work environment and opportunities for professional development.
The use of child labor can lead to negative public opinion and harm the Company's reputation and goodwill.	The Company has initiated policy action against the employment of child labour in its vigorous moral values and code of conduct

Key risks and their explanation	Mitigation measures
The increasing strictness of environmental regulations could impact the Company's growth prospects.	The Company's investments in the refined R&D projects to moderate the impact of its products on the environment; magnified Lean Manufacturing discipline reduced the use of raw material
Innovations might replace existing technologies	To remain competitive, the Company invests in technology upgrades.
Global OEMs have shifted their focus towards reducing costs while improving quality.	The Company raised its quality standards by introducing a vendor development program using CMM and a supplier quality improvement program. Additionally, the Company invested in complementary capital equipment to reduce costs.

Human resource management

The Company creates a positive work environment that motivates performance and emphasizes a customer-focused and innovative approach, while maintaining

the highest level of quality. The Company also invests in employee training and development as part of its efforts to improve operational efficiency. To retain and attract talent, the Company provides opportunities for growth and learning, and implements

progressive policies and programs, such as recognition and reward programs, employee engagement activities, and work-life balance initiatives. During the previous year, industrial relations remained harmonious across all of the Company's plants.

Internal control systems and their adequacy

The Company has an adequate system of internal controls to ensure that transactions are properly authorized, recorded, and reported, apart from safeguarding its assets. An internal financial control system forms the

backbone of risk management and governance. The Company has put in place a well-defined and adequate internal controls system commensurate with the size of the Company and the complexity of its operation. These have been operating effectively throughout the year. These controls were

routinely tested and certified by external as well as internal auditors covering all offices, factories, and key business areas. Cross-functional teams in all the factories also play a significant role in the internal control system of production operations. System certification further strengthens these systems.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairperson

Mr. Praveen Purushottam Kadle

Executive Directors

Mr. Jitendra Bhaskar Divgi- Managing Director

Mr. Hirendra Bhaskar Divgi- Whole Time Director

Non- Executive Directors

Independent Directors

Mr. Praveen Purushottam Kadle

Mr. Pradip Vasant Dubhashi

Mr. Pundalik Dinkar Kudva

Ms. Geeta Prafullachandra Tolia

Non-Independent Directors

Mr. Sanjay Bhalchandra Divgi

Mr. Bharat Bhalchandra Divgi

Nominee Director

Mr. Ajay Bhaskar Limaye

KEY MANAGERIAL PERSONNEL

Chief Financial Officer

Mr. Sudhir Shridhar Mirjankar

Company Secretary and Compliance Officer

Mr. Satish Chandrashekhar Kadrolli

(resigned w.e.f. June 30, 2023)

Ms. Sanika Surendra Nirgude

(appointed w.e.f. July 01, 2023)

STATUTORY AUDITORS

M/s. B K Khare & Co.,

Chartered Accountants, Pune

INTERNAL AUDITORS

M/s. PricewaterhouseCoopers Pvt. Ltd.

SECRETARIAL AUDITORS

M/s Kanj & Co. LLP

Company Secretaries, Pune

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited, Pune

SEBI Registration No: INR000004058

Website: <https://linkintime.co.in/>

REGISTERED OFFICE

75, General Block, MIDC Bhosari,

Pune, Maharashtra, India 411026

Phone: 020-6311 0114

Email: companysecretary@divgi-tts.com

Website: www.divgi-tts.com

CIN: U32201MH1964PLC013085

FACTORIES

1. BHOSARI
2. SHIVARE
3. SHIRWAL
4. SIRSI

BOARD COMMITTEES

Audit Committee

Nomination & Remuneration Committee

Stakeholders' Relationship Committee

Corporate Social Responsibility Committee

Risk Management Committee

IPO Committee

Independent Directors' Committee

Board's Report

Dear Members,

Your Directors are pleased to present the 58th Annual Report of Divgi TorqTransfer Systems Limited ("Your Company /the Company") along with the Audited Financial Statements for the financial year ended March 31, 2023.

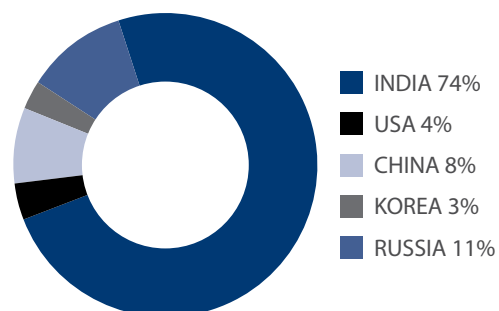
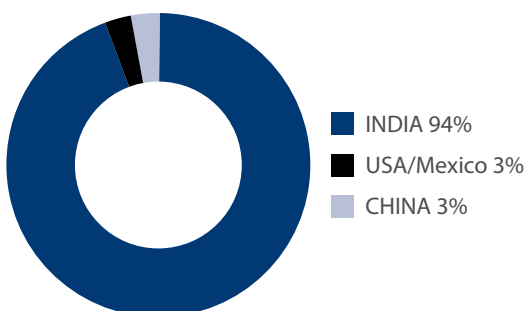
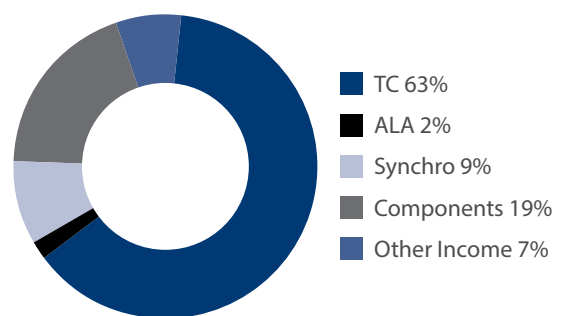
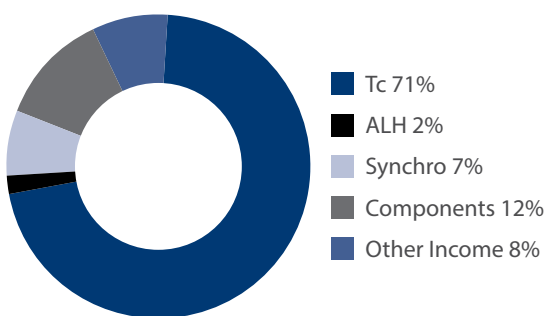
1. KEY FINANCIAL HIGHLIGHTS (STANDALONE):

(₹ in millions)

Particulars	Financial Year 2022-23	Financial Year 2021-22
Revenue from Operation	2,710.43	2,337.77
Other Income	76.24	80.97
Total Income	2,786.67	2,418.74
Expenses excluding Finance Cost and Depreciation & Amortization Expenses	1,965.69	1681.64
Profit for the year before Interest, Depreciation & Amortization	820.98	737.10
Finance Cost	2.82	1.66
Depreciation & Amortization Expenses	129.85	113.91
Profit for the year before exceptional items and tax	688.31	621.53
Exceptional Items	-	-
Profit before Tax	688.31	621.53
Tax Expenses		
• Provision for Income Tax	176.87	162.30
• Deferred Tax	(0.18)	(2.28)
Profit for the Year	510.00	462.60
Earnings Per Share		
• Basic	18.45	16.76
• Diluted	18.45	16.76

The above-mentioned figures are extracted from Financial Statements prepared in accordance with the Indian accounting standards (IND AS).

2. FINANCIAL AND OPERATIONS PERFORMANCE AND STATE OF AFFAIRS:



The following table summarizes the Company's revenues across product lines:

(₹ in millions)

Particulars	Financial Year 2022-23	Financial Year 2021-22
Transfer Cases	1969.65	1,531.80
Automatic Locking Hubs	66.14	50.90
Transmission components	544.28	668.10
Other Operating Revenue	38.94	54.70
Sales of tools	91.42	32.27
Other Income	76.24	80.97
Total Revenue	2786.67	2418.74

Other income= Interest income + Rental income + vendor liability no longer required written back + gain on foreign exchange fluctuation (net) + profit on sale of fixed assets (net) + miscellaneous income.

The year concluded with revenue reaching ₹278.67Cr, an increase from ₹241.87Cr in the previous year. This growth in sales revenue was primarily driven by a significant expansion of our proprietary transfer case business with TATA, Mahindra.

Your company strategically enhanced its capacity to gain the trust of prospective customers for large orders and recruited top technology talent and upgraded the equipments. Your company proactively approached customers in Russia, China, Korea and the US, showcasing expertise in providing superior transmission systems.

Your company has created a broad-based organization that covers four segments – manual transmission, automatic transmission, 4-wheel drive and EV transmission, supporting these verticals is a well-rounded ecosystem comprising engineering, testing laboratory, manufacturing metallurgical and heat treatment. The result is that Your Company is not just a product fabricator; but a one-stop transmission system solutions provider.

Sales and marketing team of your Company expanded into markets such as Russia, United States, France, China, Korea, Thailand and the defence sector in India and overseas. Meanwhile, our product engineering and development team achieved numerous record-breaking innovations, resulting in award-winning best-in-class product lines. These include manual transmissions, AWD transfer cases and torque couplers, EV transmissions and dual-clutch transmissions.

Sourcing and global supply management team plays a crucial role in acquiring technology, driving product development and strengthening our competitive advantage. They effectively manage a global supply base, navigating complex cultural dynamics and demonstrating exceptional commercial acumen. Their expertise aligns with the requirements of product development and manufacturing operations.

In a significant achievement, our strategic sourcing leadership team secured an exclusive technology transfer agreement with Hofer Powertrain of Stuttgart, Germany, for dual clutch automatic transmissions. This path-breaking agreement further enhances our technological capabilities and reinforces our commitment to innovation.

The HR and organizational development team made significant progress. Their dedicated efforts to enhance employee engagement resulted in a commendable 78.99% score in the Gallup Employee Engagement Survey. The ongoing deployment of our Product Leadership Competency Model is yielding encouraging outcomes. HR and OD closely collaborate with our management systems group to advance our overall competency in enhancing product leadership.

Our management systems function persistently works towards integrating our tools and systems to create a cohesive capability that surpasses the sum of its parts. We prioritize compliance with international standards like IATF 16949, ISO 14000, and ISO 45000 to ensure the overall well-being and sustainability of our enterprise.

Our listing has enhanced credibility; the absence of debt on our books will make it possible to raise net worth (should we need); we will commission our third plant – India's largest dedicated to EV transmission systems – during the current financial year.

Your company intends to double revenues by 2024-25, the growth being derived from the transfer case business from MG Motors (customer added in 2021-22) and electric vehicle business with Tata Motors starting FY 2023-24.



Your company is making steady progress towards realizing its vision of establishing a globally recognized brand that instills a sense of pride in India, both for its remarkable accomplishments and the economic prosperity it generates for all its stakeholders.

The Board is pleased to inform you that the affairs of your Company are running smoothly and are in compliance with all the applicable laws and regulations.

Outlook of the business has been discussed in detail in the Management Discussion and Analysis which forms part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), is separately set out and forms part of this Annual Report.

3. IMPACT OF GEOPOLITICAL INSTABILITY

The ongoing war in Ukraine and subsequent economic sanctions imposed on Russia have significantly impacted our business operations and exports to Russia, including manual transmissions and 4WD transfer cases. Similarly, strained relations between India and China due to conflicts in Eastern Ladakh have also affected our prospects in the Chinese automotive industry. Local authorities in China are pressuring customers to prioritize self-reliance and local supply chains, leading to disruptions in our supplies to China.

However, despite these challenges, we remain engaged in constructive dialogues with Chinese customers to explore alternative opportunities within the enormous Chinese automotive market. Additionally, our sales and marketing office in Cologne, Germany presents significant growth prospects in Europe, which will help offset the decline in our Russian business.

Furthermore, the impact of the Ukraine war and associated supply chain disruptions has had a profound effect on the European auto industry's ability to transition from an Internal Combustion System (ICS) regime to Battery Electric Vehicle (BEV) technology. This is compounded by the "China Plus One" sourcing model, which puts pressure on European and American Original Equipment Manufacturers (OEMs) and Tier-1 suppliers. We believe these circumstances will create new opportunities for us in the European automotive industry.

4. Dividend:

Your Directors are pleased to recommend dividend of ₹3.35 per equity share of face value of ₹5.00 each as Final Dividend out of the profits of the Financial Year ended March 31, 2023, for approval by the shareholders at the ensuing Annual General Meeting of the Company (AGM). The Dividend Distribution Policy is available on the website of the Company <https://divgi-tts.com/wp-content/uploads/2023/03/7.-Policy-on-Dividend-Distribution.pdf>

5. TRANSFER TO RESERVES:

We do not propose to transfer any amount to General Reserves during the financial year ended March 31, 2023.

6. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the financial year ended March 31, 2023, there was no change in the nature of the Company's business.

7. PUBLIC DEPOSITS:

During the year under review, your Company has not accepted any deposits from the public falling within the purview of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposits) Rules, 2014.

8. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There has been no material change and commitment affecting the financial position of your Company which has occurred between end of financial year to which the financial statements relate and the date of this Report.

9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

There were no loans, guarantees and investments made by the Company under Section 186 of the Act during the period under review.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts/ arrangements/ transactions entered into by the Company during the financial year under review with related parties were on an arm's length basis and were in the ordinary course of business. Such transactions form part of the notes to the financial statements provided in this Annual Report. All Related Party Transactions ("RPTs") are placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the RPTs which are repetitive in nature or when the need for these transactions cannot be foreseen in advance. Further pursuant to listing of shares of Company with effect from March 14, 2023, details of such transactions were placed before the Audit Committee for noting/review on quarterly basis. Further all Related Party Transactions are being approved only by members of the Audit Committee who are Independent Directors.

The information for Related Party Transactions as required under Rule 8(2) of the Companies (Accounts) Rules, 2014 in prescribed Form AOC-2 is enclosed as '**Annexure A**' to this Report. Your attention is drawn to the Related Party disclosures set out in Note no. 34, of the Standalone Financial Statements.

Your Company has already adopted a Policy for dealing with Related Party Transactions which is subject to review and revision by the Audit Committee and Board. The policy on Related Party Transaction as approved by the Board has been displayed on the Company's website at <https://divgi-tts.com/wp-content/uploads/2023/03/4.-Policy-on-Materiality-of-Related-Party-Transactions.pdf>

11. INITIAL PUBLIC OFFERING:

During the financial year ended March 31, 2023 the Company had made an Initial Public Offering (IPO) of 69,85,090 equity shares of ₹5.00 each at a price of ₹590.00 per share (including a Share premium of ₹585.00) comprising of a fresh issue of 30,50,847 equity shares and an Offer For Sale (OFS) of 39,34,243 equity shares by selling shareholders. Total Proceeds received by the Company pursuant to the IPO aggregates to ₹180 Crores by way of fresh issue of equity shares to the public.

The Offer was subscribed to the extent of 5.40 times (excluding the Anchor Investor Portion) as per the bid books of NSE and BSE after removing all rejections. The Board remains grateful to all investors for their overwhelming response to the IPO.

The shares of the Company have been listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) w.e.f. March 14, 2023. The Company's shares are compulsorily traded in dematerialized form.

As of March 31, 2023, 100% Shares of the Company are held in demat form.

The listing fees for the year 2023-24 have been paid to both BSE as well as NSE.

12. DEVIATION(S) OR VARIATION(S) IN THE USE OF PROCEEDS OF INITIAL PUBLIC ISSUE (IPO), IF ANY:

There were no instances of deviation(s) or variation(s) in the utilization of proceeds of IPO as mentioned in the objects of Offer in the Prospectus dated March 06, 2023, in respect of the IPO of the Company.

13. SHARE CAPITAL:

There was no change in the authorized share capital of the Company during the year under review.

The current Authorized Capital of the Company is ₹20,00,00,000/- (Rupees Twenty Crores Only) divided into 40,000,000 Equity shares of ₹5.00/- each.

After introduction of Initial Public Offer as mentioned above, the issued, subscribed and paid-up capital of the Company as on March 31, 2023 is ₹15,29,14,635 (Rupees Fifteen Crores Twenty nine lakh Fourteen thousand six hundred and thirty-five only) consisting of 3,05,82,927 equity shares of ₹5.00 each.

14. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANY:

The Company does not have any subsidiary, joint venture and associate company during the year under review.

15. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Directors:

Your Company has an optimum combination of executive as well as non-executive Directors in compliance with Regulation 17 of the Listing Regulations as amended from time to time.

Board of Directors of the Company as on March 31, 2023:

Sr. No.	Name	Designation	Category
1	Mr. Praveen Purushottam Kadle	Chairperson	Independent Director
2	Mr. Pradip Vasant Dubhashi	Director	Independent Director
3	Mr. Pundalik Dinkar Kudva	Director	Independent Director
4	Ms. Geeta Prafullachandra Tolia	Director	Independent Director
5	Mr. Jitendra Bhaskar Divgi	Managing Director	Executive Director
6	Mr. Hirendra Bhaskar Divgi	Whole Time Director	Executive Director
7	Mr. Ajay Bhaskar Limaye	Nominee Director	Non-Executive Director
8	Mr. Sanjay Bhalchandra Divgi	Director	Non- Executive, Non- Independent Director
9	Mr. Bharat Bhalchandra Divgi	Director	Non- Executive, Non- Independent Director

CHANGES DURING THE PERIOD UNDER REVIEW

During the year under review, below changes took place in the composition of Board of the Company:

APPOINTMENTS:

■ Appointment of Independent Directors:

- » Mr. Praveen Purushottam Kadle, Mr. Pradip Vasant Dubhashi and Mr. Pundalik Dinkar Kudva were appointed as Independent Directors of the Company w.e.f June 10, 2022.
- » Ms. Geeta Prafullachandra Tolia was appointed as Independent Director of the Company w.e.f June 10, 2022.

■ Re-appointment of Executive Director:

- » Mr. Jitendra Bhaskar Divgi was re-appointed as Managing Director for the period of 5 years w.e.f. June 10, 2022.
- » Mr. Hirendra Bhaskar Divgi was re-appointed as Whole-time Director for the period of 5 years w.e.f. June 10, 2022.

■ Re-appointment of Non-Executive, Non- Independent Directors:

- » Mr. Bharat Bhalchandra Divgi and Mr. Sanjay Bhalchandra Divgi were appointed as Non- Executive, Non- Independent Director of the Company w.e.f. June 10, 2022.

■ Director liable to retire by rotation:

As per the provisions of the Act, Mr. Jitendra Bhaskar Divgi (DIN: 00471531) and Mr. Hirendra Bhaskar Divgi (DIN: 01634431) Whole-Time Director, are liable to retire at the ensuing Annual General Meeting ("AGM"), being eligible, seeks reappointment. Based on performance evaluation and the recommendation of the nomination and remuneration committee, the Board recommends their reappointment.

KEY MANAGERIAL PERSONNEL:

In terms of section 203 of Act, following are the Key Managerial Personnel of the Company:

Sr. No.	Name	Category
1	Mr. Jitendra Bhaskar Divgi	Managing Director
2	Mr. Hirendra Bhaskar Divgi	Whole Time Director
3	Mr. Sudhir Shridhar Mirjankar	Chief Financial Officer
4	Mr. Satish Chandrashekhhar Kadrolli	Company Secretary & Compliance Officer

CHANGES DURING THE PERIOD UNDER REVIEW

During the year under review there was following changes in the Key Managerial Personnel of the Company:

- Mr. Jitendra Bhaskar Divgi was re-appointed as Managing Director for the period of 5 years w.e.f. June 10, 2022.
- Mr. Hirendra Bhaskar Divgi was re-appointed as Whole-time Director for the period of 5 years w.e.f. June 10, 2022.
- Mr. Sudhir Shridhar Mirjankar was appointed as Chief Financial Officer of the Company w.e.f. June 10, 2022.
- Mr. Satish Chandrashekhar Kadrolli was appointed as Company Secretary & Compliance Officer of the Company w.e.f. September 05, 2022 pursuant to casual vacancy caused due to resignation of erstwhile Company Secretary and Compliance Officer Ms. Meenal Deshpande.

17. DETAILS OF BOARD MEETINGS:

The Board met twelve (12) times during the financial year. The meeting details are provided in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between the Meetings was within the period prescribed under the Act/ the Listing Regulations.

18. COMMITTEES OF THE BOARD:

As of March 31, 2023, the Board had 7 (Seven) committees: the Audit Committee, the Nomination and Remuneration Committee, the Stakeholder Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Independent Directors' Committee and the IPO Committee.

A detailed note on the composition of the Board and its Committees is provided in the Corporate Governance that forms part of this Report.

19. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

As a practice, all new Directors (including Independent Directors) inducted to the Board are given a formal orientation. The Directors are usually encouraged to visit the manufacturing facilities of the Company and interact with members of Senior Management as part of the induction programme. The Senior Management makes presentations giving an overview of the Company's strategy, operations, products, markets, group structure, Board constitution and guidelines, matters reserved for the Board and the major risks and risk management strategy. This enables the Directors to get a deep understanding of the Company, its people, values and culture and facilitates their active participation in overseeing the performance of the Management. Further details about familiarization program for directors are provided in the Corporate Governance Report that forms part of this Annual Report.

20. CONTRIBUTION OF INDEPENDENT DIRECTORS TO THE GROWTH OF THE COMPANY:

The Board of Directors of your Company strategically comprises of Independent Directors which adds value to the Company. The Board has been fortunate in getting very talented and experienced persons as Independent Directors. All the Independent Directors have expertise and integrity and have earned vast experience and reputation in the industry. Our Independent Directors are experts in Business Operations, Finance, Information Technology, Commercial Laws, Corporate Governance, Audit and Human Resources. This expertise helps the Board to ensure that Company is at par with the global benchmarks in terms of ethics, corporate governance, best industry practices and transparency. In addition, their wealth of experience in the corporate world ensures that the company benefits significantly from their advice.

21. DECLARATION BY INDEPENDENT DIRECTORS:

Your Company has received necessary declarations from each of the Independent Directors as required under Section 149(7) of the Act and regulation 25(8) of Listing Regulations, that he / she meets the criteria of independence laid down in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI LODR, 2015.

The Independent Directors have also given a declaration of compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to their name appearing in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board, Independent Directors fulfil the conditions specified in the Companies Act, 2013 read with the schedules and Rules issued thereunder as well as Listing Regulations and are independent from Management.

22. BOARD EVALUATION:

Annual performance evaluation of the Board of Directors, its committees and all the Directors individually were done in accordance with the performance evaluation framework adopted by the Company and a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. The performance evaluation framework sets out the performance parameters as well as the process of the performance evaluation.

Pursuant to the provisions of the Companies Act, 2013, a separate Meeting of Independent Directors was held during the year to review (i) performance of the Non-Independent Directors and the Board of Directors as a whole (ii) performance of the Board Committees (iii) performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors (iv) assess the quality, quantity and timeliness of flow of information between the Management and the Board of Directors that is necessary for the

Board of Directors to perform its duties effectively and reasonably. The Board of Directors expressed satisfaction with the evaluation process.

23. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR:

Your Company has adopted the Guidelines on Board Effectiveness ("Governance Guidelines" or "guidelines") which inter-alia cover the criteria for determining qualifications, attributes and independence of a director. The details of the Policy are stated in the Corporate Governance Report.

24. CORPORATE GOVERNANCE:

Your Company is committed to maintaining the highest standards of corporate governance. It believes in adherence to good corporate practices, implement policies and guidelines, and develop a culture of the best management practices and compliance with the law coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters to enhance and retain investor trust, long-term shareholder value and respect minority rights in all our business decisions.

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Regulation are complied with. As per Regulation 34(3) Read with Schedule V of the Listing Regulations, a separate section on corporate governance, together with a certificate from the Company's Secretarial Auditors, forms part of this Report.

25. ANNUAL SECRETARIAL COMPLIANCE REPORT:

Pursuant to SEBI Circular CIR/CFD1/27/2019 dated February 08, 2019, all listed entities shall, additionally, on annual basis, submit a report to the stock exchange(s) on compliance of all applicable SEBI Regulations and circulars / guidelines issued thereunder within 60 days of end of financial year. Such report shall be submitted by Company Secretary in practice to the Company in the prescribed format.

Your Company has received such report from CS Vinayak Khanvalkar, Partner - M/s. Kanj & Co. LLP, Company Secretaries, Pune for the financial year ended March 31, 2023 and the same is being submitted to the Stock Exchanges within the stipulated timeframe. Copy of the said report would be available on BSE website www.bseindia.com and on NSE Website i.e. www.nseindia.com also on the Company's website i.e. www.divgi-tts.com.

26. ANNUAL RETURN:

As per the requirement of Section 92(3) read with section 134(3)(a) of the Act, copies of the Annual Returns of the Company prepared in accordance with Section 92(1) of the Act read with Rule 11 of the Companies (Management and Administration) Rules, 2014 are placed on the website of the Company and is accessible at the web link: <https://divgi-tts.com/general-meeting/>

27. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

a. Transfer of unclaimed Dividend to IEPF

During the year, Company has not transferred any unclaimed Dividend to IEPF since there is no unclaimed/unpaid dividend with the Company.

b. Transfer of shares to IEPF

During the year, Company has not transferred any shares to IEPF since there are no shares eligible to be transferred to IEPF as per section 124 and 125 of the Companies Act, 2013

28. AUDITORS:

a. Statutory Auditors

Pursuant to provisions of Section 139(1) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, M/s. B. K. Khare & Co., Chartered Accountants, Pune (Firm Registration No. 105102W) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of 57th AGM of the Company held on July 20, 2023 until the conclusion of 62nd Annual General Meeting of the Company.

Further, the Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or reenactment(s) for the time being in force).

The Independent Auditors' Report for the financial year 2022-2023 on the financial statement of the Company is unmodified i.e. it does not contain any qualifications, reservations or adverse remarks. The observations of the Statutory Auditors in their Report are self-explanatory and therefore Directors don't have any further comments to offer on the same. The Auditors' Report is enclosed with the financial statements forming part of this annual report.

b. Secretarial Auditors

Pursuant to Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s Kanj & Co. LLP, Company Secretaries, Pune for conducting the Secretarial Audit of the Company for the financial year 2022-23.

The Report of the Secretarial Audit is annexed herewith as an '**Annexure B**' to this Report.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their audit report for the year ended March 31, 2023.

Pursuant to recent amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. LIST/COMP/14/2018 dated June 20, 2018, a certificate from Kanj & Co. LLP, Company Secretaries, Pune that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority is annexed to Corporate Governance Report.

c. Internal Auditors:

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, and on the recommendation of the Audit Committee, M/s. Pricewaterhouse Coopers Pvt. Ltd were appointed by the Board of Directors in their meeting held on January 10, 2023 to conduct internal audit reviews of the Company for the Financial Year 2022-2023. The Internal Auditor functionally reports to the Audit Committee to ensure independence of the Internal Audit function. The scope and authority of the Internal Auditor is as per the terms of reference approved by Audit Committee. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

d. Cost records and Cost Audit:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

29. REPORTING OF FRAUDS BY AUDITORS:

During the year under review, none of the Statutory Auditors, Internal Auditors, the Secretarial Auditors have reported to the Audit Committee, under Section 143 (12) of the Act, any instances of fraud committed by the Company or against your Company by its officers or employees, the details of which would need to be mentioned in the Boards' report.

30. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORTS:

There were no qualifications, reservations or adverse remarks made by the Statutory Auditor, Secretarial Auditor as well as Internal Auditor in their respective report.

31. INTERNAL FINANCIAL CONTROLS:

The Company has established a robust system of internal controls to ensure that assets are safeguarded, and transactions are appropriately authorised, recorded, and reported. The framework within the Company ensures the orderly and efficient conduct of business, which includes adherence to policies, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

The internal control systems of the Company are adequate considering the nature of its business, size and complexity. The controls have been documented, digitized, and embedded in the business process. Assurance on the effectiveness is obtained through management reviews, controls self-assessment and periodic reporting of the in-house team that evaluates and provides assurance of its adequacy and effectiveness. The controls are also tested by the internal and statutory auditors during their audits.

The Statutory Auditors of the Company have expressed their opinion on adequacy of internal financial control with reference to financial statements for the year under review and operating effectiveness of such controls.

32. RISK MANAGEMENT:

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Your Company has constituted Risk Management Committee which periodically assesses risk elements in the internal and external environment, along with the cost of treating such risk elements and incorporates risk treatment plans in its strategy, business and operational plans; the details of the Risk Management Committee are included in the Corporate Governance Report which forms integral part of this report. As of the date of this report, the Company does not foresee any critical risk, which threatens its existence. Further Company has also formulated the Policy on Risk Management which can be accessed from the website <https://divgi-tts.com/wp-content/uploads/2023/03/17.-Risk-Management-Policy.pdf>

33. PARTICULARS OF EMPLOYEES:

The ratio of the remuneration of each director to the median employee's remuneration and other details prescribed in Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed to this Report as **'Annexure C- Part A'**.

Statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹1 crore 2 lakhs or more, or employed for part of the year and in receipt of ₹8.5 lakhs or more a month, and other employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as **'Annexure C- Part B'**.

34. DIRECTORS & OFFICERS INSURANCE POLICY

The Company has in place an insurance policy for its Directors & Officers with a quantum and coverage as approved by the Board.

35. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 forms part of this Report and is annexed herewith as **'Annexure D'**.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR):

The Securities and Exchange Board of India ('SEBI'), in May, 2021, introduced new sustainability related reporting requirements to be reported in the specific format of Business Responsibility and Sustainability Report ('BRSR'). BRSR is a notable departure from the existing Business Responsibility Report ('BRR') and a significant step towards giving platform to the companies to report the initiatives taken by them in areas of environment, social and governance. Further, SEBI has mandated top 1,000 listed companies, based on market capitalization, to transition to BRSR from Financial Year 2022-23 onwards.

The BRSR disclosures forming a part of this Integrated Annual Report is annexed to this Report as **'Annexure E'**:

36. COMPLIANCE WITH SECRETARIAL STANDARDS:

Your Company is compliant with all the applicable mandatory Secretarial Standards issued by The Institute of Company Secretaries of India.

37. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Provisions of CSR were applicable to your Company during the financial year under review, and accordingly your Company has formulated CSR policy according to which the Board of Directors of the Company at regular intervals do monitor and review the CSR activities that are being taken up by the Company. Your Company believes in the principle of building a Sustainable Society and contributing to the long-term social welfare of the society.

In Compliance of Section 135 of the Act read with CSR Rules as amended and applicable from time to time, Detailed Annual Report on CSR Activities undertaken by the Company during the year is given as **'Annexure F'**. Company's updated CSR Policy is disclosed on the website of the Company <https://divgi-tts.com/wp-content/uploads/2023/03/11.-CSR-policy.pdf>

38. VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

Your Company has set up vigil mechanism viz. Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their genuine concerns, unethical behavior, actual or suspected fraud, irregularities or violation of Company's Code of Conduct, if any, noticed by them in the Company, which could adversely affect company's operations. This mechanism also provides safeguards against victimization of employees, who avail themselves of the mechanism and provides direct access to the Chairperson of the Audit Committee. The details of the same are explained in the Corporate Governance Report and also posted on the website of the Company at <https://divgi-tts.com/wp-content/uploads/2023/03/8.-Policy-on-Vigil-Mechanism.pdf>

All Directors and employees have access to the Chairperson of the Audit Committee. The policy with the name and address of Chairperson of the Audit Committee has been circulated to the employees. Further no personnel have been denied access to the Audit Committee during the period under review. The vigil mechanism is overseen by the Audit Committee and your Company is happy to inform you that during the year, there have been no Complaints received by the Audit Committee.

39. POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE:

Your Company has adopted policy on prevention, prohibition and redressal of sexual harassment at workplace, in line of the provisions of the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The policy aims to provide protection to employees at the workplace and to prevent and redress complaints of sexual harassment and for matters connected and incidental thereto, with an objective of providing a safe working environment where employees feel secure. The company has not received any complaints during the financial year 2022-23.

40. DISCLOSURE RELATED TO INSOLVENCY AND BANKRUPTCY:

During the financial year under review, your Company has not made any application nor there is any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

41. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

During the year, your Company has not initiated one time settlement with the Banks or Financial Institutions and therefore no details are required to be furnished.

42. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134 (5) of the Act with respect to Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on going concern basis;
- v. they have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

43. ACKNOWLEDGEMENT:

Your Directors wish to convey their gratitude and place on record their appreciation for all employees, workers and all the stakeholders of the Company at all levels for their hard work, dedication, solidarity, commitment during the year. Your directors sincerely convey their appreciation and gratitude for all the co-operation extended by government authorities, regulators, customers, shareholders, bankers, business associates and investors and all other stakeholders.

**For and on behalf of the Board of Directors
DIVGI TORQTRANSFER SYSTEMS LIMITED**

Praveen Kadle
Chairperson
DIN: 00016814

Place: Mumbai
Date: June 29, 2023

Jitendra Divgi
Managing Director
DIN: 00471531

Place: Pune
Date: June 29, 2023

Annexure A**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There are no related party contracts, arrangements or transactions of the nature mentioned in sub-section (1) of Section 188 of the Companies Act, 2013 which are not at arm's length.

2. Details of material contracts or arrangement or transactions at arm's length basis:

Sr. No	Particulars	Details	
1	Name of the related party	Divgi Transmission Systems & Technologies Private Limited	Divgi Holding Private Limited (DHPL)
2	Nature of relationship	Company in which directors are interested	Holding Company
3	Nature of contract/ arrangement/transaction	a. Machining and Development charges b. Lease of Land & Building c. Lease of Machinery	Rent Income and Expenditure
4	Duration of contract/ arrangement/	a. Machining and Development: On going (Continuous basis) b. Lease of Land & Building: 10 Years w.e.f. April 01, 2014 c. Lease of Machinery: 10 Years w.e.f April 01, 2014	a. Lease Deed for Land: 50 Years w.e.f. August 11, 1997 b. Renewal of Lease Agreement for Building: Five years w.e.f January 01, 2022
5	Transaction	a. Machining and Development: Based on respective Purchase Order b. Lease of land & Building: • Annual Lease of ₹12 Lakhs c. Lease of Machinery: • Annual Lease of ₹12 Lakhs	a. Lease Deed for Land • Rent receipt of ₹5,000/ annum. b. Renewal of Lease Agreement for Building: • Rent Payment of H3.85 Lakhs/ month
6	Salient terms of the contract or arrangement or transaction	June 10, 2022	June 10, 2022
7	Date of approval by the Board, if any	NIL	NIL
	Amount paid as advances, if any		

**For and on behalf of the Board of Directors
DIVGI TORQTRANSFER SYSTEMS LIMITED**

Praveen Kadle
Chairperson
DIN: 00016814

Jitendra Divgi
Managing Director
DIN: 00471531

Place: Mumbai
Date: June 29, 2023

Place: Pune
Date: June 29, 2023

Annexure B**Form No. MR-3**

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]**

To,
Members,

Divgi TorqTransfer Systems Limited

Plot no. 75, General Block MIDC, Bhosari
Pune 411026

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Divgi TorqTransfer Systems Limited (hereinafter called as "the Company or DTTSL"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: No events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: No events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client:
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: No events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: No events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have also examined compliance with the applicable clauses of the following :

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India:
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. The Company had filed certain e-forms with the Registrar of Companies, Pune with a delay.
2. Compliance of the Secretarial Standards needs to be strengthened.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We have been informed that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except for the board meeting for which a shorter notice consent was taken and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decision in the board meetings were carried through by majority and it was informed to us that there were no dissenting views of the members and hence not captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has taken following actions or enter into events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

The Company received in-principle approvals from BSE and the NSE for listing of the Equity Shares of the Company pursuant to letters date November 25, 2022 and November 28, 2022 respectively.

The Company, after obtaining an approval from the members vide special resolution dated 25th July 2022 made an Initial Public Offer (IPO) of 69,85,090 equity shares of ₹5.00 each at a price of ₹590.00 per share comprising of a fresh issue of 30,50,847 equity shares and an Offer For Sale (OFS) of 39,34,243 equity shares by selling shareholders.

The total proceeds received by the Company pursuant to the IPO aggregates to ₹180 Crores by way of fresh issue of equity shares to the public.

Mr. Jitendra Bhaskar Divgi, Managing Director of the Company was re-appointed as Managing Director for the period of 5 years w.e.f. June 10,2022 and Mr. Hirendra Bhaskar Divgi, whole-time Director of the Company was re-appointed as Whole-time director for the period of 5 years w.e.f. June 10, 2022.

For Kanj & Co. LLP
Company Secretaries,

Vinayak Khanvalkar
Partner
FCS No.: 2489
C P No.: 1586

UDIN: F002489E000442830
Firm Unique Code: P2000MH005900

Date: June 29, 2023
Place: Pune

This report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.



Annexure A to Secretarial Audit Report

To,
The Members of
Divgi TorqTransfer Systems Limited
Plot no. 75, General Block MIDC, Bhosari
Pune 411026

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Kanj & Co. LLP
Company Secretaries,

Vinayak Khanvalkar
Partner
FCS No.: 2489
C P No.: 1586

UDIN: F002489E000442830
Firm Unique Code: P2000MH005900

Date: June 29, 2023
Place: Pune

Annexure C

Particulars of Remuneration

Part A: Information pursuant to Section 197(12) of the Companies Act, 2013

[Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary for the financial year 2022-23:

Sr. No.	Name of Director/KMP	Designation	Ratio of the Remuneration of each Director / Chief Financial Officer / Company Secretary to Median Remuneration of Employees	% increase in the remuneration of each Director / Chief Financial Officer / Company Secretary
1)	Mr. Jitendra Bhaskar Divgi	Executive Director	29.57	25.00
2)	Mr. Hirendra Bhaskar Divgi	Executive Director	14.77	25.00
3)	Mr. Sudhir Shridhar Mirjankar	Chief Financial Officer (CFO)	5.80	-
4)	CS Satish Chandrashekhar Kadrolli	Company Secretary and Compliance Officer	2.54	-

Notes:

- a) Mr. Sudhir Shridhar Mirjankar was appointed as the Chief Financial Officer (CFO) w.e.f. June 10, 2022. The percentage increase in the remuneration is not mentioned above, FY 2022-23 being his first year of appointment.
- b) CS Satish Chandrashekhar Kadrolli was appointed as the Company Secretary and Compliance Officer w.e.f. September 05, 2022. The percentage increase in the remuneration is not mentioned above, FY 2022-23 being his first year of appointment.
- c) The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and the limits approved by the Nomination and Remuneration Committee / Board Members. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase of remuneration for Non-Executive Directors are therefore not considered for the purpose above.
2. The number of permanent employees on the roll of Company as at March 31, 2023: 224 employees.
3. Average percentiles increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
4. Affirmation that the remuneration is as per the Remuneration Policy of the Company: It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

**For and on behalf of the Board of Directors
DIVGI TORQTRANSFER SYSTEMS LIMITED**

Praveen Kadle
Chairperson
DIN: 00016814

Jitendra Divgi
Managing Director
DIN: 00471531

Place: Mumbai
Date: June 29, 2023

Place: Pune
Date: June 29, 2023

**Part B: Statement of Disclosure Pursuant to Section 197 of the Companies Act, 2013***[Read with Rules 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]***A. Names of top 10 employees in terms of remuneration drawn during the FY22-23**

Sr. No.	Name of the employee	Gross Salary (₹)*	Years of Experience	Age (years)	Designation	Permanent employee or otherwise	Professional Qualification	Previous Employment	Any family relationship amongst the directors, key management and personnel and management of the Company	Any family relationship amongst the directors, key management and personnel and management of the Company
1.	Mr. Jitendra Bhaskar Divgi	1,87,04,440	29 years	60	Managing Director	Permanent	B.E (Mech) M.S (Manufacturing)	1. Digital Equipment Corporation, Massachusetts 2. BorgWarner, China	Elder brother of Mr. Hirendra Divgi, Whole-time Director	2.39

**Gross Salary does not include reimbursement.*

- B. Names of other employees who are in receipt of aggregate remuneration of not less than rupees one crore and two lakh during the FY22-23 or not less than rupees eight lakh and fifty-thousand per month (if employed for part of the FY22-23): NA
- C. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: NA

For and on behalf of the Board of Directors
DIVGI TORQTRANSFER SYSTEMS LIMITED

Praveen Kadle
Chairperson
DIN: 00016814

Jitendra Divgi
Managing Director
DIN: 00471531

Place: Mumbai
Date: June 29, 2023

Place: Pune
Date: June 29, 2023

Annexure D

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo**(a) Conservation of energy**

(i)	the steps taken or impact on conservation of energy	<ul style="list-style-type: none"> Monitoring electricity and minimizing the consumption when not in use. Using energy efficient electrical equipment with higher star rating from BEE. Energy consumption is the key element while equipment and facility selection at design stage. High velocity and low speed fans are provided in Shirwal facility resulting in minimized electricity. Awareness given to employees during safety week, earth day celebration to responsibly use all electric equipment. Your Company has continuous endeavor to conserve all type of energies and has implemented necessary measures to improve utilization and eliminate wastages
(ii)	the steps taken by the company for utilizing alternate sources of energy	Your Company is in the process of exploring alternate sources of energy in place of traditional resources like gas and electricity.
(iii)	the capital investment on energy conservation equipment's	Nil

(b) Technology absorption

(i)	the efforts made towards technology absorption	Your Company ensures to invest in such state-of-the-art machines/ technologies as part of capacity enhancement and product leadership strategy, which are energy efficient as well as efficient in productivity with minimum OEE (Overall Equipment Effectiveness) achieved 85%.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	<ul style="list-style-type: none"> Installing the state of art technology Makino make HMC, for Case and cover machining, which resulted substantial cycle time improved by 67% . Reduction in Cycle time reduction by 32% and Energy and space saving approx 50% in manufacturing of input shaft due technology upgradation. Further, Company has adopted continual improvement program for product improvement and cost reduction so as to achieve competitive edge in the business.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	Nil
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
(iv)	the expenditure incurred on Research and Development	—

(c) Foreign exchange earnings: ₹137.19 million
Foreign exchange Outgo: ₹PVG.

**For and on behalf of the Board of Directors
DIVGI TORQTRANSFER SYSTEMS LIMITED**

Praveen Kadle
Chairperson
DIN: 00016814

Jitendra Divgi
Managing Director
DIN: 00471531

Place: Mumbai
Date: June 29, 2023

Place: Pune
Date: June 29, 2023

Business Responsibility and Sustainability Reporting – FY Year 2022-23

Annexure E

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING FORMAT

Divgi TorqTransfer Systems Limited (the “Company”) is committed to long-term value creation for all its stakeholders. The Company’s governance philosophy is focussed on ethical and responsible conduct of business with accountability.

The Business Responsibility & Sustainability Reporting (“BRSR”) is a disclosure of the Company’s non-financial performance for the year. Through this report, the Company communicates its progress on BRSR principles that are mandated by the Securities and Exchange Board of India (“SEBI”).

This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) released by Ministry of Corporate Affairs and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in NVG, and it is aligned with GRI Sustainability Development goals.

Section A: General Information & Disclosure

I. Details of the Listed Company

1. Corporate Identity Number (CIN) : U32201MH1964PLC013085
2. Name of the Company: Divgi TorqTransfer Systems Limited
3. Year of incorporation: 1964
4. Registered office address : Plot no. 75, General Block, MIDC Bhosari Pune Maharashtra, India 411026
5. Corporate address : Plot no. 75, General Block, MIDC Bhosari Pune Maharashtra, India 411026
6. E-mail: companysecretary@divgi-tts.com
7. Telephone : 020-63110100
8. Website: <https://divgi-tts.com/>
9. Financial year for which reporting is being done : FY 2022-23
10. Name of the Stock Exchange(s) where shares are listed:
 1. BSE Limited
 2. National Stock Exchange of India Limited
11. Paid-up Capital: ₹15,29,14,635
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report :

Yogesh P. Katyarmal, Head_ Management Systems , Mob No. 8975760410
Email: ypkatyarmal@divgi-tts.com
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

The disclosures are made on a Standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Manufacture of parts & accessories of motor vehicles & engines	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Transfer Case	2930	72.67 %
2	Auto Locking Hub	2930	2.44 %
3	Transmission Components	2930	20.08 %

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	4 *	1	5
International	0	2	2

* One of the domestic plant is under construction.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	6
International (No. of Countries)	6

b. What is the contribution of exports as a percentage of the total turnover of the entity?

FY 2022-23 : 5.06 %

c. A brief on types of customers

Divgi TTS provide world class torque transfer and transmission solutions to automotive OEMs encompassing utility, passenger, commercial, electric and agriculture vehicles in India and across the globe.

Some of the marquee customers are stated here in below:

Mahindra & Mahindra : The Company is an Indian multinational automotive manufacturing corporation headquartered in Mumbai.

MG Motors : MG Motor UK Limited (MG Motor) is a British automotive company owned by SAIC.

Motor UK, which, in turn, is owned by the Shanghai-based Chinese state-owned ,company, SAIC Motor, headquartered in London, United Kingdom

TATA Motors: Tata Motors, India's largest automobile company, is a part of the USD 100 bn Tata. Group founded by Jamshedji Tata in 1868.

Toyota Kirloskar: Toyota Kirloskar is an Indian joint venture between Toyota Motor

Corporation and the Kirloskar Group for the manufacture of Toyota cars in India. The company's headquarters are located in Bidadi (Karnataka). The Company manufactures. transmissions and cars that are marketed worldwide.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Divgi Holding Private Limited	Holding	51.60	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013:

(Yes/No) Yes

- Turnover (in ₹) : 2,710.43 million
- Net worth (in ₹) : 5,512.83 million

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Divgi-TTS' stakeholders include our investors, clients, employees, vendors / partners, governments, and the community. A strong whistleblower policy and non-retaliation clause is available to all our stakeholders. Our Whistleblower Policy is available

<https://divgi-tts.com/wp-content/uploads/2023/03/8.-Policy-on-Vigil-Mechanism.pdf>

For details on investor complaints received and resolved, refer to the 'Investor complaints' available in the corporate governance report of this Integrated Annual Report.

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	https://divgi-tts.com/wp-content/uploads/2023/03/8.-Policy-on-Vigil-Mechanism.pdf	Nil	Nil		NA	NA	NA
Investors (other than shareholders)	www.scores.gov.in & Stock Exchanges	Nil	Nil		NA	NA	NA

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Shareholders	As above	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes, internal mechanisms. in place	Nil	Nil	Nil	Nil	Nil	Nil
Customers	e-mail communications, Portal	5	Nil	All complaints resolved.	Nil	Nil	Nil
Value Chain Partners	e-mail communications, Portal	Nil	Nil	Nil	Nil	Nil	Nil
Other (please specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Divgi TTS undertook the materiality assessment to identify the key economic, ecological, and social topics. Relevant stakeholders were consulted, and the impact viewed from an outside-in

perspective. inside-out impact the exercise enabled us to prioritize the relevant sustainability topics and the same is listed in the table below:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate protection	Opportunity	Reducing greenhouse gas emissions, energy use and mitigating the effects of long-term changes in the Earth's climate and its physical impacts on business operations, communities and the natural environment.Green facility	Divgi TTS address these issues by making improvement energy management and installing solar system	Positive
2	Sustainable product design and life cycle management.	Opportunity	Fostering a circular economy by addressing customer and societal demands for more sustainable products and services. Ensuring environmental regulations through product designing and lifecycle. management.		Positive
3	Cybersecurity and data management	Opportunity / Risk	Cyber and data security as risk and business opportunity for the benefit of all. Management of risks related to collection, retention and use of sensitive, confidential and/or proprietary customer or user data.		Positive / Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Employee health and safety ESG	Risk / Opportunity	Creating safe and healthy work environment Management system for identification, prevention, minimization of potential ESG-risks		Negative /Positive
5	Diversity, equity & inclusion	Opportunity	Company's policy to ensure that it's culture and hiring and promotion practices foster the building of a diverse and inclusive workforce		Positive
6	Corporate governance and sustainability leadership	Opportunity / Risk	Management follows clear sustainability policy and guidelines for encouraging Sustainability practices across the plants		Positive / Negative
7	Compliance management	Opportunity / Risk	Management system for ensuring, that the company and its employees follow all laws, regulations, standards, and ethical practices.		Positive / Negative
8	Social and ecological standards in the supply chain	Opportunity / Risk	Driving sustainability performance in the supply chain. Including minimum social and ecological standards	Supplier management	Positive / Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1.a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	Available on company portal - https://divgi-tts.com/?s=Policy								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Divgi TTS policies are in line with international standards and practices such as ISO 14001, ISO 45001, UNGC Guidelines and ,Social accountability ISO 26000/SA 8000, Energy Management ISO 50001								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The ESG commitments, goals and targets are set – Carbon Neutrality by 2050. Installing renewable energy Roof top Solar by Nov 2024. Yearly EHS objectives set for Energy Savings.								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Energy intensity is reduced by 14%.								
Governance, leadership, and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Hirendra Divgi , Executive Director								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Managing Director, CFO & Executive Director are responsible for decisions on all sustainability related issues.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Yes									Quarterly								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes									Quarterly								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9									
										NO								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:
Not applicable

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

NGRBC Principle 1 ;GRI SDG alignment 16, 17

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and accountable.



Values forms the core foundation and define the ethos and culture of any company. They provide guidance to deal with business issues and are at the fore while formulating and implementing strategies, policies, and procedures.

Corporate values and accountability are critical for the sustainability of any enterprise.

Divgi TTS business is guided by its five core values:

- **Respect for Each Other**
- **Power of Collaboration**
- **Passion for Excellence**
- **Personal Integrity**
- **Responsibility to Our Communities**

These values are instilled across all levels in the Company through visual displays and training programmes. These five pillars help the Company in fostering this culture and to continually improve the governance framework.

The Company's value system attributes paramount importance and commitment to ethical and lawful business conduct and is fundamental to its operations. The Company has a powerful reputation for excellence of its products and services which is built on a strong foundation of integrity and fair dealing in every aspect of business.

The Company follows a zero-tolerance policy towards lack of integrity.

In this increasingly complex, competitive, and dynamic world, protecting this reputation is a key pillar to maintain the confidence and trust of the Company's diverse stakeholders.

The Company's ethics policy extends to its employees, representatives, and other stakeholders. Integrity, respect towards all stakeholders and passion for innovation are core to values central to the Code of Conduct which fosters an environment of trust which is utmost crucial for a company whose reputation is built on technology that saves lives, trust is the most important asset of all.

The Code of conduct and the ethics policy enables the Directors and the Senior Management personnel to strive to perform their duties with highest standards of integrity, accountability, confidentiality and independence.

An annual declaration towards affirmation to the code of conduct is part of the annual report.

The company's Code of Conduct, policy on prevention of sexual harassment, whistle blower policy, code of conduct for prevention of insider trading, policy for fair disclosure of material events etc., drives the Company to live up to highest ethical standards, to meet its obligations to the law, commitments to customers and responsibilities to each other, society and the shareholders. The Company is committed towards high ethical practices in dealing with all its stakeholders with strong internal control systems especially while dealing with suppliers who are awarded business purely on merits. Robust system for financial controls and processes operating in the Company ensures transparency, accuracy and timeliness in financial reporting.

. Moreover, it extends to the suppliers of the Company via the Code of Conduct and yearly dialogue made during annual supplier conference engagement.

The Code emphasises on equitable treatment of workforce; commitment to ensure safe, healthy, and sustainable environment-friendly workplace; zero tolerance towards statutory non-compliance; ethical conduct of business and avoiding conflict of personal interest; protection of Company's confidential information and intellectual property; and prohibition of insider trading. Any violation of the principles and requirements set out in the Code shall expose such vendor to disciplinary action.

Essential Indicators:

1. Percentage coverage by training and awareness programs on any of the Principles during the financial year:

Segment	Total Number of Trainings and Awareness program Held	Topics /Principle covered under the training and its impact	% of persons in respective category by the awareness programme
Board of Directors	1	The Board is familiarized of the principles of the NGRBC released by SEBI and Divgi TTS Conduct of conduct The Board periodically reviews the BCG	100%
Key Managerial personnel	2	NGRBC principles and Divgi TTS Conduct of conduct and Sustainability policy guidelines	100%
Employee other than BoD and KMP	2	NGRBC principles and Divgi TTS Conduct of conduct and Sustainability policy guidelines	100%
Workers	1	Divgi TTS Conduct of conduct - Workers are required to undergo training during induction and periodic refresher	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine Settlement & Compounding fee	NIL				

Non-Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment & Punishment	NIL				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of regulatory /enforcement agencies / Judicial institutions
Nil	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, Divgi TTS has an anti-corruption and anti-bribery policy as part of its Code of Business Conduct & Ethics and plays a vital role in the Company's aspiration to make ethical and responsible decisions in the interest of all stakeholders.

<https://divgi-tts.com/policies-and-code-of-conduct/>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)
Directors	Nil	Nil
KMP	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest. Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

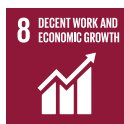
Total Number of Awareness programmes held	Topics /Principle Covered under the training	% of Value Chain partners covered (by value of business done with such partners) under the awareness programmes
	P1, P2, P3, P4, P5, P6, P8, P9	100% of suppliers onboarded are covered through the Divgi TTS Code of Conduct for Suppliers , QEHS Policy , Supplier quality manual requirements

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. To avoid/manage conflicts of interest, Divgi TTS obtains a mandatory declaration from the members of its Board. The declaration ensures that the members of the Board are in compliance with the Code Conduct and ethics Guidelines.

Principle 2; GRI SDG alignment 6, 7,8,10, 12,13,14,15

Businesses should provide goods and services in a manner that is sustainable and safe.



The Company's Policies (IATF 16949 and ISO 14001, ISO 45001) are aligned to vision & mission statement , and business strategy - Product Leadership like no others

Sustainable Product Life-cycle management involves in-depth analysis of all processes and systems from the stage of receiving RFQs and signing NBO till the products reach the end consumer. `

The Company's objective is profitable growth by implementation of systems and manufacturing processes, during APQP program management consideration thought given to minimise environmental impact while conserving energy and natural resources, while selecting equipment's.

The Company has also taken focussed initiatives in weight reduction of components, material substitution with safer materials and increasing the percentage of recycled input (raw) material. Practices have also been adopted for recycling of waste generated. In addition, the Company is embracing sustainable procurement practices. The manufacturing plants are in proximity to its OEMs to reduce the carbon footprint associated with indirect greenhouse gas emissions.

DivgiTTS production System, which is based on Toyota Lean principles along with IATF 16949 and ISO 14001, ISO 45001 standard ensures regular review of its products and performance to achieve sustainable manufacturing.

Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-2023 (Current Financial Year)	FY 2021-2022 (Previous Financial Year)	Details of improvements in Environmental and Social Impacts
R & D	2 Crs		Divgi TTS has done investment in EV Segment for R&D testing.
Capex	44 Crs		Divgi TTS has done investment in EV Segment for manufacturing E-Gear drive transmission at Shirwal greenfield plant.

- Does the entity have procedures in place for sustainable sourcing? (Yes/No)
 - If yes, what percentage of inputs were sourced sustainably?
Yes, Divgi TTS requires all its suppliers to make a firm commitment to Divgi TTS Code of Conduct for Suppliers 100% Sourcing is done sustainably.
- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.
Parts goes to automotive OEM , OEM Service manual gives guideline on recycling and safe disposal of product .
Sustainable Product Life-cycle management involves in-depth analysis of all processes and systems from the stage of receiving RFQs , and signing NBO till the products / services reach the end consumer.
- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not applicable

Leadership Indicators

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?
Divgi TTS not conducted Life Cycle Perspective / Assessments (LCA).
- If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

FY 22-23	FY 21-22
Out of total waste generated, 84% waste is recycled through approved vendors .	Out of total waste, 82% waste is recycled.

Company product & quality experts continuously train and develop skill sets of employees on process knowledge and industry bench marking practices.

Yes, nearly 95% of product components are recycled post it's Life Cycle, through India's Vehicle Scrappage Policy.

Plant level procedures have been established to identify the variants of wastes & also systematically adhere to waste management and recycling requirements.

Examples: Metal chips, carton boxes, wooden pallets, solvents, used oil, E-Waste etc.

The Company has sustainable processes in place to recycle the products and waste, post completion of the manufacturing life cycle.

Each location is committed to promoting environment sustainability through Refuse, Reduce, Reuse, Repurpose and Recycle At every location, wastes are segregated based on their characteristics (i.e. solid waste & hazardous waste etc.), collected, stored, and disposed appropriately.

This is continuously improved with has resulted in recycling 84% of the waste generated.

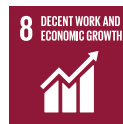
4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	Re-used.	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastic (Including Packaging)	0	10,113	0	0	11,058	0
E-Waste	0	0.065	0	0	0.593	0
Hazardous Waste	0	44,224	29,386	0	52,861	30,000

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

NGRBC Principle 3, GRI SDG alignment :3,4,5,8,9,11,16

Businesses should respect and promote the well-being of all employees, including those in their value chains.



1 a. Details of measures for the well-being of employees:

Category	% of Employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	261	261	100	261	100	NA	NA	Nil	Nil	NA	NA
Female	17	171	100	17	100	17	100	Nil	Nil	NA	NA
Total	278	278	100	278	100	17	100	Nil	Nil	NA	NA
Other than Permanent Employees : ESIC											

a. Details of measures for the well-being of workers:

Category	% of Employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers : 100% Covered under ESIC											
Male											
Female											
Other than Permanent Workers											
Male											
Female											
Total											

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Not Applicable	100%	100%	Not Applicable
ESI	100%	NA	Yes	100%	100%	Yes

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes.

Necessary infrastructure in place to make the workplaces accessible to differently abled employees and visitors.

Such infrastructural arrangements include without limitation, easily accessible sites and building entrances, easily operated doors, push/lever type wash basin fixtures, sufficient illuminated wide corridors and requisite signages.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes.

The Business code Conduct and sustainability, social accountability policy guidelines document declares the equal opportunity policy under the values of 'Respect to each other'.

Divgi TTS also undertakes the responsibility of 'working conditions' for its employees and workers. The principles of equal opportunity and equal treatment are guaranteed without regard to any disability. These policy guidelines are available on the company portal.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Nil

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	Nil	Nil	Nil	Nil
Female	2	100%	Nil	Nil
Total	2	100%	Nil	Nil

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (if Yes , then give details of the mechanism in brief)
Permanent Workers	The Company has a grievance redressal mechanism in line with the statutory framework under Industrial Dispute Act, 1947 for grievance redressal mechanism for the permanent workers where workers or their representatives can raise their grievances in areas like wages, discrimination, child labor, human rights related issues etc. POSH Policy ,Divgi TTS Sustainability guidelines under the element Protection against discrimination , Social accountability policy in place .
Other Than Permanent Workers	
Permanent Employees	
Other Than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Benefits	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / Workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	274	0	0	235	0	0
- Male	264	0	0	229	0	0
- Female	10	0	0	6	0	0
Total Permanent Workers	Nil					
- Male	Nil					
- Female	Nil					

8. Details of training given to employees and workers:

Category	FY 2022-2023 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and Safety Measure		On Skill Upgradation		Total (D)	On Health and Safety Measure		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	264	250	95	250	95	229	217	95	217	95
Female	10	9	95	9	95	6	5	95	5	95
Total	274	259	95	259	95	235	222	95	222	95
Workers										
Male	306	306	100	306	100	306	306	100	306	100
Female	32	32	100	32	100	15	15	100	15	100
Total	338	338	100	338	100	321	321	100	321	100

The businesses also conducts function / role specific training for employees on an ongoing basis.

The Company ensures sustainable growth through continuous efforts to improve safety conditions for all its stakeholders and implementation of environment-friendly practices. Structured health and safety trainings are conducted for employees and contract workforce, across all the plants.

Further, training needs for skill upgradation of employees are identified based on their performance assessments, and roles and responsibilities at various levels.

In organisation balance score, Training Hrs KPI tracked, which 7.7 against 6.7

HR Initiatives are recognised at national forum, Divgi TTS won 1St price in CII competition.

Some of talent development programmes in FY 22-23.

- Financial Acumen for Leaders at Tata Management training center
- Capability building course from MCCIA.
- English Language Improvement Course
- IIM Calcutta, CFO Program

trainings of equivalent to 4181 Hrs were imparted, and workshops were conducted.

The training topics included environment, health, safety (EHS) and sustainability awareness.

- i. Sustainability awareness.
- ii. Hazard Identification - HIRA, KYC, KYT, Fire safety, Behaviour based safety.
- iii. Contractor safety management awareness.

Risk assessment HIRA (Hazard Identification), Emergency preparedness and response.

Awareness of HSE policy, SOPs and guidelines laid down by the Company, Use of personal protective equipment (PPEs).

Apart from domain specific subjects, trainings provided to the on-roll employees are typically grouped as follows:

- a) Operator licensing : Induction programmes for the new joiners;
- b) Leadership development programmes.
- c) English Improvement training to leaders
- d) technical training programmes (includes Quality / System Awareness programmes, VDA - DFMEA / PFMEA, 7QC Tools, Quality core tools);
- e) Codes of Conduct
- f) Safety related training programmes (firefighting, HIRA, EHS procedures, and sustainability reporting, Materiality and Circulatory etc.);
- g) System related Programmes (such as IATF, SOP awareness programmes under back to basic theme etc.)

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	Total (A)	No.(B)	% (B /A)	Total (D)	No.(D)	% (D/C)
Employees						
Male	264	264	100	229	229	100
Female	10	10	100	6	6	100
Total	274	274	100	235	235	100
Workers : Nil						

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? **(Yes/ No)**. If yes, the coverage such system?

Yes .

Yes, Divgi TTS has implemented an occupational health and safety management system certifiable to ISO 45001. Maintaining, fostering, and improving the safety and well-being of employees is enshrined in the Company-wide risk management and control process.

Throughout the organisation, safety is critical. There are 10 emergency situations identified, and preparedness is also available.

Safety and ergonomic requirements are considered well in advance while designing a workstation and equipment selection during APQP programme phase three. Standardised workstations are equipped with detailed operational guidelines in terms of SOS and JES. A layered process audit was conducted to check for and bring out deficiencies, if any. Corrective **actions were** tracked for effective implementation. Employees are encouraged to give a suggestion, Kaizen and JDI are recorded, and management provides resources for implementing Kaizen. TPM ensures machine safety through periodic predictive tests like vibration and thermography for electrical fire hazards. Safety and fire mock drills are executed as per the EPRP plan and procedure. Management has given approval for upgrading the fire protection system.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

As part of implementation of ISO 45001 standard, procedures for Hazard Identification and Risk Assessment (HIRA) have been established and implemented within the business units. HIRA is conducted for routine and non-routine activities. Work related hazards are identified by people involved in the operations, The identified hazards are recorded, and control measures are discussed and defined as per hierarchy of controls.

The CAPA (Corrective and Preventive Action) tracker is implemented to proactively identify safety risks in high-risk activities and implement engineering controls to mitigate the risks. A Cross Functional Team reviews high risk activity and implements engineering controls, as feasible to mitigate risks. The outcome from the CAPA tracker is reviewed quarterly.

- The team's daily FRM includes the agenda on safety performance and incidence, communication on corrective actions, and horizontal deployment.

Periodic inspection of fire hydrants, fire extinguishers, safety audits, statutory and regulatory requirements, etc.is being done by competent person.

- C. Whether you have processes for workers to report work-related hazards. and to remove themselves from such risks. (Y/N)**

Yes.

Rule follow mechanism reporting established as part of ISO 45001 to report of Unsafe Acts, Unsafe Conditions, near misses and incident reporting. Same are analysed in KYT /KYM, Corrective and preventive actions are initiated to mitigate safety risks, effectiveness status checked through LPA and MRM.

- D. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Employee health checks are done on a yearly basis., All employees' health checkups are carried out annually.

Audiometry tests, eye tests, urine tests, and general health checkups are part of it. First aid boxes are provided at several locations.

Wellbeing employee engagement conducted like Yoga, Marathon- Run for fun.

Counselling for employees with variations in health is provided by on-board doctors The company has ties with the nearest hospitals to provide medical attention.

All on-roll employees are covered by a medical insurance policy covering all diseases. For NAPS trainees Group Personal accident , Workmen compensation , and medical insurance are cross-verified before approving a work permit.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	2	2

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The company has a well-equipped fire control system through smoke detectors / sensors installed throughout the company, apart from fire extinguishers installed on the shopfloor and in office areas.

Safety ERT (Emergency Response Team) conducts monthly audits, and safety meetings are held every month to analyse and sort out issues pertaining to safety.

Regular training and mock drills on fire and emergency evacuation are conducted for all employees.

All moving and rotating parts of the machines have been provided with safeguards.

All machines on the shop floor have been equipped with safety sensors and two-hand operation so that no employee is injured while working on the machines.

providing safe and healthy workplace. has implemented "Zero Harm Culture" campaign to proactively ensure safe and healthy workplace.

13. Number of Complaints on the following made by employees and workers:

Benefits	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0		0	0	
Health & Safety	0	0		0	0	

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Focused trainings are conducted on "Behavioural Based Safety" (BBS) to promote awareness amongst third party and contractor employees to adopt safe work practices.

Online training modules /portal made available for Safety trainings .

EHS compliance and system effectiveness audit are done annually by DQS India , as independent due diligence

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes. Divgi TTS Limited has Life Insurance scheme for all its permanent employees .

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

Yes, we do ensure that our associate partners pay statutory liabilities as they submit us monthly PF , ESIC challan along with bills .

3. **Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Nil

Particulars	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Employees	0	0	NA	NA
Workers	0	0	NA	NA

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, Divgi TTS provide transition assistance programme to retired employees for retaining their subject expert knowledge and gives them opportunity to work as consultant. Currently 11 no. consultant are appointed to support the business activities.

5. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Improvement measures agreed-upon with suppliers relate either to actual deviations from the business Code of conduct , of Conduct for Suppliers or to structural improvements in management systems and the lack of specific processes and guidelines implemented by the supplier. Agreed upon improvement measures:

Health & Safety

- First aid boxes in the factory
- Installation of fire alarm in all areas
- Providing appropriate PPE to all the employees & ensure usage of the same while working.

Working Conditions

- Age verification check process for recruiting new workers
- Employees being paid in line with legal minimum wages
- Applicable benefits like PF, ESI, Leave & Bonus are extended to eligible employees

For monitoring purposes, LPA audits performed, the Company remains committed to partnerships with suppliers and helps them to improve. However, if the problems continues or a supplier does not show a willingness to take necessary remedial. action, the Company may choose to phase out that supplier.

NGRBC Principle 4; GRI SDG alignment 5, 9, 11,16

Businesses should respect the interests of and be responsive to all its stakeholder.



1. Describe the processes for identifying key stakeholder groups of the entity.

Stakeholder groups are identified based on the nature of their engagement with the Divgi TTS , Annual review taken as IATF 16949 process .

Any individual or group of individuals or institution that adds value to the business chain of the Company is identified as a core stakeholder.

Our stakeholders include Customers, Investors, Contractors, Shareholders, Suppliers, Statutory Bodies, R & D Institutions, Communities, Media, Academia etc.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether Identified as Vulnerable & Marginalized group (Yes/NO)	Channel of Communication	Frequency of engagement (Annually / Half Yearly /Quarterly /Other -Please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement.
Employees	No,	E-Mail , Townhall Meeting , Employee of The Month , Plant FRM , Safety Meetings , Employee engagement Survey , Notice Board	Employee engagement survey- Taken each year through survey tool Emails are sent to employees regularly on basis on important Company communication	Information about Company's business growth plans and KPI -business performance Top-down communication about important organization changes, policies, wellbeing initiatives Platform for gathering informal feedback
Shareholders	No	Email, Newspaper, Website, , conference calls, virtual meetings	Need based , Quarterly	Shareholder related communication
Investors/ Analyst	No	Email, conference calls, virtual meetings	Half-yearly plus as and when requested by investors	To understand the Company's results, major events, and future direction

Stakeholder Group	Whether Identified as Vulnerable & Marginalized group (Yes/NO)	Channel of Communication	Frequency of engagement (Annually / Half Yearly /Quarterly /Other -Please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement.
Customers	No	Email, Website, KAM Visita, Auto Expo	As and when required	Information on Business offerings
NGOs & Communities	No	Meetings, Quarterly and Annual Reports	Quarterly/ periodic CSR review meetings	Initiating CSR project along with the community
Suppliers	No	Supplier Manual , Monthly Score Card , Supplier Conference , Supplier Audits	As and when required, Monthly , Yearly	Sharing growth vision and business targets and Quality , delivery and sustainability expectation.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The stakeholders are systematically engaged by various functions of the Company. The Board of Directors / Committee there of takes feedback of the status of various functions and provide directions for improving processes / practices wherever applicable. The Company also regularly consults its internal and external stakeholders to identify and manage environmental and social topics. and takes external help from institutional and experts on ESG improvement opportunity.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity. Yes,

Production diversification into EV segments, development, and manufacturing of precision quality products to improve the vehicle efficiency and reduction of greenhouse gas emissions.

Setting targets for usage of renewable energy to meet the carbon neutrality and decarbonization targets.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Divgi TTS through its strategic focus areas for its Corporate Social Responsibility: Shri Kalyanam, Shri Vidyadayini, Shri Aarogyam, Shri Sanskriti guiding principles , Divgi TTS through constantly engage with communities through valuable CSR projects , few of them are :

Enabling Leadership, Pragatee Foundation, Kumta.

The Society for Door Step School, Pune

Ambulance for Vishwa Seva Samiti, Sirsi

Punyatma Prabhakar Sharma Seva Mandal, Igatpuri

Vedanta Foundation-Bhagvad Gita

Garm Gaurav Prathisthan (Pani Panchayat)

Principle 5 ; GRI SDG alignment :5, 8 ,16

Businesses should respect and promote human rights.



Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	Total (A)	No. employees workers covered (B)	% (B / A)	Total (D)	No. employees & workers covered (D)	% (D / C)
Employees						
Permanent	274	259	95	235	222	95
Other than permanent	338	338	100	321	321	100
Total Employees	612	597	97	556	553	97

2. Details of minimum wages paid to employees and workers, in the following format:

Divgi TTS adheres to Minimum wage requirement.

3. Details of remuneration/salary/wages, in the following format

	Male		Female	Median remuneration/ salary/ wages of respective category
	Number	Median remuneration/ salary/ wages of respective category	Number	
Board of Directors (BoD)	8	3.05 Million	1	3.01
Key Managerial Personnel	4	6.50 Million	0	-
Employees other than BoD and KMP	274	0.62 Million	6	

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the HR Head is responsible for addressing human rights impacts or issues caused or contributed to by the business. Divgi TTS applies a value chain approach to address negative environmental and social impact created out of the business operations, Process owners and plant heads responsible to evaluate any environmental or social impact caused or contributed to by the business and mitigate them effectively.

The Management Systems Head centrally maintains oversight for such impacts occurring across the value chain and ensures that all the processes are in place and the impacts if any are systematically mitigated.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Divgi TTS has a grievance redressal mechanism in line with the statutory framework under Industrial Dispute Act, 1947 for grievance redressal mechanism for the permanent workers where workers or their representatives can raise their grievances in areas like wages, discrimination, child labour, human rights related issues etc.

6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	No Complaints received	Nil	Nil	No Complaints received
Discrimination at workplace	Nil	Nil	No Complaints received	Nil	Nil	No Complaints received
Child Labor	Nil	Nil	No Complaints received	Nil	Nil	No Complaints received
Forced Labour/ Involuntary Labour	Nil	Nil	No Complaints received	Nil	Nil	No Complaints received
Wages	Nil	Nil	No Complaints received	Nil	Nil	No Complaints received
Other human Rights related issues	Nil	Nil	No Complaints received	Nil	Nil	No Complaints received

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

For cases related to Sexual Harassment, there is an Internal Committee for redressal of the same. The POSH Committee takes concrete actions to ensure that every Complainant is protected. It maintains confidentiality of all complaints.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

Suppliers commit to uphold the Code of Conduct for Suppliers and terms and condition mentioned on purchase order .

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	Not Applicable

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company has a robust human rights due diligence process through which it continuously assesses and improves its ability to respond to any negative human rights impacts.

2. Details of the scope and coverage of any Human rights due diligence conducted.

Factory & Office location: The Business code of Conduct Guidelines are an integral element of all employment contracts. Every employee is responsible for respecting human rights.

Organization does not tolerate discrimination, sexual harassment, or any other form of personal attack on individuals or groups. In addition, the principles of equal opportunity and equal treatment apply without restriction.

Divgi TTS committed to safeguarding and respecting human rights in every stage of the value chain. The goal is to identify any human rights violations occurring anywhere in the value chain as early as possible and to mitigate risk identified. Independent statutory audit conducted periodically.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the necessary infrastructure is in place to make the workplaces accessible to differently abled employees and visitors.

Such infrastructural arrangements include without limitation, easily accessible sites & building entrances, easily operated doors, push/lever type wash basin fixtures, sufficient illuminated wide corridors and requisite signages.

4. Details on assessment of value chain partners:

Not done at value chain partners, however, within the Divgi TTS office and factory audit conducted referring SA 8000 guidelines, once in three years by internal auditor.

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	NA
Discrimination at workplace	NA
Child Labour	100%
Forced Labour/Involuntary Labour	NA
Wages	NA
Others – please specify	NA

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Whenever deviations from the principles of the Code of Conduct suppliers, and therefore also violations of the human rights principles defined in the Code are identified, the procurement team works with the supplier to clarify how lasting corrective action can be taken within a reasonable time frame. If all efforts to implement remedial actions remain unsuccessful, Divgi TTS reserves the right to terminate the business relationship and phase out the supplier.

Agreed upon improvement measures:

- Age verification process for recruiting new workers
- Employees being paid in line with legal minimum wages
- Applicable benefits like PF, ESI, Leave & Bonus are extended to eligible employees

Principle 6; GRI SDG alignment 3, 6, 7, 10,12, 13, 14, 15

Businesses should respect and make efforts to protect and restore the environment.



Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

	FY 2022-2023 Current Financial Year	FY 2021-2022 Previous Financial Year
Total electricity consumption (A)	2563771	2864050
Total fuel consumption (B)	99170	205434
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	2662941	3069484
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.62	0.72

*** Energy intensity is reduced by 14%.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company did not carry out assessment by external agency

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No, the Company does not have any site identified as DCs under PAT scheme.

3. Provide details of the following disclosures related to water, in the following format

	FY 2022-2023 Current Financial Year	FY 2021-2022 Previous Financial Year
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others (MIDC)	7430	6160
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	7430	6160
Total volume of water consumption (in kilolitres)	7430	6160
Water intensity per rupee of turnover (Water consumed / turnover)	0.0017	0.0014

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company did not carry out independent assessment by an external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, water being an important environmental resource, necessary initiatives are taken across all the manufacturing units to conserve and recycle water, thus ensuring the ZLD (Zero liquid Discharge). At all manufacturing locations

suitable and sufficient wastewater treatment like sewage treatment plants (STP) are installed with primary, secondary, and tertiary treatment which include nano filtration / RO / UV treatment facilities to treat wastewater to usable quality water. The treated water is further used for flushing and gardening activities within the premises. This in-turn has resulted in reduced use of freshwater.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Air emissions	Unit	Bhosari		Sirsi		Shivare	
		FY 22-23	FY 21-22	FY 22-23	FY 21-22	FY 22-23	FY 21-22
NOx	mg/Nm3	3.29	3.17	15.61	18.2	5.12	3.67
SOx	kg/day	0.72	0.69	18.74	15.4	1.38	1.32
Particulate matter (PM)	mg/Nm3	30.47	32.17	83.51	70.34	40.12	45.11
Persistent organic pollutants (POP)	-	Nil	Nil	Nil	Nil	Nil	Nil
Volatile organic compounds (VOC)	-	Nil	Nil	Nil	Nil	Nil	Nil
Hazardous air pollutants (HAP)- Carbon monoxide (CO)	PPM	25.74	29.17	24.8	26.20	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

*** All observed values are within permissible limits as per MPCB/ KPCB consents.

Yes, Environment Test done by MoEFCC recognised laboratory, Third party verification during yearly surveillance audit by DQS india as per ISO 14001 standard requirements.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	266.85	458.74
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	2358.67	3125.71
Total Scope 1 and Scope 2 emissions per rupee of turnover		0.00062	0.00080
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be- per 1000 units selected by the entity		0.621	0.805

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

*** Green house gas intensity is reduced by 23%.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

To achieve net-zero in own operations, Divgi TTS has plan to installed solar panels on the factory roofs at Shirwal plant in first phase by Nov' 23. Apart from solar power, the Company is driving multiple Energy Efficiency programs to reduce the CO2 emissions.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-2023 Current Financial Year	FY 2021-2022 Previous Financial Year
Total Waste generated (in metric tonnes)		
Plastic waste (A)	10.113	11.058
E-waste (B)	0.065	0.593
Bio-medical waste (C)	0.01181	0.01513
Construction and demolition waste (D)	0	0
Battery waste (E)	0.600	0.200
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	73.610	82.861
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	147.226	133.813
Total (A+B + C + D + E + F + G + H)	231.62	228.54
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	148.763	138.134
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	148.763	138.134
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	29.386	30.034
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	29.386	30.034
Total Waste generated (in metric tonnes)		
Plastic waste (A)	10.113	11.058
E-waste (B)	0.065	0.593
Bio-medical waste (C)	0.01181	0.01513
Construction and demolition waste (D)	0	0
Battery waste (E)	0.600	0.200
Radioactive waste (F)	0	0

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Solid and hazardous waste management as per the ISO 14001 guidelines Solid waste categorization at the source for recyclable purposes through authorised agencies Regularly review sustainability strategy and goals in management reviews and board meetings.

Visual Standardisation SOS for waste management, Separate bins are provided for hazardous and non-hazardous waste storage, Continual improvements on waste reduction by the 4 R principles, DQS India audit the compliance during yearly surveillance assessment.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Currently no office or factory locations are part of ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

No projects were implemented in FY 2022-23 which required EIA to be undertaken.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Divgi TTS complies to all the applicable environmental law/ regulations/ guidelines in India.

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-2023 Current Financial Year	FY 2021-2022 Previous Financial Year
From renewable sources		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	0	0
From non-renewable sources		
Total electricity consumption (D)	2563771	2864050
Total fuel consumption (E)	99170	205434
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	2662941	3069484

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

*** Total Energy consumption from non Renewable sources is reduced by 14 %.

No, the Company did not carry out independent assessment by an external agency.

2. Provide the following details related to water discharged:

Parameter	FY 2022-2023 Current Financial Year	FY 2021-2022 Previous Financial Year
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0

Parameter	FY 2022-2023 Current Financial Year	FY 2021-2022 Previous Financial Year
(iv) Sent to third-parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No, the Company did not carry out independent assessment by an external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area
- Nature of operations
- Water withdrawal, consumption and discharge in the following format:

Divgi TTS office or factory are not located in area of water stress., hence not applicable. However organisation is committed for responsible usage of water and water saving projects initiated for better water management in Plant and office area.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	Not calculated	Not calculated
Total Scope 3 emissions per rupee of turnover		Not calculated	Not calculated
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		Not calculated	Not calculated

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Divgi TTS not considered Scope 3 emissions.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Currently no office or factory locations are part of ecologically sensitive areas.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

The environment is a critical component of the Divgi TTS Production System. All three plants are certified with ISO 14001:2015 certification from international accreditation body DQS. The organisation is committed to aligning its processes to achieve carbon neutrality by 2050.



Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Installation of storage oil skimmer at HMC Machines		This resulted in increase in the coolant life.
2.	Collection mechanism installed for collecting dripping water from air compressors.		This water being used for gardening purpose after STP treatment
3.	Reusing of filter oil		Oil consumption reduced by 50% , Saving 2000 Liters per year.
4.	Machine reconditioning and retrofitting of old machines	Total 14 machines reconditioned and retrofitted, resulted in higher productivity and energy efficient .	Such efforts Contributed to overall energy saving.
5.	The organization partnered with a packaging solution provider, for recyclable & reusable packaging .		Such high volume recyclable packaging, which directly reduced the usage of single PP boxes and wooden boxes
6.	TPM activities	Taking reduce and elimination efforts for oil spillage and leakage through the TPM pillar, Kobetsu kaizen.	Arrested oil spillage and compressor air leakage.
7.	Replacing Compact fluorescent lamps (CFL) by Light Emitting Diode (LED) lights	Replacement of lighting fixtures in staircase, lobby and production areas.	Contributed in overall Energy saving

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company has a EPRP (Emergency preparedness and response plan) for managing crisis affecting Company's operations, assets and staff under its responsibility and duty of care.

The Company's Business Continuity Plan (BCP) is based on ISO 14001, ISO 45001 , ISO 22301 and covers Mitigation and recovery plan for the following components:

- a. Environmental disasters
- c. Disaster recovery planning for IT Applications and Infrastructure,
- d. Situation specific business level BCP Mock drills are conducted twice a year.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Divgi TTS ensures that there are no adverse impacts to the environment arising from its value chain, periodic audits at supplier premises or through self-assessment checklist , risk and measures are monitored.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Divgi TTS encourages supplier who adopt the ISO standard requirements for EHS and corporate governance, and preferred to do business who have ISO 9001, ISO 14001, ISO 45001 certification .

- Suppliers' percentage certified for ISO 14001/ISO 45001 /ISO 9001: **44%**
- Suppliers' percentage certified for IATF 16949 : **56%**

NGRBC Principle 7; GRI SDG alignment: 7, 10, 11,13, 14, 15,17

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.



Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

Divgi TTS is affiliated with three trade and industry chambers, and two academia institutions.

b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	MAHRATTA CHAMBER OF COMMERCE, INDUSTRIES AND AGRICULTURE (MCCIA)	State
3	Automotive Research Association of India (ARAI)	National
4	Birla Institute of Technology and Science (BITS)	National
5	College of Engineering Pune (COEP)	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

There were no cases of anti-competitive conduct during the reporting period.

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

Sr. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain ? (Yes / No)	Frequency of review by Board (Annually /Half Yearly /Quarterly /Other please specify	Web link , if available
1	The Company has diversified its product portfolio in EV segment, supplying E-gear transmission to top Indian OEM and contribute on specific sustainable business issues.	Through membership with trade and industry associations the Company shares its feedback on matters as mentioned in the adjacent cell.	This is part of Stake holder consultation by the respective Industry Associations.	Reviewed by relevant business management on as and when basis.	Not applicable.

NGRBC Principle 8; GRI SDG alignment: 3, 4, 5, 6, 8, 9, 11, 13, 14, 15, 16, 17

Businesses should promote inclusive growth and equitable development.


Essential Indicators

- Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

SIA was not applicable in the reporting year.

- Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Rehabilitation and Resettlement (R&R) was not applicable in the reporting year.

- Describe the mechanisms to receive and redress grievances of the community.**

The Company has defined a process to ensure all the complaints and feedback from all stakeholders including communities are received and addressed.

This defined process includes:

- A dedicated contact page on the website
- Complaints / Feedback received on contact Email

CFT team manage all the complaints and feedback to ensure timely response.

- Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-2023	FY 2021-2022
	Current Financial Year	Previous Financial Year
Directly sourced from MSMEs/ small producers	15.47%	5.67%
Sourced directly from within the district and neighboring districts	45.10%	42.66%
Percentage Sourced outside the district	54.90%	57.34

Leadership Indicators

Most of the supply chain located in and around Pune, which reduces the transport time and overall value stream mapping time.

Pune being the industrial hub, ecosystem is very good for the growth and explore new opportunities.

Most of the parts localized, which has given major advantage to leverage the inflation and cost competitiveness.

- Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not applicable as no SIA was undertaken in the reporting period.

- Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Please refer to CSR Report in '**Annexure F**' for detailed information.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, contracts are awarded on merit and not on preference.

(b) From which marginalized /vulnerable groups do you procure?

Not applicable.

(c) What percentage of total procurement (by value) does it constitute? Not applicable.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Divgi TTS does not have (acquired or owned) Intellectual Property Rights based on the traditional knowledge during the reporting period.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable.

6. Details of beneficiaries of CSR Projects:

The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalized stakeholders especially those situated in and around the plant locations through its CSR policy driven initiatives.

These initiatives are directed towards community services, skill development, infrastructure, promoting safety and education.

The Company continuously strives to achieve total inclusiveness by engaging with all stakeholders and encouraging people from all sections of the community irrespective of caste, creed, or religion to benefit from its CSR initiatives.

The CSR Committee reviews the progress on the initiatives to assess the impact on the beneficiaries of the projects.

S. No.	CSR Project	Divgi TTS Policy	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Enabling Leadership, Kumta	Shri Kalyanam	---	100%
2	The Society for Door Step school, Pune	Shri Vidyadayini	---	100%
3	Ambulance for Vishwa Seva Samiti, Sirsi	Shri Aarogyam	----	100%
4	Punyatma Prabhakar Sharma Seva Mandal, Igatpuri	Shri Kalyanam	----	100%
5	Vedanta Foundation- Bhagvad Gita	Shri Sanskriti	----	100%
6	Saraswat Education Society	Shri Vidyadayini	----	100%
7	Bharat Itihas Sanshodhak Mandal	Shri Sanskriti	----	100%
8	Garm Gaurav Prathisthan (Pani Panchayat)	Shri Kalyanam	----	100%

NGRBC -Principle 9; GRI SDG alignment: 4, 12, 14, 15

Businesses should engage with and provide value to their consumers in a responsible manner.



Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Divi TTS has the customer support function which proactively work on customer complaint resolution and increasing customer satisfaction index.

Customer Focus is one of the leadership principles of the Company.

There are mechanisms in place that aim to minimise customer complaints and grievances, while ensuring prompt redressal.

The Company primarily caters to automotive OEMs. There is a robust mechanism instituted in the Company to deal with issues and complaints reported by OEMs.

Issues can be raised through their online portals, e-mail communications, during plant visits or at meetings. Customer complaint logged in Defect Tracking Sheet, and effective resolution made referring to customer complain handling procedure, 8D.

Quality performance indicators are within the targets, YTD FY 2023.

Customer PPM : 11, against Target 20.

IPTV (Incidences per thousand vehicles- 12 MIS) : 0.0328, Against < 0.6

Warranty expense as % of sales : 0.0278, Against 0.07

This quality performance is independent audited by DQS referring to IATF 16949 standard requirement and PWC statutory audit.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameter relevant to the product	100%
Safe and responsible usage	100%
Recycling and of safe disposal	100%

3. Number of consumer complaints in respect of the following:

Category	FY 2022-2023 Current Financial Year			FY 2021-2022 Previous Financial Year		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil – No Complaints received					
Advertising	Nil – No Complaints received					
Cyber-security	Nil – No Complaints received					
Delivery of essential services	Nil – No Complaints received					
Restrictive Trade Practices	Nil – No Complaints received					
Unfair Trade Practices						
Other (Auto OEM Customer complaints)	15	0	All complaints resolved	7	0	All complaints resolved

4. Details of instances of product recalls on account of safety issues:

	Number	Reason for recall
Voluntary recalls	0	No recall cased registered.
Forced recall	0	

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, Cyber security policy is in place, Divgi TTS processes personal data in compliance with applicable laws on data protection and data security.

<https://divgi-tts.com/?s=Policy>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

There were no consumer complaints on issues relating to advertising, delivery of essential services, cyber security, and data privacy of customers.

The complaints in 'others' category under indicator 5 of this principle pertains to Product supplied to customers (Auto OEM); all complaints of FY 222-23 , resolved.

Annexure F
THE ANNUAL REPORT ON CSR ACTIVITIES FOR FY 2022-2023

[Pursuant to section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

Operating in a responsible and sustainable manner is important. Whilst we run our business in line with the expectations of diverse global stakeholders, we also see Corporate Responsibility as a discipline that helps to manage risks and maximize opportunities presented to us in the changing world.

Divgi TorqTransfer Systems Limited (Divgi TTS) is committed to good corporate citizenship. We strive to supply goods and services of superior value to our customers; to create jobs that provide meaning for those who do them and to contribute generously of our talents and our wealth to the communities in which and for whom we do business.

Since the 'Responsibility to our Communities' is one of our core values, Divgi-TTS strives to take efforts in the area of social and community development under the initiative of Corporate Social Responsibility with planned and systematic actions put in investment projects which focuses on below principles:

- Shri Vidyadaayini (Promoting Education)
- Shri Kalyanam (Rural development)
- Shri Aarogyam (Promoting Health Care)
- Shri Sanskriti (National Heritage, Art and Culture)
- Shri Vasundhara (Environment Protection)

During the year under review, your Company had focused majorly on Shri Vidyadaayini, Shri Aarogyam and Shri Sanskriti principles with an attempt for a holistic social contribution by empowering the under-privileged stakeholders of our society. The Company's CSR Policy, including overview of projects or programs undertaken or proposed to be undertaken, is provided on the Company's website.

Our CSR initiatives are independent of the normal conduct of our businesses and are aligned to the activities listed in Schedule VII read with Section 135 of the Companies Act, 2013 and the allied CSR Rules.

2. Composition of CSR Committee:

During the financial year 2022-23, the CSR Committee was re-constituted on April 29, 2022. During the year under review, the Composition of CSR Committee of the Board of Directors was as under:

Name of Director	Designation	Number of CSR Committee meetings held during year	No. of meetings of CSR Committee attended during the year
Mr. Pundalik Dinkar Kudva	Chairperson	2	2
Ms. Geeta Prafullachandra Tolia	Member	2	2
Mr. Jitendra Bhaskar Divgi	Member	2	2
Mr. Hirendra Bhaskar Divgi	Member	2	1

3. Provide the web-link where Composition of CSR committee, CSR policy, and CSR projects approved by the board are disclosed on the website of the company:

- <https://divgi-tts.com/composition-of-committees/>
- <https://divgi-tts.com/wp-content/uploads/2023/03/11.-CSR-policy.pdf>
- <https://divgi-tts.com/corporate-social-responsibility/>

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.: Not Applicable

5.

- (a) Average net profit of the company as per sub-section (5) of section 135: ₹520.93 million
- (b) Two percent of average net profit of the company as per section 135(5): ₹10.42 million
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. ₹0.00 million
- (d) Amount required to be set off for the financial year, if any: ₹0.00/-
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. ₹10.42 million

6.

- (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹10.42 million
- (b) Amount spent in Administrative Overheads: ₹0.48 million
- (c) Amount spent on Impact Assessment, if applicable: Nil
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹10.90 million
- (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹ million)	Amount Unspent (in ₹ million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
10.90	Nil	-	Nil	Nil	-

- (f) Excess amount for set off, if any

Sr. No.	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the company as per section 135(5)	10.42
(ii)	Total amount spent for the Financial Year	10.90
(iii)	Excess/(shortfall) amount spent for the financial year [(ii)-(i)]	0.48
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.48



7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: Nil
8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹)	Details of entity/ Authority/ beneficiary of the registered owner		
					(1)	(2)	(3)
					CSR Registration Number, if applicable	Name	Registered address
1.	FORCE TRAVELLER Ambulance Type D AIS - 125	NA	January 04, 2023	28,10,130	CSR00013626	Vishwa Seva Samiti	Rotary Charitable Hospital, Court Road, Sirsi KA 581401

For and on behalf of the Board of Directors
DIVGI TORQTRANSFER SYSTEMS LIMITED

Pundalik Kudva
Chairperson CSR Committee
DIN: 03385091

Jitendra Divgi
Managing Director
DIN: 00471531

Place: Pune
Date: June 29, 2023

Place: Pune
Date: June 29, 2023

REPORT ON CORPORATE GOVERNANCE

In compliance with the provisions of Regulation 34 read with Part C of Schedule V of Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company submits the Report on Corporate Governance for the financial year ended March 31, 2023.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance comprises various laws, regulations, procedures, implicit rules and good corporate practices which ensure the Company's adherence to fair practices. Divgi-TTS believes that Corporate Governance is an ethically driven business process that is essential for maintaining sustained growth of the organization and for enhancing shareholder value.

Your Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. The Board has defined a set of Corporate Governance best practices and guidelines to help fulfill our Corporate Responsibility towards our Stakeholders based on the principles of good corporate governance viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values. The Directors, as well as the Senior Management, have always considered Stakeholders' Engagement as a key driver of sustainable business. The Needs and Demands of the Stakeholders are always catered to as a priority.

The Company has established business module, systems and procedures to ensure that its Board of Directors are well-informed and well-equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term stakeholders value. The Company's value creation is based on equitable, inclusive, excellent, integrity, transparent and collaborative stakeholder practices. The Company promotes a safe, healthy and happy workplace for its employees. The Company's initiatives towards improving its Environmental, Social and Governance (ESG) performance and its contribution towards Sustainable Development Goals is placed in the Business Responsibility and Sustainable Report (BRSR) annexed to the Annual Report.

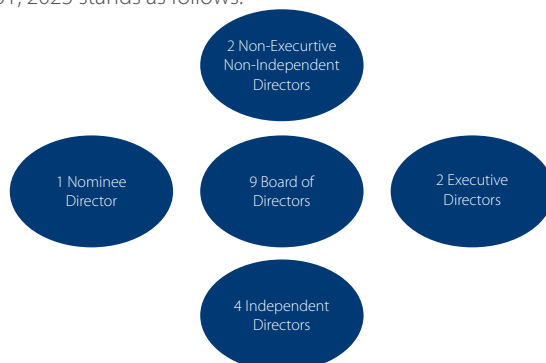
Your Company has adopted a Code of Conduct for Senior Management and the Board of Directors which is also available on the website of the Company. It also believes that good Corporate Governance is a key to preserving and enhancing trust bestowed by the investors and ensures long term relationships with other stakeholders which shall ultimately help the Company to achieve its objectives in the long run and strengthen the relations.

Your Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance and makes timely and transparent disclosures regarding financial positions, performances and other related matters to SEBI and the Ministry of Corporate Affairs and complies with all mandatory requirements of Corporate Governance laid down under the Listing Regulations.

2. BOARD OF DIRECTORS:

▪ Composition of Board:

Your Company has a very balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders' interests. The composition of the Board conforms with Regulation 17 of the Listing Regulations, read with Section 149 of the Companies Act, 2013 ("the Act") as amended from time to time with an ideal combination of Executive and Non-Executive Directors with a Woman Director. The composition of the Board as on March 31, 2023 stands as follows:



The Non-Executive Director is a Chairperson of the Company and one of the Independent Directors is a Woman Director.

None of the Directors on the Board is a member of more than 10 Committees or Chairperson of more than 5 Committees across all Public Companies in which he/ she is a Director. The Executive Directors do not serve Independent Directorships in any of the listed entities. Further, none of the Independent Directors on the Board is serving as an Independent Director in more than seven listed companies. The necessary disclosures regarding Committee positions have been made by all the Directors and the same has been reported to the Stock Exchanges through the Corporate Governance Report filed quarterly.

The number of Directorships and Committee Chairpersonships/Memberships held by the Directors in other Indian Public Limited Companies as on March 31, 2023, are given hereinbelow.

Name of Director	Category	No. of Directorships in other Public Limited Companies	No. of Committee Membership In other Public Limited Companies	No. of Chairmanship In Committees in other public limited Companies	Names of the listed entities where the person is a director and the category of directorship	
					Name of Listed Company	Category of Directorship
Mr. Praveen Purushottam Kadle	Chairperson and Non-Executive Independent Director	07	03	02	<ul style="list-style-type: none"> • Persistent Systems Limited • John Cockerill India Limited • Tide Water Oil Co India Ltd 	<ul style="list-style-type: none"> • Independent Director • Independent Director • Independent Director
Mr. Pradip Vasant Dubhashi	Non-Executive Independent Director	03	02	-	<ul style="list-style-type: none"> • Prime Securities Limited 	<ul style="list-style-type: none"> • Independent Director
Mr. Pundalik Dinkar Kudva	Non-Executive Independent Director	-	-	-	-	-
Ms. Geeta Prafullachandra Tolia	Non-Executive Independent Director	01	-	-	-	-
Mr. Jitendra Bhaskar Divgi	Managing Director	-	-	-	-	-
Mr. Hirendra Bhaskar Divgi	Whole-time Director	-	-	-	-	-
Mr. Ajay Bhaskar Limaye	Non-Executive Nominee Director	-	-	-	-	-
Mr. Bharat Bhalchandra Divgi	Non-Executive Non-Independent Director	-	-	-	-	-
Mr. Sanjay Bhalchandra Divgi	Non-Executive Non-Independent Director	-	-	-	-	-

Notes:

- a. In terms of the provisions of Regulation 26 of the Listing Regulations, total number of Directorships excludes directorship in the Companies, Foreign Companies, Private Companies, Companies formed under Sec. 25 of erstwhile Companies Act 1956 and under Sec. 8 of the Act.
- b. In terms of the provisions of Regulation 26 of the Listing Regulations, Chairmanship/ Membership of the Committees only includes the Audit and Stakeholders Relationship Committee in other Indian Public Companies (Listed and Unlisted)

▪ Independent Directors:

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act along with the rules framed thereunder. The maximum tenure of the Independent Directors complies with the Act. All the Independent Directors have confirmed that:

- They meet the criteria of independence and fulfill the conditions specified in the Listing Regulations and Section 149 of the Act and are independent of the management.
- They are not aware of any circumstance or situation that exists or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence.
- Not being a director in more than ten public companies (to a limit of eight listed companies) and ten private companies, aggregating to not more than twenty companies.

Based on the declarations received, the Board of Directors confirms that the Independent Directors fulfill the conditions specified in Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. All the Independent Directors of the Company comply with the criteria's pertaining to the maximum number of directorships as per Regulation 17A of Listing Regulations.

▪ Changes in the Board during the year:

At the Extraordinary General Meeting of Your Company held on June 10, 2022, the members of the Company re-appointed Mr. Jitendra Bhaskar Divgi (DIN: 00471531) as the Managing Director to hold office for a term of five years w.e.f. June 10, 2022 and Mr. Hirendra Bhaskar Divgi (01634431) as the Executive Director to be designated as Whole Time Director to hold the office of the director for a term of five years w.e.f. June 10, 2022.

At the same meeting, members also re-appointed Mr. Praveen Purushottam Kadle (DIN: 00016814), Mr. Pradip Vasant Dubhashi (DIN: 01445030), Mr. Pundalik Dinkar Kudva (DIN: 03385091) and Ms. Geeta Prafullachandra Tolia (DIN: 06931660) Independent Directors for a consecutive term of five years w.e.f. June 10, 2022.

Further, members also re-appointed Mr. Bharat Bhalchandra Divgi and Mr. Sanjay Bhalchandra Divgi as Non-Executive Non-Independent Director w.e.f. June 10, 2022.

▪ Meetings of the Board of Directors:

The Notice of the Scheduled Meeting is sent to the concerned Directors well in advance. The Company Secretary intimates the date of the Board Meetings and its outcome to the concerned Stock Exchange* as stated in Regulation 30 read with Part A of Schedule III of the Listing Regulations (*w.e.f. March 14, 2023 being date of listing). The Directors are also given an option of attending the Board Meeting through video conferencing as the Company is equipped with Video Conferencing facilities.

During the Financial Year 2022-23, the Board of the Company met Twelve (12) times on June 10, 2022, July 25, 2022, August 08, 2022, September 05, 2022, September 21, 2022, January 09, 2023, February 16, 2023, February 23, 2023, March 03, 2023, March 06, 2023, March 09, 2023 and March 29, 2023 with the consent from directors to convene the meeting on shorter notice, if any. The necessary quorum was present throughout, at all the Board Meetings. The name and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2022-2023 and at the 57th Annual General Meeting held on July 20, 2022 are as follows:

Name	Category	Number of Board Meetings held during the Financial Year 2022-23			Whether attended the AGM held July 20, 2022
		Held	Entitled to attend	Attended	
Mr. Praveen Purushottam Kadle	Chairperson and Non-Executive Independent Director	12	12	09	Yes
Mr. Pradip Vasant Dubhashi	Non-Executive Independent Director	12	12	12	Yes
Mr. Pundalik Dinkar Kudva	Non-Executive Independent Director	12	12	10	Yes



Name	Category	Number of Board Meetings held during the Financial Year 2022-23			Whether attended the AGM held July 20, 2022
		Held	Entitled to attend	Attended	
Ms. Geeta Prafullachandra Tolia	Non-Executive Independent Director	12	12	12	Yes
Mr. Jitendra Bhaskar Divgi	Executive Director- Managing Director	12	12	11	Yes
Mr. Hirendra Bhaskar Divgi	Executive Director	12	12	12	Yes
Mr. Ajay Bhaskar Limaye	Non-Executive Nominee Director	12	12	09	Yes
Mr. Bharat Bhalchandra Divgi	Non-Executive Non-Independent Director	12	12	12	Yes
Mr. Sanjay Bhalchandra Divgi	Non-Executive Non-Independent Director	12	12	11	Yes

The gap between the two board meetings did not exceed 120 days.

▪ Meetings of Independent Directors:

According to the provisions contained in Regulation 25 of the Listing Regulations as amended from time to time, Board has constituted a separate Independent Directors Committee (IDC) of the Company w.e.f February 23, 2023 with all Independent Directors being member and Mr. Praveen Purushottam Kadle as Chairperson of the said committee. The said IDC met twice during the financial year ended March 31, 2023 i.e. on February 23, 2023 and March 29, 2023 without the attendance of non-independent directors to discuss, inter- alia:

- Review the performance of Non-Independent Directors and the Board as a whole for the financial year 2022-23.
- Review the performance of the Chairperson of the Company, taking into consideration, the views of Executive Directors and Non-Executive Directors; and
- Assess the quality, quantity and timeliness of the flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at both the Meetings.

▪ Quorum:

The quorum for Board as well as Committee Meetings is one third or two directors/members of committees, as the case may be, whichever is higher.

▪ Information placed before the Board:

The agenda of the meeting is set by the Company Secretary in consultation with the Chairperson. Agenda of the Board Meeting, along with the explanatory notes and annexures thereto and distribute in advance to the Directors before each meeting. The Company Secretary is responsible for collation, review and distribution of all the papers submitted to the Board and Committees thereof for their consideration. Information pursuant to Corporate Governance practices as required under Part A of Schedule II of the Listing Regulations has been made available to the Board from time to time.

The Management periodically places Compliance Reports concerning all applicable laws to the Company before the Board of Directors for its review.

▪ Directors with the material pecuniary or business relationship with the Company:

The Independent Directors have no pecuniary relationship, other than sitting fees and commission, or where there is such transaction, the value of the same is not exceeding ten per cent of the total income of such director during the two immediately preceding financial years and during the current financial year.

▪ Disclosure of relationship between Directors inter-se:

Mr. Jitendra Bhaskar Divgi is the elder brother of Mr. Hirendra Bhaskar Divgi and Mr. Bharat Bhalchandra Divgi is the elder brother of Mr. Sanjay Bhalchandra Divgi.

Mr. Jitendra Bhaskar Divgi and Mr. Hirendra Bhaskar Divgi are first cousins of Mr. Sanjay Bhalchandra Divgi and Mr. Bharat Bhalchandra Divgi.

- **Number of shares held by Non-Executive Directors:**

Mr. Bharat Bhalchandra Divgi, Non-Executive Non-Independent Director and Mr. Sanjay Bhalchandra Divgi, Non-Executive Non-Independent Director hold 148290 and 121380 Equity Shares respectively. None of the other Non-Executive Directors hold any Shares or convertible instruments of the Company as on March 31, 2023.

- **Familiarization Program for Independent Directors:**

As a practice, all new Directors (including Independent Directors) inducted to the Board are given a formal orientation. The Directors are usually encouraged to visit the manufacturing facilities of the Company and interact with members of Senior Management as part of the induction programme. The Senior Management make presentations giving an overview of the Company's strategy, operations, products, markets, group structure, Board constitution and guidelines, matters reserved for the Board and the major risks and risk management strategy. This enables the Directors to get a deep understanding of the Company, its people, values and culture and facilitates their active participation in overseeing the performance of the Management.

The Independent Directors are provided with necessary documents, reports and internal policies to enable them to familiarize themselves with your Company's procedures and practices.

The details of the familiarization program are explained in the Corporate Governance Report. The same is also available on the website of the Company at <https://divgi-tts.com/wp-content/uploads/2023/03/5.-Familiarization-Programme-for-Independent-Directors.pdf>

- **Board Diversity**

The Board ensures that a transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender. It is ensured that the Board has an appropriate blend of functional and industry expertise.

Your Company has adopted a policy on Board Diversity. The same is also available on the website of the Company <https://divgi-tts.com/wp-content/uploads/2023/03/13.-Policy-for-Board-Diversity.pdf>

- **Company's policy on Directors' Appointment and Remuneration including criteria for determining Qualifications, Positive Attributes, Independence of a Director:**

Your Company has adopted the Guidelines on Board Effectiveness ("Governance Guidelines" or "guidelines") which inter-alia cover the criteria for determining the qualifications, attributes and independence of a director.

The remuneration policy of the Company is designed to attract, retain and motivate the employees and Directors to work towards achieving the business targets. According to provisions mentioned under Section 178 of the Act, the Nomination and Remuneration Committee ('NRC') has formulated a Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of your Company. The NRC has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to Executive and Non-Executive Directors of the Company.

The NRC takes into consideration the best remuneration practices in the industry while fixing appropriate remuneration packages and administering long-term incentive plans. Annual Increments of the Board Members, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) are recommended by the NRC to the Board whenever seems necessary. Further, the compensation package of the Directors, KMP, SMP and other employees is designed based on the set of principles enumerated in the said policy.

The Remuneration Policy has been posted on website of the Company which can be accessed at <https://divgi-tts.com/wp-content/uploads/2023/03/12.-Policy-on-Nomination-and-Remuneration.pdf> and the Policy on Appointment of Directors, Key Managerial Personnel, Senior Management & Other Employees is available on the Company's website at <https://divgi-tts.com/wp-content/uploads/2023/03/14.-Policy-for-orderly-succession-of-Board-and-Senior-Management.pdf>

Evaluation of Individual Directors, the Board & its Committees:

▪ Evaluation of Individual Directors:

- » Pursuant to the provisions of the Act, the Listing Regulations and Guidance Note on Board Evaluation issued by SEBI vide Circular dated January 5, 2017, the Board has carried out the annual performance evaluation for the financial year 2022-23 of its performance, the Directors individually as well as the evaluation of the working of its committees.
- » The review of the performance of all the Directors (including the Chairperson) was also evaluated for the financial year 2022-23 by the 'Nomination and Remuneration Committee'.
- » The performance review of the Non-independent Directors was evaluated for the financial year 2022-23 in the meeting of the 'Independent Directors'.

▪ Pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Board has identified the following skills/expertise/competencies available to the Board regarding its business and industry:

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. The Company has identified the following skills/expertise/competencies for the effective functioning of the Company:

Area of Expertise	Description
Strategic Thinking, Planning and Business Operations	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities. Experience in driving business success in the markets around the world with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.
Finance	Ability to comprehend, interpret and guide on financial management, reporting, controls and analysis
Leadership	Ability to have vision, mission, execution, dynamism, and learning agility to lead the Corporate from the front.
Technology	Significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Governance and Risk Management	Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance.
Human Resource	Ability to have integrity, patience, leadership, social responsibilities, ethical values and good communication skills.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.

The current composition of the Board comprises of following skills and expertise:

Name of the Director	Area of Expertise						
	Strategy, Planning & Business Operations	Finance	Leadership	Technology	Governance and Risk Management	Human Resources	Sales and Marketing
Praveen Purushottam Kadle	√	√	√	-	√	√	√
Jitendra Bhaskar Divgi	√	-	√	√	√	√	√
Hirendra Bhaskar Divgi	√	-	√	√	√	√	√
Pradip Vasant Dubhashi	√	√	√	√	√	-	√
Pundalik Dinkar Kudva	√	√	-	-	√	-	-
Geeta Prafullachandra Tolia	√	√	√	-	√	√	-
Ajay Bhaskar Limaye	-	√	√	-	√	-	-
Sanjay Bhalchandra Divgi	√	-	-	√	√	-	-
Bharat Bhalchandra Divgi	√	√	-	-	√	-	-

BOARD COMMITTEES:

- As on March 31, 2023 Board has seven (07) committees –
 - » Audit Committee;
 - » Nomination and Remuneration Committee;
 - » Stakeholders Relationship Committee;
 - » Corporate Social Responsibility Committee; and
 - » Risk Management Committee
 - » IPO Committee
 - » Independent Directors' Committee

3. AUDIT COMMITTEE:

The composition of the Audit Committee complies with the provisions of Regulation 18 of the Listing Regulations, read with Section 177 of the Act. The committee acts as a link between the management, statutory auditors, internal auditors and the board. All the members of the Audit Committee are financially literate and possess accounting or related financial management expertise by virtue of their experience and background. The Chairperson of the Audit Committee was present at the Annual General Meeting of the Company held on Wednesday, July 20, 2022 to answer the Shareholder's Queries.

During the Financial Year 2022-23, Members of the Audit Committee met five (5) times on June 02, 2022; July 25, 2022; November 17, 2022; January 09, 2023 and March 29, 2023 and requisite quorum was present in every meeting.

The composition of the Audit Committee as on March 31, 2023 and the attendance of members in the meetings held during the Financial Year 2022-23 is as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Pradip Vasant Dubhashi	Chairperson	Independent Director	05
Mr. Praveen Purushottam Kadle	Member	Independent Director	03
Mr. Pundalik Dinkar Kudva	Member	Independent Director	05
Ms. Geeta Prafullachandra Tolia	Member	Independent Director	05

■ **Terms of Reference:**

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;
8. Approval or any subsequent modifications of transactions of the Company with related parties;
9. Scrutinising of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluating of internal financial controls and risk management systems;
12. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussing with internal auditors on any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the whistle blower mechanism;
19. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law;
22. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
23. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services; and
24. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
25. Laying down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
26. Reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
27. To review compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall verify that the systems for internal control under the said regulations are adequate and are operating effectively; and
28. Carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

The Audit Committee meetings are attended by Mr. Sudhir Mirjankar, Chief Financial Officer and Mr. Pravin Gavali, Finance Controller. The Statutory Auditors and Internal Auditors, upon invitation, attend the meetings. Company Secretary acts as Secretary to the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE:

The composition of the Nomination and Remuneration Committee is in conscience with the provisions of Regulation 19 of the Listing Regulations, read with Section 178 of the Act, as amended from time to time; and the Chairperson of the Committee is an Independent Director. The Chairperson of the Committee was present at the Annual General Meeting of the Company held on Wednesday, July 20, 2022 to answer the queries of Shareholders.

During the Financial Year 2022-23, Members of the Nomination and Remuneration Committee met three(3) times, on April 29, 2022, June 10, 2022 and September 05, 2022.



The composition of the Nomination and Remuneration Committee as on March 31, 2023 and the attendance of members in the meetings held during the financial year 2022-23 are as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Pradip Vasant Dubhashi	Chairperson	Independent Director	03
Mr. Praveen Purushottam Kadle	Member	Independent Director	03
Ms. Geeta Prafullachandra Tolia	Member	Independent Director	03

■ **Terms of Reference:**

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- i. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;
 3. Devising a policy on Board diversity;
 4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance and shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report; ;
 5. Reviewing and recommending to the Board, manpower plan/ budget and sanction of new senior management positions from time to time in the future;
 6. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the committee may:
 - (i) Use the services of an external agencies, if required;
 - (ii) Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (iii) Consider the time commitments of the candidates,
 7. evaluation and recommendation of termination of appointment of directors in accordance with the Board's governance principles for cause or for other appropriate reasons;
 8. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 9. Analysing, monitoring and reviewing various human resource and compensation matters;
 10. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
 11. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

12. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
13. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
14. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
 - (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
15. Periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;
16. Ensuring proper induction program for new directors, key managerial personnel and senior management and reviewing its effectiveness along-with ensuring that on appointment, they receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;
17. Developing a succession plan for the Board and senior management and regularly reviewing the plan;
18. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and
19. Recommend to the Board, all remuneration, in whatever form, payable to senior management."

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The composition of the Stakeholders' Relationship Committee complies with provisions of Regulation 20 of the Listing Regulations, read with Section 178 of the Act as amended from time to time. The Stakeholders' Relationship Committee of the Company consists of four members; and the Chairperson of the Committee is a Non-Executive Director.

The said provisions became applicable to the Company pursuant to the allotment of equity shares under initial public issue w.e.f March 09, 2023 and further listing of the said shares on stock exchanges, No meeting was held during the period between the date of allotment till March 31, 2023.

The composition of the Stakeholders Relationship Committee as on March 31, 2023 is as under:

Name of the Director	Designation	Category
Mr. Praveen Purushottam Kadle	Chairperson	Independent Director
Mr. Pradip Vasant Dubhashi	Member	Independent Director
Ms. Geeta Prafullachandra Tolia	Member	Independent Director
Mr. Hirendra Bhaskar Divgi	Member	Executive Director

▪ Terms of Reference:

1. Consider and resolve grievances of security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.
3. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
4. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
5. To approve, register, refuse to register transfer or transmission of shares and other securities;
6. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;

7. Allotment and listing of shares;
8. To authorise affixation of common seal of the Company;
9. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
10. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
11. To dematerialize or rematerialize the issued shares;
12. Ensure proper and timely attendance and redressal of investor queries and grievances;
13. Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and
14. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Mr. Satish Kadrolli, Company Secretary is the Compliance Officer of the Company and acts as Secretary to Stakeholders' Relationship Committee.

The details of Shareholder's Complaints received so far, resolved and pending

No. of complaints pending as on 1 st April, 2022	0
No. of complaints identified and reported during FY 2022-23	0
No. of Complaints disposed of during the year ended 31 st March, 2023	0
No. of pending complaints as on 31 st March, 2023	0

The abovementioned data has been collected and provided from the Website of SCORES <https://scores.gov.in/scores/Welcome.html>

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

The composition of the Corporate Social Responsibility Committee is in conscience with Section 135 of the Act, as amended from time to time.

During the Financial Year 2022-23, Members of the Corporate Social Responsibility Committee met twice, on August 19, 2022 and March 29, 2023.

The composition of the Corporate Social Responsibility Committee as on March 31, 2023 and the attendance of members in the meetings held during the financial year 2022-23 are as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Pundalik Dinkar Kudva	Chairperson	Independent Director	02
Ms. Geeta Prafullachandra Tolia	Member	Independent Director	02
Mr. Jitendra Bhaskar Divgi	Member	Managing Director	02
Mr. Hirendra Bhaskar Divgi	Member	Whole-time Director	01

■ Terms of Reference:

1. To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;
2. Formulate and recommend an annual action plan in pursuance of its Corporate Social Responsibility Policy which shall list the projects or programmes undertaken, manner of execution of such projects, modalities of utilisation of funds, monitoring and reporting mechanism for the projects;
3. Identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
4. Delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
5. Review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

6. Assistance to the Board to ensure that the Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act, 2013 and/ or rules made thereunder;
7. Providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;
8. Providing updates to the Board at regular intervals of six months on the corporate social responsibility activities;
9. To recommend the amount of expenditure to be incurred on the CSR activities, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy;
10. To monitor the CSR Policy and its implementation by the Company from time to time; and
11. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder.

7. RISK MANAGEMENT COMMITTEE:

The composition of the Risk Management Committee complies with provisions of Regulation 21 of the Listing Regulations. The Risk Management Committee of the Company consists of Four Members,; and the Chairperson of the Committee is a Non-Executive Director.

The said provisions became applicable to the Company pursuant to the allotment of equity shares under initial public issue w.e.f March 09, 2023 and further listing of the said shares on stock exchanges, No meeting was held during the period between the date of allotment till March 31, 2023.

The composition of the Risk Management Committee as on March 31, 2023 is as under:

Name of the Director	Designation	Category
Mr. Pradip Vasant Dubhashi	Chairperson	Independent Director
Mr. Pundalik Dinkar Kudva	Member	Independent Director
Ms. Geeta Prafullachandra Tolia	Member	Independent Director
Mr. Hirendra Bhaskar Divgi	Member	Executive Director

■ Terms of Reference:

1. To formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. To implement and monitor policies and/or processes for ensuring cyber security;
7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee."

8. To review and recommend potential risk involved in any new business plans and processes;
9. To review the Company's risk-reward performance to align with the Company's overall policy objectives;
10. Monitor and review regular updates on business continuity;
11. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and
12. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

8. IPO COMMITTEE:

Your Board has constituted a separate committee to monitor, review and recommend to the Board on the Initial Public Offering of the Company. The IPO Committee of the Company consists of five Members.

During the Financial Year 2022-23, Members of the IPO Committee met six (6) times, on May 18, 2022; July 22, 2022; January 23, 2023; February 16, 2023; February 23, 2023 and February 28, 2023.

The composition of the IPO Committee as on March 31, 2023 is as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Praveen Purushottam Kadle	Chairperson	Independent Director	05
Mr. Pradip Vasant Dubhashi	Member	Independent Director	06
Mr. Ajay Bhaskar Limaye	Member	Nominee Director	05
Mr. Jitendra Bhaskar Divgi	Member	Managing Director	05
Mr. Hirendra Bhaskar Divgi	Member	Executive Director	06

Term of Reference:

1. To make applications to the Government of India, Securities and Exchange Board of India ("SEBI"), or to any other statutory or governmental authorities in connection with the Offer as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
2. To finalise, approve, adopt and file the draft red herring prospectus with the SEBI, the red herring prospectus and prospectus with the SEBI, Registrar of Companies, Pune in Maharashtra (the "RoC"), and other regulatory authorities (including amending, varying, supplementing or modifying the same, or providing any notices, addenda, or corrigenda thereto, together with any summaries thereof as may be considered desirable or expedient), the bid cum application forms, abridged prospectus, confirmation of allocation notes and any other document in relation to the Offer as finalised by the Company, and take all such actions in consultation with the book running lead managers (the "BRLMs") as may be necessary for the submission and filing of the documents mentioned above, including incorporating such alterations/corrections/modifications as may be required by the SEBI, the RoC or any other relevant governmental and statutory authorities or otherwise under applicable laws;
3. To decide in consultation with the BRLMs on the timing, pricing and all the terms and conditions of the Offer, including the price band, bid period, Offer price, Offer size and to accept any amendments, modifications, variations or alterations thereto, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;
4. To appoint and enter into arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, public offer account bankers to the Offer, sponsor bank, registrar, legal advisors, advertising agency, monitoring agency and any other agencies or persons or intermediaries to the Offer, including any successors or replacements thereof, and to negotiate and finalise and amend the terms of their appointment;
5. To take all actions as may be necessary or authorized, in connection with the Offer for Sale, including taking on record the approval of the Selling Shareholder(s) for offering their Equity Shares including the quantum in terms of number of Equity Shares/amount offered by the Selling Shareholder(s) in the Offer for Sale, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;

6. To authorise the maintenance of a register of holders of the Equity Shares;
7. To negotiate, finalise and settle and to execute where applicable and deliver or arrange the delivery of the BRLMs' mandate or fee/ engagement letter, Offer agreement, share escrow agreement, syndicate agreement, underwriting agreement, cash escrow agreement, agreements with the registrar and the advertising agency and all other documents, deeds, agreements and instruments and any notices, supplements, addenda and corrigenda thereto, as may be required or desirable in relation to the Offer, with the power to authorise one or more officers of the Company to negotiate, execute and deliver any or all of these documents;
8. To open with the bankers to the Offer such accounts as may be required by the regulations issued by SEBI and operate bank accounts opened in terms of the escrow agreement with a scheduled bank to receive applications along with application monies, handling refunds and for the purposes set out in Section 40(3) of the Companies Act, 2013, as amended, in respect of the Offer, and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
9. To seek, if required, the consent of the lenders to the Company and/or lenders to the subsidiary (if applicable), industry data provider, parties with whom the Company has entered into various commercial and other agreements, and any other consents and/or waivers that may be required in relation to the Offer;
10. To approve any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the uniform listing agreement to be entered into by the Company with the relevant stock exchanges, and to approve policies to be formulated under the Companies Act, 2013, as amended and the regulations prescribed by SEBI including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, (given the proposed listing of the Company);
11. To authorise and approve, the incurring of expenditure and payment of fees, commission, remuneration and expenses in connection with the Offer;
12. To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Offer (including anchor investors offer price), total number of Equity Shares to be reserved for allocation to eligible investors, approve the basis of allotment and confirm allocation/allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLMs and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;
13. To issue allotment letters/confirmation of allotment notes with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
14. To authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
15. To do all such acts, deeds, matters and things and execute all such other documents, etc., deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;
16. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection;
17. To withdraw the draft red herring prospectus, red herring prospectus and the Offer at any stage, if deemed necessary, in accordance with Applicable Laws and in consultation with the BRLMs;
18. To negotiate, finalise, sign, execute, deliver and complete any and all notices, offer documents (including draft red herring prospectus, red herring prospectus and prospectus) agreements, letters, applications, other documents, papers or instruments (including any amendments, changes, variations, alterations or modifications thereto) on behalf of the selling shareholder(s) (as maybe applicable), as the case may be, in relation to the Offer.

19. To make applications for listing of the Equity Shares in one or more recognised stock exchange(s) in India and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
20. Authorisation of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer and to do such acts, deeds and things as such authorised person in his/her/their absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment/transfer of the Equity Shares;
21. Determine the utilization of proceeds of the Fresh Issue and accept and appropriate proceeds of the Fresh Issue in accordance with the Applicable Laws;
22. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, deem fit and to delegate such of its powers as may be deemed necessary to the officials of the Company;
23. If deemed appropriate, to invite the existing shareholders of the Company to participate in the Offer by offering for sale the Equity Shares held by them at the same price as in the Offer;
24. All actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;
25. To decide all matters regarding the Pre-IPO Placement if any, including the execution of the relevant documents with the investors, in consultation with the Selling Shareholders and the BRLMs, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;

9. INDEPENDENT DIRECTORS' COMMITTEE:

Your Board has constituted separate committee of the Independent Directors' Committee in order to complies with regulation 25 of the Listing Regulations. The IPO Committee consists of all the four Independent Directors of the Company.

During the Financial Year 2022-23, Members of the Independent Directors Committee met twice, on February 23, 2023 and March 29, 2023.

The composition of the IPO Committee as on March 31, 2023 is as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Praveen Purushottam Kadle	Chairperson	Independent Director	02
Mr. Pradip Vasant Dubhashi	Member	Independent Director	02
Mr. Pundalik Kudva	Member	Independent Director	02
Ms. Geeta Tolia	Member	Independent Director	02

■ Terms of Reference:

1. Recommending in the price band advertisement that the price band is justified based on quantitative factors/key performance indicators disclosed in the 'Basis for Offer Price' section of the offer document, (Recommendation may be provided vis-à-vis the weighted average cost of acquisition of primary issuance/ secondary transaction(s) disclosed in the 'Basis for Offer Price' section of the offer document, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended); and
2. Such terms of reference as may be prescribed under applicable law or by any regulatory / statutory authority and performing such other functions as may be necessary or appropriate for the performance of its duties or as may be required under applicable law or by any regulatory / statutory authority.

10. DETAILS OF REMUNERATION TO ALL DIRECTORS:

The remuneration of the Managing Director and the Whole Time Director is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and is within the limits approved by the members at their meeting held on June 10, 2022 in compliance with the applicable rules and regulations of the Act.

1. Details of managerial remuneration for the financial year 2022-23 are given below:

Name	Fixed	Variable	Total
Mr. Jitendra Bhaskar Divgi, Managing Director	12.38	6.32	18.70
Mr. Hirendra Bhaskar Divgi Whole Time Director	6.18	3.17	9.35

2. Details of remuneration of Non-Executive Directors:

▪ Sitting fees and Commission:

In terms of provisions of Section 197(5) of the Act read with the Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company pays ₹75,000/- as sitting fees to each Non-Executive Director for attending every Board Meeting held of the Company, ₹50,000/- as sitting fees to each Non -Executive Director for attending Committee meetings (except CSR Committee) and ₹25,000 to each Non-Executive member for attending the CSR Committee meeting

The details of Sitting Fees paid to Non-Executive Directors for the financial year 2022-2023 are as under:

(₹ In million)

Sr. No.	Name	Sitting fees	Commission*	Total
1	Mr. Praveen Purushottam Kadle	1.17	1.81	2.98
2	Mr. Pradip Vasant Dubhashi	1.60	1.81	3.41
3	Mr. Pundalik Dinkar Kudva	1.02	1.81	2.83
4	Ms. Geeta Prafullachandra Tolia	1.32	1.81	3.13
5	Mr. Sanjay Bhalchandra Divgi	0.82	0.00	0.82
6	Mr. Bharat Bhalchandra Divgi	0.90	0.00	0.90
	TOTAL	6.84	5.61	14.07

*Commission paid to non-executive directors of the Company is within the overall limit as per Section 197 of the Act.

The Company has not provided any stock option to the Directors of the Company

11. GENERAL BODY MEETINGS:

- Particulars of Annual General Meetings held during the last three years:
-

Financial Year	Date	Time	Venue	Special Resolutions passed, if any
2019-2020	November 28, 2020	10:00 AM	The meeting was conducted via Video Conferencing/ Other Audio-Visual manners as per the guidelines/ circulars of the Ministry of Corporate Affairs and SEBI	-
2020-2021	September 27, 2021	10:00 AM		-
2021-2022	July 20, 2022	10:00 AM		-



- c. Extra Ordinary General Meetings: Three (03) extraordinary meetings of members were held during the year under review.

Sr. No.	Date	Time	No of Members attended	Special Resolutions passed, if any
1	June 10, 2022	10:00 AM	13	<ol style="list-style-type: none"> 1. Appointment of Ms. Geeta Tolia as Independent Director 2. Appointment of independent Director- Mr. Praveen Kadle 3. Appointment of independent Director- Mr. Pradip Dubhashi 4. Appointment of independent Director- Mr. Pundalik Kudva 5. Approve payment of sitting fees and remuneration to be paid to Independent Directors 6. Approve reappointment of Mr. Sanjay Divgi as Non-Executive Non-Independent Director 7. Approve reappointment of Mr. Bharat Divgi as Non-Executive Non-Independent Director 8. Approve reappointment of Mr. Jitendra Divgi as Managing Director 9. Approve reappointment of Mr. Hirendra Divgi as Executive Director
2	July 25, 2022	10:00 AM	10	<ol style="list-style-type: none"> 1. Approve Initial Public Offer of Equity shares of the Company
3	August 20, 2022	10:00 AM	10	<ol style="list-style-type: none"> 1. To approve and adopt a new set of Articles of Association

- d. Details of the special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot: The Shareholders passed all the Resolutions set out in the respective Notices. No Special Resolution was passed last year through Postal ballots.

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

▪ **Risk Management Framework:**

Your Company faces both internal and external risks. Also, we focus on risks in the short, medium as well as long term. Risk management is an integrated aspect of the Company's business operations. Every year, an extensive risk assessment is conducted in which business lines and corporate functions identify all significant risks. The risks are then consolidated and assessed on their potential impact and probability, which is then reported to the Board of Directors. Responsibilities are assigned for significant risks, and mitigating initiatives are established and tracked.

▪ **Disclosures by Management to the Board:**

Disclosures relating to financial and commercial transactions where senior management may have personal interests that might have been in potential conflict with the interest of the Company are provided to the Board.

Based on the disclosures received from the Senior Management Personnel; none of the Senior Management Personnel has entered into any transactions during the year in which he/she has a material financial and commercial interest or in which he/she may have a potential conflict of interest with the interest of the Company at large.

12. MEANS OF COMMUNICATION:

The Company recognizes the importance of communication with Shareholders and promptly disclosure of information on material corporate developments and other events as required under the Listing Regulations. Full and timely disclosure of information regarding Company's financial position and performance is an important part of your Company's corporate governance framework.

Quarterly/ Half-yearly/ Annual Results:

The quarterly/half-yearly/annual results are published within the timeline stipulated under SEBI Listing Regulations. The results are also uploaded on NEAPS and BSE online portal of NSE and BSE respectively. The financial results are published within the time stipulated under the Listing Regulations in newspapers viz. Financial Express (in English) and Loksatta (in Marathi). The Financial Statements as stated above are also available on the website of the Company and can be accessed at the web link: <https://divgi-tts.com/quarterly-results/>

As a part of the Green initiative, the Annual Reports are sent by E-mail to Shareholders whose e-mail ids are registered with the Depositories/ RTA.

Analyst/Investor Meets:

The Managing Director, Whole Time Director and Chief Financial Officer periodically have conference calls with institutional investors and analysts. Official press releases and presentations made to institutional investors and analysts are uploaded on NEAPS and BSE Online Portal of NSE and BSE respectively and posted on the Company's website. The transcripts of the call with analysts or quarterly/half-yearly/annual results are available on the Company's website at www.divg-tts.com

Press releases, presentations, etc.:

Official press and media releases are sent to Stock Exchanges and are displayed on Company's website: www.divg-tts.com

Management Discussion & Analysis Report:

The Management Discussion & Analysis Report forms a part of the Board's Report. All the matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

Company's Corporate Website:

The Company's website contains a separate section called "Investors" wherein all the information about the company is called for in terms of Regulation 46 of Listing Regulation and the same is being updated from time to time.

SCORES (SEBI Complaint Redress System):

The investor complaints are processed in a centralised web-based complaints redress system. It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities, from lodging of a complaint to disposal, are carried out online automatically and the status of every complaint can be checked online at any time.

Our tentative calendar for declaration of results for the financial year 2023-24 is as given below:

Quarter / Year ended	Month of approval of Financial Statements
June 30, 2023	August, 2023
September 30, 2023	November, 2023
December 31, 2023	February, 2024
March 31, 2023	May, 2024

**13. GENERAL SHAREHOLDER INFORMATION:****1. Annual General Meeting:**

Particulars	Details
Date and Time	Monday, July 31, 2023
Venue	Auditorium of Auto Cluster Development and Research Institute, H Block, Plot C-181, Near D'Mart, Chinchwad, Pune – 411019

2. Financial Year: April 01, 2022 to March 31, 2023 as per Section 2(41) of the Act.**3. Dividend payment date:**

The Board of Directors has recommended a dividend of ₹3.35 per equity share in the financial year 2022-23, subject to the approval of the Shareholders at the ensuing Annual General Meeting. The dividend, if declared shall be paid on or after August 30, 2023.

4. Book Closure Dates (for Annual General Meeting):

Tuesday, July 25, 2023 to Monday, July 31, 2023 (both days inclusive)

5. Listing Details:

No. of securities listed : 1 to 3,05,82,927

6. ISIN/Scrip Code/ Symbol:

Name, Address and Telephone Nos. of Stock Exchange	ISIN	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Tel.: (022) 22721233 / 34	INE753U01022	543812
National Stock Exchange of India Limited Exchange Plaza" 5 th Floor, Plot No. C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Tel. No: 022 2659 8100/ 2659 8114 / 66418100	INE753U01022	DIVGIITTS

Listing Fees for 2023-24: Paid within the due date

7. Market Price Data:

High/Low of market price of the Company's shares traded on BSE and NSE during the year 2022-2023 is furnished below:

Month	BSE		NSE	
	High Price ₹	Low Price ₹	High Price ₹	Low Price ₹
March, 2023	684.90	557.20	677.70	591.00

8. Share Performance v/s BSE Sensex and NSE Nifty (March 2023):

Month	Closing Price of Equity Share at BSE ₹	BSE Sensex	Closing Price of Equity Share at NSE ₹	Nifty 50
March, 2023	658.80	58,991.52	658.45	17,359.75

Note for 7 and 8: Company has been listed on BSE Limited and National Stock Exchange Limited w.e.f March 14, 2023

9. During the F.Y. 2022-23 the securities are not suspended from trading.**10. Registrar and Share Transfer Agent:**

The Company has appointed M/s. Link Intime India Pvt. Ltd. as Registrar and Transfer Agents having their office at:

Link Intime India Pvt. Ltd.

247 Park, C-101, 1st Floor, LBS Marg, Vikhroli (W), Mumbai - 400083

Telephone No.: 91 845281 1233

E-mail ID: Rnt.helpdesk@linkinitime.co.in

Place for acceptance of documents:

Any Documents will be accepted at the Registrars and Share Transfer Agent's Pune office, addresses of which are provided above. In addition, documents are also accepted at the Registered Office of the Company at Plot no. 75, General Block, MIDC Bhosari, Pune 411026, Maharashtra, India.

The Secretary has designated the following Email ID for investors' correspondence and redressal of their grievances and complaints.

Email: companysecretary@divgi-tts.com and ssnirgude@divgi-tts.com

Telephone No.: (020) 63110114

Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, change in bank mandate for NECS, etc. to their respective Depository Participant.

11. Share Transfer System:

The Company obtains an annual certificate from Practicing Company Secretaries as per the requirement of Regulation 40(9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company. In terms of amended Regulation 40 of the SEBI Listing Regulations w.e.f. 1st April, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, with effect from 24 January, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/ splitting/ consolidation of securities, transmission/ transposition of securities. Vide its Circular dated 25 January 2022, SEBI has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service requests.

12. Distribution of shareholding as on March 31, 2023:

Share Holding of Nominal Value of ₹	No. of shareholders	% to total No. of Shareholders	No. of Shares	% to total
1 to 5,000	15,079	99.62	12,14,877	3.97
5,001 to 10,000	14	0.09	95,046	0.31
10,001 to 20,000	9	0.06	1,24,466	0.41
20,001 to 30,000	2	0.01	50,274	0.16
30,001 to 40,000	1	0.01	33,900	0.11
40,001 to 50,000	0	0.00	0	0.00
50,001 to 1,00,000	4	0.03	3,28,519	1.07
1,00,001 and above	27	0.18	2,87,35,845	93.97
TOTAL	15,136	100.00	3,05,82,927	100.00

13. Shareholding Pattern as on March 31, 2023:

Category	No. of shares	% of shareholding
Promoters & Promoter Group	18,497,200	60.48
Mutual Funds	4,191,175	13.70
Alternate Investment Funds	3,923,677	12.83
Banks, Financial Institutions, Insurance Companies	592,560	1.94
Foreign Portfolio Investors	327,768	1.07
Individuals shares capital upto ₹2 Lakhs	1,133,570	3.71
Individuals shares capital in excess of ₹2 Lakhs	373,690	1.22
Non-Resident Indians	51,671	0.17
Bodies Corporate	1,401,879	4.58
Others	88,107	0.29
Shares held in DR	1,630	0.01
TOTAL	30,582,927	100.00

**14. The status of dematerialization of shares and liquidity as on March 31, 2023 is as under:**

As on March 31, 2023, 100% of the total issued and paid-up share capital was held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Type of Holding	Percentage to share capital For FY 2022-23		Percentage to share capital For FY 2021-22	
	Number of Shares	Percentage	Number of Shares	Percentage
Physical	0.000	0	0.00	0.00
Dematerialized				
NSDL	1,12,86,891	36.91	7,297,720	26.51
CDSL	1,92,96,036	63.09	20,234,360	73.49
TOTAL	3,05,82,927	100.00	27,532,080	100.00

Your Company's shares are regularly traded on BSE Ltd. and National Stock Exchange of India Limited as is indicated in the table containing market information. Demat ISIN Number for NSDL and CDSL: INE753U01022

15. Outstanding ADRs/ GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDR's/ADR's/Warrants or any convertible instruments in past and so, as on March 31, 2023, there are no such outstanding GDR's/ADR's/Warrants or any other convertible instruments.

16. Disclosure of commodity price risks and commodity hedging activities:

The Company is not dealing in commodities and hence disclosure relating to commodity price risk and commodity hedging activities is not required.

17. Plant Locations:**1. Bhosari (Maharashtra)**

Plot no. 75, General Block, MIDC Bhosari, Pune 411026

2. Shivare (Maharashtra)

139/B, Village Shivare, Bhor, Pune - Satara Rd, Pune, Maharashtra 412205

3. Shirwal (Maharashtra)

Plot no. I-7, Gat no. 440 to 444 and 451, Chordia Industrial Park, Village Dhangarwadi, Satara, Maharashtra-412801

4. Sirsi (Karnataka)

236 and 233, Industrial Estate, Banvasi Rd, Sirsi, Uttara Kannada, Karnataka 581402

18. Address for correspondence:

Divgi TorqTransfer Systems Limited
Plot no. 75, General Block, MIDC Bhosari, Pune 411026
Tel: (020) 6311 0114
Email: companysecretary@divgi-tts.com
Web: <https://divgi-tts.com/>

19. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.

Since the Company does not have any debt instruments, fixed deposit programme, or any scheme or proposal involving mobilization of funds whether in India or abroad, obtaining a rating for the same is not applicable.

20. The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 read with Part B of Schedule II of Listing Regulation. Accordingly, a certificate by Mr. Jitendra Bhaskar Divgi, Managing Director and Mr. Sudhir Mirjankar, Chief Financial Officer, in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, was placed before the Board at their meeting held on May 18, 2023.

21. Other shareholders related information:

▪ Procedure for dematerialization of shares:

Shareholders seeking Demat of their shares need to approach their Depository Participants (DP) with whom they maintain a Demat account. The DP will generate an electronic request and will send the physical share certificate to Registrar and Share Transfer Agent ("the Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same. Upon verification, the Registrar will request National Securities Depository Ltd. (NSDL) / Central Depository Services (India) Ltd. (CDSL) to confirm the Demat request. The Demat account of the respective shareholder will be credited with an equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

▪ Transfer of Unclaimed / Unpaid amounts and shares to the Investor Education and Protection Fund (IEPF):

- » Pursuant to Section 124 and 125 and all other applicable provisions, if any, of the Act, the amount of the dividend remaining unpaid or unclaimed for seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (the "Fund") set up by the Government of India.
- » Members are requested to note that there is no Dividend which remained unpaid or unclaimed for seven years which is required to be transferred by the Company to the Fund in the Financial year 2022-2023.
- » In accordance with Section 124(6) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, amongst other matters, all shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the Demat Account of the IEPF Authority.
- » Members are requested to note that no claim shall lie against the Company in respect of any amount of dividend remaining unclaimed/unpaid for seven years from the dates they became first due for payment. However, Shareholders may claim from IEPF Authority both unclaimed dividend amount and the shares transferred to IEPF Demat Account as per the applicable provisions of Act and rules made thereunder. The Member/ Claimant is required to make an online application to the IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fees as decided by the IEPF Authority from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

During the financial Year 2022-23, no shares and dividend were transferred to IEPF.

14. OTHER DISCLOSURES:

a. Related Party Transactions:

During the financial year 2022-23, your Company had transactions with related parties as defined under the provisions of the Act and Regulation 23 of the Listing Regulations. The basis of related party transactions is placed before the Audit Committee. All these transactions with related parties were in the 'ordinary course of business' and on an 'arm's length basis'. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the repetitive transactions.

There were no material related party transactions during the year under review. Necessary disclosure as required has been made in Note No. 34 of the Financial Statements.

The Company's Policy on Related Party Transactions has been uploaded on the Company's website at <https://divgi-tts.com/wp-content/uploads/2023/03/4.-Policy-on-Materiality-of-Related-Party-Transactions.pdf>

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years:

The Company has complied with all applicable provisions of the SEBI Listing Regulations and all other applicable regulations and guidelines issued by SEBI and Stock Exchanges. No penalties or strictures are imposed on your Company by SEBI or the Stock Exchanges or any statutory authority on any matter related to the capital markets.

c. Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the Audit Committee:

Please refer details mentioned in para 38 of the Board's report.

d. Details of compliance with the mandatory requirements and adoption of the non-mandatory requirements:

Your Company has complied with all mandatory requirements laid down under the Listing Regulations.

Necessary disclosures and explanations concerning observations of Secretarial and Statutory Auditors are given in the Boards' Report.

Your Company has complied with the non-mandatory requirements of the Listing Regulations to the extent possible.

e. Weblink where policy for determining 'material' subsidiaries is disclosed:

The Company does not have any subsidiary and hence, no disclosure is required. The policy is uploaded on <https://divgi-tts.com/wp-content/uploads/2023/03/5.-Policy-for-Determing-Material-Subsidiaries.pdf>

Particulars	Website Details/links
Code of Conduct Insider Trading	https://divgi-tts.com/wp-content/uploads/2023/03/1.-Code-of-Conduct-Insider-Trading.pdf
Policy for determination of legitimate purpose for sharing Unpublished Price Sensitive Information	https://divgi-tts.com/wp-content/uploads/2023/03/2.-Policy-for-determination-of-legitimate-purpose-for-sharing-Unpublished-Price-Sensitive-Information.pdf
Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information	https://divgi-tts.com/wp-content/uploads/2023/03/3.-Code-of-practices-and-procedures-for-fair-disclosure-of-Unpublished-Price-Sensitive-Information.pdf
Policy on Materiality of Related Party Transactions	https://divgi-tts.com/wp-content/uploads/2023/03/4.-Policy-on-Materiality-of-Related-Party-Transactions.pdf
Policy for Determining Material Subsidiaries	https://divgi-tts.com/wp-content/uploads/2023/03/5.-Policy-for-Determing-Material-Subsidiaries.pdf
Policy for Determination of Material Events	https://divgi-tts.com/wp-content/uploads/2023/03/6.-Policy-for-Determination-of-Material-Events.pdf
Policy on Dividend Distribution	https://divgi-tts.com/wp-content/uploads/2023/03/7.-Policy-on-Dividend-Distribution.pdf
Policy on Vigil Mechanism	https://divgi-tts.com/wp-content/uploads/2023/03/8.-Policy-on-Vigil-Mechanism.pdf
Policy on Archival	https://divgi-tts.com/wp-content/uploads/2023/03/9.-Policy-on-Archival.pdf
Policy Preservation of Documents	https://divgi-tts.com/wp-content/uploads/2023/03/10.-Policy-Preservation-of-Documents.pdf
CSR Policy	https://divgi-tts.com/wp-content/uploads/2023/03/11.-CSR-policy.pdf
Policy on Nomination and Remuneration	https://divgi-tts.com/wp-content/uploads/2023/03/12.-Policy-on-Nomination-and-Remuneration.pdf
Policy for Board Diversity	https://divgi-tts.com/wp-content/uploads/2023/03/13.-Policy-for-Board-Diversity.pdf

Particulars	Website Details/links
Policy for orderly succession of Board and Senior Management	https://divgi-tts.com/wp-content/uploads/2023/03/14.-Policy-for-orderly-succession-of-Board-and-Senior-Management.pdf
Code of Conduct for Board and Senior Management	https://divgi-tts.com/wp-content/uploads/2023/03/15.-Code-of-Conduct-for-Board-and-Senior-Management.pdf
POSH Policy	https://divgi-tts.com/wp-content/uploads/2023/03/16.-POSH-Policy.pdf
Risk Management Policy	https://divgi-tts.com/wp-content/uploads/2023/03/17.-Risk-Management-Policy.pdf

g. Disclosure of commodity price risk and commodity hedging activities:

Details provided in point no. 16 of this report.

h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

During the period under review, the Company did not raise any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

- i. A certificate from Kanj & Co. LLP, Company Secretaries (attached and which forms an integral part of this report) confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

j. Disclosure in relation to recommendation made by any Committee which was not accepted by the Board:

There were no such instances during FY 2022-23 when the Board had not accepted any recommendation of any committee of the Board.

- k. Total fees for all services paid/payable by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditors is a part are given below:

(₹ in million)

Sr. No.	Particulars	FY 2022-23
1	Statutory Audit and Limited review	1.25
2	Tax Audit Fees	0.15
	TOTAL	1.40

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Number of complaints filed during the financial year 2022-23	Number of complaints disposed of during the financial year - 2022-23	Number of complaints pending as on end of the financial year 2022-23
NIL	NIL	NIL

- m. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: Clause Not Applicable, since Company has not provided any loan or advances in the nature of loan to firms/companies in which directors are interested.

- n. Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries: Clause Not Applicable since the Company does not have any subsidiaries.

- o. Certificates from Practicing Company Secretaries

As required by Regulation 34(3) and Schedule V, Part E of the SEBI Listing Regulations, the certificate given by M/s. Kanj & Co. LLP, Practicing Company Secretaries regarding compliance of conditions of corporate governance, is attached and forms an integral part of the report.

p. Code of Conduct:

The Board of Directors has laid down a Code of Conduct, which is applicable to all Directors and Senior Management personnel of the Company. The Code has also been posted on the website of the Company <https://divgi-tts.com/wp-content/uploads/2023/03/15.-Code-of-Conduct-for-Board-and-Senior-Management.pdf>. All Board Members and Senior Management Executives have affirmed compliance with the Code of Conduct for the Financial Year 2022-23.

An annual declaration signed by the Managing Director of the Company affirming compliance to the Code by the Board of Directors and the Senior Management is annexed to this Report. The Code of Conduct is available on website of the Company.

q. Policy on Determination of Materiality for Disclosure of Events or Information:

The Company in compliance with the Listing Regulations has adopted a 'Policy on Determination of Materiality for Disclosure of Events or Information'. The same has been posted on the website of the Company: <https://divgi-tts.com/wp-content/uploads/2023/03/6.-Policy-for-Determination-of-Material-Events.pdf> as required under the Listing Regulations. The Policy encourages information related to the Company's business, operations, or performance which has a significant effect on securities investment decisions (hereinafter referred to as "material information") that the Company is required to disclose in a timely and appropriate manner by applying the guidelines for assessing materiality.

r. Policy on Preservation of Documents:

The Company, in compliance with the Listing Regulations has adopted a 'Policy on Preservation of Documents'. The policy has been posted on the website of the Company: <https://divgi-tts.com/wp-content/uploads/2023/03/10.-Policy-Preservation-of-Documents.pdf> as required under the Listing Regulations. The Policy facilitates stakeholders to retrieve past information which is statutory for a period as disclosed in the Policy.

s. Compliance with Accounting Standard:

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules thereunder. The Significant Accounting Policies which are consistently applied have been set out in the notes to the financial statements.

t. CEO/CFO Certificate:

In compliance with Regulation 17(8) of the Listing Regulations, a certificate from Managing Director and Chief Financial Officer of the Company to the Board of Director as specified in Part B of Schedule II of the said regulations is annexed to this Report.

15. NON-COMPLIANCE WITH ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS (2) TO (10) OF SCHEDULE V (C) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

NIL.

16. EXTENT TO WHICH THE DISCRETIONARY REQUIREMENTS SPECIFIED IN PART E OF SCHEDULE II OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 HAVE BEEN ADOPTED:

Details are provided in clause "14 (d)" of this report.

17. THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATIONS 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 SHALL BE MADE IN THE SECTION ON CORPORATE GOVERNANCE OF THE ANNUAL REPORT:

Required disclosures are provided in clause "14 (d)" of this report.

CFO CERTIFICATION

To

The Board of Directors

Divgi TorqTransfer Systems Limited

1. We have reviewed the Audited Financial Statements and the cash flow statement of Divgi TorqTransfer Systems Limited ("Company") for the financial year ended on March 31, 2023 and to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on March 31, 2023 which are fraudulent, illegal or violative of the Code of Conduct of the Company.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - I. Significant changes in the Company's internal control over financial reporting, during the financial year ended on March 31, 2023;
 - II. Significant changes in accounting policies, if any, during the financial year ended on March 31, 2023 have been disclosed in the notes to the Financial Statements; and
 - III. Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees having a significant role in the Company's internal control system over financial reporting.

For Divgi TorqTransfer Systems Limited

Sudhir Mirjankar

Chief Financial Officer

Place: Pune

Date: June 29, 2023



DECLARATION SIGNED BY THE MANAGING DIRECTOR STATING THAT THE MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL HAVE AFFIRMED COMPLIANCE WITH THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT:

As required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has laid down a Code of Conduct for Directors and Senior Management Personnel of the Company. The Code has been circulated to all the members of the Board and Senior Management.

The Company has received affirmation of compliance from Directors and Senior Management Personnel of the Company for the financial year ended March 31, 2023.

The said Code is posted on the Company's website <https://divgi-tts.com/wp-content/uploads/2023/03/15.-Code-of-Conduct-for-Board-and-Senior-Management.pdf>

Declaration on Compliance with the Company's Code of Conduct

The Members of
Divgi TorqTransfer Systems Limited

I, Jitendra Bhaskar Divgi, Managing Director of Divgi TorqTransfer Systems Limited, hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them for the year ended March 31, 2023.

For Divgi TorqTransfer Systems Limited

Jitendra Bhaskar Divgi
Managing Director

Place: Pune
Date: June 29, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Divgi TorqTransfer Systems Limited
Plot no. 75, General Block, MIDC Bhosari,
Pune - 411 026

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Divgi Torqtransfer Systems Limited having CIN U32201MH1964PLC013085 and having registered office at Plot no. 75, General Block MIDC, Bhosari Pune 411026 (hereinafter referred to as 'the Company' or 'DTTSL'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs (MCA), or any such other Statutory Authority.

Following is a list of directors as on 31st March 2023.

Sr. No.	Name of Director	DIN	Date of appointment
1.	Mr. Praveen Purushottam Kadle	00016814	14/03/2022
2.	Mr. Jitendra Bhaskar Divgi	00471531	16/07/2002
3.	Mr. Hirendra Bhaskar Divgi	01634431	01/01/1998
4.	Mr. Sanjay Bhalchandra Divgi	00471465	01/10/2002
5.	Mr. Bharat Bhalchandra Divgi	00471587	01/10/1998
6.	Mr. Pradip Vasant Dubhashi	01445030	14/03/2022
7.	Mrs. Geeta Prafullachandra Tolia	06931660	14/10/2021
8.	Mr. Pundalik Dinkar Kudva	03385091	14/03/2022
9.	Mr. Ajay Bhaskar Limaye	02762738	03/05/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kanj & Co. LLP

Company Secretaries

Vinayak Khanvalkar

Partner

FCS No.: 2489

C P No.: 1586

UDIN: F002489E000522811

Firm Unique Code: P2000MH005900

Date: June 29, 2023

Place: Pune

Secretarial Auditor Certificate regarding compliance of conditions of Corporate Governance

To,
The Members,
Divgi TorqTransfer Systems Limited
Plot no. 75, General Block, MIDC Bhosari,
Pune - 411 026

We have examined all the relevant records of Corporate Governance of Divgi Torqtransfer Systems Limited (the Company) for the year ended 31st March 2023, for the purpose of certifying compliance of the conditions of Corporate Governance as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 34 (3) read with regulations 17 to 27, Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Listing Regulations for the period 14th March 2023 to 31st March 2023.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. The certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to explanations given to us and based on the representations made by the Directors, Company Secretary and the Management, we certify that the Company has complied with the provisions of Corporate Governance specified in Regulation 17 to 27, Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company and this Certificate is issued solely for the purpose of complying with the aforesaid LODR and may not be suitable for any other purpose.

For Kanj & Co. LLP
Company Secretaries

Vinayak Khanwalkar
Partner
FCS No.: 2489
C P No.: 1586
UDIN: FF002489E000522866
Firm Unique Code: P2000MH005900

Date: June 29, 2023
Place: Pune

NOTICE

Notice is hereby given that the 58th Annual General Meeting (“AGM”) of the Members of Divgi TorqTransfer Systems Limited (“the Company”) will be held on Monday, July 31, 2023 at 03:00 PM (IST) at the Auditorium of Auto Cluster Development and Research Institute, H Block, Plot C-181, Near D’Mart, Chinchwad, Pune – 411019 to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Accounts

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2023 together with Reports of the Board of Directors and Auditors thereon.

2. Declaration of Final Dividend

To declare Final Dividend of ₹3.35 (Rupees Three and Thirty-Five Paise only) per equity share of face value ₹5 each, of the Company for the Financial Year ended March 31, 2023.

3. Re-appointment of Director retiring by rotation- Mr. Jitendra Bhaskar Divgi:

To appoint a director in place of Mr. Jitendra Bhaskar Divgi (DIN: 00471531), who retires by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

4. Re-appointment of Director retiring by rotation- Mr. Hirendra Bhaskar Divgi:

To appoint a director in place of Mr. Hirendra Bhaskar Divgi (DIN: 01634431), who retires by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. Approval to continue the Directorship of Mr. Pradip Vasant Dubhashi (DIN: 01445030) as Non-Executive Independent Director beyond the age of 75 years in his current tenure:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable provisions, if any, of the Companies Act, 2013 and the applicable Rule(s)/ Regulation(s) made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, consent of the Members be and is hereby accorded for continuation of Directorship of Mr. Pradip Vasant Dubhashi (DIN: 01445030), as a Non-Executive Independent Director of the Company from the day he attains the age of 75 years i.e., August 25, 2023 till the expiry of his current term i.e. till March 13, 2027 on the same terms and conditions as already approved by the Members.

RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be deemed necessary to give effect to this resolution.”

By Order of the Board
For DIVGI TORQTRANSFER SYSTEMS LIMITED

Jitendra Divgi

Managing Director

DIN: 00471531

Date: June 29, 2023

Place: Pune

Registered Office:

75, General Block, MIDC, Bhosari,
Pune, Maharashtra, India 411026

CIN: U32201MH1964PLC013085

Website: www.divgi-tts.com

E-mail ID: companysecretary@divgi-tts.com

NOTES:

- 1) The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), setting out the material facts of special business mentioned in item no. 5 of the Notice is annexed hereto. Details of the Directors along with their brief profile, as required under Regulation 36(3) of SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI"), in respect of the persons seeking appointment / re-appointment as Directors at this AGM, is annexed hereto and forms part of this Notice.
- 2) Pursuant to the provisions of Section 91 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, July 25, 2023 to Monday, July 31, 2023 (both days inclusive)**.
- 3) Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not be a member of the company. proxies In order to be effective must be duly filled, stamped, signed and should be deposited at the company's registered office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc., must be supported by appropriate resolution / authority as applicable, issued on behalf of the appointing organisation. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or member. The proxy-holder shall prove his identity at the time of attending the meeting. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

Members / Proxies / Representatives are requested to bring the attendance slip, annexed herewith, for attending the meeting, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No.

For the convenience of Members, a route map of the venue of the AGM is enclosed in this Annual Report.
- 4) The Company's Registrar and Transfer Agent for its Share Registry work (physical and electronic) is Link Intime India Private Limited. (Block No. 202, Akshay Complex, 2nd floor, near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001).
- 5) **Dispatch Of Annual Report Through Electronic Mode:**
In continuation with the General Circulars No. 20/2020, 02/2022, 10/2022 and 11/2022 dated May 5, 2020, May 5, 2022 and dated December 28, 2022 respectively, issued by the Ministry of Corporate Affairs ("MCA") (collectively referred to as "MCA Circulars") and SEBI Circular Nos. SEBI/HO/CFD/CMD2/CIR/P/2022/62, SEBI/HO/DDHS/P/CIR/2022/0063 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated May 13, 2022 and January 5, 2023 respectively, issued by the Securities and Exchange Board of India ("SEBI") (collectively referred to as "SEBI Circulars"), the financial statements (including Boards' Report, Auditors' Report or other documents required to be attached therewith) for the Financial Year ended March 31, 2023 pursuant to Section 136 of the Act and the Notice calling the AGM pursuant to Section 101 of the Act read with the Rules framed thereunder, are being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company or the Registrar and Share Transfer Agent ("RTA") or the Depository Participant(s). This Notice and Annual Report have been uploaded on the website of the Company at www.divgi-tts.com and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited (www.bseindia.com), National Stock Exchange of India Limited (www.nseindia.com) and on the website of RTA at www.linkintime.co.in. The physical copies of such statements and Notice of AGM will be dispatched only to those shareholders who request for the same. Members who are desirous to have a physical copy of the Annual Report should send a request to the Company's e-mail companysecretary@divgi-tts.com clearly mentioning their Folio number / DP and Client ID. Members are requested to register / update their e-mail addresses, in respect of electronic holdings with the Depository through the concerned Depository Participants by following due procedure.
- 6) For members who have not registered their email IDs so far, are requested to register their email IDs for receiving all the communications including Annual Report, Notices from the Company electronically. Members are requested to respond

to their messages and register their e-mail id and support the green initiative efforts of the Company.

- 7) Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Annual Report and Notice of AGM, may temporarily get themselves registered with Link Intime Pvt Ltd by clicking the link: https://linkintime.co.in/emailreg/email_register.html for obtaining the same.
- 8) Institutional / Corporate Members (i.e. other than individuals / HUF, NRI, etc.) are requested to send a scanned copy (PDF / JPG Format) of its board or governing body resolution / authorisation etc. authorizing its representatives to attend this AGM on its behalf and to vote through remote e-Voting. The said resolution / authorisation shall be sent by email, from their registered email address to the Scrutinizer by e-mail at scrutinizer@divgi-tts.com with a copy marked to enotices@linkintime.co.in.
- 9) If the dividend, as recommended by the Board, is approved at the AGM, payment of such dividend, subject to deduction of tax at source will be made within 30 days from the date of declaration to all beneficial owners in respect of equity shares held in dematerialized form as per the data as may be made available by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"), as at the end of the day on Monday, July 24, 2023.
- 10) Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of Members w.e.f. April 1, 2020 and the Company is required to deduct tax at source ("TDS") from the dividend paid to Members at the prescribed rates in the Income Tax Act, 1961 ("IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their residential status, permanent account number ("PAN"), category as per IT Act, etc. with their Depository Participants ("DPs").

A resident individual Member with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source, by e-mail to dividend@divgi-tts.com or rnt.helpdesk@linkintime.co.in by 11.59 p.m. IST on Friday, July 14, 2023. Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident Members can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents, i.e. no permanent establishment and beneficial ownership declaration, tax residency certificate, form 10F, any other document which

may be required to avail the tax treaty benefits by sending an e-mail to dividend@divgi-tts.com or rnt.helpdesk@linkintime.co.in, by 11.59 p.m. IST on Friday, July 14, 2023.

- 11) Members can avail the facility of nomination in respect of securities held by them in physical form by filing form SH-13, as prescribed under Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 with the Company/RTA. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website <https://divgi-tts.com/kyc-forms/>
- 12) Members are requested to –
 - i. intimate to their Depository Participant (DP), changes if any, in their names, registered addresses, email address, telephone / mobile numbers, and / or changes in their bank account details, if the shares are held in dematerialized form.
 - ii. Non-Resident Indian members are requested to inform Company's RTA / respective DPs, immediately of:
 - Change in their residential status on return to India for permanent settlement.
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
 - iii. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holding should be obtained from the concerned DP and holdings should be verified from time to time.
- 13) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members are requested to submit their PAN details to their respective DP if not done earlier.
- 14) Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed

- companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at <https://divgi-tts.com/kyc-forms/> and on the website of the Company's Registrar and Transfer Agents, Link Intime India Private Limited at <https://web.linkintime.co.in/KYC-downloads.html> It may be noted that any service request can be processed only after the folio is KYC Compliant.
- 15) SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form.
 - 16) Members desiring inspection of statutory registers during the AGM may send their request in writing in advance to the Company at companysecretary@divgi-tts.com.
 - 17) Members who wish to inspect the relevant documents referred to in the Notice can send an email to companysecretary@divgi-tts.com upto the date of the AGM.
 - 18) Members seeking any information with regard to the accounts, any matter to be placed at the AGM, the registers or the relevant documents, referred to in this notice and in the explanatory statement setting out the material facts, if any, are requested to write from their registered email address to the Company at companysecretary@divgi-tts.com by mentioning their DP ID & client ID / folio number and mobile number. The same will be replied by the Company suitably.
- 19) Registration of email ID and Bank Account details:**
- In case the shareholder's email ID is already registered with the Company / its Registrar & Share Transfer Agent "RTA"/ Depositories, log in details for e-voting are being sent on the registered email address.
- In case the shareholder has not registered his / her / their email address with the Company / Depositories and or not updated the Bank Account mandate, the shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.
- 20) Members of the Company holding shares as on the cut-off date of **Monday, July 24, 2023** may cast their vote by remote e-Voting. The remote e-Voting period commences on **Friday, July 28, 2023 at 9.00 AM (IST) and ends on Sunday, July 30, 2023 at 5.00 PM (IST)**. The remote e-Voting module shall be disabled by Link Intime India Private Limited for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members (for voting through remote e-Voting before / during the AGM) shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of **Monday, July 24, 2023**.
 - 21) Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Annual Report (including AGM Notice) and holds shares as on the cut-off date i.e. Monday, July 24, 2023 may download the Annual Report (including AGM Notice) from the website of the Company <https://divgi-tts.com/>
 - 22) In case of joint holders, the Members whose name appear first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
 - 23) The Company has designated the e-mail id companysecretary@divgi-tts.com for redressal of investor complaints / grievances. In case you have any queries / complaints or grievances, please write from the registered e-mail address to us at the given email id.
- 24) E-voting:**
- THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER**
- a. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended), the Company is pleased to provide to Members the facility to exercise their right to vote on resolutions proposed to be considered at the AGM, by electronic means and the business may be transacted through e-Voting Services. For this purpose, the Company has entered into an agreement with Link Intime India Pvt Ltd (RTA) for facilitating voting through electronic means, as the authorized agency. The facility of casting the votes by Members using an electronic voting system from a place other than the venue of the AGM ("remote e-voting").
 - b. Members who have cast their vote by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their vote again.

- c. The remote e-voting period commences on **Friday, July 28, 2023 at 9.00 AM (IST) and ends on Sunday, July 30, 2023 at 5.00 PM (IST)**. The remote e-voting module shall be disabled by Link Intime India Pvt Ltd for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **Monday, July 24, 2023**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **Monday, July 24, 2023**.
- d. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Those Members, who will be present in the AGM and have not cast their vote on the resolutions by remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

Login method for Individual shareholders holding securities in demat mode is given below:

1. INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT MODE WITH NSDL

1. Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nsdl.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com> Select "Register Online for IDeAS Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a

personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT MODE WITH CDSL

1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting

is in progress and also able to directly access the system of all e-Voting Service Providers.

3. Individual Shareholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on **"Sign Up"** under **'SHARE HOLDER'** tab and register with your following details: -

A. User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

**Shareholders holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above*

**Shareholders holding shares in NSDL form, shall provide 'D' above*

- » Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).
 - » Click "confirm" (Your password is now generated).
3. Click on 'Login' under 'SHARE HOLDER' tab.
 4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).
4. After selecting the desired option i.e. Favour / Against, click on **'Submit'**. A confirmation box will be displayed. If you wish to confirm your vote, click on **'Yes'**, else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- » Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- » Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- » It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- » For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- » During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER

The Members who have not cast their vote through remote e-voting can exercise their voting rights at the

AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system shall be made available at the Meeting. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM. A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM.

25) A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

26) CS Mrunmayee Sathaye (ACS: 51169 CP: 19264), Partner, KANJ & Co. LLP, Company Secretaries, Pune has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the e-voting process at the AGM in a fair and transparent manner.

27) The Chairperson of AGM shall, at AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the scrutinizer, for all those Members who attend / participate in AGM but have not cast their votes by availing the remote e-voting facility.

28) The Scrutinizer shall, after the conclusion of voting at the AGM, unblock and count the votes cast during the AGM and votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall submit a consolidated Scrutinizer's Report not later than 2 working days from the conclusion of the AGM of the total votes cast in favour or against, if any, to the Chairperson of AGM or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

29) The results declared along with the Report of the Scrutinizer shall be placed on the website of the Company (www.divgi-tts.com) and on the website of RTA <https://instavote.linkintime.co.in> immediately after the result is declared by Chairperson or a person authorised by him in writing and the same shall be communicated to the Stock Exchanges where shares of the Company are listed. The results shall also be displayed on

the noticeboard of the Company at its registered office. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., **Monday July 31, 2023.**

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 of the accompanying Notice.

ITEM NO. 5:

APPROVAL TO CONTINUE THE DIRECTORSHIP OF MR. PRADIP VASANT DUBHASHI (DIN 01445030) AS NON-EXECUTIVE INDEPENDENT DIRECTOR BEYOND THE AGE OF 75 YEARS IN HIS CURRENT TENURE:

Mr. Pradip Vasant Dubhashi (DIN 01445030) was appointed as a Non-Executive Independent Director of the Company in terms of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ('the Act') for a period of five years effective from March 14, 2022 by the Members of the Company in their meeting held on June 10, 2022. His first term as an Independent Director shall expire on March 13, 2027.

Your Company has been listed on Stock Exchanges pursuant to Initial Public Offering w.e.f March 14, 2023 and thereafter the provisions of SEBI Listing Regulations are applicable to the Company. Accordingly in terms of the Regulation 17(1A) of SEBI Listing Regulations, consent of the members by way of special resolution is required for appointment or continuation of Directorship of a Non-Executive Director, beyond the age of 75 Years.

Mr. Dubhashi will attain the age of 75 years on August 25, 2023 and approval of the Members will be required for continuation of his directorship from the day he attains the age of 75 years till expiry of his current term i.e., till March 13, 2027, notwithstanding that he has attained the age of 75 years.

Mr. Dubhashi has over five decades of experience and has served on the Board of leading corporates.

He is an Electrical Engineer from College of Engineering Pune (COEP) and also holds a post-graduate diploma in business management (PGDBM) from XLRI Xavier School of Management, Jamshedpur. He held senior executive positions in SICOM, Mahindra Group and Venky Group. He has in-depth knowledge of various industries such as auto components, engineering, cement, specialty chemicals, biotechnology and software. He was also nominated on the Boards of Directors of various companies including as a nominee director of financial institutions. He has consulted for various Indian and foreign companies. He has attended several courses conducted by IIM Ahmedabad, IEEE, NCST, ASCI, among others, in advanced management, technology and finance areas.

Considering the vast knowledge, acumen, expertise and performance of Mr. Dubhashi and significant contributions made, the Board of Directors is of the opinion that his continued association would be of immense benefit to the Company. Further, in the opinion of the Board, Mr. Dubhashi fulfills the condition for continuing as an Independent Director of the Company as specified in the Act and Rules made thereunder and SEBI Listing Regulations and is independent of the management.

On the recommendation of Nomination & Remuneration Committee and based on the skills, experience, knowledge and report of performance evaluation of Mr. Dubhashi, the Board of the Directors on Thursday, May 18, 2023 have approved the continuation of directorship of Mr. Pradip Vasant Dubhashi (DIN: 01445030) as an Independent Director of the Company from the day he attains the age of 75 years i.e., August 25, 2023 till the completion of his present term upto March 13, 2027 on the same terms and conditions which have been approved by members at their meeting held on June 10, 2022.

The copy of the letter for appointment of Mr. Dubhashi as an Independent Director setting out the terms and conditions would be available for inspection without any fees by the members of the Company at the Registered office of the Company and also on the website at www.divgi-tts.com



The Company has received the following documents from Mr. Dubhashi:-

- i. consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- ii. intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013;
- iii. a declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order

passed by Securities and Exchange Board of India or any other such authority; and

- iv. a declaration that he meets the criteria of independence as provided in the Act and Listing Regulations.

Save and except Mr. Dubhashi and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors/ Key Managerial Personnel and their relatives are in any way, interested or concerned, financially or otherwise in the Resolution set out at Item No. 6 of the Notice.

The Board of Directors accordingly recommends the Special Resolutions set out at Item No. 6 of the Notice for the approval of the members.

INFORMATION PURSUANT TO REGULATION 36 OF LISTING REGULATIONS

For Agenda no. 05:

Name of Director	Mr. Pradip Vasant Dubhashi
DIN	01445030
Date of Birth	August 25, 1948
Age (As on June 29, 2023)	74
Date of Appointment/ re-appointment on the Board	March 14, 2022
Qualifications	B.E., P.G.D.B.M. (XLRI)
Expertise in Specific Functional Area	Strategy, Planning & Operations, Finance, Leadership, Technology, Governance & Risk Management.
Brief Profile/ Experience	<p>Mr. Pradip Dubhashi has a rich experience of 5 decades of experience 48 years in Management Consulting and in Company Management. For last three decades, he has been running his own consulting firm in Strategy</p> <p>and as a corollary rendering services in operations and finance to companies in multifarious sectors in India and those foreign owned.</p> <p>He has worked in conventional industries such as auto components, engineering, steel, cement and pharma and also with start-ups in modern areas of electronics, software, defense systems, data analytics and IoT among others.</p> <p>Prior to consulting he spent 14 years in the Mahindra Group where he held positions in manufacturing in its auto-component business including heading a plant. As Corporate Planning Manager in Mahindra & Mahindra, he was responsible for conceptualising and planning the IT services Company Mahindra BT, now known as Tech Mahindra Limited. He also set up Mahindra's foray into engineering plastics under the aegis of Siroplast Limited (later known as Mahindra Composites Limited) before moving to consulting. Mr. Dubhashi has</p> <p>handled situations from the shop floor to policy making in toughest of times.</p> <p>He has been holding board director engagements for the last 25 years and has been heading important committees of the boards. He has been a board Chairperson of listed entities for most part of the last decade.</p>

Terms and conditions of Appointment/ Re-Appointment	5 years with effect from March 14, 2022
Remuneration last drawn (including the sitting fees)	₹3.41 million
Remuneration proposed to be paid	As per existing terms and conditions
Shareholding in the Company	Nil
Relationship with other Directors/ Key Managerial Personnel/ Managers	Nil
No. of meetings of Board attended during the year FY 22-23	12/12
Directorships of other Boards	i. Roop Automotives Limited ii. Microline India Private Limited iii. Unmanned & Autonomous Vehicles Association iv. Entuple E-Mobility Private Limited
Membership/ Chairpersonship of committees of other Boards	-

By Order of the Board
For **DIVGI TORQTRANSFER SYSTEMS LIMITED**

Jitendra Divgi
Managing Director
DIN: 00471531
Date: June 29, 2023
Place: Pune

Registered Office:
75, General Block, MIDC, Bhosari,
Pune, Maharashtra, India 411026

CIN: U32201MH1964PLC013085
Website: www.divgi-tts.com
E-mail ID: companysecretary@divgi-tts.com

Independent Auditors' Report

To
the members of
Divgi TorqTransfer Systems Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on consideration of the reports of other auditors, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Our Principal Audit Procedures
<p>Revenue Recognition:</p> <p>Revenue is measured at the consideration received or receivable as reduced by discounts and other similar allowances.</p> <p>Volume discounts are assessed based on anticipated sales.</p> <p>Further, timing of revenue recognition is dependent on the terms agreed with customers in relation to passing of risk and rewards of ownership.</p>	<p>i. Understood the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes.</p> <p>ii. Analyzed and discussed with management significant contracts including contractual terms and conditions related to discounts, incentives and rebates.</p> <p>iii. Reviewed the volume discounts and its accounting treatment in the books of account.</p>

Key Audit Matter	Our Principal Audit Procedures
<p>The application of Indian Accounting Standard (Ind AS 115) involves significant judgements/material estimates relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and the appropriateness of the basis used to measure revenue recognized.</p>	<ul style="list-style-type: none"> iv. Performed cut-off procedures to ensure that revenue is accounted in the correct period. v. Selected a sample of contracts and performed the following procedures: <ul style="list-style-type: none"> a. Analysed and identified the distinct performance obligations in these contracts. b. Compared such performance obligations with that identified and recorded by the Company. c. Reviewed contract terms to determine the transaction price including any variable consideration to determine the appropriate transaction price for computing revenue and to test the basis of estimation of the variable consideration. vi. Reviewed disclosures included in the notes to the accompanying financial statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate

internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the

scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified

as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act which also requires the approval of shareholders in the ensuing general meeting (Refer Note 25 to the Financial Statements).
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 37 to the Financial Statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clauses (a) and (b) contain any material misstatement;
- (v) The dividend (declared/paid/declared and paid) during the year by the Company is in compliance with Section 123 of the Act.
- (vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 relating to audit trail feature of the Company's accounting software is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under Clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the current year.

For B. K. Khare & Co.

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi

Partner

Membership No. 040852

UDIN: 23040852BGURAZ6576

Place: Pune

Date: May 18, 2023

Annexure A to the Independent Auditors' Report

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Divgi TorqTransfer Systems Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial

statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future

periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering

the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi

Partner
Membership No. 040852
UDIN: 23040852BGURAZ6576
Place: Pune
Date: May 18, 2023

Annexure B to the Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date]

- (i) (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment are physically verified by the Company once in two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. The physical verification of property, plant and equipment was conducted during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) According to the information and explanations given to us, the inventory comprising of raw materials, work-in-progress, finished goods, traded goods, packing materials and stores and spare parts (retain only those as applicable) has been physically verified at reasonable intervals by the management during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification between the physical inventory and the book records.
 - (b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate from banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, the reporting under Clause 3 (ii) (b) is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory

dues have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of outstanding statutory dues in respect of Goods and Services Tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year for a period

of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Good and Service Tax, Employees' State Insurance, Income Tax, Service tax, Sales Tax, Duty of Customs, Duty of Excise, Cess and any other material statutory dues as at March 31, 2023, which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us and records of the Company examined by us, the particulars of dues of Provident Fund which have not been deposited as on March 31, 2023 on account of disputes are as under:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Unpaid (Rs. In Million)
Provident Fund	Tax, Interest	High Court	FY 2000-2013	2.67

(viii) According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.

(c) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

(d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been

utilised for long- term purposes as at the Balance Sheet date.

(e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) In our opinion and according to the information and explanations given to us, the money raised by way of initial public offer during the year have not been utilized because moneys were raised at the fag-end of the year. As per the information and explanations, the Company has temporarily invested these moneys in the fixed deposits.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the



- year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the management.
- (b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) We have taken into consideration a whistle blower complaint received by the Company during the year and shared with us for reporting under this clause.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit reports of the Company issued till date for the period under audit.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company and subsidiary companies or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and the audit procedures performed by us, we report that the Group has no Core Investment Companies.
- (xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any

material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) According to the information and explanations given to us, in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII to the Act in compliance with second proviso to subsection (5) of Section 135 of the Act.

- (b) According to the information and explanations given to us, there are no ongoing projects relating to corporate social responsibility. Accordingly, the reporting under Clause 3(xx)(b) of the Order is not applicable to the Company.

For B. K. Khare & Co.

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi

Partner
Membership No. 040852
UDIN: 23040852BGURAZ6576
Place: Pune
Date: May 18, 2023

Balance Sheet as at 31st March, 2023

(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	As at 31 st March, 2023	As at 31 st March, 2022
Non-Current Assets			
Property, plant and equipment	4(a)	1,110.66	1,079.89
Capital work-in-progress	4(d)	808.54	168.01
Right-of-use assets	4(b)	24.53	7.78
Intangible assets	4(c)	32.06	30.07
Intangible assets under development	4(e)	118.32	116.95
Financial Assets			
Non-current investments	5	0.46	0.46
Other non-current financial assets	6	37.28	9.60
Other non-current assets	7	9.61	5.49
Total Non-Current Assets		2,141.46	1,418.25
Current Assets			
Inventories	8	318.85	300.75
Financial Assets			
i) Trade Receivables	9	732.35	526.25
ii) Cash And Cash Equivalents	10 (a)	47.59	173.53
iii) Bank Balances Other Than Cash And Cash Equivalents	10 (b)	3,065.89	1,558.72
iv) Other current financial assets	11	43.06	33.99
Other Current Assets	12	70.78	42.21
Total Current Assets		4,278.52	2,635.45
TOTAL ASSETS		6,419.98	4,053.70
Equity			
Equity Share Capital	13	152.91	137.66
Other Equity	14	5,359.92	3,262.49
Total Equity		5,512.83	3,400.15
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
i) Borrowings	15	3.24	0.35
ii) Lease Liabilities	16	14.75	1.52
Long Term Provisions	17	32.87	47.76
Deferred Tax Liabilities (Net)	18	4.43	5.16
Total Non-Current Liabilities		55.29	54.79
Current Liabilities			
Financial Liabilities			
i) Borrowings	19	1.06	0.85
ii) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	20	46.43	13.25
total outstanding dues of creditors other than micro enterprises and small enterprises	20	415.15	383.22
iii) Lease Liabilities	16	6.32	2.04
iv) Other Financial Liabilities	21	275.45	89.65
Other Current Liabilities	22	22.96	28.79
Provisions	23	22.07	21.22
Current Tax Liabilities (Net)	24	62.42	59.74
Total Current Liabilities		851.86	598.76
TOTAL EQUITY AND LIABILITIES		6,419.98	4,053.70
Summary of significant accounting policies	1-2		
Summary of significant accounting judgements, estimates and assumptions	3		
The accompanying notes are an integral part of these financial statements.			

For B. K. Khare & Co.

Firm Registration Number: 105102W

Chartered Accountants

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 18, 2023

Place: Pune

**For and on behalf of the Board of Directors of
Divgi TorqTransfer Systems Limited (Formerly known as
Divgi TorqTransfer Systems Private Limited)**
Praveen P Kadle

Chairman

DIN: 00016814

Date: May 18, 2023

Place: Pune

Jitendra B Divgi

Managing Director

DIN: 00471531

Date: May 18, 2023

Place: Pune

Sudhir Mirjankar

Chief Financial Officer

Date: May 18, 2023

Place: Pune

Satish Kadrolli

Company Secretary and

Compliance Officer

(ACS - A43677)

Date: May 18, 2023

Place: Pune

Statement of Profit and Loss for the year ended 31st March, 2023

(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Income			
Revenue from Operations	25	2,710.43	2,337.77
Other Income	26	76.24	80.97
Total Income		2,786.67	2,418.74
Expenses			
Cost of raw material and components consumed	27	1,104.00	935.61
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in Progress	28	9.89	0.71
Employee Benefits Expense	29	244.95	225.42
Finance Costs	30	2.82	1.66
Depreciation and Amortization Expense	31	129.85	113.91
Other Expenses	32A	606.85	519.90
Total Expenses		2,098.36	1,797.21
Profit before Tax		688.31	621.53
Tax expense			
For the year			
Current tax	32B	176.87	162.30
Deferred tax charge/(credit)		(0.18)	(2.28)
		176.69	160.02
Profit for the year		511.62	461.51
Other Comprehensive Income			
(A) Items that will not be reclassified subsequently to profit and loss			
Remeasurements of the defined benefit plans		(2.16)	1.45
Income tax on above.		0.54	(0.36)
Total other comprehensive income		(1.62)	1.09
Total comprehensive income for the year		510.00	462.60
Earnings per share (in Rs.)	35		
Basic earnings per share (in Rs.)		18.45	16.76
Diluted earnings per share (in Rs.)		18.45	16.76
Summary of significant accounting policies	1-2		
Summary of significant accounting judgements, estimates and assumptions	3		

The accompanying notes are an integral part of these financial statements

For B. K. Khare & Co.

Firm Registration Number: 105102W

Chartered Accountants

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 18, 2023

Place: Pune

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Satish Kadrolli

Company Secretary and
Compliance Officer
(ACS - A43677)

Date: May 18, 2023

Place: Pune

Cash Flow Statement for the year ended 31st March, 2023

(All amount in INR Millions unless otherwise stated)

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
A) Cash flows from operating activities		
Profit/(Loss) before tax	688.31	621.53
Depreciation and amortization expenses	129.85	113.90
Interest Expenses	0.84	1.13
Unwinding of discounting (lease obligations)	1.98	0.54
Interest income	(69.22)	(64.43)
Changes in:		
Trade and other receivables	(262.36)	40.80
Inventories	(18.10)	(33.66)
Trade and other payables and provisions	111.09	(13.49)
Cash generated from operations	582.39	666.32
Income taxes paid (net)	(174.18)	(155.55)
Net cash inflow / (outflow) from operating activities	408.21	510.77
B) Cash flows from / (used in) investing activities		
Purchase of Fixed Assets	(684.31)	(399.26)
Interest received	60.15	61.05
Term deposit with banks, matured / (placed) (net)	(1,507.17)	(172.57)
Net cash flows (used in) investing activities	(2,131.33)	(510.78)
C) Cash flows from/ (used in) financing activities		
Net proceeds' from issue of equity shares	1,694.91	-
Short Term Borrowings availed / (repaid) (net)	0.21	(0.36)
Long Term Borrowings availed / (repaid) (net)	2.89	(0.99)
Dividend paid	(92.23)	(21.21)
Lease rentals paid	(7.76)	(5.64)
Interest paid	(0.84)	(1.13)
Net cash flows from financing activities	1,597.18	(29.33)
Net increase / (decrease) in cash and cash equivalents	(125.94)	(29.34)
Cash and cash equivalents at the beginning of the year	173.53	202.87
Cash and cash equivalents at the end of the year	47.59	173.53

Reconciliation of cash and cash equivalents as per the cash flow statement:

	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Cash and cash equivalents (Note 10 (a))	47.59	173.53
Balances as per Cash flow statement	47.59	173.53

For B. K. Khare & Co.

Firm Registration Number: 105102W

Chartered Accountants

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 18, 2023

Place: Pune

**For and on behalf of the Board of Directors of
Divgi TorqTransfer Systems Limited (Formerly known
as Divgi TorqTransfer Systems Private Limited)**
Praveen P Kadle

Chairman

DIN: 00016814

Date: May 18, 2023

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Jitendra B Divgi

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DIN: 00471531

Date: May 18, 2023

Place: Pune

Sudhir Mirjankar

Chief Financial Officer

Date: May 18, 2023

Place: Pune

Satish Kadrolli

Company Secretary and

Compliance Officer

(ACS - A43677)

Date: May 18, 2023

Place: Pune

Statement of Changes in Equity

A Equity Share Capital

(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	As at	As at
		31 st March, 2023	31 st March, 2022
Balance at the beginning of the year		137.66	68.83
Changes in equity shares capital during the year	13	15.25	68.83
Balance at the end of the year		152.91	137.66

Particulars	Reserves and surplus			Total Other Equity
	Capital reserve	Retained earnings	Securities premium	
As at April 1, 2021	7.37	1,634.47	1,248.09	2,889.93
Profit for the year	-	461.51	-	461.51
Other Comprehensive Income (net)	-	1.09	-	1.09
Bonus shares issued	-	-	(68.83)	(68.83)
Total comprehensive income	-	462.60	(68.83)	393.77
Dividends paid	-	(21.21)	-	(21.21)
As at March 31, 2022	7.37	2,075.86	1,179.26	3,262.49
Premium on fresh issue of equity shares	-	-	1,784.75	1,784.75
Expense related to capital raising	-	-	(105.09)	(105.09)
Profit for the year	-	511.62	-	511.62
Other Comprehensive Income (net)	-	(1.62)	-	(1.62)
Total comprehensive income	-	510.00	1,679.66	2,189.66
Dividends paid	-	(92.23)	-	(92.23)
As at March 31, 2023	7.37	2,493.63	2,858.92	5,359.92

For B. K. Khare & Co.

Firm Registration Number: 105102W

Chartered Accountants

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 18, 2023

Place: Pune

For and on behalf of the Board of Directors of Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited)

Praveen P Kadle

Chairman

DIN: 00016814

Date: May 18, 2023

Place: Pune

Jitendra B Divgi

Managing Director

DIN: 00471531

Date: May 18, 2023

Place: Pune

Sudhir Mirjankar

Chief Financial Officer

Date: May 18, 2023

Place: Pune

Satish Kadrolli

Company Secretary and

Compliance Officer

(ACS - A43677)

Date: May 18, 2023

Place: Pune

1. Corporate information

Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited) (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 of India. The Company is engaged in the manufacture and sale of transfer cases, automatic locking hubs, synchronizers and components thereof (transmission components) and related services to automotive Original Equipment Manufacturers (OEMs) and other customers in the Indian and global market.

2. Significant accounting policies

2.1. Basis of preparation and measurement

a) Basis of Preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Act) as applicable to the financial statements

The preparation of the financial statements requires the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

b) Basis of measurement

The financial statements have been prepared on a historical cost convention except for the following:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value
- Defined benefit plans – plan assets measured at fair value.

2.2. Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

(b) Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

(c) Foreign Currencies

- Functional and presentation currency

The functional and presentation currency of the Company is Indian rupee.

- Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit or loss unless they are relating to qualifying cash flow hedges in which case they are deferred in equity.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(d) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortized cost)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Property, Plant and Equipment

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

Certain assets which are internally developed, all the incidental costs directly attributable to such machinery are capitalized.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	30	30
Plant and equipment	5 to 10	15
Roads	10	5 to 10
Office equipment	5	5
Furniture and fixtures	10	10
Computers and data processing units	3 to 6	3 to 6
Vehicles	8	8

The residual values, useful lives, and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or

method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Research and development costs

Research expenditure is recognised as an expense as incurred. The cost incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development cost with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed ten years.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2019 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment which will be depreciated over its remaining useful life.

(g) Equity investments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such an election on an instrument-by-instrument basis, at initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in Statement of profit and loss.

(h) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises material cost, direct labour and manufacturing expenses which is determined using absorption costing method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

(i) Revenue recognition

Initial Recognition

Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue from operation excludes Goods & Service Tax

**Sale of goods*****Timing of recognition:***

Sales are recognised when control parameters as laid down in Ind AS 115 are satisfied. Control means customer has accepted the product, legal title has been transferred, transfer of significant risk and rewards, right to receive the payment and transfer of physical possession.

Measurement of revenue:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. Any change resulting in increase or decrease in estimated revenue or cost are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by Management.

Transaction price is the amount of consideration expected to be entitled to in exchange for transferring of goods and services excluding the amount collected from third party.

Revenue from sales is based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. The volume discounts are assessed based on anticipated annual purchases.

No element of financing is deemed present as the sales are made with an average credit term of 45-60 days, which is consistent with market practice.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other Operating Income

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in proportion to the depreciation charged over the expected useful life of the related asset. The Company recognize for export incentives for export of goods only after establishment of reasonable assurance and conditions precedent to claim are fulfilled.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

Financial Assets***Classification***

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset

Initial Recognition & Measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. However,

trade receivables that do not contain a significant financing component are measured at transaction price. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset

Financial Assets at amortised cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets are held to collect (HTC Business Model) contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of assets and liabilities at fair value through profit and loss are immediately recognised in the statement of Profit and Loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset or
- c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets (Other than Fair Value)

The Company assesses at each date of balance sheet whether a financial asset or a Company of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. For trade receivables only, Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than twelve months.

Equity investments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income (Subsequent changes in the fair value). The Company makes such an election on an instrument-by-instrument basis, at initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in Statement of profit and loss.

Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss

Initial Recognition

Financial Liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Terms of trade payables i.e. non-interest bearing and generally settled in 30 to 60 days to be included.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(k) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(l) Share capital

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

(m) Taxes on Income

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets in which case, they are capitalized in accordance with principles of borrowing cost specified in Ind AS 16.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from an operating lease is recognized on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

The Company has adopted Ind AS 116-Leases, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April 2019). Accordingly, previous period information has not been restated.



The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Lease contracts entered by the Company majorly pertains for land and buildings taken on lease to conduct its business in the ordinary course.

(o) Impairment of assets- Non-Financial Assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e., higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

(p) Provisions and Contingent Liability

a) Recognition

Provisions for legal claims, service warranties and volume discounts are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

b) Product warranty expenses

The estimated liability for product warranties is accounted when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

(q) Employee Benefits

Defined contribution plans

Superannuation: The Company has defined contribution plans for post-employment benefits in the form of superannuation fund for certain class of employees, which is administered through Life Insurance Corporation (LIC). The Company has no further obligation beyond its contribution.

Provident Fund: The Company has defined contribution plan for post-employment benefits in the form of provident fund for all employees, which is administered by the Regional Provident Fund Commissioner. The Company has no further obligation beyond its monthly contributions.

Defined benefit plans

Gratuity: The Company has a defined benefit plan for post-employment benefit in the form of gratuity for all employees, which is partially administered through Life Insurance Corporation (LIC). Liability for above defined benefit plan is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all type of the decrement and qualifying salary projected up to the assumed date of encashment.

(r) Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company assesses the financial performance and position of the Company and makes strategic decisions. The board of directors of the Company have been identified as being the chief operating decision maker. Chief financial officer of the Company assists board of directors in their decision-making process. The Company is in the business of manufacture and sale automobile components, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.

(s) Earnings Per Share:

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive Potential Equity Shares.

3. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements included in relevant notes together with information about the basis of calculation of each different line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimation of useful life of asset (Refer note 2.1.(e))
- Estimation of provision and for contingent liabilities (Refer note .2.1.(p))
- Estimation of provision for warranty obligation (Refer note 2.1.(p.b))
- Accounting for arrangements in the nature of lease (Refer note 2.1.(n))
- Estimation of defined benefit obligation (Refer note 2.1.(q))
- Estimation of expected credit Losses on trade receivables (Refer Note 2.1.(j))

3.1. Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

i. Ind AS 1 – Material accounting policies - The amendments mainly related to shifting of disclosure of erstwhile “significant accounting policies” in the notes to the financial statements to material accounting policy information requiring companies to reframe their accounting policies to make them more “entity specific. This amendment aligns with the “material” concept already required under International Financial Reporting Standards (IFRS).

ii. Ind AS 8 – Definition of accounting estimates - The amendments specify definition of ‘change in accounting estimate’ replaced with the definition of ‘accounting estimates’.

iii. Ind AS 12 – Annual Improvements to Ind AS (2021) - The amendment clarifies that in cases of transactions where equal amounts of assets and liabilities are recognised on initial recognition, the initial recognition exemption does not apply. Also, If a company has not yet recognised deferred tax asset and deferred tax liability on right-of-use assets and lease liabilities or has recognised deferred tax asset or deferred tax liability on net basis, that company shall have to recognise deferred tax assets and deferred tax liabilities on gross basis based on the carrying amount of right-of-use assets and lease liabilities existing at the beginning of 1 April 2022.

The Company is currently assessing the impact of application of these amendments on its financial statements.



Notes to the financial statements

(All amount in INR Millions unless otherwise stated)

4 (a) Property, plant and equipment

Particulars	Freehold Land	Factory Building	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Computers	Total
Gross carrying amount								
Balance as at 1 st April, 2021	330.70	71.56	1,245.20	6.08	10.22	30.07	30.28	1,724.11
Additions	-	21.82	116.72	0.75	-	2.44	4.36	146.09
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 st March, 2022	330.70	93.38	1,361.92	6.83	10.22	32.51	34.64	1,870.20
Additions	-	0.59	134.49	0.46	0.56	6.91	4.35	147.36
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 st March, 2023	330.70	93.97	1,496.41	7.29	10.78	39.42	38.99	2,017.56
Accumulated Depreciation								
Balance as at 1 st April, 2021	-	43.56	585.61	5.81	8.69	16.27	27.02	686.96
Charge during the year	-	3.68	93.80	0.40	0.35	2.81	2.31	103.35
Disposals/ transfers	-	-	-	-	-	-	-	-
Balance as at 31 st March, 2022	-	47.24	679.41	6.21	9.04	19.08	29.33	790.31
Charge during the year	-	3.80	104.95	0.36	0.34	3.24	3.90	116.59
Disposals/ transfers	-	-	-	-	-	-	-	-
Balance as at 31 st March, 2023	-	51.04	784.36	6.57	9.38	22.32	33.23	906.90
Net carrying amount								
Balance as at March 31, 2023	330.70	42.93	712.05	0.72	1.40	17.10	5.76	1,110.66
Balance as at March 31, 2022	330.70	46.14	682.51	0.62	1.18	13.43	5.31	1,079.89

The title deeds of immovable properties are in the name of the Company. Further the Company has not re-valued its assets for the period stated above

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

4 (b) Right- of- use assets

Particulars	Leasehold Land	Building	Total
Gross carrying amount			
Balance as at 1st April, 2021	6.33	19.78	26.11
Additions	-	-	-
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2022	6.33	19.78	26.11
Additions	-	23.28	23.28
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2023	6.33	43.06	49.39
Accumulated depreciation			
Balance as at 1st April, 2021	1.74	11.78	13.52
Charge during the year	0.07	4.74	4.81
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2022	1.81	16.52	18.33
Charge for the year	0.07	6.46	6.53
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2023	1.88	22.98	24.86
Net carrying amount			
Balance as at March 31, 2023	4.45	20.08	24.53
Balance as at March 31, 2022	4.52	3.26	7.78

The Company has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right of use assets. Refer note 36 for further disclosure on leases.

4 (c) Intangible assets

Particulars	Computer Software	Total
Gross carrying amount		
Balance as at 1st April, 2021	14.47	14.47
Additions	31.46	31.46
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2022	45.93	45.93
Additions	8.72	8.72
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2023	54.65	54.65
Accumulated depreciation		
Balance as at 1st April, 2021	10.12	10.12
Charge for the year	5.74	5.74
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2022	15.86	15.86
Charge for the year	6.73	6.73
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2023	22.59	22.59
Net carrying amount		
Balance as at March 31, 2023	32.06	32.06
Balance as at March 31, 2022	30.07	30.07

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

4 (d) Capital work in progress (Ageing schedule)

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
As at 31st March 2023					
Projects in progress	642.84	163.31	1.43	0.96	808.54
Projects temporarily suspended	-	-	-	-	-
Grand Total	642.84	163.31	1.43	0.96	808.54
As at 31st March 2022					
Projects in progress	165.62	1.43	0.96	-	168.01
Projects temporarily suspended	-	-	-	-	-
Grand Total	165.62	1.43	0.96	-	168.01

There are no projects as on each reporting period where activity had been suspended. Considering the nature, there are no projects as on the reporting period which has exceeded cost as compared to its original plan or where completion is overdue

Break-up

	As at 31st March, 2023	As at 31st March, 2022
Land & Factory Building	381.01	163.65
Plant & Machinery	427.53	4.36
	808.54	168.01

Particulars	Land & Factory Building	Plant & Machinery	Total
Balance as at 1st April, 2021	18.62	9.07	27.69
Additions	166.85	112.01	278.86
Disposals/ Transfers/ Adjustments	21.82	116.72	138.54
Balance as at 31st March, 2022	163.65	4.36	168.01
Additions	217.95	557.66	775.61
Disposals/ Transfers/ Adjustments	0.59	134.49	135.08
Balance as at 31st March, 2023	381.01	427.53	808.54

4 (e) Intangible assets under development (ageing schedule)

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
As at 31st March 2023					
Projects in progress	0.78	111.07	-	6.47	118.32
Projects temporarily suspended	-	-	-	-	-
Grand Total	0.78	111.07	-	6.47	118.32
As at 31st March 2022					
Projects in progress	110.48	-	6.47	-	116.95
Projects temporarily suspended	-	-	-	-	-
Grand Total	110.48	-	6.47	-	116.95

Particulars	Rs
Balance as at 1st April, 2021	34.17
Additions	114.24
Disposals/ Transfers/ Adjustments	31.46
Balance as at 31st March, 2022	116.95
Additions	10.09
Disposals/ Transfers/ Adjustments	8.72
Balance as at 31st March, 2023	118.32

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

5 Non current investments

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Unquoted		
Equity instruments at cost		
5,000 equity shares (March 31, 2022 - 5,000) of Rs 10 each fully paid, held in Saraswat Co-operative Bank Limited	0.05	0.05
40,000 Equity Shares (March 31, 2022 - 40,000) of Rs 10 each fully paid, held in Tejal Transmission Pvt. Ltd.	0.40	0.40
Aggregate amount of Unquoted Investments	0.45	0.45
Others	0.01	0.01
Total	0.46	0.46

6 Other non-current financial assets

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Security Deposits	38.83	11.15
Less:Provision for doubtful deposits	(1.55)	(1.55)
Total	37.28	9.60

7 Other non-current assets

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Capital Advances	9.61	5.49
Total	9.61	5.49

8 Inventories

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Raw Materials	241.79	200.70
Work-in-Progress	103.97	95.59
Finished Goods	16.74	35.01
Less : Provision for non-moving inventory	(43.65)	(30.55)
Total	318.85	300.75
Goods in transit (included above)		
Raw Materials	21.79	29.64

9 Trade receivables

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Trade receivables	732.35	526.25
Total trade receivables	732.35	526.25
Current portion(net of provisions)	732.35	526.25
Non Current portion	-	-

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

9 Trade receivables (Contd.)

Break-up for security details

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured, considered good	732.35	526.25
Trade Receivables - credit impaired	5.11	5.11
Total	737.46	531.36
Less: Allowance for doubtful debts	(5.11)	(5.11)
Total Trade Receivables	732.35	526.25

Trade receivables include receivables from related parties (Refer note 34).

No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person or any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member except as reported in note 34-Related Party Disclosures.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Refer note 41 for information about credit risk and market risk of trade receivable

Trade receivables Ageing Schedule:

Outstanding for following periods from due date of payment as at 31st March 2023

Particulars	< 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	732.35	-	-	-	-	732.35
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	5.11	5.11
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-

Outstanding for following periods from due date of payment as at 31st March 2022

Particulars	< 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	526.25	-	-	-	-	526.25
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	5.11	5.11
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

10 (a) Cash and cash equivalents

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Cash on hand	0.06	0.44
Balances with Banks -		
- In current accounts	47.53	173.09
Total	47.59	173.53

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

10(b) Bank Balances other than cash and cash equivalents

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Long-term Deposits (with maturity of more than 3 months but less than 12 months)	2,859.26	1,558.72
Others	206.63	-
Total	3,065.89	1,558.72

11 Other current financial assets

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
At amortized cost		
Interest accrued but not due on Deposits with Banks	43.06	33.99
Total	43.06	33.99

12 Other current assets

Particulars		As at 31 st March, 2023	As at 31 st March, 2022
Balance with government authorities			
Considered good		47.99	3.73
Considered doubtful		3.53	3.53
Less: Provision for doubtful balances		(3.53)	(3.53)
	(a)	47.99	3.73
Advances to Suppliers			
Considered good		6.12	5.00
Considered doubtful		0.19	0.19
Less: Provision for doubtful balances		(0.19)	(0.19)
	(b)	6.12	5.00
Export incentive receivable		10.70	16.72
Prepaid Expenses		5.82	4.26
Others		0.15	12.50
	(c)	16.67	33.48
Total (a+b+c)		70.78	42.21

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

13 Share capital

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Authorised		
4,00,00,000 (March 31, 2022 - 4,00,00,000) equity shares of Rs. 5 each (March 31, 2022 - Rs.5 each)	200.00	200.00
Issued, subscribed and fully paid up		
Equity Share Capital		
30,582,927 (March 31, 2022 - 27,532,080) equity shares of Rs. 5 each (March 31, 2022 Rs.5 each) fully paid-up	152.91	137.66
	152.91	137.66

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Equity shares outstanding at the beginning of the year		
Number of shares	2,75,32,080	6,88,302
Amount	137.66	68.83
Add: Issue of shares		
Number of shares	30,50,847	-
Amount	15.25	-
Add: Additional shares issued due to share split from paid-up capital of Rs.100 per equity share to Rs.5 per equity share	-	1,30,77,738
Add: Bonus issue of equity shares (1 equity share for every one share held)		
Number of shares	-	1,37,66,040
Amount	-	68.83
Equity shares outstanding at the end of the year		
Number of shares	3,05,82,927	2,75,32,080
Amount	152.91	137.66

(b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Number of equity shares held by the holding company

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Divgi Holding Pvt. Ltd	1,57,82,680	1,57,82,680
Total	1,57,82,680	1,57,82,680

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

13 Share capital (Contd.)

(d) Details of shareholders holding more than 5% of shares in the Company

Equity Shares

	As at 31 st March, 2023	As at 31 st March, 2022
Name of the shareholder		
i) Divgi Holding Pvt. Ltd	1,57,82,680	1,57,82,680
No. of shares	51.61%	57.32%
%		
ii) NRJN Family Trust	9,53,279	23,94,720
No. of shares	3.12%	8.70%
%		
iii) Oman India Joint Investment Fund II	37,27,360	59,77,360
No. of shares	12.19%	21.71%
%		

(e) Promoter Shareholding

Shareholding of promoters as on 31 March 2023 (Face value of Rs 5 each)

Promoter name	As at 31 March 2023		
	Number	% holding	% change during the period
Equity shares			
Mr. Jitendra Divgi	3,27,840	1.07%	-0.13%
Mr. Hirendra Divgi	3,29,720	1.08%	-0.12%
M/S Divgi Holdings Private Limited	1,57,82,680	51.61%	-5.72%
Mr. Jitendra Divgi Jointly with Divgi Holding Pvt. Ltd	4,02,840	1.32%	-0.15%
Mr. Hirendra Divgi Jointly with Divgi Holding Pvt. Ltd	4,02,760	1.32%	-0.15%
Total	1,72,45,840	56.38%	-6.26%

Shareholding of promoters as on 31 March 2022 (Face value of Rs 5 each)

Promoter name	As at 31 March 2023		
	Number	% holding	% change during the period
Equity shares			
Mr. Jitendra Divgi	3,27,840	1.20%	No Change
Mr. Hirendra Divgi	3,29,720	1.20%	No Change
M/S Divgi Holdings Private Limited	1,57,82,680	57.32%	No Change
Mr. Jitendra Divgi Jointly with Divgi Holding Pvt. Ltd	4,02,840	1.46%	No Change
Mr. Hirendra Divgi Jointly with Divgi Holding Pvt. Ltd	4,02,760	1.46%	No Change
Total	1,72,45,840	62.64%	

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

14 Other equity

Particulars		As at 31 st March, 2023	As at 31 st March, 2022
Reserves and surplus			
Capital reserve	(a)	7.37	7.37
Securities premium			
Balance as at the beginning of the year		1,179.26	1,248.09
Premium on fresh issue of equity shares		1,784.75	-
Expense related to capital raising		(105.09)	-
Bonus shares issued		-	(68.83)
Balance as at the end of the year	(b)	2,858.92	1,179.26
Retained earnings			
Balance as at the beginning of the year		2,075.86	1,634.47
Profit for the year		511.62	461.51
Dividend paid		(92.23)	(21.21)
Remeasurement of defined benefit obligations, net of tax		(1.62)	1.09
Balance as at the end of the year	(c)	2,493.63	2,075.86
Total Reserves and Surplus (a+b+c)		5,359.92	3,262.49

Capital reserve

Represents reserve on amalgamation of Divgi TorqTransfer Systems Private Limited (formerly Divgi Warner Private Limited) with the Company with effect from 1 April 2016 as per scheme of amalgamation approved by the National Company Law Tribunal Mumbai Bench.

The amount of Rs. 7.37 million arising out of the difference between the book value of the net assets of the Transferor Company taken over, the fair valuation of assets of the Transferee Company as mentioned in b) above and cancellation of intercompany investments between the Transferor Company and the Transferee Company has been recorded as Capital Reserve in the Balance Sheet."

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

15 Borrowings

Particulars		As at 31 st March, 2023	As at 31 st March, 2022
Non- current			
(Secured)			
Term Loans (Refer note (a) below)			
From Banks		3.95	0.85
Less:Current Maturities		(1.06)	(0.85)
		2.89	-
(Unsecured)			
Loan from Divgi Holding Pvt. Ltd.*		0.35	0.35
		3.24	0.35

* There is no loan to or from promoter except as reported in note 15

(a) Nature of security and terms of repayment for secured borrowings

Nature of security	Terms of Repayment
Vehicle loan of Rs 3.95 Mn (March 31, 2022 Rs.0.85 Mn) from The Saraswat Co-operative Bank Limited. The loan is secured by first charge on vehicle	Repayable in 60 equal monthly installments from the date of disbursement of loan along with interest @7.50%p.a.

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

16 Lease liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current	6.32	2.04
Non-current	14.75	1.52
Total	21.07	3.56

17 Long term provision

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Gratuity (Refer note 33)	9.30	9.53
Compensated Absences	23.57	38.23
Total	32.87	47.76

18 Deferred Tax Liabilities (Net)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Deferred Tax Asset on account of:		
Provision for doubtful debts, inventory, advances	13.60	10.30
Employee Benefit	12.24	16.62
Other Timing difference	1.88	1.49
	27.71	28.41
Deferred Tax Liability on account of:		
Property, plant and equipment and Intangible assets	32.15	33.57
	32.15	33.57
Net deferred tax assets/(Liabilities)	(4.43)	(5.16)

19 Borrowings

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Current*		
- Term loan from bank	1.06	0.85
Total short term borrowings	1.06	0.85

*There is no loan to or from promoter

20 Trade payables

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Total outstanding dues of micro and small enterprises	46.43	13.25
Total outstanding dues of creditors other than micro and small enterprises*	415.15	383.22
Total	461.58	396.47

* refer note 34 for related party balances

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

20 Trade payables (Contd.)

Trade payable ageing schedules

As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment					
	Unbilled Dues	Less than 1 year	1-2 Years	2-3 Years	More Than 3 Years	Total
Total outstanding dues of micro enterprises and small enterprises	-	46.43	-	-	-	46.43
Total outstanding dues of creditors other than micro enterprises and small enterprises	184.02	218.09	5.69	7.35	-	415.15
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					
	Unbilled Dues	Less than 1 year	1-2 Years	2-3 Years	More Than 3 Years	Total
Total outstanding dues of micro enterprises and small enterprises	-	13.25	-	-	-	13.25
Total outstanding dues of creditors other than micro enterprises and small enterprises	190.47	185.40	7.35	-	-	383.22
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
	-	-	-	-	-	-

(a) DUES TO MICRO AND SMALL ENTERPRISES

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows.

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Amount outstanding as at on account of:		
Principal amount	44.89	12.11
Interest due thereon	0.03	0.02
Total interest paid on all delayed payments during the year under the provisions of the MSMED Act		-
Payment made to supplier beyond the appointed day	44.53	32.28
Interest due on principal amounts paid beyond the due date during the year	0.38	0.15
Interest accrued but not paid	1.54	1.14

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

21 Other current financial liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Salaries and benefits payable	92.24	83.28
Capital creditors	118.73	0.97
Other	64.48	5.40
Total	275.45	89.65

22 Other Current liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Advances from Customers	2.27	10.06
Other Statutory Liabilities	20.69	18.73
Total	22.96	28.79

23 Short term provision

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Gratuity (Refer Note 33)	7.23	6.07
Compensated Absences	2.98	7.67
Super Annuation	6.11	3.27
Warranties (Note a)	5.75	4.21
Total	22.07	21.22

Movement in warranty provisions

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Balance at the beginning as on 1 April	4.21	2.87
Additional provision recognised	1.80	1.50
Paid/Utilised during the year	(0.26)	(0.16)
Closing balance at the year end March 31	5.75	4.21

- a. Provision for warranties: A provision is estimated for expected warranty claims in respect of products sold during the year on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims.

24 Current Tax Liabilities (Net)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Provision for Current Taxation	62.42	59.74
Total	62.42	59.74

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

25 Revenue from operations

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Revenue from sale of products	2,580.07	2,250.80
Revenue from sale of tools	91.42	32.27
	2,671.49	2,283.07
Other Operating Revenue		
Sale of Scrap	18.67	19.30
Export incentives	20.27	35.40
Total	2,710.43	2,337.77

26 Other Income

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Interest Income	69.22	64.43
Rental Income	2.41	2.41
Vendor liabilities no longer required written back	-	0.32
Gain on foreign exchange fluctuation (net)	3.84	12.64
Miscellaneous Income	0.77	1.17
Total	76.24	80.97

27 Cost of raw material and components consumed

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Raw Materials and Components Consumed		
Inventories at the beginning of the year	170.14	135.77
Add: Purchases	1,131.99	969.98
	1,302.13	1,105.75
Inventories at the end of the year	198.13	170.14
Total	1,104.00	935.61

28 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Opening Stock		
Work-in-Progress	95.59	97.57
Finished Goods	35.01	33.74
Closing Stock		
Work-in-Progress	103.97	95.59
Finished Goods	16.74	35.01
Total	9.89	0.71

29 Employee Benefits Expense

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Salaries, Wages and Bonus	215.31	197.59
Contribution to Provident and Other Funds	17.73	15.73
Staff Welfare Expenses	11.91	12.10
Total	244.95	225.42

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

30 Finance Costs

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Interest on Loan	0.25	0.21
Interest Others	2.57	1.45
Total	2.82	1.66

31 Depreciation and amortization expense

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Depreciation of property, plant and equipment (note 4 (a))	116.59	103.36
Depreciation of right-of-use assets (note 4 (b))	6.53	4.81
Amortization of intangible assets (note 4 (c))	6.73	5.74
Total	129.85	113.91

32 A Other Expenses

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Consumption of Stores and Spare Parts	84.71	82.45
Contract Labour Charges	90.35	91.72
Machining and development charges	110.19	96.75
Power and Fuel	47.54	37.68
Rent [Refer Note 36]	0.89	2.21
Repairs and Maintenance		
Buildings	2.19	2.47
Plant and Machinery	28.82	23.57
Others	10.65	9.52
Insurance	3.90	4.42
Rates and Taxes	2.09	3.30
Legal and Professional Charges	53.55	41.87
Auditors' Remuneration [Refer Note 32A(a)]	1.40	1.15
Corporate Social Responsibility [Refer Note 32A(b)]	10.42	10.00
Travelling and Conveyance	18.49	9.32
Printing and Stationery	3.26	2.77
Royalty	69.46	52.59
Warranty	1.80	1.50
Housekeeping Expenses	3.77	2.46
Freight and Forwarding	5.44	19.91
Testing & Inspection Charges	7.80	5.23
Warehouse Expenses	-	2.60
Security Charges	6.01	4.71
Bank charges	1.25	2.33
Engineering and project services	34.81	3.46
Communication Expenses	2.99	2.91
Exhibition & Conference Charges	3.69	1.82
Miscellaneous Expenses	1.38	1.18
Total	606.85	519.90

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

32 A Other Expenses (Contd.)

(a) Payment to auditors

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
As Auditor		
As Statutory Auditor	1.25	1.00
As Tax Auditor	0.15	0.15
Total	1.40	1.15

(b) Corporate Social Responsibility (CSR)

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Gross amount required to be spent by the company during the year as per Section 135 of the Act	10.42	10.00
Amount spent during the year on:		
(i) Construction/ acquisition of an asset		-
(ii) On purposes other than (i) above (Education & Health)	10.90	10.00
a. included in other expenses (includes provision of unspent amount)	10.42	10.00
b. administrative expenses included in employee benefit expenses	0.48	0.48
	10.90	10.48
Amount yet to be spent / (Amount overspent)	(0.48)	(0.48)
Reason for Shortfall	Not Applicable	Not Applicable

32 B Income tax expense

a) Income tax expenses

(i) Statement of Profit and Loss section	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Current tax	176.87	162.30
Deferred tax	(0.18)	(2.28)
Total income tax expense recognised in the Statement of Profit and Loss	176.69	160.02

(ii) Other Comprehensive Income (OCI) section	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Deferred tax related to items		
- Net gain or loss on remeasurements of defined benefit plans	(0.54)	0.36
Total income tax expense recognised in Other Comprehensive Income	(0.54)	0.36

b) Reconciliation of effective tax rate

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Accounting profit before tax	688.31	621.53
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17%	173.25	156.44
- Deduction under section 35D	(5.29)	-
- Others (includes Donations & Other permanent differences)	8.73	3.58
Effective tax	176.69	160.02
Income tax expense reported in the Statement of profit and loss	176.69	160.02

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

33 Gratuity

A. Defined contribution plans

The Company has recognised the following amounts in the Statement of Profit and Loss during the year:

Particulars	31 st March, 2023	31 st March, 2022
Contribution to Employees Provident Fund	10.24	8.95
Contribution to Superannuation Fund	3.04	3.43
	13.28	12.38

B. Defined benefit plan

The following figures are as per actuarial valuation, as at balance sheet date, carried out by an independent actuary.

i. Changes in the Present Value of Obligation

Particulars	31 st March, 2023	31 st March, 2022
(a) Opening defined benefit obligation	41.55	38.83
(b) Interest Cost	2.90	2.66
(c) Current Service Cost	3.04	2.95
(d) Benefit Paid	(1.95)	(1.44)
(e) Actuarial (Gain)/Loss	2.24	(1.45)
Closing defined benefit obligation	47.78	41.55

ii. Changes in the Fair value of Plan Assets

Particulars	31 st March, 2023	31 st March, 2022
(a) Opening fair value of plan assets	25.95	23.38
(b) Expected Return on Plan Assets	1.88	3.22
(c) Actuarial Gain/ (Loss)	0.08	0.00
(d) Employers Contribution	4.54	0.13
(e) Benefit Paid	(1.20)	(0.78)
Closing fair value of plan assets *	31.25	25.95

* Fair value of plan assets represents balance as confirmed by the insurer managed fund.

iii. Amount recognised in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation (i) and the Fair Value of Assets (ii)

Particulars	31 st March, 2023	31 st March, 2022
(a) Present Value of Benefit Obligation	47.78	41.55
(b) Fair Value of Plan Assets	(31.25)	(25.95)
(c) Net (Asset)/Liability recognised in the Balance Sheet	16.53	15.60

iv. Expenses recognised in the Statement of Profit and Loss

Particulars	31 st March, 2023	31 st March, 2022
(a) Current Service Cost	3.04	2.95
(b) Interest Cost	2.90	2.66
(c) Expected Return on Plan Assets	(1.88)	(3.22)
(d) Net actuarial (Gain)/Loss	2.16	(1.45)
Total Expenses recognised in the Statement of Profit and Loss	6.22	0.94

v. The Company has a defined benefit plan for post-employment benefit in the form of gratuity, which is administered through Life Insurance Corporation (LIC).

vi. The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

33 Gratuity (Contd.)

vii. Principal actuarial assumptions used as at the balance sheet date

Particulars	31 st March, 2023	31 st March, 2022
(a) Discount Rate	7.50%	6.96%-7.23%
(b) Expected Rate of Return on Plan Assets	7.50%	0.00 % - 7.23%
(c) Salary Escalation Rate	10.00%	5% - 10%
(d) Attrition rate	5.00%	5.00%

The estimates of future salary increases considered of actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

viii. Amounts recognised in current year and previous years

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Defined Benefit Obligation	47.78	41.55
Plan Asset	31.25	25.95
Surplus / Deficit	16.53	15.60
Experience adjustments in plan liabilities	3.23	(0.20)
Experience adjustments in plan assets	0.08	0.00
ix. Current and Non-Current Liability		
Current Liability	7.23	6.07
Non-Current Liability	9.30	9.53
	16.53	15.60

x. Expected contribution to the gratuity fund in the next year

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Gratuity	7.23	5.46

34. Related Party Disclosures

(a) List of related parties

Parties where control exists

Divgi Holdings Private Limited, Holding Company

Key Management Personnel

Mr. Jitendra B. Divgi, Managing Director

Mr. Hirendra B. Divgi, Executive Director

Mr. Sudhir Mirjankar, Chief Financial Officer

Ms. Meenal Barhate, Company Secretary (resigned w.e.f. 5 September 2022)

Mr. Satish Kadrolli, Company Secretary (appointed w.e.f. 5 September 2022)

Relatives of Key Management Personnel

Mr. Arjun J. Divgi

Ms. Jyothi Bharat Divgi

Parties where key management personnel have significant influence

Divgi Transmission Systems & Technologies Private Limited

Divgi Holdings Private Limited

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

34. Related Party Disclosures (Contd.)

(b) Transactions during the year / period :

Particulars	31 st March, 2023	31 st March, 2022
(i) Machine and Development charges		
Divgi Transmission Systems & Technologies Private Limited	36.95	32.81
	36.95	32.81
(ii) Rent expense*		
Divgi Holdings Private Limited	4.62	4.62
	4.62	4.62
*This has been reflected under finance cost and amortisation expenses as per the requirements of IND AS 116.		
(iii) (a) Remuneration - Key Management Personnel		
Mr. Hirendra Divgi	9.35	11.68
Mr. Jitendra B. Divgi	18.70	23.38
Mr. Sudhir Mirjankar	3.67	2.85
Ms. Meenal Barhate	0.58	1.18
Mr. Satish Kadrolli	0.91	-
	33.21	39.09
(b) Remuneration - Relatives of Key Management Personnel		
Mr. Arjun J. Divgi	0.07	0.22
Ms. Jyothi Bharat Divgi	0.48	0.48
	0.55	0.70
(iv) Rent Income		
Divgi Holdings Private Limited	0.01	0.01
Divgi Transmission Systems & Technologies Private Ltd	2.40	2.40
	2.41	2.41

(c) Amounts outstanding

Particulars	31 st March, 2023	31 st March, 2022
(i) Trade Payable		
Divgi Transmission Systems & Technologies Private Ltd	6.09	7.72
Divgi Holdings Private Limited	0.43	0.65
	6.52	8.37
(ii) Trade Receivables		
Divgi Transmission Systems & Technologies Private Ltd	1.66	2.63
Divgi Holdings Private Limited	0.25	0.25
	1.91	2.88
(iii) Remuneration Payable - Key Management Personnel		
Mr. Hirendra Divgi	8.48	5.66
Mr. Jitendra B. Divgi	16.78	11.29
Mr. Sudhir Mirjankar	0.82	0.69
Ms. Meenal Barhate	-	0.17
Mr. Satish Kadrolli	0.24	-
	26.32	17.81
(iv) Remuneration Payable - Relatives of Key Management Personnel		
Mr. Arjun J. Divgi	-	0.02
Ms. Jyothi Bharat Divgi	0.04	0.04
	0.04	0.06

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

35 Earnings per share

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Restated net profit/(loss) for calculation of EPS	511.62	461.51
Weighted average number of equity shares (Number in millions)	27.72	27.53
Basic earnings per share (in Rupees)	18.45	16.76
Diluted earnings per equity share of Rs. 5 Each		
Restated net profit/(loss) for calculation of EPS	511.62	461.51
Weighted average number of equity shares (Number in millions)	27.72	27.53
Diluted earnings per share (in Rupees)	18.45	16.76

36 Leases

i) Operating lease: Company as lessee

The Company has significant operating lease arrangements for premises. These lease arrangements range for a period between 1 to 5 years, which are cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

Carrying amounts of lease liabilities and the movements during the year.

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
At the beginning of the year	3.56	8.67
Additions	23.28	-
Payments made	5.77	5.11
As at lease liabilities	21.07	3.56
Current portion	6.32	2.04
Non-current portion	14.75	1.52
Total	21.07	3.56

Details of amounts recognised in statement of profit and loss

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Depreciation expense of right-of-use assets	6.53	4.81
Interest expense on lease liabilities (included in finance cost-Interest others)	1.98	0.54
Expense relating to short-term leases (included in other expenses)	0.89	2.21
Lease payments recognised in the Statement of Profit and Loss during the year	9.40	7.56

ii) Operating lease: Company as lessor

The Company has leased certain plant and machinery on operating leases. These lease arrangements are for period less than 12 months, which are cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Lease income received for the year	2.41	2.41

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

37 Contingent liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Bills discounted	14.70	23.65
Sales tax matter (Including interest & penalty)	-	0.24
Bank Guarantee	20.00	-
Claims against the Company, not acknowledged as debts		
Dues related to employees	20.08	20.26
Others	5.30	5.20
	60.08	49.35

38

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Estimated amount of contracts remaining to be executed (net of advance payments)	447.75	507.11

39 Segment Reporting

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Revenue from operations		
Sale of products	2,580.07	2,250.80
Sale of tools	91.42	32.27
Other operating revenue		
- Scrap sales	18.67	19.30
- Export benefits	20.27	35.40
	2,710.43	2,337.77

(a) Details of sale of products

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Transfer cases	1,969.65	1,531.80
Transmission components	544.28	668.10
Auto locking hubs	66.14	50.90
	2,580.07	2,250.80

(b) Earnings in foreign exchange

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Export of goods calculated on FOB basis	137.19	591.94
	137.19	591.94

(c) Segment reporting

i. Primary segment

The Company operates only in one business segment viz. Auto Components and Parts.

The secondary segment is based on geographical demarcation, i.e. domestic and exports

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

39 Segment Reporting (Contd.)

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Segment Revenue (net)		
Domestic	2,573.24	1,745.83
Export	137.19	591.94
	2,710.43	2,337.77

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Segment Assets		
Domestic	713.85	462.10
Export	18.50	64.15
	732.35	526.25

Note: The Company's tangible assets other than trade receivable considered above are located entirely in India.

40 Fair value measurements

a) Category of financial instruments and valuation techniques

(i) Financial assets

Details of financial assets carried at amortised cost

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Trade receivables	732.35	526.25
Other financial assets	80.34	43.59
Cash and cash equivalents	47.59	173.53
Bank balances other than cash and cash equivalents (includes fixed deposits with banks)	3,065.89	1,558.72
Total	3,926.17	2,302.09
Current assets	3,888.89	2,292.49
Non-current assets	37.28	9.60
Total	3,926.17	2,302.09

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

(ii) Financial liabilities

Details of financial liabilities carried at amortised cost

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Borrowings	4.30	1.20
Trade payable	461.58	396.47
Other liabilities (includes lease obligations)	296.52	93.21
Total	762.40	490.88
Current liabilities	744.41	489.02
Non current liabilities	17.99	1.86
Total	762.40	490.88

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

40 Fair value measurements (Contd.)

b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Particulars	Fair Value Hierarchy (Level)	Fair Value	
		As at 31 st March, 2023	As at 31 st March, 2022
Financial assets			
Investments			
Equity instruments	3	0.45	0.45
Financial liabilities			
Derivative financial liabilities	2	-	-

There has been no transfer between Level 1 and Level 2 during the year and during the previous year.

41 Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

Risk is inherent in the Company's activities but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2023, years ended and March 31, 2022. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

I Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

i Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed significantly to such risk.

ii Foreign currency risk

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements.

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

41 Financial risk management (Contd.)

Particulars of hedged and unhedged foreign currency exposures as at the reporting date:

Particulars	Currency	As at 31 st March, 2023		As at March 31, 2022	
		Foreign Currency	INR	Foreign Currency	INR
Unhedged foreign currency exposures					
Trade Receivables	EUR	0.00	0.07	0.05	4.19
	USD	0.24	19.46	0.95	72.18
	CHF	-	-	0.02	1.32
	GBP	-	-	0.00	0.03
Bank Balance	USD	-	-	0.25	19.25
	EUR	-	-	0.00	0.15
Trade Payables	EUR	0.07	6.02	0.05	4.15
	USD	0.86	70.31	0.53	40.69
	CHF	0.01	0.69	0.01	0.63
	GBP	0.00	0.10	-	-
Net Exposure	EUR	0.07	5.96	0.00	0.11
Net Exposure	USD	0.62	50.85	(0.67)	(50.74)
Net Exposure	CHF	0.01	0.69	(0.01)	(0.69)
Net Exposure	GBP	0.00	0.10	(0.00)	(0.03)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, CHF, GBP and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives not designated as cash flow hedge and foreign currency derivatives with underlying foreign currency monetary assets/liabilities designated as cash flow hedge. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

Impact on profit before tax	Impact on profit before tax	
	31 st March, 2023	31 st March, 2022
EURO Sensitivity		
INR/ EURO - Increase by 1%	(0.06)	(0.00)
INR/ EURO - Decrease by 1%	0.06	0.00
USD Sensitivity		
INR/ USD - Increase by 1%	(0.51)	0.51
INR/ USD - Decrease by 1%	0.51	(0.51)
CHF Sensitivity		
INR/ CHF - Increase by 1%	(0.01)	0.01
INR/ CHF - Decrease by 1%	0.01	(0.01)
GBP Sensitivity		
INR/ GBP - Increase by 1%	(0.00)	0.00
INR/ GBP - Decrease by 1%	0.00	(0.00)

Favourable impact shown as positive and adverse impact as negative.

The exposure to other foreign currencies is not significant to the Company's financial statements.

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

41 Financial risk management (Contd.)

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 9. The charge of impairment to Statement of profit and loss is disclosed in note 9 above.

Financial instruments and bank deposits

"Credit risk from balances with banks, loans and other financial assets are managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties having a good market reputation and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023, March 31, 2022 is the carrying amounts as disclosed in the financial statements."

III Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. The management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

(i) Maturities of financial liabilities-

The tables below summarises the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

March 31, 2023	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	1.06	2.11	1.13
Trade Payables	461.58	-	-
Other financial liabilities			
Lease obligation	6.32	10.35	4.40
Other payables	275.45	-	-

March 31, 2022	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	0.85	0.35	-
Trade Payables	396.47	-	-
Other financial liabilities			
Lease obligation	2.04	1.52	-
Other payables	89.65	-	-

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

42 Disclosure of ratios

Sr. No	Particulars	31 st March, 2023	31 st March, 2022
1	Financial Ratios		
	Current Ratio	5.02	4.40
	% Change from previous year / period	14.1%	7.6%
	Reason for Variance more than 25%:	Refer note below	Refer note below
2	Debt-Equity Ratio	0.00	0.00
	% Change from previous year / period	0.0%	0.0%
	Reason for Variance more than 25%:	Refer note below	Refer note below
3	Debt Service Coverage Ratio	82.31	90.79
	% Change from previous year / period	-9.3%	35.5%
	Reason for Variance more than 25%:	Refer note below	Owing to increase in EBITDA and reduction in Finance cost
4	Return on Equity	11.48%	14.52%
	% Change from previous year / period	-20.9%	-3.5%
	Reason for Variance more than 25%:	Refer note below	Refer note below
5	Inventory turnover ratio	8.75	8.23
	% Change from previous year / period	6.3%	4.8%
	Reason for Variance more than 25%:	Refer note below	Refer note below
6	Trade Receivables turnover ratio	4.31	4.35
	% Change from previous year / period	-1.1%	-8.8%
	Reason for Variance more than 25%:	Refer note below	Refer note below
7	Trade Payables turnover ratio	6.32	5.88
	% Change from previous year / period	7.4%	-0.7%
	Reason for Variance more than 25%:	Refer note below	Refer note below
8	Net working capital turnover ratio	5.31	5.52
	% Change from previous year / period	-3.7%	-7.3%
	Reason for Variance more than 25%:	Refer note below	Refer note below
9	Net profit ratio	18.36%	19.08%
	% Change from previous year / period	-3.8%	-2.2%
	Reason for Variance more than 25%:	Refer note below	Refer note below
10	Return on Capital employed	12.48%	18.30%
	% Change from previous year / period	-31.8%	3.1%
	Reason for Variance more than 25%:	Owing to increase in Capital Employed due to Initial Public Offer	Refer note below
11	Return on investment	2.99%	4.38%
	% Change from previous year / period	-31.6%	-26.5%
	Reason for Variance more than 25%:	Owing to Increase in Fixed Deposits	Owing to reduction in bank fixed deposits rates
12	Return on Invested Capital	25.65%	33.41%
	% Change from previous year / period	-23.2%	3.1%
	Reason for Variance more than 25%:	Refer note below	Refer note below

Note: Since the change in ratio is less than 25%, no explanation is required to be disclosed.

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

42 Disclosure of ratios (Contd.)

Explanations to items included in computing the above ratios:

1. Current Ratio: Current Asset over Current Liabilities
2. Debt-Equity Ratio: Debt (includes Borrowings and Current & Non-Current Lease Liabilities) over total share holders equity (including Reserves & Surplus)
3. Debt Service Coverage Ratio: EBITDA (includes other income) over Principal + Interest
4. Return on Equity Ratio: Profit After Tax over average Equity (including Reserves & Surplus)
5. Inventory turnover ratio: Revenue from operations over average Inventory
6. Trade Receivables turnover ratio: Revenue from operations over average Trade Receivable
7. Trade payables turnover ratio: Revenue from operations over average Trade Payable
8. Net working capital turnover ratio: Revenue from operations over average working capital [average working capital = Inventory + Receivables - Payables]
9. Net profit ratio: Profit After Tax over Total Income
10. Return on Capital employed: Profit Before Interest & Tax over Capital employed (Capital employed includes total share holders equity, borrowings, short term and long term lease liabilities)
11. Return on investment: Interest income on fixed deposit + Mutual fund investment gain over average investments (investments includes investments in mutual funds, margin money and bank deposits)
12. Return on Invested Capital: Profit Before Interest, Tax (excluding Interest Income) over Capital employed (Capital employed includes total share holders equity, borrowings, short term and long term lease liabilities less cash & cash equivalents and bank balances).

43 Capital Management

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to equity holders of the Company.

Particulars	31 st March, 2023	31 st March, 2022
Borrowings (Non Current)	3.24	0.35
Trade payables	461.58	396.47
Book overdraft	-	-
Less: Cash and cash equivalents (includes deposits with maturity of more than 3 months but less than 12 months)	(2,859.26)	(1,558.72)
Net (surplus) / debt (A)	(2,394.42)	(1,161.90)
Equity	5,512.83	3,400.15
Capital and net debt (B)	3,118.41	2,238.25
Gearing ratio (1:(B/A))	1 :-1.3	1 :-1.93

44 Dividend

The final dividend proposed for the year is as follows:

Particulars	Year ended 31 st March, 2023	Year ended 31 st March, 2022
Dividend		
On Equity Shares		
Amount of Dividend	102.45	92.23
Dividend per Equity Share	Rs. 3.35 per share	Rs. 3.35 per share
Face Value of Share	Rs. 5.00 per share	Rs. 5.00 per share

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

45 Other Statutory Information

Below disclosures are not given since there are no such transactions

- (a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (b) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (c) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (e) There is no Scheme of Arrangement approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013.
- (f) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (g) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (h) The Company has complied with the the number of layers prescribed under of Section 2(87) of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (i) The Company has not been declared willful defaulter by any bank or financial Institution or other lender.

For B. K. Khare & Co.

Firm Registration Number: 105102W

Chartered Accountants

Aniruddha Joshi

Partner
 Membership Number: 040852
 Place: Pune
 Date: May 18, 2023

For and on behalf of the Board of Directors of Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited)

Praveen P Kadle

Chairman
 DIN: 00016814
 Place: Pune
 Date: May 18, 2023

Jitendra B Divgi

Managing Director
 DIN: 00471531
 Place: Pune
 Date: May 18, 2023

Sudhir Mirjankar

Chief Financial Officer

 Date: May 18, 2023
 Place: Pune

Satish Kadrolli

Company Secretary and Compliance Officer (ACS - A43677)
 Date: May 18, 2023
 Place: Pune

DIVGI TORQTRANSFER SYSTEMS LIMITED

Reg Office: Plot no. 75, General Block, MIDC Bhosari, Pune 411026

CIN: U32201MH1964PLC013085

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **58th ANNUAL GENERAL MEETING** of the Company held on Monday, July 31, 2023 at Auditorium of Auto Cluster Development and Research Institute, Chinchwad, Pune-411019 at 03:00 PM

**Applicable for investors holding shares in electronic form.*

Signature of Shareholder / proxy

DIVGI TORQTRANSFER SYSTEMS LIMITED

Reg Office: Plot no. 75, General Block, MIDC Bhosari, Pune 411026

CIN: U32201MH1964PLC013085

PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s) Registered address		E-mail Id Folio No/ *Client Id/*DP Id	
---	--	--	--

I/We, being the member(s) of _____ shares of Divgi TorqTransfer Systems Limited, hereby appoint:

- 1) _____ of _____ having e-mail id or failing him _____ or failing him
- 2) _____ of _____ having e-mail id or failing him _____ or failing him
- 3) _____ of _____ having e-mail id or failing him _____ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **58th ANNUAL GENERAL MEETING** of the Company, to be held on Monday, July 31, 2023 at Auditorium of Auto Cluster Development and Research Institute, Chinchwad, Pune-411019 at 03:00 PM

**** I wish my above Proxy to vote in the manner as indicated in the box below:**

Resolutions	For	Against
1. Adoption of Accounts		
2. Declaration of Final Dividend		
3. Re-appointment of Director retiring by rotation- Mr. Jitendra Divgi		
4. Re-appointment of Director retiring by rotation- Mr. Hirendra Divgi		
5. Approval to continue the Directorship of Mr. Pradip Vasant Dubhashi (DIN: 01445030) as Non-Executive Independent Director beyond the age of 75 years in his current tenure		

Signed this _____ day of _____ 2023

Signature of shareholder

Affix
Re.1
Revenue
Stamp

Signature of first proxy holder

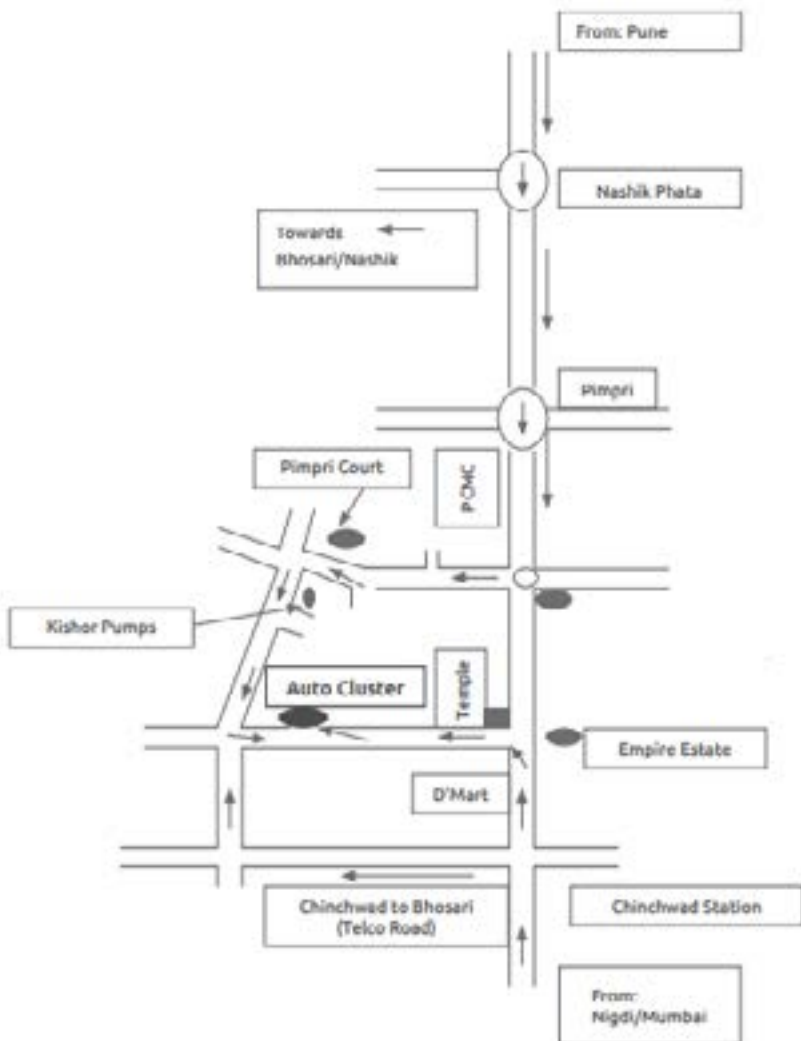
Signature of second proxy holder

Signature of third proxy

Notes:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

AGM VENUE ROUTE MAP





Divgi TorqTransfer Systems

Registered Office

Plot No. 75, General Block, MIDC,
Bhosari, Pune - 411026

