



Divgi TorqTransfer Systems

Divgi TorqTransfer Systems Limited

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Ref.: DTTS/Sec/24-25/37

July 18, 2024

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: Resubmission of the Annual Report for the Financial Year 2023-24.

Dear Sir / Madam,

This is with reference to our letter no. DTTS/Sec/24-25/32 dated July 06, 2024, we are enclosing herewith a revised copy of the Annual Report and the Notice convening the 59th Annual General Meeting ("Notice") of the members of Divgi TorqTransfer Systems Limited scheduled to be held on Monday, July 29, 2024, 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.

The revised submission is due to some modifications made in the Business Responsibility and Sustainability Report (BRSR).

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

Thanking you,

For **Divgi TorqTransfer Systems Limited**

Sanika Nirgude
Company Secretary & Compliance Officer
A71466

Enclosure: As above



Divgi TorqTransfer Systems

Divgi Torqtransfer Systems Limited
Annual Report 2023-24

Building our 'IMTG' story

How our company is building the India-
Manufacturing-Technology-Global value proposition
to emerge as one of the fastest growing drivetrain
solutions provided in the world

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Online Annual report
www.divgi-tts.com

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 realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should know or unknown risks or uncertainties materialise, 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 principal messages of this annual report

1

Divgi-TTS remains optimistic about growth, marked by a sharp increase in anticipated revenues

2

Divgi-TTS invested in cutting-edge manufacturing, asserting its leadership in tech-driven global powertrain standards.

3

Divgi-TTS' strategy of eclectic global technology curation facilitates bespoke cutting-edge solutions to address specific market needs.

4

Divgi-TTS has emerged as a strong global contender, providing modern solutions promptly, responsively, and with comprehensive customer engagement.

5

Divgi-TTS aims to capitalise on emerging opportunities by enhancing the motoring experience, entering EV markets, and expected to double its size in three years, enhancing stakeholder value.



PART ONE

WHAT WE ARE AND WHAT WE DO



Corporate snapshot

Divgi TorqTransfer
Systems Limited.

Operating as a
specialised disruptor
in one of the most
sophisticated
segments of India's
automotive sector.

Focusing on
designing, developing,
customising, and

producing cutting-edge drivetrain systems and solutions for automotive brands.

Excelling in a niche market, marketing products in Indian and global markets and doing so without any debt.



Vision

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



Mission

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



Our footprint

Divgi-TTS is based in Pune, India, and runs three manufacturing plants in Pune, Maharashtra, along with one in Sirsi, Karnataka.



Values

Respect for each other: Foster an environment of transparency, trust, and collaboration, honoring the dignity of every individual and celebrating the richness of diversity among all.

Power of collaboration: Maintain the liberty of each individual while fostering a robust business through a shared sense of mission.

Passion for excellence: Enhance our efficiency by promoting innovation and instilling a sense of urgency in tackling every business challenge and opportunity.

Personal integrity: Require unwavering ethical conduct with a dedication to doing what's right, regardless of circumstances, and taking full accountability for our commitments.

Responsibility to our communities: Aspire to deliver products and services of exceptional value to our customers, create meaningful job opportunities, and generously contribute our talents and resources to the communities where we operate.



Our background

Founded by Mr. Ramrao Divgi and Mr. Bhaskar Divgi in the early 1960s, The Divgi Group entered into a partnership with BorgWarner in September 1995, resulting in the establishment of Divgi Warner. However, in 2016, Divgi Metal Wares took over the joint venture, rebranding it as Divgi-TTS. Thereafter, the Company has made significant strides in advancing diverse transmission systems, including transfer cases, manual transmission, electric transmission, and dual-clutch transmission.



Our products portfolio

Divgi-TTS specialises in crafting drivetrain systems and related components for a diverse array of vehicles, spanning passenger cars, commercial vehicles, utility vehicles, and agricultural machinery. Its product portfolio includes 4WD transfer cases, synchroniser systems, automatic locking hubs, torque couplers, electric vehicle transmissions, manual cum automatic transmissions. The Company also manufactures crucial components essential for the efficient functioning of drivetrains and transmissions.



Our customer base

Divgi-TTS serves a varied clientele across local and international markets. The Company established enduring partnerships with leading domestic and global original equipment manufacturers (OEMs) in the automotive sector, such as BorgWarner, Tata Motors, Aisin, Mahindra & Mahindra and MG Motors among others. Some of these relationships have been cultivated for over 50 years, derived from the Company's previous joint ventures. Divgi-TTS collaborates with global OEMs from the initial stages of design and development, ensuring that its products are tailored to address their precise requirements.



Our approach

Utilising its 21-year collaboration with global joint venture partner BorgWarner, Divgi-TTS enhanced its technological capabilities. Under the agreement, the Company designed, developed, and produced BorgWarner's 4WD/AWD product range under a technology license. Thereafter, through its own

efforts, Divgi-TTS broadened its product portfolio:

- Created state-of-the-art transmission systems for electric vehicles
- Worked with Hofer Powertrain from Stuttgart, Germany, to create

advanced dual-clutch automatic transmission technology

- Manufactured advanced manual transmission systems and synchronisers tailored for global 5- and 6-speed applications.



Our expanding presence

Divgi-TTS has progressively broadened its global presence. Historically, domestic sales contributed less than 75% of revenues, with more than a quarter of its revenue derived from international sales. This showcases its capability to thrive in a competitive, technology-oriented market.



Our partnerships

Divgi-TTS has established strategic partnerships with prestigious engineering institutions like the Indian Institute of Technology Bombay, College of Engineering Pune (COEP), and Birla Institute of Technology and Science, Pilani (BITS). These collaborations have facilitated the attraction of qualified engineers, including those with M. Tech and post-graduate degrees. The Company has forged alliances with specialised agencies in Stuttgart and Aachen, Germany, renowned for their expertise in transmission technologies, enhancing its technological prowess.



Our accreditations

Divgi-TTS has earned several certifications, underscoring its dedication to environmental sustainability, quality management, and employee safety. The Company holds the ISO 14001:2015 certification for Environmental Management Systems, affirming its commitment to eco-friendly practices. It has also achieved the ISO 45001:2018 certification for Occupational Health & Safety Systems, emphasising employee well-being. Additionally, Divgi-TTS has been awarded the IATF 16949:2016 certification for Quality Management Systems, recognising its adherence to rigorous quality standards.



Our leading technology suppliers

Hofer: The Company is a trusted provider of advanced powertrain solutions for electrification, hybridisation, and internal combustion engines. With over 40 years of experience, it serves as a reliable independent partner to the mobility sector, providing innovative technologies and products to companies worldwide.

FEV Group: The Company is a globally recognised pioneer in designing and advancing gasoline, diesel, hybrid powertrains, and vehicle systems. It was established in 1978 as a privately-owned enterprise by Prof. Franz Pischinger, leader of the Applied Thermodynamics Department at the Technical University of Aachen. In 2020, the Company unveiled the world's largest development and testing center of high-voltage batteries for passenger and commercial vehicles.

Borg Warner: BorgWarner Inc. manufactures automotive components for internal combustion, hybrid, and electric vehicles, serving light vehicles, commercial vehicles, and off-highway applications worldwide. Its products include turbochargers, emission systems, transmission components, timing devices, all-wheel drive systems, and electrical devices. Headquartered in Auburn Hills, Michigan, BorgWarner operates in Europe, North America, and Asia.



Recognition and honors

2008

- Innovation Award for ECU development by BorgWarner
- The BorgWarner Chairman's Operational Excellence Award by BorgWarner Production System

2018

- Toyota Quality Award by Toyota Kirloskar Auto Parts
- First prize at the National HR Circle Competition organised by Confederation of Indian Industry

2021

- Special Appreciation Award by Mahindra Rise for the Thar transfer case
- Outstanding Development for Gears and Synchronisers' certificate by Force Motors
- Zero Defect Supplies Award by Toyota Kirloskar Auto Parts
- Supplier of the Year Award by Toyota Kirloskar Auto Parts

2015

- Best Eco Kaizen Award awarded by Toyota Kirloskar Motor

2019

- Toyota's Quality Circle Competition Award by Toyota Kirloskar Suppliers Association
- First prize at the National HR Circle Competition organised by Confederation of Indian Industry

2022

- Toyota Best Supplier Award
- First prize at the National HR Circle Competition organised by Confederation of Indian Industry

2024

Mahindra Supplier Excellence Award - Special Appreciation Award for ScorpioN

2017

- First runner up at the National HR Competition Circle organised by Confederation of Indian Industry
- Zero Defect Supplies Award by Toyota Kirloskar Auto Parts

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

2023

- Mahindra Powertrain Proprietary Commodity Award
- Toyota Best Supplier Award

Our milestones

1942

Meeran Trading, Bombay: RN Divgi partnered C.H. Khizar Mohammad & Co of Madras

1957

Kraft Tools Pvt. Ltd Harihar, Mysore State: Manufactured components, gears and other powertrain components.

1964

Divgi Metal wares Pvt. Ltd, Pune, Maharashtra: Manufactured metal ware components, gears and other powertrain components.

1995

Divgi Warner: Joint Venture with BorgWarner Automotive, USA, to manufacture products technology-led products for SAARC

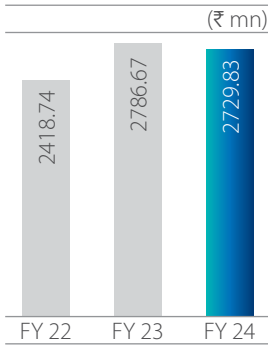
2016

Divgi TorqTransfer Systems: Buys out BorgWarner equity in Divgi Warner; emerges technology-independent; becomes Divgi TorqTransfer Systems (Divgi-TTS)

2023

Divgi-TTS goes public; listed on BSE and NSE

How we performed over the years



Revenues

Definition

Growth in sales net of taxes.

Why this is measured

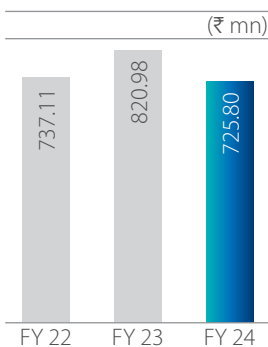
It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the Company's performance can be compared with sectoral peers.

What this means

Aggregate sales decreased 2.04% 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

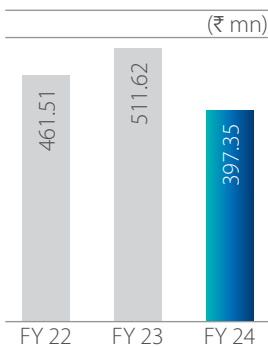
It is an index that showcases the Company's ability to generate a surplus after operating costs, creating a base for comparison with sectoral peers

What this means

Helps create a robust surplus generating engine that facilitates reinvestment.

Value impact

The Company reported a decreased 11.59% in EBITDA in FY 2023-24, attributable to a lower volume of transfer case and export due to an end of life cycle programme and replacement of export with domestic components business (lower margins compared to exports).



Net profit

Definition

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

Why this is measured?

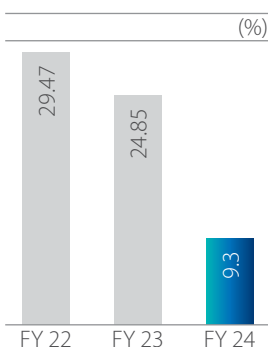
It highlights the strength of the business model in generating value for shareholders.

What this 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 22.33% decrease in net profit in FY 2023-24.



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 1550 bps decrease in ROCE in FY 2023-24.



Our global presence

Historical revenue break-up

Year	Export in %	Domestic in %
FY18	38	62
FY19	37	63
FY20	44	56
FY21	46	54
FY22	25	75
FY23	5.06	94.94
FY24	1	99

Projected revenue break-up

Year	Export in %	Domestic in %
FY25	16	84
FY26	21	79
FY27	22	78



Sales footprint of Divgi - TTS





PART TWO

THE BIG PICTURE



At Divgi-TTS, we are not the usual powertrain solutions growth story.

The fundamental driver of our growth is coming from a structural shift in the global automotive sector.

This is likely to widen and deepen our presence as a global powertrain solutions provider.

This is likely to create one of the most compelling success stories in the global automotive sector.



#1

Moving towards specialised partnerships

There was a time in the past when automotive companies sought to manufacture most of the critical equipment going into automobiles.

This proprietary manufacture was driven by the need to maximise value-addition from within and retain supply chain control over the most critical parts of the automobile assembly.

There has been a substantial rethink since.

A growing number of automobile majors are seeking to outsource the manufacture of critical components (like powertrain systems) to specialised partners.

This selective outsourcing is empowering companies to divest their research-led and technology-driven teams, moderating costs.

This outsourcing is empowering automobile companies to become more market-facing and launching models in line with evolving customer expectations.

In turn, this development is widening the room for specialised product development that would otherwise be done by OEMs.

Widening the market for a focused powertrain company like Divgi-TTS.



#2

The mechanical blended with the digital

During the last few decades, technology evolution related to powertrain solutions was gradual.

Large automobile companies designed and delivered powertrain solutions without the need for extensive re-imagination.

There has been a change since.

The last decade has blended the role of the digital with the mechanical.

Besides, the emergence of cutting-edge technologies – including artificial intelligence – has transformed the game from the tried and tested to the new and experimental.

There is now a larger role of digital engineering in the design, development and delivery of complete powertrain solutions.

The dynamic nature of the sophistication needed to develop modern powertrain solutions has widened the room for specialised players.

These players possess an insight into blending the digital with the mechanical in the process and product.

Widening the market for a future-facing powertrain company like Divgi-TTS.





#3

Creating a cross-continental eco-system

During the last number of decades, automobile companies built an eco-system of vendors around their geographic presence.

This was done with the objective of accelerating deliveries and making all supplies just-in-time.

While the basic principle remains unchanged, there has been a subtle shift.

Automobile companies are beginning to outsource sophisticated components from specialised manufacturers across continents.

These partners are backed by digital information systems to ensure that deliveries remain just-in-time and resource inventories remain moderate.

This is bringing into play a new dimension in the global automotive eco-system.

It is not going to be enough to just design and develop a cutting-edge product; it is important that on-time and in-full delivery remains unerringly consistent.

This reality is widening the room for companies that comprehend cross-continental service and logistics.

Enhancing on focus companies like Divgi-TTS who possess a credible track record of servicing customers the world over.



#4

Emergence of the technology aggregator

Even within the niche of specialised technology component providers servicing the global automotive sector, there has been a decisive change across the last decade.

These niche companies are focused on developing considerably sophisticated products.

These companies recognise that in a rapidly transforming space, it would be virtually impossible to specialise in every aspect of product design and development.

These companies have instead selected to collaborate and partner global technology creators and start-ups.

They permute and combine cutting-edge technologies in line with evolving customer needs.

They are engaged in building a responsive eco-system and network of global technology providers.

They are essentially technology-agnostic and gravitate to whichever technology is helping extend their product effectiveness.

They possess an inside-out perspective of seeing what other specialists are innovating and adapt with speed thereafter.

They possess an enhanced strategic flexibility; they are asset-light, incur relatively low research costs and bear no employer liabilities, leading to the best solution in the shortest time.

Creating a wider berth for a company like Divgi-TTS, engaged with a number of niche technology providers, playing the role of an expert and effective aggregator.





#5

Shrinking the product development tenure

The design, development and delivery of powertrain solutions is a time-consuming exercise.

The subject warrants a patient investment in building a research culture, talent, equipment and infrastructure.

However, this goes against the needs of an impatient marketplace.

In this marketplace, customer choice changes with speed; the preferred model of yesterday becomes the obsolete of today and the irrelevant of tomorrow.

There is a growing need for research-driven powertrain solution providers to deliver with speed.

There is a growing need for powertrain solution providers to get their principals into launch mode faster.

There is a growing need for powertrain solution providers to democratise advanced transmission systems for the masses and enhance the OEM price-value proposition.

Deepening relevance of nimble powertrain solutions providers like Divgi-TTS with a respect for turning projects around in among the shortest timelines in the world.



#6

Enhancing the customer's driving ease

There was always a need for enhanced driving ease.

However, if this requirement is now at the top of every automobile maker the world over, there is a reason.

Cities are increasingly congested. Traffic speed has declined. Urban driving is a nightmare.

This is putting a premium on enhanced driving convenience.

The automobile component that maximises driving convenience – beyond shock absorber or air-conditioner or plush upholstery – is the transmission system.

The more specialised the powertrain solutions company, the greater the driving or riding ease.

Reinforcing the relevance of a research-led powertrain solutions company like Divgi-TTS that empowering its principals to win markets and delight customers.





#7

Making the world EV-ready



There is a premium on powertrain solution providers the world over.

They carry the responsibility to make the world ready for electric vehicles.

They need to enhance transmission systems efficiency of electric vehicles.

They need to develop hybrid-compatible transmission systems.

They need to empower OEMs to accelerate the transition to hybrids.

They need to step into the world of tomorrow while addressing the realities of the day.

Divgi-TTS responded to this priority with the development of a showpiece Shirwal plant – in terms of product vision, processes and facilities – in less than two years; enhancing its readiness to enhance the world’s preparedness for cleaner mobility.

Products developed in FY 2023-24

- Developed three EV transmissions product internally.
- Successfully launched India’s first High speed Dynamometer for Manual Transmission, EV transmission, and 4WD transfer case.
- Commercialised the Shirwal plant

Our valued customers

BorgWarner

A premier global provider of automotive technology. Recognised within the top 25 automotive suppliers globally, the Company runs manufacturing plants and advanced technical systems. With a robust track record of acquiring and seamlessly integrating various automotive entities, it is deepening its standing in the global automotive sector.

Mahindra Rtse.

Founded in 1945 and headquartered in Mumbai, The Company is a multinational automotive manufacturing corporation. It operates as a subsidiary under the esteemed Mahindra Group. Renowned for its production capacity, it stands as one of India's foremost vehicle manufacturers, holding the 17th position on the prestigious Fortune India 500 roster of top companies in 2018.



A British car company owned by SAIC Motor UK and, a subsidiary of the Shanghai-based Chinese state-owned company SAIC Motor. Headquartered in London, UK, MG Motor designs, develops, and markets cars under the MG brand. Vehicle manufacturing occurs at MG Motor's plants in China, Thailand, and India, with car design originally engineered in Long Bridge, Birmingham, UK.



A member of the Tata Group founded by Jamsetji Tata in 1868, this is India's largest automobile company. Tata Motors is a leading manufacturer of cars, sports vehicles, buses, trucks, and defense vehicles. Its products are sold in over 175 countries, catering to a diverse range of customers for both on-road and off-road applications.



A prominent Indian joint venture between Toyota Motor Corporation and the Kirloskar Group, is based in Bidadi, Karnataka. The Company excels in manufacturing transmissions and cars that are highly regarded in India and acclaimed worldwide.



A leading manufacturer of earthmoving and construction equipment in India. Began as a joint venture in 1979 and now a fully-owned subsidiary of J.C. Bamford Excavators, in the United Kingdom.



An Indian multinational automotive manufacturer headquartered in Chennai is owned by the Hinduja Group. Founded in 1948 as Ashok Motors, it was renamed Ashok Leyland in 1955. The second-largest manufacturer of commercial vehicles in India, the third-largest manufacturer of buses globally, and ranks as the tenth-largest manufacturer of trucks.



Headquartered in Pune, India, this is a leading multinational automotive manufacturer and the flagship company of the Dr. Abhay Firodia Group. Specialising in comprehensive solutions for goods and passenger transportation, Force Motors is guided by its founder's visionary approach. The Company is dedicated to providing efficient, utilitarian vehicles that enable individual entrepreneurs to meet their own needs and those of the nation.



PART THREE

OUR MANAGEMENT'S VIEWS ON POSITIONING, PERFORMANCE, AND PROSPECTS



The Chairman's perspective



By being at the cusp of cutting-edge technologies, globally competitive manufacture and a world-class manufacturing facility, the Company is expected to grow attractively over the 3 to 5-year horizon of its Long-Range Plan.

Overview

There is a sense of excitement within the automotive sector the world over, which forms the basis of optimism in this communication.

There are some dramatic changes that one expects across the coming decade, driven by the extensive deployment of algorithms and the possible infusion of Artificial Intelligence within the sector.

If there is a principal message that one needs to communicate, it is this: automotive vehicles will be more about algorithms than conventional engineering. In view of this, the automotive company with a superior algorithm is likely to be more competitive than competition struggling to keep in step. In this rapidly transforming space, there will be a bigger premium for digitalised interventions – not just in providing a small visual display within the vehicle or the flexibility to adjust convenience-influencing controls. The very existence of an automobile, its capacity to road surfaces, be driven human-less, recognise component fatigue and making proactive component changes represent the future.

It would not be an exaggeration to state that some of the most specialised software companies are likely to create the next generation of automobiles – with fewer components and enhanced maneuverability.

There is a second trend that is becoming increasingly visible within the sector, especially within India. With increasing prosperity and better national highways, there is a trend towards buying larger cars. In the last three years, we have

seen the emergence of SUV-isation, wherein families are seeking to buy larger automobiles for enhanced comfort and longer drives.

There is a third trend that could completely transform the automotive sector. An increasing number of countries are announcing 2030 targets of the proportion of their new car launches that will need to be electric in nature. India is one of them; the government announced that 30% of all new launches in the country will need to be electric six years from now.

Probable outcomes

What do these realities mean for a company like Divgi-TTS?

One, these realities broaden our landscape; for instance, the emergence of electric vehicles provides us with the opportunity to extend beyond the usual transmission systems towards more of the value-added.

Two, the increased offtake of SUVs widens our market for four-wheel drive systems.

Three, the increased emphasis on technologies puts a company like ours in the middle of related technology development, considering that we possess a rich technology pedigree and are often referred to as a disruptor in a relatively mature global powertrain sector.

Divgi-TTS brings to this space a distinctive competence. The Company possesses proprietary competencies in product and technology development; what it does not know, it seeks to source

from some of the most competent in those niches the world over.

Divgi-TTS has over the years enhanced the role of technology in its products and moderated costs, creating one of the most compelling price-value propositions within the global powertrain sector.

Divgi-TTS has marketed its products in virtually every prominent global market like Asia, Europe, Russia and North America, demonstrating a commitment to customise products around respective terrains.

A company of Divgi-TTS' pedigree should deliver revenues around a CAGR of 20%, as I had indicated at the time of the IPO in 2023. The Company did not do so during the year under review. The Company will need to enhance agility and responsiveness; it will need to deepen its competitive edge; it will need to enhance its cost advantage; it will need to strengthen market insights.

Going ahead, I see the management addressing these points and I am optimistic that this will lead to customers engaging with Divgi-TTS in a deeper way across the foreseeable future. By being at the cusp of cutting-edge technologies, globally competitive manufacture and a world-class manufacturing facility in Shirwal, the Company is likely to grow attractively across the foreseeable future, enhancing value for all its stakeholders.

Praveen Kadle
Chairman



Managing Director's perspective



Our back story...

How we pulled off the odds and emerged as a case study in the global powertrain solutions segment of a modern automotive components sector

Overview

At Divgi-TTS, it is not only important to understand and appreciate what we are doing today; it is imperative to know where we have come from.

At Divgi-TTS, we are attractively placed – structurally, intellectually and financially – to seize a global opportunity that comes but rarely.

We have arrived at this position after serving an enduring and enriching apprenticeship that makes us a company with a past that is positioned towards the future.

There was a time when the Indian automobile component companies serviced the global market in their capacity as copy-pasting re-toolers. Most of these component companies would be provided a design, would be asked to manufacture in line with that, and the remuneration would inevitably be structured around a cost-plus approach. Most Indian component manufacturers engaged with such global giants in the capacity of glorified sweat shops; most global giants engaged

with such Indian companies on account of a wage arbitrage.

A few things transpired during these supposedly non-value-adding engagements. Most Indian back-end manufacturers began to develop an operating discipline comprising documentation, certifications, systems, cost management and quality consistency. The result is that these Indian companies developed a reputation for being quality replicators, period.

Within this large cohort of Indian companies was a minority. These companies did not just do what they were asked; they offered suggestions on how the products could be improved. These companies did not just engage in mechanical manufacture; they sought to decode the designs behind those products. These companies were not content with manufacturing relatively simple products; they asked to manufacture complex products instead.

Divgi-TTS was one of those companies.

Transcended the glass ceiling

Divgi-TTS is one of the few Indian companies to have transcended the sectorial glass ceiling.

We have achieved what few companies in the high-end technology niche of the Indian automotive companies have done.

- We did not just engage with an international powertrain company;

we partnered with one of the best and largest (BorgWarner).

- We did not just engage with this giant for a few years; we engaged for more than two decades.
- We did not just manufacture products required by BorgWarner; we gradually understood the technologies behind them.

- We did not remain restricted to the 'what'; we graduated to the 'how' and 'why'

The result of this patient maturing is that in 2016, Divgi-TTS did what most industrial observers considered unthinkable.

The Company went independent of its technology parent.

Confidence player

The biggest challenge of Divgi-TTS was one of confidence.

One, most of its existing customers felt that the Company would be challenged to service their technology-intensive requirements.

Two, most felt that in a rapidly evolving technology space, Divgi-TTS would struggle to catch up with the past, forget the present or the future.

Three, most felt that Divgi-TTS would not be able to inspire confidence and get orders

from technology-demanding international customers.

Four, most felt that Divgi-TTS would need to pay a large fee if it accessed knowhow from large international technology companies.

Five, most felt that without the association of its international partner, Divgi-TTS possessed no calling card with which to attract international attention.

Six, most felt that there would be no change in Divgi-TTS' calling as

a fabricator; it would remain one, with BorgWarner or without.

Seven, most felt that there was nothing that Divgi-TTS had done or learned that was not different from manufacturing what it had been told and how it had been told, so charting an independent destiny would be improbable.

At Divgi-TTS, we enunciated a sentence that proved to be a turning point in our existence.

'We will develop our own technology.'

Daring the difficult

It was easy saying so.

It was considered virtually impossible that someone – anyone with that scale or scope – could even think of achieving what was being asked.

The Company needed to induct technology professionals. This warranted a brand. It had none.

The Company needed to invest in cutting-edge equipment. This needed cash. It had little.

The Company needed to wrestle with transforming technologies.

This needed a global perspective. It had long focused on the local.

The Company needed to invest in the complex automotive transmission space in a transforming world. This warranted a stronger research foundation. It had few researchers.

The Company needed to invest in the future. This warranted a strong equity partner who believed in the Company's vision. It had none.

The Company needed to become holistically competitive (intellectual, financial, strategic,

locational and cultural). This warranted the deepening of a rich culture of excellence. It needed a starting point.

The Company's obituary-writers were in business. No wonder.

By working at the cusp of cutting-edge technologies, globally competitive manufacture and a world-class manufacturing facility, the Company has charted out a 3-5-year horizon of its Long-Range Plan (LRP). This is expected to translate into multi-year probability and sustainability.



Performance review and strategic outlook

How IMTG continues to be the principal driver of the Divgi-TTS growth story

Overview

This is an important platform for me to communicate where the Company is and where it intends to go.

This communication is comprehensive and perhaps even unusual in the manner in which it communicates. This is deliberate considering that there are various drivers of the global automotive space; there is a priority to present the communication in a reasonably informal manner without making the exercise flippant.

Let me start with the most important sentiment of this year's communication: a disappointment that we could not perform anywhere near our budgeted estimates. The Company reported revenues of ₹272.98 crore, 2% lower than in the previous financial year; the Company delivered an EBITDA of ₹73 crore that was 2.8% lower than in the previous year; EBITDA margin declined by 2.87% and the Company's profit after tax declined 3.9% to ₹40 crore.

In a business where we market products to large OEM customers, our production schedules are dependent on their business plans. In structured businesses like theirs and ours, their model launch estimates are drawn out years in advance, shared with vendors like us so that we may embark on relevant capital expenditure, production planning and eco-system engagement that makes it possible for us to deliver on time to them and for them to deliver in time to their markets.

Mismatches of FY 2023-24

This entire multi-year planning is complex; it covers hundreds of vendors; it factors global economies, currencies, fuel costs, international supply chains, disposable incomes, commodity movements and price-value propositions. If there is one word that encapsulates the complexity of the automotive eco-system, it is 'variables.'

During the last financial year, these variables affected the predictability of the supply chains that we addressed. For instance, one of the largest automotive companies in the country moderated its electric vehicle production volume to a

third of what it had estimated; a prominent automotive company (now Indianized) passed through a management restructuring exercise that interrupted operations and caused its transfer case procurement from our company to be interrupted; for order suppliers addressing the Defence sector, there was a mismatch between projected demand and supply as a result of which the automotive customer moderated procurement from us; our US customers deferred purchases to the current financial year; a prominent Indian automotive brand responded to competitive pressures with a low cost vehicle without a four-

wheel drive that also moderated procurement from us.

The complement of these realities translated into a snow-balling effect where we under-delivered on our vast potential.

Those prompted to pass a harsh judgment while looking at our numbers of the last financial year will need to take a pause.

I remain convinced that the Company's performance during the last financial year was merely a blip in its positive long-term direction. This interruption is likely to be soon corrected, following which Divgi-TTS will return to its growth journey.

Correcting the mismatches

The Company launched EV transmission products that are used in the Tata Tiago, Tigor and Punch entry level sedan model. The Company is developing a similar system for the popular Nexon model and the premium Curvv.

The Company won an order for developing the transmission system for a mass-produced four-wheeler vehicle called e-Jeeto, addressing the last mile delivery sector. The company distinguished

itself through a compressed period of four months in which the system was developed; the high-pressure casing was developed in 75 days; the machining was developed and delivered – right first time – while exceeding demanding NVH benchmarks.

The Company delivered a creditable export performance during the year under review. During the last few years, the Company had exported 25% to 40% of its production, which then declined to nil as customers

changed their vehicle model configurations where the Company's product would have been supplied. During the year under review, the Company's export order book strengthened, which is expected to translate into revenues starting the current financial year to USA, Mexico and Portugal and China.

The Company engaged in active development projects, addressing request-for-quotes to the extent of ₹600 crore.

The IMTG optimism

There are a number of reasons contributing to my optimism. I would prefer to explain our performance through the IMTG (India-Manufacturing-Technology-

Global) prism employed in my communication during the last financial year.

The IMTG platform represents the Company's long-term competitive

positioning, the coming together of diverse cultural, research and manufacturing competencies, translating into a global value proposition.

India (IMTG)

One, the India story is easily the most optimistic realities one has seen in a long time. What makes this optimistic landscape more compelling than before is that in the past there was a positive clarity that extended only across the foreseeable future (three years or so). What makes this optimism different is that the optimism is not milestone and deadlined; it is directional and enduring.

There is a wider optimism that the India growth story is here to stay. What has helped is that the government has implemented policies across sectors that have enhanced sectorial visibility until the end of the decade at least. This has, in turn, translated into capital spending. The government took yet another decisive initiative when it outlined a 25-year vision until 2047. Whether this will be beyond the working careers of many of us

is irrelevant; the message that this perspective – unprecedented in India – is sending out is that the country has a clarity of where it is economically headed.

Two, India is passing through a coming together of advances in the area of information technology, engineering capability, research, cost-effectiveness smartphone penetration, economic growth, start-up entrepreneurship and



the willingness of international investors to participate in the India growth story. These are not disaggregated developments. I see this as a ferment, the outcome of which is likely to be bigger than what India has seen – a positive body language and self-image where India increasingly sees itself as a solution provider of challenging global problems.

Three, India is a distinctive country in one respect (an advantage that it shares with China). It is the world's largest market by population, the fifth largest by economy and the third largest by purchasing power parity. India's size is its biggest advantage: the vastness of its consumption appetite provides its companies, in turn, with the scale to enhance economies and related competitiveness. The result is that successful Indian companies possess a per unit competitiveness to market their products abroad. By the virtue of their domestic standing, these companies are beginning to get globally assertive; by the virtue of their competitive pricing and business models being largely based around the Indian market, these companies are empowered to be aggressive

in their export presence because most of their fixed costs would have been covered across their India operations. This is how most companies enter the export market, carving out market shares before they deepen their focus.

Four, there is something else to be said of India that is gaining currency: its soft currency. The more the world becomes familiar with the Indian culture, music, films and sport, the greater its comfort with the country's image. In turn, this familiarity opens doors for Indian companies when they step outside the country to seek alliances, collaborations or cash. Besides, the ability of Indian companies to forge value-accretive global engagements is the result of a distinctive attribute: a cultural bandwidth and adaptability drawn from an engagement across different Indian cultures. This makes it possible for an Indian to engage comfortably across different cultures across corporate functions, deepening relevance in a globalised world.

Five, Indians have inherited a unique social-cultural-frugal advantage. Indians have

encountered the net practice of everyday challenges that is now been accepted as a part of the Indian way of life; since the Indian has exposed to diverse cultures within, a global multi-cultural approach sits comfortably with the Indian; the combination of educational (read engineering) and behavioral competencies makes an Indian relevant across the world.

The bottom-line is that even as we encountered a mismatch between our budgeted estimates and eventual realities, there was a latent optimism that the upsides that did not transpire during the last financial year could well start happening from the current year onwards or the next. There was a latent conviction of inevitability related to this growth; this is the way India is evolving, inspiring the optimism that growth is here to stay and integral to the Indian economic story.

At Divgi-TTS, this optimism is seeded into us and I would advise our stakeholders to appraise our performance of the last financial year through this prism.

Manufacturing

During the last couple of years, the Company invested ₹100.60 crore in commissioning its fourth manufacturing facility in Shirwal, Karnataka, and strengthening its auto components in manufacturing base.

The facility represents the best technology-driven manufacturing standards in the global powertrain sector.

The Company's manufacturing facilities are best-in-class, marked by cutting-edge equipment investment; all the Company's

investments are designed for competitive and quality manufacture (low variable costs and enhanced fixed asset productivity). The result is a high process discipline of getting quality right the first time.

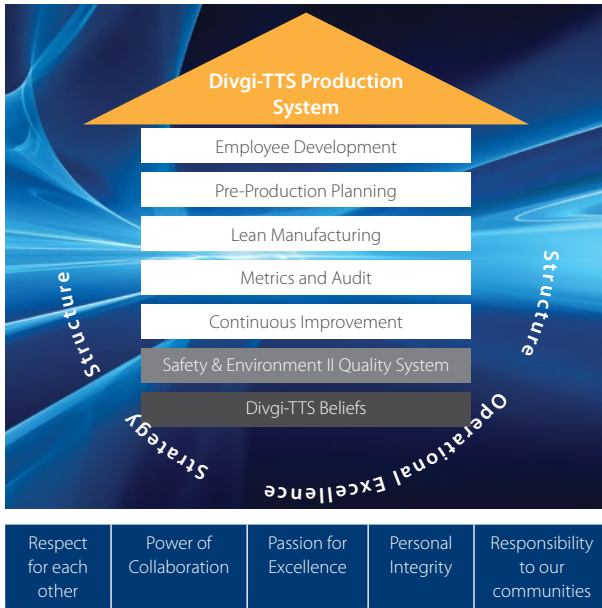
More relevantly, Divgi-TTS Production System (DTPS) represents the framework of how we operate. DTPS positions us to lead in operational excellence, process efficiency and continued improvement. The most valuable improvement opportunities comprise leaning our operations/ processes through Value Stream

mapping, and rolling DTPS across plants and offices with an emphasis on understanding the fundamentals through training and execution.

Our vision is to make Divgi-TTS a benchmark that could enable us to become market leaders in quality, cost and delivery, leading to aggressive growth.

Our mission is to create a robust, profitable and sustainable business where DTPS provides world class goals, 'Work the scorecard' commitment in adopting lean practices and a Six Sigma discipline.

Divgi-TTS Production System: Lean Transformation Model (manufacturing excellence)



- | | |
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Technology (IMTG)

For decades, India’s automotive sector was dismissed as an assembly line where products manufactured globally could only be aggregated. The line ‘Made in India’ was a misnomer.

This was more so when it came to complex products with a technology pedigree. There was just no way that Divgi-TTS – or any other Indian company – could research to create products that could break the technology barrier.

In Divgi-TTS’ case, the prospects appeared particularly despondent. This was a fledgling company that was selecting to work at the heart of a vehicle; this was a company with just a few years in independent existence seeking to excel in a space dominated by giants for decades.

Divgi-TTS did not select to pay the game differently; it selected to change the game instead.

Conventionally, a powertrain solutions company possessed the entire range of technology capabilities.

As start-ups emerged and specialised in niches within niches, there was a growing recognition that while these companies would not possess the complete competence range, they would be leagues ahead within their competence corners. They would not just be able to deliver better; they would be disruptive.

That is the context that enhanced respect for a size-misfit like Divgi-TTS. The concept of one-stop technology ownership was now rethought. There was a wider respect for companies that possessed the competence to curate different technologies – outsourced or insourced – into a consolidated solution.

Then someone said that perhaps this model was not as good as the previous one; it was better.

This is why: the smaller specialist played the ‘Y’ axis; its competence may have gone inch wide but in most cases, it extended a mile deep. When one aggregated all these ‘mile deep’ kind of companies, one arrived at a powertrain solution that could be designed in less time than

convention, designed better than convention and designed around a cost lower than convention.

This was a new world. And right in the middle of that was a company like Divgi-TTS. This was a company that would not develop all the sub-technologies required to develop a powertrain solution from scratch. But here was a company that would permute technologies from the world over and play the role of an informed orchestra conductor: knowing exactly how to bring the various pieces together to create a completely new sound combination. Thus emerged the personality of a reimagined Divgi-TTS. This then is its emerged role in the global powertrain solutions space: it develops cum selectively outsources.

This one decision has shaped the business model of a reinvented Divgi-TTS. The Company’s business segments – manual transmission, automatic transmission, 4-wheel drive and EV transmission – have grouped into an eco-system comprising engineering, testing laboratory, manufacturing, metallurgical and heat treatment.



From a back-end replicator in 2015, Divgi-TTS has emerged as a one-stop transmission system solutions provider.

The result is that Divgi-TTS delivers among the shortest turnaround times in developing a range of automotive transmission systems (automatic and manual).

It has drawn on international technologies customised around Indian needs, the best of both worlds. The combination of digitalisation, automation and scale has helped counter labour costs, keeping the Company competitive across market cycles.

It has extended to develop transmission systems for electric vehicles and serviced a prestigious order for one of the world's most visible EV companies.

Its technology capability has been respected through 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.

It has extended its competence from manufacturing components to delivering the full system, playing a direct role in influencing the success of customer models.

The Company is a hybrid of manufacturing capacity and technology lightness. Even after the Company invested ₹100.60 crore in strengthening its manufacturing capabilities in 2023, it still had ₹264.306 crore of cash as on March 31, 2024 with no debt on its books.

The Company is proving to be nimble: it designs better/faster, it produces better/faster, it produces cheaper. And it does all these at production volumes considerably

smaller than those taken by larger powertrain companies to break even. Within just nine years of venturing to wade alone into the sea, Divgi-TTS is developing complete transmission systems at a cost lower than the global benchmark.

The Company's technology capability has empowered it to extend beyond the transaction; it provides a superior relationship value to our customers, an 'insurance' in a rapidly transforming world. This is largely because Divgi-TTS is technology-agnostic; it permutes a range of cutting-edge technologies from proprietary and global sources. This has helped deliver a multi-technology solution around the best customer price-value proposition. Besides, it has helped future-proof customers through a multi-year engagement (absorbing market changes and technology obsolescence).

Global

At Divgi-TTS, we do not just see ourselves as a powertrain solution provider of Indian origin seeking to market abroad.

We see ourselves as one of the most competitive global companies of our kind.

One, we deliver contemporary solutions customised around terrains where our products will be used. We have carved out a new global price-value point of what is technologically and commercially possible.

Two, we respond with a speed of product development that makes it possible for customers to accelerate their model

development on the one hand and help then bring their models faster to the market (leading to quicker revenues).

Three, we are leveraging the successful engagement of having supplied a product to a multi-national in one geography to a repeat engagement by the same customer for supply in another geography.

Four, we possess a portfolio of projects where we have delivered successful powertrain solutions across countries as diverse as Russia, South Korea, China and US. These companies provided the following unsolicited feedback in favor of Divgi-TTS: "Gave us a distinctive selling point",

"Customised with speed faster than competitors"; "Provided us with a superior cost-benefit solution"; "Gave us the confidence to outsource this solution for the first ever time"; "Provided us as much as we wanted across batches – resulting in a low inventory for us"; "Transferred much of their lean manufacturing upside to us"; and "Made it possible for us to ramp up and ramp down purchases as per our vehicle offtake."

Five, we have established a respect that our holistic solution extends from concept and design to manufacture to delivery – on-time and in-full, validating that we run an international business benchmarked to the demanding standards of our global customers.

Six, we reinforced confidence among international customers through globally respected certifications (IATF 16949:2016, ISO 14001:2015 EMS, ISO 45001:2018 and GRI Reporting).

The result is that we possess a pan-global spread of successful projects the world over. This comprised an electric vehicle visionary company in California; an Indian automotive major turned for the first time to a powertrain solutions provider outside its own company; a second Indian automotive giant engaged Divgi-TTS to work on its automatic

transmission systems; the Indian Army turned to Divgi-TTS for large and long-term powertrain product supplies; a Russian major automobile company outsourced automatic transmission systems from our company; a Chinese major automobile company found our company more competitive than peer Chinese companies.

Divgi-TTS provided these – and other – customers a multi-year vision on how our product can play a growing role in their success. We provided them with a long-term engagement perspective. We

provided them with a comfort of complete adaptability – in terms of technologies, price points, capabilities and deliveries – to their evolving needs. More importantly, even as we were sitting a long distance from them in some cases, we provided a comfort level ('We are an extension of your enterprise')

The result is that our workflow and planning were aligned with customer schedules that helped them launch new vehicles faster through a lower time-to-market.

Conclusion

During the current financial, our performance is likely to be at the levels of the previous year.

However, based on the maturity of customer orders – in the development & launch as well as supply & support stages – we are optimistic that a sharp increase in revenues should materialise from FY 2025-26 onwards.

We foresee the overall environment becoming increasingly conducive for our business.

There is a bigger demand for an enhanced motoring experience around improved transmission systems.

Our large automotive clients remain committed to their proposed launches.

The integrity of our product concept is only deepening, marked by improvements in transmission, braking, aerodynamics and suspension engineering.

There is an overall movement towards the purchase of premium hatchbacks and EV-isation; besides, the proposed manufacture of automatic transmissions should generate a substantial premium over the prevailing portfolio mix.

The value-addition per transmission system manufactured should improve on account of the

maturing of our eco-system and a progressive localisation of complex systems.

Divgi-TTS is working with an Indian automobile major that accounts for 80% of India's EV market share.

In view of this, we seek to double our size in about three years, enhancing value for all those who have patiently trusted our story.

Jitendra Divgi

Managing Director



Divgi-TTS: Recognised among the most disruptive within the global powertrain sector

- Our solutions deliver an exhilarating driving experience.
- Our solutions deliver a higher power efficiency.
- Our solutions provide our customers the feeling of superior vehicle value
- Our solutions are delivering all this at a new discovered price-value proposition
- Our solutions deliver continuous technology-backed future-facing innovations
- Our solutions are diverse; they address specific customer needs; they provide choice

Divgi-TTS: Differentiated competence

- Provides a complete one-stop powertrain solution
- Extended beyond sub-assemblies to complete systems
- Created a competent eco-system of vendors and sub-vendors
- Technocrat management with 30+ years of experience
- Distillation of 21 years of working with BorgWarner
- Application of international best practices within an Indian environment
- Aggregation of a range of competencies
- Frugal engineering practices

Sectorial restructuring

Smaller nimbler companies likely to grow faster

Electric vehicles

ICT engine vendors may not be able to graduate to EVs

Make in India

Positive long-term policies

Increased disposable incomes

Greater propensity to buy a personal vehicle

Vehicle financing schemes

Stable interest rates; wider repayment options



Defense and mobility

Sustained Defence spending on vehicles

Indigenisation

Most Indian vehicles indigenising powertrain solutions

SUV-isation

Indians buying larger vehicles

Superior value

Indians producing world-class vehicles at sub-global prices

Gearing

No long-term debt on books

Chief Financial Officer's performance overview

A financial perspective into our business

How we addressed business realities in FY 2023-24



Overview

Divgi-TTS protected its financial foundation in the face of a client slowdown and other challenges during the year under review. The Company remained under-borrowed, protected its reputation and competence, sustained stakeholder engagements, enhanced technical capabilities, and created a stronger framework for sustainable growth.

Clarity

Divgi-TTS continued to emphasise the role of financial clarity through the following priorities: technology investments, protected credit rating, secured Balance Sheet, net worth-driven capital expenditure, frugal cost structure and a significant portion of revenues derived from advanced products.

Revenues

In FY 2023-24, Divgi-TTS reported a decline in revenues by 2.04% to ₹272.98 crore. EBITDA declined 12%, and profit after tax declined 22%.

Exports

In the past, 5.65% of the Company's revenues came from exports. In the last financial year, exports represented 1.25% of the total revenues. Export revenues declined from ₹15.76 crore in FY 2021-22 to ₹3.42 crore in FY 2023-24. The Company had in the past exported to US, Russia, China, Korea, Portugal and Mexico. Exports are expected to revive in the current financial year based on the given order book.

Domestic revenues

The proportion of domestic revenues within the Company's overall revenue mix rose from 94.34% in FY 2022-23 to 98.75% in FY 2023-24. This growth was enhanced by the success of the Thar vehicle, resulting in domestic revenues increasing from ₹163.27 crore in FY 2021-22 to ₹242.24 crore in FY 2022-23 to ₹238.58 crore in FY 2023-24. 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's capital efficiency has been marked by economies of scale, premiumisation, and increasing revenues per unit of capital spending. It reinvests accruals to build a competitive advantage. During the year under review, the Company achieved a ROCE of 9.3%. The Company reported an EBITDA margin of 26.59%, and net profit margin of 14.54% during the year under review.

Liquidity

At Divgi-TTS, financial liquidity empowers the Company to invest in capital expenditure, negotiate favorable vendor terms and attract credible stakeholders. When faced with a choice, the company prioritises moderate-to-high revenues with enhanced liquidity over maximising 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, 2024, net worth stood at ₹580.3 crore and total debt amounted to ₹0.27 crore, compared to ₹0.32 crore last year. This reliance on net worth provides a buffer in an unpredictable business environment. The debt-equity ratio remained attractive at 0.00%, and the Company increased its net worth by ₹29 crore.

Working capital hygiene

The Company prioritised effective working capital management by maintaining a control over its

receivables cycle through stable trade terms with customers, promoting high-demand product variants, marketing value-added products and ensuring swift sales proceeds recovery.

However, the working capital cycle (days of turnover equivalent) was higher by 19 days from 68 days to 87 days in FY 2023-24. The Company's receivables during the year under review increased due to overdues of debtors related to the heavy duty transfer case; inventory turnover moderated from 8.75 to 7.5 due to a lower offtake by customers.

Resources

The Company strengthened its cash reserves from ₹311.35 crore as of March 31, 2023 to ₹264.31 crore as of March 31, 2024. The net worth of the Company also witnessed growth, increasing from ₹340 crore in FY 2021-22 to ₹551.28 crore in FY 2022-23 to ₹580.34 crore in FY 2023-24. 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 debt mobilisation potential if needed. Moreover, the Company established relationships with banks and private equity firms, providing additional avenues for resource mobilisation.

Capital allocation

At Divgi-TTS, we have undertaken capital investments for manufacturing new product

variants. As of March 31, 2024, the Company had invested ₹100.60 crore in a new plant, which accounted for 38.5% of its gross block. With a primary focus on transmissions, these investments 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 average greenfield projects.

Forex balance

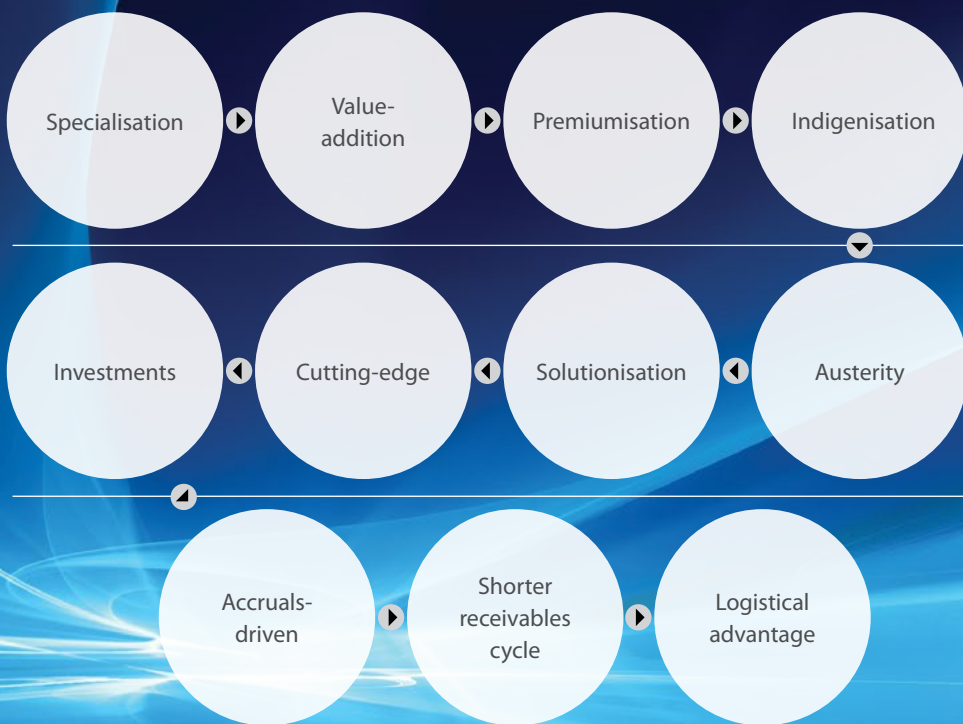
The Company incurred ₹49,599 crore for imports in foreign currency and generated ₹39,14,417 in foreign exchange earnings. It will emerge as net foreign exchange-positive in the next few years, positioning it to take advantage of the depreciation of the Indian currency. Some 43% of the Company's foreign exchange earnings were in US dollars.

Outlook

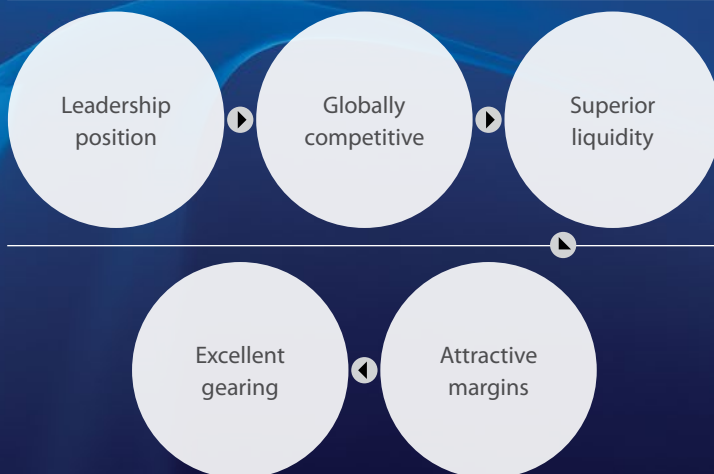
The Company intends to grow revenues attractively as soon as institutional orders revive for the transfer case and electric vehicle business segments.

Sudhir Shridhar Mirjankar
Chief Financial Officer

Strategic focus



Strategic outcomes





PART FOUR

OUR VALUE
ENHANCEMENT
INITIATIVES



Capitalising on our strengths for sustainable success

Brand

The Company stands out in the Indian automotive components industry with a 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 stands out as the exclusive producer and exporter of transfer cases, offering dominant chain-driven and electronic shift-on-the-fly versions to global OEMs from India. Furthermore, it has led the way in developing transmission systems for EVs, DCT systems, and rear-wheel-drive manual transmissions.

Partnerships

The Company forged alliances with a German automotive firm for product development and technology transfer concerning DCT systems. It partnered a German engineering and digital mobility company for prototype validation. It secured a contract to provide EV transmission systems to a prominent EV provider in India. Additionally, it engaged in active collaboration with European transmission engineering consulting firms such as Borg Warner, FEV and Hofer.

Customer centric

The Company holds a prominent position as a top provider of transfer cases, torque couplers, and steel synchronisers in India. Offering tailor-made solutions to OEM customers at competitive prices, it serves as a comprehensive solution provider at the system level and as a supplier of component kits to global OEMs and Tier I transmission systems suppliers.

Introduction of new products

The Company introduced India's first indigenously mass-produced EV transmissions and developed five EV transmission products – Challenger, NOVA, e Jeeto, SIGMA, A301 XUV400. It successfully launched India's first high-speed Dynamometer for manual transmission, EV transmission, and 4WD transfer cases.

Strategic location

The Company situates its facilities near key customers to ensure the timely fulfillment of delivery schedules and provide logistical advantages, shielding them from local supply or other disruptions.



Premiumisation

The Company strives to synchronise manufacturing facilities with evolving trends in automation and enhancement. Through versatile infrastructure and machinery, manufacturing sites are geared to accommodate fluctuating production volumes and produce a diverse range of precise automotive drivetrain systems.

Innovation

By merging contemporary manufacturing technology and engineering prowess with streamlined operational management processes, The Company consistently delivers top-notch products. This strategy facilitated the Company's successful penetration into markets like the USA, China, Korea, Russia, and beyond.

Integrated systems

Across its facilities, the Company instituted comprehensive production systems aimed at enhancing worker safety, ensuring stringent quality control, optimising inventory management, streamlining lean manufacturing processes, accommodating diverse product mixes with flexibility, and ensuring timely deliveries on a continual basis using SAP ERP.

Long-term relationships

The Company comprises robust and partnerships with prominent domestic and international OEMs in the automotive sector, including Tata Motors, Mahindra & Mahindra, and renowned global suppliers like BorgWarner. Leveraging its impressive track record and extensive product portfolio, the Company has not only retained its clientele but added new customers.

Experienced Board of Directors

Under the guidance of a seasoned Board of Directors, the Company is steered by a professional and adept management team equipped with a vast experience in the automotive industry.

Consistent financial performance

The Company's focus on continuous efficiency improvements, improved productivity and cost rationalisation enabled it to deliver consistent and strong financial and operational performance. The Company's revenue from operations stood at ₹253.42 crore, EBITDA at ₹72.58 crore and profit after tax at ₹39.73 crore in FY 2023-24.

Research and development

The Company made investments in R&D and in building production capacities. The Company developed in-house capabilities to deliver evolving technologies for prospective mobility solutions, with an aggregate R&D expenditure at 6% of revenues from operations for FY 2023-24.



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

Strategies

Seize market opportunities

The Company introduced India's first indigenously mass-produced EV transmissions. It developed three EV transmissions products. It launched India's first High speed Dynamometer for Manual Transmission, EV transmission, and 4WD transfer case.

Diversification

Reduce plans to enhance relationships with customers and pursue opportunities along the value chain by broadening product and solution offerings across regions. The Company aims to win new customer contracts by creating products and solutions.

Exploring new business segments

The Company demonstrated the ability to recognise emerging trends and enter new segments. This will allow it to leverage an early advantage and foster synergies through knowledge exchange among cross-functional teams, as well as horizontal and vertical integration across operations.

Global presence

The Company seeks to grow the global marketing team and partner consultants to enhance presence across regions. The Company collaborated with marketing consultants in Europe and South Korea; it secured an exclusive distribution agreement with a Japanese automotive supply chain company to enter the Japanese market.

1%

Revenues from
outside India,
FY 2023-24

Strategies

Customer-centric approach

The Company provides an option within our delivery model for customers, particularly in USA and Mexico, to nurse a safety stock of components in warehouses, helping customers mitigate supply chain uncertainties.

Cost efficiency

The Company fosters customer engagements. It collaborates to re-engineer products, driving improved operational and cost efficiencies. The team spearheaded the development of a cost-effective 32-bit processor for BorgWarner, replacing the existing 8-bit technology in transfer case applications (won a prestigious recognition award).

Efficiencies

The Company will improve operational efficiencies to achieve economies of scale, optimise fixed costs, reduce operating expenses, and increase competitiveness. The Company is engaged in efforts to enhance capacity utilisation.

Technological advancement

The Company leverages manufacturing technologies alongside technological and engineering expertise. The Company addressed the needs of internationally recognised customers; it will enhance capabilities in engineering, mechatronics, software development, and systems integration.

R&D

The Company provides unique solutions through R&D investments to create innovative systems and components. The Company's focus is on developing solutions and alternatives to enhance torque density and reduce the weight of DCT systems and EV transmission units.



Our sustainability framework

Strategy

- Manufacture products that address under-addressed or sustainable needs
- Enhance the environment responsibility of operations
- Provide an integrated products basket

Outcome: Improved our order book; enhance revenue visibility

Procurement economies

- Procure abundant resources through enduring relationships
- Procure economically through proximate procurement
- Procure superior quality

Outcome: Source at a competitive delivered cost

Manufacturing excellence

- Maximise asset utilisation
- Invest in cutting-edge technologies
- Manufacture more products in each location

Outcome: Strengthen the Company's position as a leading solutions provider

Financial structure

- Repay debt
- Enhance efficiency in working capital management.
- Improved margins, contributing to reserves.

Outcome: Increase the Company's cash reserves

Products basket

- Manufacture three principal products
- Products linked by synergies
- Establish fungibility; move from one product to another

Outcome: Increase overall value

People competence

- Increase talent productivity
- Invest in knowledge, expertise and dedication
- Deepen outperformance

Outcome: Improve individual productivity

Environment integrity

- Reduce resource consumption per unit of production.
- Protect the region's environment balance
- Benchmark as per compliance standards

Outcome: Improve customer acquisition through sustainability credentials

Community support

- Offer support to the community
- Prioritise integrated development efforts.
- Engage sustainably for lasting impact.

Outcome: Spread prosperity from the Company to the community



The Integrated Value-Creation Report

How Divgi is positioned to enhance long-term stakeholder value

Stakeholder value creation scorecard

Employee value

24.1

₹ crore, employee expenses, FY 2023-24

24.5

₹ crore, employee expenses, FY 2022-23

Vendor value

233.11

₹ crore, Purchases, FY 2023-24

271.66

₹ crore, Purchases, FY 2022-23

Community value - CSR

1.2

₹ crore, Spending, FY 2023-24

1.2

₹ crore, Spending, FY 2022-23

Stakeholder value creation scorecard

Customer value

273.0

₹ crore, Revenues, FY 2023-24

278.7

₹ crore, Revenues, FY 2022-23

Shareholder value

2.35

₹ Thousand crore, market valuation, March 31, 2024

2.01

₹ Thousand crore, market valuation March 31, 2023

Exchequer value

13.79

₹ crore, Tax payment, FY 2023-24

17.67

₹ crore, Tax payment, FY 2022-23

Overview

There is a growing shift in the integrated appraisal of companies, calling in diverse aspects (financial, management commentary, governance, remuneration and sustainability) over the conventional focus on profits.

This wider and holistic approach enhances an understanding of how the Company services all stakeholders (employees, customers, suppliers, business partners, local communities, shareholders, lenders, legislators, regulators and policy makers) as

against a conventional focus on shareholders.

This all-rounded appraisal has been extended to broad-based communication captured in an Integrated Report.

Our sustainability framework

Purpose of existence

- Manufacture futuristic products
- Introduce the end consumer to a new ride experience
- Establish the Company as a global products provider

Broadbased strategy

- Manufacture complete systems
- Address national needs (bio-fuel and green energy)
- Enhance the proportion of revenues advanced transmission systems

Brand and customer capital

- Position 'Divgi' around advanced capabilities
- Deliver right quality, on-time and in full
- Grow the business around responsible ESG

Build the business around technology

- Recruit professionals with advanced capabilities
- In-source supply of components and competencies
- Invest disproportionately in technology platforms

Footprint

- Deepen presence outside of India
- Build the business around long-term annuity customer relationships
- Build a multi-continental customer profile

Manufacturing excellence

- Right-size intra-business capacities, maximising utilisation
- Invest in cutting-edge infrastructure
- Commission integrated complexes (all products in one location)

Financial structure

- Focus on enhanced revenue per system
- Enhance working capital efficiency; reduce outlay
- Eliminate debt; grow out of accruals

Environment integrity

- Reduce resource consumption per unit of production
- Moderate water drawal and energy use
- Benchmark as per prevailing compliance standards

Talent productivity

- Emphasise a culture of sustained outperformance
- Empower, delegate and inspire outperformance
- Invest in knowledge, experience and passion

Community support

- Engage in responsible citizenship
- Focus on integrated rural development
- Widen the circle of prosperity
- Primary education and health care
- Cultural rejuvenation (Vedanta and Bharat Itihas Sanshodhak Mandal)

How we are enhancing value for all our stakeholders

Shareholders

- Growing the business through shareholder funds
- Declining long-term debt; superior liquidity
- Enhancing all profitability ratios

Customers

- Dependable long-term partner
- Delivery of quality products
- Value marked by accessibility, availability and affordability

Employees

- Stable career-enhancing employment
- Rich subject matter expertise and experience
- Workplace marked by merit, delegation and empowerment

Communities

- Engaged in community welfare
- Widening the prosperity circle
- Addressing unmet community needs

Government

- Timely contribution to the exchequer
- Driving rural employment
- Safe and sustainable operations



Overview

The Integrated Value-Creation Report appraises tangible and intangible outcomes by incorporating diverse corporate realities (financial data, management insights, governance, compensation, and sustainability disclosures) in the delivery of enhances value for stakeholders (employees, customers, suppliers, business collaborators, local communities, lawmakers, regulators, and policymakers).

How Divgi-TTS created value in FY 2023-24

Input Category	Description	Inputs	Outcomes / Outputs
Financial Capital 	Financial resources the Company possesses or obtains through financing	Net Worth – ₹580.3 crore Capital Employed (core business) – ₹586.72 crore	Revenue from operations – ₹272.8 crore EBITDA – ₹73 crore PAT – ₹40 crore EPS – ₹12.99 Return on Capital Employed – 9.27%
Manufacturing Capital 	Tangible assets employed by the Company to conduct business	Number of manufacturing facilities (owned / leased / OEMs) – 4 Gross block of assets – ₹338.56 crore Capex – ₹129.38 crore	
Intellectual Capital 	Intangible, knowledge-based assets	Total registered IPRs – 6	IPR registered in FY 2023-24 – 0 IPR applied for in FY 2023-24 – 0
Human Capital 	Employee knowledge, skills, experience, and motivation	Employees on roll – 230 Employees on contract – 373 Training hours – 6.69Hrs- (per employee per month) Investment in training (person-hours) – 68%	Employees onboarded during FY 2023-24 – 17 (Apr-May 2024) % of employees associated for 5+ years – 54% Average employee training (person hours) – 6.67 Hours Employee retention (%) – 85%
Social and Relationship Capital 	Ability to share, relate and collaborate with stakeholders, promoting community development and well-being	CSR expenditure – ₹1.2 crore	Number of lives impacted – 1000+
Natural Capital 	Natural resources impacted by Company's initiatives	Energy consumption – 53,97,506 units Water consumption – 77,50,335 kilolitres Trees planted – 210	% of electricity consumed from renewable energy – 0 Emissions avoided due to renewable energy (tonnes) – 0 CO2 emission intensity reduction (%) – 0 Water recycled (% of million litre) 0

	Stakeholders impacted	SDG impacted	Initiatives
	Shareholders Government		<p>Prudent capital allocation</p> <p>State-of-the-art R&D</p> <p>Value engineering across the supply chain</p> <p>Process automation</p> <p>Robust governance framework</p>
	Employees Suppliers		<p>Focus on maximising productivity</p> <p>Leveraged technology and digitisation for operational excellence</p> <p>Partnership for excellence</p> <p>Sustainable product development, sourcing, manufacturing, and distribution</p> <p>Thrust on total cost management (TCM)</p> <p>Focus on culture building</p>
	Consumers		<p>Introduced new age R&D infrastructure</p> <p>Applied innovations along with environment-friendly and sustainable products</p> <p>New products were put into development (energy efficiency, consumer centric design)</p> <p>Focused on consumer-centric innovation</p>
	Employees		<p>Created a diversified workforce</p> <p>Built an inclusive work environment</p> <p>Increased engagement through a spirit of collaboration and camaraderie</p> <p>Focus on capacity building</p> <p>Dedicated to talent management</p> <p>Encouraged training and development</p> <p>Focus on workplace safety</p> <p>Undertook women's empowerment initiatives</p>
	Value chain partners		<p>Gained customer insights (improving response time, effective communication of product information)</p> <p>Value chain partners (sustainable supply chain, vendor training)</p> <p>Emphasis on community development (transforming lives through empowerment)</p> <p>Robust review mechanism</p> <p>Product and service excellence</p> <p>CSR initiatives focused on healthcare, education, hunger, poverty and malnutrition, social equity, disaster management relief and rehabilitation, traditional art</p>
	Communities Employees		<p>Energy and emissions management (sustainable product development, sustainable sourcing, sustainable manufacturing, sustainable distribution, extended producers' responsibilities, resource conservation, etc.)</p>



How Divgi-TTS engages with its stakeholder family

Stakeholder	Why this stakeholder is important	How we engage with them	Frequency
Investors / Shareholders 	Provide feedback on the Company's strategies, financial and non-financial performance Helps influence the market valuation	Quarterly earnings / analysts call Quarterly earnings presentation Corporate presentation Investors conferences, Analysts' days, Investors' days, one-on-one and/or group meetings with investors and/or analysts AGMs and EGMs Annual reports Company's website Emails Disclosure to stock exchanges Investor grievance redressal mechanism	Ongoing and need-based
Consumer 	Regular communication with customers to: (i) Understand their evolving needs and desires, and (ii) Provide quality and energy-efficient sustainable products.	Customer satisfaction engagements and feedback sessions Social media engagements	Ongoing and need-based
Employees 	Invested partners in the Company's success, who contribute to the Company's value creation	Meetings / Town Hall briefings Team building workshops, capacity building and training Annual appraisal Rewards and recognition In-house newsletter Employee satisfaction surveys	Ongoing
Value chain partners (upstream and downstream) 	Plays a role in various stages of the process that brings a product / service to the end consumer	One-on-one and Group meetings Periodical operational reviews Value chain partners survey / feedback Training programs Contract negotiation Value chain partners' Code of Conducts Policies and Standards Conflict resolution mechanism Performance feedback mechanism Recognition and appreciation	Ongoing
Community 	The community's well-being and perception of the Company significantly impact the Company's success	CSR initiatives Community interactions with NGOs Volunteering Complaints and grievance mechanism	Ongoing and need-based
Government and regulatory bodies 	One of the important stakeholders playing a critical role in shaping the business environment	Periodic compliance report Periodic statutory audit Participating in industry association	Periodic

	Their material issues	Key risks	Capital linkages	Value created	SDG impacted
	<p>Growth-driven strategies Prudent capital allocation Long-term value creation Consistent shareholders' payout Robust governance practices Transparent and ethical business practices Succession planning</p>	<p>Operating risks Financial risks Strategic risks Compliance risks</p>	<p>Financial capital Social and relationship capital</p>	<p>Return on Capital Employed 9.3% Return on Equity (ROE) 7.02%</p>	
	<p>Product stewardship Consumer centricity Data privacy and cyber security Effective and efficient grievance redressal mechanism Statutory compliance</p>	<p>Operating risks Strategic risks Financial risks Compliance risks</p>	<p>Social and relationship capital Intellectual capital</p>	<p>New product launches – 1</p>	
	<p>Diversity, equity, and inclusion (DE&I) Career progression Ethical business practices Occupational Health & Safety Training and Development Open Communication and Recognition Work-life balance</p>	<p>Operating risks Strategic risks Financial risks Compliance risks</p>	<p>Human capital</p>	<p>Improved employee engagement and retention Enhanced employee productivity and performance Attracting and retaining top talent Enhancing the Company's reputation as a good employer</p>	
	<p>Durable business with long-term prospects Effective and efficient information dissemination, technical knowledge exchange and other collaborations Responsible and ethical business practices Fair and transparent contractual terms and conditions Enforcement of contractual terms and conditions</p>	<p>Operational risks Strategic risks Financial risks Compliance risks</p>	<p>Social and Relationship Capital Manufacturing Capital</p>	<p>Enhancing the Company's reputation as a responsible and sustainable business partner for value chain partners</p>	
	<p>Socio-economic development Responsible and sustainable operations</p>	<p>Operational risks Strategic risks Financial risks Compliance risks</p>	<p>Social and relationship capital Human capital Natural capital</p>	<p>Number of lives impacted – 1000+</p>	
	<p>Proactive compliance Sustainability practices Contribution in national development, employment generation and environment protection</p>	<p>Operational risks Strategic risks Financial risks Compliance risks</p>	<p>Financial capital Social and relationship capital Natural capital</p>	<p>Contribution to exchequer CSR Expenditure</p>	



The resources that go into value-creation

Natural capital

We source all our resources – including materials, components, water, fossil fuels, and the world’s carbon sinks – from this natural capital. Our actions are guided by our reliance on natural resources, the environmental impact of our production processes, and the measures we must take to operate within environmental constraints.

Social and relationship capital

This reflects the connections between our company and stakeholders, including the community, governments, customers, and supply chain partners. These relationships may also involve operating licenses, reliance on the public sector, or supply chain dependencies.

Intellectual capital

This encompasses assets like patents, copyrights, intellectual property, and organisational systems, procedures, and protocols, which can offer competitive advantages. Conversely, companies that engage in pollution may face criticism or closure.

Human capital

This pertains to the skills and expertise within an organisation. The success of the organisation hinges on the effective management of teams. High employee turnover or insufficient compensation can impact the brand and our capacity to increase value.

Financial capital

This encompasses funds acquired through financing or generated through our accruals – the collective pool of funds used in the production of goods or provision of services, comprising both debt and equity.

Manufactured capital

This consists of physical infrastructure such as buildings, technology equipment, and tools that enhance organisational productivity.

Drivers of our value

Our employees collectively embody the knowledge necessary for business growth across various functions such as materials procurement, manufacturing, quality control, finance, and more. We foster an engaging work environment, provide stable employment opportunities, and strive to boost productivity.

Our shareholders contributed capital when we started our business. Our primary goal is to generate free cash flow, improve Return on Capital Employed (RoCE), and thereby enhance the value of their investments.

Our vendors consistently supply credible and uninterrupted resources such as steel, sub-components, equipment, and services. We prioritise quality materials procurement, rewarding promptness and incentivising further collaboration.








Our customers sustain our operations by consistently purchasing our products, providing the financial resources needed to maintain our business. We prioritise expanding our customer base and retaining existing customers, thereby strengthening relationships.

Our communities contribute valuable social capital, including education, culture, and security. We actively engage with and support our communities to foster growth and development.

Our governments provide a stable structural framework ensuring law, order, and policies. We prioritise acting as responsible citizens within this framework.

At Divgi-TTS, the careful balance of value generated by each stakeholder ensures the sustainability of our business and enhances organisational value.

Our value creation strategy

 Strategic focus	 Innovate and excel	 Cost leadership	 Supplier of choice	 Robust people practice	 Responsible corporate citizen	 Value-creation
Critical facilitators	<p>Fostering a culture of operational excellence, evident in increased plant availability and improved material efficiency.</p> <p>This enables the Company to achieve greater throughput using existing capacities.</p>	<p>Divgi-TTS prioritises operational excellence and cost leadership.</p> <p>The Company stands as one of the lowest-cost producers due to economies of scale, resource proximity, and a conservatively leveraged Balance Sheet.</p> <p>The Company's capital cost per tonne of installed capacity is among the lowest in its automotive segment</p>	<p>Divgi-TTS strengthened customer engagements by ensuring adequate capacity, timely product delivery, and high product quality</p>	<p>Divgi-TTS employs a workforce of 603 individuals (both full-time and contractual) across its facilities.</p> <p>The Company's approach to people engagement is characterised 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 socially responsible corporate entity.</p> <p>The Company is involved in community development initiatives in the vicinity of its manufacturing facilities.</p> <p>The Company spent ₹1.2 crore across CSR activities in 2023-24</p>	<p>Divgi-TTS enriches the value proposition for each of its stakeholders.</p> <p>It produces goods that elevate lifestyle and well-being.</p> <p>The Company designs and manufactures products that elevate mobility value, riding comfort, and fuel efficiency.</p>
Material issues addressed	<p>Advanced technology resulting in increased competition.</p>	<p>Establishing long-term viability through competitiveness in any market cycle.</p>	<p>Enhancing revenue predictability through product importance, long-standing customer partnerships, and alignment with national policies.</p>	<p>Creating a professional culture with authority, responsibility and accountability, with excellence</p>	<p>Community engagement; widening the prosperity circle</p>	<p>Stakeholders seek heightened value creation.</p>
Capitals affected	<p>Produced, 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>



Strengthening ESG commitments at Divgi

Overview

In today's ESG-focused world, our rapidly growing small-cap company, with over six years of independent existence, has embraced conscientious global

citizenship. We have built our business ascend sustainability principles that align with the United Nations' Sustainable Development Goals, covering human rights, labor, environmental

stewardship, and anti-corruption efforts, among others. Through these guiding ESG principles, our aim is to generate a positive impact for our stakeholders, society, and the planet.

Environment

Environment management is integral to sustainability development and business continuity at Divgi TTS. Recognising the pivotal role of environmental regulations in sustainable development, we pledge full

compliance with all relevant laws, regulations, and codes of practice across our manufacturing sites. With ISO 14001:2015 certification for all our plants, we are dedicated to achieving carbon neutrality by 2050, aligning our processes to this ambitious goal. Our initiatives aim to minimise environmental

impact across our product lifecycle, prioritising environmental protection. Additionally, we plan to invest in renewable energy, such as rooftop solar at our Sirsi Plant, furthering our commitment to sustainable practices and business excellence.

Our philosophy

Divgi-TTS has implemented an environment management program focused on optimising natural resource usage, particularly electricity and water. With a strong emphasis on the 4R principles (Reduce, Reuse, Replace, and Recycle) until 2024, the Company effectively reduced waste and

improved sustainability practices. Examples include reusing inserts for rough operations, updating computer systems for efficiency, and recycling oil through filter reuse, resulting in significant savings. Through initiatives like machine reconditioning and retrofitting, the Company has not only minimised capital investment and energy consumption but

also extended the lifespan of assets. Water conservation efforts, including demand-side measures and foot pedal devices, have been successful, while partnerships with packaging providers have reduced reliance on single-use materials. Implementation of ETP and sewage treatment plants ensures zero discharge of wastewater.



Our initiatives

- Upgrade of STP and ETP plants, waste segregation, and disposal through MPCB-authorized agencies. Billing and briquetting machines installed for metal scrap disposal and recycling.
- Investment in sewage treatment plant, effluent treatment plant, and waste cum scrap yard. A weigh bridge was installed within the Company's premises.
- Obtained ISO 14001 and ISO 45001 certifications, with surveillance audits conducted annually by DQS GmbH.
- Budgetary expenditure for 2021-22 was around ₹1.2 crore, primarily allocated for EHS system compliance and monitoring.
- Expenses covered EHS Audits and certification, hazardous waste disposal, ETP maintenance and servicing, annual health checks, first-aid medicines, fire system testing, and validation.
- Predictive maintenance of equipment and power supplies, compliance with legal requirements, and employee training were included.
- World Safety and Environment Weeks observed to engage employees and foster a safe work culture.
- Equipment modernisation and refurbishment initiatives implemented to boost productivity.

Pollution reduction initiatives

Used oil: Minimising oil spillage and leakage through the TPM pillar, DPM (daily preventive maintenance), monitoring oil shelf life, and maintaining the FIFO system. designed a dedicated trolley for handling oil drums.

Cotton hand gloves: Monitoring the consumption quantity and making workers aware to use the same responsibly. Separate waste bins are provided to store hazardous waste.

Chemical sludge from wastewater: Monthly preventive maintenance is carried out for

better efficiency. ETP outlets are monitored as per operational control procedures.

DG set exhaust: Monitoring DG set exhaust yearly, maintaining sufficient stack height, and monthly DG set preventive maintenance.

Pollutant generation trend

Pollutant	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Hazardous waste (in kg)	53,864	66,383	67,739	79,000
Produced quantity (in kg)	36,18,702	42,42,021	42,20,300	45,00,235

**Green cover enhancement policy**

EMP Theme	Target/ requirement	Improvement
Environment awareness	To promote the Environment awareness among the young children	Conducted the awareness programme about the preservation of environment and tree plantation done at the Kanagoda Govt. Primary school near Sirsi.
Water & coolant oil saving	300 litres of water & 15 litres of coolant oil savings through a reduction in coolant change frequency	Oil skimmer introduced on Continuously running VMC machine to improve the emulsion strength of coolant and in turn saved the oil and water consumption of about 18 litres/ month and 350 litres/month respectively.
Shop floor	Control the oil spillage and leakages from old machines	Guarding activity and machine reliability activity initiated for the machines through retro fitment of the machines.
Machine shifting	Save trees	Reused wooden pallet for transporting machine interplant, helping 10 trees. For 100 sq. feet of wooden pallet, 2 trees are required and here it was 460 sq. feet area.
Dripping water from air compressor	Save water	Separate pit created for saving dripping water at air compressor unit. Now this dripping water is collecting in a small tank and treat in ETP plant to reuse the water.
Power factor	0.95	Power factor was improved at 0.97 with enhanced power saving and zero penalty from MSDCL.
Samp G 250 machine oil reuse.	Reduction in oil consumption	Used oil is filtered and kept in spare. Filtered oil is use for top-up. Before this improvement, oil consumption was 4000 ltr. / year and after improvement it is 2000 ltr/ year.

Environmental monitoring results in different locations

Pollutant	Spec.	Observed (Bhosari)	Observed (Sirsi)	Observed (Shivare)
Ambient air quality monitoring - Carbon monoxide	<4	0.87	1.4	1.47
Work zone air quality monitoring - Sulphur dioxide	<5000	25.5	9.3	14.12
Source emissions monitoring - Particulate matter	<150	26.5	59.87	40.12
Noise level	<75 dB	74.9	70.5	61.3
Illumination survey - machine shop	>100	180	494	815
Insertion loss	>25	26.5	26	25.97

Water consumption (in KL)

Plant	FY 2021-22	FY 2022-23	FY 2023-24
Bhosari	35,35,000	46,56,000	44,27,000
Sirsi	9,68,960	11,56,710	16,43,098
Shivare	9,27,117	2,98,971	16,80,237
Enterprise wide	28,64,050	25,63,771	77,50,335

Enterprise wide consumption of water observed a downtrend of 10%

Our resource management

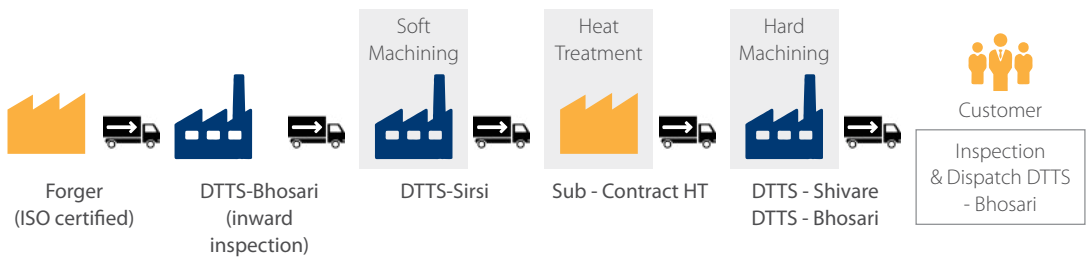
Overview

Resource conservation takes precedence in our EHS policy, emphasising waste reduction and

energy efficiency. We responsibly manage resources such as water, electricity, fuel (diesel and petrol), LPG, and wood. This commitment

extends to materials used, including aluminium casting and steel iron, ensuring responsible consumption across all operations.

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



Our initiatives

New plant: The Company invested in an EV transmission greenfield plant to cater to the EV market segment leader.

Promoting fuel: The Company switched from diesel or petrol vehicles to electric vehicles.

Water management: The Company implemented rain harvesting projects across Divgi-TTS manufacturing sites.

Electricity: The Company installed a rooftop solar panel to promote renewable energy

LPG: The Company switched to electric pans instead of LPG cylinders

Wood: The Company switched to recyclable plastic packaging from

corrugated and wooden packing boxes, which were sent multiple times for recycling.

Our partnerships

- Divgi-TTS engaged with MCCA and certification bodies to access sustainability resources.

- The management participated in OEM and customer drives for industry sustainability

- The Company's benchmark practices were shared across supply chain value; Gemba visits were made for sustainability improvements.

- The Company was an active supply chain partner of customers Toyota, Mahindra & Mahindra, and BorgWarner.

Our strategy

- Staying ahead of regulatory requirements on plastic usage, only allowing plastic thicknesses greater than 120 microns into its premises.

- Banned single-use plastic, and explored options for commuting by electric vehicles to the Shirwal site.

- Provided EV charging facility at each manufacturing site.

- Bought an electric vehicle for employee commutes, which reduced diesel consumption

- Invested in renewable energy (solar panels)

- Installation of sewage treatment plants and ETP upgradation reduced water consumption



- Appraised packaging needs (including recyclable) during programme management
- Conducted solid and hazardous waste management as per ISO 14001 guidelines
- Categorisation of solid waste was done at source for recycling through authorised agencies
- Reviewed sustainability strategy and goals in management reviews and Board meetings.

Reduction of CO2 footprint

At Divgi-TTS, supplier selection was done carefully, considering green supply chain policy aspects like quality, costs and delivery. Freight forward nomination was done on time for sea shipment and import. Planning was rigorous to avoid airfreight. Intra-plant material movement was done by following just-in-time and optimum volume consideration. Component localisation minimised transport costs. Continuous training was

provided to employees on lean principles (pull system, single piece flow, and value stream mapping).

The Company switched from a diesel or gasoline vehicles to an electric vehicle. It implemented rain harvesting projects across Divgi-TTS manufacturing sites. The Company installed rooftop solar panels, promoting renewable energy. It switched to plastic packing boxes from corrugated and wooden packing boxes to minimise wood use.



Overview

To mitigate the greenhouse effect, it is crucial to control the gases emitted during processes. Monitoring and minimising emission gases have become key priorities. Divgi TTS, with its strategic theme of 'product leadership like no other', set up a dedicated electric vehicle transmission manufacturing plant

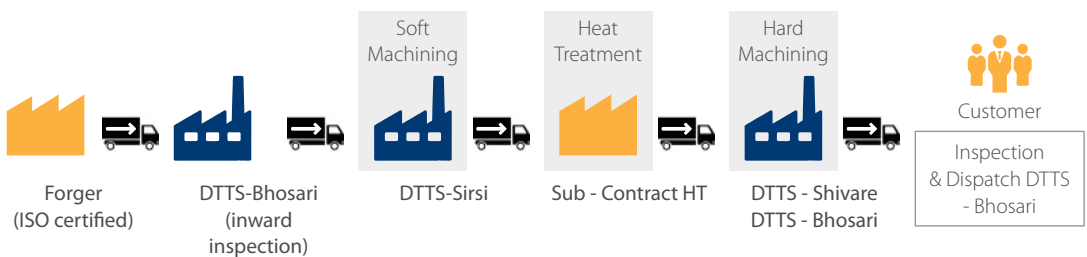
in Shirwal. This plant aims to cater to the growing EV segment in India by transitioning from internal combustion engine (IC-engine) vehicles to electric vehicles.

Our priorities

Monitoring electricity usage and minimising consumption during idle periods, controlling emissions from diesel generators,

transitioning to electric vehicles and utilising public transportation buses to reduce fuel consumption are the primary focuses. During the design stage, energy consumption is a crucial factor in selecting equipment and facility, emphasising the use of energy-efficient electrical equipment with higher star ratings from BEE (Bureau of Energy Efficiency).

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



Gases measured and monitored by the Company

Parameter	Unit	Spec.	Observed (Bhosari)	Observed (Sirsi)	Observed (Shivare)	Remark
Ambient temperature	o C	Not specified	31	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	19.2	Ok
Oxides of Nitrogen (NO _x)	µg/m ³	<80	9.63	9.2	22.12	Ok
Particulate matter-PM10 (less than 10 micron)	µg/m ³	<100	52.01	43.84	66.78	Ok
Particulate matter-PM2.5 (less than 2.5 micron)	µg/m ³	<60	19.22	26.1	23.1	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
Benzene (C ₆ H ₆)	µg/m ³	<5	Below detectable limit	0.14	Below detectable limit	Ok
Benzo(a)Pyrene (BaP)	ng/m ³	<1	Below detectable limit	Below detectable limit	Below detectable limit	Ok
Arsenic (As)	ng/m ³	<6	Below detectable limit	0.05	Below detectable limit	Ok
Nickel (Ni)	ng/m ³	<20	Below detectable limit	0.07	Below detectable limit	Ok

Our initiatives

- The Company adopts and practices Total Productive Maintenance (TPM) for utility equipment maintenance, ensuring optimal performance and reducing pollutant emissions.
- By using electric pans for tea and milk boiling, the Company reduces air pollution by eliminating the emissions associated with traditional fuel-based cooking methods.

- The Company facilitates commuting for employees through dedicated bus transportation, promoting carpooling and reducing individual vehicle emissions.
- By partnering with transport agencies that focus on efficient volume usage, the Company optimises transportation, minimising fuel consumption and pollutant emissions.
- The Company follows Just-in-Time (JIT) and Kanban principles to ensure timely material availability

for production, minimising the need for excessive material transportation and reducing associated pollution.

- By localising production efforts and engaging with domestic suppliers, the Company reduces fuel consumption for material transportation, lowering carbon emissions.
- The Company ensures the proper disposal of hazardous waste through approved agencies, minimising the risk of pollution and environmental damage.

Big numbers

10.17

₹ crore, total CO₂ emissions per revenue in 2021

14.23

₹ crore, total CO₂ emissions per revenue in 2022

9.36

₹ crore, total CO₂ emissions per revenue in 2023

9.3

₹ crore, total CO₂ emissions per revenue in 2024



Our solid waste management

Overview

Divgi-TTS aims to conduct packaging planning during program management, ensuring consideration for recyclable materials. It adheres to ISO 14001 guidelines for solid and hazardous waste management. Solid waste is categorised at the source for recycling purposes through authorised agencies. Additionally, the Company aims to regularly

review its sustainability strategy and goals in both management reviews and board meetings.

Our priorities

- Implementation of SOS visual standardisation for waste management.
- Provision of separate bins for hazardous and non-hazardous waste storage.

- Monitoring and disposal of hazardous waste by an approved external agency.

- Continual improvements in waste reduction through the application of the 4 R principles: Reduce, Reuse, Recycle, and Recover.

Waste treatment methods for different types of waste

Waste	Treatment
Oil soak cotton and hand gloves	Incineration
Chemical sludge from wastewater treatment	Landfilled
Discarded container/ barrel/ can	Recycled by an external agency

Waste generation reduction (FY 2021-22 to FY 2023-24)

Plant	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Bhosari	7,574	10,085	7,439	7,304
Sirsi	46,290	53,971	16,748	17,118
Shivare	NA	2327	6,315	19,495
Enterprise wide	53,864	66,383	30,502	43,917

45% reduction in waste generation

Waste management practice (%)

Year	FY 2021-22	FY 2022-23	FY 2023-24
Recovery	0	0	0
Reprocess	0	0	0
Recycle	20	20	20
Reuse	0	0	0
Landfill	20	20	20
Incineration	60	60	60

Waste generation reduction (FY 2021-22 to FY 2023-24)

Plant	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Solid waste generated (tonnes)	53,864	66,383	30,502	43,917

45% reduction in waste generation

Our green cover enhancement

Overview

At Divgi-TTS, we endeavor to prevent deforestation across our sites and promote afforestation by increasing tree planting and preservation of planted trees. Through a regular employee engagement programme, organisations access communities by taking advantage of local volunteer groups working on tree plantations and river cleaning drives. The organisation invested in CSR projects (Pani Panchayat) near Saswad, Pune; these include the repair of ancient waterways. Pani panchayat ties up for the Jalsandham Scheme, uplifting

dam reservoir sediments for use as fertiliser for organic farming. Each year, organisations celebrate World Environment Day to reach internal stakeholders and employee family members.

Our initiatives

- Trees were planted on the Company premises; approximately 90 various local trees were planted, enhancing oxygen generation and CO2 reduction.
- Tree plantation was done at the new facility, with 8% green coverage. Twenty tree species were planted

- A water reservoir was constructed for rain and stormwater storage.

Our strategies

- At the design feasibility review stage, material selection was done
- The organisation did not use restricted hazardous substances; an IMDS declaration was submitted at each programme launch.
- The Company focused on energy reduction, buying recycled products, creating less waste, and planting more trees

Year	FY 2021-22	FY 2022-23	FY 2023-24
Trees within the Company's area of influence	70	100	210
Trees planted by the Company	70	100	210
Afforested area (hectares)	0.041	0.055	0.12
CO2 neutralised through planted trees (tonne)	8 tonne	10 tonne	12 tonne



Our water management

Overview

Water is an economically strategic resource and a core element of natural capital underpinning activities. Many activities are based on water, putting a premium on responsible management.

As Divgi-TTS, parts are used in niche automotive EV products, contamination factors must be eliminated or within the acceptance limit. The organisation ensures this by using the washing process used for cleaning aluminum, steel parts, and material handling trays and bins. Filtration methods are used for recycling and optimum usage.

Our initiatives

- Rainwater harvesting at Shivare plant and a water reservoir under construction at Shirwal greenfield plant for storage of storm water will be utilised for gardening and tree watering purposes.
- Sophisticated, state-of-the-art washing and cleaning methods were used
- The Company installed an ETP and STP
- Leakage was monitored during the Gemba visit and Kaizen improvements are made.
- A water meter was installed for monitoring water consumption.
- Periodic maintenance (cleaning and floor coating) was done for the water storage tank. Promoted Jal Pledge, a poem recited and advocated across the plant.
- Reducing, recycling, and reusing water through demand-side measures and installed foot pedal devices accelerated water conservation.
- Organisational Kaizen competition ignited employee minds to find ways to reduce waste.

Annual water consumption (KL)

Year	FY 2021-22	FY 2022-23	FY 2023-24
Water consumed	28,64,050	25,63,771	77,50,335

Water consumed per unit of the end product (liters)

Year	FY 2021-22	FY 2022-23	FY 2023-24
Water consumed per unit produced	0.0014	0.0017	0.00117

Water storage capacity (liters)

Year	FY 2021-22	FY 2022-23	FY 2023-24
Water storage capacity (liters)	92,000	92,000	92,000

Investments in water conservation infrastructure (in ₹)

Year	FY 2021-22	FY 2022-23	FY 2023-24
Water conservation infrastructure investment (₹)	20,00,000	25,00,000	77,50,335

Our energy management

Overview

At Divgi, we have a priority to invest in renewable energy, installing solar panels with a capacity of 160 KWP. The Company started monitoring electricity and minimise consumption when not in use. The Company started using energy-efficient electrical equipment with a higher star rating from BEE Energy consumption, which is the key element in equipment and facility selection at the design stage. Gadgets like computers and laptops are available in auto-slip mode, resulting in it automatically getting off in case it is not in use.

Our initiatives

- The organisation rolled out a plan to invest in renewable energy,

installing solar panels with a capacity of 160 KWP.

- A CFT team was established to work on monitoring activities related to the environment management
- Environmental incidences were monitored in BSC monthly. In the event of an environmental incidence, the CFT team investigated and planned to avoid recurrence
- The Company monitored electricity and minimised consumption when the facilities were not in use
- The Company used energy-efficient electrical equipment with a higher star rating from BEE

- Gadgets like computers and laptops were available in auto-slip mode, resulting in it automatically getting off when not in use.
- High-velocity and low-speed fans were provided in Shirwal, resulting in minimal electricity consumption.

Outcome

The Company plans to deploy rooftop solar energy, targeting 150 KWP capacity by FY 2023-24 and aiming for a 10% renewable energy mix by FY 2024-25. It will conduct an electrical safety audit and meet qualifications for energy auditors set by BEE or CII.

Energy consumed (units)

Year	FY 2021-22	FY 2022-23	FY 2023-24
Energy consumed	2,864,050	2,563,771	1,011,314

Energy consumed per unit of the end product (units)

Year	FY 2021-22	FY 2022-23	FY 2023-24
Energy consumed per unit produced	0.675	0.607	0.607

Energy intensity

Year	FY 2021-22	FY 2022-23	FY 2023-24
Energy Intensity (GJ/revenue in crore)	42.92	33.20	71.00



Social

The 'S' in ESG embodies fostering strong stakeholder relationships, encompassing employees, customers, suppliers, and communities. This commitment is demonstrated through practices such as industrial relations, diversity, and inclusion.

Safety: Through the organisation, safety is critical. There are 10 emergency situations identified with adequate preparedness. The team's daily fast response meeting (FRM) comprised the agenda on safety performance and incidence, communication on corrective actions, and horizontal deployment. Safety and ergonomic requirements were considered in advance while designing a workstation and equipment selection during the advanced product quality planning (APQP) programme, phase 3. Standardised workstations were equipped with detailed operational guidelines in terms of standard operating sheet (SOS) and job element sheet (JES). A layered process audit was conducted to check for and bring out deficiencies, if any. Corrective actions were tracked for effective implementation. Employees were encouraged to provide suggestions; Kaizens and JDI were recorded, and the management provided resources for implementing Kaizen. TPM ensured machine safety through periodic predictive tests like vibration and thermography for electrical fire hazards. Safety and fire mock drills were executed as per the emergency preparedness and response plan (EPRP) plan and procedure.

Enunciated policy: The EHS policy was displayed at the entrance gate, shop floor, and office area and was available for public and investors on the Company's website. The ERT (emergency response team) board was also displayed.

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

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

Awareness building and communication: Training calendars were created as effectiveness measures. A Safety week was celebrated to create awareness among workers. Internal and external organisational knowledge.

Team composition: The safety committee, emergency response team, and CFT team are always present to enhance safety measures.

Team structure: The emergency response team members followed

instructions of the safety champion to resolve safety issues.

Team engagement: The Safety Week was celebrated with suggestions for activities to engage the team. The top 3 suggestions were given monthly awards, implemented across all manufacturing sites.

Periodic reporting: Statutory and regulatory forms were submitted by the HR senior manager. A Safety Committee meeting was scheduled.

Recruitment: A competent team was recruited. The safety champion and ERT team were available. Prior experience in ISO 45001 and safety remained a key attribute in candidate selection.

Training: An accessible training calendar was in place, covering internal and external organisational knowledge, with a focus on assessing training effectiveness.

Mock drills: Mock drills were conducted twice a year. The observer monitored the evacuation, communication, and mitigation of the emergency situation and recorded the observation. An emergency assembly area was available.

Suitable infrastructure: Activities like maintaining fire hydrants,

fire extinguishers, conducting safety audits, and compliance with statutory and regulatory requirements were in progress.

Safety equipment: The provision of SCABA, fire blankets, PPE, bellows, scissor lifts, and barricades was made.

Safety Week: A Safety Week was celebrated from March 4 to March

10. Safety posters, safety slogans, safety quizzes, and many more competitions were organised; the winners got awards. Industry experts were invited to coach and mentor the team around safety.

Our strategy

Safety violations were mentored through behavior-based training and counselling in KYT and KYM

meetings. Safety incidence was monitored in the business score card. In cases of injury, the CFT team investigated incidence and took corrective action prevent recurrence. Safety violations were checked during the LPA audit. Safety training was a part of the induction; every employee went through 15 training modules, authored by the Toyota team.

Measurement of accidents and accident-free hours over the last five years

Parameter	Safety measures	Bhosari	Sirsi	Shivare	Shirwal	Enterprise level
FY 2019-2020	Incident	0	3	0	NA	4
	Fatality	1	0	0	NA	0
FY 2020-2021	Incident	1	2	0	NA	3
	Fatality	0	0	0	NA	0
FY 2021-2022	Incident	1	1	0	NA	2
	Fatality	0	0	0	NA	0
FY 2022-2023	Incident	2	0	0	NA	2
	Fatality	0	0	0	NA	0
FY 2023- 2024	Incident	0	3	0	1	2
	Fatality	0	0	0	NA	0

Compliance audit systems

- All manufacturing sites (Bhosari, Sirsi, and Shivare) were certified for ISO 45001:2018 and ISO 14001:2015 standards.
- The organisation comprised certified auditors for assessments as per the ISO 45001:2018 and ISO 14001:2015 standards.

- Statutory audit by PwC
- 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 was communicated with 8D/investigation details.

Sites	ISO certificate valid till
Bhosari	15.09.2025
Sirsi	15.09.2025
Shivare	12.12.2024



Health

Employee health checks and yoga sessions promote employee well-being. Inter-unit sports activities enhance employee fitness. Divgi-TTS is ISO 14001 and ISO 45001 certified by DQS GmbH. Budgetary expenditures cover EHS compliance, audits, waste disposal, maintenance, training and safety events. Equipment modernisation improves productivity.

Our initiatives

The Company engaged in the following initiatives as well.

- The Company invested in an equipped fire control system through smoke detectors and sensors installed, apart from fire extinguishers installed on the shop floor and in the office areas.
- Safety Emergency Response Team conducted monthly audits and monthly safety meetings to analyze and sort safety issues
- Regular training and mock drills on fire and emergency evacuation were conducted.
- All moving and rotating parts were provided safeguards.
- All shop floor equipment was equipped with safety sensors and two-hand operation so that no employee was injured while working on the machines.
- Employee health checks are done annually.
- Counselling for employees with variations in health was provided by on-boarded doctors.
- The team's daily fast response meeting (FRM) included safety performance and incidence, communication on corrective actions and horizontal deployment.
- Safety and ergonomic requirements were considered in advance while designing a workstation during APQP programme phase three.
- Standardised workstations were equipped with detailed operational guidelines in terms of standard operating sheet (SOS) and job element sheet (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 provide suggestions; Kaizen and JDI were recorded, and the management provided resources for implementing Kaizen. TPM ensured machine safety through periodic predictive tests like vibration and thermography for electrical fire hazards.
- Safety and fire mock drills were executed as per the EPRP plan and procedure. The management approved the upgradation of the fire protection system.
- A medical health insurance policy was done for employees (staff category). For contractual or variable workforces, the Company took out a group personal accident policy. ESIC covered employees.
- Regular audiometry tests, eye tests, urine tests and general health check-ups were conducted as part of workplace health maintenance.
- Environmental aspects testing and compliance were done annually to ensure air, water, and ambient sound are within the permissible limits as per statutory regulations.
- All employees' health checkups are carried out annually. Audiometry tests, eye tests, urine tests, and general health checkups are part of it. For maintaining a better workplace, lux level, noise level, ambient air, and work zone monitoring tests are carried out yearly.
- First aid boxes are provided at several locations. The Company has ties with the nearest hospitals to provide medical attention.
- All on-roll employees were covered by a medical insurance policy covering all diseases. For contractual workers, group personal accident policy (GPA), and medical insurance were cross-verified before approving a work permit.

Governance



The 'G' in ESG, representing governance, encompasses the system of practices, regulations, and protocols established by our company to oversee operations, make decisions, comply with laws, and address external stakeholder concerns.

Our governance platform

Focus: Specialising in meeting global mobility demands, our business focuses on crafting transmission systems, both manual and automatic, designed to optimise power output from various energy sources.

Strategic investments: We have strategically invested for the long-term, prioritising the culture, asset enhancement, advanced technologies, knowledge acquisition, infrastructure development, product innovation, and robust relationships.

Approach: We have embraced an international outlook by investing in a global mindset, implementing international processes and practices, and consistently benchmarking our standards against industry leaders worldwide.

Research-driven: At the heart of our operations lies an unwavering commitment to research, aimed at developing processes that enable us to achieve quicker, superior, and cost-effective production.

Board of Directors: Our strategic direction is guided by a distinguished Board of Directors comprising of accomplished professionals, respected industrialists, and influential thought leaders.

Presence: Strategically positioning ourselves as a comprehensive solutions provider, we specialise in complete transmission systems. This strategic move has broadened our scope, increased value-addition for customers, elevated engagement levels, and ultimately driven our profitability.

Practices: We have invested in various systems, processes, and digitalisation initiatives to enhance operational visibility, predict trends, and scale operations.

Controlled: We leverage our net worth to capitalise lucrative market opportunities, channeling our earnings back into the business, while ensuring we remain debt-free.

Complex: We consistently lead the way by evolving from fundamental products to cutting-edge solutions, staying ahead of the curve in our industry.

Environment focus: We specialise in crafting products that optimise engine performance, reducing fuel consumption. Our manufacturing ethos prioritises resource efficiency, ensuring a minimal carbon footprint throughout the production process.



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 recognised 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 (Honors) 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 Metal Wares 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 2016.



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 organisation 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 organisation, 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, specialising 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 a number 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 specialises 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 Prafulla Chandra 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 the co-founder of TFive Network LLP, a firm that provides key services to startups and

other businesses in the 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.



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

FOUNDATIONS
OF OUR
SUCCESS



Business excellence

Strengthening our manufacturing and R&D

Strengths

Experience and collaborations:

With over 50 years of experience in gear manufacturing, the Company operates in a niche and has prior joint venture involvement with BorgWarner.

Workforce competence: Highly experienced and competent.

Product quality and capabilities:

The Company employs advanced, precise, and automated machinery to produce top-tier products and excel in machining critical parts.

As the sole manufacturer of 4WD transfer cases in India, we maintain competitive pricing. Additionally, our range includes competitive offerings such as Automatic Locking Hub and Synchronisers, while also leading in EV design capabilities.

Technological improvements

Cost reduction through automation:

Implementing automation and high-precision machinery aimed at diminishing variable costs within manufacturing. Additionally, gear grinding machines are being installed to enhance the gear finishing processes, while an auto straightening machine is being

deployed for manufacturing purposes.

Semi-automated machines:

Utilising semi-automated Kanzaki gear shaving machines and highly automated EMAG turning machines for efficient turning operations with minimal cutting time. Additionally, automation is integrated into Liebherr gear

hobbing machines, Hota gear shaving machines, and Meiban Murratec turning machines.

Automation in inspection operations:

Utilisation of Digital type auto-inspection equipment with automatic data storage options for automated inspection operations.

Measures taken by the Company for improvements in production and quality

Enhancements in manufacturing facilities:

Key enhancements include the establishment of an in-house heat treatment plant for carburising, hardening, and tempering, alongside the implementation of special processes like shot peening, induction hardening, and laser welding operations. We've also set up a metallurgy inspection lab

and acquired modern, automated machines such as the Japanese HMC to optimise costs and productivity via single-piece flow manufacturing.

Infrastructure expansion:

Expansion initiatives include enlarging the Shirwal plant with a 10-acre land plot and an 88,000 sq. feet built-up area. Additionally, a new 25,000 sq. feet building was

completed at the Sirsi plant to accommodate upcoming projects. Plans are underway to construct a new plant building in the Sirsi facility to house more machines.

Advanced assembly line:

Introduction of a state-of-the-art EV assembly line.

Business excellence

Technological capabilities at Divgi-TTS

Strengths

Focused approach: Focused digital transformation projects to automate various business process including shop floor automation.

Increased data security: Work towards information security management, user training and awareness, audits and compliances.

Highlights, FY 2023-24

- Creating a comprehensive Cyber Security Defense Mechanism
- Migrating our ERP i.e. SAP Business One to HANA Database

Digitalisation initiatives

- Enhancements for user experience through the replacement of client-end hardware
- Changes in client complaint handling for bringing down the MTTR
- Induction of new SAP hardware, software and database
- A sense of 'Secured Environment' against cyber threats.

Case study

Migration to SAP Business One HANA with Business Continuity Solution.

Reality: We implemented SAP-HANA for accommodating business needs for better control, management and informed decision making.

Activity: The Project was initiated in Jun, 23 with the following priorities:

- Tech fresh of SAP Server hardware with the latest configuration
- Adopt HANA as the database
- Business continuity architecture

Outcome: With collaboration between employees and the partners, the project went live on April 10, 2024.



Unleashing the power of sales and marketing at Divgi-TTS

Strengths

Collaboration: Promoting a culture of cohesive working and mutual support is crucial for our organisation. Encouraging team members to help each other ensures a collaborative environment that drives success and innovation.

Specialisation: Our product-based approach is structured into four distinct quadrants: 4WD, MT & Synchronisers, EV Powertrain, and Automatic Transmission. Each quadrant includes various components relevant to these categories, allowing us to specialise and excel in these key areas.

Focus: We clearly defined customer geographies for each Key Account Manager (KAM), ensuring focused and personalised service. This approach enhances our ability to meet customer needs effectively and build stronger, more strategic relationships.

Principal priorities

Continuous customer contact

Communication between CFT team members and the customer

Empathy towards customer requirements

Market share (all-India or regional) of the products in 2023-24

4WD ₹170 Crs 63%	Synchronisers ₹12.35 Crs 5%	EV Transmissions ₹29.83 Crs 11%	Components ₹40.78 Crs 15%
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Highlights, FY 2023-24

- Winning back the export business awards from international Tier 1 customers. BorgWarner and Magna
- Domestic requirement of 4x4 vehicle declined due the introduction of THAR 2WD and
- Less demand of MG Motors (due to restructuring)
 - Increased engagement with overseas customers in US, Mexico and Europe as well as Eastern region (China, Korea, and Thailand).
- Heavy Duty transfer case for Mahindra Defense Advance Light Strike Vehicle (ALSV) and Kalyani Garuda
- Divgi-TTS Shirwal plant production started and approved by customers on May 31, 2023

Achievements, FY 2023-24

- Imparted training to improve financial acumen and product level understanding
- Increased thrust on media and social media presence, customer
- collaterals (business magazine ads, corporate AV and new website)
 - Flawless launch of TATA Tiago (Challenger) EV transmission with Zero PPM and high-quality
- rating from customer; successfully developed two programs TATA Punch (Nova MR) and Mahindra Ejeeto.

Outlook

We aim to maintain our market position as a unique end-to-end solutions provider, offering a comprehensive spectrum of engineering services for our products. From ideation and design to engineering, validation, manufacturing, sales, and after-sales support, we ensure a seamless and integrated experience for our customers.

To continue our leadership in the 4WD segment, we are upgrading technology and introducing innovative product and component lines. We are expanding into the EV powertrain market by collaborating with our German technology partner Hofer Powertrain to localise the Electric Drive Unit for electric vehicles, addressing diverse requirements.

The Company development an Automatic transmission for Indian OEM's with a market potential of . We are in discussion with 5 Customers:

- Mahindra,
- Skoda VW (Currently importing AT from AISIN, Japan)
- Stellantis
- TATA



Strengths

Employee resilience: Our employees demonstrate a strong and positive attitude. Their dedication and resilience represent the keys to our continued success and ability to overcome obstacles.

Manufacturing efficiency: We employ efficient manufacturing practices that allow us to maximise revenue while minimising running costs. This operational excellence ensures our competitiveness and financial health.

Customer relationships: We prioritise relationships with customers, making it possible and meet their needs effectively.

Highlights, FY 2023-24

- Our exports were not through serial production supplies but revenues from proto samples and tooling costs.
- We won business that will start generating revenue from H2 FY 2024-25.

Achievements, FY 2023-24

- Got closer to customers; face-to-face meetings enabled effective engagements; detailed discussions were conducted on development projects and regular supplies.
- Local presence was established in Germany and South Korea
- Support of Toyota Tsusho was enlisted to market products to Japanese OEMs

Outlook

The Company is finalising new component business agreements with industry leaders BorgWarner and Magna, primarily targeting export. The Company is sourcing advanced electric drive units

tailored for Indian OEMs entering the electric vehicle sector, alongside acquiring cutting-edge automatic transmission systems for internal combustion engine vehicles. These endeavors

underscore our commitment to technological innovation and expanding the global footprint while addressing the diverse needs of the automotive industry.

Strengthening our supply chain

Transfer Cases strengths

Vision and mission commitment

- Our strong technical team is deeply committed to a vision of becoming a world-class Indian brand.
- Our mission is to assist customers in innovating world-class drivetrain systems.

Technical expertise and innovation

- Through our expertise and innovation, we cater to diverse customer needs, ranging from higher GVW vehicles to packaging, torque rating in transfer cases, and auto and manual transmissions with synchronisers.

Market position and advantage

- The early development of these transfer cases resulted in a first-mover advantage, notably with Mahindra Defense as our premier customer.
- In a market where competitors are either importing or still developing such transfer cases, we stand out as a trusted and competitive supplier.

EV transmission strengths

Expertise in gear manufacturing and manufacturing facility

- Our expertise in gear manufacturing, combined with a world-class manufacturing facility, provides a strategic advantage in developing EV transmissions.

Supplier and product development

- As the exclusive supplier in India, we have developed and commenced supplying EV transmissions to TATA Motors (through TACO) for mass production.
- The architectural investment in the Challenger transmission not

only secured business for NOVA but also facilitated minimal design changes.

Market expansion and first-mover advantage

- Leveraging our first-mover advantage, we have garnered enquiries from Mahindra Electric and MG Motors for premium vehicles.

Highlights, FY 2023-24

- Total number of Programs managed and executed were 30.
- Successful development of FML ESOE Transfer Case.

- Completion of the in-house validation testing of Nova and E-Jeeto Transmission.
- Submission of OTS parts
- Launch of Hub Reduction 012

- Launch of 6R Input shaft and SOP commencement
- Increased opportunities in EV Transmission design and development as this segment is growing.

Outlook

In our transfer case division, we are engaged in the validation testing and standard operating procedure (SOP) development for our double offset light-duty transfer case. Concurrently, we are exploring opportunities within this sector and venturing into component development. Leveraging our

extensive knowledge, we've secured new requests for quotation for export and local component business. These opportunities include collaborations with prominent industry players. Building on success in the EV transmission market, we are positioning ourselves as a

comprehensive solution provider. Having established ourselves as a reputable manufacturer of EV transmissions, we are presenting ourselves as a one-stop-shop offering a 3-in-1 solution to customers' needs.



Empowering human capital at Divgi-TTS

Strengths

HR integration and involvement in business processes: HR groups actively participate in business reviews, sales planning, and evaluations of new programs, ensuring their strategies align with overall business goals. They also maintain a strong rapport with operations and supporting

functions, fostering seamless collaboration and effective support across the organisation.

Expertise and experience: Our team consists of experienced professionals who possess a deep understanding of the organisation's culture and business practices,

enabling them to make informed and effective decisions.

External relationships and partnerships: We established strong relationships with educational and training institutes, facilitating opportunities for ongoing learning, recruitment, and professional development.

Achievements, FY 2023-24

- Supported Ops Group to achieve attractive revenues by providing on time human and administration resources
- Employee costs (variable workforce) were maintained below 4%

- Shirwal plant made operational within the targeted timeline.
- Restructured the Operational Leadership, strengthened the Operational Excellence Group
- Talent pull came from IIM Nagpur, first time in the history of Divgi Group

- Strengthened the senior leadership team by adding members for Management Systems, Operational Excellence and Advanced Manufacturing
- Employee engagement score was in excess of 75

Outlook

To enhance succession planning for business leaders, we aim to increase our intellectual bandwidth by hiring talent from IITs and IIMs for key positions. This effort will be supported by the implementation of an upgraded HRMS/SAP system and the development of leadership practices using the Product Leadership Competency

Model framework. We will conduct compensation benchmarking to ensure competitive and equitable pay structures.

We are focused on improving enterprise productivity through targeted initiatives. To strengthen our HR team, we will add a dedicated resource for

Organisational Development (OD) assignments, which could potentially succeed the Head of HR. This strategic move will ensure continuity and reinforce our commitment to develop talent for leadership roles.



Our dashboard

Total employee cost

Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employee cost (₹)	28,77,20,993	30,35,88,387	32,55,48,112	32,60,80,536

Employees (on roll)

Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employees	186	202	206	230

Training hours

Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Aggregate person training hours (per employee per month)	6.87	7.43	7.67	6.69

Total employee cost

Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Average age	42.7	39.95	38.92	35.57

Total employee cost

Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Women employees as % of total employees	2.15	2.97	2.42	2.17

Employee productivity

Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Revenue per employee (USD)	54,868	68,431	75,044	60,565

Total employee cost

Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employee cost (₹)	4.00	3.81	3.25	3.58



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

KEY MANAGERIAL PERSONNEL

Chief Financial Officer

Mr. Sudhir Shridhar Mirjankar

Chief Operating Officer

Mr. Dipak Annasaheb Vani

Company Secretary and Compliance Officer

CS Sanika Surendra Nirgude

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/>

BANKER

HDFC Bank Limited

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: L32201MH1964PLC013085

FACTORIES

1. BHOSARI
2. SHIVARE
3. SHIRWAL

BOARD COMMITTEES

Audit Committee
Nomination & Remuneration Committee
Stakeholders' Relationship Committee
Corporate Social Responsibility Committee
Risk Management Committee
Independent Directors' Committee

Board's Report

Dear Members,

Your Directors are pleased to present the 59th Annual Report of Divgi TorqTransfer Systems Limited ("Your Company /the Company") along with the Audited Financial Statements for the financial year ended March 31, 2024.

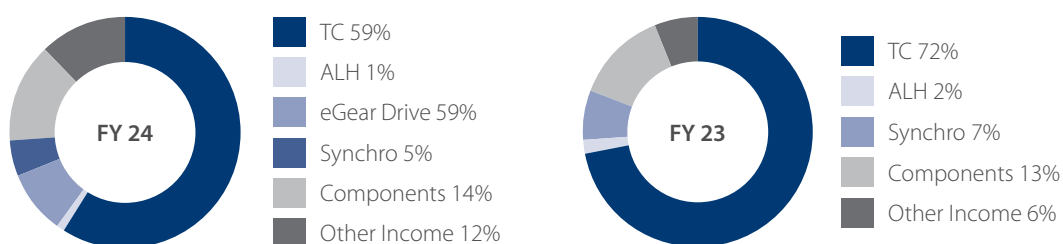
1. KEY FINANCIAL HIGHLIGHTS (Standalone):

Particulars	(₹ in millions)	
	Financial Year 2023-24	Financial Year 2022-23
Revenue from Operation	2534.24	2,710.43
Other Income	195.59	76.24
Total Income	2729.83	2,786.67
Expenses excluding Finance Cost and Depreciation & Amortization Expenses	2003.56	1,965.69
Profit for the year before Interest, Depreciation & Amortization	726.27	820.98
Finance Cost	4.07	2.82
Depreciation & Amortization Expenses	186.88	129.85
Profit for the year before exceptional items and tax	535.32	688.31
Exceptional Items	-	-
Profit before Tax	535.32	688.31
Tax Expenses		
• Provision for Income Tax	116.25	21.72
• Deferred Tax	176.87	(0.18)
Profit for the Year	397.35	511.62
Earnings Per Share		
• Basic	12.99	12.99
• Diluted	18.45	18.45

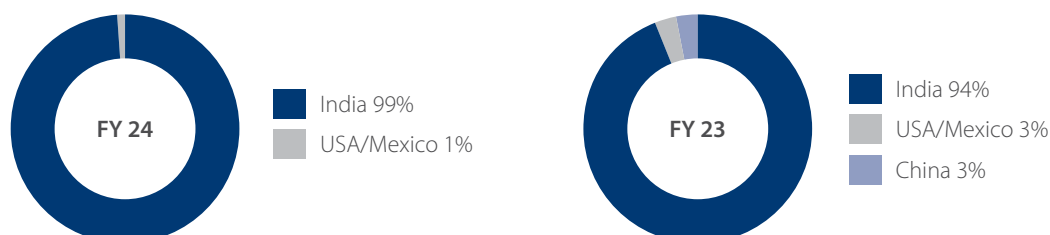
The above-mentioned figures are extracted from Financial Statements prepared in accordance with the Indian accounting standards (IND AS).

2. FINANCIAL AND OPERATIONS PERFORMANCE AND STATE OF AFFAIRS:

Revenue Mix – Product-wise FY24 vs FY23



Revenue Mix – Geography-wise FY24 vs FY23



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

Particulars	Financial Year 2023-24	Financial Year 2022-23
Transfer Cases	1622.12	1969.64
Automatic Locking Hubs	36.08	66.14
Transmission components	734.57	544.28
Other Operating Revenue	41.79	38.94
Sales of tools	99.69	91.42
Other Income	195.60	76.24
Total Revenue	2729.84	2786.67

Overview of the Financial Year:

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. UTILIZATION OF IPO PROCEEDS:

Issue size = ₹412.12 crores

OFS portion = ₹180.0 crores

Net proceeds = ₹169.60 crores

During the year under report, the Company has utilized the IPO proceeds as follows:

SR. No	Quarter	Amount Utilized (₹ in Crores)
1.	1 st April 2023 to 30 th June 2023	4.250
2.	1 st July 2023 to 30 th September 2023	11.975
3.	1 st October 2023 to 31 st December 2023	4.711
4.	1 st January 2024 to 31 st March 2024	18.893
	Total	39.829

4. DIVIDEND:

Your Directors are pleased to recommend dividend of ₹2.60 per equity share of face value of ₹5.00 each as Final Dividend out of the profits of the Financial Year ended March 31, 2024, 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, 2024.

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

During the financial year ended March 31, 2024, 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 has been obtained for the RPTs which are repetitive in nature or when the need for these transactions cannot be foreseen in advance. The 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/policies-and-code-of-conduct/>

11. 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.

12. 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.

The issued, subscribed and paid-up capital of the Company as on March 31, 2024 was ₹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.

13. SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANY:

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

14. 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.



15. 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, 2024:

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. Sanjay Bhalchandra Divgi	Director	Non- Executive, Non- Independent Director
8	Mr. Bharat Bhalchandra Divgi	Director	Non- Executive, Non- Independent Director

CHANGES DURING THE PERIOD UNDER REVIEW

APPOINTMENTS:

- Directors liable to retire by rotation:**

As per the provisions of the Act, Mr. Sanjay Bhalchandra Divgi (DIN: 00471465), Non-Executive Non-Independent Director and Mr. Bharat Bhalchandra Divgi (DIN: 00471587) Non-Executive Non-Independent 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.

RESIGNATIONS:

Mr. Ajay Bhaskar Limaye (DIN: 02762738) resigned from the position of Nominee Director of the Company w.e.f. July 11, 2023.

KEY MANAGERIAL PERSONNEL:

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

Sr. No.	Name	Designation
1	Mr. Jitendra Bhaskar Divgi	Managing Director
2	Mr. Hirendra Bhaskar Divgi	Whole Time Director
3	Mr. Sudhir Sridhar Mirjankar	Chief Financial Officer
4	Mr. Dipak Annasaheb Vani	Chief Operating Officer
5	CS Sanika Surendra Nirgude	Company Secretary & Compliance Officer

CHANGES DURING THE PERIOD UNDER REVIEW

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

- CS Sanika Nirgude was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. July 01, 2023 pursuant to casual vacancy caused due to resignation of erstwhile Company Secretary and Compliance Officer, Mr. Satish Chandrashekhar Kadrolli.
- Mr. Dipak Vani was appointed as the Chief Operating Officer of the Company w.e.f. November 01, 2023.

16. DETAILS OF BOARD MEETINGS:

The Board met six (06) 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.

17. COMMITTEES OF THE BOARD:

As of March 31, 2024, the Board had 6 (six) committees: the Audit Committee, the Nomination and Remuneration Committee, the Stakeholder Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee and the Independent Directors' 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.

18. 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.

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

The Board of Directors of your Company strategically comprises of Independent Directors who add value to the Company. The Company has been fortunate in having talented and experienced people as Independent Directors on its Board. 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.

20. 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 Listing Regulations.

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.

21. 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.



22. 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.

23. 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 a part of this Report.

24. 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 a Company Secretary in practice to the Company in the prescribed format.

The Company has received this report from CS Vinayak Khanvalkar, Partner - M/s. Kanj & Co. LLP, Company Secretaries, Pune for the financial year ended March 31, 2024 and the same has been submitted to the Stock Exchanges within the stipulated timeframe. Copy of the said report is available on the website of BSE Limited www.bseindia.com and National Stock Exchange of India Limited www.nseindia.com and also on the Company's website www.divgi-tts.com.

25. ANNUAL RETURN:

As per the requirement of Section 92(3) read with section 134(3)(a) of the Act, copy of the Annual Return 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/>

26. 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

27. 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, 2022 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 2023-2024 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 2023-24.

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

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 May 18, 2023 to conduct internal audit reviews of the Company for the Financial Year 2023-2024. 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.

28. 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.

29. 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 and Internal Auditor in their respective report.

The Secretarial Auditor has reported the following observations:

1. There was a delay in filing certain e-forms with the Registrar of Companies, Pune, during the year under report.

Management Response- The late filing of forms was due to technical issues faced on the portal of Ministry of Corporate Affairs. Implemented corrective measures to avoid such delays and the forms are now initiated for filing much before the due date.

2. The Company needs to strengthen compliance with secretarial standards including circulation of draft minutes to the Board of Directors after the meeting.

Management Response- Implemented corrective measures and the Minutes are now first circulated to the respective Chairperson for comments and then circulated to the Committee/Board within statutory timeline.



3. There was a delay of 4 minutes in communicating the outcome in pdf form and a delay of 22 minutes in communicating the outcome in xml form when reporting to NSE.

Management Response- The delay in XBRL format of the outcome of meeting was mainly due to connectivity / technical issues for which the company sought the help of stock exchanges and the issue was resolved

4. There was a delay in reporting the proceedings of the Annual General Meeting held on 31st July 2023 for the financial year 2022-2023 to the Stock Exchanges.

Management Response- The delay was due to inadvertence and without any mala fide intention. No query was received from the stock exchanges on the said delay

5. The profile of the directors retiring by rotation and being reappointed was not provided to the shareholders.

Management Response- Since the reappointment of directors retiring by rotation pertained to the Managing Director and Whole-Time director of the Company, the same was not provided. However, the profile of the Independent Director for continuing the Directorship beyond 75 years of age was duly provided.

30. INTERNAL FINANCIAL CONTROLS:

The Company has established a robust system of internal controls to ensure that assets are safeguarded, and transactions are appropriately authorized, 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.

31. 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 an 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/policies-and-code-of-conduct/>

32. PARTICULARS OF EMPLOYEES:

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 A'.

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 B'.

33. 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.

34. 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 form a part of this Integrated Annual Report is annexed to this Report as '**Annexure E**'.

35. COMPLIANCE WITH SECRETARIAL STANDARDS:

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

36. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The provisions of CSR were applicable to your Company during the financial year under review, and accordingly your Company has formulated a 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**'. The CSR Policy is disclosed on the website of the Company <https://divgi-tts.com/policies-and-code-of-conduct/>

37. 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/policies-and-code-of-conduct/>

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.

38. 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 2023-24.



39. 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.

40. 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.

41. 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.

42. 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

Place: Pune
Date: June 25, 2024

Praveen Kadle
Chairperson
DIN: 00016814

Jitendra Divgi
Managing Director
DIN: 00471531

Key Financial Ratios:

Sr. No.	Ratios	March 31, 2024	March 31, 2023	% Change
1	Trade Receivables Turnover Ratio	3.72	4.31	-13.8%
2	Inventory Turnover Ratio	7.50	8.75	-14.4%
3	Current Ratio	6.94	5.02	38.1%
4	Debt Equity Ratio	0.00	0.00	0.00%
5	Net Profit Margin (%)	14.56	18.36	-20.7%

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/ Transaction	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	Salient terms of the contract or arrangement or 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 ₹3.85 Lakhs/ month
6	Date of approval by the Board, if any	May 18, 2023	May 18, 2023
7	Amount paid as advances, if any	NIL	NIL

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

Place: Pune
Date: June 25, 2024

Praveen Kadle
Chairperson
DIN: 00016814

Jitendra Divgi
Managing Director
DIN: 00471531

Annexure B
Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

**[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, it's 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, 2024, 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, 2024 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; No events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (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:

6. There was a delay in filing certain e-forms with the Registrar of Companies, Pune, during the year under report.
7. The Company needs to strengthen compliance with secretarial standards including circulation of draft minutes to the Board of Directors after the meeting.
8. There was a delay of 4 minutes in communicating the outcome in pdf form and a delay of 22 minutes in communicating the outcome in xml form when reporting to NSE.
9. There was a delay in reporting the proceedings of the Annual General Meeting held on 31st July 2023 for the financial year 2022-2023 to the Stock Exchanges.
10. The profile of the directors retiring by rotation and being reappointed was not provided to the shareholders.

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.

During the period under report CS Satish Kadrolli (Membership No. ACS 43677) resigned from the designation of Company Secretary and Compliance Office of the Company and CS Sanika Surendra Nirgude (Membership No. ACS 71466) was appointed as the Company Secretary and Compliance Office of the Company with effect from 1st July, 2023.

We have been informed that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance. 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. During the year, Board also granted a general approval to receive notes on agenda items of the Board Meetings which are considered Unpublished Price Sensitive Information, however the Board mandated that the shorter notice shall not be shorter than 3 days.

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 during the year declared a dividend of Rs. 3.35 (Rupees Three and Thirty-Five Paise only) per equity share of face value Rs. 5 each, of the Company for the Financial Year ended March 31, 2023.

With exception to this corporate transaction, the Company has not carried out any significant corporate transaction having a major bearing on the Company's affairs.

For **KANJ & Co. LLP**,
Company Secretaries,

Vinayak Khanwalkar
Partner

FCS No.: 2489

C P No.: 1586

UDIN: F002489F000612868

Firm Unique Code: P2000MH005900

Date: June 25, 2024

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,
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: F002489F000612868

Firm Unique Code: P2000MH005900

Date: June 25, 2024

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 2023-24:

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	18.54	-33.79%
2)	Mr. Hirendra Bhaskar Divgi	Executive Director	9.256	-33.90%
3)	Mr. Sudhir Shridhar Mirjankar	Chief Financial Officer (CFO)	4.52	-17.7%
4)	CS Satish Chandrashekhar Kadrolli*	Company Secretary and Compliance Officer	0.52	NA
5)	CS Sanika Surendra Nirgude**	Company Secretary and Compliance Officer	1.33	NA

*CS Satish Chandrashekhar Kadrolli resigned from the position of Company Secretary and Compliance Officer w.e.f. June 30, 2023.

**CS Sanika Surendra Nirgude was appointed as the Company Secretary and Compliance Officer w.e.f. July 01, 2023. The percentage increase in the remuneration is not mentioned above for FY 2023-24 being her first year of appointment.

Notes:

- a) 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 Median Remuneration of Employees of the Company: ₹6,67,665
3. The number of permanent employees on the roll of Company as at March 31, 2024: 248 employees.
4. 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:
- The increments given to each individual employee is based on the employees' performance and retention & motivation policy of the Company. There are no exceptional circumstances for increase in the managerial remuneration.
5. 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: Pune
Date: June 25, 2024

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 FY23-24

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 personnel and management of the Company	Percentage of equity shares held by the employee in the company as on March 31, 2024
1.	Mr. Jitendra Bhaskar Divgi	1,87,04,440	30 years	62	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 FY23-24 or not less than rupees eight lakh and fifty thousand per month (if employed for part of the FY23-24): 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

Praveen Kadle
Chairperson
DIN: 00016814

Place: Pune
Date: June 25, 2024

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

Jitendra Divgi
Managing Director
DIN: 00471531



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 84%.
(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	6% of revenue from operations

- (c) Foreign exchange earnings : ₹39,14,417
Foreign exchange Outgo : ₹49,59,91,914

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: Pune
Date: June 25, 2024



Annexure E

Business Responsibility and Sustainability Report

A: General Disclosures

A.1: Details of the listed entity

1. Corporate identity number (CIN) of the listed entity	:	L32201MH1964PLC013085
2. Name of the listed entity	:	Divgi TorqTransfer Systems Limited
3. Year of incorporation	:	16-12-1964
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	:	2023 - 2024
10. Name of the stock exchange(s) where shares are listed	:	BSE, NSE
11. Paid-up Capital (in Rs.)	:	152914635
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	:	Rupam S. Parwate, 9975712951, rsparwate@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).	:	Standalone basis
14. Name of assurance provider	:	NA
15. Type of assurance obtained	:	NA

A.2: Products/services

16. 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
	Manufacturing	Manufacture of parts & accessories of motor vehicles & engines	100

17. Products/services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/Service	NIC code	% of total turnover contributed
	Transfer Case	2930	64
	Auto Looking Hub	2930	1.42
	Transmission Components & Others	2930	25.13
	EV Transmission	2930	9.45

A.3: Operations

18. 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	0	0

19. Markets served by the entity:

a. Number of locations:

Location	Number
National (No. of States)	2
International (No. of Countries)	2

b. What is the contribution of exports as a percentage of the total turnover of the entity?:

1.25

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. Force Motors : Force Motors Ltd, is an Indian multinational automotive manufacturing company, based in Pune, BorgWarner : Borg Warner is an American automotive supplier. The Company is among the 25 largest automotive suppliers in the world.

A. 4: Employees

20. Details as at the end of financial year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	% (B/A)	No. (C)	% (C/A)	No. (H)	% (H/A)
EMPLOYEES								
1.	Permanent (D)	246	243	98.78	3	1.22		0
2.	Other than Permanent (E)	33	26	78.79	7	21.21		0
3.	Total employees (D+E)	279	269	96.42	10	3.58	0	0
WORKERS								
4.	Permanent (F)	0	0	0	0	0		0
5.	Other than Permanent (G)	373	344	92.23	29	7.77		0
6.	Total workers (F+G)	373	344	92.23	29	7.77	0	0

**b. Differently abled employees and workers:**

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	% (B/A)	No. (C)	% (C/A)	No. (H)	% (H/A)
DIFFERENTLY ABLED EMPLOYEES								
1.	Permanent (D)	0	0	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0	0	0
3.	Total differently abled employees (D+E)	0	0	0	0	0	0	0
DIFFERENTLY ABLED WORKERS								
4.	Permanent (F)	0	0	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0	0	0
6.	Total differently-abled workers (F + G)	0	0	0	0	0	0	0

21. Participation/inclusion/representation of women:

Leadership team	Total (A)	Number and percentage of females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.50
Key Management Personnel	3	1	33.33

22. Turnover rate for permanent employees and workers. (Disclose trends for the past 3 years):

Particulars	FY 2023 - 2024 (Turnover rate in current FY)				FY 2022-2023 (Turnover rate in previous FY)				FY 2021-2022 (Turnover rate in the year prior to the previous FY)			
	Male	Female	Other	Total	Male	Female	Other	Total	Male	Female	Other	Total
	Permanent Employees	31	3	0	34	6.0	1.0	0	7.0	29.0	0	0
Permanent Workers	1	0	0	1	0	0	0	0	0	0	0	

A. 5: Holding, Subsidiary and Associate Companies (including joint ventures)**23. Details of holding/subsidiary/associate companies/joint ventures.:**

S. No.	Entity name (A)	Entity type	% of shares held	Entity (A) participate in the BRSR initiatives of the parent entity?
	Divgi Holding Private Limited	Holding	51.6	No

A. 6: CSR Details**24. CSR details of the company:**

a. Whether CSR is applicable as per section 135 of Companies Act, 2013	: Yes
b. Turnover (in Rs.)	: 2534243674
c. Net worth (in Rs.)	: 5803428812

A. 7: Transparency and Disclosures Compliances

25. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place?	If Yes, then provide web-link for policy	FY 2023 - 2024 Current Financial Year			FY 2022-2023 Previous Financial Year			If NA, then provide the reason
			No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	
Communities	Yes	https://divi-tts.com/policies-an-code-of-conduct	0	0		0	0	NA	
Investors (other than shareholders)	Yes	https://divi-tts.com/policies-an-code-of-conduct	0	0		0	0	NA	
Shareholders	Yes	https://divi-tts.com/policies-an-code-of-conduct	0	0		0	0	NA	
Employees and workers	Yes	https://divi-tts.com/wp-content/uploads/2023/03/8.-Policy-on-Vigil-Mechanism.pdf	0	0		0	0	NA	
Customers	Yes	e-mail communications, Portal	21	0		15	0	All complaints resolved	
Value chain partners	Yes	e-mail communications, Portal	0	0		0	0	NA	



26. 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.):

S. No.	Material issue identified	Indicate whether risk (R) or opportunity (O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity
	Climate protection	O	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.	-	Positive Implications
	Sustainable product design and life cycle management	O	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 Implications
	Cybersecurity and data management	O	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 Implications
	Employee health and safety ESG	O	Creating safe and healthy work environment Management system for identification, prevention, minimization of potential ESG-risks	-	Positive Implications
	Diversity, equity & inclusion	O	Company’s policy to ensure that it’s culture and hiring and promotion practices foster the building of a diverse and inclusive workforce	-	Positive Implications
	Corporate governance and sustainability leadership	O	Management follows clear sustainability policy and guidelines for encouraging Sustainability practices across the plants	-	Positive Implications
	Compliance management	O	Management system for ensuring, that the company and its employees follow all laws, regulations, standards, and ethical practices.	-	Positive Implications
	Social and ecological standards in the supply chain	O	Driving sustainability performance in the supply chain including minimum social and ecological standards	-	Positive Implications

B: Management and Process Disclosures

B. 1: Policy and management processes

1-6. Policy and management processes:

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1 b. Has the policy been approved by the Board?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1 c. Web Link of the Policies, if available	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/	https://di.vgi-tts.com/policies-and-code-of-conduct/
2. Whether the entity has translated the policy into procedures.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners?	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles	No	No	No	No	No	No	No	No	No
The entity does not have the financial or/human and technical resources available for the task	No	No	No	No	No	No	No	No	No
It is planned to be done in the next financial year	No	No	No	No	No	No	No	No	No
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

C: Principle Wise Performance Disclosures

C.1: Principle 1

Essential indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
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
Employees other than BoD and KMPs	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):

- a. Monetary:

Penalties and Fees	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred?
Penalty/Fine	NA	NA	0	NA	No
Settlement	NA	NA	0	NA	No
Compounding fee	NA	NA	0	NA	No

- b. Non-monetary:

Legal sanctions	NGRBC principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred?
Imprisonment	NA	NA	NA	No
Punishment	NA	NA	NA	No

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 the regulatory/ enforcement agencies/ judicial institutions

4. Details about anti-corruption or anti-bribery policy.:

- a. Does the entity have an anti-corruption or anti-bribery policy?:

Yes

- b. If yes, provide details in brief:

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.

- c. If available, provide a web-link to the policy.:

<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:

Organizational roles	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

Complaints type	FY 2023 - 2024 (Current Financial Year)		FY 2022-2023 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

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

8. Number of days of accounts payables ((accounts payable*365)/Cost of goods or services procured) in the following format:

Question	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Number of days of accounts payables	60	58

9. Open-ness of business: Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0	0
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	0	0
	b. Number of dealers / distributors to whom sales are made	0	0
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	0	0
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0	0
	b. Sales (Sales to related parties / Total Sales)	0	0
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	0	0
	d. Investments (Investments in related parties / Total Investments made)	0	0

**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 / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	P1, P2, P3, P4, P5, P6, P8, P9 (suppliers onboarded are covered through the Divgi TTS Code of Conduct for Suppliers, QEHS Policy, Supplier quality manual requirements)	100

2. **Details about the processes in place to avoid/ manage conflict of interests involving members of the Board.:**

- a. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board?

Yes

- b. If yes, provide details of the same.:

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.

C.2: Principle 2**Essential indicators**

1. **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.:**

Expenditure type	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)	Details of improvements in environmental and social impacts
R&D	1.83	1.01	NA
Capex	63.68	22.38	NA

2. **Details about sustainable sourcing:**

- a. Does the entity have procedures in place for sustainable sourcing? : Yes

- b. If yes, what percentage of inputs were sourced sustainably? : 100

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for the following waste categories.:**

Product type	Process description
a. Plastics (including packaging)	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.
b. E-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.
c. Hazardous 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.
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.

4. Details about Extended Producer Responsibility (EPR):

Questions	Response
Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities.	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.	NA

Leadership indicators

1. Details about the Life Cycle Perspective / Assessments (LCA):

- a. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? : No
- b. If yes, provide details in the following format?:

NIC code	Name of product/service	% of total turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency	Results communicated in public domain	If yes, provide the web-link.

2. 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.:

Name of product/service	Description of the risk / concern	Action taken

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).:

Indicate input material	Recycled or re-used input material to total material	
	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Waste Recycle	84	84.0

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:

Complaints type	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (Previous Financial Year)		
	Re-Used	Recycled	Safely disposed	Re-Used	Recycled	Safely disposed
Plastics (including packaging)	0	10	0	0	10	0
E-waste	0	0	0	0	0.07	0
Hazardous waste	0	44	29	0	44.22	29
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.:

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	

**C.3: Principle 3****Essential indicators****1. Details regarding well-being of employees and workers:**

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	243	0	0	243	100	0	0	0	0	0	0
Female	3	0	0	3	100	3	100	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	246	0	0	246	100	3	1.22	0	0	0	0
Other than permanent employees											
Male	26	0	0	26	100	0	0	0	0	0	0
Female	7	0	0	7	100	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	33	0	0	33	100	0	0	0	0	0	0

b. Details of measures for the well-being of workers:

Category	% of workers 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											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0
Other than permanent workers											
Male	344	0	0	344	100	0	0	0	0	0	0
Female	29	0	0	29	100	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	373	0	0	373	100	0	0	0	0	0	0

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

Question	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Cost incurred on well being measures as a % of total revenue of the company	0.02	0.02

2. Details of retirement benefits, for the current and previous financial year.:

Complaints type	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (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	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	18.15	0	Yes	100	0	Yes

3. Accessibility of workplaces:

Questions	Response
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?	Yes
If not, whether any steps are being taken by the entity in this regard.	NA

4. Details about equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016.:

Questions	Response
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 https://divgi-tts.com/policies-and-code-of-conduct/ The Business code Conduct and sustainability, social accountability policy guidelines document declares the equal opportunity policy under the values of â Respect to each otherâ . Divgi TTS also undertakes the responsibility of â working conditionsâ 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.:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	0	0	0	0
Female	100	100	0	0
Other	0	0	0	0
Total	100	100	0	0

6. a. Is there a mechanism available to receive and redress grievances for the : No following categories of employees and worker?
- b. If yes, give details of the mechanism in brief.:

Category	Yes/No	If Yes, then give details of the mechanism in brief
Permanent workers	Yes	
Other than permanent workers	Yes	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.
Permanent employees	Yes	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.



Category	Yes/No	If Yes, then give details of the mechanism in brief
Other than permanent employees	Yes	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.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (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	246	0	0	274	0	0
Male	243	0	0	264	0	0
Female	3	0	0	10	0	0
Other	0	0	0	0	0	0
Total permanent workers	373	0	0	0	0	0
Male	344	0	0	0	0	0
Female	29	0	0	0	0	0
Other	0	0	0	0	0	0

8. Details of training given to employees and workers:

Category	FY 2023 - 2024 (Current Financial Year)					FY 2022-2023 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
Employees										
Male	243	243	100	243	0	264	250	94.70	250	94.70
Female	3	3	100	3	0	10	9	90	9	90
Other	0	0	0	0	0	0	0	0	0	0
Total	246	246	100	246	0	274	259	94.53	259	94.53
Workers										
Male	344	344	100		0	306	306	100	306	100
Female	29	29	100		0	32	32	100	32	100
Other	0	0	0		0	0	0	0	0	0
Total	373	373	100	0	0	338	338	100	338	100

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (Previous Financial Year)		
	Total (A)	Number (B)	% (B/A)	Total (C)	Number (D)	% (D/C)
Employees						
Male	243	243	100	264	264	100
Female	3	3	100	10	10	100
Other	0	0	0	0	0	0
Total	246	246	100	274	274	100
Workers						
Male	344	344	100	0	0	0
Female	29	29	100	0	0	0
Other	0	0	0	0	0	0
Total	373	373	100	0	0	0

10. Health and safety management system:

Questions	Response
a. Whether an occupational health and safety management system has been implemented by the entity? If yes, the coverage such system?	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.



Questions	Response
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. Rule follow mechanism reporting established as part of ISO 45001 to report of Unsafe Acts, Unsafe Conditions, near misses and incident reporting. Same are analyzed in KYT /KYM, Corrective and preventive actions are initiated to mitigate safety risks, effectiveness status checked through LPA and MRM.
c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks.	Yes
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?	Yes

11. Details of safety related incidents, in the following format:

Safety incident/number	Category*	FY 2023 - 2024	FY 2022-2023
		(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	0	2

*Including in the contract workforce

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 a Zero Harm Culture campaign to proactively ensure safe and healthy workplace.

13. Number of complaints on the following made by employees and workers:

Complaints type	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (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	NA	0	0	NA
Health and safety	0	0	NA	0	0	NA

14. Assessments for the year:

Category	% 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 Behavioral 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:

Category	Response
Employees	Yes
Workers	Yes

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:

Category	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 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	0	0

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

5. Details on assessment of value chain partners:

Category	% 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.

C.4: Principle 4
Essential indicators
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	Channels of communication	Details of other channels of communication	Frequency of engagement	Details of other frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Other	E-Mail , Townhall Meeting , Employee of The Month, Plant FRM, Safety Meetings, Employee engagement Survey, Notice Board	Annually		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	Other	Email, Newspaper, Website, conference calls, virtual meetings	Others à please specify	Need based , Quarterly	Shareholder related communication

Stakeholder group	Whether identified as vulnerable & marginalized group	Channels of communication	Details of other channels of communication	Frequency of engagement	Details of other frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors/Analyst	No	Other	Email, conference calls, virtual meetings	Others â please specify	Half-yearly plus as and when requested by investors	To understand the Company's results, major events and future direction
Customers	No	Other	Email, Website, KAM Visits, Auto Expo	Others â please specify	As and when required	Information on Business offerings
NGOs & Communities	No	Other	Meetings Quarterly and Annual Reports	Quarterly		Initiating CSR project along with the community
Suppliers	No	Other	Supplier Manual, Monthly Score Card, Supplier Conference, Supplier Audits	Others â please specify	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. a.** Whether stakeholder consultation is used to support the identification and management of environmental, and social topics. : Yes
- b.** 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.:

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)

3. Details of remuneration/salary/wages:

a. Median remuneration/wages:

Gender	Male		Female		Other	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BoD)	7	14000000	1	1400000	0	0
Key Managerial Personnel	2	4220500	1	1200000	0	0
Employees other than BoD and KMP	240	559940	3	559940	0	0
Workers	344	228984	29	228984	0	0

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

Question	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Gross wages paid to females as % of total wages	2.25	1.83

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

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. 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.

6. Number of complaints on the following made by employees and workers:

Category	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (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	0	0	No complaint received	0	0	No complaint received
Discrimination at workplace	0	0	No complaint received	0	0	No complaint received
Child labour	0	0	No complaint received	0	0	No complaint received



Category	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (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
Forced labour/ involuntary labour	0	0	No complaint received	0	0	No complaint received
Wages	0	0	No complaint received	0	0	No complaint received
Other human rights related issues	0	0	No complaint received	0	0	No complaint received

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Category	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Total complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. 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.

9. Do human rights requirements form part of your business agreements and contracts? : Yes

10. Assessments for the year:

Category	% 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

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 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

4. Details on assessment of value chain partners:

Category	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	0
Discrimination at workplace	0
Child labour	100
Forced labour/involuntary labour	0
Wages	0

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

C.6: Principle 6

Essential indicators

1. Details of total energy consumption (in joules or multiples) and energy intensity, in the following format:

Parameter	Unit	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
From renewable sources			
Total electricity consumption (A)	GJ	0	0
Total fuel consumption (B)	GJ	0	0
Energy consumption through other sources (C)	GJ	0	0
Total energy consumed from renewable sources (A+B+C)	GJ	0	0
From non-renewable sources			
Total electricity consumption (D)	GJ	5316	0
Total fuel consumption (E)	GJ	0	0
Energy consumption through other sources (F)	GJ	0	0
Total energy consumed from non-renewable sources (D+E+F)	GJ	5316	0
Total energy consumed (A+B+C+D+E+F)	GJ	5316	0

Parameter	Unit	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Energy intensity per rupee of turnover (Total energy consumed/revenue from operations)	GJ/crore ₹ turnover	0	0
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/revenue from operations adjusted for PPP)	GJ/crore ₹ turnover	0	0
Energy intensity in terms of physical output	GJ/unit production	0	0
Energy intensity (optional) – the relevant metric may be selected by the entity		0	0
Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?		No	No
If yes, name of the external agency.		NA	NA

2. Details about Performance, Achieve and Trade (PAT) Scheme of the Government of India:

Questions	Response
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?	No
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.	NA

3. Provide details of the following disclosures related to water, in the following format:

Parameter	Unit	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Water withdrawal by source			
(i) Surface water	kilolitres	0	0
(ii) Groundwater	kilolitres	1643.1	2564
(iii) Third party water	kilolitres	9865.72	0
(iv) Seawater/desalinated water	kilolitres	0	0
(v) Others	kilolitres	0	0
Total volume of water withdrawal (i + ii + iii + iv + v)	kilolitres	11508.82	2564
Total volume of water consumption	kilolitres	11508.81	2564
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	kilolitres/ crore ₹ turnover	0	0
Water intensity per rupee of turnover adjusted for purchasing power parity (Total water consumption / Revenue from operations adjusted for PPP)	kilolitres/ crore ₹ turnover	0	0
Water intensity in terms of physical output (Total water consumption / physical unit)		0	0

Parameter	Unit	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Water intensity (optional) – the relevant metric may be selected by the entity		0	0
Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?		No	No
If yes, name of the external agency.		NA	NA

4. Provide the following details related to water discharged:

Parameter	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (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
(iv) To Seawater	0	0
-- No treatment	0	0
-- With treatment - please specify level of treatment	0	0
(iii) 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
Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?	No	No
If yes, name of the external agency.	NA	NA

5. Details about zero liquid discharge (ZLD):

Category	Response
Has the entity implemented a mechanism for zero liquid discharge (ZLD)?	Yes
If yes, provide details of its coverage and implementation.	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.



6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
NOx	mg/Nm3	3.29	3.29
SOx	kg/day	0.86	0.72
Particulate matter (PM)	mg/Nm3	30.23	30.47
Persistent organic pollutants (POP)	mg/Nm3	0	0
Volatile organic compounds (VOC)	mg/Nm3	0	0
Hazardous air pollutants (HAP)	PPM	27.5	25.74
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?		Yes	Yes
If yes, name of the external agency.		Environment Test done by MoEFCC recognised laboratory , Third party verification during yearly surveillance audit by DQS india as per ISO 14001 standard requirements.	Environment Test done by MoEFCC recognised laboratory , Third party verification during yearly surveillance audit by DQS india as per ISO 14001 standard requirements.

7. Provide details of greenhouse gas emissions (scope 1 and scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Total scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	0	0
Total scope 2 emissions(Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	0	0
Total scope 1 and scope 2 emission intensity per rupee of turnover (Total scope 1 and scope 2 GHG emissions / Revenue from operations)	tCO2e/crore ₹ turnover	0	0
Total scope 1 and scope 2 emission intensity per rupee of turnover adjusted for purchasing power parity (PPP)(Total scope 1 and scope 2 GHG emissions/Revenue from operations adjusted for PPP)	tCO2e/crore ₹ turnover	0	0
Total scope 1 and scope 2 emission intensity in terms of physical output	tCO2e/unit production	0	0
Total scope 1 and scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		0	0
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?		No	No
If yes, name of the external agency.		NA	NA

8. Does the entity have any project related to reducing GHG 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 Novà 23. Apart from solar power, the Company is driving multiple Energy Efficiency programs to reduce the CO2 emissions.

9. Details related to waste management:

- a. Different types of waste generated by the entity, in the following format:

Parameter	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Total waste generated (in metric tonnes)		
Plastic waste (A)	0	0
E-waste (B)	0.26	0
Bio-medical waste (C)	0.0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any (G)	80.41	67.73
Other Non-hazardous waste generated (H). Please specify, if any	0	0
Total (A+B+C+D+E+F+G+H)	80.67	0
Waste intensity per crore rupee of turnover (tonne/crore ₹ turnover)	0	67.73
Waste intensity per crore rupee of turnover adjusted for Purchasing Power Parity (PPP) (tonne/crore ₹ turnover)	0	0
Waste intensity in terms of physical output (tonne/unit production)	0	0
Waste intensity (optional) – the relevant metric may be selected by the entity	0	0

- b. Different types of waste recovered or disposed by the entity, in the current financial year:

Category of waste (in metric tonnes)	Recycled	Re-used	Other recovery operations	Incineration	Landfilling	Other disposal operations
Plastic waste	0	0	0	0	0	0
E-waste	0	0.26	0	0	0	0
Bio-medical waste	0	0	0	0	0	0
Construction and demolition waste	0	0	0	0	0	0
Battery waste	0	0	0	0	0	0
Radioactive waste	0	0	0	0	0	0
Other hazardous waste, if any	0	0	0	80.4	0	0
Other non-hazardous waste generated, if any	16.6	0	0	0	0	0
Total	16.60	0.26	0	80.40	0	0



- c. Different types of waste recovered or disposed by the entity, in the previous financial year:

Category of waste (in metric tonnes)	Recycled	Re-used	Other recovery operations	Incineration	Landfilling	Other disposal operations
Plastic waste	0	0	0	0	0	0
E-waste	0	0	0	0	0	0
Bio-medical waste	0	0	0	0	0	0
Construction and demolition waste	0	0	0	0	0	0
Battery waste	0	0	0	0	0	0
Radioactive waste	0	0	0	0	0	0
Other hazardous waste, if any	0	0	0	67.73	0	0
Other non-hazardous waste generated, if any	0	0	0	0	0	0
Total	0	0	0	67.73	0	0

10. 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.

11. 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:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with?	If no, the reasons thereof and corrective action taken, if any.
	NA	NA		NA

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA notification No.	Date	Whether conducted by independent external agency	Results communicated in public domain	Relevant web link
NA	NA	NA	No	No	NA

13. 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: yes

S. No.	Specify the law/ regulation/guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	NA			

Leadership indicators

1. Details of water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

- a. Name of the water stress area and nature of operations:

Name of the area	Nature of operations
NA	NA

- b. Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (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	0	0
Total volume of water withdrawal (in kilolitres)	0	0
Total volume of water consumption (in kilolitres)	0	0
Water intensity per rupee of turnover// n(Water consumed/turnover)	0	0
Water intensity (optional) – the relevant metric may be selected by the entity	0	0
Water discharge by destination and level of treatment (in kilolitres)	0	0
(i) Into Surface water	0	0
-- No treatment	0	0
-- With treatment - please specify level of treatment	0	0
(ii) Into Groundwater	0	0
-- No treatment	0	0
-- With treatment - please specify level of treatment	0	0
(iv) Into Seawater	0	0
-- No treatment	0	0
-- With treatment - please specify level of treatment	0	0
(iii) 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
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?	No	No
If yes, name of the external agency.	NA	NA



2. Please provide details of total scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023 - 2024	FY 2022-2023
		(Current Financial Year)	(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)	tCO ₂ e	0	0
Total scope 3 emissions per rupee of turnover	tCO ₂ e/crore ₹ turnover	0	0
Total scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		0	0
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?		No	No
If yes, name of the external agency.			

3. With respect to the ecologically sensitive areas reported at Question 11 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.

4. 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:

S. No.	Initiatives undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	Installation of storage oil skimmer at HMC Machines	NA	This resulted in increase in the coolant life.
	Collection mechanism installed for collecting dripping water from air compressors.	NA	This water being used for gardening purpose after STP treatment
	Reusing of filter oil	NA	Oil consumption reduced by 50%, Saving 2000 Liters per year.
	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.
	The organization partnered with a packaging solution provider for recyclable & reusable packaging.	For multiple to and fro transfer, Tegatai packaging introduced for the models EV transmission and W501	Such high volume recyclable packaging, which directly reduced the usage of single PP boxes and wooden boxes
	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.
	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

5. Details about the disaster management plan.:

- a. Does the entity have a business continuity and disaster management plan? : Yes
- b. 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.

6. 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.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. : 56.0

C.7: Principle 7

Essential indicators

1. a. Number of affiliations with trade and industry chambers/associations. : 5
- 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
1	Confederation of Indian Industry (CII)	National
2	MAHRATTA CHAMBER OF COMMERCE, INDUSTRIES AND AGRICULTURE (MCCA)	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
6		
7		
8		
9		
10		

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.:

Name of authority	Brief of the case	Corrective action taken
NA	NA	NA

**Leadership indicators****1. Details of public policy positions advocated by the entity.:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain?	Frequency of review by board	Details of other frequency of review by Board	Web Link, if available
	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.	Yes	Others à please specify		Not applicable

C.8: Principle 8**Essential indicators****1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.:**

Name and brief details of project	SIA notification No.	Date of notification	Whether conducted by independent external agency	Results communicated in public domain	Relevant web link
NA	NA	NA	No		

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
	NA	NA	NA	0	0	0

3. Describe the mechanisms to receive and redress grievances of the community.:

The Company has a defined a process to ensure all the complaints and feedback from all stakeholders including communities are received and addressed. This defined process includes: (i) A dedicated contact page on the website (ii) Complaints / Feedback received on contact Email CFT team manage all the complaints and feedback to ensure timely response.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Category	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	15.47	15.47
Directly from within India	45.1	45.1

5. Job creation in smaller towns – disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/ on contract basis) in the following locations, as % of total wage cost.:

Location	FY 2023 - 2024 (Current Financial Year)	FY 2022-2023 (Previous Financial Year)
Rural	0	0
Semi-urban	0.92	0.77
Urban	1.11	0.37
Metropolitan	3.76	4.04

Leadership indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (reference: Q1 of essential indicators above):

Details of negative social impact identified	Corrective action taken
NA	NA

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational district	Amount spent (In INR)
	Karnataka	Sirsi	1365000
	Karnataka	Bangalore	1250000
	Karnataka	Kumta	2000000
	Maharashtra	Purandar	414900
	Maharashtra	Pune	2757000
	Maharashtra	Lonawala	400000
	Maharashtra	Karla	2500000
	Maharashtra	Chinchwad	304500
	Maharashtra	Palghar	504000
	Maharashtra	Shirwal	740000

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/ vulnerable groups? : No
- b. From which marginalized/vulnerable groups do you procure? : Not applicable
- c. What percentage of total procurement (by value) does it constitute? : 0

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:

S. No.	Intellectual property based on traditional knowledge	Owned/acquired	Benefit shared	Basis of calculating benefit share
	Divgi TTS does not have (acquired or owned) Intellectual Property Rights based on the traditional knowledge during the reporting period.	No	No	NA

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.:

Name of authority	Brief of the case	Corrective action taken
NA	NA	NA

6. Details of beneficiaries of CSR projects:

S. No.	CSR project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
	Gram Gourav Pratisthan-Water Structure Restoration (DONI) Project	700	100
	Enabling Leadership, Pragatee Foundation- Project PLAY (Football)	500	100
	The Society for Door Step School- Community Education Programme	500	100
	Vedanta Cultural Foundation	100	100

S. No.	CSR project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
	Inga Health Foundation	5	100
	Shree Trust- Parijnanashram Vidyalaya	200	100
	Bharat Itihas Sanshodhak Mandal	100	100
	Guruprasad High School	100	100
	Action For Impact Foundation	100	100
	Education for Equality Foundation	100	100
	Janata Vidyalaya- Kulave Barur	100	100
	Gram Gourav Pratisthan- Pani Panchayat Shirwal	700	100

C.9: Principle 9

Essential indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.:

Divgi 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.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about.:

Category	As a percentage to total turnover
Environmental and social parameters relevant to the product	0
Safe and responsible usage	0
Recycling and/or safe disposal	0

3. Number of consumer complaints in respect of the following.:

Category	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	0	0	No complaints received	0	0	No complaints received
Advertising	0	0	No complaints received	0	0	No complaints received
Cyber-security	0	0	No complaints received	0	0	No complaints received
Delivery of essential services	0	0	No complaints received	0	0	No complaints received
Restrictive trade practices	0	0	No complaints received	0	0	No complaints received

Category	FY 2023 - 2024 (Current Financial Year)			FY 2022-2023 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Unfair trade practices	0	0	No complaints received	0	0	No complaints received
Other	0	0	No complaints received	0	0	Auto OEM Customer complaints. All complaints resolved.

4. Details of instances of product recalls on account of safety issues.:

State	Number	Reasons for recall
Voluntary recalls	0	No recall cases registered
Forced recalls	0	No recall cases registered

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy?:

Questions	Response
Does the entity have a framework/ policy on cyber security and risks related to data privacy?	Yes
If available, provide a web-link of the policy.	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 other category under indicator 5 of this principle pertains to Product supplied to customers (Auto OEM); all complaints of FY 22-23 resolved.

7. Provide the following information relating to data breaches.:

- | | | |
|-------------------------------------------------------------------------------------------|---|----|
| a. Number of instances of data breaches. | : | 0 |
| b. Percentage of data breaches involving personally identifiable information of customers | : | 0 |
| c. Impact, if any, of the data breaches. | : | NA |

Leadership indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

<https://divgi-tts.com/products/> The information displayed on the product label is as per the applicable laws and in line with the prevalent market practise. The company displays product information as required by the customer and AIAG traceability requirement. Apart from the mandated declarations, additional declaration are furnished on the products/ labels relating to the product and their usage in the service manual.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The information displayed on the product label is as per the applicable laws and in line with the prevalent market practise. The company displays product information as required by the customer and AIAG traceability requirement. Apart from the mandated declarations, additional declaration are furnished on the products/ labels relating to the product and their usage in the service manual. Frequent engagement with the dealers and customer for awareness on product related information and handling.



3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Divgi-TTS does not deal in essential product and services. However, risk are proactively taken care with FMEA (Failure mode and effect analysis) approach and warranty analysis. Risk of disruption/ discontinuation informs to consumer by email.

4. Details about display of product information.

Questions	Response
Does the entity display product information on the product over and above what is mandated as per local laws?	Yes
If yes, provide details in brief.	The information displayed on the product label is as per the applicable laws and in line with the prevalent market practise. The company displays product information as required by the customer and AIAG traceability requirement. Apart from the mandated declarations, additional declaration are furnished on the products/ labels relating to the product and their usage in the service manual. Frequent engagement with the dealers and customer for awareness on product related information and handling. Customer satisfaction survey: A customer satisfaction survey is conducted every year and "customer satisfaction index" is plotted. Result of the survey are analysed to understand the area of improvement. Score card provided by customer is also a measure of customer satisfaction. Average customer satisfaction rating is above 90% and score card rating is Excellent.
Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?	Yes

Annexure F

The Annual Report on CSR Activities for FY 2023-2024

**[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 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	2

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/policies-and-code-of-conduct/>

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: ₹61,17,18,902/-
 (b) Two percent of average net profit of the company as per section 135(5): ₹1,22,34,378/-
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: ₹4,80,000
 (d) Amount required to be set off for the financial year, if any: NIL
 (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹1,22,34,378/-
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹1,22,35,400/-
 (b) Amount spent in Administrative Overheads: ₹4,80,000/-
 (c) Amount spent on Impact Assessment, if applicable: Nil
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹1,27,15,400/-
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	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.
1,27,15,400	Nil	-	Nil	Nil	-

- (f) Excess amount for set off, if any

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹1,22,34,378/-
(ii)	Total amount spent for the Financial Year	₹1,27,15,400 /-
(iii)	Excess/(shortfall) amount spent for the financial year [(ii)-(i)]	₹4,81,022 /-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	₹.04/-

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: No

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

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 25, 2024

Management discussion and analysis

Global economy

Overview: Global economic growth declined from 3.5% in 2022 to an estimated 3.1% in 2023. A disproportionate share of global growth in 2023-24 is expected to come from Asia, despite the weaker-than-expected recovery in China, sustained weakness in USA, higher energy costs in Europe, weak global consumer sentiment on account of the Ukraine-Russia war and the Red Sea crisis resulting in higher logistics costs. A tightening monetary policy translated into increased policy rates and interest rates for new loans.

Growth in advanced economies is expected to slow from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening takes effect. Emerging market and developing economies are projected to report a modest growth decline from 4.1 percent in 2022 to 4.0 percent in 2023 and 2024. Global inflation is expected to decline steadily from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, due to a tighter monetary policy aided by relatively lower international commodity prices. Core inflation decline is expected to be more gradual; inflation is not expected to return to target until 2025 in most cases. The US Federal Reserve approved a much-anticipated interest rate hike that took the benchmark borrowing costs to their highest in more than 22 years.

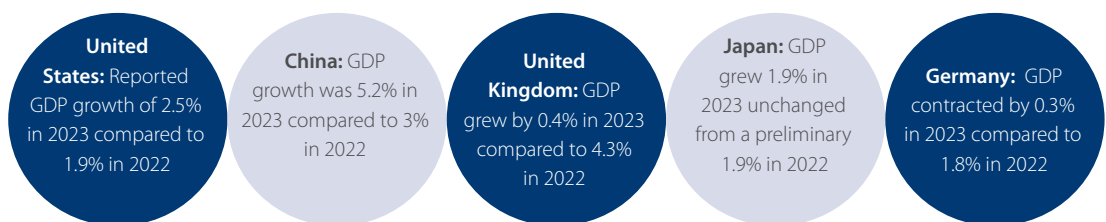
Global trade in goods was expected to have declined nearly US\$ 2 trillion in 2023; trade in services was expected to have expanded US\$ 500 billion. The cost of Brent crude oil averaged US\$ 83 per barrel in 2023, down from US\$101 per barrel in 2022, with crude oil from Russia finding destinations outside the European Union and global crude oil demand falling short of expectations.

Global equity markets ended 2023 on a high note, with major global equity benchmarks delivering double-digit returns. This outperformance was led by a decline in global inflation, slide in the dollar index, declining crude and higher expectations of rate cuts by the US Fed and other Central banks.

Regional growth (%)	2023	2022
World output	3.1	3.5
Advanced economies	1.69	2.5
Emerging and developing economies	4.1	3.8

(Source: UNCTAD, IMF)

Performance of major economies, 2023



(Source: PWC report, EY report, IMF data, OECD data, Livemint)

Outlook: Asia is expected to continue to account for the bulk of global growth in 2024-25. Inflation is expected to ease gradually as cost pressures moderate; headline inflation in G20 countries is expected to decline. The global economy has demonstrated resilience amid high inflation and monetary tightening, growth around previous levels for the next two years

(Source: World Bank).

Indian economy

Overview: The Indian economy was estimated to grow 7.8 per cent in the 2023-24 fiscal against 7.2 per cent in 2022-23. India retained its position as the fifth largest economy. The Indian rupee has demonstrated resilience compared to the preceding year, outperforming many other Asian currencies. Since April 2023, it has experienced a 0.6% depreciation against the dollar, indicating its relative stability. This resilience is underpinned by the robust



growth anticipated for the Indian economy, expected to reach 7.6% during the fiscal year 2023-2024 according to government projections. The rupee's stability is strengthened by the country's surplus in balance of payments.

In the 11 months of FY 2023-24, the CPI inflation averaged 5.4 percent with rural inflation exceeding urban inflation. Lower production and erratic weather led to a spike in food inflation. In contrast, core inflation averaged at 4.5 percent, a sharp decline from 6.2 percent in FY 23. The softening of global commodity prices led to a moderation in core inflation.

The nation's foreign exchange reserves surged to a record high of US\$ 645.6 billion as of March 2024 surpassing the previous high of US\$ 642.49 billion recorded in March 2023. The credit quality of Indian companies remained strong between October 2023 and March 2024 following deleveraged Balance Sheets, sustained domestic demand and government-led capital expenditure. Rating upgrades continued to surpass rating downgrades in H2 FY24. UPI transactions in India posted a record 56 per cent rise in volume and 43 per cent rise in value in FY24.

Growth of the Indian economy

	FY 21	FY 22	FY23	FY24
Real GDP growth (%)	-6.6%	8.7	7.2	8.2

Growth of the Indian economy quarter by quarter, FY 2023-24

	Q1FY24	Q2FY24	Q3FY24	Q4FY24E
Real GDP growth (%)	8.2	8.1	8.4	7.8

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

India's monsoon in 2023 hit a five-year low, with August marking the driest month in a century. Despite receiving only 94 per cent of its long-term average rainfall from June to September, wheat production estimated recorded 114 million tonnes in the 2023-24 crop year due to higher coverage. Rice production was anticipated to decrease to reach 106 million metric tons (MMT) in comparison to 132 million metric tonnes in the previous year. Total kharif pulses produced in 2023-24 stood at an estimated 71.18 lakh metric tonnes, which is lower than FY 2022-23 due to climatic conditions. As per the first advance estimates of national income released by the National Statistical Office (NSO), the manufacturing sector output is projected to have grown 6.5 per cent in 2023-24 compared to 1.3 per cent in 2022-23. The Indian mining sector experienced an estimated growth of 8.1 per cent in 2023-24 compared to 4.1 per cent in 2022-23. Financial services, real estate and professional services grew a projected 8.9 per cent in 2023-24 compared to 7.1 per cent in FY 2022-23.

Real GDP or GDP at constant prices increased from to Rs 160.71 lakh crore in 2022-23 (provisional GDP estimate released on 31st May, 2023) to an estimated Rs. 173.82 lakh crore in 2023-24. Growth in real GDP during 2023-24 stood at 8.2 per cent compared to 7.2 per cent in 2022-23. Nominal GDP or GDP at current prices was estimated at Rs 295.36 lakh crore in 2023-24 as compared to the provisional 2022-23 GDP estimate of Rs 269.50 lakh crore. The gross non-performing asset ratio for scheduled commercial banks improved from 4.1 per cent as of March 2023 to 2.8 per cent as of March 2024.

India's exports of goods and services were expected touch US\$ 900 billion in 2023-24 compared to US\$ 770 billion in the previous year despite global headwinds. Merchandise exports were expected to expand between US\$ 495 billion and US\$ 500 billion, while services exports were expected to touch \$400 billion during the year. India's net direct tax collection increased 17.7 per cent to ₹19.58 lakh crore in FY24. Gross GST collection amounted to Rs 20.2 lakh crore, marking an 11.7% increase, with an average monthly collection of Rs 1,68,000 crore, surpassing the previous year's average of Rs 1,50,000 crore.

The agriculture sector was expected to see a growth of 1.8 per cent in 2023-24, lower than the 4 per cent expansion recorded in 2022-23. Trade, hotel, transport, communication and services related to broadcasting segment are estimated to grow at 6.3 per cent in 2023-24, a contraction from 14 per cent in 2022-23. The Indian automobile segment was expected to close FY 2023-24 with a growth of 6-9 per cent, despite global supply chain disruptions and rising ownership costs.

The construction sector was expected to grow 10.7 per cent year-on-year from 10 per cent in 2023-23. Public administration, defence and other services were estimated to grow by 7.7 per cent in 2023-24 compared to 7.2 per cent in FY2022-23. The growth in gross value added (GVA) at basic prices was pegged at 6.9 per cent, down from 7 per cent in 2022-23.

India reached a pivotal phase in its S-curve, characterized by acceleration in urbanization, industrialization, household incomes and energy consumption. India emerged as the fifth largest economy with a GDP of US\$ 3.6 trillion and nominal per capita income of Rs. 123,945 in 2023-24.

India's Nifty 50 index grew 30 percent in FY2023-24 and India's stock market emerged as the world's fourth largest with a market capitalization of US\$ 4 trillion. Foreign investment in Indian government bonds jumped in the last three months of 2023. India was ranked 63 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. India's unemployment declined to a low of 3.2% in 2023 from 6.1% in 2018.

Outlook: India withstood global headwinds in 2023 and is likely to remain the world's fastest-growing major economy on the back of growing demand, moderate inflation, stable interest rates and robust foreign exchange reserves. The Indian economy is anticipated to surpass US\$ 4 trillion in 2024-25.

Union Budget FY 2024-25: The Interim Union Budget 2024-25 retained its focus on capital expenditure spending, comprising investments in infrastructure, solar energy, tourism, medical ecosystem and technology. In 2024-25, the top 13 ministries in terms of allocations accounted for 54% of the estimated total expenditure. Of these, the Ministry of Defence reported the highest allocation at Rs 6,21,541 crore, accounting for 13% of the total budgeted expenditure of the central government. Other ministries with high allocation included Road transport and highways (5.8%), Railways (5.4%) and Consumer Affairs, food and public distribution (4.5%).

(Source: Times News Network, Economic Times, Business Standard, Times of India, The Hindu Businessline, fxstreet.com)

Global automotive industry overview

In 2024, global automotive sales are expected to reach 95 million units, with a year-on-year growth rate of 3.1%. The combined sales volume of passenger vehicles and commercial vehicles experienced a notable year-on-year growth of 12.3% from 2022 to 2023. Contributing around 3% to the total global GDP, the automotive industry's largest share is observed in emerging markets like China and India, where it accounts for 7% of GDP.

The global automotive industry (~4 trillion) is expected to grow ~7 trillion till 2032 from the value of USD 4075.65 Billion in 2024, exhibiting a compound annual growth rate (CAGR) of 6.9% during the forecast period (2024–2030). The global automotive industry is propelled by rapid technological advancements, substantial investments in new electric vehicle (EV) capacity, and an increasing customer demand, serving as key drivers of growth.

(Source: Azom.com, Market Research Future.com, telematicswire.com)

Consumer powertrain preference for their next vehicle (FY 2023-2024)

Country	Gasoline/ Diesel Vehicle	Hybrid electric vehicle	Plug-in hybrid electric	Battery electric vehicle	Other vehicles
US	67%	16%	5%	6%	1%
China	33%	18%	13%	33%	1%
India	49%	24%	12%	10%	3%
Germany	49%	10%	11%	13%	5%
Japan	34%	32%	9%	6%	2%
South Korea	38%	26%	9%	15%	6%

(Sources-Futur Ride, statista)

Indian automotive industry overview

India is the world's third-largest automobile market, accounting for the highest production of three-wheelers, passenger vehicles, and tractors, while also ranking as the second-largest producer of two-wheelers. By 2030, India is expected to lead in shared mobility, presenting opportunities for the adoption of electric and autonomous vehicles. The nation's focus is increasingly directed towards electric vehicles to combat emissions, with the government committing to ensuring that 30% of all new vehicle sales in India are electric by 2030. Between April 2000 and September 2023, the automobile sector in India attracted a cumulative equity Foreign Direct Investment (FDI) inflow totaling approximately US\$ 35.40 billion. Positioned on a trajectory to emerge as the largest electric vehicle (EV) market by 2030, India anticipates an investment opportunity exceeding US\$ 200 billion over 8-10 years.

The EV industry was propelled to the top of the news agenda in 2023 with the shift to eco-friendly motoring reflected in the growing share of EVs in total auto sales – from just 2,390 units and a 0.01% share in 2014 to 1.75% in 2021, 4.75% in 2022 and to over 1.5 million units and a 6.38% share in 2023. It is projected that India's EV market, valued at US\$2 billion in 2023, is expected to reach US\$7.09 billion by 2025 and a projected 10 million in annual sales by 2030.



The India commercial vehicles market size is expected to reach USD 48.27 billion in 2024, and expected to reach USD 62.95 billion by 2029, growing at a CAGR of 5.45% during the forecast period (2024-2029).

Surge in the exports is anticipated to continue, particularly in electric vehicles, supported by the production-linked incentive (PLI) scheme tailored for the automobile and parts industry.

The total production of passenger vehicles, three wheelers, two wheelers in 2024 stood at 23,25,959 units. Passenger vehicle exports saw an increase of 1.4 per cent, rising to 6,72,105 units in FY24 from 6,62,703 units in FY23. Automotive mission plan 2016-26 is a mutual initiative by the Government of India and the Indian automotive industry to lay down the roadmap for the development of the industry. FAME Scheme was extended for a further two years up to March 31st, 2024.

(Source: IBEF, autocarpro.in, india-briefing.com, hindustantimes.com, indiatimes.com, yourstory.com)

Global auto components industry overview

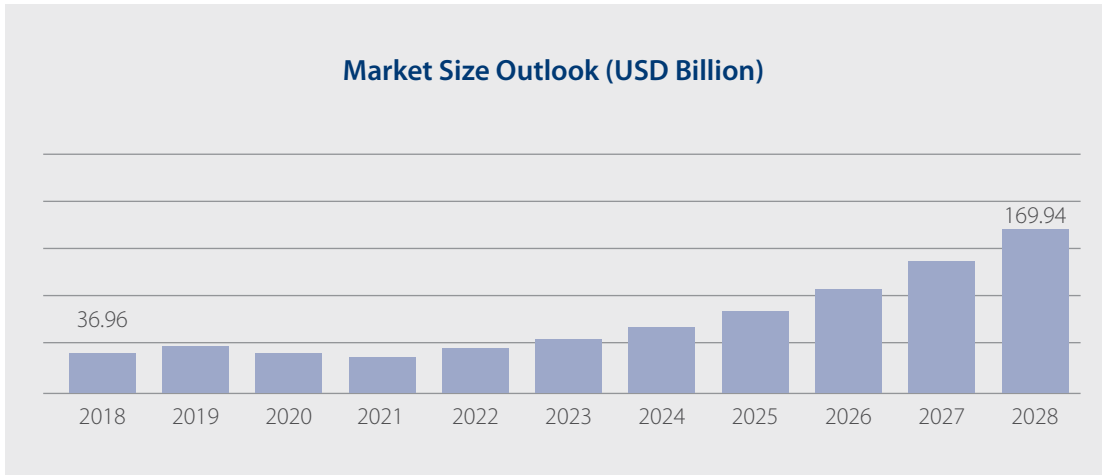
In 2023, the global market for auto parts manufacturing reached a value of US\$ 2,197.9 billion. By 2032, it is expected to grow to US\$ 2.7 trillion, representing a compound annual growth rate (CAGR) of 2.39% between 2024 and 2032. Several factors are driving this growth, including the increasing global demand for automobiles, government initiatives and incentives aimed at fostering the automotive industry's growth and sustainability, and rising consumer demand for advanced comfort, connectivity, and convenience features in vehicles.

(Source: imarcgroup.com)

Indian auto components industry overview

The Indian auto component market size is expected to increase by USD 115.79 billion, at a CAGR of 25.7% between 2023 and 2028. The market growth analysis depends on several factors such as the growing middle-class population, the surge in demand for compact SUVs, and the government initiatives and policies for easy automotive industry setup procedures.

(Source: technavio)



India is emerging as a global hub for auto component sourcing and the industry exports over 25% of its production annually. Auto component exports are expected to grow and reach US\$ 30 billion in FY26.

By FY28, the Indian auto industry aims to invest US\$ 7 billion to boost localization of advanced components like electric motors and automatic transmissions, reducing imports and leveraging 'China Plus One' trend.

(Source: ibef)

Financial analysis FY 2023-24

Balance Sheet

<p>Borrowings for FY 2023-24 stood at Rs.3.52 mn compared to Rs. 4.30 mn during FY 2022-23.</p>	<p>Total non-current assets for FY 2023-24 stood at Rs. 2621 mn compared to Rs. 2,141.46 mn in FY 2022-23.</p>	<p>Net worth stood at Rs. 5803 mn as on March 31, 2024 compared to Rs. 5,512.83 mn as on March 31, 2023, an increase of 5.27%.</p>	<p>Total assets decreased by 0.077 % to Rs. 6414 mn as on March 31, 2024 from Rs. 6,419.98 mn as on March 31, 2023.</p>	<p>Inventories increased by 12.26% to Rs. 357 mn as on March 31, 2024 from Rs. 318.85 mn as on March 31, 2023.</p>
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Profit & loss statement

<p>Revenues decreased 2.06% from Rs. 2787 mn in FY 2022-23 to Rs. 2730mn in FY 2023-24.</p>	<p>EBITDA decreased 2.87% from Rs. 820.98 mn in FY 2022-23 to Rs. 725.50 mn in FY 2023-24.</p>	<p>Profit after tax decreased 22% from Rs. 511.62 mn in FY 2022-23 to Rs. 397 mn in FY 2023-24.</p>	<p>Depreciation and amortization stood at Rs. 186.88 mn in FY 2023-24 compared to Rs.129.85 mn in FY 2022-23</p>
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Working capital management

Current assets as on March 31, 2024 stood at Rs. 3792.87 mn compared to Rs.4,278.52mn as on March 31, 2023. Current ratio as on March 31, 2024 stood at 6.94 compared to 5.02 as on March 31, 2022. Inventories increased from Rs.318.85 mn as on March 31, 2023 compared to Rs. 357.34 mn as on March 31, 2024. Current liabilities stood at Rs. 546.65 mn as on March 31, 2024 compared to Rs.851.86 mn as on March 31, 2023. Cash and bank balances stood at Rs. 2643.06 mn as on March 31, 2024 compared to Rs. 3113.48 mn as on March 31, 2023.

Key ratios

Particulars	FY 2023-24	FY 2022-23
EBITDA/Turnover	26.59	29.46
EBITDA/Net interest	178.33	291.93
Debt-equity ratio	0.00	0.00
Return on equity (%)	7.02	11.48
Book value per share (Rs.)	189.76	200.23
Earnings per share (Rs.)	12.99	18.45

Risk management at Divgi- TTS

Key risks and their explanation	Mitigation measures
If consumer demand shifts, the Company's emphasis on a particular niche segment could pose a challenge.	The Company is diligently expanding its portfolio to encompass a broader spectrum of products and applications, spanning passenger vehicles, commercial vehicles, tractors, and construction equipment. Additionally, it aims to extend its market presence to diverse consumer segments and geographical regions.



Key risks and their explanation	Mitigation measures
An economic downturn could adversely impact the Company's performance due to potential reductions in automobile demand, subsequently affecting revenue.	In an effort to mitigate the risk associated with dependence on a single market, the Company has diversified its presence across four countries. Furthermore, it has expanded the applications of its products to reduce reliance on a limited number of markets.
Fierce competition in the global market is propelled by factors such as cost and volume considerations.	Divgi - TTS stands out as a prominent leader in the market. To optimize cost management, the Company has embraced lean manufacturing principles.
A growing trend among global OEMs involves closely scrutinizing the carbon footprint and conducting life cycle assessments of their suppliers' products, resulting in the implementation of more rigorous screening criteria.	The Company has broadened its network of knowledge partners and prioritized environmental responsibility. With several years of ISO 14000 certification, it has adopted the Global Reporting Initiative (GRI) framework for sustainability reporting. Additionally, the Company leads in the development of energy-efficient vehicles, collaborating with some of the world's foremost brands in this sector.
The inability to attract and retain talent could pose a threat to the Company's long-term success and sustainability.	In its efforts to attract and retain top talent, the Company provides a positive work environment along with opportunities for professional development.
Utilizing child labor can result in adverse public perception and damage the Company's reputation and goodwill.	The Company has taken policy measures against the employment of child labor, reflecting its strong moral values and code of conduct.
The tightening of environmental regulations may affect the Company's growth prospects.	The Company's investments in refined R&D projects aim to mitigate the environmental impact of its products, while intensified Lean Manufacturing practices have minimized raw material usage.
Innovations have the potential to supplant current technologies.	To stay competitive, the Company invests in upgrading its technology.
Global OEMs are now prioritizing cost reduction alongside quality improvement.	The Company elevated its quality standards through the introduction of a vendor development program utilizing CMM and a supplier quality enhancement initiative. Moreover, it made investments in complementary capital equipment to drive cost reduction.

Human resource management

The company fosters a positive work environment that inspires performance and prioritizes customer-centricity and innovation, all while upholding the highest standards of quality. Significant investments are made in employee training and development to enhance operational efficiency continually. In its commitment to retaining and attracting talent, the company offers avenues for growth and learning, alongside implementing progressive policies and programs such as recognition and reward initiatives, engaging employee activities, and initiatives promoting work-life balance. Notably, industrial relations remained harmonious across all company plants throughout the previous year.

Internal control systems and their adequacy

The company boasts a robust internal control system ensuring proper authorization, recording, and reporting of transactions, alongside safeguarding its assets. This system is fundamental to risk management and governance. Tailored to the company's size and operational intricacies, it's well-defined and adequate. Throughout the year, it has operated effectively. Both internal and external auditors routinely test and certify these controls across all offices, factories, and crucial business areas. Cross-functional teams within the factories also contribute significantly to production operation control. System certification adds another layer of strength to these systems.

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, 2024.

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.

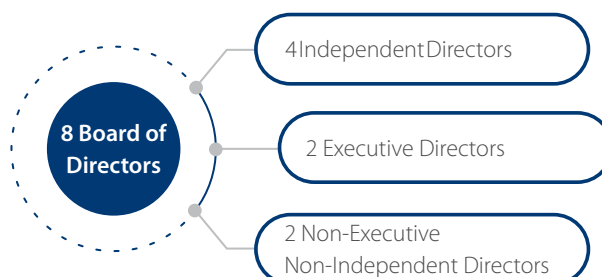
Your Company has adopted a Code of Conduct for Senior Management and the Board of Directors which is also available on the website of the Company. It also believes that good Corporate Governance is a key to preserving and enhancing trust bestowed by the investors and ensures long term relationships with 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, 2024 stands as follows:



The Chairperson of the Company is a Non-Executive Independent Director 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, 2024, are given herein below.

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 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:

Mr. Ajay Bhaskar Limaye resigned from the position of Nominee Director of the Company w.e.f July 11, 2023. His resignation was noted in the Board Meeting held on August 09, 2023.

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. 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 2023-24, the Board of the Company met six (06) times on May 18, 2023, June 29, 2023, August 09, 2023, November 01, 2023, February 02, 2023 and March 14, 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 2023-2024 and at the 58th Annual General Meeting held on July 31, 2023 are as follows:

Name	Category	Number of Board Meetings held during the Financial Year 2023-24			Whether attended the AGM held July 31, 2023
		Held	Entitled to attend	Attended	
Mr. Praveen Purushottam Kadle	Chairperson and Non-Executive Independent Director	06	06	06	Yes
Mr. Pradip Vasant Dubhashi	Non-Executive Independent Director	06	06	06	Yes
Mr. Pundalik Dinkar Kudva	Non-Executive Independent Director	06	06	06	Yes
Ms. Geeta Prafullachandra Tolia	Non-Executive Independent Director	06	06	06	Yes
Mr. Jitendra Bhaskar Divgi	Executive Director- Managing Director	06	06	06	Yes
Mr. Hirendra Bhaskar Divgi	Executive Director	06	06	05	Yes
Mr. Ajay Bhaskar Limaye	Non-Executive Nominee Director	06	02	01	No



Name	Category	Number of Board Meetings held during the Financial Year 2023-24			Whether attended the AGM held July 31, 2023
		Held	Entitled to attend	Attended	
Mr. Bharat Bhalchandra Divgi	Non-Executive Non-Independent Director	06	06	04	Yes
Mr. Sanjay Bhalchandra Divgi	Non-Executive Non-Independent Director	06	06	05	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 the members and Mr. Praveen Purushottam Kadle as Chairperson of the said committee. The IDC met once during the financial year ended March 31, 2024 on March 14, 2024 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 2023-24.
- 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 the meeting.

▪ **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 1,48,290 and 1,21,380 equity shares respectively. None of the other Non-Executive Directors hold any Shares or convertible instruments of the Company as on March 31, 2024.

- **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 program. 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/policies-and-code-of-conduct/>

- **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 covers 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/policies-and-code-of-conduct/> 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/policies-and-code-of-conduct/>

- **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 2023-24 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 2023-24 by the 'Nomination and Remuneration Committee'.
- The performance review of the Non-independent Directors was evaluated for the financial year 2023-24 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	-	✓	✓	-	✓	-	-
Sanjay Bhalchandra Divgi	✓	-	-	✓	-	-	-
Bharat Bhalchandra Divgi	✓	-	-	-	-	-	-

➤ BOARD COMMITTEES:

- As on March 31, 2024 Board has six (06) committees –
 - Audit Committee;
 - Nomination and Remuneration Committee;
 - Stakeholders Relationship Committee;
 - Corporate Social Responsibility Committee; and
 - Risk Management 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 Monday, July 31, 2023 to answer the shareholder's queries.

During the Financial Year 2023-24, members of the Audit Committee met four (4) times on May 18, 2023; August 09, 2023; November 01, 2023 and February 02, 2024 and requisite quorum was present in every meeting.

The composition of the Audit Committee as on March 31, 2024 and the attendance of members in the meetings held during the Financial Year 2023-24 was as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Pradip Vasant Dubhashi	Chairperson	Independent Director	04
Mr. Praveen Purushottam Kadle	Member	Independent Director	04
Mr. Pundalik Dinkar Kudva	Member	Independent Director	04
Ms. Geeta Prafullachandra Tolia	Member	Independent Director	04

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 the 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 Monday, July 31, 2023 to answer the queries of Shareholders.

During the Financial Year 2023-24, Members of the Nomination and Remuneration Committee met four (4) times, on May 18, 2023; June 29, 2023; August 08, 2023 and February 01, 2024.

The composition of the Nomination and Remuneration Committee as on March 31, 2024 and the attendance of members in the meetings held during the financial year 2023-24 are as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Pradip Vasant Dubhashi	Chairperson	Independent Director	04
Mr. Praveen Purushottam Kadle	Member	Independent Director	04
Ms. Geeta Prafullachandra Tolia	Member	Independent Director	04

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 Stakeholder Relationship Committee is in conscience with the provisions of Regulation 20 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 Monday, July 31, 2023 to answer the queries of Shareholders.

During the Financial Year 2023-24, Members of the Stakeholder Relationship Committee met four (4) times, on May 18, 2023; July 24, 2023; October 31, 2023 and February 02, 2024.

The composition of the Stakeholder Relationship Committee as on March 31, 2024 and the attendance of members in the meetings held during the financial year 2023-24 are as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Praveen Purushottam Kadle	Chairperson	Independent Director	04
Mr. Pradip Vasant Dubhashi	Member	Independent Director	04
Ms. Geeta Prafullachandra Tolia	Member	Independent Director	04
Mr. Hirendra Bhaskar Divgi	Member	Executive Director	04

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).

CS Sanika Nirgude, Company Secretary and Compliance Officer of the Company, acts as the secretary to Stakeholder Relationship Committee.

The details of Shareholder's Complaints received so far, resolved and pending during the financial year 2023-24 are as follows:

No. of complaints pending as on April 01, 2023	0
No. of complaints identified and reported during FY 2023-24	0
No. of Complaints disposed of during the year ended March 31, 2024	0
No. of pending complaints as on March 31, 2024	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 2023-24, Members of the Corporate Social Responsibility Committee met twice, on August 08, 2023 and February 01, 2024.

The composition of the Corporate Social Responsibility Committee as on March 31, 2024 and the attendance of members in the meetings held during the financial year 2023-24 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	02

Terms of Reference:

- 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;
- 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;
- Identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
- Delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- 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;
- 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;
- Providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;
- Providing updates to the Board at regular intervals of six months on the corporate social responsibility activities;
- 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;
- To monitor the CSR Policy and its implementation by the Company from time to time; and
- 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.

During FY 2023-24, the Committee met twice on October 03, 2023 and February 01, 2024.

The composition of the Risk Management Committee as on March 31, 2024 and the attendance of members in the meetings held during the financial year 2023-24 are as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Pradip Vasant Dubhashi	Chairperson	Independent Director	02
Mr. Pundalik Dinkar Kudva	Member	Independent Director	02
Ms. Geeta Prafullachandra Tolia	Member	Independent Director	02
Mr. Hirendra Bhaskar Divgi	Member	Executive Director	02

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 had constituted a separate committee to monitor, review and recommend to the Board on the Initial Public Offering of the Company.

Your Board has dissolved the IPO Committee in its meeting held on November 01, 2023 pursuant to the successful listing of Company's shares on the stock exchanges on March 14, 2023.

9. INDEPENDENT DIRECTORS' COMMITTEE:

Your Board has constituted separate committee of the Independent Directors' Committee in order to comply with regulation 25 of the Listing Regulations. The IPO Committee consists of all the four Independent Directors of the Company.

During the financial year 2023-24, members of the Independent Directors Committee held a meeting on March 14, 2024.



The composition of the Independent Directors Committee as on March 31, 2024 is as under:

Name of the Director	Designation	Category	No. of meetings attended
Mr. Praveen Purushottam Kadle	Chairperson	Independent Director	01
Mr. Pradip Vasant Dubhashi	Member	Independent Director	01
Mr. Pundalik Kudva	Member	Independent Director	01
Ms. Geeta Tolia	Member	Independent Director	01

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 2023-24 are given below:

(₹ In million)

Name	Fixed	Variable	Total
Mr. Jitendra Bhaskar Divgi Managing Director	12.38	-	18.70
Mr. Hirendra Bhaskar Divgi Whole Time Director	6.18	-	9.34

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 2023-2024 are as under:

(₹ in millions)

Sr. No.	Name	Sitting fees	Commission*	Total
1	Mr. Praveen Purushottam Kadle	1.1	1.81	2.91
2	Mr. Pradip Vasant Dubhashi	1.2	1.81	3.01
3	Mr. Pundalik Dinkar Kudva	0.85	1.81	2.66
4	Ms. Geeta Prafullachandra Tolia	1.25	1.81	3.06
5	Mr. Sanjay Bhalchandra Divgi	0.37	-	0.37
6	Mr. Bharat Bhalchandra Divgi	0.30	-	0.30
	TOTAL	5.07	7.24	12.31

*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 MEETINGS:

a. Particulars of Annual General Meetings held during the last three years:

Financial Year	Date	Time	Venue	Special Resolutions passed, if any
2020-2021	September 27, 2021	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	-
2021-2022	July 20, 2022	10:00 AM		-
2022-2023	July 31, 2023	03:00 PM	Auditorium of Auto Cluster Development and Research Institute, H Block, Plot C-181, Near D'Mart, Chinchwad, Pune – 411019	Approval to continue the Directorship of Mr. Pradip Vasant Dubhashi (DIN: 445030) as Non-Executive Independent Director beyond the age of 75 years in his current tenure

b. Extra Ordinary General Meetings:

No extraordinary general meetings of members were held during the year under review.

c. 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. There is no item on the agenda that needs approval by postal ballot in the forthcoming Annual General Meeting.

- **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 National Stock Exchange of India Limited and BSE Limited 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, Chief Financial Officer and Chief Operating 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 National Stock Exchange of India Limited and BSE Limited 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.divgi-tts.com

Press releases, presentations, etc.:

Official press and media releases are sent to Stock Exchanges and are displayed on Company's website: www.divgi-tts.com

Management Discussion & Analysis Report:

The Management Discussion & Analysis Report forms a part of the Annual 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 2024-25 is as given below:

Quarter / Year ended	Month of approval of Financial Statements
June 30, 2024	August, 2024
September 30, 2024	November, 2024
December 31, 2024	February, 2025
March 31, 2025	May, 2025

13. GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting:

Particulars	Details
Date and Time	July 29, 2024
Venue	The Auditorium of Auto Cluster Development and Research Institute, H Block, Plot C-181, Near D'Mart, Chinchwad Pune- 411019.

2. Financial Year: April 01, 2023 to March 31, 2024 as per Section 2(41) of the Act.

3. Dividend payment date:

The Board of Directors has recommended a dividend of ₹2.60 per equity share in the financial year 2023-24, subject to the approval of the Shareholders at the ensuing Annual General Meeting. The dividend, if declared shall be paid on or after July 29, 2024.

4. Book Closure Dates (for Annual General Meeting):

Tuesday, July 23, 2024 to Monday, July 29, 2024 (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	DIVGIITS

Listing Fees for 2024-25: 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 2023-2024 is furnished below:

Month	BSE		NSE	
	High Price ₹	Low Price ₹	High Price ₹	Low Price ₹
April 2023	675.75	655.85	688.40	642.70
May 2023	838.95	716.6	924.25	658.05
June 2023	938.45	846.6	965.55	798.00
July 2023	959.15	873.75	1,001.95	870.00
August 2023	915.05	795.4	988.45	761.60
September 2023	1052.5	900	1,096.40	890.00
October 2023	1120.6	1037.1	1,150.00	1,002.30
November 2023	1128.7	1035.5	1,145.00	1,023.40
December 2023	1031.65	978.95	1,078.75	950.25
January 2024	1012.2	932.1	1,020.00	901.05
February 2024	946.4	839.1	973.80	797.65
March 2024	854.45	769.5	869.75	650.05

8. Share Performance v/s BSE Sensex and NSE Nifty (March 2024):

Month	Closing Price of Equity Share at BSE ₹	BSE Sensex	Closing Price of Equity Share at NSE ₹	Nifty 50
April 2023	655.85	61,112.44	656.80	18065.0
May 2023	838.05	62,622.24	842.40	18534.4
June 2023	923.9	65718.6	923.40	19189.1
July 2023	889.35	66527.7	889.90	19753.9
August 2023	915.05	64831.4	917.30	19253.8
September 2023	1037.95	65828.4	1,041.25	19,638.30
October 2023	1040.45	63874.9	1,040.60	19079.6
November 2023	1035.5	66988.4	1,044.00	20133.2
December 2023	978.95	72240.3	980.75	21731.4
January 2024	932.1	71752.1	929.80	21725.7
February 2024	839.5	70809.8	842.35	21982.8
March 2024	769.5	71674.4	769.90	22326.9

9. During F.Y. 2023-24 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 8452811233

E-mail ID: Rnt.helpdesk@linkintime.co.in

Place for acceptance of documents:

Any document will be accepted at the Registrar and Share Transfer Agent's office, address as 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

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, 2024:

Share Holding of Nominal Value of ₹	No. of shareholders	% to total No. of Shareholders	No. of Shares	% to total
1 to 2500	20,200	96.36	44,07,370	2.88
2501 to 5000	345	1.65	13,04,695	0.85
5001 to 10000	240	1.14	17,18,705	1.12
10001 to 15000	67	0.32	8,29,585	0.54
15001 to 20000	24	0.11	4,05,060	0.26
20001 to 25000	18	0.09	4,13,265	0.27
25001 to 50000	22	0.10	7,98,675	0.52
50001 to 9999999999	48	0.23	14,30,37,280	93.54
TOTAL	20,964	100	15,29,14,635	100

13. Shareholding Pattern as on March 31, 2024:

Category	No. of shares	% of shareholding
Other Bodies (Promoter Co)	1,57,82,680	51.61
Mutual Funds	38,67,777	12.65
Alternate Invst Funds - II	37,27,360	12.19
Promoters	27,14,520	8.88
Public	20,88,797	6.83
Other Bodies Corporate	11,03,256	3.61
FPI (Corporate) - II	5,45,020	1.78
FPI (Corporate) - I	3,54,159	1.16
Alternate Invst Funds - III	1,79,447	0.59
Hindu Undivided Family	71,750	0.23

Category	No. of shares	% of shareholding
Non Resident Indians	52,305	0.17
Body Corporate - Ltd Liability Partnership	41,119	0.13
Non Resident (Non Repatriable)	34,705	0.11
Trusts	15,837	0.05
NBFCs registered with RBI	3,000	0.01
Clearing Members	830	0.00
Body Corp - Ltd Liability Partnership - DR	365	0.00
TOTAL	3,05,82,927	100

14. The status of dematerialization of shares and liquidity as on March 31, 2024 is as under:

As on March 31, 2024, 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 2023-24		Percentage to share capital For FY 2022-23	
	Number of Shares	Percentage	Number of Shares	Percentage
Physical	0.00	0.00	0.00	0.00
Dematerialized				
NSDL	1,08,59,932	35.51	1,12,86,891	36.91
CDSL	1,97,22,995	64.49	1,92,96,036	63.09
TOTAL	3,05,82,927	100.00	3,05,82,927	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, 2024, 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)

JV33+3F5, Sirsi-Banavasi Rd, Sirsi, 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 June 25, 2024.

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 2023-2024.
- 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 2023-24, no shares and dividend were transferred to IEPF.

14. OTHER DISCLOSURES:

a. Related Party Transactions:

During the financial year 2023-24, 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 (b) 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/policies-and-code-of-conduct/>

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/policies-and-code-of-conduct/>

f. Weblink where Policy on Related Party Transactions has been disclosed:

The same has been uploaded on the Company's website <https://divgi-tts.com/policies-and-code-of-conduct/>

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 and 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 2023-24 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:

Sr. No.	Particulars	FY 2023-24
1	Statutory Audit and Limited review	22,00,000
2	Tax Audit Fees	1,50,000
	TOTAL	23,50,000



I. 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 2023-24	Number of complaints disposed of during the financial year - 2023-24	Number of complaints pending as on end of the financial year 2023-24
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: The said clause is not applicable to the Company as it 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: The said clause is not applicable to the Company as it does not have any subsidiaries.

o. 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/policies-and-code-of-conduct/>. All Board Members and Senior Management Executives have affirmed compliance with the Code of Conduct for the Financial Year 2023-24.

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.

p. 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/policies-and-code-of-conduct/> 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.

q. 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/policies-and-code-of-conduct/> 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.

r. 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.

s. 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 "12 (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 "12 (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, 2024 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, 2024 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, 2024;
 - (ii) Significant changes in accounting policies, if any, during the financial year ended on March 31, 2024 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 Shridhar Mirjankar

Chief Financial Officer

Place: Pune

Date: June 25, 2024

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, 2024.

The said Code is posted on the Company's website <https://divgi-tts.com/policies-and-code-of-conduct/>



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, 2024.

For **Divgi TorqTransfer Systems Limited**

Jitendra Bhaskar Divgi

Managing Director

DIN: 00471531

Place: Pune

Date: June 25, 2024

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Clause 10(i) of Para C to Schedule V 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: L32201MH1964PLC013085 and having registered office at Plot no. 75, General Block, MIDC Bhosari, Pune - 411 026 (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 and 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 for the Financial Year ending on March 31, 2024 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, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Praveen Purushottam Kadle	00016814	March 14, 2022
2.	Jitendra Bhaskar Divgi	00471531	June 10, 2022
3.	Hirendra Bhaskar Divgi	01634431	June 10, 2022
4.	Pradip Vasant Dubhashi	01445030	March 14, 2022
5.	Pundalik Dinkar Kudva	03385091	March 14, 2022
6.	Geeta Prafullachandra Tolia	06931660	October 14, 2021
8.	Bharat Bhalchandra Divgi	00471587	June 10, 2022
9.	Sanjay Bhalchandra Divgi	00471465	June 10, 2022

Ensuring the eligibility 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 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 and Co. LLP**
Company Secretaries

Vinayak Khanwalkar
Partner
Membership No. FCS 2489
C.P. No. 1586
UDIN : F002489F000622900

Place: Pune
Date: June 25, 2024



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 2024, 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 year ended 31st March 2024.

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 and Co. LLP**

Company Secretaries

Vinayak Khanvalkar

Partner

Membership No. FCS 2489

C.P. No. 1586

UDIN : F002489F000622922

Place: Pune

Date: June 25, 2024

Notice

Notice is hereby given that the 59th Annual General Meeting (“AGM”) of the Members of **Divgi TorqTransfer Systems Limited (“the Company”)** will be held on **Monday, July 29, 2024 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, 2024, together with Reports of the Board of Directors and Auditors thereon.

Ordinary Resolution:

DTTS/AGM/2024-25/01

“**RESOLVED THAT** the Audited financial statements of the Company for the financial year ended March 31, 2024, and the Reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted.”

2. Declaration of Final Dividend

To declare Final Dividend of ₹2.60 (Rupees Two and Sixty Paise only) per equity share of face value ₹5 each, of the Company for the Financial Year ended March 31, 2024.

Ordinary Resolution:

DTTS/AGM/2024-25/02

“**RESOLVED THAT** pursuant to the recommendation made by the board of directors, a dividend at the rate of INR 2.60/- per equity share be and is hereby declared out of profits of financial year 2023-24 to the equity shareholders of the Company whose names appear in the Registrar of Members of the Company as on Monday, July 22, 2024

3. Re-appointment of Director retiring by rotation:

To appoint a director in place of Mr. Sanjay Bhalchandra Divgi (DIN: 00471465), who retires by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment and being eligible, offers himself for re-appointment and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

DTTS/AGM/2024-25/03

“**RESOLVED THAT** pursuant to the provisions of section 152 of the Companies Act, 2013 and rules made thereunder (including any statutory modification and re-enactment thereof) and other applicable provisions, if any of the Companies Act, 2013, Mr. Sanjay Bhalchandra Divgi (DIN: 00471465), who is liable to retire by rotation at the 59th Annual General Meeting and being eligible has offered himself for appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

4. Re-appointment of Director retiring by rotation:

To appoint a director in place of Mr. Bharat Bhalchandra Divgi (DIN: 00471587), who retires by rotation in terms of Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

DTTS/AGM/2024-25/04

“**RESOLVED THAT** pursuant to the provisions of section 152 of the Companies Act, 2013 and rules made thereunder (including any statutory modification and re-enactment thereof) and other applicable provisions, if any of the Companies Act, 2013, Mr. Bharat Bhalchandra Divgi (DIN: 00471587) who is liable to retire by rotation at the 59th Annual General Meeting and being eligible has offered himself for appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board
For **DIVGI TORQTRANSFER SYSTEMS LIMITED**

Sanika Nirgude
Company Secretary & Compliance Officer
A71466

Date: June 25, 2024
Place: Pune

Registered Office:
75, General Block, MIDC, Bhosari,
Pune, Maharashtra, India 411026

CIN: L32201MH1964PLC013085
Website: www.divgi-tts.com
E-mail ID: companysecretary@divgi-tts.com

**NOTES:**

- 1) 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- 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 **Monday, July 22, 2024 to Monday, July 29, 2024 (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, 2024 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 the 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 e-AGM, may temporarily get themselves registered with NSDL/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) At the 57th AGM held on July 20, 2022, Members have approved the appointment of M/s. B. K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W), as Statutory Auditors of the Company, on the remuneration to be determined by the Board of Directors, to hold the office for a period of 5 (Five) consecutive years from the conclusion of 57th AGM till the conclusion of the 62nd AGM. Since, the requirement of ratification of appointment of Statutory Auditors by Members at every AGM has been done away by the Companies (Amendment) Act, 2017, with effect from May 7, 2018, no resolution is being proposed for ratification of appointment of Statutory Auditors at this AGM.
- 10) 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 Friday, July 19, 2024.
- 11) 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

Monday, July 22, 2024. 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 Monday, July 22, 2024.

- 12) 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/>
- 13) 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.



- 14) 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.
- 15) 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.
- 16) 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.
- 17) 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.
- 18) 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.
- 19) 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.
- 20) Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/ folio number, email id, mobile number at companysecretary@divgi-tts.com. The same will be replied by the company suitably.
- 21) Members who would like to express their view/ ask question during the 59th AGM with regard to the financial statements or any other matter to be place at the 59th AGM, need to pre-register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number and mobile number, to reach the Company's email address at compansecretary@divig-tts.com at least 48 hours in advance before the start of the meeting i.e. by July 26th, 2024, 10:00 A.M. (IST). Those members who have pre-registered themselves as a speaker will be allowed to express their view/ ask questions during the 59th AGM, depending upon the availability of time.
- 22) When a pre-registered speaker is invited to speak at the meeting, but he/she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good Internet speed.
- 23) The Company reserves the right to restrict the number of questions and number of speakers, as appropriate to ensure the smooth conduct of the 59th AGM.
- 24) **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.
- 25) Members of the Company holding shares as on the cut-off date of Monday, July 22, 2024 may cast their vote by remote e-Voting. The remote e-Voting period commences on Friday, July 26, 2024 at 9.00 a.m. (IST) and ends on Sunday, July 28, 2024 at 5.00 p.m.(IST). The remote e-Voting module shall be disabled by NSDL 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 22, 2024.

- 26) 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 22, 2024 is requested to approach to RTA at enotices@linkintime.co.in or to Company at companysecretary@divgi-tts.com
- 27) 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.
- 28) The Company has designated an exclusive e-mail id companysecretary@divgi-tts.com for redressal of investor complaints / grievances. In case you have any queries / complaints or grievances, then please write from the registered e-mail address to us at this email id.
- 29) **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 26, 2024 at 9.00 a.m. (IST) and ends on Sunday, July 28, 2024 at 5.00 p.m. (IST). The remote e-voting module shall be disabled by NSDL 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 22, 2024, 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 22, 2024.

- 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.



- 30) 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.
- 31) 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.
- 32) 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.
- 33) 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.
- 34) 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 Chairman 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 29, 2024.

For **DIVGI TORQTRANSFER SYSTEMS LIMITED**

Sanika Nirgude

Company Secretary & Compliance Officer
A71466

Date: June 25, 2024

Place: Pune

Registered Office:

75, General Block, MIDC, Bhosari,
Pune, Maharashtra, India 411026

CIN: L32201MH1964PLC013085

Website: www.divgi-tts.com

E-mail ID: companysecretary@divgi-tts.com

Annexure to Notice to Annual General Meeting – 1

Details of Directors Seeking Appointment / Re-Appointment at the Annual General Meeting

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015 and the Secretarial Standard – 2 on General Meetings]

Name	Mr. Sanjay Divgi	Mr. Bharat Divgi
Director's Identification Number(DIN)	00471465	00471587
Age	62	65
Qualification	Mr. Sanjay Divgi holds a Bachelors in Engineering.	Mr. Bharat Divgi holds a Hons. Degree in Commerce from Indian Institute of Management & Commerce, Hyderabad.
Experience	He served in various capacities since 1986, which included new product development and managing manufacturing operations.	He has more than 20 years of experience with our Company.
Terms & Conditions of appointment / re-appointment	Non-Executive Non-Independent Director for a period of 5 years with effect from June 10, 2022, liable to retire by rotation.	Non-Executive Non-Independent Director for a period of 5 years with effect from June 10, 2022, liable to retire by rotation.
Remuneration Details	Sitting Fees as per Companies Act, 2013.	Sitting Fees as per Companies Act, 2013.
Date of first Appointment on the Board of the Company	October 01, 2002	October 01, 1998
Shareholding in the Company	121380	148290
Relation with other Directors, Manager or KMP	<ul style="list-style-type: none"> • He is the younger brother of Bharat Divgi. • He is the first cousin of Jitendra Divgi and Hirendra Divgi. 	<ul style="list-style-type: none"> • He is the elder brother of Sanjay Divgi. • He is the first cousin of Jitendra Divgi and Hirendra Divgi.
No. of Meetings of Board attended during the year	5	4
Brief profile, skills, expertise and capabilities required for the role and the manner in which meets such requirements	Strategy planning and business operations, Technology, Governance and risk management.	Strategy planning and business operation, Finance, Governance and risk management.
Other Directorship, Membership/ Chairmanship of committee of other Boards.	Other Directorship: <ul style="list-style-type: none"> • Tejal Transmission Private Limited 	Other Directorship: <ul style="list-style-type: none"> • Divgi Transmission Systems and Technologies Private Limited • Tejal Transmission Private Limited • Divgi Holdings Private Limited
Listed entities from which the person has resigned in the past three years	-	-
Disclosure of relationships between the director's inter-se	<ul style="list-style-type: none"> • Sanjay Divgi is younger brother of Bharat Divgi • Sanjay Divgi is first cousin of Jitendra Divgi and Hirendra Divgi 	<ul style="list-style-type: none"> • Bharat Divgi is elder brother of Sanjay Divgi • Bharat Divgi is first cousin of Jitendra Divgi and Hirendra Divgi



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, 2024, 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 material 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, 2024, 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>	<ul style="list-style-type: none"> 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. ii. Analyzed and discussed with management significant contracts including contractual terms and conditions related to discounts, incentives and rebates. iii. Reviewed the volume discounts and its accounting treatment in the books of account. iv. Performed cut-off procedures to ensure that revenue is accounted in the correct period.

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>	<p>v. Selected a sample of contracts and performed the following procedures:</p> <ol 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. <p>vi. Reviewed disclosures included in the notes to the accompanying financial statements.</p>

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.

The 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 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 except for the matters stated in paragraph (h)(vi) below relating to audit trail feature.
 - (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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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, 2024 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.
- (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) Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature is not enabled on database level as described in note 46 of the financial statements.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi

Partner

Place: Pune

Date: May 24, 2024

Membership No. 040852

UDIN: 24040852BKCCED1490



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, 2024 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, 2024, 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

Place: Pune

Date: May 24, 2024

Membership No. 040852
UDIN: 24040852BKCCED1490



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 March 31, 2023 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 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, 2024, 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 and Goods and Service Tax which have not been deposited as on March 31, 2024 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)
Good and Service Tax	Tax, Interest	Assistant Commissioner of CGST	F.Y.2017-22	1.03

(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) According to the information and explanations given to us, the Company has not raised any moneys by way of initial



public offer or further public offer (including debt instruments) during the year. In respect of money raised towards the end of the previous year, according to information and explanation given to us, the Company has utilized the money for the purpose for which they were raised. The Company has temporarily invested unutilized money in deposits as stated in Note 47 of the financial statements.

- (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 sub-section (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

Place: Pune

Date: May 24, 2024

Membership No. 040852
UDIN: 24040852BKCCED1490



Balance Sheet

as at 31st March, 2024

(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	As at 31 st March, 2024	As at 31 st March, 2023
Non-Current Assets			
Property, plant and equipment	4(a)	2,116.71	1,110.66
Capital work-in-progress	4(d)	254.49	808.54
Right-of-use assets	4(b)	15.47	24.53
Intangible assets	4(c)	138.71	32.06
Intangible assets under development	4(e)	2.64	118.32
Financial Assets			
Non-current investments	5	0.46	0.46
Other non-current financial assets	6	38.31	37.28
Other non-current assets	7	54.24	9.61
Total Non-Current Assets		2,621.03	2,141.46
Current Assets			
Inventories	8	357.34	318.85
Financial Assets			
i) Trade Receivables	9	630.95	732.35
ii) Cash And Cash Equivalents	10 (a)	315.74	47.59
iii) Bank Balances Other Than Cash And Cash Equivalents	10 (b)	2,327.32	3,065.89
iv) Other current financial assets	11	135.04	43.06
Other Current Assets	12	26.48	70.78
Total Current Assets		3,792.87	4,278.52
TOTAL ASSETS		6,413.90	6,419.98
Equity			
Equity Share Capital	13	152.91	152.91
Other Equity	14	5,650.52	5,359.92
Total Equity		5,803.43	5,512.83
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
i) Borrowings	15	2.70	3.24
ii) Lease Liabilities	16	8.43	14.75
Long Term Provisions	17	26.67	32.87
Deferred Tax Liabilities (Net)	18	26.02	4.43
Total Non-Current Liabilities		63.82	55.29
Current Liabilities			
Financial Liabilities			
i) Borrowings	19	0.82	1.06
ii) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	20	23.74	46.43
total outstanding dues of creditors other than micro enterprises and small enterprises	20	352.54	415.15
iii) Lease Liabilities	16	3.68	6.32
iv) Other Financial Liabilities	21	88.94	275.45
Other Current Liabilities	22	20.48	22.96
Provisions	23	21.05	22.07
Current Tax Liabilities (Net)	24	35.40	62.42
Total Current Liabilities		546.65	851.86
TOTAL EQUITY AND LIABILITIES		6,413.90	6,419.98
Summary of material 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

For and on behalf of the Board of Directors of

Divgi TorqTransfer Systems Limited**(Formerly known as Divgi TorqTransfer Systems Private Limited)****Aniruddha Joshi**

Partner

Membership Number: 040852

Date: May 24, 2024

Place: Pune

Praveen P Kadle

Chairman

DIN: 00016814

Date: May 24, 2024

Place: Pune

Jitendra B Divgi

Managing Director

DIN: 00471531

Date: May 24, 2024

Place: Pune

Sudhir Mirjankar

Chief Financial Officer

Date: May 24, 2024

Place: Pune

Sanika NirgudeCompany Secretary and
Compliance Officer

(ACS - A71466)

Date: May 24, 2024

Place: Pune

Statement of Profit and Loss for the year ended 31st March, 2024

(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Income			
Revenue from Operations	25	2,534.24	2,710.43
Other Income	26	195.59	76.24
Total Income		2,729.83	2,786.67
Expenses			
Cost of raw material and components consumed	27	1,116.89	1,104.00
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in Progress	28	(54.81)	9.89
Employee Benefits Expense	29	241.39	244.95
Finance Costs	30	4.07	2.82
Depreciation and Amortization Expense	31	186.88	129.85
Other Expenses	32A	700.09	606.85
Total Expenses		2,194.51	2,098.36
Profit before Tax		535.32	688.31
Tax expense			
For the year			
Current tax	32B	116.25	176.87
Deferred tax charge/(credit)		21.72	(0.18)
		137.97	176.69
Profit for the period / year		397.35	511.62
Other Comprehensive Income			
(A) Items that will not be reclassified subsequently to profit and loss			
Remeasurements of the defined benefit plans		(0.52)	(2.16)
Income tax on above.		0.13	0.54
Total other comprehensive income		(0.39)	(1.62)
Total comprehensive income for the period / year		396.96	510.00
Earnings per share (in Rs.)*	35		
Basic earnings per share (in Rs.)		12.99	18.45
Diluted earnings per share (in Rs.)		12.99	18.45
Summary of material 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

For and on behalf of the Board of Directors of
Divgi TorqTransfer Systems Limited

(Formerly known as Divgi TorqTransfer Systems Private Limited)

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 24, 2024

Place: Pune

Praveen P Kadle

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Jitendra B Divgi

Managing Director

DIN: 00471531

Date: May 24, 2024

Place: Pune

Sudhir Mirjankar

Chief Financial Officer

Date: May 24, 2024

Place: Pune

Sanika Nirgude

Company Secretary and

Compliance Officer

(ACS - A71466)

Date: May 24, 2024

Place: Pune

Cash Flow Statement

 for the year ended 31st March, 2024

(All amount in INR Millions unless otherwise stated)

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
A) Cash flows from operating activities		
Profit/(Loss) before tax	535.32	688.31
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization expenses	186.88	129.85
Interest Expenses	2.58	0.84
Unwinding of discounting (lease obligations)	1.50	1.98
Interest income	(190.92)	(69.22)
Loss/(gain) on sale / discard of assets (net)	(0.29)	-
Changes in:		
Trade and other receivables	144.68	(262.36)
Inventories	(38.49)	(18.10)
Trade and other payables and provisions	(173.39)	111.09
Cash generated from operations	467.87	582.39
Income taxes paid (net)	(143.26)	(174.18)
Net cash inflow / (outflow) from operating activities	324.61	408.21
B) Cash flows from / (used in) investing activities		
Purchase of Fixed Assets	(777.33)	(684.31)
Sale of Fixed Assets	0.51	-
Interest received	98.94	60.15
Term deposit with banks, matured / (placed) (net)	738.57	(1,507.17)
Net cash flows (used in) investing activities	60.69	(2,131.33)
C) Cash flows from/ (used in) financing activities		
Net Proceeds' (expenses) from issue of equity shares	(3.91)	1,694.91
Short Term Borrowings availed / (repaid) (net)	(0.24)	0.21
Long Term Borrowings availed / (repaid) (net)	(0.55)	2.89
Dividend paid	(102.45)	(92.23)
Lease rentals paid	(7.42)	(7.76)
Interest paid	(2.58)	(0.84)
Net cash flows from financing activities	(117.15)	1,597.18
Net increase / (decrease) in cash and cash equivalents	268.15	(125.94)
Cash and cash equivalents at the beginning of the year	47.59	173.53
Cash and cash equivalents at the end of the year	315.74	47.59

Reconciliation of cash and cash equivalents as per the cash flow statement:

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Cash and cash equivalents (Note 10 (a))	315.74	47.59
Balances as per Cash flow statement	315.74	47.59

 For **B. K. Khare & Co.**

 Firm Registration Number: 105102W
 Chartered Accountants

For and on behalf of the Board of Directors of

Divgi TorqTransfer Systems Limited

(Formerly known as Divgi TorqTransfer Systems Private Limited)

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 24, 2024

Place: Pune

Praveen P Kadle

Chairman

DIN: 00016814

Date: May 24, 2024

Place: Pune

Jitendra B Divgi

Managing Director

DIN: 00471531

Date: May 24, 2024

Place: Pune

Sudhir Mirjankar

Chief Financial Officer

Date: May 24, 2024

Place: Pune

Sanika Nirgude

Company Secretary and

Compliance Officer

(ACS - A71466)

Date: May 24, 2024

Place: Pune

Statement of Changes in Equity

A Equity Share Capital

(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	As at 31 st March, 2024	As at 31 st March, 2023
Balance at the beginning of the year		152.91	137.66
Changes in equity shares capital during the year / period	13	-	15.25
Balance at the end of the year / period		152.91	152.91

B Other Equity

Particulars	Reserves and surplus			Equity component of Compound Financial Instruments	Total Other Equity
	Capital reserve	Retained earnings	Securities premium		
As at April 1, 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)
Bonus shares issued			-		-
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
Expense related to capital raising			(3.91)		(3.91)
Profit for the period	-	397.35	-	-	397.35
Other Comprehensive Income (net)	-	(0.39)	-	-	(0.39)
Total comprehensive income	-	396.96	(3.91)	-	393.05
Dividends paid		(102.45)			(102.45)
As at March 31, 2024	7.37	2,788.14	2,855.01	-	5,650.52

For **B. K. Khare & Co.**

Firm Registration Number: 105102W

Chartered Accountants

For and on behalf of the Board of Directors of

Divgi TorqTransfer Systems Limited

(Formerly known as Divgi TorqTransfer Systems Private Limited)

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 24, 2024

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Date: May 24, 2024

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Sanika Nirgude

Company Secretary and

Compliance Officer

(ACS - A71466)

Date: May 24, 2024

Place: Pune



Notes to the Financial Statements

1. Corporate information

Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited) (the 'Company') is a private 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. Material 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.

Notes to the Financial Statements

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



Notes to the Financial Statements

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 to 20
Roads	10	5 to 10
Office equipment	5	15
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.

Notes to the Financial Statements

(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. A summary of amortization rates applied to the Company's Intangible assets is as below: -

Asset Category	Life (Years)
Computer Software	5
Technical Know-How	5

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.

(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.



Notes to the Financial Statements

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

Notes to the Financial Statements

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.



Notes to the Financial Statements

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

Notes to the Financial Statements

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



Notes to the Financial Statements

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,

Notes to the Financial Statements

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.



Notes to the Financial Statements

(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.

Notes to the Financial Statements

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),(f))
- 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)

3.2. 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. As on March 31, 2024, MCA has not amended the Companies (Indian Accounting Standards) Amendment Rules, 2023 and hence reporting under this section is not applicable."



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, 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 31st March, 2023	330.70	93.97	1,496.41	7.29	10.78	39.42	38.99	2,017.56
Additions	135.15	317.32	685.51	1.81	10.70	9.17	11.88	1,171.54
Disposals	-	-	0.30	-	-	4.92	-	5.22
Balance as at 31st March, 2024	465.85	411.29	2,181.62	9.10	21.48	43.67	50.87	3,183.88
Accumulated Depreciation								
Balance as at 1 st April, 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 31st March, 2023	-	51.04	784.36	6.57	9.38	22.32	33.23	906.90
Charge during the period	-	11.13	143.77	0.54	0.99	4.02	4.82	165.27
Disposals/ transfers	-	-	0.30	-	-	4.70	-	5.00
Balance as at 31st March, 2024	-	62.17	927.83	7.11	10.37	21.64	38.05	1,067.17
Net carrying amount								
Balance as at March 31, 2024	465.85	349.12	1,253.79	1.99	11.11	22.03	12.82	2,116.71
Balance as at March 31, 2023	330.70	42.93	712.05	0.72	1.40	17.10	5.76	1,110.66

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, 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
Additions	-	-	-
Disposals/ Transfers/ Adjustments	-	24.55	24.55
Balance as at 31st March, 2024	6.33	18.51	24.84
Accumulated depreciation			
Balance as at 1st April, 2022	1.81	16.52	18.33
Charge during the year	0.07	6.46	6.53
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2023	1.88	22.98	24.86
Charge during the period	0.07	5.93	6.00
Disposals/ Transfers/ Adjustments	-	21.49	21.49
Balance as at 31st March, 2024	1.95	7.42	9.37
Net carrying amount			
Balance as at March 31, 2024	4.38	11.09	15.47
Balance as at March 31, 2023	4.45	20.08	24.53

The Company has taken certain assets on lease which have 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	Technical Know-How	Total
Gross carrying amount			
Balance as at 1st April, 2022	45.93	-	45.93
Additions	8.72	-	8.72
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2023	54.65	-	54.65
Additions	4.87	117.39	122.26
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2024	59.52	117.39	176.91
Accumulated depreciation			
Balance as at 1st April, 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
Charge for the period	9.82	5.79	15.61
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2024	32.41	5.79	38.20
Net carrying amount			
Balance as at March 31, 2024	27.11	111.60	138.71
Balance as at March 31, 2023	32.06	-	32.06

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 2024					
Projects in progress	188.52	65.97	-	-	254.49
Projects temporarily suspended	-	-	-	-	-
Grand Total	188.52	65.97	-	-	254.49
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

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 31 st March, 2024	As at 31 st March, 2023
Land & Factory Building	6.12	381.01
Plant & Machinery	248.37	427.53
	254.49	808.54

Particulars	Land & Factory Building	Plant & Machinery	Total
Balance as at 1st April, 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
Additions	77.58	506.35	583.93
Disposals/ Transfers/ Adjustments	452.47	685.51	1,137.98
Balance as at 31st March, 2024	6.12	248.37	254.49

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 2024					
Projects in progress	2.64	-	-	-	2.64
Projects temporarily suspended	-	-	-	-	-
Grand Total	2.64	-	-	-	2.64
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

Particulars	Rs
Balance as at 1st April, 2022	116.95
Additions	10.09
Disposals/ Transfers/ Adjustments	8.72
Balance as at 31st March, 2023	118.32
Additions	6.58
Disposals/ Transfers/ Adjustments	122.26
Balance as at 31st March, 2024	2.64

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

5 Non current investments

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Unquoted		
Equity instruments at cost		
5,000 equity shares (March 31, 2023 - 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, 2023 - 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, 2024	As at 31 st March, 2023
Security Deposits	39.86	38.83
Less: Provision for doubtful deposits	(1.55)	(1.55)
Total	38.31	37.28

7 Other non-current assets

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Capital Advances	54.24	9.61
Total	54.24	9.61

8 Inventories

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Raw Materials	212.37	241.79
Work-in-Progress	131.46	103.97
Finished Goods	44.06	16.74
Less : Provision for non-moving inventory	(30.55)	(43.65)
Total	357.34	318.85
Goods in transit (included above)		
Raw Materials	10.60	21.79

9 Trade receivables

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Trade receivables	630.95	732.35
Total trade receivables	630.95	732.35
Current portion(net of provisions)	630.95	732.35
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, 2024	As at 31 st March, 2023
Unsecured, considered good	630.95	732.35
Trade Receivables - credit impaired	5.11	5.11
Total	636.06	737.46
Less: Allowance for doubtful debts	(5.11)	(5.11)
Total Trade Receivables	630.95	732.35

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 2024

Particulars	< 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	629.19	-	-	-	1.76	630.95
(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 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	524.49	-	-	-	1.76	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, 2024	As at 31 st March, 2023
Cash on hand	0.09	0.06
Balances with Banks -		
- In current accounts	315.65	47.53
Total	315.74	47.59

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and previous period.

10 (b) Bank Balances other than cash and cash equivalents

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Long-term Deposits (with maturity of more than 3 months but less than 12 months)	2,324.52	2,859.26
Others	2.80	206.63
Total	2,327.32	3,065.89

11 Other current financial assets

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
At amortized cost		
Interest accrued but not due on deposits with banks	135.04	43.06
Total	135.04	43.06

12 Other current assets

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Balance with government authorities		
Considered good	8.96	47.99
Considered doubtful	3.53	3.53
Less: Provision for doubtful balances	(3.53)	(3.53)
(a)	8.96	47.99
Advances to Suppliers		
Considered good	10.16	6.12
Considered doubtful	0.19	0.19
Less: Provision for doubtful balances	(0.19)	(0.19)
(b)	10.16	6.12
Export incentive receivable	0.10	10.70
Prepaid Expenses	7.10	5.82
Others	0.16	0.15
(c)	7.36	16.67
Total (a+b+c)	26.48	70.78

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

13 Share capital

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Authorised		
4,00,00,000 (March 31, 2023 - 4,00,00,000) equity shares of Rs. 5 each (March 31, 2023 - 05 each)	200.00	200.00
Issued, subscribed and fully paid up		
Equity Share Capital		
30,582,927 (March 31, 2023 - 30,582,927) equity shares of Rs. 5 each (March 31, 2023 - 5 each) fully paid-up	152.91	152.91
	152.91	152.91

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Equity shares outstanding at the beginning of the year		
Number of shares	3,05,82,927	2,75,32,080
Amount	152.91	137.66
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	-	-
Add: Bonus issue of equity shares (1 equity share for every one share held)		
Number of shares	-	-
Amount	-	-
Equity shares outstanding at the end of the year		
Number of shares	3,05,82,927	3,05,82,927
Amount	152.91	152.91

(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.

(d) Number of equity shares held by the holding company

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Divgi Holding Pvt. Ltd	1,57,82,680	1,57,82,680
Total	1,57,82,680	1,57,82,680

(e) Details of shareholders holding more than 5% of shares in the Company

Equity Shares

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Name of the shareholder		
i) Divgi Holding Pvt. Ltd		
No. of shares	1,57,82,680	1,57,82,680
%	51.61%	51.61%

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

13 Share capital (Contd.)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
ii) NRJN Family Trust		
No. of shares	9,23,885	9,53,279
%	3.02%	3.12%
iii) Oman India Joint Investment Fund II		
No. of shares	37,27,360	37,27,360
%	12.19%	12.19%

(f) Promoter Shareholding

Shareholding of promoters as on 31 March 2024 (Face value of Rs 5 each)

Promoter name	As at 31 st March, 2024		
	Number	% holding	% change during the period
Equity shares			
Mr. Jitendra Divgi	3,27,840	1.07%	No Change
Mr. Hirendra Divgi	3,29,720	1.08%	No Change
Divgi Holdings Private Limited	1,57,82,680	51.61%	No Change
Mr. Jitendra Divgi Jointly with Divgi Holding Pvt. Ltd	4,02,840	1.32%	No Change
Mr. Hirendra Divgi Jointly with Divgi Holding Pvt. Ltd	4,02,760	1.32%	No Change
Total	1,72,45,840	56.38%	

Shareholding of promoters as on 31 March 2023 (Face value of Rs 5 each)

Promoter name	As at 31 st 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%
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%

14 Other equity

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Reserves and surplus		
Capital reserve (a)	7.37	7.37
Securities Premium		
Balance as at the beginning of the year	2,858.92	1,179.26
Premium on fresh issue of equity shares	-	1,784.75
Expense related to capital raising	(3.91)	(105.09)
Balance as at the end of the year (b)	2,855.01	2,858.92
Retained earnings		
Balance as at the beginning of the year	2,493.63	2,075.86
Profit for the year	397.35	511.62
Transfer from other equity component of compound financial instrument to retained earnings	-	-

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

14 Other equity (Contd.)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Dividend paid	(102.45)	(92.23)
Tax on dividend	-	-
Remeasurement of defined benefit obligations, net of tax	(0.39)	(1.62)
Balance as at the end of the year (c)	2,788.14	2,493.63
Equity component of compound financial instrument (d)	-	-
Total Reserves and Surplus (a+b+c+d)	5,650.52	5,359.92

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 a) 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, 2024	As at 31 st March, 2023
Non- current (Secured)		
Term Loans (Refer note (a) below)		
From Banks	3.17	3.95
Less:Current Maturities	(0.82)	(1.06)
	2.35	2.89
(Unsecured)		
Loan from Divgi Holding Pvt. Ltd.*	0.35	0.35
	2.70	3.24

* 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 3.17 Mn (March 31, 2023 Rs.3.95 Mn) from The Saraswat Co-operative Bank Limited. The loan is secured by first charge on vehicles (MG Gloster, Mahindra XUV, TATA Tiago, TATA Tigor, TATA Hexa & Maruti Dzire)	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, 2024	As at 31 st March, 2023
Current	3.68	6.32
Non-current	8.43	14.75
Total	12.11	21.07

17 Long term provision

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Gratuity (Refer note 33)	0.18	9.30
Compensated Absences	26.49	23.57
Total	26.67	32.87

18 Deferred Tax Assets/ Deferred Tax (Liabilities) (Net)

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Deferred Tax Asset on account of:		
Provision for doubtful debts, inventory, advances	10.30	13.60
Employee Benefit	10.93	12.24
Other Timing difference	2.25	1.87
	23.49	27.71
Deferred Tax Liability on account of:		
Property, plant and equipment and Intangible assets	49.51	32.15
	49.51	32.15
Net deferred tax assets/(Liabilities)	(26.02)	(4.43)

19 Borrowings

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Current*		
Current Maturities of long term debt		
- Term loan from bank	0.82	1.06
Total short term borrowings	0.82	1.06

*There is no loan to or from promoter

20 Borrowings

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Total outstanding dues of micro and small enterprises	23.74	46.43
Total outstanding dues of creditors other than micro and small enterprises*	352.54	415.15
Total	376.28	461.58

*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, 2024 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	-	23.74	-	-	-	23.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	172.57	152.37	14.56	5.69	7.35	352.54
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-

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	-	-	-	-	-	-

(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, 2024	As at 31 st March, 2023
Amount outstanding as at on account of:		
Principal amount	20.80	44.89
Interest due thereon	0.04	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	135.17	44.53
Interest due on principal amounts paid beyond the due date during the year	1.38	0.38
Interest accrued but not paid	2.94	1.54

21 Other current financial liabilities

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Salaries and benefits payable	72.15	92.24
Capital creditors	10.07	118.73
Other	6.72	64.48
Total	88.94	275.45

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

22 Other Current liabilities

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Advances from Customers	13.70	2.27
Other Statutory Liabilities	6.78	20.69
Total	20.48	22.96

23 Short term provision

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Gratuity (Refer Note 33)	7.93	7.23
Compensated Absences	3.03	2.98
Super Annuation	2.85	6.11
Warranties (Note a)	7.24	5.75
Provision for derivative losses	-	-
Total	21.05	22.07

Movement in warranty provisions

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Balance at the beginning as on 1 April	5.75	4.21
Additional provision recognised	1.67	1.80
Paid/Utilised during the year	(0.18)	(0.26)
Closing balance at the year end March 31	7.24	5.75

- 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, 2024	As at 31 st March, 2023
Provision for Current Taxation	35.40	62.42
Total	35.40	62.42

25 Revenue from operations

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Revenue from sale of products	2,404.65	2,580.07
Revenue from services	-	-
Revenue from sale of tools	99.69	91.42
	2,504.34	2,671.49
Other Operating Revenue		
Sale of Scrap	29.77	18.67
Export incentives	0.13	20.27
Total	2,534.24	2,710.43

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

26 Other Income

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Interest Income	190.92	69.22
Rental Income	2.41	2.41
Vendor liabilities no longer required written back	0.40	-
Gain on foreign exchange fluctuation (net)	-	3.84
Profit on sale of fixed assets (net)	0.56	-
Miscellaneous Income	1.30	0.77
Total	195.59	76.24

27 Cost of raw material and components consumed

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Raw Materials and Components Consumed		
Inventories at the beginning of the year	198.13	170.14
Add: Purchases	1,100.57	1,131.99
	1,298.70	1,302.13
Inventories at the end of the year	181.81	198.13
Total	1,116.89	1,104.00

28 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Opening Stock		
Work-in-Progress	103.97	95.59
Finished Goods	16.74	35.01
Closing Stock		
Work-in-Progress	131.46	103.97
Finished Goods	44.06	16.74
Total	(54.81)	9.89

29 Employee Benefits Expense

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Salaries, Wages and Bonus	208.21	215.31
Contribution to Provident and Other Funds	19.64	17.73
Staff Welfare Expenses	13.54	11.91
Total	241.39	244.95

30 Finance Costs

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Interest on Loan	0.27	0.25
Interest on Preference Shares (Refer note 44A (b))		-
Interest Others	3.80	2.57
Total	4.07	2.82

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

31 Depreciation and amortization expense

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Depreciation of property, plant and equipment (note 4 (a))	165.27	165.27
Depreciation of right-of-use assets (note 4 (b))	6.00	6.00
Amortization of intangible assets (note 4 (c))	15.61	15.61
Total	186.88	186.88

32 A Other Expenses

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Consumption of Stores and Spare Parts	96.13	84.71
Contract Labour Charges	97.71	90.35
Machining and development charges	113.30	110.19
Power and Fuel	66.98	47.54
Rent [Refer Note 36]	1.08	0.89
Repairs and Maintenance		
Buildings	3.60	2.19
Plant and Machinery	34.42	28.82
Others	15.19	10.65
Insurance	5.36	3.90
Rates and Taxes	2.91	2.09
Legal and Professional Charges	65.99	53.55
Auditors' Remuneration [Refer Note 32A(a)]	2.35	1.40
Corporate Social Responsibility[Refer Note 32A(b)]	12.24	10.42
Travelling and Conveyance	25.87	18.49
Printing and Stationery	4.15	3.26
Royalty	54.91	69.46
Warranty	1.67	1.80
Housekeeping Expenses	6.81	3.77
Freight and Forwarding	9.36	5.44
Provision for Warranties		-
Testing & Inspection Charges	12.70	7.80
Security Charges	8.70	6.01
Bank charges	1.64	1.25
Engineering and project services	46.25	34.81
Loss on foreign exchange fluctuation (net)	1.28	-
Communication Expenses	4.05	2.99
Exhibition & Conference Charges	1.63	3.69
Miscellaneous Expenses	3.81	1.38
Total	700.09	606.85

(a) Payment to auditors

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
As auditor		
As auditors	2.20	1.00
As tax auditor	0.15	0.15
Total	2.35	1.15



Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

32A Other Expenses (Contd.)

(b) Corporate Social Responsibility (CSR)

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Gross amount required to be spent by the company during the period/year as per Section 135 of the Act	12.24	10.42
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above (Education & Health)	12.72	10.90
a. included in other expenses (includes provision of unspent amount)	12.24	10.42
b. administrative expenses included in employee benefit expenses	0.48	0.48
	12.72	10.90
Amount yet to be spent	(0.48)	(0.48)
Reason for Shortfall	Not Applicable	Not Applicable

32B Income tax expense

(a) Income tax expenses

(i) Statement of Profit and Loss section	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Current tax	116.25	162.30
Deferred tax	21.72	(2.28)
Total income tax expense recognised in the Statement of Profit and Loss	137.97	160.02
(ii) Other Comprehensive Income (OCI) section	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Deferred tax related to items		
- Net gain or loss on remeasurements of defined benefit plans	(0.13)	0.36
Total income tax expense recognised in Other Comprehensive Income	(0.13)	0.36

(b) Reconciliation of effective tax rate

Particulars	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Accounting profit before tax	535.32	621.53
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17%	134.74	156.44
- Others (includes Donations & Other permanent differences)	3.23	3.58
Effective tax	137.97	160.02
Income tax expense reported in the Statement of profit and loss	137.97	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:

	31 st March, 2024	31 st March, 2023
Contribution to Employees Provident Fund	11.48	10.24
Contribution to Superannuation Fund	2.83	3.04
	14.30	13.28

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

	31 st March, 2024	31 st March, 2023
(a) Opening defined benefit obligation	47.77	41.55
(b) Interest Cost	3.58	2.90
(c) Current Service Cost	3.65	3.03
(d) Benefit Paid	(2.46)	(1.95)
(e) Actuarial (Gain)/Loss	0.88	2.24
Closing defined benefit obligation	53.42	47.77

ii. Changes in the Fair value of Plan Assets

	31 st March, 2024	31 st March, 2023
(a) Opening fair value of plan assets	31.25	25.95
(b) Expected Return on Plan Assets	2.34	1.88
(c) Actuarial Gain/ (Loss)	0.36	0.08
(d) Employers Contribution	13.26	4.54
(e) Benefit Paid	(1.88)	(1.20)
Closing fair value of plan assets *	45.33	31.25

* 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)

	31 st March, 2024	31 st March, 2023
(a) Present Value of Benefit Obligation	53.42	47.77
(b) Fair Value of Plan Assets	(45.33)	(31.25)
(c) Net (Asset)/Liability recognised in the Balance Sheet	8.09	16.53

iv. Expenses recognised in the Statement of Profit and Loss

	31 st March, 2024	31 st March, 2023
(a) Current Service Cost	3.65	3.03
(b) Interest Cost	3.58	2.90
(c) Expected Return on Plan Assets	(2.34)	(1.88)
(d) Net actuarial (Gain)/Loss	0.52	2.16
Total Expenses recognised in the Statement of Profit and Loss	5.41	6.22

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).



Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

33 Gratuity (Contd.)

- 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.

viii. Expenses recognised in the Statement of Profit and Loss

	31 st March, 2024	31 st March, 2023
(a) Discount Rate	7.23%	7.50%
(b) Expected Rate of Return on Plan Assets	7.23%	7.50%
(c) Salary Escalation Rate	10.00%	10.00%
(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.

ix. Amounts recognised in current year and previous years

	As at 31 st March, 2024	As at 31 st March, 2023
Defined Benefit Obligation	53.42	47.77
Plan Asset	45.33	31.25
Surplus / Deficit	8.09	16.53
Experience adjustments in plan liabilities	(0.22)	3.23
Experience adjustments in plan assets	0.36	0.08
x. Current and Non-Current Liability		
Current Liability	7.93	7.23
Non-Current Liability	0.18	9.30
	8.11	16.53

xi. Expected contribution to the gratuity fund in the next year

	As at 31 st March, 2024	As at 31 st March, 2023
Gratuity	7.93	7.23

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

Mr. Satish Kadrolli, Company Secretary (resigned w.e.f. 30 June 2023)

Ms. Sanika Nirgude, Company Secretary (appointed w.e.f 1 July 2023)

Mr. Dipak Vani (appointed w.e.f 1 November 2023)

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 :

	31 st March, 2024	31 st March, 2023
(i) Machine and Development charges		
Divgi Transmission Systems & Technologies Private Limited	35.70	36.95
	35.70	36.95
(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	6.18	9.35
Mr. Jitendra B. Divgi	12.38	18.70
Mr. Dipak Vani	3.68	-
Mr. Sudhir Mirjankar	3.02	3.67
Ms. Meenal Barhate	-	0.58
Mr. Satish Kadrolli	0.35	0.91
Ms. Sanika Nirgude	0.89	-
	26.50	32.31
(b) Remuneration - Relatives of Key Management Personnel		
Mr. Arjun J. Divgi	-	0.07
Ms. Jyothi Bharat Divgi	0.48	0.48
	0.48	0.55
(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

	31 st March, 2024	31 st March, 2023
(i) Trade Payable		
Divgi Transmission Systems & Technologies Private Ltd	6.93	6.09
Divgi Holdings Private Limited	0.42	0.43
	7.35	6.52
(ii) Trade Receivables		
Divgi Transmission Systems & Technologies Private Ltd	1.58	1.66
Divgi Holdings Private Limited	0.25	0.25
	1.83	1.91
(v) (a) Remuneration Payable - Key Management Personnel		
Mr. Hirendra Divgi	4.59	8.48
Mr. Jitendra B. Divgi	9.19	16.78
Mr. Dipak Vani	0.65	-
Mr. Sudhir Mirjankar	0.39	0.82
Mr. Satish Kadrolli	-	0.24
Ms. Sanika Nirgude	0.12	-
	14.94	26.32



Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

34. Related Party Disclosures (Contd.)

	31 st March, 2024	31 st March, 2023
(b) Remuneration Payable - Relatives of Key Management Personnel		
Ms. Jyothi Bharat Divgi	0.04	0.04
	0.04	0.04

35 Earnings per share

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Basic earnings per equity share of Rs. 5 Each		
Restated net profit/(loss) for calculation of EPS	397.35	511.62
Weighted average number of equity shares (Number in millions)	30.58	27.72
Basic earnings per share (in Rupees)	12.99	18.45
Diluted earnings per equity share of Rs. 5 Each		
Restated net profit/(loss) for calculation of EPS	397.35	511.62
Weighted average number of equity shares (Number in millions)	30.58	27.72
Diluted earnings per share (in Rupees)	12.99	18.45

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.

	As at 31 st March, 2024	As at 31 st March, 2023
At the beginning of the year	21.07	3.56
Additions	-	23.28
Disposals	3.29	-
Payments made	5.67	5.77
As at lease liabilities	12.11	21.07
Current portion	3.68	6.32
Non-current portion	8.43	14.75
Total	12.11	21.07

Details of amounts recognised in statement of profit and loss

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Depreciation expense of right-of-use assets	5.93	6.53
Interest expense on lease liabilities(included in finance cost-Interest others)	1.50	1.98
Expense relating to short-term leases (included in other expenses)	1.08	0.89
Lease payments recognised in the Statement of Profit and Loss during the year	8.51	9.40

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

36 Leases (Contd.)

ii) Operating lease: Company as lessor

The Company has leased certain plant and machinery on operating leases. These lease arrangements range for a period between 1 to 7 years, which are cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Lease income received for the year	2.41	2.41

37 Contingent liabilities

	As at 31 st March, 2024	As at 31 st March, 2023
Bills discounted	-	14.70
Bank Gurantee	20.00	20.00
Goods Service Tax	1.03	-
Stamp Duty (Including penalty)	24.40	-
Claims against the Company, not acknowledged as debts		
Dues related to employees	10.08	20.08
Others	5.30	5.30
	60.80	60.08

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	As at 31 st March, 2024	As at 31 st March, 2023
Estimated amount of contracts remaining to be executed (net of advance payments)	257.64	447.75

39 Segment Reporting

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Revenue from operations		
Sale of products	2,404.65	2,580.07
Sale of tools	99.69	91.42
Other operating revenue		
- Scrap sales	29.77	18.67
- Export benefits	0.13	20.27
	2,534.23	2,710.44

(c) Segment reporting

i. Primary segment

The Company operates only in one business segment viz. Auto Components and Parts.

ii. Secondary segment

The secondary segment is based on geographical demarcation, i.e. domestic and exports

Information about secondary segment is as follows:

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Segment Revenue (net)	2,515.07	2,573.24
Domestic	19.16	137.19
Export		
	2,534.23	2,710.44

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

39. Segment Reporting (Contd.)

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Segment Assets		
Domestic	630.09	462.10
Export	0.86	18.50
	630.95	480.60

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

	As at 31 st March, 2024	As at 31 st March, 2023
Trade receivables	630.95	732.35
Other financial assets	173.35	80.34
Cash and cash equivalents	315.74	47.59
Bank balances other than cash and cash equivalents (includes fixed deposits with banks)	2,327.32	3,065.89
Total	3,447.34	3,926.17
Current assets	3,409.03	3,888.89
Non-current assets	38.31	37.28
Total	3,447.34	3,926.17

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

The fair values of the quoted shares are based on price quotations at the reporting date as at the reporting date.

(ii) Financial liabilities

Details of financial liabilities carried at amortised cost

	As at 31 st March, 2024	As at 31 st March, 2023
Borrowings	3.52	4.30
Trade payable	376.28	461.58
Other liabilities (includes lease obligations)	101.05	296.52
Total	480.85	762.40
Current liabilities	469.72	744.41
Non current liabilities	11.13	17.99
Total	480.85	762.40

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

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)	As at 31 st March, 2024	As at 31 st March, 2023
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.

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, 2024, years ended and March 31, 2023. 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, 2024		As at 31 st March, 2023	
		Foreign Currency	INR	Foreign Currency	INR
Hedged foreign currency exposures	USD	-	-	-	-
Forward contracts					
Unhedged foreign currency exposures					
Trade Receivables	EUR	-	-	0.00	0.07
	USD	0.01	0.89	0.24	19.46
	CHF	-	-	-	-
	GBP	-	-	-	-
	CNY	-	-	-	-
Bank Balance	USD	-	-	-	-
	EUR	-	-	-	-
Trade Payables	EUR	0.21	18.95	0.07	6.02
	USD	0.33	27.51	0.86	70.31
	CHF	0.01	0.71	0.01	0.69
	GBP	-	-	0.00	0.10
Net Exposure	EUR	0.21	18.95	0.07	5.96
Net Exposure	USD	0.32	26.61	0.62	50.85
Net Exposure	CHF	0.01	0.71	0.01	0.69
Net Exposure	GBP	-	-	0.00	0.10
Net Exposure	CNY	-	-	-	-

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. 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, 2024	31 st March, 2023
EURO Sensitivity		
INR/ EURO - Increase by 1%	(0.19)	(0.00)
INR/ EURO - Decrease by 1%	0.19	0.00
USD Sensitivity		
INR/ USD - Increase by 1%	(0.27)	0.51
INR/ USD - Decrease by 1%	0.27	(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
INR/ GBP - Decrease by 1%	-	(0.00)
CNY Sensitivity		
INR/ CNY - Increase by 1%	-	-
INR/ CNY - Decrease by 1%	-	-

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.

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

41 Financial risk management (Contd.)

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.

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, 2024, March 31, 2023 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 :

31st March, 2024	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	0.82	2.28	0.42
Trade Payables	376.28	-	-
Other financial liabilities			
Lease obligation	3.68	8.43	-
Other payables	88.94	-	-

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

41 Financial risk management (Contd.)

31 st March, 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	-	-

42 Disclosure of ratios

Sr. No	Particulars	As at	
		31 st March, 2024	31 st March, 2023
	Financial Ratios		
1	Current Ratio	6.94	5.02
	% Change from previous year / period	38.1%	22.7%
	Reason for Variance more than 25%:	Owing to increase in bank fixed deposits resulting from IPO proceeds.	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	68.97	82.31
	% Change from previous year / period	-16.2%	22.8%
	Reason for Variance more than 25%:	Refer note below	Owing to increase in EBITDA and reduction in Finance cost
4	Return on Equity	7.02%	11.48%
	% Change from previous year / period	-38.8%	-23.7%
	Reason for Variance more than 25%:	The decline is primarily due to reduction in net income	Refer note below
5	Inventory turnover ratio	7.50	8.75
	% Change from previous year / period	-14.4%	11.4%
	Reason for Variance more than 25%:	Refer note below	Refer note below
6	Trade Receivables turnover ratio	3.72	4.31
	% Change from previous year / period	-13.8%	-9.6%
	Reason for Variance more than 25%:	Refer note below	Refer note below
7	Trade Payables turnover ratio	6.05	6.32
	% Change from previous year / period	-4.3%	6.8%
	Reason for Variance more than 25%:	Refer note below	Refer note below
8	Net working capital turnover ratio	4.22	5.31
	% Change from previous year / period	-20.5%	-10.9%
	Reason for Variance more than 25%:	Refer note below	Refer note below
9	Net profit ratio	14.56%	18.36%
	% Change from previous year / period	-20.7%	-5.9%
	Reason for Variance more than 25%:	Refer note below	Refer note below

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

42 Disclosure of ratios (Contd.)

Sr. No	Particulars	As at	
		31 st March, 2024	31 st March, 2023
10	Return on Capital employed	9.27%	12.48%
	% Change from previous year / period	-25.7%	-29.7%
	Reason for Variance more than 25%:	The decline is primarily due to reduction in net income	Refer note below
11	Return on investment	7.08%	2.99%
	% Change from previous year / period	136.5%	-49.8%
	Reason for Variance more than 25%:	Owing to increase in bank fixed deposits resulting from IPO proceeds.	Owing to reduction in bank fixed deposits rates
12	Return on Invested Capital	10.97%	25.65%
	% Change from previous year / period	-57.2%	-20.9%
	Reason for Variance more than 25%:	The decline is primarily due to reduction in net income	Refer note below

Note: Since the change in ratio is less than 25%, no explanation is required to be disclosed.

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) and excluding preference share capital
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 other bank deposits)
12. Return on Invested Capital: Profit Before Interest, Tax and 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).



Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

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, 2024 and March 31, 2023 Capital represents equity attributable to equity holders of the Company.

	31 st March, 2024	31 st March, 2023
Borrowings (Non Current)	2.70	3.24
Trade payables	376.28	461.58
Book overdraft	-	-
Less: Cash and cash equivalents(includes deposits with maturity of more than 3 months but less than 12 months)	(2,324.52)	(2,859.26)
Net (surplus) / debt (A)	(1,945.53)	(2,394.44)
Equity	5,803.43	5,512.83
Capital and net debt (B)	3,857.90	3,118.39
Gearing ratio (1:(B/A))	1 :-1.98	1 :-1.3

44 Dividend

The final dividend proposed for the year is as follows:

	Year ended 31 st March, 2024	Year ended 31 st March, 2023
Dividend		
On Equity Shares		
Amount of Dividend	79.52	102.45
Dividend per Equity Share	Rs 2.6 per share	Rs. 3.35 per share
Face Value of Share	Rs. 5.00 per share	Rs. 5.00 per share

45 Other Statutory Information

Below disclosures are not given since there are no such transactions

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company does not have any transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- There is no Scheme of Arrangement approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013.
- 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:
 - 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 to or on behalf of the Ultimate Beneficiaries

Notes to the Financial Statements

(All amount in INR Millions unless otherwise stated)

45 Other Statutory Information (Contd.)

- (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.

46 The Company uses an accounting software for maintaining its books of accounts which have the feature of recording an Audit Trail (Edit Log) facility and the same has operated through out the year for all relevant transaction recorded in the software except that the audit trail feature is not enabled for direct changes to data base level. Further no instance of audit trail feature being tempered with was noted in respect of accounting software. The company is in process of assessing the above and will take appropriate measures to comply with the requirements.

47 Details of utilisation of net Initial Public Offer (IPO) proceeds of INR 1,696 million*, are as follows:

Objects of the issue as per Prospectus	Amount to be utilised as per prospectus	Utilisation upto 31/03/2024	Unutilised upto 31/03/2024
Funding capital expenditure requirements for the purchase of equipments/ machineries of our manufacturing facilities	1,507.07	257.33	1,249.74
General corporate purposes*	188.93	188.34	0.59
Total	1,696.00	445.67	1,250.33

* Revision in General Corporate Purpose is on account of actual offer related expenditure being lower then estimated by INR 11.66 million

Net IPO proceeds which were un-utilised as at March 31, 2024 were temporarily invested in deposits with scheduled commercial banks and in monitoring agency account.

For **B. K. Khare & Co.**

Firm Registration Number: 105102W
Chartered Accountants

For and on behalf of the Board of Directors of

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)

Aniruddha Joshi

Partner

Membership Number: 040852

Date: May 24, 2024

Place: Pune

Praveen P Kadle

Chairman

DIN: 00016814

Date: May 24, 2024

Place: Pune

Jitendra B Divgi

Managing Director

DIN: 00471531

Date: May 24, 2024

Place: Pune

Sudhir Mirjankar

Chief Financial Officer

Date: May 24, 2024

Place: Pune

Sanika Nirgude

Company Secretary and

Compliance Officer

(ACS - A71466)

Date: May 24, 2024

Place: Pune

DIVGI TORQTRANSFER SYSTEMS LIMITED

Reg Office: Plot no. 75, General Block, MIDC Bhosari, Pune 411026

CIN: L32201MH1964PLC013085

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 **59th ANNUAL GENERAL MEETING** of the Company held on Monday, July 29, 2024 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: L32201MH1964PLC013085

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 **59th ANNUAL GENERAL MEETING** of the Company, to be held on Monday, July 29, 2024 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. Sanjay Divgi		
4. Re-appointment of Director retiring by rotation- Mr. Bharat Divgi		

Signed this _____ day of _____ 2024

Signature of shareholder

Signature of first proxy holder

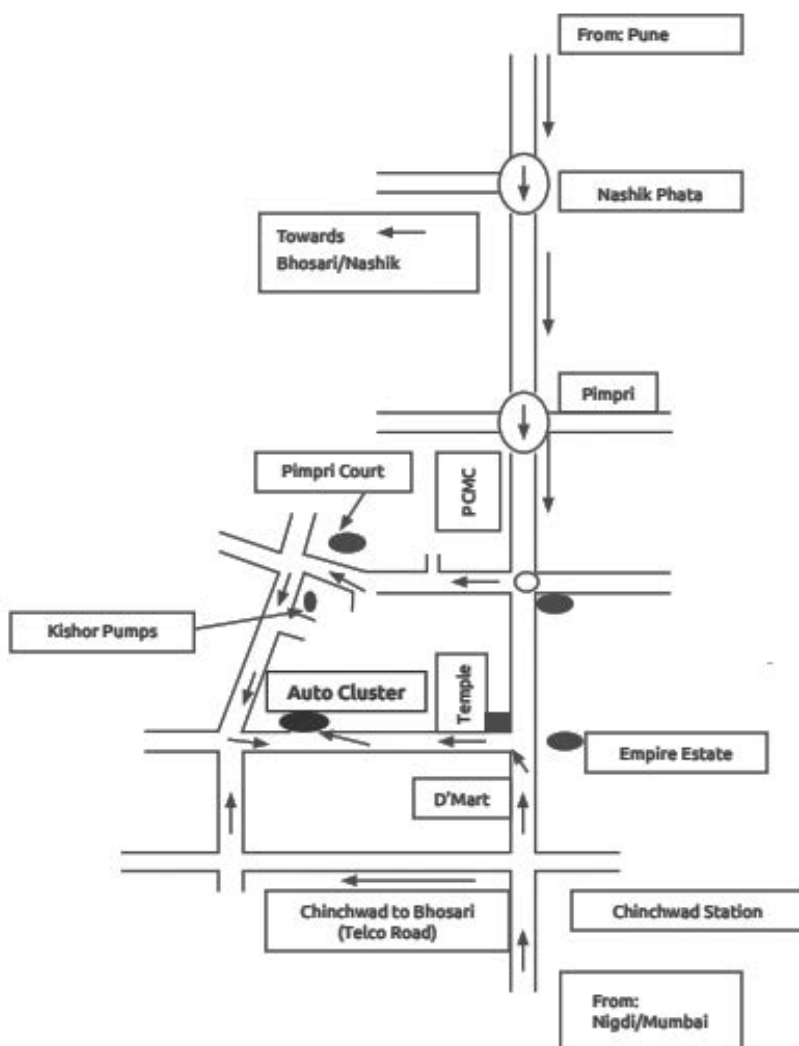
Signature of second proxy holder

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