DRAFT RED HERRING PROSPECTUS
Dated September 21, 2022
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read section 32 of the Companies Act, 2013
100% Book Built Offer

DIVGI TORQTRANSFER SYSTEMS LIMITED

Corporate Identity Number: U32201MH1964PLC013085

Registered Office	Corporate Office	Contact Person	Email and Telephone	Website
Plot No. 75, General Block, MIDC, Bhosari, Pune 411026	Plot No. 75, General Block, MIDC, Bhosari, Pune 411026	Satish Chandrashekhar Kadrolli, Company Secretary and Compliance Officer	**Email:** sckadrolli@divgi-tts.com **Tel:** +91 020 – 27302000	www.divgi-tts.com

OUR PROMOTERS: JITENDRA BHASKAR DIVGI, HIRENDRA BHASKAR DIVGI AND DIVGI HOLDINGS PRIVATE LIMITED

DETAILS OF OFFER TO PUBLIC

Type	Fresh Issue Size (by amount in ₹ Million)	OFS Size (by no. of shares or by amount in ₹)	Total Issue Size	Eligibility – 6(1) / 6(2) & Share Reservation among QIB, NII &RII
Fresh Issue & OFS	Up to ₹ 2,000.00 million	Up to 31,46,802 Equity Shares aggregating up to ₹ [●] million	Up to ₹ [●] million	The Offer is being made pursuant to Regulation 6(2) of SEBI ICDR Regulations as the Company did not fulfil requirement under proviso to Regulation 6(1)(a) of the SEBI ICDR Regulations, as company has more than fifty percent of net tangible assets held as monetary assets. For details of share reservation among QIBs, NIIs and RIBs see "*Offer Structure*" on page 304.

OFS: Offer for Sale

Details of OFS by Selling Shareholders (*ISS: Investor Selling Shareholders; OSS: Other Selling Shareholders*)

Name	Type	No. of Equity Shares offered/ Amount in ₹	Weighted Average Cost of Acquisition in ₹ Per Equity Share*
Oman India Joint Investment Fund II	ISS	Up to 17,50,000 Equity Shares aggregating up to ₹ [●] Million	167.30
NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	ISS	Up to 11,54,000 Equity Shares aggregating up to ₹ [●] Million	125.28
Bharat Bhalchandra Divgi	OSS	Up to 49,430 Equity Shares aggregating up to ₹ [●] Million	0.69
Sanjay Bhalchandra Divgi	OSS	Up to 40,460 Equity Shares aggregating up to ₹ [●] Million	0.82
Ashish Anant Divgi	OSS	Up to 104,020 Equity Shares aggregating up to ₹ [●] Million	0.38
Arun Ramdas Idgunji	OSS	Up to 33,660 Equity Shares aggregating up to ₹ [●] Million	2.50
Kishore Mangesh Kalbag	OSS	Up to 15,232 Equity Shares aggregating up to ₹ [●] Million	2.50

**As certified by A. R. Sulakhe & Company, Chartered Accountants, pursuant to their certificate dated September 21, 2022*

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 5. The Floor Price, Cap Price and Offer Price determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 89 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 25.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to our Company and the Offer which is material in the context of the Offer, that the information contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders accept responsibility for and confirm the statements made by them in this Draft Red Herring Prospectus to the extent that the statements and information specifically pertaining to such Selling Shareholders and the Equity Shares offered by them under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited and the National Stock Exchange of India Limited. For the purposes of the Offer, [●] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

Name of BRLMs and logo		Contact person	Email and Telephone
INGA	Inga Ventures Private Limited	Kavita Shah	**Tel:** +91 22 6854 0808 **E-mail:** divgi.ipo@ingaventures.com
Equirus onward upward	Equirus Capital Private Limited	Mrunal Jadhav	**Tel:** +91 22 4332 0734 **E-mail:** divgittsl.ipo@equirus.com

REGISTRAR TO THE OFFER

Name of Registrar	Contact person	Email and Telephone
Link Intime India Private Limited	Shanti Gopalkrishnan	**Tel:** 022 49186200 **E-mail:** Divgi.ipo@linkintime.co.in

BID/ OFFER PERIOD

ANCHOR PORTION OFFER OPENS/ CLOSES ON	[●]	BID/ OFFER OPENS ON*	[●]	BID/ OFFER CLOSES ON**	[●]^

**Our Company and the Selling Shareholders in consultation with the BRLMs may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.*
***Our Company and the Selling Shareholders in consultation with the BRLMs may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*
^ UPI mandate end time and date shall be at [●] on [●].

DIVGI TORQTRANSFER SYSTEMS LIMITED

Divgi TorqTransfer Systems Limited ("**Company**" or "**Issuer**") was originally incorporated as "Divgi Metalwares Private Limited", a private limited company under the Companies Act, 1956 through certificate of incorporation dated December 16, 1964, issued by the Registrar of Companies, Maharashtra at Mumbai . Pursuant to an amendment to the Companies Act, 1956, our Company was deemed public under Section 43A(1A) of the Companies Act, 1956. Consequently, the word 'Private' was deleted from the name of our Company and our name was changed to "Divgi Metalwares Limited" with effect from July 1, 1996. The name of our Company was further changed to "Divgi Metalwares Private Limited" upon insertion of the word 'Private' after our Company was converted into a private limited company pursuant to an amendment to Section 43A(1A) in Companies Act, 1956 by Companies Amendment Act, 2000 with effect from November 23, 1998 and a fresh certificate of incorporation dated October 26, 1999 was issued by the RoC. The name of our Company was further changed to "Divgi TorqTransfer Systems Limited" upon conversion to a public limited company and consequently a fresh certificate of incorporation was issued by the RoC, on March 10, 2022, recording the change of our Company's name to "Divgi TorqTransfer Systems Limited". For further details in relation to change in name and change in the address of the registered office of our Company, see "*History and Certain Corporate Matters*" on page 160.

Registered and Corporate Office: Plot No. 75, General Block, MIDC, Bhosari, Pune 411026; **Tel**: +91 020 - 27302000
Contact Person: Satish Chandrashekhar Kadrolli, Company Secretary and Compliance Officer**; Tel**: +91 020 – 27302000
E-mail: sckadrolli@divgi-tts.com; **Website**: www.divgi-tts.com; **Corporate Identity Number**: U32201MH1964PLC013085

THE PROMOTERS OF OUR COMPANY ARE JITENDRA BHASKAR DIVGI, HIRENDRA BHASKAR DIVGI AND DIVGI HOLDINGS PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION, COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,000 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 31,46,802 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION, COMPRISING UP TO 17,50,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY OMAN INDIA JOINT INVESTMENT FUND II, UP TO 11,54,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY NRJN FAMILY TRUST (REPRESENTED BY ITS CORPORATE TRUSTEE, ENTRUST FAMILY OFFICE LEGAL AND TRUSTEESHIP SERVICES PRIVATE LIMITED), UP TO 49,430 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY BHARAT BHALCHANDRA DIVGI, UP TO 40,460 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SANJAY BHALCHANDRA DIVGI, UP TO 15,232 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY KISHORE MANGESH KALBAG, UP TO 104,020 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY ASHISH ANANT DIVGI, UP TO 33,660 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY ARUN RAMDAS IDGUNJI (COLLECTIVELY, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") (SUCH OFFER FOR SALE BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, "THE OFFER") THE OFFER WILL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF EQUITY SHARES IS ₹ 5 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, IN ALL EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITION [●] OF A MARATHI DAILY NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS LOCATED, EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

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

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be allocated on a proportionate basis to the Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"), provided that our Company and Selling Shareholders in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹1,000,000 provided that under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective ASBA accounts, and UPI ID (in case of RIBs) if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" beginning on page 307.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 5 each. The Floor Price, the Offer Price or the Price Band determined by our Company and the Selling Shareholders in consultation with BRLMs, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 89, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company, or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 25.

OUR COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accept responsibility for, and confirms, that the statements made or confirmed by such Selling Shareholders in this Draft Red Herring Prospectus to the extent that the statements and information specifically pertain to such Selling Shareholders and the Equity Shares offered by them under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect.

LISTING

The Equity Shares once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 364**.**

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
Inga Ventures Private Limited 1229, Hubtown Solaris, NS Phadke Marg, Opp. Telli Galli, Andheri (East) Mumbai 400 069, Maharashtra, India **Telephone:** +91 22 6854 0808 **E-mail:** divgi.ipo@ingaventures.com **Investor grievance e-mail:** investors@ingaventures.com **Website:** www.ingaventures.com **Contact person:** Kavita Shah **SEBI registration no.:** INM000012698	**Equirus Capital Private Limited** 12th Floor, C Wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel, Mumbai – 400013 Maharashtra, India **Telephone**: +91 22 4332 0734 **E-mail**: divgittsl.ipo@equirus.com **Investor grievance e-mail**: investorsgrievance@equirus.com **Website**: www.equirus.com **Contact person**: Mrunal Jadhav **SEBI registration no.**: INM000011286	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park L.B.S Marg, Vikhroli West, Mumbai 400 083 Maharashtra, India **Telephone:** 022 49186200 **E-mail:** divgi.ipo@linkintime.co.in **Investor grievance E-mail:** divgi.ipo@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration No.:** INR000004058

BID/OFFER PROGRAMME

BID/OFFER OPENS ON*	**[●]**
BID/OFFER CLOSES ON**	**[●]^**

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

** *Our Company and the Selling Shareholders, in consultation with the BRLMs may, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulation.*

^ *UPI mandate end time and date shall be at [●] on [●].*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise implies or requires, or unless otherwise specified, shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Draft Red Herring Prospectus, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "Industry Overview", Key Regulations and Policies", "Statement of Special Tax Benefits", "Financial Information", "Basis for the Offer Price", "Outstanding Litigation and Other Material Developments", "Restriction on Foreign Ownership of Indian Securities", "Offer Procedure" and "Description of Equity Shares and Terms of Articles of Association", on pages 97, 155, 92, 190, 89, 280, 324, 307 and 325, respectively, will have the meaning ascribed to such terms in those respective sections.

If there is any inconsistency between the definitions given below and the definitions contained in the General Information Document, the following definitions shall prevail.

Company and Selling Shareholder related terms

Term	Description
"our Company", "the Company" or "the Issuer"	Divgi TorqTransfer Systems Limited, having its registered office at Plot No. 75, General Block, MIDC, Bhosari, Pune 411026
"we", "us", "our"	Unless the context otherwise indicates or implies, refers to our Company, as at and during the relevant period / Fiscal/ Financial Year
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended
"Audit Committee"	The audit committee of our Board constituted in accordance with applicable provisions of the Companies Act, 2013 and the Listing Regulations as described in "*Our Management*" on page 166
"Board" or "Board of Directors"	The board of directors of our Company, as constituted from time to time
"Chairman"	The chairman of our Company, being Pravin Purshottam Kadle
"Chief Financial Officer"	The chief financial officer of our Company, being Sudhir Shridhar Mirjankar
"Company Secretary and Compliance Officer"	The company secretary and compliance officer of our Company, being Satish Chandrashekhar Kadrolli
"Corporate Social Responsibility Committee"	The corporate social responsibility committee of our Board constituted in accordance with applicable provisions of the Companies Act, 2013 as described in "*Our Management*" on page 166
"Director(s)"	Director(s) on the Board of our Company, as appointed from time to time
"Equity Shares"	Equity shares of our Company of face value of ₹ 5 each
"Executive Directors"	Executive director(s) of our Company. For further details of the Executive Directors, see "*Our Management*" on page 166
"Group Company"	Our group company, being Divgi Transmission Systems and Technologies Private Limited, as disclosed in the section "*Group Company*" on page 187
"IPO Committee"	The IPO committee of our Board constituted *vide* resolution of the Board dated August 27, 2021, and as described in "*Our Management*" on page 166
"Independent Director"	A non-executive, independent Director appointed as per the Companies Act, 2013 and the Listing Regulations. For further details of our Independent Directors, see "*Our Management*" on page 166
"KMP" or "Key Managerial Personnel"	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013, as disclosed in "*Our Management*" on page 166
"Managing Director"	The managing director of our Company, being Jitendra Bhaskar Divgi
"Materiality Policy"	The materiality policy of our Company adopted pursuant to a resolution of our Board dated July 25, 2022 for identification of the material (a) outstanding litigation proceedings; (b) group company; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus

Term	Description
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended
"Nomination and Remuneration Committee"	The nomination and remuneration committee of our Board constituted in accordance with applicable provisions of the Companies Act, 2013 and the Listing Regulations as described in "*Our Management*" on page 166
"Non - Executive Non - Independent Director(s)"	A Director, not being an Executive Director. For further details of the Non - Executive Non - Independent Directors, see "*Our Management*" on page 166
"Non – Executive Non - Independent Nominee Director"	The Non - Executive Non - Independent Nominee director appointed by Oman India Joint Investment Fund II in our Company, being Ajay Bhaskar Limaye
"Promoter Group"	Individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, please see '*Our Promoters and Promoter Group*' on page 182
"Promoter" or "Promoters"	Promoters of our Company namely, Jitendra Bhaskar Divgi, Hirendra Bhaskar Divgi and Divgi Holdings Private Limited. For further details, please see '*Our Promoters and Promoter Group*' on page 182 Equity Shares held by Jitendra Bhaskar Divgi jointly with Divgi Holdings Private Limited and Equity Shares held by Hirendra Bhaskar Divgi jointly with Divgi Holdings Private Limited have been categorized as Equity Shares held by our individual Promoters, i.e., Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, respectively.
"Registered and Corporate Office"	The registered and corporate office of our Company situated at Plot No. 75, General Block, MIDC, Bhosari, Pune 411026
"Registrar of Companies" or "RoC"	Registrar of Companies, Maharashtra at Pune
"Restated Financial Statements"	The restated financial statements of the Company comprising the restated statement of assets and liabilities as at March 31, 2022, March 31, 2021, March 31, 2020, the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows and the restated statement of changes in equity for March 31, 2022, March 31, 2021, March 31, 2020 and the significant accounting policies and other explanatory information prepared in terms of the Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended
"Selling Shareholders"	Collectively, Oman India Joint Investment Fund II, NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited), Bharat Bhalchandra Divgi, Sanjay Bhalchandra Divgi, Ashish Anant Divgi, Arun Ramdas Idgunji and Kishore Mangesh Kalbag
"Shareholder(s)"	The holders of the Equity Shares from time to time
"Stakeholders' Relationship Committee"	The stakeholders' relationship committee of our Board constituted in accordance with applicable provisions of the Companies Act, 2013 and the Listing Regulations, as described in "*Our Management*" on page 166
"Statutory Auditor" or "Auditor"	The statutory auditor of our Company, being, B.K. Khare & Co., Chartered Accountants

Offer Related Terms

Term	Description
"Abridged Prospectus"	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf
"Acknowledgement Slip"	The slip or document issued by relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
"Allotment", "Allot" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
"Allotment Advice"	A note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
"Allottee"	A successful Bidder to whom the Equity Shares are Allotted
"Anchor Investor"	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million

Term	Description
"Anchor Investor Allocation Price"	The price at which Equity Shares will be allocated to Anchor Investors on the Anchor Investor Bidding Date in terms of the Red Herring Prospectus and the Prospectus which will be decided by our Company, in consultation with the BRLMs
"Anchor Investor Application Form"	Form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
"Anchor Investor Bidding Date"	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLMs will not accept any Bids from Anchor Investors, and allocation to Anchor Investors shall be completed
"Anchor Investor Offer Price"	The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company, in consultation with the BRLMs, in terms of the Red Herring Prospectus and the Prospectus
"Anchor Investor Pay – in Date"	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date
"Anchor Investor Portion"	Up to 60% of the QIB Portion, which may be allocated by our Company, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Applications Supported by Blocked Amount" or "ASBA"	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in ASBA Account and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders using the UPI Mechanism
"ASBA Account"	A bank account maintained by ASBA Bidders with an SCSB and specified in the ASBA Form submitted by such ASBA Bidder in which funds will be blocked by such SCSB to the extent of the specified in the ASBA Form submitted by such ASBA Bidder and includes a bank account maintained by an UPI Bidder linked to a UPI ID, which will be blocked in relation to a Bid by a UPI Bidder Bidding through the UPI Mechanism
"ASBA Bid"	A Bid made by an ASBA Bidder
"ASBA Bidders"	All Bidders except Anchor Investors
"ASBA Form"	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
"Banker(s) to the Offer"	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank, as the case may be
"Basis of Allotment"	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Procedure*" on page 307
"Bid"	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of an Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. The term "Bidding" shall be construed accordingly
"Bidder"	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and unless otherwise stated or implied, includes an Anchor Investor
"Bid Amount"	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable
"Bidding Centres"	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
"Bid cum Application Form"	Anchor Investor Application Form or the ASBA Form, as the context requires
"Bid Lot"	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
"Bid/Offer Closing Date"	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all

Term	Description
	editions of [●], an English daily national newspaper, in all editions [●], a Hindi daily national newspaper and [●] edition [●] of a Marathi daily newspaper, Marathi being the regional language of Maharashtra, where our registered office is located, each with wide circulation Our Company and Selling Shareholders, in consultation with BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
"Bid/Offer Opening Date"	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, being [●], which shall also be published in all editions of [●], an English national daily newspaper, in all editions of [●], a Hindi national daily newspaper and [●] edition [●] of Marathi daily newspaper, Marathi being the regional language of Maharashtra, where our registered office is located, each with wide circulation.
"Bid/Offer Period"	Except in relation to Bid by Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereto in accordance with the SEBI ICDR Regulations. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of 3 Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days Our Company, in consultation with the Selling Shareholders and BRLMs may, consider closing the Bid/Offer Period for the QIB Category 1 Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. The Bid/Offer Period will comprise of Working Days only
"Book Building Process"	The book building process as described in Part A, Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely Inga Ventures Private Limited and Equirus Capital Private Limited
"Broker Centre"	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms, provided that RIBs may only submit ASBA Forms at such broker centres if they are Bidding using the UPI Mechanism, to a Registered Broker and details of which are available on the websites of the respective Stock Exchanges. The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), and updated from time to time
"CAN" or "Confirmation of Allocation Note"	The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date
"Cap Price"	The higher end of the Price Band, i.e., ₹ [●] per Equity Share, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted. The Cap Price shall be at least 105% of the Floor Price and shall not exceed 120% of the Floor Price.
"Cash Escrow and Sponsor Bank Agreement"	The agreement to be entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Member, the Banker(s) to the Offer, *inter alia*, for the appointment of the Sponsor Bank in accordance with the UPI Circular, for the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
"Circular on Streamlining of Public Issues"/ "UPI Circular"	Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2021./2480/1/M) dated March 16, 2021, circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no.

Term	Description
	SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 (to the extent applicable) NSE's circular bearing reference number 25/ 2022 dated August 3, 2022 and BSE's circular bearing reference number 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or Stock Exchanges in this regard
"Client ID"	Client identification number maintained with one of the Depositories in relation to the Bidder's beneficiary account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as per the list available on the websites of BSE and NSE, as updated from time to time
"Collecting Registrar and Share Transfer Agents or CRTAs"	Registrar and share transfer agents registered with the SEBI and eligible to procure Bids at the Designated RTA Locations in terms of the UPI Circulars
"Cut-off Price"	The Offer Price, as finalised by our Company and Selling Shareholders, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
"Demographic Details"	Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation, PAN, DP ID, Client ID, bank account details and UPI ID, where applicable
"Designated SCSB Branches"	Such branches of the SCSBs which shall collect ASBA Forms, a list of which is available on the website of the SEBI at (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time
"Designated CDP Locations"	Such locations of the CDPs where Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
"Designated Date"	The date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors or IPO Committee may Allot Equity Shares to successful Bidders in the Offer
"Designated Intermediaries"	In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
"Designated RTA Locations"	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
"Designated Stock Exchange"	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated September 21, 2022, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto
"Eligible FPIs"	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
"Eligible NRIs"	NRI(s) eligible to invest under the relevant provisions of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation

Term	Description
	to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares
"Escrow Account(s)"	Account(s) opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid
"Escrow Collection Bank(s)"	The banks which are clearing members and registered with SEBI as bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●]
"First Bidder" or "Sole Bidder"	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
"Floor Price"	The lower end of the Price Band, i.e., ₹ [●] subject to any revision(s) thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids, will be accepted
"Fresh Issue"	The fresh issue component of the Offer comprising of an issuance of up to [●] Equity Shares at ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 2,000 million by our Company
"General Information Document" or "GID"	The General Information Document for investing in public offers, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
"Gross Proceeds"	The Offer proceeds from the Fresh Issue
"Monitoring Agency"	[●], being a credit rating agency registered with SEBI
"Monitoring Agency Agreement"	The agreement to be entered into between our Company and the Monitoring Agency
"Mutual Fund"	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
"Mutual Fund Portion"	Up to 5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
"Net Proceeds"	The Gross Proceeds less our Company's share of the Offer-related expenses applicable to the Fresh Issue. For further details about use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" on page 82
"Net QIB Portion"	QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors.
"Non-Institutional Investors" or "NII(s)" or "Non-Institutional Bidders" or "NIB(s)"	All Bidders, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
"Non-Institutional Portion"	The portion of the Offer being not more than 15% of the Offer, consisting of [●] Equity Shares, which shall be available for allocation to Non-Institutional Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
"Non-Resident" or "NR"	A person resident outside India, as defined under FEMA
"Offer"	Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a securities premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million consisting of a Fresh Issue of [●] Equity Shares aggregating up to ₹ 2,000 million by our Company and an offer for sale of up to 31,46,802 Equity Shares aggregating up to ₹ [●] million, by the Selling Shareholders
"Offer Agreement"	The agreement dated September 21, 2022 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer
"Offer for Sale"	The offer for sale of up to 31,46,802 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders.
"Offer Price"	₹ [●] per Equity Share, being the final price within the Price Band, at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus
"Offer Proceeds"	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" on page 82
"Offered Shares"	Up to 31,46,802 Equity Shares being offered by Selling Shareholders as part of the Offer for Sale.
"Price Band"	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) and includes any revisions thereof

Term	Description
	The Price Band and the minimum Bid Lot for the Offer will be decided by our Company, in consultation with the BRLMs, and will be advertised in all editions of [●], an English national daily newspaper, in all editions of [●], a Hindi national daily newspaper, and [●] edition [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our registered office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
"Pricing Date"	The date on which our Company and Selling Shareholders, in consultation with the BRLMs, will finalise the Offer Price
"Prospectus"	The prospectus to be filed with the RoC, in accordance with Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
"Public Offer Account(s)"	Bank account to be opened in accordance with the provisions of Section 40(3) of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Accounts and from the ASBA Accounts on the Designated Date
"Public Offer Account Bank(s)"	The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Public Offer Account(s) will be opened for collection of Bid Amounts from Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●]
"QIB Portion"	The portion of this Offer being not less than 75% of the Offer, being not less than [●] Equity Shares, which shall be available for allocation to QIBs (including Anchor Investors) on a proportionate basis, subject to valid Bids being received at or above the Offer Price
"Qualified Institutional Buyers" or "QIBs"	A qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	The red herring prospectus, including any corrigenda or addenda thereto, to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The red herring prospectus will be filed with the RoC at least three working days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
"Refund Account(s)"	The 'no-lien' and 'non-interest bearing' account to be opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made
"Refund Bank(s)"	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
"Registered Broker"	Stock brokers registered with the stock exchanges having nationwide terminals other than the members of the Syndicate, and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI and the UPI Circulars, issued by SEBI
"Registrar Agreement"	The agreement dated August 8, 2022 entered amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available in the website of BSE and NSE, and the UPI Circulars
"Registrar", or "Registrar to the Offer"	Link Intime India Private Limited
"Resident Indian"	A person resident in India, as defined under FEMA
"Retail Individual Bidders" or "RIB(s)" or "Retail Individual Investors" or "RII(s)"	Individual Bidders (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs) who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the Bidding options in the Offer
"Retail Portion"	The portion of the Offer, being not more than 10% of the Offer being not more than [●] Equity Shares, available for allocation to Retail Individual Bidders as per the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price, which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion
"Revision Form"	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders Bidding in the Retail Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date

Term	Description
"Self Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, or such other website as may be prescribed by SEBI from time to time Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, as updated from time to time
"Share Escrow Agent"	Escrow agent appointed pursuant to the Share Escrow Agreement, being [●]
"Share Escrow Agreement"	The agreement dated [●], entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent for deposit of the Equity Shares offered by the Selling Shareholders in escrow and credit of such Equity Shares to the demat account of the Allottees
"Specified Locations"	The Bidding centres where the Syndicate shall accept Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in), and updated from time to time
"Sponsor Bank(s)"	The Banker to the Offer registered with SEBI which is appointed by the Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the UPI Mandate Requests and / or payment instructions of the UPI Bidders using the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, in this case being [●]
"Stock Exchanges"	Collectively, BSE Limited and National Stock Exchange of India Limited
"Syndicate Agreement"	Agreement to be entered into among our Company, the Selling Shareholders, the BRLMs, and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate
"Syndicate Members"	Intermediaries (other than BRLMs) registered with SEBI who are permitted to accept bids, applications and place orders with respect to the Offer and carry out activities as an underwriter namely, [●]
"Syndicate" or "members of the Syndicate"	Together, the BRLMs and the Syndicate Members
"Systemically Important Non-Banking Financial Company" or "NBFC-SI"	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
"Underwriters"	[●]
"Underwriting Agreement"	The agreement to be entered into amongst the Underwriters, the Selling Shareholders and our Company on or after the Pricing Date, but prior to filing of the Prospectus
"UPI"	Unified Payments Interface, which is an instant payment mechanism developed by NPCI
"UPI Bidder(s)"	Collectively, individual investors who applied as (i) Retail Individual Investors in the Retail Category, and (ii) Non- Institutional Investors with an application size of up to ₹500,000 in the Non-Institutional Category, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Collecting Registrar and Share Transfer Agents Pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹500,000 are required to use the UPI Mechanism and are required to provide their UPI ID in the Bid cum Application Form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
"UPI ID"	ID created on UPI for single-window mobile payment system developed by the NPCI
"UPI Mandate Request"	A request (intimating the UPI Bidder by way of a notification on the UPI linked mobile application as disclosed by the SCSBs on the website of SEBI and by way of an SMS directing the UPI Bidder to such UPI linked mobile application) to the UPI Bidder initiated by the Sponsor

Term	Description
	Bank to authorise blocking of funds in the relevant ASBA Account through the UPI linked mobile application equivalent to Bid Amount and subsequent debit of funds in case of Allotment In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int mId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time
"UPI Mechanism"	The Bidding mechanism that may be used by an UPI Bidder to make a Bid in the Offer in accordance with the UPI Circulars
"UPI PIN"	Password to authenticate UPI transaction
"Wilful Defaulter"	A wilful defaulter, as defined under the SEBI ICDR Regulations
"Working Day"	All days, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, Working Day shall mean all days except all Saturdays, Sundays and public holidays on which commercial banks in Mumbai are open for business and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays in India, as per the circulars issued by SEBI.

Technical/Industry Related Terms/Abbreviations

Term	Description
"ABS"	Anti-Lock Braking
"AEB"	Autonomous Emergency Braking
"AMT"	Automated Manual Transmission
"AT"	Automatic Transmission
"AWD"	All-Wheel-Drive
"4WD"	Four-Wheel-Drive
"BEVs"	Battery Electric Vehicle
"BorgWarner"	BorgWarner Transmission Products LLC
"CAD"	Central Axle Disconnect
"CAFÉ"	Corporate Average Fuel Efficiency
"CAGR"	Compounded Annual Growth Rate
"CKD/SKD"	Complete and Semi Knocked Down
"CNC"	Computer Numerical Controlled machines
"CNG"	Compressed Natural Gas
"COVID-19"	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
"CV"	Commercial Vehicle
"CVT"	Continuously Variable Transmission
"DCT"	Dual Clutch Automatic Transmission
"EBITDA"	Earnings before interest, taxes, depreciation and amortization expenses calculated as restated profit after tax for the year, plus total tax expense, exceptional items, finance costs and depreciation and amortization expenses excluding other income for the respective year
"ECU(s)"	Electronic Control Unit(s)
"EHS"	Environmental Health, Occupational, Health and Safety
"e-NAM"	National Agriculture Market
"ESC"	Electronic Stability Control
"ESOF"	Electronic shift-on-the fly
"EV(s)" or "Electric Vehicle(s)"	A vehicle primarily powered by electric motor as the prime mover where the storage could be a battery or hydrogen using a fuel cell
"FAE"	First Advanced Estimates
"FAME"	Faster Adoption and Manufacturing of Hybrid and Electric Vehicle
"FWD"	Front Wheel Drive
"GVW"	Gross Vehicle Weight
"GW"	Gigawatt
"Hofer"	Hofer GmbH

Term	Description
“Hybrid Vehicles”	A vehicle that has both an IC engine (Internal Combustion) as well as a battery and electric motor. There are various combinations in which both the IC engine and the electric motor power the wheels
“IBC”	Insolvency and Bankruptcy Code, 2016, as amended
“ICE”	Internal Combustion Engine
“IMF”	International Monetary Fund
“IMT”	Intelligent Manual Transmission
“ISO”	International Organization for Standardization
“LCV”	Light Commercial Vehicle
“LPG”	Liquified Petroleum Gas
“Mahindra & Mahindra”	Mahindra & Mahindra Limited
“MCLR”	Marginal Cost of Funds based Lending rate
“M&HCV”	Medium and Heavy Commercial Vehicle
“MMF”	Man Made Fibre
“MSP”	Minimum Support Price
“MT”	Manual Transmissions
“NHAI”	National Highway Authority of India
“Net Worth”	The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Financial Statements, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
“NVH”	Noise, Vibration and Harshness
“OEM”	Original Equipment Manufacturer
“OFAC”	Office of Foreign Assets Control
“PAT Margin”	Restated profit after tax for the year as a percentage of total revenue
“PLI”	Production Linked Incentive
“PMGKAY”	Pradhan Mantri Garib Kalyan Ann Yojana
“PMGSY”	Pradhan Mantri Gram Sadak Yojana
“PPE”	Personal Protection Kit
“PV” or “Passenger Vehicle”	A vehicle that is primarily used to carry passengers
“UV” or “Utility Vehicles”	A vehicle that can be used to carry passengers and goods, both for private or commercial applications
“R&D”	Research and Development
“RPM”	Revolution per Minute
“RWD”	Rear Wheel Drive
“SCV”	Small Commercial Vehicle
“SUV”	Sports Utility Vehicle
“UAE”	United Arab Emirates
“Tata Motors”	Tata Motors Limited
“TCO”	Total Cost of Operation
“TOD”	Torque on Demand
“Toyota Kirloskar Auto Parts”	Toyota Kirloskar Auto Parts Private Limited

Conventional and General Terms or Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees
“AGM”	Annual General Meeting
“AIFs”	Alternative investment funds as defined in and registered under the SEBI AIF Regulations
“AS”	Accounting standards issued by the Institute of Chartered Accountants of India, as notified from time to time
“BSE”	BSE Limited
“BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
“Calendar Year” or “year”	Unless the context otherwise requires, shall refer to the twelve month period ending December 31
“Category I AIF”	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations

Term	Description
"Category II AIF"	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
"Category I FPI"	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category II FPI"	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category III AIF"	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
"CCI"	Competition Commission of India
"CDSL"	Central Depository Services (India) Limited
"CFO"	Chief Financial Officer
"CIN"	Company Identification Number
"Client ID"	Client identification number of the Applicant's beneficiary account
"Companies Act, 1956"	*Erstwhile* Companies Act, 1956 along with the relevant rules made thereunder
"Companies Act" / "Companies Act, 2013"	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended and to the extent currently in force
"COVID – 19"	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
"CPC"	Code of Civil Procedure, 1908
CRISIL	CRISIL Limited
CRISIL Report	The report titled "*Industry Report on Indian Auto Industry*" prepare by CRISIL dated March, 2022, which has been exclusively commissioned and paid for by our Company specifically in connection with the Offer
"Cr.P.C."	Code of Criminal Procedure, 1973
"CSR"	Corporate social responsibility
"Demat"	Dematerialised
"Depositories Act"	Depositories Act, 1996
"Depository" or "Depositories"	NSDL and CDSL
"DIN"	Director Identification Number
"DP" or "Depository Participant"	A depository participant as defined under the Depositories Act
"DP ID"	Depository Participant's Identification Number
"EGM"	Extraordinary General Meeting
"EPS"	Earnings per share
"FDI"	Foreign direct investment
"FDI Policy"	The consolidated FDI policy, effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India *(earlier known as the Department of Industrial Policy and Promotion*)
"FEMA"	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
"FEMA Rules"	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Fiscal", "Financial Year", "FY" or "F.Y."	Period of twelve months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year, unless stated otherwise
"FIR"	First information report
"FPI(s)"	Foreign Portfolio Investor, as defined under the FPI Regulations
"FPI Regulations"	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
"Fugitive Economic Offender"	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018
"FVCI"	Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations
"FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
"GDP"	Gross domestic product
"GoI" or "Government" or "Central Government"	Government of India
"GST"	Goods and services tax
"HNI"	High Networth Individuals
"HUF"	Hindu undivided family
"IAS Rules"	Companies (Indian Accounting Standards) Rules, 2015, as amended
"ICAI"	The Institute of Chartered Accountants of India
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board
"India"	Republic of India

Term	Description
“Ind AS” or “Indian Accounting Standards”	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with IAS Rules
“IGAAP” or “Indian GAAP”	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended) and the Companies (Accounts) Rules, 2014, as amended
“IPR”	Intellectual property rights
“IPO”	Initial public offer
“ISIN”	International Securities Identification Number
“IST”	Indian standard time
“IT Act”	The Income Tax Act, 1961
“IT”	Information technology
“Listing Agreement”	The equity listing agreement to be entered into by our Company with each of the Stock Exchanges
“MCA”	Ministry of Corporate Affairs, Government of India
“Mn” or “mn”	Million
“N.A.” or “NA”	Not applicable
“NACH”	National Automated Clearing House
“NAV”	Net asset value
“NBFC”	Non-Banking Financial Company
“NEFT”	National electronic fund transfer
“NPCI”	National Payments Corporation of India
“NRE Account”	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
“NRI” or “Non-Resident Indian”	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an ‘Overseas Citizen of India’ cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
“NRO Account”	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer
“PAN”	Permanent account number allotted under the Income Tax Act, 1961
“PAT”	Profit after tax
“RBI”	Reserve Bank of India
“Regulation S”	Regulation S under the U.S. Securities Act
“RTGS”	Real time gross settlement
“SBO Rules”	Companies (Significant Beneficial Owners) Rules, 2018, as amended
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCRR”	Securities Contracts (Regulation) Rules, 1957
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act
“SEBI Act”	Securities and Exchange Board of India Act, 1992
“SEBI AIF Regulations”	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“SEBI FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
“SEBI Insider Trading Regulations”	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
“SEBI Listing Regulations” or “Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
“SEBI Merchant Bankers Regulations”	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999
“SEBI VCF Regulations”	The *erstwhile* Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to SEBI AIF Regulations
“STT”	Securities Transaction Tax
“State Government”	Government of a State of India
“Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

Term	Description
"TAN"	Tax deduction account number
"TIN"	Taxpayers Identification Number
"U.S.A"/ "U.S."/ "United States"	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
"USD" or "US$"	United States Dollars
"U.S. GAAP"	Generally Accepted Accounting Principles in the United States of America
"U.S. Securities Act"	United States Securities Act of 1933, as amended
"VAT"	Value added tax
"VCF"	Venture capital fund as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be

CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION AND MARKET DATA

Certain Conventions

All references to "India" in this Draft Red Herring Prospectus are to the Republic of India and its territories and possession and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

All references herein to the "US", the "U.S.A" or the "United States" are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless the context otherwise requires or indicates, the financial information, financial ratios and any percentage amounts (excluding certain operational metrics), as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 137 and 253, respectively, and elsewhere in this Draft Red Herring Prospectus have been derived from the Restated Financial Statements. Our Restated Financial Statements included in this Draft Red Herring Prospectus comprises of the restated statement of assets and liabilities as at and for the Fiscals 2022, 2021 and 2020, the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows and the restated statement of changes in equity for Fiscal 2022, 2021, 2020 and the significant accounting policies and other explanatory information. These Restated Financial Statements have been prepared in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, relevant provisions of the SEBI ICDR Regulations, and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the ICAI.

For further information on our Company's financial information, see "*Restated Financial Statements*" on page 190.

Our Company's fiscal year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year; accordingly, all references to a particular financial year or fiscal, unless stated otherwise, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Reference in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

The degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial statements with IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For further details in connection with risks involving differences between Ind AS and other accounting principles, see "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition*" on page 45.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Non-GAAP Measures

Certain non-GAAP measures such as EBIT, EBITDA Margin, Capital Employed, PAT Margin, total borrowings and Net Worth ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit / (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP

Measures are not a standardised term and, therefore, a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting their usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us because these are widely used measures to evaluate a company's operating performance. See "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition"* on page 45.

Currency and Units of Presentation

All references to:

1. "Rupees" or "INR" or "Rs." or "₹" are to the Indian Rupee, the official currency of India;

2. "USD" or "US$" or "$" or "U.S. Dollar" are to the United States Dollar, the official currency of the United States of America;

3. "Euro" or "€" are to Euro, the official currency of the Eurozone;

4. "Swiss franc" or "CHF", the official currency of Switzerland; and

5. "Sterling" or "GBP" or "£", the official currency of United Kingdom.

Except otherwise specified, our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million", "billion" and "trillion" units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. Our Company has presented certain numerical information in this Draft Red Herring Prospectus in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Exchange Rates

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency(1)(2)	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
1 USD	75.81	73.50	75.39
1 Euro	84.66	86.10	83.05
1 GBP	99.55	100.95	93.08
1 CHF	77.69	75.37	69.28

(Source: USD, Euro and GBP -www.fbil.org.in; CHF – www.xe.com)

(1) *In case of a public holiday, the previous working day not being a public holiday has been considered.*

(2) *The reference rates are rounded off to two decimal places.*

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as other industry publications and sources. Further the information is also derived from the report titled, "*Industry Report on Indian Auto Industry*" dated March, 2022 prepared by CRISIL ("**CRISIL Report**"), who was appointed by our Company on October 27, 2021, which will be made available on the website of our Company at https://divgi-tts.com/investors.html for the inspection period. The CRISIL Report has been exclusively commissioned and paid for by us in connection with the Offer. For further details in relation to risks involving the industry, see "*Risk Factors – This Draft Red Herring Prospectus contains information from an industry report prepared by CRISIL which we have commissioned and paid for.*" on page 39.

Except for the CRISIL Report, we have not commissioned any report for the purposes of this Draft Red Herring Prospectus and any market and industry related data, other than that derived from the CRISIL Report, used in this Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy, adequacy and completeness or underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information, although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable. The excerpts of the industry report are disclosed in the Offer documents and there are no parts, information, data (which may be relevant for the proposed Offer), left out or changed in any manner. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 25. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Certain data in relation to our Company used in this Draft Red Herring Prospectus has been obtained or derived from the CRISIL Report which may differ in certain respects from our Restated Financial Statements as a result of, inter alia, the methodologies used in compiling such data. Accordingly, investment decision should not be made based on such information.

In accordance with the SEBI ICDR Regulations, the section titled "*Basis for the Offer Price*" on page 89, includes information relating to our peer group companies.

Disclaimer of Industry Reports

This Draft Red Herring Prospectus contains certain data and statistics from the CRISIL Report, which is subject to the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Divgi TorqTransfer Systems Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain statements which are not statements of historical facts and may be described as "forward-looking statements". These forward-looking statements include statements which can generally be identified by words or phrases such as "aim", "anticipate", "are likely", "believe", "continue", "can", "shall", "could", "expect", "estimate", "intend", "may", "likely" "objective", "plan", "project", "propose", "seek to", "will", "will continue", "will likely", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, plans, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Draft Red Herring Prospectus that are not historical facts. However, these are not the exclusive means of identifying forward looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations, taxes, changes in competition in our industry and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

1. Our business largely depends upon our top five customers, and the loss of such customers or a significant reduction in purchases by such customers will have a material adverse impact on our business.

2. Our business could be adversely affected by volatility in the price or availability of raw materials and components.

3. We may not be successful in implementing our growth strategies, including our strategy to capture market opportunity in the growing EV market and other new initiatives.

4. Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in domestic and foreign jurisdictions in which we operate, tariffs and trade relations and international political conditions. Breach of applicable laws and regulations, including those related to environmental, health and safety regulations could adversely affect our business, operations and reputation.

5. If we are unable to anticipate, identify, understand and respond timely to rapidly evolving technological and market trends and preferences, develop new products to meet our customers' demands and to adapt to major changes and shifts in the automotive market, our business may be materially adversely affected.

6. The geographical concentration of our exports to certain countries and the inability to operate and grow our business in such countries may have a material adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" on pages 25, 137 and 253, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs, assumptions, current plans, estimates and expectations, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Neither our Company, our Promoters, our Directors, the Selling Shareholders, the BRLMs, the Syndicate Member nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements under the SEBI ICDR Regulations, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Shares from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholders shall ensure (through our Company and the BRLMs) that the investors in India are informed of material developments in relation to statements specifically confirmed or undertaken by the Selling Shareholders in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. Only statements and undertakings which are specifically confirmed or undertaken by the Selling Shareholders in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by the Selling Shareholders.

SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of the terms of the Offer, certain disclosures included in this Draft Red Herring Prospectus is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled "*Risk Factors*", "*The Offer*", "*Capital Structure*", "*Industry Overview*", "*Our Business*", "*Objects of the Offer*", "*Restated Financial Statements*", "*Outstanding Litigation and Material Developments*", *"Offer Procedure" and "Management's Discussions and Analysis of Financial Position and Results of Operations*" on pages 25, 50, 65, 97, 137, 82, 190, 280, 307 and 253 respectively.

Summary of business of our Company

We are amongst one of the very few suppliers in India who has the capability to develop and provide system level transfer case, torque coupler and DCT solutions. We are one of the leading players supplying transfer case systems to OEMs in India and the largest supplier of transfer case systems to passenger vehicle manufacturers in India. (*Source: CRISIL Report*) We also have the capability to develop and provide transmission systems for EVs. We have an in-house software development capability which helps us in providing system level solutions offering software that controls the vehicle dynamics. We have three manufacturing and assembling facilities located across India

Summary of the industry in which our Company operates

CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from Fiscal 2021 to 2026, and reach ~4.5 million units by Fiscal 2026. Production of PVs in India recorded a healthy growth of 5.2% CAGR between Fiscals 2016 and 2019 due to a spurt in domestic and exports demand. Market for EV transmission is expected to increase by 108-110% CAGR from Fiscal 2021 and 2016 in volume terms as well as value terms. EV transmission market is expected to be ₹ 20.8 billion with a volume of 224.8 thousand by Fiscal 2026.

Name of the Promoter

Our Promoters are Jitendra Bhaskar Divgi, Hirendra Bhaskar Divgi and Divgi Holdings Private Limited. Further, Equity Shares held by Jitendra Bhaskar Divgi jointly with Divgi Holdings Private Limited and Equity Shares held by Hirendra Bhaskar Divgi jointly with Divgi Holdings Private Limited have been categorized as shares held by our Promoters, i.e., Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, respectively. For further details, see "*Our Promoters and Promoter Group*" on page 182.

The Offer

Offer of Equity Shares(1)(2)	Up to [●] Equity Shares, aggregating up to ₹ [●] million
of which	
Fresh Issue(1)(2)	Up to [●] Equity Shares, aggregating up to ₹ 2,000.00 million
Offer for Sale(2)	Up to 31,46,802 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders

(1) *The Offer has been authorized by a resolution of our Board dated July 25, 2022 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated July 25, 2022*

(2) *The Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale as part of the Offer in terms of the Regulation 8 and 8A of the SEBI ICDR Regulations. For further details of authorisations pertaining to the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 287.*

The Offer shall constitute [●] % of the post Offer paid up Equity Share capital of our Company.

The above table summarises the details of the Offer. For further details of the offer, see "*The Offer*" and "*Offer Structure*" on pages 50 and 304, respectively.

Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

(In ₹ million)

Particulars	Amount
Funding capital expenditure requirements for the purchase of equipments/machineries at our manufacturing facilities;	1,533.38
General Corporate Purposes*	[●]
Net Proceeds	[●]

* *To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.*

For further details, see "*Objects of the Offer*" on page 82.

Aggregate pre-Offer shareholding of the Promoters, the members of the Promoter Group and the Selling Shareholders

The aggregate pre-Offer shareholding of our Promoters, members of our Promoter Group and our Selling Shareholders as on the date of the DRHP, as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set forth in the table below:

Sr. No.	Category and names of the Shareholder	No. of Equity Shares held	Percentage of the pre-Offer equity share capital (%)
Promoters			
1.	Jitendra Bhaskar Divgi*	730,680	2.65
2.	Hirendra Bhaskar Divgi**	732,480	2.66
3.	Divgi Holdings Private Limited	15,782,680	57.32
Promoter Group			
4.	Jayashri Mohan Divgi***	712,800	2.59
5.	Suraj Sanjay Divgi****	269,280	0.98
6.	Harshvardhan Bharat Divgi*****	269,280	0.98
Selling Shareholders			
7.	Oman India Joint Investment Fund II	5,977,360	21.71
8.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	2,394,720	8.70
9.	Kishore Mangesh Kalbag	44,800	0.16
10.	Bharat Bhalchandra Divgi	1,97,720	0.72
11.	Ashish Anant Divgi	2,08,040	0.76
12.	Arun Ramdas Idgunji	44,800	0.16
13.	Sanjay Bhalchandra Divgi	1,61,840	0.59
Total		27,526,480	99.98

* *includes 402,840 Equity Shares jointly held with Divgi Holdings Private Limited, i.e., 1.46% of the pre-Offer capital*
** *includes 402,760 Equity Shares jointly held with Divgi Holdings Private Limited, i.e., 1.46% of the pre-Offer capital*
*** *Equity Shares jointly held with Divgi Holdings Private Limited*
**** *Equity Shares jointly held with Divgi Holdings Private Limited*
***** *Equity Shares jointly held with Divgi Holdings Private Limited*

Summary derived from the Restated Financial Statements

(In ₹ million except per share data)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Equity Share capital	137.66	68.83	60.23
Net Worth	3,400.15	2,958.76	2,095.33
Total Income	2,418.74	1,950.25	1,707.40
Profit / (Loss) after tax	461.51	380.44	280.39
Earnings per share			
- Basic	16.76	13.82	11.64
- Diluted	16.76	13.82	10.18
Net asset value per equity share	123.50	107.47	86.98
Total Borrowing (as per balance sheet)	1.20	2.55	504.06

For further details see "*Financial Information*" on page 190.

Qualifications of the Statutory Auditor

There are no qualifications included by our Statutory Auditor in the financial statements which have not been given effect to in the Restated Financial Statements.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings as on the date of this Draft Red Herring Prospectus as disclosed in the section titled "*Outstanding Litigation and Material Developments*" in terms of the SEBI ICDR Regulations and the Materiality Policy is provided below:

Type of Proceedings	Number of cases	Amount* (₹ in million)
Cases against our Company		
Criminal proceedings	Nil	Nil

Type of Proceedings	Number of cases	Amount* (₹ in million)
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation proceedings	Nil	Nil
Cases by our Company		
Criminal proceedings	Nil	Nil
Other pending material proceedings	2	Approximately 16.07*
Cases against the Directors		
Criminal proceedings	1	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Cases by the Directors		
Criminal proceedings	Nil	Nil
Other pending material litigation	Nil	Nil
Cases involving the Group Company		
Material litigation which has an adverse impact on our Company	Nil	Nil

* *To the extent quantifiable.*

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 280.

Risk Factors

Investors should see "*Risk Factors*" on page 25 to have an informed view before making an investment decision.

Summary of Contingent Liabilities of our Company

Details of the contingent liabilities of our Company as on March 31, 2022 derived from the Restated Financial Statements are set forth below:

Particulars	Amount (in ₹ million)
Bills discounted	23.65
Sales tax matter (including interest & penalty)	0.24
Claims against the Company, not acknowledged as debts	
(a) Dues related to employees	20.26
(b) Others	5.20
Total	49.35

For further details of the contingent liabilities of our Company as on March 31, 2022, see "*Restated Financial Statements - Contingent liabilities*" on page 222.

Summary of Related Party Transactions

Summary of the related party transactions derived from the Restated Financial Statements, is as follows:

A. Transactions during the year :

(In ₹ Million)

Particulars	As at / year ended March 31, 2022	As at / year ended March 31, 2021	At at / year ended March 31, 2020
Machine and Development charges			
Divgi Transmission Systems & Technologies Private Limited	32.81	25.44	28.68
Rent expense*			
Divgi Holdings Private Limited	4.62	4.62	4.62
Remuneration – Key Management Personnel			
Hirendra Bhaskar Divgi	11.68	9.35	7.48
Jitendra Bhaskar Divgi	23.38	18.70	14.96
Sudhir Mirjankar	2.85	2.43	2.43
Meenal Abhishek Deshpande	1.18	-	-

Particulars	As at / year ended March 31, 2022	As at / year ended March 31, 2021	At at / year ended March 31, 2020
Remuneration – Relatives of Key Management Personnel			
Arjun J Divgi	0.22	0.08	-
Jyothi Bharat Divgi	0.48	0.48	0.48
Total	**39.79**	**31.04**	**25.35**
Rent Income			
Divgi Holdings Private Limited	0.01	0.01	0.01
Divgi Transmission Systems & Technologies Private Ltd	2.40	2.40	2.40
Total	**2.41**	**2.41**	**2.41**

* *This has been reflected under finance cost and amortisation expenses as per the requirements of IND AS 116.*

B. Amount outstanding

(In ₹ Million)

Particulars	As at / year ended March 31, 2022	As at / year ended March 31, 2021	At at / year ended March 31, 2020
Trade Payable			
Divgi Transmission Systems & Technologies Private Ltd	7.72	8.90	8.06
Divgi Holding Private Limited	0.65	0.65	0.64
	8.37	**9.55**	**8.70**
Trade Receivables			
Divgi Transmission Systems & Technologies Private Ltd	2.63	2.68	2.76
Divgi Holding Private Limited	0.25	0.26	0.00
	2.88	**2.94**	**2.76**
Remuneration Payable – Key Management Personnel			
Hirendra Bhaskar Divgi	5.66	2.53	3.62
Jitendra Bhaskar Divgi	11.29	5.06	7.23
Sudhir Mirjankar	0.69	0.73	0.73
Meenal Abhishek Deshpande	0.17	-	-
Remuneration – Relatives of Key Management Personnel			
Arjun J Divgi	0.02	0.02	-
Jyothi Bharat Divgi	0.04	0.04	-
	17.87	**8.38**	**11.58**

For further details of the related party transactions, as per the requirements under Ind AS 24 'Related Party Disclosures', see "*Related Party Transactions*" on page 220.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our promoter group, the directors Divgi Holdings Private Limited, Directors and their relatives have financed the purchase of any securities of our Company by any other person during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Details of price at which specified securities were acquired by our Promoters, the members of the Promoter Group, the Selling Shareholders and Shareholders with right to nominate directors or any other rights in the last three years immediately preceding the date of this Draft Red Herring Prospectus**

Sr No.	Name of the acquirer/Shareholder	Nature of securities	Face value (in ₹)	Date of acquisition of securities	Number of securities acquired	Acquisition price per security (in ₹) #
Promoters						
1.	Jitendra Bhaskar Divgi	Equity Shares*	100	March 27, 2021	5,867	Nil
		Equity Shares*	100	March 27, 2021	4,204	Nil
		Equity Shares^^	5	February 18, 2022	163,920	Nil
		Equity Shares* ^^	5	February 18, 2022	201,420	Nil
2.	Hirendra Bhaskar Divgi	Equity Shares*	100	March 27, 2021	5,866	Nil
		Equity Shares*	100	March 27, 2021	4,203	Nil
		Equity Shares^^	5	February 18, 2022	164,860	Nil
		Equity Shares* ^^	5	February 18, 2022	201,380	Nil
3.		Equity Shares	100	March 15, 2021	700	5,811.40

Sr No.	Name of the acquirer/Shareholder	Nature of securities	Face value (in ₹)	Date of acquisition of securities	Number of securities acquired	Acquisition price per security (in ₹) #
	Divgi Holdings Private Limited	Equity Shares^^	5	February 18, 2022	7,891,340	Nil
Promoter Group						
1.	Jayshree Mohan Divgi and Divgi Holdings Private Limited	Equity Shares	100	October 14, 2021	10,087	Nil
		Equity Shares^^	5	February 18, 2022	356,400	Nil
2.	Suraj Sanjay Divgi and Divgi Holdings Private Limited	Equity Shares	100	March 27, 2021	6,732	Nil
		Equity Shares^^	5	February 18, 2022	134,640	Nil
3.	Harshvardhan Bharat Divgi and Divgi Holdings Private Limited	Equity Shares	100	March 27, 2021	6,732	Nil
		Equity Shares^^	5	February 18, 2022	134,640	Nil
Selling Shareholders						
1.	Oman India Joint Investment Fund II	Equity Shares	100	October 17, 2020	86,038	5,811.39
		Equity Shares^^	5	February 18, 2022	2,988,680	Nil
2.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	Equity Shares^^	5	February 18, 2022	1,197,360	Nil
3.	Kishore Mangesh Kalbag	Equity Shares^^	5	February 18, 2022	22,400	Nil
4.	Bharat Bhalchandra Divgi	Equity Shares^^	5	February 18, 2022	98,860	Nil
5.	Ashish Anant Divgi	Equity Shares^^	5	February 18, 2022	104,020	Nil
6.	Arun Ramdas Idgunji	Equity Shares^^	5	February 18, 2022	22,400	Nil
7.	Sanjay Bhalchandra Divgi	Equity Shares^^	5	February 18, 2022	80,920	Nil

* *Equity Shares held jointly with Divgi Holdings Private Limited.*
^^ *Bonus issue of equity shares in the ratio 1:1, allotted on February 18, 2022*
** *As per certificate dated September 21, 2022 received from A. R. Sulakhe & Company, Chartered Accountants.*

Weighted average price at which the Equity Shares were acquired by our Promoters and Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus*

The weighted average price at which our Promoters and Selling Shareholders acquired the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus is set forth in the table below:

Name	Number of Equity Shares acquired in last one year*	Weighted Average Price of Equity Shares acquired in last one year (₹)**
Promoters		
Jitendra Bhaskar Divgi	163,920	Nil
Hirendra Bhaskar Divgi	164,860	Nil
Divgi Holdings Private Limited	7,891,340	Nil
Equity shares held in joint holding		
Jitendra Bhaskar Divgi with Divgi Holdings Private Limited	201,420	Nil
Hirendra Bhaskar Divgi with Divgi Holdings Private Limited	201,380	Nil
Selling Shareholders		
Oman India Joint Investment Fund II	2,988,680	Nil
NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	1,197,360	Nil
Kishore Mangesh Kalbag	22,400	Nil
Bharat Bhalchandra Divgi	98,860	Nil
Ashish Anant Divgi	104,020	Nil
Arun Ramdas Idgunji	22,400	Nil
Sanjay Bhalchandra Divgi	80,920	Nil

* *As per certificate dated September 21, 2022 received from A. R. Sulakhe & Company, Chartered Accountants.*

Details of pre-Offer Placement

Our Company is not proposing to undertake any pre-Offer Placement.

Average cost of acquisition for our Promoters and Selling Shareholders*

The average cost of acquisition of Equity Shares held by our Promoter and Selling Shareholders, as at the date of this Draft Red Herring Prospectus, is set forth in the table below:

Name	Number of Equity Shares acquired	Average Cost of acquisition per equity share
Promoters		
Jitendra Bhaskar Divgi (excluding joint holding with Divgi Holdings Private Limited)	327,840	0.74
Hirendra Bhaskar Divgi (excluding joint holding with Divgi Holdings Private Limited)	329,720	0.69
Divgi Holdings Private Limited	15,782,680	2.34
Jitendra Bhaskar Divgi (including joint holding with Divgi Holdings Private Limited)	730,680	0.33
Hirendra Bhaskar Divgi (including joint holding with Divgi Holdings Private Limited)	732,480	0.31
Selling Shareholders		
Oman India Joint Investment Fund II	5,977,360	167.30
NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	2,394,720	125.28
Kishore Mangesh Kalbag	44,800	2.50
Bharat Bhalchandra Divgi	197,720	0.69
Sanjay Bhalchandra Divgi	161,840	0.82
Ashish Anant Divgi	208,040	0.38
Arun Ramdas Idgunji	44,800	2.50

* *As per certificate dated September 21, 2022 received from A. R. Sulakhe & Company, Chartered Accountants.*

Issue of Equity Shares for consideration other than cash in the last one year

Except the bonus issue of 13,766,040 Equity Shares on December 14, 2021, which were subsequently allotted to the shareholders on February 18, 2022, our Company has not issued any Equity Shares for consideration other than cash in the last one year preceding the date of this Draft Red Herring Prospectus.

Split / Consolidation of Equity Shares in the last one year

Except for sub-division of equity shares of face value ₹100 to ₹5 on December 14, 2021, our Company has not undertaken split or consolidation of the Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus.

Exemption from complying with any provisions of securities laws granted by SEBI

Our Company has not applied to SEBI for any exemption from complying with any provisions of securities laws.

SECTION II-RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segment(s) in which we operate or to India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known to us or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Industry Overview", "Business", "Restated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 97, 137, 190 and 253, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business in terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year.

We have, in this Draft Red Herring Prospectus, included various operational and financial performance indicators, some of which may not be derived from our Restated Financial Statements and may not have been subjected to an audit or review by our Statutory Auditor. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2022, Fiscal 2021, and Fiscal 2020, included herein is derived from the Restated Financial Statements, included in this Draft Red Herring Prospectus. Unless the context otherwise requires, in this section, references to "the Company" or "our Company", "we", "us", or "our" refers to Divgi TorqTransfer Systems Limited.

This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 17.

Unless otherwise indicated, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the CRISL Report. The CRISIL Report has been commissioned by us exclusively in connection with the Offer for a fee. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see, "Certain Conventions, Currency of Presentation, Use Of Financial Information And Market Data" on page 14.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

Internal Risks

Risks Related to the Business

1. Our business largely depends upon our top five customers, and the loss of such customers or a significant reduction in purchases by such customers will have a material adverse impact on our business.

We are a business to business (B2B) manufacturing company with an asymmetric dependence on a few customers. We derive a significant portion of our revenue from our top five customers, namely, Mahindra & Mahindra, Tata Motors, Toyota Kirloskar Auto Parts, BorgWarner and a Russian automobile manufacturer. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, revenue from the sale of goods to our top five customers amounted to ₹ 2,133.87 million, ₹ 1,732.59 million and ₹ 1,382.85 million, respectively, constituting 91.28%, 92.86% and 86.94% of our revenue from operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. Loss of all or a substantial portion of sales to any of our top five customers, for any reason (including, due to loss of contracts or failure to negotiate acceptable terms in contract renewals, loss of market share of these customers, lack of commercial success of a product whose key parts we manufacture, disputes with customers, adverse change in the financial condition of such customers, including due to possible bankruptcy or liquidation or other financial hardship, merger or decline in their sales, reduced or delayed customer requirements, facility shutdowns, labour strikes, geopolitical reasons or other work stoppages affecting production by such customers) and/or, continued reduction of prices for the aforementioned customers which is not off-set by an increase in volumes, could have a material adverse impact on our business, results of operations, financial condition and cash flows. The aforementioned customers may demand price reductions, change their outsourcing strategy by moving more work in house, cease purchasing our products, or replace their existing systems and components with alternative systems and components which we do not supply. Further, one of our top five customers is a Russian automobile manufacturer. Given the recent Russian invasion of Ukraine and the consequent sanctions imposed on Russia, we may be unable to sell our products to Russian customers in the future. For the Fiscal ended March 31, 2022, 11.27% of our revenue from operations is generated from the Russian automobile manufacturer. However, our agreement with the Russian automobile manufacturer has expired on June 30, 2022 and as on the date of this Draft Red Herring Prospectus, we have discontinued all business with the Russian automobile manufacturer. There can be no assurance that we will not lose all or a portion of sales to these customers, or that we will be able renew our agreements with any or all of these customers, or will be able to offset any reduction of prices to these customers with reductions in our costs or by obtaining new customers. We are also exposed to the risk of failure by our customers to successfully launch new product variants in a timely and cost-efficient manner which could adversely affect our business, financial condition and results of operations.

2. ***Our business could be adversely affected by volatility in the price or availability of raw materials and components.***

Our Company uses a variety of raw materials and commodities (including aluminium, copper, nickel, plastic resins, steel, other raw materials and energy) and materials purchased in various forms such as peeled alloy steel bars, aluminium castings, steel forgings, magnets, steel and brass stampings, and plastic components in the production of our components. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, cost of raw material and components consumed amounted to ₹ 935.61 million, ₹ 689.04 million and ₹ 560.49 million, respectively. There is no certainty that we may not experience volatility in the cost or availability of such raw materials and commodities or in the cost or availability of utilities and natural resources used in our operations, such as power, water and fuel as well as increasing transportation costs in the future. We are also exposed to exchange rate fluctuations in connection with such raw materials and commodities. Due to the cost escalation clauses in our customer contracts, we have historically passed on the increase in costs of the raw materials i.e. steel and aluminium, on to our customers. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. Further, some customers may challenge such increased costs. In the past, there have been delays in payments by our customers where our Company has had to bear such increased cost beyond the contractually stipulated reset period. There is no assurance that such events will not occur in the future and may impact our financial condition and results of operations. The discontinuation or lessening of our ability to pass through our raw material costs or otherwise mitigate these costs increases or obtain adequate supply of raw materials and components could adversely affect our business. From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. If these supply interruptions occur, our business, financial condition and results of operations could be adversely affected.

3. ***We may not be successful in implementing our growth strategies, including our strategy to capture market opportunity in the growing EV market and other new initiatives.***

The success of our business depends on our ability to effectively implement our business growth strategies. See "*Our Business*" on page 137, for details on our growth strategies. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers. As part of our growth strategy, we plan to increase our market share in both the Indian and overseas markets by catering significantly to EV OEMs. As on the date of this Draft Red Herring Prospectus, we have been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India, and for supply of components for Hybrid Vehicles for a global OEM. However, the market for EVs is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements and consumers' willingness to adopt EVs. A decline in the trend towards electrification driven by changing consumer preference or any change in government policy, laws and regulations that reduces or eliminates support for electrification of vehicles, resulting in lower demand for EVs and consequently a significant reduction in production of EVs could have an adverse effect on our sales to EV OEMs and lead to a decline in our earnings from the EV market. Further, our inability to successfully implement our growth strategy to capture the EV market could adversely affect our business, results of operations and financial condition.

4. ***Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in domestic and foreign jurisdictions in which we operate, tariffs and trade relations and international political***

conditions. Breach of applicable laws and regulations, including those related to environmental, health and safety regulations could adversely affect our business, operations and reputation.

The markets and customers we serve are subject to substantial government regulations, which often differ by state, region and country. Our operations are subject to various domestic laws and regulations governing, among other things, noise control, emissions to air, discharge of waste material to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials, environmental concerns (including concerns about global climate change and its impact such as greenhouse gas emissions), fuel economy standards, health and safety of employees, labour and accounting laws, foreign trade and investment, import and export license requirements, tariffs and taxes and intellectual property enforcement issues. These regulatory requirements also significantly affect our customers by altering their global product development plans and substantially increasing their costs, which could result in limitations on the types of vehicles they sell and the geographical markets they serve. We believe that our operations and manufacturing facilities have been, and are being, operated in compliance, in all material respects, with such laws and regulations. However, there can be no assurance that we will be in complete compliance at all times with such laws, regulations and the terms and conditions of any consents or permits. If we violate or fail to comply adequately with these requirements, we could be fined or otherwise sanctioned by the relevant regulators, or our operations may be temporarily shut-down pending such compliance. Occurrence of any such events could adversely affect our business, reputation, financial condition or results of operations. In addition, these requirements may become more stringent over time and there can be no assurance that we will not incur significant costs or liabilities in the future in order to comply with evolving laws and regulations. We do not carry any insurance to cover environmental liabilities in India and in the foreign jurisdictions where we operate. Further, we have a client base of global OEMs and global transmission systems suppliers, therefore, any adverse developments in industries in which our customers operate outside India, including changes to international market conditions and the regulatory environment, could have an impact on the demand of our products in foreign jurisdictions. Our business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements, import and export license requirements, and imposition of tariffs that may be discriminatory impacting the countries in which we have a presence. We cannot assure you that cost increases resulting from trade policies and tariffs will not adversely impact our profitability. Our sales may also be adversely impacted if tariffs are assessed directly on the systems and components we manufacture or on our customers' products containing content sourced from us. If we are unable to comply with any applicable domestic or foreign laws, our business, results of operations and financial condition could be adversely affected.

5. If we are unable to anticipate, identify, understand and respond timely to rapidly evolving technological and market trends and preferences, develop new products to meet our customers' demands and to adapt to major changes and shifts in the automotive market, our business may be materially adversely affected.

The automotive markets in which we operate are undergoing significant technological changes, with increasing focus on, among other things, electrification of vehicles, development of Hybrid Vehicles and advanced driver assistance technologies. Our results of operations and financial condition are impacted, in part, by our competitive advantage in developing, engineering and manufacturing innovative and/or improved products. Our ability to anticipate changes in technology, successfully develop, engineer, and bring to market new and innovative and/or improved products, or successfully respond to evolving business models (including EV advances), may have a significant impact on our market competitiveness. Maintaining our competitive position is dependent on our ability to develop commercially-viable products that support the future technologies adopted by our customers and meet our customers' demands in a timely manner. To meet our customers' requirements and maintain our technological leadership, we have incurred in the past and continue to incur capital expenditures to develop new systems and components and adapt our range of systems and components based on collaboration with our key customers and to meet customers' demands. Accordingly, any change in our customers' preferences, delay in product launches by our customers or failure by our customers to successfully launch new programs, could render our current systems and components obsolete or less attractive which could materially adversely affect our business, financial condition and results of operations. Further, unexpected advances in a given technology in the market or difficulties encountered in developing a new technology internally, could prevent us from seizing opportunities relating to technological breakthroughs and as a result could impact our competitive positioning, growth and profitability. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development and failure of our systems and components to operate properly. If we are unable to maintain our competitive advantage through innovation or if we do not sustain our ability to meet customer requirements relative to technology or acquire new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, our business, financial condition and results of operations could be materially adversely affected.

6. The geographical concentration of our exports to certain countries and the inability to operate and grow our business in such countries may have a material adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.

Our overseas sales are primarily dependent on two countries, China and Russia, which exposes us to risks of concentration. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, revenue from exports to China and Russia contributed ₹

457.94 million, ₹ 578.63 million and ₹ 412.56 million, respectively, constituted 77.36%, 64.33% and 52.05% of our revenue from exports; and 19.59%, 31.01% and 25.94% of our revenue from operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. Loss of all or a substantial portion of sales to any of our customers from these two countries, for any reason (including, due to any materially adverse social, political or economic development, civil disruptions, or changes in the policies of the state government or state or local governments in these countries), could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects. Further, given the recent Russian invasion of Ukraine and the consequent sanctions imposed on Russia, we may be unable to sell our products to these Russian customers in the future. There can be no assurance that we will be able to offset the loss of our Russian customers, which may adversely affect our business.

7. ***Our business faces substantial competition, and our success depends on our ability to understand evolving industry trends and to fulfil the changing preferences of our customers.***

We compete globally with a number of other automotive system and component manufacturers and distributors that produce and sell systems and components similar to ours. Technology, price, design, quality, delivery, engineering development and program launch support are the primary elements of competition in our markets. Our competitors include manufacturing facilities controlled by OEMs, as well as many other independent domestic and foreign suppliers. In some instances, we also sell to and collaborate with our competitors to develop automotive systems and components, which may adversely affect our competitive situation. In addition to traditional competitors in the automotive sector, the trend towards advanced electronic integration and electrification has led to an increase in the significance of technology to our current and future products and the amount of capital we need to invest to develop these new technologies, as well as an increase in the amount of competition we face from technology focused new market entrants. A number of our competitors are larger than we are, and some competitors have greater financial and other resources than we do and other economic advantages as compared to our business, such as patents, existing underutilized capacity, lower labour costs, lower health care costs, lower tax rates and, in some cases, export or raw materials subsidies. As a result of these competitive pressures and other industry trends, OEMs and suppliers are developing strategies to reduce costs. These strategies include supply base consolidation, OEM in-sourcing and global sourcing. Our OEM customers may change their outsourcing strategy due to various reasons, resulting in change in our position from a single source supplier for certain systems and components to some customers to becoming a dual source supplier for such customers. Some of our major OEM customers also manufacture systems and components for their own uses that directly compete with our systems and components. Our ability to anticipate changes in technology and regulatory standards on a timely basis will be a significant factor in our ability to remain competitive. We cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive. Additionally, to compete effectively in the manufacturing and forging industry, we must be able to fulfil our customers' changing preferences in a timely manner. Product or technology obsolescence may cause our offerings to lose their competitive edge. However, we cannot assure you that we will be able to understand the evolving industry trends, which could adversely affect our results of operations. Increased competition could adversely affect our business. In addition, any of our competitors may foresee the course of market development more accurately than we do, develop systems and components that are superior to our systems and components, produce similar systems and components at a cost that is lower than our cost, or adapt more quickly than we do to new technologies or evolving customer requirements. As a result, our systems and components may not be able to compete successfully with our competitors' systems and components, and we may not be able to meet the growing demands of customers. If we misjudge the amount of capital to invest or are otherwise unable to continue providing systems and components that meet our customers' needs in this environment of rapid technological change, our market competitiveness could be adversely affected.

8. ***Fluctuations in transportation and logistics costs could have a negative impact on our cash flow and revenue.***

Our business relies on import and export of goods across various jurisdictions. The rates borne for the seaborne transportation of freight are driven by the geographic balance of trade, which determines the length of haul required, and by the growth of shipping capacity, namely the number of new vessels coming into the market less the number of older vessels scrapped or lost. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, transportation costs for our Company amounted to ₹ 19.91 million, ₹ 11.87 million and ₹ 10.62 million, respectively. Furthermore, freight rates have historically been volatile and unpredictable. If the shipping costs rises, our capability to source materials globally will be impacted. The demand for vessel capacity is influenced by global economic conditions, industrial production and demand for petroleum products including crude oil, developments in international trade, competition from other means of transport and changes in seaborne and other transportation patterns. As a consequence of these shifts in demand (coupled with the changes in seaborne transportation capacity), the nature, timing and degree of changes in shipping costs are relatively unpredictable and could have an adverse effect on, or create volatility in, freight rates applicable to our cash flow and fleet and our results of operations. Further, the discontinuation or lessening of our ability to pass through transportation costs could adversely affect our business and have an adverse impact on our results of operations.

9. Our Company was referred to the Board for Industrial and Financial Reconstruction and was declared a "Sick Company" under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

The net worth of our Company had become negative in the Fiscal 2002 and our Company was declared a 'sick company' under the Sick Industrial Companies (Special Provisions) Act, 1985, by the Board for Industrial and Financial Reconstruction. Our Company had submitted a rehabilitation scheme under Section 17(2) of the Sick Industrial Companies (Special Provisions) Act, 1985 and the Board for Industrial and Financial Reconstruction had sanctioned the rehabilitation scheme pursuant to its order dated October 7, 2008. In accordance with the provisions of the rehabilitation scheme approved by the Board for Industrial and Financial Reconstruction, the outstanding borrowing of our Company at that time was rescheduled and our Company was provided with an extended period to pay its statutory liabilities in connection to provident fund and employee state insurance. Our Company attained a positive net worth and was discharged from the purview of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction pursuant to its order dated February 24, 2010. For further details please see "*History and certain corporate matters - Defaults or rescheduling/restructuring of borrowings with financial institutions/banks*" on page 163. There is no assurance that such event will not occur in the future and may impact our financial condition and results of operations.

10. The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations.

Since first being reported in December 2019, the outbreak of COVID-19 has spread globally, and the virus has mutated several times. In response to the COVID-19 pandemic, the governments of many countries have adopted preventive or protective measures, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. These measures have impacted and may have a further impact on our workforce and operations in India, the business of our customers and suppliers, including customers in countries to which we export our products. There may be instances of other variants of COVID-19 in the future, which may have an adverse effect on our financial condition.

Our customers may also face financial difficulties due to the effects of the COVID-19 pandemic, which may lead to difficulties for us to collect our accounts receivables and increased risks of incurring bad debt. Our cash and liquidity needs are impacted by the level, variability and timing of our customers' vehicle production and other factors outside of our control. If the global economy experiences significant decline in the future demand, our results of operations, financial condition and cash flow could be materially adversely affected. Given that there are fixed costs associated with our business operations, it may be difficult to adjust our cost base to the extent necessary, to withstand a complete and prolonged lockdown situation like COVID-19 and can result in impairment charges as the value of certain long-lived assets is reduced. As a result, our financial condition and results of operations may be adversely affected during periods of prolonged declining production and sales volumes in one or all of our product segments. The negative impact on our financial condition and results of operations from continued volume declines could also have negative effects on our liquidity. If sufficient cash flows are not available from our operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. However, we cannot predict whether that funding will be available at all or on commercially reasonable terms.

During the COVID pandemic outbreak, our Company had followed all regulatory guidelines & mandatory requirements published by the ministry of health & family welfare & state's regulation. The necessary provisions were made to maintain 50% occupancy, staggering seating arrangement, frequent sanitization, and allocation of safety PPE. However, our efforts may not be successful at all times, and we may not have sufficient protection or recovery plans to continue to deal with the COVID-19 pandemic or similar public health threats in the future, which may negatively affect our ability to meet demands of our customers and may increase the costs of our production and sales. In connection with public health threats, we may also be required to temporarily close our manufacturing facilities, R&D centres and warehouses, which may impact productivity and otherwise disrupt our business, and could adversely affect our business, financial condition, and results of operations.

11. We rely on the skills and experience of our management and other key managerial personnel and the loss of any of these team members, the inability to attract and retain skilled and qualified personnel or potential conflict of interest could have a material adverse effect on our business operations.

Our future success is significantly dependent upon the continued efforts and service of our management as well as other key managerial personnel. In an event of their retirement or departure from our Company, there is no assurance that we will be able to find suitable replacements for such management and/or key managerial personnel in a timely manner or at all and implement a smooth transition of responsibilities to any newly appointed personnel. This could affect our operations resulting in a decline in the performance of our business. We are a technology driven company with significant focus and investment in our in-house R&D capabilities. The future success of our investments in innovation will depend upon, among other factors, our ability to continue to attract and retain skilled and qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that can help us develop technologically advanced systems and components and support key customers and products. If we lose the services of any member of our management or key managerial personnel, we may not be able to locate suitable or qualified replacements in time, which could adversely affect our business and growth. Our growth also requires us to continue to attract, hire and retain a wide range of experienced and skilled and qualified personnel at all levels of our business and operations who can adapt to a dynamic, competitive and challenging business environment. Competition for skilled and qualified personnel in the automotive component manufacturing industry is intense, and we may need to offer a more attractive compensation and other benefits package, including share-based compensation, to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. For example, in Fiscal 2022, Fiscal 2021 and Fiscal 2020, our attrition rate was 16.97%, 4.71% and 9.07%, respectively, and the number of employees who have discontinued employment with our Company during Fiscal 2022, 2021 and 2020 were 33, 9 and 18, respectively. The loss of the services of our key managerial personnel and skilled and qualified personnel, unexpected turnover, or the failure to attract, retain or motivate management, key managerial personnel and skilled and qualified personnel could impact the progress of our product innovation, the development and launch of new products and production operations and have a material adverse effect on our results of operations and financial condition.

Further, our management and other key managerial personnel may acquire, directly or indirectly, equity interests or other investments in other companies or engage in business activities which may give rise to a potential conflict of interest. For instance, our Chairman and Independent Director, Praveen Purushottam Kadle, is on the board of directors of Tata AutoComp Systems Limited as the non-executive chairman, a company which provides products and services to OEMs, and therefore is in a similar line of business as our Company. For further details, see "*Our Management*" on page 166.

12. We are exposed to foreign currency exchange rate fluctuations, which may adversely affect our results of operations and cause our quarterly results to fluctuate significantly.

We face foreign exchange rate risk to the extent that a part of our revenue, expenses, assets or liabilities are denominated in a currency other than the Indian Rupee. We report our results of operations in Indian Rupees. A portion of our equipment purchases, a portion of our travelling, shipping costs, commission and spares purchases, a portion of our material costs and third-party warehouse expenses are denominated in foreign currencies, while a significant portion of our revenue is also denominated in foreign currencies. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, ₹ 591.94 million, ₹ 899.43 million and ₹ 792.57 million respectively of our revenue from operations were denominated in foreign currencies, as per our Restated Financial Statements. Based on our geographical presence and business operations worldwide, we primarily deal in USD, Euro, CHF and GBP. Our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, especially the USD, Euro, CHF and GBP, may have a material impact on our results of operations, cash flows and financial condition.

We may suffer losses on account of foreign currency exchange rate fluctuations on the sale of our products to our international customers. While we may be able to revise the prices on a periodic basis, we may not be able to pass on all losses on account of foreign currency exchange rate fluctuations to our customers. Our net foreign exchange gain/(loss) for Fiscal 2022, Fiscal 2021 and Fiscal 2020, as per our Restated Financial Statements was ₹ 12.64 million, ₹ (2.23) million and ₹ 21.82 million, respectively and constituted 0.54%, (0.11)% and 1.37% of our total revenue from operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. We cannot assure you that we will not experience losses, on account of foreign currency exchange rate fluctuations, and such losses may have an adverse effect on our business, results of operations and financial condition.

13. We depend on some third party suppliers for certain key components and raw materials used for manufacturing our systems and components. A disruption in the supply of these key components and raw materials and failure of our suppliers and third- party logistics service providers to meet their obligations and could impact our on time supplies and input cost, if resourced from other suppliers.

We are dependent on some global suppliers for key components such as bearings, oil seals, carbon friction lining, ECU, friction discs and shift motor, etc. which are used for manufacturing systems and components in relation to our business. We are required to select suppliers for our customers, except those who specify the source of raw material, by taking into consideration their production capacities and financial condition and expect that they will deliver in accordance with our quality standards and comply with their contractual obligations with us. However, there can be no assurance that capacity limitations, industry shortages, labour or social unrest, weather emergencies, commercial disputes, government actions, riots, wars, pandemic, sabotage, cyberattacks, non-conforming parts, acts of terrorism, "Acts of God", financial or operational instability of suppliers, or other problems that our suppliers experience will not result in occasional shortages or delays in their supply of raw materials to us.

For the Fiscal ended March 31, 2022, we were dependent primarily on 12 suppliers in China for 9.95% of our raw material cost based on procurements made in Fiscal 2022. If the available supply of such key component is insufficient to meet the needs of our manufacturing business or if there is an interruption in supply from our Chinese suppliers, including due to any unanticipated outage, shutdown and/or suspension of production at their facilities, change in political relationship between India and China or implementation of laws and policies impacting our relationship with our Chinese suppliers, our ability to continue our manufacturing processes could be adversely impacted which will have a material adverse impact on our business and results of operations. As on date of this Draft Red Herring Prospectus, there has been no material adverse impact on our business and our result of operations. We purchase most of the raw materials used in our manufacturing process from a limited number of third-party suppliers. Our top five raw material suppliers for Fiscal 2022, Fiscal 2021 and Fiscal 2020 together contributed to 39.67%, 39.45% and 49.07% of our total raw material during such period. There is no assurance that if we experience a disruption of supplies, we will be able to source such commodities from alternative suppliers on similar commercial terms and within a reasonable timeframe. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers and could not procure the raw materials from alternative suppliers on similar commercial terms and within a reasonable timeframe, we would be unable to meet the production schedules for some of our products and could miss customer delivery expectations and future business from these customers.

Our Company procures raw materials which are brought to our manufacturing facilities through third party logistics providers including shipping companies and overland transport companies. Similarly, our finished products are transported from our manufacturing facilities to distribution points including ports (and onwards by ship), by transportation vehicles which are not owned or controlled by us. The logistics service providers are, therefore, integral to our business operations. We have over the years engaged the services of logistics service providers for our business operations. We do not, however, have any contractual arrangements with such third-party logistics service providers. While these third-party logistics service providers have generally, in the past, been reliable we cannot assure you that they will continue to be available to us as required. If such third-party logistics service providers discontinue their services for a reasonable length of time and, if we are unable to obtain the services of other service providers, our business operations could be adversely impacted, at times, significantly. Any such acts could result in serious liability claims (for which we may not be adequately insured) which may, in addition to resulting in pecuniary liability also entail personal liability, which could significantly adversely impact our business operations and financial condition.

14. Development of our technologically advanced systems and components involves a lengthy and expensive process with uncertain timelines and uncertain outcomes. We are dependent on the success of our R&D and the failure to develop new or improved products or process improvements, or production techniques could subject us to write-offs or otherwise adversely affect our business, financial condition and results of operations and have a negative impact on our competitive position.

Our future growth depends on our ability to continue to design, develop and commercialize innovative, viable and sustainable new automotive systems and components in a timely and cost-effective manner, improve our existing systems and components, or to develop process improvements that can shorten production time, improve quality and cost efficiency. The development and commercialization of new products is complex, time-consuming and costly, and its outcome is inherently uncertain. The automotive industry is characterized by advancements and disruptions in technology and changes in market demand can often render existing technologies and equipment obsolete and could require substantial new capital expenditures or subject us to write-offs. Due to the long lead times associated with development of many of the technologically advanced automotive systems and components, as well as the competitive advantage that can come from being the initial developer of a new product, it is important that we maintain a sufficiently large portfolio of systems and components and a product pipeline and manage their development processes so as to bring our systems and components to market on a timely basis. The launch of a new product is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and manufacturing processes and those of our suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Production shortfalls or production delays, if any, or our inability to accurately estimate the cost to design, develop and launch new products could result in our failure to effectively manage our manufacturing costs relating to these product program launches. If we are unable to bring enough products to market, or if products are brought to market after competing products are commercialized, our growth strategy may not be successful and our business would be adversely affected. As our orders are linked to specific vehicles/models and are not generally interchangeable with other models/vehicles, the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model, for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could in turn have an adverse effect on our business and results of operations.

During Fiscal 2022, Fiscal 2021 and Fiscal 2020, our total expenditure on R&D amounted to ₹ 176.60 million, ₹ 93.98 million and ₹ 43.49 million, respectively, representing 7.55%, 5.04% and 2.73%, respectively, of our total revenue from operations in those periods. As of May 31, 2022 we had 22 on-roll employees engaged in R&D activities, representing approximately 10.95% of our total on-roll manpower. We cannot assure you that the investments we have made in R&D will yield satisfactory results in terms of innovative or improved systems and components, or yield any results at all. In addition, even where we successfully develop any such new or innovative or improved systems and components in a timely manner, there can be no assurance that the new or improved product will be commercially successful and meet the price expectations of our customers. Further, if our competitors develop new processes or production techniques, or improve existing processes or production techniques that may give them significant cost and marketing advantages, we may be unable to retain our customers, which would adversely affect our revenues and profitability. We also cannot guarantee that any expenditure we make in developing products will be recouped, even if we are successful in commercializing those products.

15. ***We are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims.***

We are subject to strict quality standards imposed by our customers, applicable to our manufacturing processes. Failure by us or one of our component suppliers to achieve or maintain compliance with these requirements or quality standards may impair our ability to supply systems and components suited to meet our customers' demands until compliance is achieved. The occurrence of any such events could result in our systems and components failing to perform as expected and could expose us to warranty claims, product recall or field action, indemnities, product liability claims and cancellation of existing and future orders without liability. Under the product liabilities provided by us to certain key customers, we may be required to bear costs and expenses for the repair or replacement of these defective systems and components. In addition, we may also be required to indemnify customers against losses occurring as a result of defective systems and components. Our OEM customers are entitled to claim indemnity from us under our business award and may place an order with another entity in such a scenario. In addition, we may be subject to the risk of costs and expenses associated with warranties, field actions, product recalls, product liability claims and liquidated damages for any delay. Our expenditure incurred for product warranties, product recalls and product liability claims was ₹ 1.50 million, ₹ 1.21 million and ₹ 0.97 million, respectively, representing 0.06%, 0.06% and 0.06% respectively of our total income for Fiscal 2022, Fiscal 2021 and Fiscal 2020. In addition to warranty claims relating directly to systems and components we produce, potential product recalls for our customers and their other suppliers, and the potential reputational harm that may result from such product recalls, could have a material adverse impact on our results of operations and financial condition. A recall claim could require us to review our entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and have an adverse impact on our results of operations. The incurring of significant liabilities for which there is no, or insufficient, insurance coverage could adversely affect our business. Further, as a result of product liability legislation, civil claims may be brought against OEMs, where damages may have been caused by any faulty systems and components that we produced. We may, in the future become subject to legal proceedings and commercial or contractual disputes incidental to our business.

16. ***Our continued operations are critical to our business and any obsolescence, destruction, theft or shutdown of our manufacturing facilities or other manufacturing, or production problems caused by unforeseen events may reduce production and sales and adversely affect our business, results of operations and financial condition.***

Our manufacturing facilities are subject to operating risks, and we may encounter manufacturing problems or experience difficulties or delays in production as a result of occurrence of the following events or any other events beyond our control:

- forced or voluntary closure of manufacturing facilities, including as a result of regulatory inspections;
- problems with supply chain continuity, including as a result of natural or man-made disasters at one of our facilities or at a suppliers or vendors' facility;
- manufacturing shutdowns, breakdown or failure of equipment, performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities;
- labour disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;
- failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply;
- shortage of key managerial personnel;
- changes in applicable local and international laws and regulations impacting our manufacturing facilities where we operate;
- changes in political relationships between India and the countries in which we have business interests;
- failure or other issues in production processes, especially if we are unable to obtain adequate supply of utilities such as power and water or inability to successfully implement debottlenecking measures to reduce idle time or improve operating efficiency by reducing facility outages, wastage or yield losses or otherwise; and
- other problems, including limits to our manufacturing capacity due to failure of our customers to set-up their facilities or assembly lines properly resulting in loss of sale and revenue from such customer.

The assembly lines of our customers rely significantly on the timely delivery of our systems and components and our ability to provide an uninterrupted supply of our systems and components is critical to our business. In addition, certain of our customers may impose significant penalties on us for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our business and financial results may be adversely affected by any disruption of operations at our manufacturing facilities, including as a result of any of the factors mentioned above, resulting in reduced production and reduced sales. This may also lead to loss of business and/or loss of customer which could impact our business adversely.

17. We do not have documentary evidence for the educational qualification of one of our Directors, included in "Our Management" in this Draft Red Herring Prospectus.

One of our Directors, Sanjay Bhalchandra Divgi, has been unable to trace copies of documents pertaining to his educational qualification, as disclosed in "*Our Management*" on page 166. There can be no assurances that he will be able to trace the relevant documents pertaining to his educational qualifications in a timely manner, or at all. Thus, we cannot assure you that the details of the educational qualification in relation to the aforementioned Director included in the "*Our Management*" chapter are complete, true and accurate.

18. Some of our corporate records relating to allotments made by our Company, and transfers and acquisitions of Equity Shares made by our Shareholders, term of our whole-time director and initial appointments of our Directors are not traceable. Further, there are some factual inaccuracies in certain of our corporate records.

Our Company has not been able to trace certain corporate records such as RoC form filings and challans in connection with share allotments and transfer forms in relation to the share transfers. We have also been unable to trace the RoC form filings and challans for the initial appointments of our Directors Jitendra Bhaskar Divgi, Hirendra Bhaskar Divgi, Bharat Bhalchandra Divgi and Sanjay Bhalchandra Divgi. An independent practicing company secretary has conducted searches for these records with the RoC and at the Registered and Corporate Office of our Company, respectively, but were unable to retrieve those records and accordingly have issued certificate dated September 21, 2022 from CS Vinayak Sadashiv Khanvalkar. There are certain inconsistencies in the names of allottees as being disclosed in the board minutes and form filings, which has been captured in the abovementioned certificate. Our Company has not been able to trace corporate records such as Board resolutions in connection with share transmission, pursuant to demise of certain Shareholders of our Company. Further, there are certain discrepancies in our corporate records, available with us, with respect to the allotment of Equity Shares of our Company and transmissions undertaken by our Promoters, some of which are disclosed below:

Nature of Transaction	Documents Reviewed	Discrepancies
Allotment of 6,000 Equity Shares on December 24, 1981	a) board minutes dated December 24, 1981; and b) register of members	The distinctive number of Equity Shares issued to the *erstwhile Divgi Family Trust* as per the board minutes dated December 24, 1981 are 24,000 – 29,000 and as per the register of members, the distinctive numbers of shares issued is 24,001-29,000. There is a discrepancy in the noting of the minutes, and a total of 5,000 Equity Shares, instead of 5,001, as reflected in the board minutes dated December 24, 1981, were issued to the *erstwhile Divgi Family Trust* and as recorded in the register of members.
Transmission of 17,829 Equity Shares from R N Divgi held jointly with Divgi Holding Private Limited to Divgi Holding Private Limited	a) board minutes dated March 28, 1998; and b) register of members	The number of Equity Shares transferred from R N Divgi to his joint holding with Divgi Holdings Private Limited as per the board minutes dated March 28, 1998 is 17,790. There is a discrepancy in the noting of the minutes and a total of 17,829 shares were transferred to RN Divgi's joint holding with Divgi Holding Private Limited.*

* *This discrepancy in this resolution has been rectified and the board of directors of our Company on July 25, 2022, have taken on record, the resolutions passed by the board of directors and shareholders of DHPL on June 27, 2022 and July 25, 2022.*

Disclosures in this Draft Red Herring Prospectus in relation to such untraceable records/ discrepancies in filings have also been made in reliance on other supporting documents available in our records, including the resolutions passed/noting made by the Board or Shareholders in their meetings and statutory registers. We cannot assure you that such filings were made in a timely manner or at all, in the past. Further, due to non-availability of transfer records, the Company has not been able to determine the consideration paid for the transfers. Accordingly, while calculating the weighted average cost of acquisition, the consideration for the transfers have been taken as 'NIL'. There can be no assurance if these transfers were, in fact, undertaken at 'NIL' consideration, and accordingly, we cannot assure you of the accuracy of the weighted average cost of acquisition. Additionally, in connection to the allotment of 2,250 Equity Shares on June 30, 1965, due to unavailability of records, the details of benefits accrued to our Company and nature of consideration cannot be ascertained.

Further, there were certain factual inaccuracies in the resolution passed by the board of directors of our Company on March 25, 1998. It was erroneously mentioned in the resolution that Equity Shares held by certain individuals such as

Bhaskar Divgi, Jayashri Mohan Divgi, Mohan N Divgi, Shalini B Divgi, Bhalchandra N Divgi and Ambika Bhaskar Divgi were transferred to Divgi Holdings Private Limited. However, the intent was to maintain Divgi Holdings Private Limited as the joint holder of such Equity Shares. Subsequent form filings made with the RoC also reflects Divgi Holdings Private Limited as a joint holder. Further, the total number of Equity Shares held and transferred by R.N. Divgi was erroneously mentioned in the resolution as 17,790, however, a total of 17,829 Equity Shares were transferred from R. N. Divgi to joint account of R.N Divgi and DHPL with R.N. Divgi as the first holder and DHPL as the second holder of the shares.

Additionally, upon the demise of Bhaskar Divgi and Ambika Divgi, 11,733 Equity Shares and 8,407 Equity Shares, respectively, held by them jointly with Divgi Holdings Private Limited in our Company, were transmitted to our Promoters i.e., Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, the legal heirs of Bhaskar Divgi and Ambika Divgi and DHPL was retained as a second holder. 5,867 Equity Shares and 5,866 Equity Shares were transmitted from Bhaskar Divgi to Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, respectively, as first holders and 4,204 Equity Shares and 4,203 Equity Shares were transmitted from Ambika Bhaskar Divgi to Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, respectively, as first holders. Further, 4,302 Equity Shares, were transmitted from Shalini Divgi to Bhalchandra N Divgi, as the first holder with DHPL being retained as the second holder and the resulting total of 13,464 Equity Shares, were transmitted from Bhalchandra N Divgi to Suraj Sanjay Divgi and Harshwardhan Bharat Divgi, equally (6,732 Equity Shares each), as first holders and DHPL was retained as a second holder. Additionally, 10,087 Equity Shares, were transmitted from Mohan Divgi to Jayashri Mohan Divgi, as the first holder with DHPL being retained as the second holder. Our Company has pursuant to a Board resolution dated March 27, 2021; October 14, 2021 and February 12, 2018 have taken on record such transmissions. However, the aforesaid transmissions were made in contravention of the provisions of the AoA of our Company as per which, upon demise of the first holder, the shares are transmitted to the surviving entity.

Thereafter, such inaccuracies have now been rectified, since the board of directors and shareholders of DHPL have ratified unanimously that they are the second holder of the Equity Shares of our Company and have provided their no objection to the transmission of such Equity Shares to (i) Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, as the legal heirs of Bhaskar Divgi and Ambika Divgi; (ii) Bhalchandra N Divgi, as the legal heir of Shalini B Divgi; (iii) Suraj Sanjay Divgi and Harshwardhan Bharat Divgi, as the legal heirs of Bhalchandra N Divgi; and (iv) Jayashri Mohan Divgi, as the legal heir of Mohan N Divgi. Our Company has pursuant to the resolution passed by the board of directors on July 25, 2022 taken on record the resolutions passed by the board of directors and shareholders of DHPL on June 27, 2022 and July 25, 2022. For details, please see *"Capital Structure"* section on page 65.

Further, we cannot assure you that we will not be subject to any penalties imposed by the competent regulatory authority in connection with these untraceable corporate records or filings or inaccuracies in the corporate records. While no disputes or regulatory action has arisen in connection with these filings until date, we cannot assure you that no such action will be initiated in the future.

19. We require certain licenses, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect our operations.

We are required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals, generally for carrying out our business and for each of our manufacturing facilities. For further details, see "*Government and Other Approvals*" on page 283. A majority of these approvals, including the consent to establish and operate under environmental laws, are granted for a limited duration and require renewal from time to time. While we have applied for some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected. We are also required to obtain and comply with environmental permits for certain of our operations. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 in order to establish and operate our manufacturing facilities in India. For details on the regulations and policies applicable to our Company, please see *"Key Regulations and Policies in India"* on page 155. Further, the licenses, permits and approvals required by us are subject to several conditions and we cannot assure you that we will be able to continuously meet such conditions, which may lead to cancellation, revocation or suspension of the relevant licenses, permits and approvals. For instance, the register of leave with wages and the register of contractors as required to be maintained in the formats provided under the Factories Act, 1948 and Contract Labour (Regulation and Abolition) Act, 1970, respectively, are not maintained by us in the prescribed format. Such non-compliance could result in cancellation or revocation of approvals and licenses granted to us under the aforesaid labour laws. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased compliance costs, be subject to penalties, have our licenses, approvals and permits revoked or suffer a disruption in our operations, any of which may materially adversely affect our business and results of operations.

20. ***Our Company, Directors, Promoters and Group Company are involved in certain outstanding legal proceedings. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.***

Our Company is currently involved in certain outstanding legal proceedings. These outstanding legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to our Company, Directors and our Group Company as on the date of this Draft Red Herring Prospectus have been provided below in accordance with the materiality policy adopted by our Board. Further, one of our Directors, Pradip Vasant Dubhashi, has received a summon from the Investigating Office, Serious Fraud Investigation Office, in connection with the investigation being conducted into the affairs of Religare Enterprises Limited and one other company. Pradip Vasant Dubhashi presumed that he was summoned in connection with Prime Securities Limited, which had dealings with Religare Enterprises Limited in the past. Accordingly, Pradip Vasant Dubhashi has responded to the summon stating that he was only associated with Prime Securities Limited, in his capacity as a non-executive independent director and was never involved in its day to day functioning. For details, see "*Outstanding Litigation and Material Developments- Litigation involving our Directors*" on page 281.

Type of Proceedings	Number of cases	Amount* (₹ in million)
Cases against our Company		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation proceedings	Nil	Nil
Cases by our Company		
Criminal proceedings	Nil	Nil
Other pending material proceedings	2	Approximately 16.07*
Cases against the Directors		
Criminal proceedings	1	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Cases by the Directors		
Criminal proceedings	Nil	Nil
Other pending material litigation	Nil	Nil
Cases involving the Group Company		
Material litigation which has an adverse impact on our Company	Nil	Nil

* *To the extent quantifiable.*

For details, see "*Outstanding Litigation and Material Developments*" on page 280.

21. ***Our insurance may be insufficient to cover all losses associated with our business operations.***

We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. This includes a standard fire and special perils policy with add-on cover for earthquakes and marine cargo annual turnover policy to cover various risks during the transit of goods. In addition, we have a group personal accident insurance policy, as well as group mediclaim policy for our employees. As of March 31, 2022, we have 100% or more insurance coverage of book value of all our fixed assets and inventories. As on the date of this Draft Red Herring Prospectus, we have no outstanding insurance claims. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. There are many events, other than the ones covered in the insurance policies specified above, that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected.

22. ***We have not yet placed orders in relation to the capital expenditure for the purchase of equipments/machineries for our manufacturing facilities. In the event of any delay in placing the orders, or in the event the vendor is not able to provide the equipments in a timely manner, or at all, it may result in time and cost overruns and our business, prospects and results of operations may be adversely affected.***

We intend to utilize a portion of the Net Proceeds for funding capital expenditure requirements towards the purchase of equipments/machineries for our manufacturing facilities. While we have procured quotations from vendors in relation to the capital expenditure to be incurred, we have not entered into any definitive agreements with any of these vendors, except with respect to specific machinery worth ₹ 176.96 million (for which our Company has placed purchase orders) which is 11.54% of the estimated utilization, as certified by Smita Mehendaley, an independent chartered engineer. For details in respect of the foregoing, see "*Objects of the Offer*" on page 82. Such bids are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such bid or that there will not be cost escalations. Further, the actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, design changes and technological changes. In the event of any delay in placing the orders, or an escalation in the cost of acquisition of the equipments/ machineries or in the event the vendor is not able to provide the equipments/ machineries in a timely manner, or at all, we may encounter time and cost overruns. Further, if we are unable to procure the requisite equipments/ machineries from the vendors from whom we have procured bid, we cannot assure you that we may be able to identify alternate vendor to provide us with the materials which satisfy our requirements at acceptable prices. Our inability to procure the machinery and equipment at acceptable prices or in a timely manner, may result in an increase in capital expenditure, the proposed schedule of implementation and deployment of the Net Proceeds may be extended or may vary accordingly, thereby resulting in an adverse effect on our business, prospects and results of operations.

23. ***We have significant power and fuel requirements and any disruption to power sources could increase our production costs and adversely affect our results of operations.***

We require substantial power, fuel and other utilities for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, our power and fuel charges were ₹ 37.68 million, ₹ 26.36 million and ₹ 28.19 million, respectively, representing 1.56%, 1.35% and 1.65%, respectively, of our total income. We purchase utilities for our operations from the local utility companies in the jurisdictions in which we operate. The cost of electricity from state electricity boards could be significantly higher, thereby adversely affecting our cost of production and profitability. Interruptions of electricity supply can result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. If energy or other utilities costs were to rise, or if electricity or other utilities supplies or supply arrangements were disrupted, our profitability could decline.

24. ***Any misappropriation or infringement of intellectual property rights of others or loss of technology transfer agreements could adversely affect our business operations.***

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Our Company has applied for certain trademarks but has not obtained registration till date, including for our logo Divgi-TTS, which has been accepted and advertised by the Trademarks Registry as on the date of this Draft Red Herring Prospectus. For further details, see "*Government and other Approvals – Intellectual Property*" on page 285. We cannot assure you that we will be able to obtain registration in a timely manner or at all. If claims or actions are asserted against us, we may be required to obtain a license, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licenses or design modifications can be extremely costly. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition. In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customer's intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. Further, we have entered into a product development agreement as well as technology transfer agreement with a German automotive company and a license agreement with BorgWarner. Such agreements are key to our business and our inability to access these technologies due to failure to enter into such agreements in the future could have a material adverse effect on our business, results of operations and financial condition and damage our reputation and relationships with our customers. For further details in relation to our technology transfer and license agreements, see "*Our Business – Overview*" on page 137.

25. ***We do not hold any patents or other form of intellectual property protection in relation to our manufacturing processes, and our inability to maintain the integrity and secrecy of our manufacturing processes may adversely affect our business.***

While we possess technical knowledge about our products and have developed strong in-house capabilities to deliver evolving green technologies, our know-how may not be adequately protected by intellectual property rights. While we generally take precautions to protect our trade secrets and confidential information against breach of trust by our employees, customers and suppliers, it is possible that unauthorized disclosure of our trade secrets or confidential information may occur. We cannot assure you that we will be successful in the protection of our trade secrets and confidential information. Our manufacturing processes may not be eligible for intellectual property protection and others may be able to use the same or similar production processes, thereby undermining any competitive advantage we may have derived from such processes and adversely affecting our financial condition, cash flows and results of operations.

26. ***We have entered into and will continue to enter into, related party transactions.***

We have entered into and may in the course of our business continue to enter into transactions with related parties that include our Promoters and our Group Company. For further details in relation to our related party transactions, see "*Related Party Transactions*" on page 220. Although all related party transactions that we have or may enter into, have been and will continue to be on arm's length commercial terms, or subject to board or shareholders' approval, as necessary under the Companies Act, 2013 and the SEBI LODR Regulations, as applicable, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Additionally, any such future transactions with our related parties could potentially involve conflicts of interest. For details of the related party transactions and as reported in the Restated Financial Statements, see "*Restated Financial Statements – Note 34"* on page 220.

27. ***We are subject to the risk of failure of, or weakness in, our internal control systems, which may have an adverse impact on our business, financial condition, cash flows, results of operations and prospects.***

In order to manage our growth effectively, we must implement, upgrade, and improve our operational systems, procedures, and internal controls on a timely basis. If we fail to implement these systems, procedures, and controls on a timely basis, or if there are weaknesses in such internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customer's needs, hire and retain new employees or operate our business effectively. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to select and retain key managerial personnel, maintaining effective risk management policies and training managerial personnel to address emerging challenges. We cannot assure you that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations.

28. ***One of our manufacturing facilities is leased. If we are unable to renew existing leases or relocate our operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition and operations.***

We operate our manufacturing facilities on parcels of land that are held by us on a leasehold as well as freehold basis. While our manufacturing facilities located at Shivare, near Pune in Maharashtra and Sirsi in Karnataka are freehold properties, our manufacturing facility, located at Bhosari, near Pune in Maharashtra, has been leased to us by a third party for 95 years with effect from December 31, 1996. While there are currently no instances of non-compliance of the terms of our lease agreements, there can be no assurance that there will be no such non-compliance leading to termination of such leases in the future. Any change in the terms and conditions of the lease agreements and any premature termination of such lease agreements may have an adverse impact on our operations. For further details, see "*Our Business – Manufacturing Facilities*" on page 149.

Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreement, or any inability to renew such agreements on acceptable terms may also affect our operations. There can be no assurance that we will be able to renew these leasing arrangements at commercially favorable terms, or at all. If we are unable to renew all or any of our leasing arrangements, it may cause disruptions in our business and we may incur substantial costs associated with shifting to new premises, all of which may adversely affect our business operations.

29. ***We have certain contingent liabilities, which, if they materialize, may adversely affect our financial condition.***

As of March 31, 2022, our Restated Financial Statements disclose and reflect the following contingent liabilities:

Particulars	Amount (in ₹ million)
Bills discounted	23.65
Sales tax matter (including interest & penalty)	0.24
Claims against the Company, not acknowledged as debts	
(a) Dues related to employees	20.26
(b) Others	5.20
Total	49.35

Any or all of these contingent liabilities may become actual liabilities. If at any time we are compelled to pay all or a material proportion of these contingent liabilities, it could have an adverse effect on our results of operations, financial condition and cash flows. For details, see "*Restated Financial Statements*" beginning on page 190.

30. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders.

The Offer consists of the Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. The Selling Shareholders shall be entitled to the net proceeds from the Offer for Sale, which comprise proceeds from the Offer for Sale net of Offer related expenses shared by the Selling Shareholders, and our Company will not receive any proceeds from the Offer for Sale. For further details, see *"Objects of the Offer"* and *"Capital Structure"* on pages 82 and 65, respectively.

31. Information in relation to our installed capacities and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates, and future production and capacity utilization may vary.

Information relating to our installed capacities and the capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials, actual product mix vis-à-vis the products mix envisaged for computation of our installed capacities and assumptions relating to potential utilization levels and operational efficiencies. While we have obtained a certificate dated August 29, 2022 from Smita Mehendaley, Chartered Engineer, actual capacities and utilization rates may differ significantly from the estimated installed capacities or estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our installed capacity or estimated capacity utilization information for our existing facilities included in this Draft Red Herring Prospectus.

32. Delays or defaults in customer payments and receivables may adversely impact our profits and affect our cash flows.

Our operations involve extending credit for pre-agreed periods of time, for up to days, to our customers, and consequently, we face the risk of uncertainty regarding the receipt of these outstanding amounts. There is no assurance that we will accurately assess the creditworthiness of our customers. As of March 31, 2022, March 31, 2021 and March 31, 2020, we had outstanding trade receivables aggregating ₹ 526.25 million, ₹ 547.87 million and ₹ 234.06 million, respectively, constituting 22.51%, 29.36% and 14.71%, respectively, of our revenue from operations during the respective periods. Further, our trade receivable turnover ratio as of March 31, 2022, March 31, 2021 and March 31, 2020, was 4.35:1 ,4.77:1 and 5.18:1, respectively. Further, as of March 31, 2022, March 31, 2021 and March 31, 2020, trade receivables aggregating ₹ 5.11 million, ₹ 10.96 million and ₹ 13.01 million, respectively, were due for more than six months and in the immediately preceding three Fiscals, our average write-off was ₹ Nil per annum. If such customers delay or default in making payments in the future, our profit margins and cash flows may be adversely affected.

33. Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds, and there is no assurance that the objects of the Offer will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment.

Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds, and there is no assurance that the objects of the Offer will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Our funding requirements and the deployment of the proceeds from this Offer are based on our current business plan and strategy. We may have to revise this from time to time as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board which could significantly adversely impact our business operations and financial condition.

34. Any failure on our part to effectively manage our inventory may result in an adverse effect on our business, revenue from manufacturing operations and financial condition.

We are a manufacturing company, and, at all points of time, a certain portion of our assets comprises of an inventory of raw materials, work in progress products and finished products. Maintaining sufficient inventory of raw materials is critical for our operations including as a buffer against any supply disruptions. Any failure on our part to effectively manage our inventory of raw materials and finished products in response to changing market scenario may have an adverse effect on our financial condition and may even lead to loss of business and increase the costs of our operations.

In the event we overestimate our requirements for raw materials as compared to the demand for our products, it may lead to situations that require us to block more capital and increase our operating costs in connection with inventories and further expose us to variations in raw materials risk. Equally, if we underestimate our requirements for raw materials, it may adversely affect our ability to manufacture the required quantity of products for our customers' requirements in a timely and cost-efficient manner which may lead to loss of business and / or the opportunity to service customers which could adversely affect our business, results of operations and financial condition. Further, we may also lose opportunities to acquire raw materials in a cost-effective manner, thereby increasing costs of operations and adversely affecting our working capital requirements.

Additionally, if our inventory of finished products is not dispatched on time or if there is any unanticipated delay in the delivery of our finished products or if the finished products are not properly maintained or are damaged or destroyed, we could lose such inventory which could have an adverse impact on our production cycle, results of operation and financial condition.

35. We have a large work force, and our employee benefit expense is one of the larger components of our fixed operating costs. An increase in employee benefit expense could reduce our profitability.

Our pool of employees consists of permanent employees and persons hired on contract labour basis. As on May 31, 2022, we employed 558 employees, comprising 201 on-roll and 357 off-roll employees. Our employee benefit expense during Fiscal 2022, Fiscal 2021 and Fiscal 2020 was ₹ 225.42 million, ₹ 217.73 million and ₹ 196.49 million, respectively, constituting approximately 12.54%, 15.28% and 14.78%, respectively, of our total expenses. Due to economic growth in the past and the increase in competition for skilled and semi-skilled employees in India, wages in India have, in recent years been increasing at a fast rate. We may need to increase our compensation levels to remain competitive in attracting and retaining the quality and number of skilled and semi-skilled employees that our business requires. Further, a shortage in the labour pool or general inflationary pressures will also increase our labour costs. Any prolonged situation resulting in the shortage of labour could have significant adverse impact on our business and financial condition. Further, a significant long-term increase in our employee benefit expense could reduce our profitability.

36. Any material deviation in the utilisation of Offer Proceeds shall be subject to applicable law.

Our funding requirements and the deployment of the proceeds from this Offer are based on our current business plan and strategies. We may have to revise this from time to time as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board, in compliance with applicable law. Accordingly, we may not be able to utilise the proceeds from this Offer in the manner set out in this Draft Red Herring Prospectus in a timely manner or at all. As a consequence of any increased expenditure, the actual deployment of funds may be higher than estimated.

In accordance with Section 27 of the Companies Act, 2013, we cannot vary the utilization of the Offer Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the approval of our Company's Shareholders through a special resolution undertaken by way of a postal ballot. In the event of any such circumstances that requires us to vary the disclosed utilization of the Offer Proceeds, we may not be able to obtain the required Shareholders' approval in a timely manner or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to those Shareholders who do not agree with our proposal to modify the objects of the Offer as prescribed in the SEBI ICDR Regulations.

37. The objects of the Offer for which funds are being raised have not been appraised by any bank or financial institution and are based on management estimates.

Our funding requirements set out in the chapter titled *'Objects of the Offer'* beginning on page 82 are based on management estimates and have not been appraised by any bank or financial institution. Our funding requirements are based on our current business plan and may vary based on various factors including macro-economic and other changes. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and, consequently, the funding requirement and the utilization of proceeds from the Offer may also change. This may also include re-scheduling the proposed utilization of Offer Proceeds at the discretion of our management. We may make necessary changes to the utilisation of Offer Proceeds in compliance with the provisions of the Companies Act. In the event of any variation in actual utilization of the Offer Proceeds, any increased fund deployment for a particular activity may be met from funds earmarked from any other activity and/or from our internal accruals. Further, any such revision in the estimates may require us to revise our projected expenditure which may have a bearing on our profitability.

38. This Draft Red Herring Prospectus contains information from an industry report prepared by CRISIL which we have commissioned and paid for.

This Draft Red Herring Prospectus includes information that is derived from the CRISIL Report, prepared by CRISIL, a research house, pursuant to paid engagement with our Company. The CRISIL Report has been commissioned by our Company exclusively in connection with the Offer for a fee. CRISIL has advised that while it has taken due care and caution in preparing the commissioned report, which is based on information obtained from sources that it considers reliable (the "**Information**"), it does not guarantee the accuracy, adequacy or completeness of the Information and disclaims responsibility for any errors or omissions in the Information or for the results obtained from the use of the Information. The CRISIL Report also highlights certain industry and market data, which may be subject to estimates and/or assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Further, such estimates and/or assumptions may change based on various factors. We cannot assure you that CRISIL's estimates and/or assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the CRISIL Report is not a recommendation to invest or disinvest in our Company. CRISIL has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the CRISIL Report.

39. Our Promoters and Promoter Group will continue to retain significant shareholding in our Company after the Offer, which will allow them to exercise significant influence over us.

After the completion of the Offer, our Promoters and Promoter Group will hold approximately [●]% of our outstanding Equity Shares. Accordingly, our Promoters and Promoter Group will continue to exercise significant influence over our business and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our constitutional documents, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. The interests of our Promoters and Promoter Group, as our Company's significant shareholders, could be different from the interests of our other Shareholders and our significant Shareholders may not take decisions in our best interests.

40. Our Promoters, Directors and certain Key Managerial Personnel hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.

Our Promoters, Directors and Key Managerial Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company. There can be no assurance that our directors will exercise their rights as Shareholders to the benefit and best interest of our Company. For further details, see "*Capital Structure*" and "*Our Management*" on pages 65 and 166 respectively.

41. Our Promoters and members of our Promoter Group carry on business activities similar to our business. This may be a potential source of conflict of interest for us and which may have an adverse effect on our business, financial condition and results of operations.

Our Promoters and members of our Promoter Group engage in a broad spectrum of activities, including investments in the auto components industry, such as Divgi Transmission Systems and Technologies Private Limited, our Group Company. For details, see "*Related Party Transactions*" on page 220. In the ordinary course of their business activities, our Promoters may engage in activities where their interests conflict with our interests or the interests of our shareholders and Promoter Group.

There can be no assurance that our Promoters or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

Thus, in the future, conflicts of interests may arise in allocating business opportunities amongst our Company and members of our Promoter Group in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other companies or ventures in which our Promoters have interests.

External Risks

Risks Related to India

42. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.

The Indian economy and its capital markets are influenced by economic, political and market conditions in India and globally including the volatility in the securities markets in other countries. We are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Further, the following external risks may have an adverse impact on our business and results of operations, should any of them materialize:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;

- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;

- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war including in India's various neighbouring countries;

- India has experienced epidemics and natural calamities such as earthquakes, tsunamis, floods, and drought in recent years;

- any act of God and its consequent impact on public and economy;

- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;

- prevailing regional or global economic conditions, including in India's principal export markets;

- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;

- other significant regulatory or economic developments in or affecting India or its consumption sector;

- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;

- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;

- logistical and communications challenges;

- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis;

- international business practices that may conflict with other customs or legal requirements to which we are subject to, including anti-bribery and anti-corruption laws; being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so; and

- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

43. We and our customers may engage in certain transactions in or with countries or persons that are subject to USA and other sanctions.

USA law generally prohibits USA persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other USA government agencies. Other governments and international or regional organizations also administer similar economic sanctions. We provide services to our customers, who may be doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply, such as Russia. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate USA or other sanctions, we could be subject to USA or other penalties, and our reputation and future business prospects could be adversely affected. Further, investors in the Equity Shares could incur reputational or other risks as the result of our or our customers' dealings with countries or with persons that are the subject of USA sanctions.

44. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate, labour and tax laws, may adversely affect our business, results of operations and prospects.

The regulatory environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations that could affect our industry, which could lead to new compliance requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Any adverse regulatory change in this regard could lead to fluctuation of prices of raw materials and thereby increase our operational cost. Additionally, our loans are subject to specific conditions imposed by the Ministry of Commerce and Industry, GoI and the RBI. In the event of any adverse regulatory development or in the event that we are otherwise not able to secure such loans, we may not be able to benefit from such low interest rates or the ability to fix the price within the specified time frame at the same price at which we sell our products to our customers.

The Taxation Laws (Amendment) Act, 2021, also prescribes certain changes to the income tax rate applicable to companies in India. Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. With the implementation of GST, we are obligated to pass on any benefits accruing to us as result of the transition to GST to the consumer thereby limiting our benefits. In order for us to utilise input credit under GST, the entire value chain has to be GST compliant, including us. While we are and will continue to adhere to the GST rules and regulations, there can be no assurance that our suppliers and dealers will do so. Any such failure may result in increased cost on account of non-compliance with the GST and may adversely affect our business and results of operations.

The Competition Act, 2002, as amended ("**Competition Act**") prohibits any anti competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India. The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India, or CCI. Any breach of the provisions of Competition Act, may attract substantial monetary penalties. The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, financial condition and results of operations.

The Government of India has announced the union budget for the Fiscal 2023, pursuant to which the Finance Bill, 2022 ("**Finance Bill**") has introduced various amendments. The Finance Bill has received assent from the President of India on March 30, 2022, and has been enacted as the Finance Act, 2022 ("**Finance Act, 2022**"). There is no certainty on the impact that the Finance Act, 2022 may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

The Government of India has passed new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020, the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, respectively which were to take effect from April 1, 2021 (collectively, the "**Labour Codes**"). The Government of India has deferred the effective date of the Labour Codes and they shall come into force from such date as may be notified by the Government. Further, the Code on Social Security, 2020 ("**Social Security Code**") will impact overall employee expenses and, in turn, could impact the profitability of our Company. Under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government), of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

45. Financial instability in the global or Indian financial markets could adversely affect our results of operations and financial condition and may cause the price of our Equity Shares to decline.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in the USA and Asian emerging market countries. Financial turmoil in the global economy has affected the Indian economy in the past. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy and could harm our results of operations and financial condition.

Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("Brexit"), there still remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets.

In addition, China is one of India's major trading partners and there are rising concerns of a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. Such developments, or the perception that they could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

46. Civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy.

Certain events that are beyond the control of our Company, such as violence, civil unrest, or geo-political unrest, including those involving India, Russia, Ukraine, the United Kingdom, USA, China or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and the price of the Equity Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Indian economy and consequently Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have an adverse effect on our business, results of operations and financial condition may be adversely affected.

47. If inflation rises in India, increased costs may result in a decline in profits.

India has experienced high inflation in the recent past. Increasing inflation in India could cause a rise in the costs of rent, wages, raw materials and other expenses. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, the GoI and RBI have previously initiated economic measures to combat high inflation rates, and it is unclear how such measures will impact our business as well as the business of our customers. There can be no assurance that Indian inflation levels will not worsen in the future.

48. ***Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

49. ***Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI or in the alternate, the pricing is in compliance with the extant provisions of the SEBI Regulations. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India may require a no objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained in a timely manner or at all.

In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**"), the foreign direct investment policy has been recently amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the GoI. Further, in the event of a transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the GoI. Furthermore, on April 22, 2020, the Ministry of Finance, GoI has also made a similar amendment to the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 324.

50. ***There is no existing market for our Equity Shares, and we do not know if one will develop. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Offer. The Offer Price of the Equity Shares has been determined by our Company (through the IPO Committee) in consultation with the BRLMs and in accordance with the Book Building Process and is based on numerous factors. For further information, see *"Basis for Offer Price"* on page 89. The Offer Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Offer. The Offer Price is not indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer and may decline below the Offer Price. There can be no assurances that Bidders who are Allotted Equity Shares through the Offer will be able to resell their Equity Shares at or above the Offer Price.

51. ***An investment in the Equity Shares is subject to general risks related to investments in Indian companies.***

We are incorporated in India and our assets and employees are located in India. Consequently, our business, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

52. ***Any downgrading of India's debt rating by an international rating agency could have an adverse impact on our business.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB- with a "stable" outlook (S&P) and BBB- with a "negative" outlook (Fitch). India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our ability to raise additional financing in a timely manner or at all, as well as the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

53. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

The Restated Financial Statements included in this Draft Red Herring Prospectus have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per the SEBI ICDR Regulations included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

54. Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.

Indian laws and legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law, including in relation to class actions, may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

55. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

Risks Related to the Offer and the Equity Shares

56. We cannot assure payment of dividends on the Equity Shares in the future.

While our declaration of dividends is at the discretion of our Board and subject to Shareholder approval as set out in the section titled "*Dividend Policy*" on page 189 and the amount of future dividend payments by our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, we may not declare dividends on the Equity Shares. Additionally, we may, in the future, be restricted by the terms of our loan agreements to make any dividend payments unless otherwise agreed with our lenders.

57. The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the current market price of some securities listed pursuant to certain previous issues managed by the Book Running Lead Managers may be below their respective issue prices.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and shall be based on various factors, as described in the section "*Basis for Offer Price*" on page 89. This price may not necessarily be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

We cannot assure you that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. The Bidders may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after this Offer may be subject to significant fluctuations as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. Further, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures - Price information of past issues handled by the Book Running Lead Managers*" beginning on page 293.

The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by our major shareholders;
- investor perception of us and the industry in which we operate;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations;
- the public's reaction to our press releases and adverse media reports;
- speculative trading in the Equity Shares;
- changes in exchange rates;
- outbreaks of new pandemics and/ or epidemics; and
- general economic and market conditions.

Changes in relation to any of the factors listed above could adversely affect the market price of the Equity Shares. The market price of the Equity Shares may decline below the Offer Price and investors may not be able to re-sell Equity Shares at or above the Offer Price resulting in a loss of all or part of the investment.

58. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. The value of the investors' investment and dividend could be adversely affected by any fluctuations in the currency rate. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the USA dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

59. Investors may not be able to immediately sell any of the Equity Shares you subscribe to in this Offer on an Indian Stock Exchange.

The Equity Shares will be listed on the Stock Exchange. Pursuant to the applicable Indian laws and practice, permission for listing of the Equity Shares will not be granted till the Equity Shares in this Offer have been issued and allotted and all relevant documents are submitted to the Stock Exchanges. Further, certain actions must be completed prior to the commencement of listing and trading of the Equity Shares such as the Investor's book entry or 'demat' accounts with the depository participants in India, expected to be credited within one (1) Working Day of the date on which the Basis of Allotment is finalized with the Designated Stock Exchange. In addition, the Allotment of Equity Shares in the Offer and the credit of such Equity Shares to the applicant's demat account with the depository participant could take approximately five Working Days from the Bid/Offer Closing Date and trading in Equity Shares upon receipt of listing and trading approval from the Stock Exchanges, trading of Equity Shares is expected to commence within six Working Days from Bid/ Offer Closing Date. Any failure or delay in obtaining the approval or otherwise commence trading in Equity Shares would restrict your ability to dispose of your Equity Shares. We cannot assure you that the Equity Shares will be credited to investors' demat accounts or that trading in the Equity Shares will commence in a timely manner (as specified herein) or at all. We could also be required to pay interest at the applicable rates if the allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

60. There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer. In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the Stock Exchanges within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

61. There is no assurance that our Equity Shares will remain listed on the Stock Exchange.

Although it is currently intended that the Equity Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of the Equity Shares. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchanges. Accordingly, Shareholders will not be able to sell their Equity Shares through trading on the Stock Exchanges if the Equity Shares are no longer listed on the Stock Exchange.

62. Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by us may dilute your shareholding and the sale of Equity Shares by the Promoters may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth, whether organic or inorganic, through future equity offerings. Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options under an employee benefit scheme may lead to dilution of your shareholding in our Company. Any future equity issuances by us (including under an employee benefit scheme) or disposal of our Equity Shares by the Promoters or any of our other principal shareholders or any other change in our shareholding structure to comply with the minimum public shareholding norms applicable to listed companies in India or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our equity shares or incurring additional debt.

Except as disclosed in "*Capital Structure*" on page 65, we cannot assure you that we will not issue further Equity Shares or that our existing shareholders including our Promoters will not dispose of further Equity Shares after the completion of the Offer (subject to compliance with the lock-in provisions under the SEBI ICDR Regulations) or pledge or encumber their Equity Shares. Any future issuances could also dilute the value of shareholder's investment in the Equity Shares and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the Offer Price. We may also issue convertible debt securities to finance our future growth or fund our business activities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

63. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under the Companies Act, a public company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the laws of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

64. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold.

With respect to capital gains arising in an off-market sale, long term capital gains are subject to tax at the rate of 10.00% (plus applicable surcharge and cess) without the exemption of ₹100,000. Short-term capital gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15.00% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40.00% (plus applicable surcharge and cess) in the case of foreign companies and 30.00% (plus applicable surcharge and cess) in the case of other non-resident taxpayers.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

The Finance Act, 2019, which amended the Indian Stamp Act, 1899 with effect from July 1, 2020, had clarified that in the absence of a specific provision under an agreement, the buyer shall be liable to pay stamp duty in case of sale of securities through stock exchanges, and the transferor shall be liable to pay stamp duty in case of transfer for consideration through a depository. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. Additionally, the Finance Act does not require dividend distribution tax to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. Our Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

65. Qualified Institutional Buyers (QIBs) and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and the Retail Individual Bidders are not permitted to withdraw their Bids after the Bid/Offer Closing Date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to block the Bid amount on the submission of the Bid and not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. RIBs can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all the Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six (6) Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

66. The requirements of being a publicly-listed company may strain our resources.

We are not a publicly-listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. We may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition, results of operations, and cash flows. In addition, we may need to hire additional legal and accounting staff with appropriate experience and knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

SECTION III – INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares[(1)]	Up to [●] Equity Shares having face value of ₹ 5 each, aggregating up to ₹ [●] million
***of which*:**	
Fresh Issue [(1)]	Up to [●] Equity Shares, aggregating up to ₹ 2,000.00 million
Offer for Sale [(1)(2)]	The Offer for Sale of up to 31,46,802 Equity Shares aggregating up to ₹ [●] million, by the Selling Shareholders.
The Offer comprises of:	
A) QIB Portion [(3)(4)]	Not less than [●] Equity Shares
***of which*:**	
(i) **Anchor Investor Portion[(3)]**	Up to [●] Equity Shares
(ii) **Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)**	[●] Equity Shares
of which:	
(a) **Available for allocation to Mutual Funds only (5% of the Net QIB Portion)**	[●] Equity Shares
(b) **Balance for all QIBs including Mutual Funds**	[●] Equity Shares
B) Non-Institutional Portion[(6)]	Not more than [●] Equity Shares
C) Retail Portion [(3)(4) (5)]	Not more than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as at the date of this Draft Red Herring Prospectus)	27,532,080 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 82 for information on the use of proceeds arising from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

(1) *The Offer has been authorized by a resolution of our Board dated July 25, 2022. Further, the Fresh Issue has been authorized by a resolution of our Shareholders dated July 25, 2022. Further, our Board has taken on record the consent of the Selling Shareholders for the participation in the Offer for Sale on September 21, 2022.*

(2) *The Selling Shareholders, severally and not jointly, confirm that the Offered Shares have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus. The Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale as part of the Offer in terms of the Regulations 8 and 8A of the SEBI ICDR Regulations. The Selling Shareholders have severally and not jointly approved the transfer of the Offered Shares, pursuant to the Offer for Sale. For further details of authorizations received for the Offer, see "Other Regulatory and Statutory Disclosures" on page* 287.

(3) *Our Company and the Selling Shareholders in consultation with the BRLMs may, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI ICDR Regulations. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. For further details, see "Offer Procedure" on page* 307.

(4) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. Under subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of under-subscription in the Offer, Allotment of valid Bids will be made in the first instance towards subscription of 90% of the Fresh Issue ("Minimum Subscription"), provided that post satisfaction of the Minimum Subscription, subject to receipt of any remaining valid Bids, Equity Shares will be Allotted (a) in priority towards the balance Fresh Issue; and (b) Offered Shares being offered by the Selling Shareholders post complete allotment of the Equity Shares forming part of the Fresh Issue, proportionately towards the Offered Shares being offered by the Selling Shareholders.*

(5) *Allocation to Bidders in all categories, except Anchor Investors, if any to Non-Institutional Investors and Retail Individual Investors, shall be made in accordance with the SEBI ICDR Regulations, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. The allocation to each Non-Institutional Investor shall not be less than ₹ 2,00,000, subject to the availability of Equity Shares in Non-Institutional Investors' category, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis. For further details, see "Offer Procedure" on page* 307. *Our Company will not receive any proceeds from the Offer for Sale.*

(6) *Not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which (i) 1/3rd of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000; and (ii) 2/3rd of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹1,000,000 provided that under-subscription in either of these two sub-categories of Non-Institutional Category specified in (i) and (ii) may be allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

For further details, including in relation to grounds for rejection of Bids, refer to "*Offer Structure* "and "*Offer Procedure*" on pages 304 and 307, respectively. For further details of the terms of the Offer, see "*Terms of the Offer*" on page 298.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary of financial information derived from the Restated Financial Statements as of Fiscals ended March 31, 2022, March 31, 2021 and March 31, 2020. The summary of financial information presented below should be read in conjunction with our Restated Financial Statements, the notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 253.

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SUMMARY OF RESTATED STATEMENT OF ASSETS AND LIABILITIES

(All amounts are in ₹ millions, unless otherwise specified)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	1,079.89	1,037.15	877.84
Capital work in-progress	168.01	27.69	9.80
Right of use assets	7.78	12.59	11.15
Intangible assets	30.07	4.35	4.93
Intangible assets under development	116.95	34.17	51.53
Financial assets			
Investments	0.46	0.46	0.46
Other financial assets	9.60	9.44	9.74
Other non-current assets	5.49	6.86	25.22
Total Non -Current Assets	**1,418.25**	**1,132.71**	**990.67**
Current assets			
Inventories	300.75	267.08	207.70
Financial assets			
Trade Receivables	526.25	547.87	234.06
Cash and cash equivalents	173.53	202.87	205.23
Bank balances other than cash & cash equivalents	1,558.72	1,386.14	1,294.51
Other financial assets	33.99	30.61	51.80
Other Current Assets	42.21	61.54	53.03
Total Current Assets	**2,635.45**	**2,496.11**	**2,046.33**
TOTAL ASSETS	**4,053.70**	**3,628.82**	**3,037.00**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	137.66	68.83	60.23
Other equity	3,262.49	2,889.93	2,035.10
Total Equity	**3,400.15**	**2,958.76**	**2,095.33**
Liabilities			
Non-Current Liabilities			
Financial liabilities			
Borrowings	0.35	1.34	2.27
Lease liabilities	1.52	3.26	3.05
Provisions	47.76	48.48	44.41
Deferred Tax Liabilities (Net)	5.16	7.06	5.72
Total Non – Current Liabilities	**54.79**	**60.14**	**55.45**
Current liabilities			
Financial liabilities			
Borrowings	0.85	1.21	501.79
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	13.25	6.82	4.11
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	383.22	391.67	227.54
Lease liabilities	2.04	5.41	4.40
Other financial liabilities	89.65	127.32	91.78
Other current liabilities	28.79	3.72	7.94
Provisions	21.22	20.84	16.43
Current tax liabilities (Net)	59.74	52.93	32.23
Total Current Liabilities	**598.76**	**609.92**	**886.22**
TOTAL EQUITY AND LIABILITIES	**4,053.70**	**3,628.82**	**3,037.00**

SUMMARY OF RESTATED STATEMENT OF PROFIT AND LOSS

(All amounts are in ₹ millions, unless otherwise specified)

Particulars	For 12 months period ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Income			
Revenue from operations	2,337.77	1,865.75	1,590.65
Other income	80.97	84.50	116.75
Total income	**2,418.74**	**1,950.25**	**1,707.40**
Expenses			
Cost of raw material and components consumed	935.61	689.04	560.49
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	0.71	(19.43)	21.59
Employee benefits expense	225.42	217.73	196.49
Finance costs	1.66	1.84	44.59
Depreciation and amortization expense	113.91	76.09	63.89
Other expenses	519.90	459.42	442.73
Total expenses	**1,797.21**	**1,424.69**	**1,329.78**
Profit before tax	**621.53**	**525.56**	**377.62**
Tax expense:			
For the year			
Current tax	162.30	143.85	111.39
Deferred tax charged/ (credit)	(2.28)	1.27	(14.16)
Total tax expense/(credit)	**160.02**	**145.12**	**97.23**
Profit for the year	**461.51**	**380.44**	**280.39**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined benefit plans	1.45	0.29	(2.90)
Income tax on above	(0.36)	(0.07)	0.73
Total other comprehensive income for the year	**1.09**	**0.22**	**(2.17)**
Total comprehensive income for the year	**462.60**	**380.66**	**278.22**
Earnings per equity share			
Basic earnings per share (in ₹)	16.76	13.82	11.64
Diluted earnings per share (in ₹)	16.76	13.82	10.18

SUMMARY OF STATEMENT OF CASH FLOWS

(All amounts are in ₹ millions, unless otherwise specified)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flows from operating activities			
Profit/(Loss) before tax	**621.53**	**525.56**	**377.62**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization expense	113.90	76.09	63.89
Provision for mark to market losses on derivatives	-	-	1.80
Provision for doubtful debts and advances	-	-	2.81
Development Expenditure written off	-	42.86	-
Interest Expenses	1.13	1.17	2.45
Unwinding of discounting (lease obligations)	0.54	0.67	0.86
Finance cost on Preference Shares (unwinding)	-	-	41.28
Interest Income	(64.43)	(79.80)	(91.89)
Loss/(gain) on sale / discard of assets (net)	-	(0.26)	-
Changes in:			
Trade and other receivables	40.80	(322.02)	120.97
Inventories	(33.66)	(59.39)	(10.09)
Trade and other payables and provisions	(13.49)	207.92	(11.38)
Cash generated from operations	**666.32**	**392.80**	**498.32**
Income taxes paid (net)	(155.55)	(123.15)	(115.03)
Net cash inflow / (outflow) from operating activities	**510.77**	**269.65**	**383.29**
B. Cash flows from/ (used in) investing activities			
Purchase of Fixed Assets	(399.26)	(255.68)	(130.92)
Sale of Fixed Assets	-	0.53	-
Interest received	61.05	100.99	52.59
Term deposit with banks, matured / (placed) (net)	(172.57)	(91.62)	(164.73)
Net cash flows (used in) investing activities	**(510.78)**	**(245.78)**	**(243.06)**
C. Cash flows from/ (used in) financing activities			
Short Term Borrowings availed / (repaid) (net)	(0.36)	(0.57)	(0.03)
Long Term Borrowings availed / (repaid) (net)	(0.99)	(0.93)	(1.85)
Dividend paid	(21.21)	(17.22)	(40.28)
Lease rentals paid	(5.64)	(6.34)	(4.62)
Tax on dividend	-	-	(8.28)
Interest paid	(1.13)	(1.17)	(2.45)
Net cash flows from financing activities	**(29.33)**	**(26.23)**	**(57.51)**
Net increase/ (decrease) in cash and cash equivalents	**(29.34)**	**(2.36)**	**82.72**
Cash and cash equivalents at beginning of the year	202.87	205.23	122.51
Cash and cash equivalents at end of the year	**173.53**	**202.87**	**205.23**

GENERAL INFORMATION

Our Company was originally incorporated as “Divgi Metalwares Private Limited”, a private limited company under the Companies Act, 1956 through certificate of incorporation dated December 16, 1964 issued by the RoC. Pursuant to an amendment to the Companies Act, 1956, our Company was deemed public under Section 43A(1A) of the Companies Act, 1956. Consequently, the word ‘Private’ was deleted from the name of our Company and our name was changed to “Divgi Metalwares Limited” with effect from July 1, 1996. The name of our Company was further changed to “Divgi Metalwares Private Limited” upon insertion of the word ‘Private’ after our Company was converted into a private limited company pursuant to an amendment to Section 43A(1A) in Companies Act, 1956 by Companies Amendment Act, 2000 with effect from November 23, 1998 and subsequently, a fresh certificate of incorporation dated October 26, 1999 was issued by the RoC.

Divgi Transmission Private Limited was incorporated on September 18, 1995. Pursuant to the special resolution dated September 20, 1995, the name of Divgi Transmission Private Limited was changed to “Divgi Warner Private Limited” and a fresh certificate of incorporation was issued on November 8, 1995. The name was further changed to “Divgi TorqTransfer Systems Private Limited” pursuant to the buyout of shares from BorgWarner and a fresh certificate of incorporation was issued on September 13, 2016.

Pursuant to an order passed by the National Company Law Tribunal, Mumbai Bench on September 21, 2017, the erstwhile Divgi TorqTransfer Systems Private Limited amalgamated with our Company i.e. Divgi Metalwares Private Limited and subsequently, the name of our Company changed from “Divgi Metalwares Private Limited” to “Divgi TorqTransfer Systems Private Limited” and a fresh certificate of incorporation dated November 24, 2017 was issued by the RoC. The erstwhile Divgi TorqTransfer Systems Private Limited was a wholly owned subsidiary of our Company i.e., Divgi Metalwares Private Limited. Thereafter, pursuant to a special resolution passed by our shareholders on October 18, 2021, our Company was converted to a public limited company and our name was changed to “Divgi TorqTransfer Systems Limited”. A fresh certificate of incorporation dated March 10, 2022 consequent upon change of name was issued by the RoC.

For details of changes in the name and registered office address of our Company, see ‘*History and Certain Corporate Matters*’ on page 160.

Registered and Corporate Office
Plot No. 75, General Block,
MIDC, Bhosari,
Pune 411026

For details of changes in our Registered Office, see “*History and Certain Corporate Matters-Change in the Registered Office*” at page 160.

Corporate identity number and registration number

Corporate Identity Number: U32201MH1964PLC013085
Registration Number: 013085

Address of the RoC

Our Company is registered with the RoC, situated at the following address:

Registrar of Companies

PCNTDA Green Building,
Block A, 1st & 2nd Floor,
Near Akurdi Railway Station,
Akurdi, Pune 411 044
Maharashtra

Our Board

As on the date of filing of this Draft Red Herring Prospectus, our Board of Directors comprises the following:

S. No.	Name	Designation	DIN	Address
1.	Praveen Purushottam Kadle	Chairman and Independent Director	00016814	18, Floor-2, Plot-210/211, CCI Chambers, Dinshaw Wachcha Road, Brabourn Stadium, Churchgate Mumbai 400020
2.	Jitendra Bhaskar Divgi	Managing Director	00471531	Omkar 273/1/2, Baner Road, Behind Corporation Bank, Baner, Pune 411045

S. No.	Name	Designation	DIN	Address
3.	Hirendra Bhaskar Divgi	Whole Time Director	01634431	Flat No. 17, Kanchanjunga Housing Society Marutrao Gaikwad Nagar, Near Aundh, ITI Aundh, Pune 411007
4.	Sanjay Bhalchandra Divgi	Non-Executive Non-Independent Director	00471465	Row House 9, S.No.63/1/A, Angele Hills, Paud Road, Nr Ambrosia Resort, Bavdhan, Armament, Pune 411021
5.	Bharat Bhalchandra Divgi	Non- Executive Non-Independent Director	00471587	Flat no.9, Building A, Madhukamal Nagar Society, Paud road, Shivtirth nagar, Kothrud, Pune city, Pune 411038
6.	Pradip Vasant Dubhashi	Independent Director	01445030	B-29, Pashan Road, B U Bhandari Showroom, Abhimanshree Society, Pune 411008
7.	Ajay Bhaskar Limaye*	Non- Executive Non-Independent Nominee Director	02762738	2-C 2, 2nd Floor, Lloyds Garden, Nr. Tata Motors Show Room, Appasaheb Marathe Rd, Prabhadevi, Mumbai 400025
8.	Pundalik Dinkar Kudva	Independent Director	03385091	4, Kumar Panorama, 45/1B, Shankar Sheth Road, Near State Bank of India, Market Yard Pune 411037
9.	Geeta Prafullachandra Tolia	Independent Director	06931660	C-302, Lunkad Valencia, Plot Number 47, Opp. Joggers Park, Vimannagar, Pune, Pune City, Dukirkline Pune, Pune City, Maharashtra 411014.

* *Nominee director of Oman India Joint Investment Fund II*

For further details of our Directors, see "*Our Management*" on page 166.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed through the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with Regulation 25(8) of the SEBI ICDR Regulations and the SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and has been emailed to SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing –CFD."

A copy of the Red Herring Prospectus, along with the material documents and contracts required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC, and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Company Secretary and Compliance Officer

Satish Chandrashekhar Kadrolli is the Company Secretary and the Compliance Officer of our Company.

His details are as follows:

Satish Chandrashekhar Kadrolli
"ShivSai", P No. 19/B, Block 2,
Tukaram Nagar, Talegaon Dabhade,
Pune, Maharashtra,
India, 410506
Tel: +91 020 – 27302000
E-mail: sckadrolli@divgi-tts.com

Investor Grievances

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode.

All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. In terms of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SCSBs are required to compensate the investor immediately on the receipt of complaint. Further, the BRLMs are required to compensate the investor for delays in grievance redressal from the date on which the grievance was received until the actual date of unblock.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, name and address of the Book Running Lead Managers, unique transaction reference number, the name of the relevant bank, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

Inga Ventures Private Limited
1229, Hubtown Solaris,
NS Phadke Marg,
Opp. Telli Galli,
Andheri (East)
Mumbai 400 069, Maharashtra, India
Telephone: +91 22 6854 0808
E-mail: divgi.ipo@ingaventures.com
Investor grievance e-mail: investors@ingaventures.com
Contact person: Kavita Shah
Website: www.ingaventures.com
SEBI registration no.: INM000012698

Equirus Capital Private Limited
12th Floor, C Wing,
Marathon Futurex,
N.M. Joshi Marg, Lower Parel
Mumbai – 400013
Maharashtra, India
Telephone: +91 22 4332 0734
E-mail: divgittsl.ipo@equirus.com
Investor grievance e-mail: investorsgrievance@equirus.com
Contact person: Mrunal Jadhav
Website: www.equirus.com
SEBI registration no.: INM00001286

Statement of inter-se allocation of responsibilities among the BRLMs

The responsibilities and coordination by the BRLMs for various activities in the Offer are as follows:

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	Inga, Equirus	Inga
2.	Drafting and approval of all statutory advertisement	Inga, Equirus	Inga
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report.	Inga, Equirus	Equirus
4.	Appointment of intermediaries – Bankers to the Offer, Registrar to the Offer, advertising agency, printers to the Offer including coordination of all agreements to be entered into with such intermediaries.	Inga, Equirus	Inga
5.	Preparation of road-show presentation and frequently asked questions	Inga, Equirus	Equirus
6.	Institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy; • Finalizing the list and division of institutional investors for meetings; and • Finalizing road show and investor meeting schedule.	Inga, Equirus	Equirus
7.	Non-institutional marketing of the Offer and retail marketing of the Offer, which will cover, *inter alia*: • Formulating marketing strategies for non-institutional and retail investors;	Inga, Equirus	Inga

Sr. No.	Activity	Responsibility	Coordinator
	• Finalising media, marketing and public relations strategy and preparation of publicity budget; • Finalising collection centres; • Finalising centres for holding conferences for brokers etc. • Coordinating for distribution of publicity and Offer material including application form, RHP / Prospectus and deciding on quantum of Offer materials • Finalizing commission structure; • Arranging for selection of underwriters and • underwriting agreement		
8.	Coordination with Stock Exchanges, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange, anchor coordination, anchor CAN and intimation of anchor allocation.	Inga, Equirus	Inga
9.	Managing the book and finalization of pricing in consultation with the Company	Inga, Equirus	Inga
10.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholders under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI.	Inga, Equirus	Equirus

Syndicate Members

[●]

Legal Counsel to our Company as to Indian Law

Trilegal
One World Centre
10th Floor, Tower 2A & 2B
Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: +91 22 4079 1000

Legal Counsel to the BRLMs as to Indian Law

Bharucha & Partners
13th Floor, Free Press House,
Free Press Journal Marg, Nariman Point,
Mumbai – 400 021,
Maharashtra, India.
Tel: +91 22 6132 3900

Legal Counsel to the Selling Shareholders

Rajani Associates
Krishna Chambers
59 New Marine Lines
Mumbai 400020
Maharashtra, India
Tel: +91 22 4096 1000

Special Purpose International Legal Counsel to the BRLMs

Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore 049321
Tel: +65 6538 0900

Statutory Auditor to our Company

B. K. Khare & Co., Chartered Accountants
706/708, Sharda Chambers,
New Marine Lines,
Mumbai 400 020, India
Tel: 91 22 22000607/7318/6360
E-mail:bkkpune@bkkhareco.com
Firm Registration No.: 105102W
Peer Review No.: 014113

Changes in auditors

There has been no change in the statutory auditor of our Company in the last three years preceding the date of this Draft Red Herring Prospectus:

Registrar to the Offer

Link Intime India Private Limited
C-101, 247 Park,
L B S Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
Email: divgi.ipo@linkintime.co.in
Investor Grievance Email: divgi.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Banker(s) to the Offer

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Account Bank(s)

[●]

Sponsor Banks

[●]

Bankers to our Company

HDFC Bank Ltd
HDFC House, H T Parekh Marg,
165-166 Backbay Reclamation,
Churchgate, Mumbai – 400 020,
Maharashtra, India.
Telephone: +91 020 - 27290280
Email: Manisha.seth@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Manisha Seth

State Bank of India
Kasarwadi, Opp. Hotel Kalasagar,
Pimpri, Pune – 411 034,
Maharashtra, India,
Telephone: +91 - 020 – 2999 – 4501/4502/4503
Email: sbi.04523@sbi.co.in
Website: www.sbi.co.in
Contact Person: Rachita Hora/Reeta Kumari

Saraswat Co-op Bank Ltd
Eknath Thakur Bhavan, Corporate Centre,
Plot No. 953, Appasahep Marathe Marg,
Prabhadevi, Mumbai – 400 025,
Maharashtra, India.
Telephone: +91 020 - 41422214
Email: mrunalini.varma@saraswatbank.com
Website: www.saraswatbank.com
Contact Person: Mrunalini Varma

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than an UPI Bidder using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any other website prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time or any other website prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and https://www1.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Broker Centres/Designated CDP Locations/Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and at the website of SEBI at https:// www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

The list comprising the details of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI at https:// www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time.

Credit Rating

As this is an Offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

No credit rating agency registered with the SEBI has been appointed in respect of obtaining grading for the Offer.

Debenture Trustees

As this is an Offer of Equity Shares, no debenture trustees has been appointed for the Offer.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Monitoring Agency

Our Company shall in compliance with Regulation 41 of the SEBI ICDR Regulations, appoint a Monitoring Agency, prior to filing of the Red Herring Prospectus, for monitoring the utilization of the Net Proceeds. For details in relation to the proposed utilisation of the Net Proceeds, see "*Objects of the Offer*" on page 82.

Appraising Agency

No appraising agency has been appointed in relation to the Offer.

Experts to the Offer

Except as stated below, our Company has not obtained any expert opinions.

Our Company has received written consent dated September 12, 2022 from the Statutory Auditor, namely, B.K. Khare & Co., to include their name as required under section 26 of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of their examination report dated July 25, 2022 relating to the Restated Financial Statements and their statement of special tax benefits dated September 21, 2022, included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. The term "experts" and consent thereof does not represent an expert or consent within the meaning under the U.S. Securities Act.

In addition, our Company has received written consent dated September 21, 2022 from A. R. Sulakhe & Company, Chartered Accountants, to include its name as an independent chartered accountant under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act.

Our Company has received written consent from Smita Mehendaley, Chartered Engineer to include their name in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) and 26(5) of the Companies Act in their capacity as the independent chartered engineer and in respect of the certificate dated August 29, 2022 issued by them in connection with the Objects of the Offer and regarding capacities of the manufacturing facilities of the Company such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated September 21, 2022 from CS Vinayak Sadashiv Khanvalkar, practicing Company Secretary in whole time practice, to include its name as a practicing company secretary under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act.

The term "expert" shall not be construed to mean an "expert" as defined under the U. S. Securities Act.

Book Building Process

Book Building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms (and the Revision Forms) within the Price Band, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and if not disclosed in the Red Herring Prospectus, will be advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and [●] edition of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs, after the Bid/Offer Closing Date. For further details, see "*Offer Procedure*" on page 307.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs Bidding in the Retail Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to RIBs and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis.

Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and Bidders are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to (i) filing of the Prospectus with the RoC; and (ii) obtaining final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 304 and 307, respectively.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Terms of the Offer*" and "*Offer Procedure*" on pages 298 and 307, respectively.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters in relation to the Equity Shares proposed to be offered through the Offer. Subject to the applicable laws and pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement has not been executed as of the date of this Draft Red Herring Prospectus. It is proposed that pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, specified therein.

The Underwriters have indicated their intention to underwrite such number of Equity Shares as disclosed below:

(This portion has been intentionally left blank and will be completed before the Prospectus is filed with the RoC)

Name, Address and telephone number and email address of the Underwriters	Indicative Number of equity shares to be underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalized after determination of the Offer Price and actual allocation, in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of each of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board/the IPO Committee, will at its meeting accept and enter into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters will be severally responsible for ensuring payment with respect to Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to filing the Prospectus with the RoC. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(*in ₹, except share data*)

		Aggregate nominal value	Aggregate value at Offer Price [(1)]
A	**AUTHORIZED SHARE CAPITAL**		
	40,000,000 Equity Shares of face value ₹ 5 each	200,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	27,532,080 Equity Shares of face value ₹ 5 each	137,660,400	-
C	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares of face value ₹ 5 each aggregating up to [●] million [(1)] [(2)]	[●]	[●]
	Of which		
	Fresh Issue of [●] Equity Shares of face value ₹ 5 each aggregating up to ₹ 2,000.00 million [(1)]	[●]	[●]
	Offer for Sale of up to 31,46,802 Equity Shares of face value ₹ 5 each aggregating up to ₹ [●] million [(3)]	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**[(1)]		
	[●] Equity Shares of face value ₹ 5 each	[●]	-
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	1,179,260,000	
	After the Offer[(1)]	[●]	

(1) To be included upon finalization of the Offer Price.

(2) The Offer has been authorised by our Board pursuant to its resolution dated July 25, 2022 and the Fresh Issue has been authorized by a special resolution of our Shareholders pursuant to their resolution dated July 25, 2022.

(3) Our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to a resolution passed at its meeting held on September 21, 2022. For further details on authorizations of the Selling Shareholders received for their respective portion in the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 287. Each of the Selling Shareholders, severally and not jointly confirm that the Equity Shares being offered by them in the Offer for Sale are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations and each of the Selling Shareholder has confirmed and authorized its participation in the Offer for Sale.

For details of changes to our Company's authorised share capital in the last 10 years, please see "*History and Certain Corporate Matters*" on page 160.

Notes to the Capital Structure

Share capital history of our Company:

(a) Equity Share capital

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reasons/nature of allotment	Cumulative no. of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
December 16, 1964	50	100	100	Cash	Initial Subscription to the MoA [(1)]	50	5,000
June 30, 1965	2,250	100	-	Other than Cash	Further Issue[(2)]	2,300	230,000
February 4, 1970	1,500	100	100	Cash	Further Issue [(3)]	3,800	380,000
June 15, 1971	1,050	100	100	Cash	Further Issue[(4)]	4,850	485,000

Date of allotment	Number of equity shares	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Reasons/nature of allotment	Cumulative no. of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
June 30, 1973	350	100	100	Cash	Further Issue(5)	5,200	520,000
June 29, 1974	710	100	100	Cash	Further Issue(6)	5,910	591,000
June 28, 1976	5,910	100	NA	NA	Bonus Issue(7)	11,820	1,182,000
June 27, 1977	180	100	100	Cash	Further Issue(8)	12,000	1,200,000
May 27, 1979	12,000	100	NA	NA	Bonus Issue(9)	24,000	2,400,000
December 24, 1981	6,000	100	100	Cash	Further Issue(10)	30,000	3,000,000
October 26, 1982	30,000	100	NA	NA	Bonus Issue(11)	60,000	6,000,000
January 4, 1993	40,000	100	NA	NA	Bonus Issue(12)	100,000	10,000,000
March 27, 1993	10,000	100	100	Cash	Further Issue(13)	110,000	11,000,000
February 28, 1996	25,000	100	100	Cash	Further Issue (14)	135,000	13,500,000
January 20, 1997	15,000	100	100	Cash	Rights Issue(15)	150,000	15,000,000
June 29, 2009	329,000	100	100	Cash	Further Issue(16)	479,000	47,900,000
August 25, 2016	59,868	100	5,011	Cash	Preferential Issue(17)	538,868	53,886,800
August 12, 2019	63,396	100	7,886.93	Cash	Conversion(18)	602,264	60,226,400
October 17, 2020	86,038	100	5,811.39	Cash	Conversion(18)	688,302	68,830,200
Pursuant to a resolution of our Board dated December 7, 2021,and Shareholders' resolution dated December 14, 2021, equity shares of face value of ₹100 each of our Company were sub-divided into Equity Shares of face value of ₹5 each. Consequently, the issued, subscribed, and paid-up share capital of our Company comprising 688,302 equity shares of face value of ₹100 each was sub-divided into 13,766,040 Equity Shares of face value of ₹5 each.						13,766,040	68,830,200
February 18, 2022	13,766,040	5	NA	NA	Bonus Issue(19)	27,532,080	137,660,400
Total						27,532,080	137,660,400

^ *We have been unable to trace the return of allotment (Form 2) and certain other records, in relation to changes in our issued, subscribed and paid up share capital, particularly for the issue and allotment of equity shares before March 27, 1993. Accordingly, disclosures in relation to the specific issuances of capital and changes in our issued, subscribed and paid up share capital have been made in reliance of (i) the Board CTC of the resolutions for the allotments, (ii) subsequent form filings, (iii) register of members available for the relevant periods, and (iv) certificate dated September 21, 2022, from CS Vinayak Khanvalkar, Practising Company Secretary. Please also see "Risk Factors – Some of our corporate records relating to allotments made by our Company, and transfers and acquisitions of Equity Shares made by our Shareholders, term of our whole-time director and initial appointments of our Directors are not traceable." on page 33.*

(1) List of allottees who were allotted equity shares of face value ₹100 each pursuant to initial subscription to the MoA are as follows:

Sr. No.	*Name of the allottee*	*Number of equity shares allotted*
1.	*Maghanahali Basettappa Swami Rao*	*10*
2.	*Ramrao Narsingrao Divgi*	*10*
3.	*Bhaskar Divgi*	*10*
4.	*Bhalchandra Narsingrao Divgi*	*10*
5.	*Mohan N Divgi*	*10*

(2) List of allotees who were allotted equity shares is as follows:

Sr. No.	*Name of the allottee*	*Number of equity shares allotted*
1.	*Bhaskar Divgi*	*900*
2.	*Ambika Divgi*	*250*
3.	*Jitendra Bhaskar Divgi*	*50*

Sr. No.	Name of the allottee	Number of equity shares allotted
4.	Anant N Divgi	250
5.	Ramrao Narsingrao Divgi	320
6.	Meera R Divgi	120
7.	Bhalchandra N Divgi	100
8.	Mohan N Divgi	260

(3) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ramrao N Divgi	650
2.	Bhaskar N Divgi	80
3.	Mohan N Divgi	270
4.	Bhalchandra N Divgi	500

(4) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Umesh N Divgi	300
2.	Anant N Divgi	550
3.	Bhalchandra N Divgi	200

(5) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	U N Divgi	150
2.	Mohan N Divgi	150
3.	Ambika B Divgi	50

(6) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika B Divgi	210
2.	Jitendra Bhaskar Divgi	50
3.	Meera R Divgi	60
4.	Bhalchandra Divgi	80
5.	Anant N Divgi	50
6.	Umesh N Divgi	50
7.	Mohan N Divgi	210

(7) Bonus issue of 5,910 equity shares issued to ten Shareholders in the ratio of 1 (one) equity shares for every 1 (one) equity shares held. List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika B Divgi	510
2.	Jitendra Bhaskar Divgi	100
3.	Meera R Divgi	180
4.	Bhalchandra Divgi	890
5.	Anant N Divgi	850
6.	Umesh N Divgi	500
7.	Mohan N Divgi	900
8.	M B Swamirao	10
9.	Bhaskar Divgi	990
10.	Ramrao N Divgi	980

(8) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	A B Divgi	16
2.	Jitendra Bhaskar Divgi	3
3.	R N Divgi	30
4.	M R Divgi	5
5.	Bhalchandra N Divgi	27
6.	A N Divgi	25
7.	U N Divgi	15
8.	M N Divgi	28
9.	M B Swamirao	1
10.	Bhaskar Divgi	30

(9) Bonus issue of 12,000 equity shares issued to existing Shareholders in the ratio of 1 (one) equity shares for every 1 (one) equity shares held. List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika B Divgi	1036
2.	Jitendra Bhaskar Divgi	453
3.	R N Divgi & S Koppikar	1

Sr. No.	Name of the allottee	Number of equity shares allotted
4.	Meera R Divgi	365
5.	Bhalchandra N Divgi	1307
6.	Anant N Divgi	1425
7.	Umesh N Divgi	1015
8.	R N Divgi & J D Koppikar	1
9.	M B Swamirao	21
10.	Bhaskar Divgi	1510
11.	Ashish Anant Divgi	300
12.	Ramrao N Divgi	1983
13.	Mohan N Divgi	1828
14.	Hirendra Bhaskar Divgi	250
15.	Bharat Bhalchandra Divgi	250
16.	Sanjay Bhalchandra Divgi	250
17.	Precision Radionic Private Limited	5

(10) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Divgi Family Trust	5000
2.	Divgi Investment Private Limited	1000

(11) Bonus issue of 30,000 equity shares issued to existing Shareholders in the ratio of 1 (one) equity shares for every 1 (one) equity shares held. List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika B Divgi	1972
2.	Jitendra Bhaskar Divgi	956
3.	Meera R Divgi	730
4.	Bhalchandra N Divgi	2564
5.	Anant N Divgi	2690
6.	Umesh N Divgi	2020
7.	R N Divgi & S Koppikar	2
8.	R N Divgi & J Koppikar	2
9.	M B Swamirao	42
10.	Bhaskar Divgi	2950
11.	Ashish Anant Divgi	450
12.	Ramrao N Divgi	3866
13.	Mohan N Divgi	3306
14.	Hirendra Bhaskar Divgi	600
15.	Bharat Bhalchandra Divgi	350
16.	Jayshree Mohan Divgi	370
17.	Shalini B Divgi	520
18.	Sudha A Divgi	300
19.	Divgi Family Trust	5000
20.	Divgi Investment Private Limited	1000
21.	Sanjay Bhalchandra Divgi	300
22.	Precision Radionic Private Limited	10

(12) Bonus issue of 40,000 equity shares issued in the ratio of 2 (two) equity shares for every 3 (three) equity shares held. List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika B Divgi	2403
2.	Jitendra Bhaskar Divgi	1501
3.	Meera R Divgi	1640
4.	Bhalchandra N Divgi	2621
5.	Anant N Divgi	2693
6.	Umesh N Divgi	2427
7.	R N Divgi joint with Suman D Koppikar	3
8.	R N Divgi joint with Jayant D Koppikar	3
9.	Bhaskar Divgi	3173
10.	Ashish Anant Divgi	1093
11.	Ramrao N Divgi	4488
12.	Mohan N Divgi	3475
13.	Hirendra Bhaskar Divgi	1560
14.	Bharat Bhalchandra Divgi	600
15.	Jayshree M Divgi	1693
16.	Shalini B Divgi	1225
17.	Sudha A Divgi	800
18.	B N Divgi joint with R N Divgi Trustees Divgi Family Trust	6667
19.	Divgi Investments Private Limited	1333

Sr. No.	Name of the allottee	Number of equity shares allotted
20.	Sanjay Bhalchandra Divgi	533
21.	Precision Radionic Private Limited	13
22.	Manjunath Macanhalli Swamirao	56

(13) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika Divgi	1000
2.	Jitendra Bhaskar Divgi	500
3.	Meera R Divgi	400
4.	Bhalchandra Divgi	500
5.	Umesh N Divgi	1600
6.	Kishore Mangesh Kalbag	1000
7.	Arun Ramdas Idgunji	1000
8.	Bhaskar Divgi	1100
9.	Ashish Anant Divgi	250
10.	Ramrao Narsingrao Divgi	700
11.	Mohan N Divgi	400
12.	Hirendra Bhaskar Divgi	400
13.	Bharat Bhalchandra Divgi	250
14.	Jayshree M Divgi	250
15.	Shalini B Divgi	250
16.	Sudha A Divgi	150
17.	Sanjay Bhalchandra Divgi	250

(14) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika B Divgi	850
2.	Jitendra Bhaskar Divgi	750
3.	Meera R Divgi	2840
4.	Bhalchandra Divgi	850
5.	Anant N Divgi	500
6.	Umesh N Divgi	9420
7.	Kishore Mangesh Kalbag	120
8.	Arun Ramdas Idgunji	120
9.	Bhaskar Divgi	1100
10.	Ashish Anant Divgi	550
11.	Ramrao N Divgi	3450
12.	Mohan N Divgi	1000
13.	Hirendra Bhaskar Divgi	750
14.	Bharat Bhalchandra Divgi	450
15.	Jayshree M Divgi	750
16.	Shalini B Divgi	400
17.	Sudha A Divgi	250
18.	Divgi Investment Pvt Limited	400
19.	Sanjay Bhalchandra Divgi	450

(15) List of allotees who were allotted equity shares is as follows:

Sr. No.	Name of the allottee	Number of equity shares allotted
1.	Ambika B Divgi	550
2.	Jitendra Bhaskar Divgi	1110
3.	Ramrao N Divgi	2420
4.	Meera R Divgi	1790
5.	Bhalchandra Divgi	1260
6.	Shalini B Divgi	590
7.	Umesh N Divgi	2730
8.	Sanjay Bhalchandra Divgi	630
9.	Bharat Bhalchandra Divgi	660
10.	Divgi Investments Private Limited	550
11.	Bhaskar Divgi	1600
12.	Hirendra Bhaskar Divgi	1110

(16) Allotment of 329,000 Equity Shares to Divgi Holdings Private Limited.

(17) Allotment of 59,868 Equity Shares to NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited) by way of Private Placement.

(18) 153,962 Compulsorily Convertible Preference Shares issued to Oman India Joint Investment Fund II were converted in two tranches: Conversion of Tranche-I of 76,981 Compulsorily Convertible Preference Shares into 63,396 Equity Shares on August 12, 2019 and conversion of Tranche-II of 76,981 Compulsorily Convertible Preference Shares into 86,038 Equity Shares on October 17, 2020. Consideration paid at the time of acquisition of Compulsorily Convertible Preference Shares.

(19) Bonus issue of 13,766,040 equity shares issued to existing shareholders in the ratio of 1 (one) Equity Shares for every 1 (one) Equity Shares held:

Sr. No.	***Name of the allottee***	***Number of equity shares allotted***
1.	*Jitendra Bhaskar Divgi*	*1,63,920*
2.	*Hirendra Bhaskar Divgi*	*1,64,860*
3.	*Ashish Anant Divgi*	*1,04,020*
4.	*Jayshree Mohan Divgi JW Divgi Holdings Private Limited*	*3,56,400*
5.	*Bharat Bhalchandra Divgi*	*98,860*
6.	*Sanjay Bhalchandra Divgi*	*80,920*
7.	*Manjunath Macanhalli Swamirao*	*2,800*
8.	*Mr. Kishore Mangesh Kalbag*	*22,400*
9.	*Mr. Arun Ramdas Idgunji*	*22,400*
10.	*M/S Divgi Holdings Private Limited*	*78,91,340*
11.	*NRJN Family Trust*	*11,97,360*
12.	*Oman India Joint Investment Fund - II*	*29,88,680*
13.	*Mr. Jitendra Bhaskar Divgi jointly with Divgi Holdings Private Limited*	*2,01,420*
14.	*Mr. Hirendra Bhaskar Divgi jointly with Divgi Holdings Private Limited*	*2,01,380*
15.	*Mr. Suraj Divgi jointly with Divgi Holdings Private Limited*	*1,34,640*
16.	*Mr. Harshwardhan Divgi jointly with Divgi Holdings Private Limited*	*1,34,640*

(b) Preference Share Capital

Our Company does not have any outstanding preference share capital as on date of the Draft Red Herring Prospectus.

1. Issue of shares for consideration other than cash or by way of bonus issue or out of revaluation of reserves

(i) Our Company has not issued any equity shares out of revaluation of reserves since its incorporation.

(ii) Except as disclosed below, our Company has not issued any equity shares for consideration other than cash or by way of bonus issue, as on the date of this Draft Red Herring Prospectus:

Date of allotment	**Number of allottees**	**Number of Equity Shares allotted**	**Face value (₹)**	**Issue price per Equity Share (₹)**	**Reason for allotment**	**Benefits accrued to our Company**
June 30, 1965	8	2,250	100	-	Further issue of shares for consideration other than cash	-
June 28, 1976	10	5,910	100	NA	Bonus issue of 5,910 equity shares in the ratio 1:1	-
May 27, 1979	17	12,000	100	NA	Bonus issue of 12,000 equity shares in the ratio 1:1	-
October 26, 1982	22	30,000	100	NA	Bonus issue of 30,000 equity shares in the ratio 1:1	-
January 4, 1993	22	40,000	100	NA	Bonus issue of 40,000 equity shares in the ratio 2:3	-
February 18, 2022	16	13,766,040	5	NA	Bonus issue of 13,766,040 equity shares in the ratio 1:1	-

2. Issue of equity shares pursuant to schemes of arrangement

Our Company has not issued or allotted any equity shares pursuant to schemes of arrangement approved under Sections 391 -394 of the *erstwhile* Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013.

3. Issue of Shares at a price lower than the Offer Price in preceding one year from date of this Draft Red Herring Prospectus

Except the bonus issue of 13,766,040 Equity Shares on December 14, 2021, which were subsequently allotted to the shareholders on February 18, 2022, our Company has not issued any equity shares at a price that may be lower than the Offer Price during a period of one year preceding the date of this Draft Red Herring Prospectus.

4. History of the share capital held by our Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters hold, in the aggregate 17,245,840 Equity Shares, which constitutes 62.64% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. ***Build-up of the shareholding of our Promoters in our Company***

The details regarding the shareholding of our Promoters since incorporation of our Company is set forth in the table below.

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
JITENDRA BHASKAR DIVGI							
June 30, 1965	Issue	50	Other than Cash	100	-	Negligible	[●]
June 29, 1974	Further Issue	50	Cash	100	100	Negligible	[●]
June 28, 1976	Bonus Issue in the Ratio 1:1	100	NA	100	-	Negligible	[●]
June 27, 1977	Further Issue	3	Cash	100	100	Negligible	[●]
November 19, 1978	Share Transfer from Bhaskar Divgi	250	Nil	100	-	Negligible	[●]
May 27, 1979	Bonus Issue in the Ratio 1:1	453	NA	100	-	Negligible	[●]
September 9, 1981	Share Transfer from Bhaskar Divgi	50	Nil	100	-	Negligible	[●]
October 26, 1982	Bonus Issue in the ratio of 1:1	956	NA	100	-	Negligible	[●]
April 25, 1983	Share Transfer from Bhaskar Divgi	200	Nil	100	-	Negligible	[●]
March 23, 1987	Share Transfer from Ambika Divgi	140	Nil	100	-	Negligible	[●]
January 4, 1993	Bonus Issue in the ratio of 2:3	1,501	NA	100	-	Negligible	[●]
March 27, 1993	Further Issue	500	Cash	100	100	Negligible	[●]
February 28, 1996	Further Issue	750	Cash	100	100	Negligible	[●]
January 20, 1997	Rights Issue	1,110	Cash	100	100	Negligible	[●]
February 18, 1997	Share Transfer from Divgi Family Trust^^	2,083	Nil	100	-	Negligible	[●]
March 27, 2021* # ^	Share transmission from Bhaskar Divgi	5,867	Nil	100	Nil	Negligible	[●]
March 27, 2021* # ^	Share transmission from Ambika Divgi	4,204	Nil	100	Nil	Negligible	[●]

* *jointly held with Divgi Holdings Private Limited*

\# *Upon the demise of Bhaskar Divgi and Ambika Divgi, Equity Shares held by them jointly with Divgi Holdings Private Limited in our Company, were transmitted to Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, the legal heirs of Bhaskar Divgi and Ambika Divgi and Divgi Holdings Private Limited continued as the second holder of these Equity Shares.*

^ *Our Company has pursuant to a board resolution dated March 27, 2021, have taken on record such transmission. The board of directors and shareholders of Divgi Holdings Private Limited have approved that it has no objection to the transfer of such Equity Shares to Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, as a first holder. Our Company has pursuant to the resolution passed by the board of directors on July 25, 2022 taken on record the unanimous resolutions passed by the board of directors and shareholders of Divgi Holdings Private Limited.*

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
Pursuant to a resolution passed by our Shareholders on December 14, 2021, our Company sub-divided the face value of Equity Shares from ₹ 100 each to ₹ 5 each. Therefore, pursuant to subdivision, Jitendra Bhaskar Divgi held (i) 163,920 Equity Shares; and (ii) 201,420 Equity Shares with Divgi Holdings Private Limited, with Jitendra Bhaskar Divgi as the first holder.							
February 18, 2022	Bonus Issue in the ratio of 1:1	365,340	Bonus	5	-	1.33	[●]
Total		**730,680***					
* *Out of the total shares held by Jitendra Bhaskar Divgi 402,840 are held jointly with Divgi Holding Private Limited* ^^ *the erstwhile 'Divgi Family Trust' has ceased to exist and the new trust formed pursuant to the trust deed dated September 6, 2022, is also named as 'Divgi Family Trust'.*							
HIRENDRA BHASKAR DIVGI							
November 19, 1978	Share Transfer from Bhaskar Divgi	250	Nil	100	-	Negligible	[●]
May 27, 1979	Bonus Issue in the Ratio 1:1	250	NA	100	-	Negligible	[●]
March 18, 1981	Share Transfer from Ambika Divgi	100	Nil	100	-	Negligible	[●]
October 26, 1982	Bonus Issue in the ratio of 1:1	600	NA	100	-	Negligible	[●]
April 25, 1983	Share Transfer from Bhaskar Divgi	200	Nil	100	-	Negligible	[●]
December 24, 1983	Share Transfer from Ambika Divgi	400	Nil	100	-	Negligible	[●]
October 18, 1984	Share Transfer from Bhaskar Divgi	200	Nil	100	-	Negligible	[●]
October 18, 1984	Share Transfer from Ambika Divgi	200	Nil	100	-	Negligible	[●]
March 23, 1987	Share Transfer from Bhaskar Divgi	140	Nil	100	-	Negligible	[●]
January 4, 1993	Bonus Issue in the ratio of 2:3	1,560	NA	100	-	Negligible	[●]
March 27, 1993	Further Issue	400	Cash	100	100	Negligible	[●]
February 28, 1996	Further Issue	750	Cash	100	100	Negligible	[●]
January 20, 1997	Rights Issue	1,110	Cash	100	100	Negligible	[●]
February 18, 1997	Share Transfer from Divgi Family Trust^^	2,083	Nil	100	-	Negligible	[●]
March 27, 2021*#^	Share Transmission from Bhaskar Divgi	5,866	Nil	100	Nil	Negligible	[●]
March 27, 2021*#^	Share Transmission from Ambika Divgi	4,203	Nil	100	Nil	Negligible	[●]
* *jointly held with Divgi Holding Pvt Ltd* # *Upon the demise of Bhaskar Divgi and Ambika Divgi, Equity Shares held by them jointly with Divgi Holdings Private Limited in our Company, were transmitted to Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, the legal heirs of Bhaskar Divgi and Ambika Divgi and Divgi Holdings Private Limited continued as the second holder of these Equity Shares.*							

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital
^ *Our Company has pursuant to a board resolution dated March 27, 2021, have taken on record such transmission. The board of directors and shareholders of Divgi Holdings Private Limited have approved that it has no objection to the transfer of such Equity Shares to Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, as a first holder. Our Company has pursuant to the resolution passed by the board of directors on July 25, 2022 taken on record the unanimous resolutions passed by the board of directors and shareholders of Divgi Holdings Private Limited.*							
Pursuant to a resolution passed by our Shareholders on December 14, 2021, our Company sub-divided the face value of Equity Shares from ₹ 100 each to ₹ 5 each. Therefore, pursuant to subdivision, Hirendra Bhaskar Divgi held (i) 164,860 Equity Shares; and (ii) 201,380 Equity Shares with Divgi Holdings Private Limited, with Hirendra Bhaskar Divgi as the first holder.							
February 18, 2022	Bonus Issue in the ratio of 1:1	366,240	NA	5	-	1.33	[●]
Total		**732,480***					
* *Out of the total shares held by Hirendra Bhaskar Divgi 402,760 are held jointly with Divgi Holding Private Limited* ^^ *the erstwhile 'Divgi Family Trust' has ceased to exist and the new trust formed pursuant to the trust deed dated September 6, 2022, is also named as 'Divgi Family Trust'.*							
DIVGI HOLDINGS PRIVATE LIMITED							
July 16, 2002*	Share Transmission from Ramrao Narsingrao Divgi	17,829	NA	100	Nil	Negligible	[●]
March 31, 2005	Share Transmission from Jayant D Koppikar	4	NA	100	Nil	Negligible	[●]
March 31, 2005	Share Transmission from Suman D Koppikar	4	NA	100	Nil	Negligible	[●]
March 10, 2003*	Share Transmission from Anant N Divgi	7,233	NA	100	Nil	Negligible	[●]
April 18, 2004*	Share Transmission from Sudha A Divgi	2,400	NA	100	Nil	Negligible	[●]
March 12, 2008*	Share Transmission from Meera R Divgi	13,297	NA	100	Nil	Negligible	[●]
June 29, 2009	Further Issue	329,000	Cash	100	100	1.19	[●]
March 31, 2015*	Share Transmission from Umesh N Divgi	19,817	NA	100	Nil	Negligible	[●]
March 31, 2017	Share Transfer from Divgi Investment Private Limited	4,283	NA	100	Nil	Negligible	[●]
March 15, 2021	Share Transfer from Sanjay Bhalchandra Divgi	700	Cash	100	5811.40	Negligible	[●]
Pursuant to a resolution passed by our Shareholders on December 14, 2021, our Company sub-divided the face value of Equity Shares from ₹ 100 each to ₹ 5 each. Therefore, the cumulative number of Equity Shares held by Divgi Holdings Private Limited pursuant to sub-division were 7,891,340 Equity Shares of face value ₹ 5 each.							
February 18, 2022	Bonus Issue in the ratio of 1:1	7,891,340	Bonus	5	-	28.65	[●]
Total		**15,782,680**					

Date of allotment/ transfer	Reason/ Nature of transaction	Number of Equity Shares	Nature of consideration	Face value (₹)	Issue price/ Transfer price per Equity Share (₹)	% of pre-Offer capital	% of post-Offer capital

* *Dates of transmission have been mentioned based on the date of endorsements made on the respective share certificates.*

b. Shareholding of our Promoters and Promoter Group

As on date of this DRHP, members of our promoter group do not hold any shares in the Company. Set forth below is the shareholding of our Promoters as on the date of this Draft Red Herring Prospectus:

S No.	Name of shareholder	Number of Equity Shares	% of the pre-Offer capital
Promoters			
1.	Jitendra Bhaskar Divgi*	730,680	2.65
2.	Hirendra Bhaskar Divgi**	732,480	2.66
3.	Divgi Holdings Private Limited	15,782,680	57.32
Sub Total (A)		17,245,840	62.64
Promoter Group			
1.	Jayshri Mohan Divgi***	712,800	2.59
2.	Suraj Sanjay Divgi****	269,280	0.98
3.	Harshvardhan Bharat Divgi****	269,280	0.98
Sub Total (B)		1,251,360	4.55%
Total Promoters and Promoter Group (A+B)		18,497,200	67.18%

* *includes 402,840 Equity Shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*
** *includes 402,760 Equity Shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*
*** *Equity Shares jointly held with Divgi Holdings Private Limited*
**** *Equity Shares jointly held with Divgi Holdings Private Limited*
***** *Equity Shares jointly held with Divgi Holdings Private Limited*

c. Details of Promoter's contribution and lock-in

(i) Pursuant to Regulations 14 and 16 (1) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be locked in for a period of three years as minimum promoter's contribution from the date of Allotment in the Offer ("**Minimum Promoter's Contribution**") and the shareholding of the Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment in the Offer.

(ii) Details of the Equity Shares to be locked-in for three years from the date of Allotment in the Offer as Minimum Promoter's Contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares held	Number of Equity Shares locked-in*	Date of allotment / transfer of Equity Shares*	Nature of transaction	Face Value per Equity Share (₹)	Issue/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total		[●]					[●]	[●]	[●]

* *The above details shall be filled up in the Prospectus.*
* *All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares.*

Our Promoters have given consent to include such number of Equity Shares held by it as disclosed above, constituting 20% of the fully diluted post-Offer Equity Share capital of our Company as Minimum Promoter's Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(iii) Our Company undertakes that the Equity Shares that are being locked-in are not and will not be, ineligible for computation of Minimum Promoter's Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, our Company confirms the following:

(a) The Equity Shares offered for Minimum Promoter's Contribution do not include Equity Shares acquired during the three immediately preceding years (i) for consideration other than cash, and involving revaluation of assets or capitalisation of intangible assets, (ii) pursuant to a bonus issue out of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares, which are otherwise ineligible for computation of Minimum Promoter's Contribution;

(b) The Minimum Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(c) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm;

(d) The Equity Shares forming part of the Minimum Promoter's Contribution are not subject to any pledge; and

(e) All the Equity Shares held by our Promoters shall be held in dematerialized form.

d. Details of Equity Shares locked-in for six months

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital held by persons other than our Promoters will be locked-in for a period of six months from the date of Allotment in the Offer, except Offered Shares and any other categories of shareholders in accordance with Regulation 16(b) of and as exempted under Regulation 17 of the SEBI ICDR Regulations.

Any unsubscribed portion of the Offered Shares of the Selling Shareholders would also be locked-in as required under Regulation 17 read with Regulation 8A(c) of the SEBI ICDR Regulations for a period of six months.

5. Lock-in Requirements

a) Pursuant to the SEBI ICDR Regulations, the entire pre-Offer capital of our Company shall be locked-in for a period of six months from the date of Allotment, except for (i) the Equity Shares Allotted pursuant to the Offer for Sale; (ii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least six months from the date of purchase by such shareholders, and (iii) as otherwise permitted under the SEBI ICDR Regulations. Further, any unsubscribed portion of the Offered Shares will also be locked in, as required under the SEBI ICDR Regulations. Additionally, in accordance with Regulation 8A of the SEBI ICDR Regulations, as the Offer is in compliance with Regulation 6(2), the relaxation from lock-in period provided under Regulation 17(c) of the SEBI ICDR Regulations shall not be available to any Shareholder(s) holding, individually or with persons acting in concert, more than 20% of pre-Offer shareholding of our Company on fully diluted basis.

b) Pursuant to Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons prior to the Offer and locked-in for a period of six months, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of such transferee and compliance with the applicable provisions of the Takeover Regulations.

6. Lock-in of Equity Shares Allotted to Anchor Investors

50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investors Portion shall be locked in for a period of 90 days from the date of Allotment and the remaining 50% of the Equity Shares shall be locked-in for a period of 30 days from the date of Allotment.

7. Recording on non-transferability of Equity Shares locked-in

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

8. Other requirements in respect of lock-in

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a deposit accepting housing finance company, subject to the following:

(i) With respect to the Equity Shares locked-in for one year from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan; and

(ii) with respect to the Equity Shares locked-in as Promoters' Contribution for three years from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in, in the hands of such transferee, for the remaining period and compliance with provisions of the Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons prior to the Offer and locked-in for a period of six months, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of such transferee and compliance with the applicable provisions of the Takeover Regulations.

9. Shareholding pattern of our Company

The table below presents the equity shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoters and Promoter Group	8	18,497,200	NIL	NIL	18,497,200	67.18%	18,497,200	NIL	18,497,200	67.18%	NIL	67.18%	NIL	NIL	NIL	NIL	18,497,200
(B)	Public	8	9,034,880	NIL	NIL	9,034,880	32.82%	9,034,880	NIL	9,034,880	32.82%	NIL	32.82%	NIL	NIL	NIL	NIL	9,034,880
(C)	Non Promoter-Non Public	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(C1)	Shares underlying DRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(C2)	Shares held by Employee Trusts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total	16	27,532,080	0	0	27,532,080	100	27,532,080	0	27,532,080	100	0	100	0	0	0	0	27,532,080

10. Other details of Shareholding of our Company

a) As on the date of this Draft Red Herring Prospectus, our Company has 16 Equity Shareholders.

b) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of the Company, on a fully diluted basis, as on the date of the Draft Red Herring Prospectus:

S. No.	Name of the shareholder	No. of equity shares	Percentage of the pre-Offer equity share capital on a fully diluted basis (%)
1.	Divgi Holdings Private Limited	15,782,680	57.32%
2.	Jitendra Bhaskar Divgi*	730,680	2.65%
3.	Hirendra Bhaskar Divgi**	732,480	2.66%
4.	Jayashri Mohan Divgi and Divgi Holdings Private Limited	712,800	2.59%
5.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	2,394,720	8.70%
6.	Oman India Joint Investment Fund II	5,977,360	21.71%
Total		26,330,720	95.64%

* *includes 402,840 shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*

** *includes 402,760 shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*

c) Set forth below is a list of shareholders holding 1% or more of the paid up Equity Share capital of the Company, on a fully diluted basis, as of 10 days prior to the date of the Draft Red Herring Prospectus:

S. No.	Name of the shareholder	No. of equity shares	Percentage of the pre-Offer equity share capital on a fully diluted basis (%)
1.	Divgi Holdings Private Limited	15,782,680	57.32%
2.	Jitendra Bhaskar Divgi*	730,680	2.65%
3.	Hirendra Bhaskar Divgi**	732,480	2.66%
4.	Jayashri Mohan Divgi and Divgi Holdings Private Limited	712,800	2.59%
5.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	23,94,720	8.70%
6.	Oman India Joint Investment Fund II	5,977,360	21.71%
Total		26,330,720	95.64%

* *includes 402,840 shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*

** *includes 402,760 shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*

d) Set forth below is a list of shareholders holding 1% or more of the paid up Equity Share capital of the Company, on a fully diluted basis, as of one year prior to the date of the Draft Red Herring Prospectus:

S. No.	Name of the shareholder	No. of equity shares	Percentage of the pre-Offer equity share capital on a fully diluted basis (%)
1.	Divgi Holdings Private Limited	394,567	57.32%
2.	Jitendra Bhaskar Divgi*	18,267	2.65%
3.	Hirendra Bhaskar Divgi**	18,312	2.66%
4.	Mohan Narsingrao Divgi held jointly with Divgi Holdings Private Limited	10,087	1.47%
5.	Jayashri Mohan Divgi held jointly with Divgi Holdings Private Limited	7,733	1.12%
6.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	59,868	8.70%
7.	Oman India Joint Investment Fund II	149,434	21.71%
Total		658,268	95.64%

* *includes 10,071 shares jointly held with Divgi Holdings Private Limited, i.e., 1.46% of the pre-Offer capital*

** *includes 10,069 shares jointly held with Divgi Holdings Private Limited, i.e., 1.46% of the pre-Offer capital*

e) Set forth below is a list of shareholders holding 1% or more of the paid up Equity Share capital of the Company, on a fully diluted basis, as of two years prior to the date of the Draft Red Herring Prospectus:

S. No.	Name of the shareholder	No. of equity shares	Percentage of the pre-Offer equity share capital on a fully diluted basis (%)*
1.	Divgi Holdings Private Limited	393,867	57.22%
2.	Jitendra Bhaskar Divgi	8,196	1.19%
3.	Hirendra Bhaskar Divgi	8,243	1.20%
4.	Bhaskar Divgi held jointly with Divgi Holdings Private Limited	11,733	1.70%
5.	Ambika Bhaskar Divgi held jointly with Divgi Holdings Private Limited	8,407	1.22%
6.	Bhalchandra Divgi held jointly with Divgi Holdings Private Limited	13,464	1.96%
7.	Mohan Narsingrao Divgi held jointly with Divgi Holdings Private Limited	10,087	1.47%
8.	Jayashri Mohan Divgi held jointly with Divgi Holdings Private Limited	7,733	1.12%
9.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	59,868	8.70%
10.	Oman India Joint Investment Fund II*	149,434	21.71%
Total		671,032	97.49%

**The percentage of the equity share capital on a fully diluted basis has been calculated assuming the conversion of 76,981 Compulsorily Convertible Preference Shares held by Oman India Joint Investment Fund II into 86,038 Equity Shares of the Company. However, such Compulsorily Convertible Preference Shares were converted into Equity Shares on October 17, 2020.*

11. Shareholding of our Directors and Key Managerial Personnel in our Company

Except as stated below, none of our Directors or Key Managerial Personnel hold any Equity Shares or employee stock options in our Company.

S. No.	Name of the shareholder	No. of equity shares	Percentage of the pre-Offer equity share capital on a fully diluted basis (%)
1.	Jitendra Bhaskar Divgi*	730,680	2.65
2.	Hirendra Bhaskar Divgi**	732,480	2.66
3.	Sanjay Bhalchandra Divgi	161,840	0.59
4.	Bharat Bhalchandra Divgi	197,720	0.72
Total		18,22,720	6.62

* *includes 402,840 shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*

** *includes 402,760 shares jointly held with Divgi Holdings Private Limited i.e., 1.46% of the pre-Offer capital*

12. Acquisition of Equity Shares in the immediately preceding three years (including the immediately preceding one year) by our Promoters, Promoter Group and the Selling Shareholders and Shareholders with special rights**

Except as disclosed below, there has been no acquisition of equity shares in the immediately preceding three years (including the immediately preceding one year) by our Promoters, Promoter Group, the Selling Shareholders and Shareholders with special rights:

Sr No.	Name of the acquirer/Shareholder	Nature of securities	Face value (in ₹)	Date of acquisition of securities	Number of securities acquired	Acquisition price per security (in ₹) #
Promoters						
1.	Jitendra Bhaskar Divgi	Equity Shares*	100	March 27, 2021	5,867	Nil
		Equity Shares*	100	March 27, 2021	4,204	Nil
		Equity Shares^^	5	February 18, 2022	163,920	Nil
		Equity Shares* ^^	5	February 18, 2022	201,420	Nil
2.	Hirendra Bhaskar Divgi	Equity Shares*	100	March 27, 2021	5,866	Nil
		Equity Shares*	100	March 27, 2021	4,203	Nil
		Equity Shares^^	5	February 18, 2022	164,860	Nil
		Equity Shares* ^^	5	February 18, 2022	201,380	Nil
3.	Divgi Holdings Private Limited	Equity Shares	100	March 15, 2021	700	5,811.40
		Equity Shares^^	5	February 18, 2022	7,891,340	Nil
Promoter Group						
1.		Equity Shares	100	October 14, 2021	10,087	Nil

Sr No.	Name of the acquirer/Shareholder	Nature of securities	Face value (in ₹)	Date of acquisition of securities	Number of securities acquired	Acquisition price per security (in ₹) #
	Jayshree Mohan Divgi and Divgi Holdings Private Limited	Equity Shares^^	5	February 18, 2022	356,400	Nil
2.	Suraj Sanjay Divgi and Divgi Holdings Private Limited	Equity Shares	100	March 27, 2021	6,732	Nil
		Equity Shares^^	5	February 18, 2022	134,640	Nil
3.	Harshvardhan Bharat Divgi and Divgi Holdings Private Limited	Equity Shares	100	March 27, 2021	6,732	Nil
		Equity Shares^^	5	February 18, 2022	134,640	Nil
Selling Shareholders						
1.	Oman India Joint Investment Fund II	Equity Shares	100	October 17, 2020	86,038	5,811.39
		Equity Shares^^	5	February 18, 2022	2,988,680	Nil
2.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	Equity Shares^^	5	February 18, 2022	1,197,360	Nil
3.	Kishore Mangesh Kalbag	Equity Shares^^	5	February 18, 2022	22,400	Nil
4.	Bharat Bhalchandra Divgi	Equity Shares^^	5	February 18, 2022	98,860	Nil
5.	Ashish Anant Divgi	Equity Shares^^	5	February 18, 2022	104,020	Nil
6.	Arun Ramdas Idgunji	Equity Shares^^	5	February 18, 2022	22,400	Nil
7.	Sanjay Bhalchandra Divgi	Equity Shares^^	5	February 18, 2022	80,920	Nil

* *Equity Shares held jointly with Divgi Holdings Private Limited.*
^^ *Bonus issue of equity shares in the ratio 1:1, allotted on February 18, 2022*
** *As per certificate dated September 21, 2022 received from A. R. Sulakhe & Company, Chartered Accountants.*

13. Our Company does not have any employee stock option schemes as on the date of this Draft Red Herring Prospectus.

14. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares.

15. None of the members of the Promoter Group, our Promoters and/or our Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

16. There have been no financing arrangements whereby our Directors, our Promoters, members of our Promoter Group, the directors of our corporate promoter and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

17. All Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

18. As on the date of this Draft Red Herring Prospectus, the BRLMs, and its respective associates, as defined under the SEBI Merchant Bankers Regulations, do not hold any Equity Shares. The BRLMs, and their respective associates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with, or investment management services in respect of, with our Company for which they may in the future receive customary compensation.

19. As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters and members of our Promoter Group are pledged or otherwise encumbered. Further, none of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered, as on the date of this Draft Red Herring Prospectus

20. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the members of the Promoter Group during the period between the date of this Draft Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

21. Our Company, our Directors and the BRLMs have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

22. There are no outstanding convertible securities or warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus.

23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

24. No person connected with the Offer, including, but not limited to, the BRLM, the members of the Syndicate, the Selling Shareholders, our Company, our Promoters, our Promoter Group, the directors of Divgi Holdings Private Limited, our Directors or Group Company, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

25. The BRLMs and any person related to the BRLMs or Syndicate Members cannot apply in the Offer under the Anchor Investor Portion, except for Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs or a FPI (other than individuals, corporate bodies and family offices) sponsored by entities which are associate of the BRLMs.

26. Except as disclosed under "*Capital Structure – Notes to capital structure – Share capital history of our Company* " on page 65, our Company has not undertaken any public issue of securities or any rights issue of any kind or class of securities since its incorporation.

27. The Offer is being made through the Book Building Process in terms of Regulation 6(2) of the SEBI ICDR Regulations, wherein at least 75% of the Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and Selling Shareholders in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Bidders of which one-third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and 2/3rd of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹1,000,000 provided that undersubscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not more than 10% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are mandatorily required to utilize the ASBA process providing details of their respective ASBA accounts and UPI ID in case of UPI Bidders using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see "*Offer Procedure*" on page 307.

28. Our Promoters and the members of our Promoter Group will not participate in the Offer.

OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and the Offer for Sale. The Fresh Issue comprises up to [●] Equity Shares, aggregating up to ₹ 2,000.00 million by our Company and the Offer for Sale comprises up to 31,46,802 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale. The Selling Shareholders will be entitled to the proceeds from the Offer for Sale, net of their respective portion of the Offer related expenses. For further details, please see *"Offer related expenses*" on page 85.

Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards the following objects:

1. Funding capital expenditure requirements for the purchase of equipments/machineries of our manufacturing facilities("**Capital Expenditure**"); and

2. General corporate purposes.

(collectively, referred to herein as the "**Objects**").

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of our Company's visibility and brand image and creation of a public market for our Equity Shares in India.

The main objects clause and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities proposed to be funded from the Net Proceeds.

Net Proceeds

The details of the proceeds of the Fresh Issue are summarized in the table below

Particulars	Amount *(in ₹ million)*
Gross proceeds from the Fresh Issue	2,000.00
(Less) Fresh Issue related expenses*(1)*	[●]
Net Proceeds*(1)*	**[●]**

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus at the time of filing with the RoC.

Utilization of Net Proceeds and Schedule of Deployment

The Net Proceeds are proposed to be utilised and are currently expected to be deployed in accordance with the schedule set forth below:

Particulars	Total Estimated Cost	Amount which will be financed from Net Proceeds	Estimated Utilisation of Net Proceeds	
			Fiscal 2023	**Fiscal 2024**
(in ₹ million)				
Funding capital expenditure requirements for the purchase of equipments/machineries of our manufacturing facilities	1,533.38	1,533.38	372.57	1,160.81
General corporate purposes (1)	[●]	[●]	[●]	[●]
Total(1)	[●]	[●]	[●]	[●]

(1) To be finalised upon determination of Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, current and valid quotations, purchase orders placed by our Company and other commercial and technical factors. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market conditions, changes in business and strategy, competition, negotiation with vendors, variation in cost estimates including due to passage of time, incremental pre-operative expenses and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws. Our historical capital expenditure may not be reflective of our future capital expenditure plans.

In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, the same shall be utilised in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. Our Company may, however, propose to utilize the proceeds prior to the specific dates mentioned in the schedule of deployment, in accordance with capital expenditure requirements of our Company. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. Subject to applicable laws, in the event of any increase in the actual utilization of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements. Further, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities , if required and towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

Means of finance

As indicated above, our Company proposes to deploy the entire Net Proceeds towards the objects as described above during the Fiscals 2023 and 2024. However, if the Net Proceeds are not completely utilised for the objects stated above in the Fiscals 2023 and 2024 due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) market conditions outside the control of our Company and its management; and (iv) other commercial considerations such as availability of alternate financial resources, the same would be utilised (in part or full) in a subsequent period as may be determined by our Company in accordance with applicable law. Our Company may, however, propose to utilize the proceeds prior to the specific dates mentioned in the schedule of deployment, in accordance with capital expenditure requirements of our Company. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds.

For further details, see "*Risk Factors – Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds, and there can be no assurance that the objects of the Offer will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment.*", beginning on page 38.

Details of the Objects of the Fresh Issue

1. Funding capital expenditure requirements for the purchase of equipments/machineries of our manufacturing facilities

We are amongst one of the very few suppliers in India who has the capability to develop and provide system level transfer case, torque coupler and DCT solutions. We are one of the leading players supplying transfer case systems to OEMs in India and the largest supplier of transfer case systems to passenger vehicle manufacturers in India. (*Source: CRISIL Report*) We also have the capability to develop and provide transmission systems for EVs. We have an in-house software development capability which helps us in providing system level solutions offering software that controls the vehicle dynamics. We have three manufacturing and assembling facilities located at Sirsi, Karnataka; Shivare, Maharashtra; and Shirwal, Maharashtra. We have purchased 10 acres of land at Shirwal near Pune in Maharashtra and commenced construction which will help us in expanding our manufacturing capacity including for manufacture of DCT and EV transmissions. We plan to upgrade our infrastructure across our manufacturing facilities We seek to purchase equipment/ for manufacturing for maintaining high level of precision of gears and components required for the manufacture of EV transmissions, and upgrade the facilities to meet the demand and to improve productivity to bring down manufacturing costs. For further details, see "*Our Business*" at page 137.

As part of our growth strategy, we plan to increase our market share in both the Indian and overseas markets by catering specifically to EV OEMs. We aim to capture the growth trend in revenue realization per system assembly and component with increasing electronics, embedded software and electrification by continuously investing in R&D to develop and deliver new and innovative systems and components, for further details of the aforesaid strategies, see, "*Our Business – Our Strategies*" beginning on page 141. Accordingly, in furtherance of the aforesaid, we propose to purchase equipments/machineries for our existing manufacturing facilities in Sirsi, Karnataka; Shivare, Maharashtra; and Shirwal, Maharashtra. The equipments being procured will be used for the purpose of EV transmissions, DCT automatic transmissions and 4X4 transfer case.

Accordingly, we propose to utilise an amount of ₹ 1,533.38 million from the Net Proceeds towards funding capital expenditure requirements to purchase equipments/machineries for our manufacturing facilities. We do not intend to purchase any second-hand equipment/machineries for our manufacturing facilities.

While we propose to utilize ₹ 1,533.38 million towards purchasing equipments/machinery for deployment at our manufacturing facilities, based on our current estimates, the specific number and nature of such machinery to be purchased by our Company will depend on our business requirements and the details of machinery to be purchased from the Net Proceeds will be suitably updated at the time of filing of the Red Herring Prospectus with the Registrar of Companies.

The following table provides details of a list of such equipment/machinery we intend to purchase from the Net Proceeds:

Sr. No.	Type of machinery	Description of machinery	Quantity	Cost per unit *(in ₹ Million)*	Total Cost *(in ₹ Million)*	Details in relation to quotations/purchase orders obtained			Purpose	Proposed deployment in Fiscal
						Name of vendor	**Date of quotation /purchase orders**	**Validity**		
1.	HMC	HMC for Housing	4	34.91	91.57** 48.05	Makino India Pvt Ltd.	May 11, 2022	October 31, 2022	Purchase of Equipment	2023
2.	CNC	CNC turning for Finish Turn	7	3.56	24.89	Ace Designer Ltd	May 11, 2022	September 30, 2022	Purchase of Equipment	2023
3.	VMC	VMC for Gear Pallet Changer	2	10.22	20.44	Makino India Pvt Ltd.	May 11, 2022	October 30, 2022	Purchase of Equipment	2023
4.	HT Furnace^	In-House Heat Treatment	1	16.50	16.50	Hightemp Furnaces Limited	April 6, 2022	March 31, 2023	Purchase of Equipment	2023
5.	CNC	CNC Turning	3	3.56	10.67	Ace Designer Ltd	May 11, 2022	September 30, 2022	Purchase of Equipment	2023
6.	Grinding^	Gear Grinding	1	70.71	70.71**	Kingelnberg AG	March 22, 2022	March 31, 2023	Purchase of Equipment	2023
7.	EV Test Stand^	EOL EV	1	61.75	61.75****	A&G Technology Co. Ltd.	March 23, 2022	March 31, 2023	Purchase of Equipment	2023
8.	EV Assembly Line^	Assembly Line(EV Business)	1	28.00	28.00	Ruhlamat Automation Technologies India Pvt Ltd	June 6, 2022	March 31, 2023	Purchase of Equipment	2023
9.	CNC	CNC Turning	12	3.56	42.66	Ace Designer Ltd	May 11, 2022	September 30, 2022	Purchase of Equipment	2024
10.	HMC	HMC for Housing	3	41.46	77.56* 46.81	Makino India Pvt Ltd	May 11, 2022	October 31, 2022	Purchase of Equipment	2024
11.	VMC	VMC for Housing	2	10.06	20.11	Makino India Pvt Ltd	May 11, 2022	October 31, 2022	Purchase of Equipment	2024
12.	Broaching	Broaching	2	7.89	15.79	Suntech Landriani Machine Tools Pvt Ltd	June 3, 2022	October 1, 2022	Purchase of Equipment	2024
13.	VMC	VMC	4	7.33	29.32	Ace Manufacturing Systems Ltd	May 11, 2022	September 30, 2022	Purchase of Equipment	2024
14.	Hobbing	Gear Hobbing	7	57.30	401.11	Liebherr Machine Tools India Pvt Ltd	August 9, 2022	December 8, 2022	Purchase of Equipment	2024
15.	Gear Chamepering & Deburring Machine	Deburring Chamfering	3	5.90	17.71	Ravjeet Engineering Specialities Pvt Ltd	June 4, 2022	September 30, 2022	Purchase of Equipment	2024
16.	Roofing	Roofing/Pointing	2	5.92	11.85	Ravjeet Engineering Specialities Pvt Ltd	June 4, 2022	September 30, 2022	Purchase of Equipment	2024
17.	CNC	CNC Turning	4	3.56	14.22	Ace Designer Ltd	May 11, 2022	September 30, 2022	Purchase of Equipment	2024

Sr. No.	Type of machinery	Description of machinery	Quantity	Cost per unit *(in ₹ Million)*	Total Cost *(in ₹ Million)*	Details in relation to quotations/purchase orders obtained			Purpose	Proposed deployment in Fiscal
						Name of vendor	Date of quotation /purchase orders	Validity		
18.	Grinding	Gear Grinding (LCS – 300)	4	120.92	483.67	Liebherr Machine Tools India Pvt Ltd	August 9, 2022	December 8, 2022	Purchase of Equipment	2024
Total					**1,533.38**					

\# *As certified by Smita Mehendaley, an independent chartered engineer (registration number: MIE 48967).*
Note: The purchase of machinery and the proposed deployment is subject to final terms and conditions agreed with the supplier including the finalization of price, payment/credit terms, delivery schedule and other market factors prevailing at that time.
^ *Valid purchase orders obtained.*
* *Yen 129,870,100 = ₹ 77.56 Mn (1 Yen = ₹ 0.059720)*
** *Yen 153,330,800 = ₹ 91.57 Mn (1 Yen = ₹ 0.059720)*
*** *Euro 874,000 = ₹ 70.71 Mn (1 Euro = ₹ 80.89910)*
**** *USD 780,000 = ₹ 61.75 Mn (1 USD = ₹ 79.1690)*

All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. However, except as highlighted in the aforementioned table with respect to specific machinery worth ₹ 176.96 million (for which our Company has placed purchase orders), which is 11.54% of the estimated utilization, as certified by Smita Mehendaley, an independent chartered engineer (registration number: MIE 48967), we have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment or at the same costs. The quantity of equipment to be purchased is based on the present estimates of our management. Our Company shall have the flexibility to deploy such equipment/machinery at the manufacturing facilities, according to the business requirements of such facilities and based on the estimates of our management. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery/equipment, general corporate purpose or through internal accruals, if required.

Our Promoters, Promoter Group, Directors, Key Managerial Personnel and the Group Company do not have any interest in the proposed acquisition of the equipment/machinery or in the entity from whom we have obtained quotations or have placed purchase orders in relation to such proposed acquisition of the equipment/machinery and our Company has confirmed that such entities do not form part of our Promoter Group or Group Company.

2. General corporate purposes

The Net Proceeds will first be utilized for the objects as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds, aggregating to ₹ [●] million, towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds from the Fresh Issue, in compliance with the SEBI ICDR Regulations. Such general corporate purposes may include, but are not restricted to, (i) strategic initiatives; (ii) funding growth opportunities; (iii) strengthening marketing capabilities and brand building exercises; (iv) meeting ongoing general corporate contingencies; (v) further capital expenditure; and (vi) any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by the Board, based on our business requirements and other relevant considerations, from time to time. Our management, in accordance with the policies of the Board, shall have the flexibility in utilising surplus amounts, if any.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, underwriting fees, selling commission, fees payable to the Book Running Lead Managers, fees payable to legal counsels, fees payable to the Registrar to the Offer and Sponsor Bank, Escrow Collection Bank to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to the Registered Brokers, Collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than listing fees and audit fees of statutory auditor (to the extent not attributable to the Offer), each of which shall be borne solely by the Company, each of the Company and the Selling Shareholders agrees to share the costs and expenses (including all applicable taxes) directly attributable to the Offer as agreed in a fee letter (approved and executed by the Selling Shareholders), severally and not jointly, based on the following: (i) solely by the Company in relation to the Equity Shares issued and allotted by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Equity Shares sold and transferred in the Offer for Sale. All the expenses relating to the Offer shall be paid by the Company in the first instance. As mutually agreed, the expenses directly attributable to the portion for the Offer for Sale will be deducted from the proceeds of the Offer, as appropriate, and only the remaining amount will be paid to the Selling Shareholders in the Offer for Sale, in accordance with Section 28(3) of the Companies Act, 2013. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, each of the Company and the Selling Shareholders agrees to share the costs and expenses, based on the following: (i) solely by the Company in relation to the Equity Shares offered by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Equity Shares offered in the Offer for Sale.

The break-up for the estimated Offer expenses is as follows:

S. No.	Activity	Estimated amount(1) (in ₹ million)	As a % of total estimated offer Expenses(1)	As a % of Offer Size(1)
1.	BRLM's fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
2.	Selling commission/processing fee for SCSBs, Banker(s) to the Offer, Sponsor Bank and fee payable to the Sponsor Bank for Bids made by RIBs(2)(3)(4)	[●]	[●]	[●]
3.	Brokerage and selling commission and bidding charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs(5)	[●]	[●]	[●]
4.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
5.	Other expenses:			
	(i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
	(ii) Printing and stationery	[●]	[●]	[●]
	(iii) Advertising and marketing expenses	[●]	[●]	[●]
	(iv) Fee payable to legal counsels, independent chartered accounts, independent chartered engineers	[●]	[●]	[●]
	(v) Miscellaneous	[●]	[●]	[●]
	Total estimated Offer Expenses	[●]	[●]	[●]

(1) *Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price. Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*

* *Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE*

(3) *No uploading/processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/CRTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

Portion for Retail Individual Bidders	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)*
Portion for Non-Institutional Bidders	*₹ [●] per valid Bid cum Application Form (plus applicable taxes)*

(4) *The processing fees for applications made by UPI Bidders using the UPI Mechanism would be as follows:*

Sponsor Bank	*₹[●] per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

* *For each valid application*

(5) *Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, CRTAs and CDPs or for using 3-in-1 type*

accounts- linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*[●]% of the Amount Allotted* (plus applicable taxes)*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

Uploading charges payable to Members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the applications made by RIBs using 3-in-1 accounts and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking or using 3-in- 1 accounts, would be as follows: ₹[●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs.

(6) *The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.*

(7) *Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the portion for RIBs and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹[●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs.*

The selling commission and bidding charges payable to Registered Brokers the CRTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE.

Bidding charges payable to the Registered Brokers, CRTAs/CDPs on the portion for RIBs and Non-Institutional Bidders which are directly procured by the Registered Brokers or CRTAs or CDPs and submitted to SCSB for processing, would be as follows:

*Portion for Retail Individual Bidders**	*₹ [●] per valid application (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹[●] per valid application (plus applicable taxes)*

* *Based on valid applications*

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Escrow and Sponsor Bank Agreement. Further, the processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration, as may be approved by the Board. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for any investment in the equity markets.

Bridge Loan

Our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds.

Means of Finance

Our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and internal accruals as required under the SEBI ICDR Regulations.

Monitoring of Utilization of Funds

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency for monitoring the utilisation of the Net Proceeds. Our Audit Committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds, including interim, use under a separate head in our balance sheet for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such unutilised Net Proceeds.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects of the Offer

In accordance with Sections 27 of the Companies Act, 2013 and Schedule XI and XX of the SEBI ICDR Regulations, any material deviation in the Objects of the Offer requires the Company to obtain the approval of its Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "**Postal Ballot Notice**") shall specify the prescribed details and be published in accordance with the Companies Act, 2013. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English, one in Hindi, and one in Marathi, Marathi being the vernacular language of the jurisdiction where the Registered Office is situated. Pursuant to the Companies Act, 2013, the controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such material deviation of the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and provisions of Schedule XX of the SEBI ICDR Regulations.

Appraising Agency

None of the Objects of the Offer for which the Net Proceeds will be utilized have been appraised by any agency.

Other Confirmations

No part of the Net Proceeds will be utilized by our Company as consideration to the Promoters, members of the Promoter Group, the Directors, the Group Company or key managerial employees. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with the Directors, Promoter, Promoter Group, the Key Management Personnel or the Group Company in relation to the utilization of the Net Proceeds of the Offer. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 5 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. The financial information included herein is derived from our Restated Financial Statements. Prospective investors should also refer to the sections "*Our Business*", "*Risk Factors*", "*Restated Financial Statements*" and "*Management Discussion and Analysis"* on pages 137, 25, 190 and 253 respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

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

For further details, please see "*Our Business – Strength*" on page 139.

Quantitative factors

Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements. For details, see "*Restated Financial Statements*" beginning on page 190.

Some of the quantitative factors, which may form the basis for computing the Offer Price, are as follows:

1. Basic and Diluted Earnings Per Equity Share ("EPS")[(1) (2)], as adjusted for change in capital as per Restated Financial Statement:

Financial Period	Basic EPS (in ₹)	Diluted EPS, (in ₹)	Weightage
Fiscal 2022	16.76	16.76	3
Fiscal 2021	13.82	13.82	2
Fiscal 2020	11.64	10.18	1
Weighted Average	**14.93**	**14.68**	

(1) Basic EPS (₹) = Basic earnings per share is calculated by dividing the net restated profit or loss for the period attributable to equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

(2) Diluted EPS (₹) = Diluted earnings per share is calculated by dividing the net restated profit or loss for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all dilutive potential Equity Shares outstanding during the period.

Notes

1. *Basic EPS and Diluted EPS calculations are in accordance with Indian Accounting Standard 33 'Earnings per Share' notified under the Companies (Indian Accounting Standards) Rules, 2015.*
2. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / [Total of weights]*
3. *The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the section titled "Restated Financial Statements" on page* 190.
4. *The face value of equity shares of the Company is ₹ 5.*

2. Price Earning ("P/E") Ratio in relation to the Offer Price of ₹ [●] per Equity Share

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

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

The corresponding Price Earnings Ratio (P/E) in relation to Offer Price of ₹ [●] per Equity Share data is not determinable at this stage pending the completion of the book building process and hence have not been furnished. To be updated upon finalization of the Offer Price.

Industry Peer Group P/E ratio*

Particulars	P/E Ratio
Highest	126.83
Lowest	40.99
Average	67.44

* *Peer Group includes entities mentioned in table 5. P/E Ratio has been computed based on the closing market price of equity shares on September 16, 2022, on www.nseindia.com, divided by the Diluted EPS as on March 31, 2022 as disclosed in audited financials submitted by the respective entity with the stock exchange for the year ended March 31, 2022.*

Notes:

1. *The highest and lowest industry P/E shown above is based on the peer set provided below under "Comparison with listed industry peers". The industry average has been calculated as the arithmetic average P/E of the peer set provided below.*
2. *P/E figures for the peer are computed based on closing market price as on September 16, 2022 on* NSE, *divided by Basic EPS (on consolidated basis) for the Fiscal 2022.*

3. *Average Return on Net Worth (RoNW)*

Financial Period	RoNW, as derived from the Restated Financial Statements (%)	Weightage
Fiscal 2022	13.57	3
Fiscal 2021	12.86	2
Fiscal 2020	13.38	1
Average Return on Net Worth/Weighted Average	**13.30**	-

(1) *Return on Net Worth (%) = Restated Profit for the year divided by Total Equity at the end of the year.*
(2) *Total Equity has been computed as the aggregate of equity share capital and other equity.*
(3) *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the period adjusted by the number of Equity Shares issued during the period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.*
(4) *Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RoNW x Weight) for each year] / [Total of weights]*

4. *Net Asset Value per Equity Share*

Fiscal/ Period Ended	NAV derived from the Restated Financial Statements (₹)
As on March 31, 2022	123.50
After the completion of the Offer	At the Floor Price: [●] At the Cap Price: [●] At the Offer Price: [●]

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

5. *Comparison with Listed Industry Peers*

Name of the company	Latest Fiscal	Face Value (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted)(₹)	RoNW (%)	NAV per equity share (₹)
Divgi TorqTransfer Systems Limited	Standalone	5	[●] (2)	16.76	16.76	13.57(3)	123.50(1)
Listed Peers							
Sona BLW Precision Forgings Limited	Consolidated	10	83.00(2)	6.22	6.21	18.07(3)	34.23(1)
Bosch Limited	Consolidated	10	40.99(2)	413.10	413.10	11.41(3)	3,621.05(1)

Name of the company	Latest Fiscal	Face Value (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted)(₹)	RoNW (%)	NAV per equity share (₹)
ZF Commercial Vehicle Control Systems India Limited	Consolidated	5	126.83	74.90	74.90	6.72	1,114.57
Sundram Fasteners Limited	Consolidated	1	41.51	21.74	21.74	17.52	125.46
Endurance Technologies Limited	Consolidated	10	44.89	32.75	32.75	11.75	278.68

Source:

1. *All the financial information for the Company mentioned above is based on the Restated Standalone Financial Statements for the year ended 31 March 2022.*
2. *All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the audited consolidated financial statements of the respective companies for the year ended 31 March 2022 available on the website of National Stock Exchange of India Limited at www.nseindia.com.*

Notes:

1. *NAV is computed as the closing net worth (sum of equity share capital, other equity and non-controlling interest) divided by the closing outstanding number of equity shares as on 31 March 2022.*
2. *P/E Ratio has been computed based on the closing market price of equity shares on September 16, 2022, on www.nseindia.com, divided by the Diluted EPS as on 31 March 2022.*
3. *RoNW is computed as net profit after tax and minority interest divided by closing net worth. Net worth has been computed as the aggregate of share capital and reserves and surplus. In case the net worth is negative for a particular year, the same has not been considered.*

The Offer Price is [●] times of the face value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 137, 190 and 253, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" beginning on page 25 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors,
Divgi TorqTransfer Systems Limited
Plot no. 75, General Block MIDC,
Bhosari, Pune - MH 411026

Inga Ventures Private Limited
1229, Hubtown Solaris, N.S. Phadke Marg,
Opp. Telli Galli, Andheri (East)
Mumbai 400 069.

Equirus Capital Private Limited
12th Floor, C Wing, Marathon Futurex
N M Joshi Marg, Lower Parel
Mumbai - 400 013, Maharashtra, India

(Inga Ventures Private Limited and Equirus Capital Private Limited are hereinafter individually referred to as **Book Running Lead Manager** and collectively as the **Book Running Lead Managers**)

Re: Proposed initial public offering of equity shares of ₹ 5 each (Equity Shares) by Divgi TorqTransfer Systems Limited (Company) aggregating ₹ [●] comprising a fresh issue of Equity Shares aggregating up to ₹ 2,000 million and an offer for sale of up to 31,46,802 Equity Shares by Selling Shareholders aggregating up to ₹ [●] (Offer)

Dear Sirs,

We, M/s B. K. Khare & Co., the statutory auditor the Company, hereby report that the enclosed statement is in connection with (i) the possible special tax benefits available to (i) the Company and, (ii) to the shareholders of the Company, under applicable tax laws presently in force in India including the Income Act, 1961 (**Act**), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable states' Goods and Services Tax Act, the Finance Act, 2022, the Foreign Trade Policy and Handbook of Procedures, Customs Act, 1962, State Industrial Incentive Policies and rules made under any of the aforementioned legislations.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits and benefits under Merchandise Exports from India Scheme (MEIS) Scheme available to the Company. Further, the benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Management's Responsibility

The preparation of the Annexure is the responsibility of management of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Annexures and applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and based on our understanding of the business activities and operations of the Company/Management.

Auditors Responsibility:

Based on our examination of the Annexure and the information and explanations provided to us by the management, it is our responsibility to report if the Possible Special Tax Benefits stated in the Annexures are true and correct.

We conducted our examination in accordance with the Guidance Note on Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We hereby consent to the extracts of this certificate being used in the Draft Red Herring Prospectus (DRHP) to be filed with the Securities and Exchange Board of India (SEBI), the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE and together with the BSE, the Stock Exchanges) and the Red Herring Prospectus (RHP) and the Prospectus (Prospectus and together with DRHP and RHP, the Offer Documents), to be filed with the Registrar of Companies, Pune at Maharashtra (ROC) and submitted to the SEBI, and the Stock Exchanges with respect to the Offer, and in any other material used in connection with the Offer and on the website of the Company in connection with the Offer.

We undertake to update you of any change in the above-mentioned disclosures until the Equity Shares allotted, pursuant to the Offer, are listed and commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as an updated information until the Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.

This certificate is for information and for inclusion, in part or in full, in the Offer Documents or any other Offer-related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors to the Offer. We hereby consent to the submission and disclosure of this certificate as may be necessary to the SEBI, the ROC, the Stock Exchanges and any other regulatory or judicial authorities and, or, for any other litigation purposes and, or, for the records to be maintained by the Book Running Lead Managers, in accordance with applicable law.

This certificate has been issued on the basis of specific request made by the Company, for the purpose stated above. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

All capitalized terms not defined herein bear the meaning ascribed to them in the Offer Documents.

Yours sincerely,

For M/s B. K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place: Mumbai
Date: 21 September 2022
UDIN: 22040852ATMRNA4142

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND TO THE SHAREHOLDERS OF THE COMPANY

A. Special tax benefits available to the Company in India under the Income-tax Act, 1961 (hereinafter referred to as 'the Act'), as amended by the Finance Act 2022,

1. Lower corporate tax rates on income of domestic companies - Section 115BAA of the Act

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfillment of certain conditions. The option to apply this tax rate is available from FY 2019-20 relevant to AY 2020-21 and the option once exercised shall apply to subsequent assessment years. The concessional rate of 22% is subject to the company not availing any of the following specified tax exemptions/incentives under the Act:

- Deduction u/s 10AA: Tax holiday available to units in a Special Economic Zone;
- Deductions available under the Chapter VI-A except under section 80JJAA and section 80M;
- Deduction u/s 32(1)(iia): Additional Depreciation;
- Deduction u/s 32AD: Investment allowance;
- Deduction u/s 35AD: Deduction for capital expenditure incurred on specified businesses.
- Deduction under certain sub-sections/clauses of Section 35: Expenditure on scientific research.

The total income of a company availing the concessional rate of 22% is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

The Company opted the lower rate benefit for the financial year 2019-20 relevant to the assessment year 2020-21 as mentioned in the Section 115BAA.

B. Special tax benefits available to the shareholders under the Act

There are no special tax benefits available to the shareholders of the Company.

Notes:

The above statement covers only above-mentioned tax laws benefits as per the current Income Tax Laws and does not cover any benefit under any other law.

This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. The shareholders / investors are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

No assurance is given that the revenue authorities/courts will concur with the views expressed by us. Our views are purely based on the existing provisions of law and its interpretation and available rulings, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

STATEMENT OF SPECIAL POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND THE SHAREHOLDERS OF THE COMPANY

A. **Special tax benefits available to Divgi TorqTransfer Systems Limited under the Indirect Tax Regulations**

1. **Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)**

Remission of Duties and Taxes on Exported Products (RoDTEP)

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was announced by Government of India (GOI) on 14 September 2019 to boost exports by allowing reimbursement of taxes and duties, which are not exempted or refunded under any other scheme in accordance with World Trade Organization (WTO) norms.

RoDTEP is a combination of the current Merchandise Export from India Scheme (MEIS) and Rebate of State and Central Taxes and Levies (RoSCTL) and will replace all these schemes once come in operations. At present, embedded duties and taxes, which are not refunded under any other scheme, range from 1-3%. Under the scheme, rebate of these taxes will be given in the form of duty credit/electronic scrip.

RoDTEP ("the Scheme") has been now notified from 1 January 2021. As per the policy of the Company, accrual for the same is accounted post establishment of certainty of the consideration which coincides with receipt of the scripts.

Export Promotion Capital Goods (EPCG)

The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhancing India's manufacturing competitiveness. EPCG Scheme facilitates import of capital goods for producing quality goods and services at zero customs duty.

Import under EPCG Scheme shall be subject to a specific export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of authorization.

EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty In lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions.

2. **Benefits of Duty Drawback scheme under Section 74 and 75 of the Customs Act, 1962**

Section 74 of the Act grants duty drawback up to 98% of the import duty paid on goods, if the goods are re-exported by the importer. The importer is entitled to drawback subject to the fulfilment of the certain conditions. Presently the rate of Duty Drawback ranges from 0% to 95%.

As per section 75, Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. Unlike drawback of a portion of the customs duty paid on imported goods, here the main principle is that the Government fixes a rate per unit of final article to be exported out of the country as the amount of drawback payable on such goods.

3. **Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)**

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated, that is, these transactions attract a GST rate of zero per cent.

There are two mechanism for claiming refund of accumulated ITC against export. Either person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

B. Possible special benefits for shareholders of Divgi TorqTransfer Systems Limited

Shareholders of the Company are not eligible to special tax benefits under the provisions of the Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications).

Notes:

1. These special tax benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company and its shareholder may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

3. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

   a. The Company will continue to obtain these benefits in future;

   b. The conditions prescribed for availing the benefits have been/ would be met with; and

   c. The revenue authorities / courts will concur with the view expressed herein.

4. The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time.

SECTION IV-ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section is obtained or extracted from the CRISIL Report, which has been commissioned by us exclusively in connection with the Offer for a fee.

The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. The CRISIL Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends and opinions in the CRISIL Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on, this information. The recipient should not construe any of the contents in this section as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. While preparing its report, CRISIL has also sourced information from publicly available sources, including our Company's financial information available publicly. However, financial information relating to our Company presented in other sections of this Draft Red Herring Prospectus has been prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations. Accordingly, the financial information of our Company in this section is not comparable with Ind AS financial information presented elsewhere in this Draft Red Herring Prospectus.

The CRISIL Report is available for inspection on the website of our Company at https://divgi-tts.com/investors.html. For details, see "Material Contracts and Documents for Inspection" on page 364.

GLOBAL MACROECONOMIC OVERVIEW

Review and outlook of economic growth and inflation in key global economies

The global recovery continues, but the momentum has weakened due to the pandemic fuelled by the highly transmissible Delta variant and the emergence of the omicron variant. Pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding inflation in many countries. Overall, risks to economic prospects have increased, and policy trade-offs have become more complex.

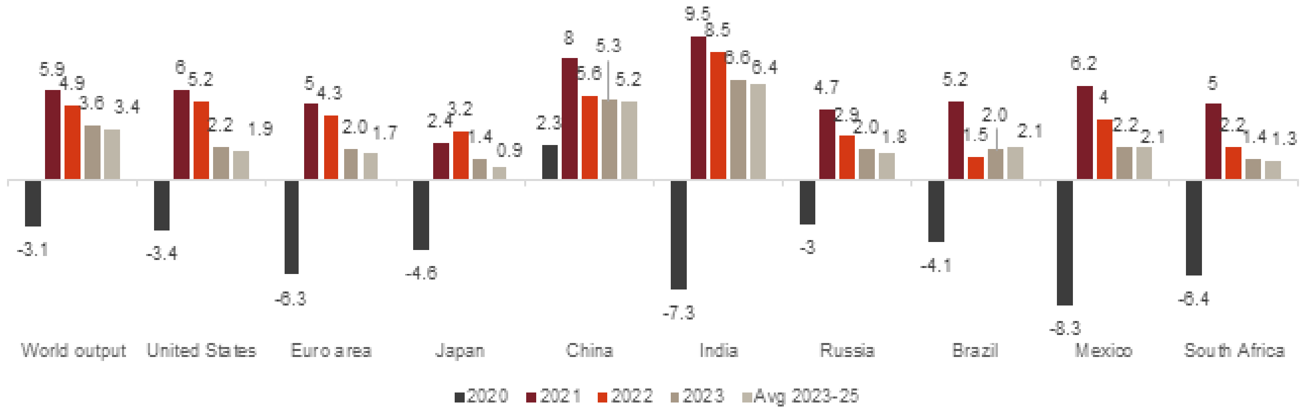
As per International Monetary fund (IMF) the global economy is projected to grow 5.9% in 2021 and 4.9% in 2022. The 2021 global forecast is unchanged from the April 2021 outlook, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for emerging Asia. By contrast, the forecast for advanced economies has been revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5% upgrade for 2022 derives largely from the forecast upgrade for advanced economies, particularly the United States (US), reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group.

Close to 45% of the population in emerging market and developing economies such as India and Russia have been fully vaccinated as of 17^{th} January 2022. China has vaccinated 80% of its population, compared with close to 60%, 70% and 80% in advanced economies such as USA, Euro area and Japan respectively. Low-income developing countries have tiny fraction of their population vaccinated. Faster-than-expected vaccination rates and return to normalcy have led to upgrades, while lack of access to vaccines and renewed waves of Covid-19 in some countries, notably India, have triggered downgrades.

Divergences in policy support are a second source of the deepening divide. We are seeing continued sizeable fiscal support in advanced economies, with $4.6 trillion of announced pandemic-related measures available in 2021 and beyond. The upward global growth revision for 2022 largely reflects anticipated additional fiscal support in the US and from the Next Generation European Union funds.

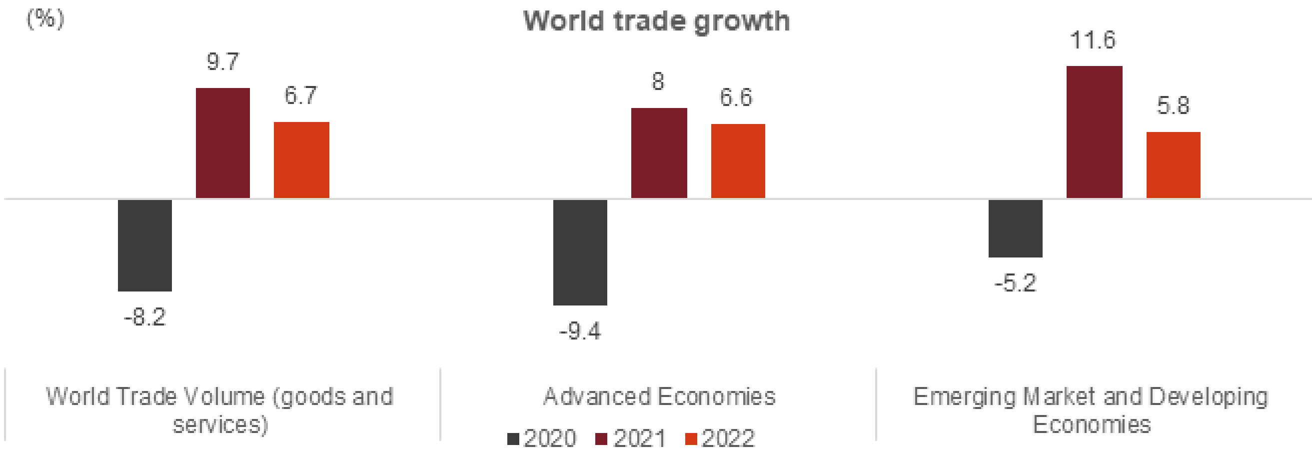
While more widespread vaccine access could improve the outlook, risks on balance are tilted to the downside. The emergence of highly infectious virus variants could derail the recovery. Financial conditions could also tighten abruptly amid stretched asset valuations, if there is a sudden reassessment of the monetary policy outlook, especially in the US. Stimulus spending in the US could also prove weaker than expected. A worsening pandemic and tightening financial conditions would inflict a double hit on emerging market and developing economies and severely set back their recoveries.

Exhibit 1: IMF estimates of GDP growth for key economies



* *Euro area includes Germany, France, Italy and Spain*
Source: IMF (World Economic Outlook – October 2021 update), CRISIL Research

Exhibit 2: IMF estimates of world trade growth



Source: IMF (World Economic Outlook – October 2021 update), CRISIL Research

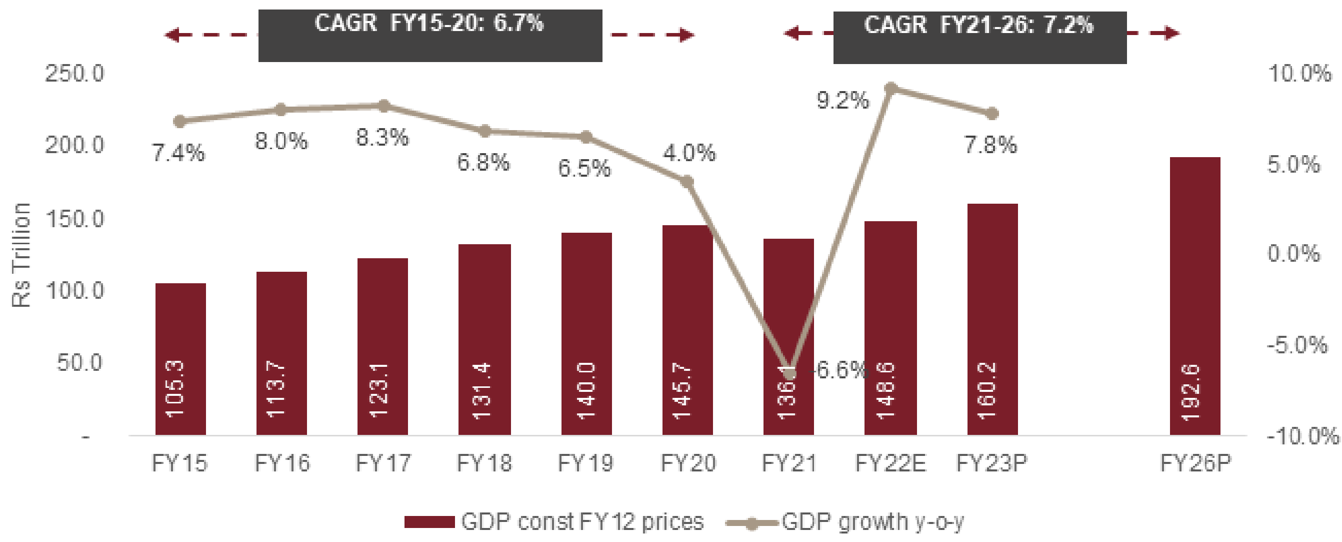
Despite near-term supply disruptions, global trade volumes are projected to expand 9.7% in 2021, moderating to 6.7% in 2022. The merchandise trade recovery is set to broaden after being initially concentrated in pandemic-related purchases, consumer durables and medical equipment. Services trade is expected to recover more slowly, consistent with subdued cross-border travel until virus transmission declines to low levels everywhere.

Overview of Indian Economy

Despite the pandemic long-term prospects bright for the economy

Indian economy recorded a robust 6.7% CAGR over fiscal 2015 to 2020 period driven by rising consumer aspirations, rapid urbanization, government's focus on infrastructure investment and growth of domestic manufacturing sector. The economic growth was supported by benign crude oil prices, softer interest rates and lower current account deficit. Indian government also undertook key reforms and initiatives such as implementation goods and services tax, Insolvency and Bankruptcy Code (IBC), Make in India initiative, financial inclusion initiatives, gradual opening of sectors such as retail, e-commerce, defense, railways, and insurance for Foreign Direct Investments (FDI). FDI into India grew from 45.1 billion USD in fiscal 2015 to 73.5 billion USD in fiscal 2020. Growth over fiscal 2015 to 2020 was however impacted due to demonetisaton, NBFC crisis, GST implementation and slower global economic growth. Over fiscal 2015 to 2020 India's economic growth was led by services followed by industrial sector.

Exhibit 3: GDP expected to grow at 9.2% yoy in fiscal 2022; long term growth (fiscal 2021-2026) expected at 7.2% CAGR



Note: P – Projected
Source: National Statistics Office (NSO), IMF, CRISIL Research estimates

The first advanced estimates (FAE) released by the National Statistical Office in January 2022, show India's real gross domestic product (GDP) is set to grow 9.2% in this fiscal compared with a pandemic-led contraction of 6.6% in fiscal 2021, indicating the economy (in real terms) is still only 1.2% above the pre-pandemic (fiscal 2020) levels.

Union Budget Fiscal 2022-23

The budget has bet big on an investment push to lift economic growth, two years and three waves into the pandemic. The lift in the consumption cycle is now tied to a broad-based pick-up in economic activity — which the government is trying to engineer through a focus on investments.

Pursuing this path would enhance the growth potential and, it is hoped, will bring endurance to growth in the medium term, though refraining from giving a direct consumption support could curb the pace of economic recovery in the short term.

For the next fiscal, the government's revenue expenditure is budgeted to grow less than 1% after growing 2.7% in this fiscal. The total capex of the central government though (budgetary capex plus revenue grants for capital creation and capex by central public sector enterprises) is budgeted to rise 14.5% compared with only 3.1% in this fiscal.

So, the budget essentially makes way for capex by tightening the belt around revenue expenditure. In general, the government has refrained from giving any direct consumption support in this budget. Yet, frontloading infrastructure spending could bring about faster growth.

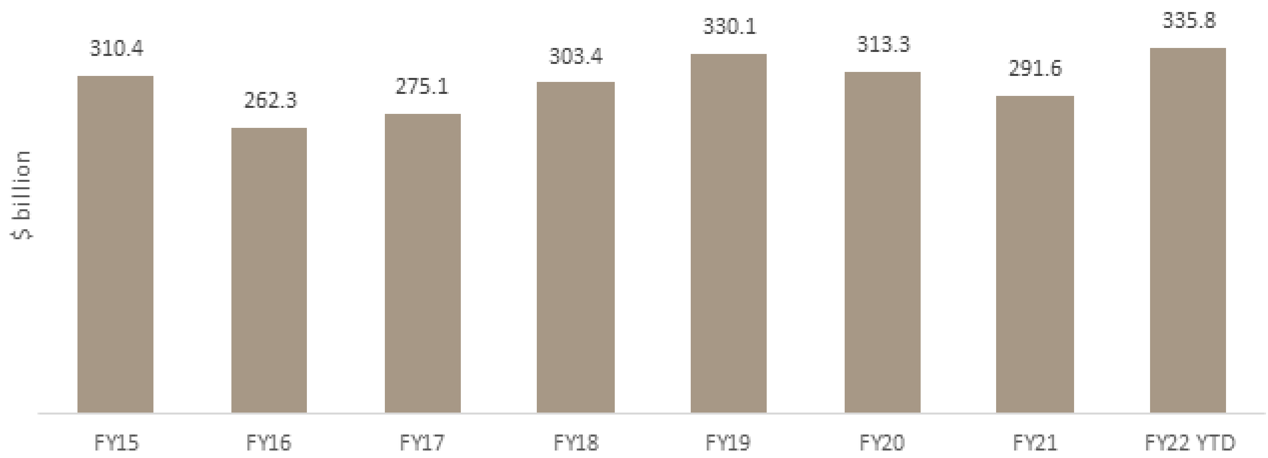
The risks to India's near-term economic outlook are still tilted to the downside. Global growth looks uncertain and that will have a bearing on India's exports, one of the key demand drivers of domestic growth during the pandemic. International commodity prices, especially of crude, remains stubbornly high. And critical raw materials, such as chips, remain in short supply.

CRISIL projects fiscal 2023 real GDP growth at 7.8%, compared with the advance estimate of 9.2% for this fiscal.

Merchandise exports from India also got impacted during the pandemic and witnessed a sharp drop during the first wave. Even during the second wave, the supply chain disruptions impacted the export demand.

However, improvement in global demand during the second half of CY2021, as well as shift in demand for goods over services supported growth in exports during the year. Moreover, the high commodity prices (especially crude oil/petroleum, metals) provided an additional kicker to the Indian exports. As of April-Jan fiscal 22 period, India has witnessed the record high exports of $ 335.8 billion.

Exhibit 4: Merchandise exports annual trend



Note: FY22 YTD: April-January
Source: Ministry of Commerce and Industry, International Monetary Fund, CEIC, CRISIL

Prior to the onset of the pandemic, India's GDP growth was slowing, due to existing vulnerabilities such as a weak financial sector and subdued private investment. However, in the light of the production-linked incentive (PLI) scheme, reduction in corporate tax rate, and labour law reforms, along with favourable demographics, India is expected to witness strong GDP growth when the global economy eventually recovers, supported by prudent fiscal and monetary policies.

GDP to recover over the medium term

Macro variables	FY21E	FY22P	FY22-26P	Rationale for outlook
GDP (%, y-o-y)	-7.3%	9.2%	6.6%	In view of the impact of Covid-19 2nd wave, CRISIL revised its GDP forecast down from 11% to 9/5%. However, gradual pick-up in economic activity, both in India and globally, and optimism on account of vaccine availability, should aid recovery in fiscal 2022, on a weak base of this fiscal. Over the medium term, economic growth is expected to be led by implementation of several reform measures of the government such as the PLI scheme, GST, Insolvency and Bankruptcy Code (IBC), and so on

Note: E – Expected, P - Projected
Source: RBI, NSO, CRISIL Research

India's GDP will still grow faster than the world's

India was one of the fastest-growing economies in the world with annual growth of around 6.7% in between fiscal 2015 to fiscal 2020. Over the past four fiscals, India's macroeconomic situation has gradually improved: the twin deficits (current account and fiscal) have been narrowing and the growth-inflation mix has improved, and durably so. Both fiscal and monetary policies are more prudent, focusing on raising the quality and not just the rate of growth. The government has adopted an inflation-targeting framework that provides an institutional mechanism for inflation control, while modernising central banking. Fiscal policy has managed to stay mildly growth-focused, while managing a gradual reduction in the deficit. The upshot is that India's macroeconomic variables are a lot more stable, and with sufficiently large reserves, the economy is pretty resilient to any global shock today, than it was during the Taper Tantrum of 2013.

Rapid urbanisation, rising consumer aspirations and increasing digitisation, coupled with government support in the form of reforms and policies, are expected to support long term growth. As per IMF's forecasts India is likely to emerge as the fastest growing countries among major global economies during 2022.

Auto finance

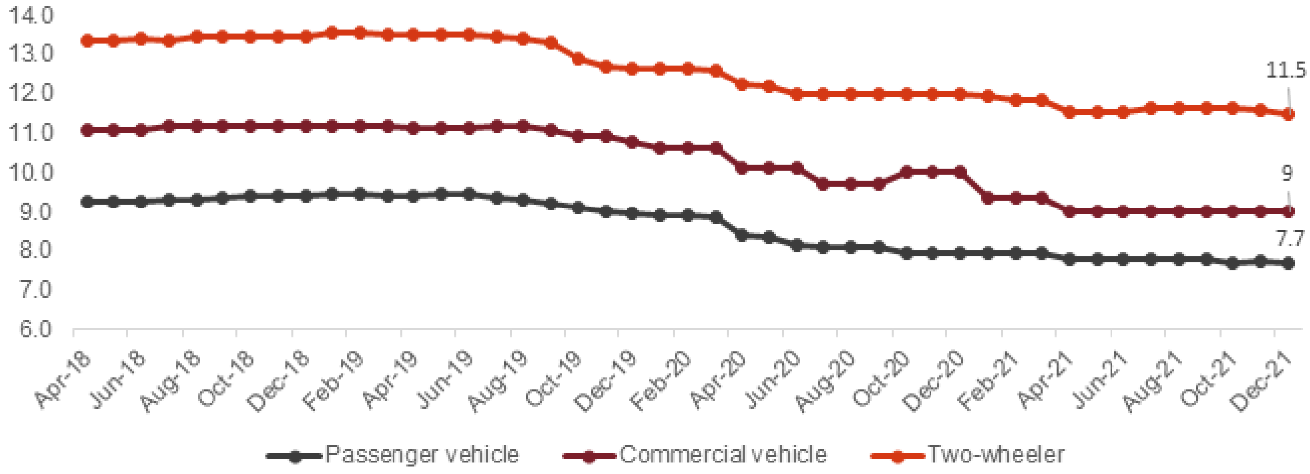
Rates on a downtrend

Yields in the auto finance segment have been declining over the past two-three years, due to softening of retail inflation and a fall in G-sec yields. With the implementation of the marginal cost of funds-based lending rate (MCLR) regime from April 1, 2016, auto finance rates have remained subdued, as banks have been forced to pass on benefits of softer interest rate to end-consumers. This has brought yields down 100-130 bps since fiscal 2015.

Auto finance rates have been on a downward trend as the RBI cut the repo rate by 40 bps over March 2020- June 2021. In fiscal 2021, passenger vehicle (PV) and commercial vehicle (CV) finance rates softened significantly due to the pandemic. Two-wheeler financing rates, however, dropped by a lesser extent, given the relatively humble credit profile of customers. In fiscal 22, financing rates remained competitive with improvement in economy as well as subdued repo rates.

During December 2021, RBI kept the repo rate unchanged at 4%.

Exhibit 5: Average auto finance rates offered by banks (%)



Source: Industry, CRISIL Research

Lower rates attract more buyers. Attractive interest rates bring down the costs for the buyer generating a positive impact on the sector.

Gradual economic revival to drive disbursements in fiscal 2022

Auto finance disbursement showed better-than-expected revival in the latter half of fiscal 2021. Most sub-segments witnessed underlying asset sales recovering to pre-Covid levels. Two-wheeler and passenger vehicle segments gained on account of pent-up demand and increased preference for personal mobility as lockdowns were lifted and people were wary of using public transport. In the CV segment, while sales of medium and heavy commercial vehicles (M&HCV) and buses remain tepid, that of light commercial vehicles (LCV) are improving.

In the current fiscal, a gradual improvement in consumer confidence on expectations of a faster economic growth will revive vehicle sales. Consumer preference for own vehicle for personal mobility supported by lower financing costs and new model launches are also likely to support underlying demand for PVs. Overall, PV loan disbursements are expected to see a ~17-21% growth. The chip shortage, however, has posed challenges as OEMs' supply chain challenges heightened.

In case of CVs, too, disbursement is expected to pick up this fiscal as economic recovery will lead to an increase in private consumption and freight demand. As collections improve amid demand revival, lenders' risk aversion is also likely to decline. Replacement demand is also likely to pick up. Overall, new CV loan disbursements are projected to grow 30-35% this fiscal.

Disbursements in the two-wheeler segment are expected to increase 2-6% in fiscal 2022. Due to loss in income on account of pandemic and lockdown, demand for two-wheeler has seen a hit. Motorcycle, whose demand comes more from the rural front, saw a decline in sales on a Y-o-Y basis in the festive months. This can be attributed to irregular rainfalls in many rural pockets affecting farmers income. According to industry sources, people have chosen to postpone their purchases by a quarter or two, until the fuel and vehicle prices moderate.

YoY growth in auto finance disbursement (%)

Segment	FY18	FY19	FY20	FY21	FY22E
PV – new	17%	9%	-9%	-15%	17-21%
CV – new	37%	22%	-36%	-28%	30-35%
Two-wheelers	31%	17%	-2%	-10%	2-6%

Source: Industry, CRISIL Research

Impact of Government policies on automobile industry

Decline in interest rates

Reserve Bank of India (RBI) has maintained an accommodative stance to mitigate the impact of Covid-19 pandemic and have kept repo rate at 4%. This has helped financial institutions to reduce automobile interest rates.

Major banks have reduced their interest rate to the tune of 100-150 bps in fiscal 2021 as compared to last year.

Fuel prices crossing Rs 100

Fuel prices (petrol as well as diesel) in the last few months has increased massively for the vehicle owners. It has dented the consumer sentiment hurting auto sales. The Rs 100 per litre barrier breaching petrol and diesel prices in several cities across India has impacted sale of passenger vehicles and two-wheelers.

Not just the crude oil prices but the high tax rate imposed by central and state governments too have contributed to fuel price hike. If petrol/diesel is brought under the purview of GST, it will help reducing the fuel costs.

Higher procurement and Minimum Support Price (MSP) to support agricultural activities

Record high procurement of wheat for Rabi 2021-2022 is expected to benefit the farmers in the first half of fiscal 2022. Procurement improved in fiscal 2021 due to lifting of food grains by state governments under Pradhan Mantri Garib Kalyan Ann Yojana (PMGKAY) under which food grain is being distributed free of cost for 3 months to about 80 crore beneficiaries across the country to be beneficial for the industry.

The government’s renewed thrust on enhancing irrigation intensity and making the nation more drought-proof is expected to support agriculture growth and increase mechanisation. Irrigation investments to increase at a CAGR (FY20-25) of 4-6%.

The government’s objective of doubling farm income by 2022 via initiatives such as e-NAM (National Agriculture Market), expansion of crop insurance coverage, direct income support and improvement in land productivity via soil health cards. These measures should improve farmers’ crop yields and affordability and boost rural sentiments and hence the tractor sales.

Scrappage Policy

In August 2018, the Ministry of Road Transport and Highways considered incentivising the scrapping of vehicles sold before April 2005 (15 years old). The final policy is under consideration.

Once implemented, the policy will help reduce replacement cycles and provide an additional traction to auto demand especially CVs.

Union Budget 2022-23

Key announcements:

- A battery swapping policy will be introduced with focus on interoperability standards
- Energy storage systems, including dense charging infrastructure and grid-scale battery systems, will be included in the harmonised list of infrastructure
- Allocation for the National Highways Authority of India (NHAI) and the Pradhan Mantri Gram Sadak Yojana (PMGSY) has been increased by ~3% and ~36%, respectively, versus fiscal 2022RE

Impact:

- Given that batteries account for ~40% of the cost of an electric vehicle (EV), standardising battery swapping infrastructure will accelerate economies of scale and hasten EV adoption, which currently stands at less than 1% for the automobile segments
- Battery swapping and interoperability will propel EV adoption for commercial use (three-wheelers, taxis and light commercial vehicles), as this would reduce waiting time for charging, enabling higher asset utilisation and supporting operator profitability
    - This could also provide impetus to newer business models, wherein vehicles can be sold without fixed batteries, and batteries can be availed on a pay per basis. This is expected to reduce acquisition cost for buyers
- Inclusion of energy storage systems in the harmonised infrastructure list would reduce borrowing cost for charging service providers and battery swapping entities

- Spends on roads maintained at the high level seen in 2022, with 3% incremental allocation, which is expected to support sales of medium and heavy commercial vehicles

- For PMGSY, while allocation has increased by a meaningful 36%, the achievement ratio over the past few years has not crossed 70%, so the benefits could be limited

Impact of PLI on automotive industry

The government has budgeted ~Rs 1.7 lakh crore as production-linked incentives to local manufacturing units in 13 key sectors. The key sectors likely to benefit from the scheme include: automobiles, pharma, telecom, electronics, food, textiles, steel and energy. By incentivising production, subject to achieving the desired scale, the scheme aims to spawn a handful of globally competitive large-scale manufacturing units in the identified sectors. Furthermore, the government also hopes to reduce India's dependence on raw material imports from China. The scheme is expected to provide a boost to economic growth over the medium term and create more employment opportunities, as many of these sectors are labour-intensive in nature.

Sector	Segment	Budgeted (Rs crore) *	
Automobiles	Advance chemistry cell (ACC) battery	18,100	44,038
	Automobiles and auto components	25,938	
Electronics	Mobile manufacturing and specified electronic components	40,951	52,189
	Electronic/technology products	5,000	
	White goods (ACs & LED)	6,238	
Pharma and medical equipment	Critical key starting materials/drug intermediaries and active pharmaceutical ingredients	6,940	25,360
	Manufacturing of medical devices.	3,420	
	Pharmaceuticals drugs	15,000	
Telecom	Telecom & networking products	12,195	12,195
Food	Food products	10,900	10,900
Textile	Textile products: man-made fibre (MMF) and technical textiles	10,683	10,683
Steel	Speciality steel	6,322	6,322
Energy	High efficiency solar PV modules	4,500	4,500
Total			**1,66,187**

* *Approved financial outlay over a five-year period*
Source: Government websites, CRISIL Research

The PLI scheme for the automotive industry intends to promote high-tech green manufacturing such as electric and hydrogen fuel cell vehicles. This scheme excludes conventional petrol, diesel, and CNG segments (Internal Combustion Engine) since these segments have sufficient capacity in India.

The PLI scheme targeting auto parts include the following component schemes:

- Champion Original Equipment Manufacturers (OEM) Scheme: It is a sales value linked plan, applicable to battery electric and hydrogen fuel cell vehicles of all segments.

- Champion Incentive Scheme: It is a sales value linked plan for advanced technology components, complete and semi-knocked down (CKD/SKD) kits, vehicle aggregates of two-wheelers, three-wheelers, passenger vehicles, commercial vehicles and tractors, including automobiles meant for military use and any other advanced automotive technology components prescribed by the Ministry of Heavy Industries – depending upon technical developments.

REVIEW AND OUTLOOK OF AUTOMOBILE INDUSTRY

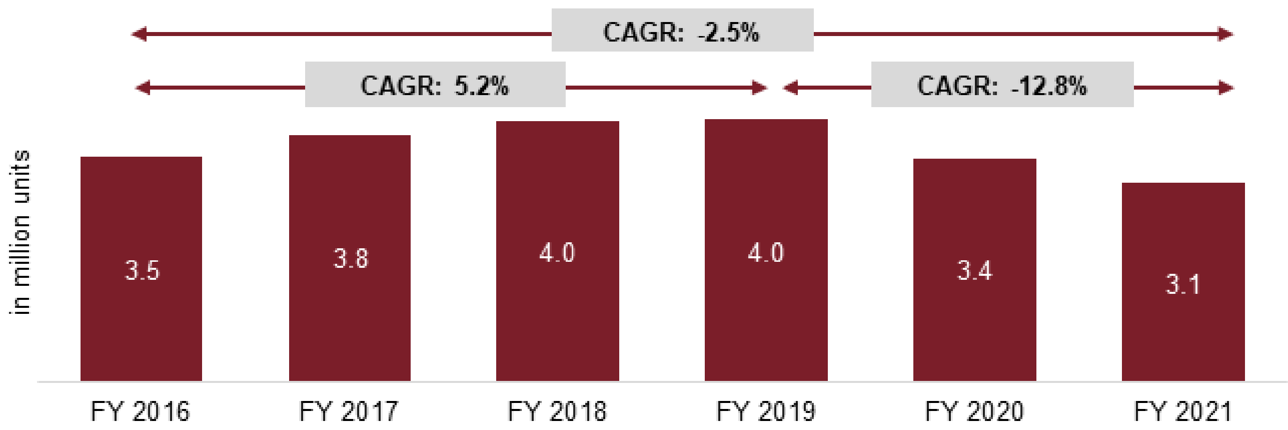
Review of and outlook on the Indian passenger vehicle industry

Review of the Indian passenger vehicle industry (fiscals 2016 – 2021)

Historical production development (fiscals 2016- 2021)

Production of passenger vehicles (PVs) in India recorded a healthy growth of 5.2% CAGR between fiscals 2016 and 2019 due to a spurt in domestic and exports demand. Domestic demand was driven by expansion in the addressable market, development of infrastructure, and stable cost of vehicle ownership, as crude oil prices remained low except in the few months when output was reduced due to sanctions imposed on Iran.

Exhibit 6: Review of PV production



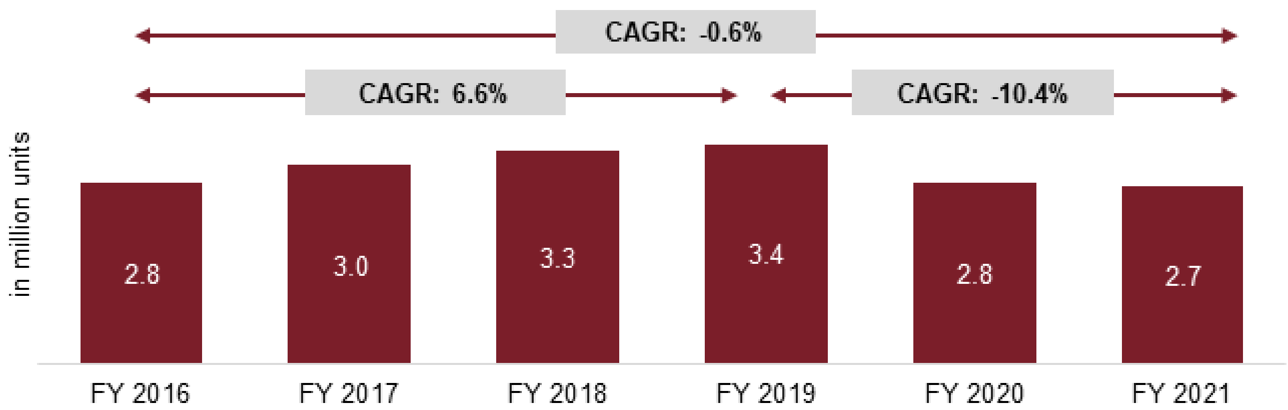
Source: SIAM- Society of Indian Automobile Manufacturers, CRISIL Research

Demonetisation and implementation of the Goods and Services Tax (GST) resulted in the weakening of the economy. Further coupled with emission and safety norms introduced by the government of India resulted in very sluggish growth in the PV industry after fiscal 2018. Production in fiscal 2019 remained flat, with India producing 4.03 million PVs, of which 3.38 million vehicles were sold in the domestic market and 0.68 million were exported.

In fiscal 2020, lower private consumption and inventory adjustment because of a change in emission norms from BS IV to BS VI, liquidity crisis, and the onset of COVID-19 resulted in a decline of 15% in production. Domestic sales fell 18%, whereas exports remained flat.

As COVID-19 spreads through close contact, the use of public transportation and shared mobility services expected to be impacted currently. This has given a boost to personal mobility. Despite real GDP likely to contract 7.5% in fiscal 2021, PV production declined by ~11%— domestic sales declined by ~2% whereas exports declined sharply by ~39%.

Exhibit 7:Review of PV domestic sales

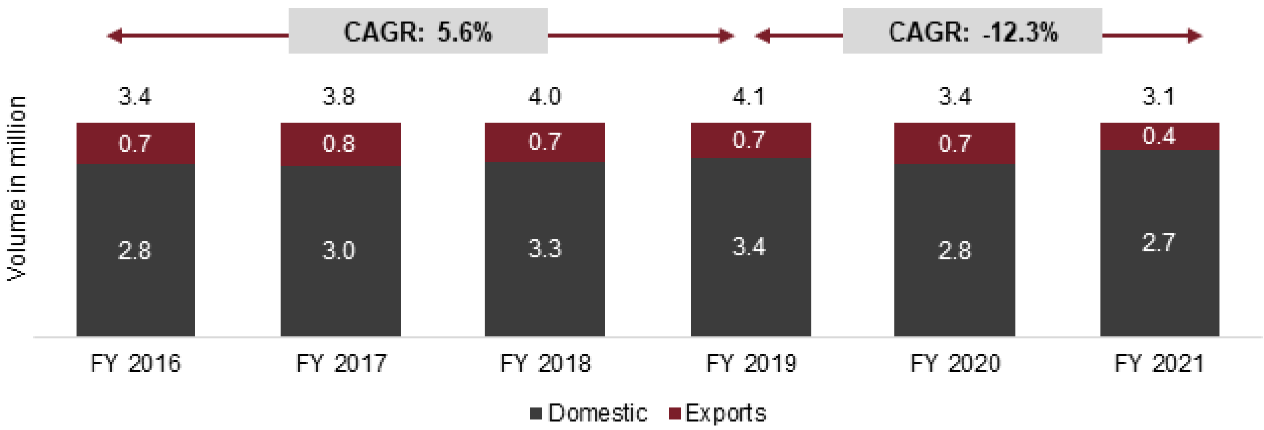


Source: SIAM- Society of Indian Automobile Manufacturers, CRISIL Research

Split by domestic sales and exports

The Indian PV industry is focused on the domestic market, with nearly 81-83% of the demand stemming from the domestic market. The ratio of exports-to-total sales for the industry has been in the 17-19% range. However, this ratio dropped to 13% in fiscal 2021 due to a slowdown in the global automobile industry as well as major OEMs focusing on serving domestic markets over foreign markets amidst the increase in demand for personal mobility & the supply constraints faced during the pandemic.

Exhibit 8: PV industry split by domestic sales and exports



Source: SIAM, CRISIL Research

The domestic PV industry grew at 6.6% CAGR between fiscals 2016 and 2019, led by strong growth in utility vehicles (UVs), which rose at 14.9% CAGR versus cars, which grew at 3.1% CAGR during the same period. Improving economic scenario, higher affordability, and new model launches drove demand during this period.

Domestic demand fell 18% on year in fiscal 2020 because of lower consumer sentiments due to slowing down of economy and inventory correction due to a change in emission norms. Moreover, acquisition costs increased due to implementation of safety norms such as mandatory anti-lock braking system (ABS), airbags, etc. and due to change in emission norms.

On the other hand, during fiscal 2021, the shift towards personal mobility to maintain social distancing aided PV sales. There was a strong traction for personal passenger vehicles. However, vehicle supply was severely impacted amidst the pandemic and subsequent lockdowns. In turn, industry witnessed a 2% drop in sales during the fiscal 2021.

PV exports from India remained range bound with ~1.2% CAGR between fiscals 2016 and 2019, supported by UV exports, which grew at a CAGR of 10.5%, while car exports fell at 1.2% CAGR during this period.

Due to traction in the domestic market, leading PV OEMs largely catered to domestic demand. Hyundai shifted its export base to Turkey and the Czech Republic in fiscal 2013, thereby reducing its exports from India. Also, industry behemoth Maruti Suzuki's capacity constraints had put pressure on exports growth. In fiscal 2018, teething problems in GST implementation, such as delayed refunds to exporters, leading to a substantial amount of their money being tied up, affected the exports business.

Contraction of the PV market in few developed nations led to a decline in exports post fiscal 2018. Moreover, amidst the strong traction from the domestic market, OEMs focussed more on the domestic market vis a vis exports market. In fiscal 2021, exports saw a sharp decline of ~39% due to global demand contraction amidst the pandemic, supply constraints, and higher focus of OEMs on the domestic market.

Split of industry production volume by PV segments

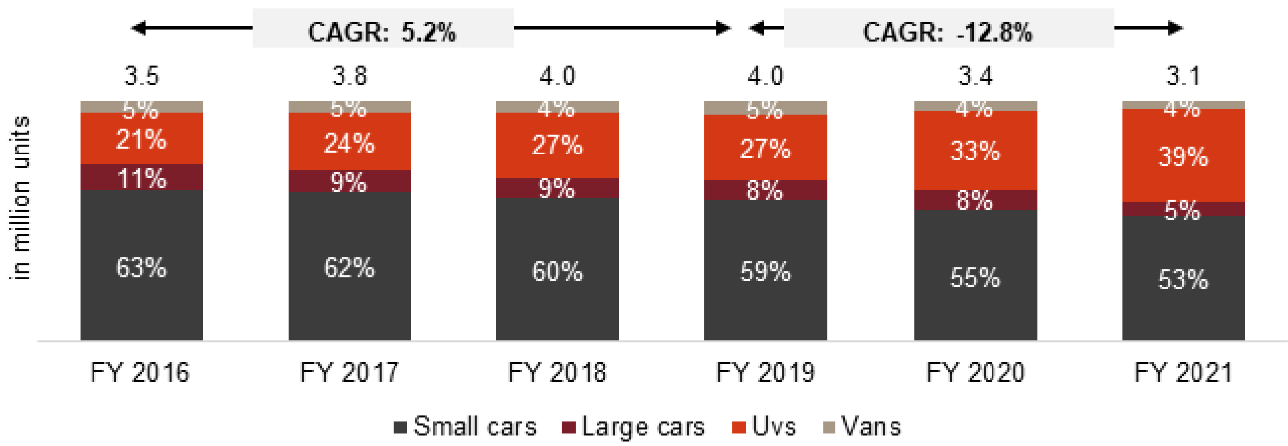
Small cars have a major share in total PV domestic volumes, as their lower ticket size makes them affordable to the average Indian consumer and ideal for first-time car buyers. The UV segment, which traditionally appealed to customers who valued larger seating capacity and ability to drive on rough rural roads, witnessed a major shift in customer preference with the launch of compact UVs. The size of large car segment has gradually shrunk, mainly due to shift in customer preference towards SUV segment, few model launches and availability of high end technology features in SUV segment as compared to large car segment.

In fiscal 2020, new model launches and entry of new players such as Korea's Kia Motors and China's MG Motors (part of SAIC) further increased the number of players and models and intensified competition mainly in compact UV segment.

Vans segment registered a decline in fiscal 2020 due to heavy pre-buying in fiscal 2019 because of hike in prices on account of various safety and crash test norms as well as exit of *Omni* and declining sales of remaining models. Maruti dominates this segment, with more than 85% market share.

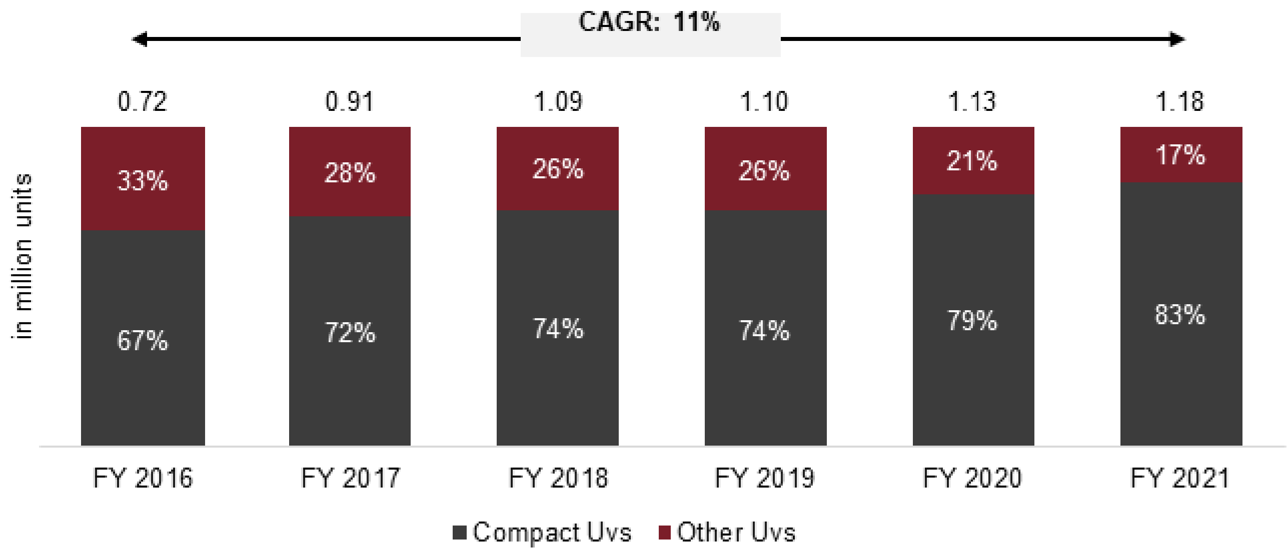
Unlike most developed economies and some developing nations, India's car market is highly underpenetrated. As of fiscal 2020, India had ~24 PVs per 1,000 people. This is significantly lower than both developed nations and even other nations in the BRIC block (Brazil, Russia, and China), based on per-capita GDP. Brazil, Russia and China has 173, 307 and 99 passenger vehicles per 1,000 people respectively in 2015. Thus, the country holds tremendous potential for automobile manufacturers. Also, in the penetration of cars and UVs with per-capita GDP across countries, India still lags behind most countries, and CRISIL Research expects the gap to reduce gradually after a decline in fiscal 2021.

Exhibit 9: PV production split by vehicle segments



Source: SIAM, CRISIL Research

Exhibit 10: UV (Compact UV versus other UVs) production development



Note: Compact UV comprise of UVC and UV1, UV2 to UV5 is considered under Other UVs
Source: SIAM, CRISIL Research

Share of UVs has increased in the total PV industry. Its share in PV production has increased from 21% in fiscal 2016 to 39% in fiscal 2021. Within UVs, compact UVs has gained higher share from 67% in fiscal 2016 to 83% in fiscal 2021. In the case of the UV segment, which traditionally appealed to those valuing larger seating capacity and the vehicle’s ability to drive on rough, rural roads, there has been a major shift in customer preference with the launch of compact UVs. The launch of Venue, Seltos, Magnite, Triber, XUV 300, etc in fiscal 2020 significantly aided this. New models launched in compact UVs continued to perform well in the first half of fiscal 2022.

The share of compact UV’s has been increasing year by year led by major model launches and traction in this segment due to their superior features, capabilities at affordable prices. Models such as Creta, Ecosport, Sonet, Vitara Brezza, Jimny, Venue, Kiger etc. are leading in the demand to regions such as Latin America, African and Middle East countries.

Key Players in Compact UV segment (Production split)

Companies	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Maruti Suzuki India	14%	23%	24%	24%	22%	21%
Hyundai Motors India	12%	16%	15%	15%	20%	21%
Kia Motors	0%	0%	0%	0%	10%	16%
Mahindra & Mahindra	32%	25%	22%	23%	16%	14%
Tata Motors	3%	2%	5%	7%	5%	7%
Ford India	18%	15%	14%	13%	11%	6%
Renault India	4%	3%	2%	2%	4%	4%
Toyota Kirloskar Motor	10%	10%	9%	9%	6%	4%
MG Motor India	0%	0%	0%	0%	2%	3%

Companies	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Others	7%	6%	10%	7%	3%	3%

Source: SIAM, CRISIL Research

Due to higher traction in UV segment, players have started to focus more on this segment. Maruti has the highest share in production at 21% in fiscal 2021 from 14% in fiscal 2016. Models such as Vitara Brezza, Ertiga, XL6 has aided this growth. For Hyundai, high demand for models such as Creta and Venue has supported it share in UV segment. Share of new players such as Kia stands at 16% as on fiscal 2021.

Key historical regulatory/macroeconomic trends and growth drivers for domestic sales and exports

<u>Demonetisation</u>

Demonetisation had little impact on PV sales because dealers resorted to alternate sources of cash such as cheques, cards, and e-wallets to buy vehicles. However, due to the negative overall economic sentiment, the industry recorded flat growth in November and December 2016.

<u>Implementation of GST</u>

There has been no change in GST rates in the budget. Overall, slightly lower GST rates did not lead to a major disruption in the industry.

<u>BS-IV to BS-VI transition</u>

BS emission standards are issued by the government to regulate the output of air pollutants from motor vehicles. In January 2016, the central government decided to skip BS-V and shift directly to BS-VI norms. It fixed the deadline at April 1, 2020 for the introduction of BS-VI emission norms.

Current penetration of Electric PVs

Current EV penetration in passenger vehicle category is miniscule (0.16% as on fiscal 2021) due to unavailability of affordable electric cars and charging stations leading to range anxiety. However, fiscal 2021 saw robust sales of e-Nexon.

Electric vehicle models currently available

Company	Model	Ex Showroom price	Features
Mahindra	E verito	9.5-10 Lakhs	21.2 kWh battery with range of 180 km
Mahindra	eKUV 100	8-8.5 Lakhs	15.9 kWh battery with range of 147 km
Tata	Tigor EV	11.5-12	16.2 kWh battery with range of 140 km
Tata	Nexon EV	13.5-14.5	30.2 kWh battery with range of 312 km
Hyundai	Kona	23.5-24	39.2 kWh battery with range of 452 km
MG	ZS EV	20.5-21	44.5 kWh battery with range of 340 km
BYD	E6	29-30 lakh	71.7 kWh battery with range of 415 km

Source: CRISIL Research

Historic growth drivers for Indian passenger vehicle exports

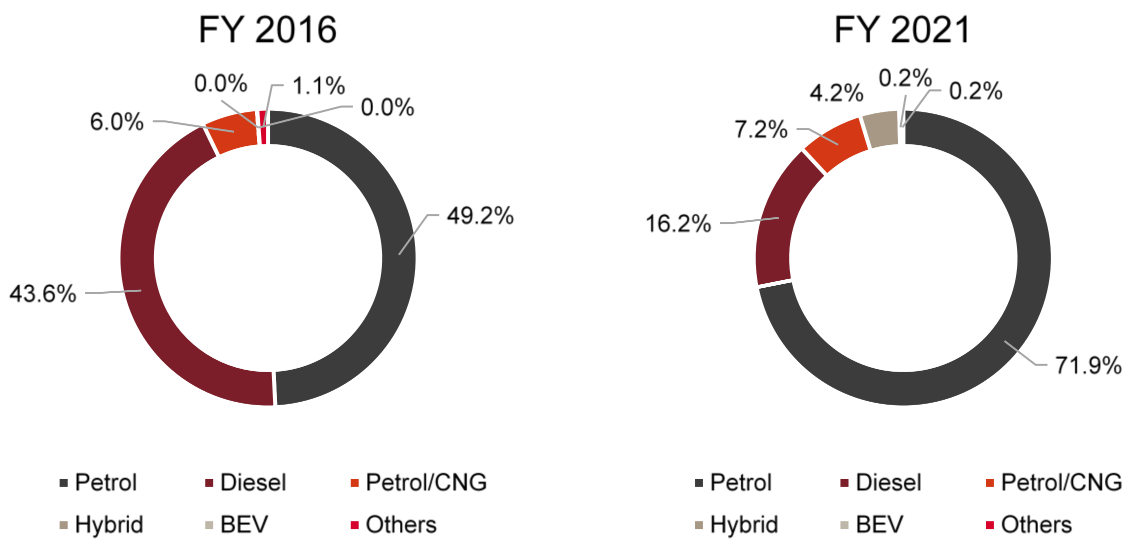
The US, which had nil share till fiscal 2018, has ~10% volume share as of fiscal 2020, estimated to be mainly driven by exports of the Ford Ecosport.

PV exports to African and Middle Eastern countries currently account for ~42% of overall exports in fiscal 2020, compared with ~29% in fiscal 2016. The African economy, which is largely dependent on commodities such as chrome, manganese, vanadium, precious metals and crude, to name a few, was hit in 2015 and 2016 when commodity prices crashed. India’s exports to Africa declined to 19% in fiscal 2016 from 15% in fiscal 2017.

Exports to South Africa, Italy, the UAE, Saudi Arabia, Peru and Bolivia also witnessed growth in fiscal 2020 with the launch of new models like the Hyundai Venue, Maruti S-Presso, Renault Triber and Kia Seltos.

However, the outbreak of the pandemic has severely impacted exports across the globe leading to exports declining by 39% yoy in fiscal 2021.

Exhibit 11: Split of PV production by powertrain type



NOTE: BEV - Battery-powered Electric Vehicle
SOURCE: MoRTH, Crisil Research

Share of petrol, CNG and electric vehicles have increased in last 5 years. Change in powertrain mix can be attributed to changes in emission norms such as migration from BS-IV to BS-VI from April 2020 onwards. Diesel variant saw the sharpest decline, due to majority of the manufacturer phasing out diesel variants on account of increase in the cost of the vehicle due to BS-VI and making them unviable. Traction in CNG variants was seen due to better cost economics as compared to other fuel type. As per MoRTH data, petrol accounted for ~71.9% of sales in fiscal 2021 followed by 16.2%, 7.2%, 4.2%, 0.2%, 0.2% of diesel, petrol/ CNG, hybrid, BEV vehicles etc.

Split of PV production by transmission type

Power from engine to the wheels are translated using transmission components in a vehicle. There are various types of transmissions available depending upon level of automation in the transmitting power from engine to the wheels. In Manual transmission (MT) vehicles, there is clutch and a gear shifter which a driver uses to manually change gears. In such vehicles fuel efficiency is dependent upon the skill of the driver shift gears at appropriate engine revolutions per minute. Driving vehicles with manual transmissions especially prove tiresome in heavy traffic conditions. To reduce strain of drivers, transmission system technologies such as semi- automatic and fully automatic transmission have come up over the years. These technologies differ in terms of their level of automation, thereby achieving differential reduction in driving strain.

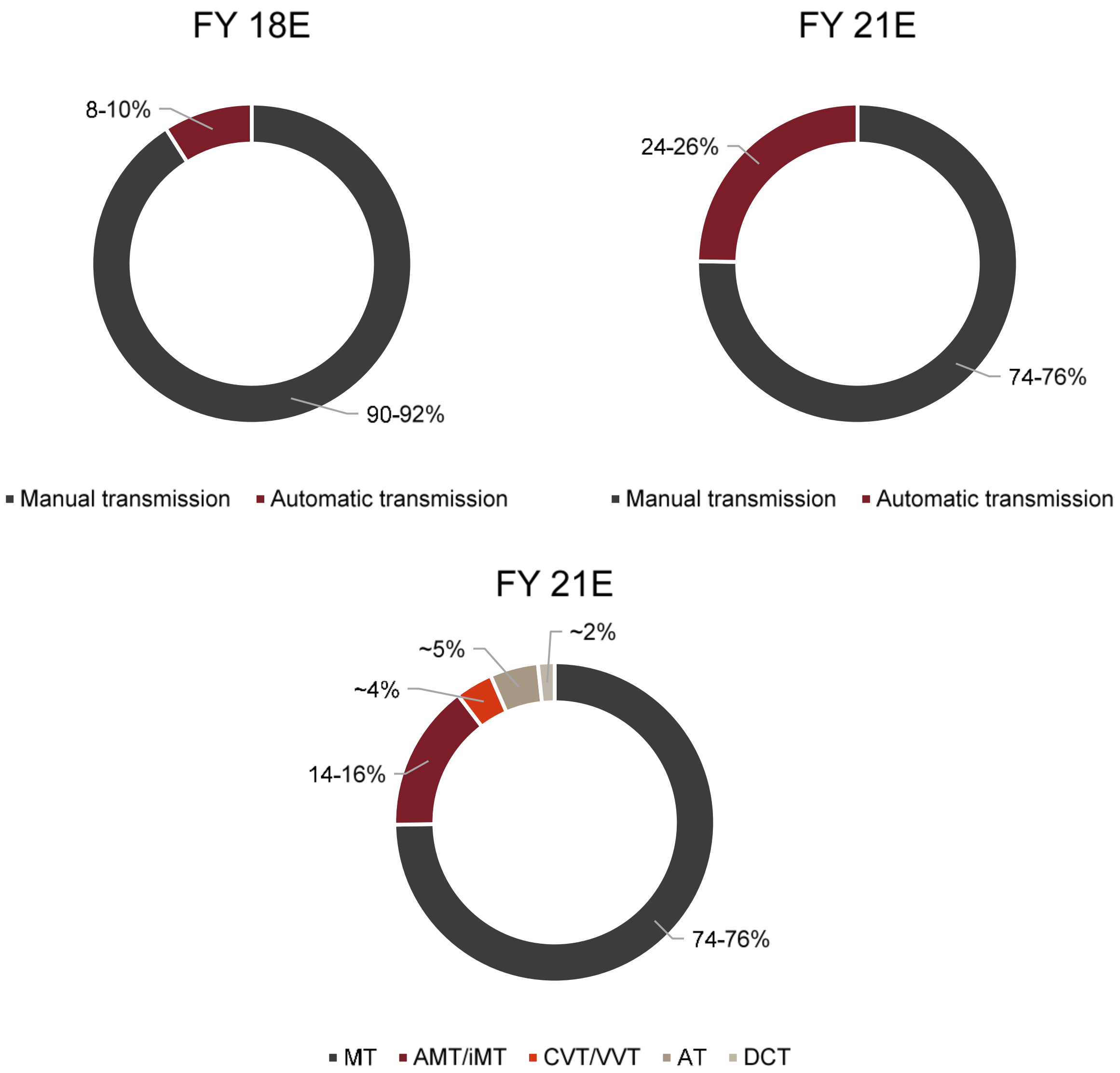
In semi-automatic transmission, transmission technologies such as Automated Manual Transmission (AMT) and Intelligent Manual Transmission (iMT) are available. In AMT, in place of a gear lever and a clutch pedal inside the cabin of the car, which are manually operated by the driver, the AMT transmission has a hydraulic actuator system mounted inside the engine which operates both. The actuators of the AMT system are linked to the ECU of the car. Whereas iMT is a clutchless transmission, here the driver has to manually shift the gears, whereas the operating of clutch is done by automatically by sensors and software.

Fully automatic transmission doesn't require a manual shifting by the driver. Examples of fully automatic transmission includes Automatic Transmission (AT), Dual Clutch Transmission (DCT) and Continuously variable transmission (CVT). DCT uses two clutches, one clutch operates the even gears (2, 4 and 6) and the other clutch operates the odd gears (1, 3, 5 and reverse). A DCT uses clutch packs rather than the torque converter used by traditional (hydraulic) automatic transmissions. Continuously variable transmission (CVT) is an automatic transmission that can change seamlessly through a continuous range of gear ratios. It is a single speed with infinite gear ratios. Unlike conventional transmission system, it uses pulley and a drive train.

Transmission technologies such as AMT, iMT, CVT, DCT and AT differ in terms of their fuel efficiency, response time for gear shift which influences driving experience, cost of acquisition, maintenance cost etc.

Penetration of automatic transmission has increased from 8-10% in fiscal 2018 to 24-26% in fiscal 2021. However, Indian passenger vehicle sales is still dominated by manual transmission systems which accounted for ~74-76% of sales fiscal 2021. Penetration of manual transmission vehicles is still higher due to dominance of high price consciousness over need for comfort. However with rising traffic conditions, rising affordability, need for comfort and availability of semi-automatic transmission at affordable price points has resulted in technologies such as AMT, iMT gaining share over the last 5 years. AMT, iMT together accounted for ~14-16% share in sales in fiscal 2021. AMT, iMT technologies are predominant in affordable range (less than Rs 8 lacs) of passenger vehicles. Whereas in premium cars technologies such as AT, CVT and DCT are being preferred as these technologies offer smoother driving experience. CRISIL Research's market checks indicate that AT offer best in terms of driving experience however are the most costliest among competing technologies and AT penetration currently prevalent in premium and luxury passenger vehicles. AT, CVT and DCT accounted for ~5%, ~4% and ~2% of vehicle domestic production in India in fiscal 2021.

Exhibit 12: Share of transmission technology



NOTE: MT – Manual Transmission, AMT – Automatic Manual Transmission, iMT – Intelligent Manual Transmission, AT – Automatic Transmission, DCT – Dual Clutch Transmission
E – Estimated
Source: SIAM, Industry, CRISIL Research

Split of PV production by drivetrain type

Drivetrain is a system which connects the engine's power and torque via transmission system to the driving wheels. There are 4 types of drivetrains –

- Front Wheel Drive (FWD)
- Rear Wheel Drive (RWD)
- Four Wheel Drive (4WD)
- All Wheel Drive (AWD)

Majority of the cars in India are Front Wheel Drive (FWD). In FWD transmission transfers power from the engine to the front wheels. The front wheels have to both drive as well as steer the car. Here the engine is mounted transversely to get the gearbox and differential to fit in the same space. Hence, the number of components required as less as compared to other drivetrain system, thereby also reducing the cost of vehicle in a price conscious market like India. FWD vehicles also offer better fuel efficiency as weight of the drivetrain is less than that of a rear-wheel drive vehicle.

As opposed to FWD, in RWD vehicle power is transferred from the transmission to the rear wheels by way of a long driveshaft to a differential. A RWD system requires the engine and gearbox to be longitudinally mounted so that the drive can be sent straight to the differential at the rear. Mainly the pickups and high-end SUVs uses RWD system. Compared RWD offers better acceleration and torque to a vehicle.

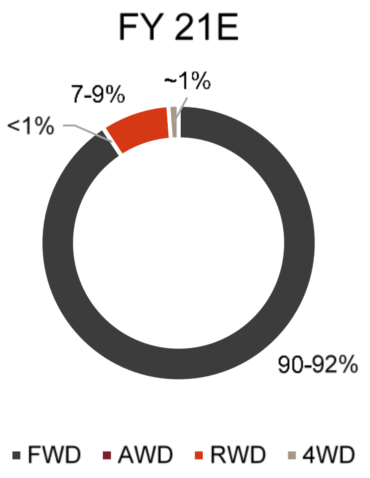
AWD power both the front and rear wheels, all the time. It can be full time or part time. AWD drive system relies on the vehicle's sensors and computer systems to determine and distribute power and traction to the four wheels on real time basis. AWD is ideal for everyday use, light off-roading. In general, AWD offer better traction and stability to vehicle compared to FWD or RWD vehicles. Current penetration of AWD is miniscule in India.

AWD vehicles are similar to 4WD vehicles however differ in terms of way power and traction is delivered to both the axles. 4WD are available as full-time and part-time systems. In case of a full time 4WD, all wheels are driven continuously all the time. However, in case of part time 4WD, only two wheels will be receiving the power, they can be either front wheels (making it FWD) or rear wheels (making it RWD). 4WD are preferred for heavy off-roading.

Traditionally 4WD vehicles have been in demand in hilly terrains of north and south India. Additionally, India is witnessing growing interest among vehicle owners for off-roading. Interest for off-roading is being fuelled by surge in number of off-roading clubs all over the country which regularly organise off-roading exercises for the enthusiasts.

CRISIL Research estimates FWD vehicles to have accounted for 90-92% of domestic production in fiscal 2021, followed by <1%, 7-9%, ~1% demand for AWD, RWD and 4WD vehicles.

Exhibit 13: Share of drivetrain



NOTE: FWD – Front Wheel Drive, AWD – All Wheel Drive, RWD – Rear Wheel Drive, 4WD – Four Wheel Drive; E – Estimated; Source: SIAM, Industry, CRISIL Research

Top 10 OEMs based on production & sales (fiscal 2021)

Companies	Domestic sales (Fiscal 2021)
Maruti Suzuki India	1,293,840
Hyundai Motors India	471,535
Tata Motors	222,909
Mahindra and Mahindra	157,216
Kia Motors	155,286
Toyota Kirloskar	93,124
Renault India	92,268
Honda Cars India	82,074
Ford India	48,042
MG Motor India	35,597

Companies	Production (Fiscal 2021)
Maruti Suzuki India	1,304,185
Hyundai Motors India	567,728

Companies	Production (Fiscal 2021)
Tata Motors	211,674
Kia Motors	193,263
Mahindra and Mahindra	164,079
Renault India	93,894
Ford India	88,805
Honda Cars India	85,715
Toyota Kirloskar Motor	56,205
Nissan Motor India	50,579

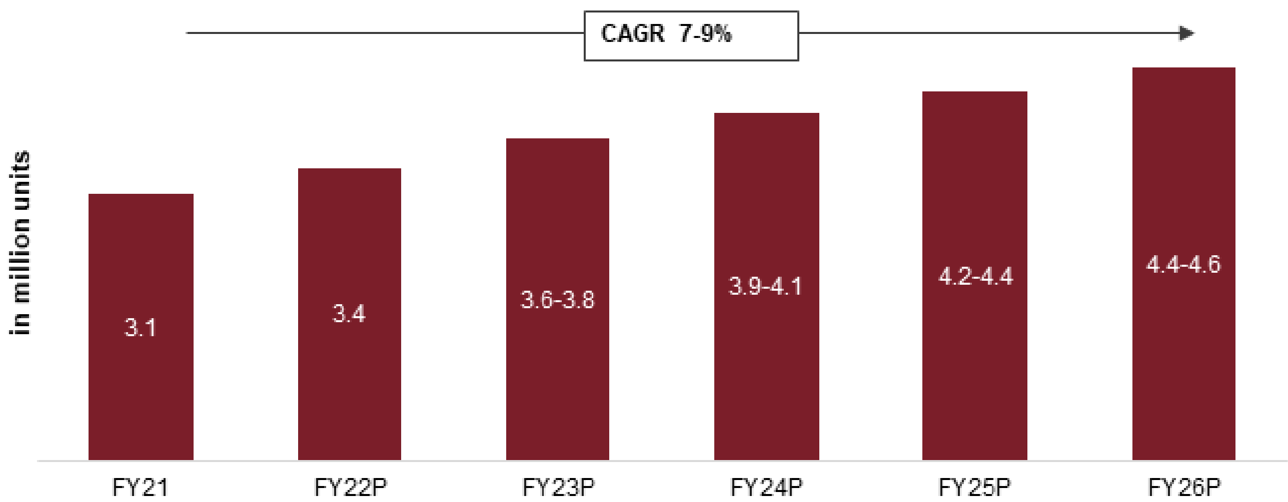
SOURCE: SIAM, CRISIL Research

Outlook on the Indian PV industry (fiscals 2021 - 2026P)

Production outlook (fiscals 2021 - 2026P)

CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. However, risk of subsequent waves of COVID-19 and need for the state and central governments to impose localised or extended lockdown to control spread of pandemic may have an impact on supply chains as well as sales going forward. In such a case, overall industry production is also likely to get adversely affected over the short term.

Exhibit 14: PV production outlook



Note: P - Projected
Source: SIAM, CRISIL Research

After a consecutive drop in production in fiscals 2020 and 2021, PV production is expected to increase at a robust pace over the next five fiscals because of a spurt in domestic as well as exports demand. Domestic demand will be driven by an expansion in the addressable market, fast-paced infrastructure development and relatively stable cost of vehicle ownership, as crude oil prices are expected to stabilise at lower levels.

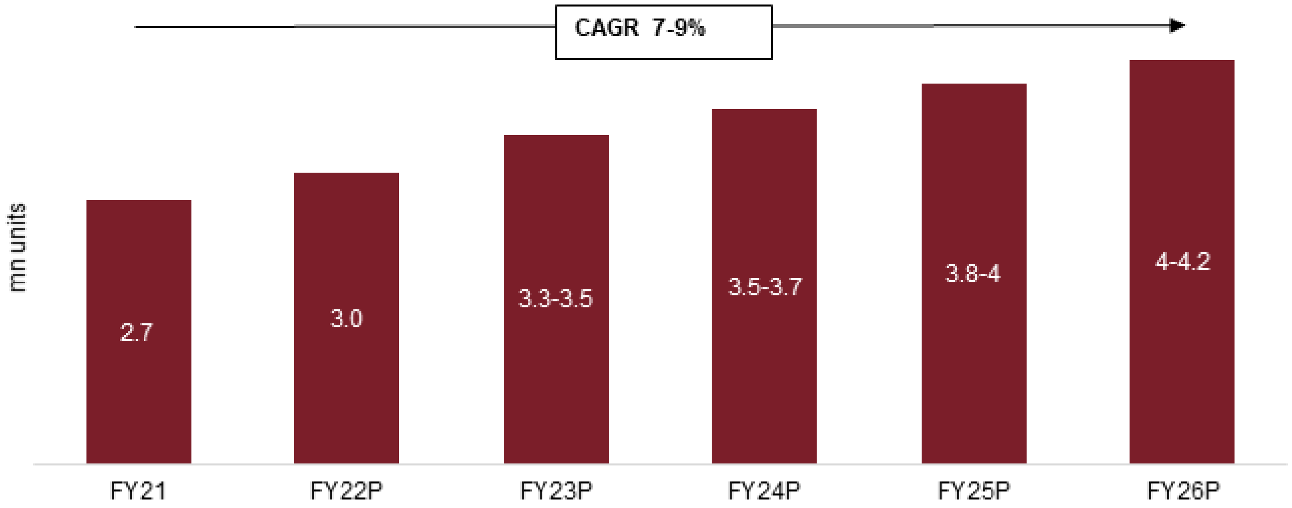
However, in fiscal 2022, due to semi-conductor shortage, we expect the production of the passenger vehicle to be impacted. During the first half of fiscal 2022, rising covid cases and the lockdowns impacted the chip production in Southeast Asian countries like Malaysia affecting the semiconductor supply in the Indian market. Although the Covid situation has improved in the second half of the fiscal, we expect only gradual recovery in the chip availability.

The long-term outlook remains bright with regard to exports as efforts to penetrate newer geographies bear fruit and schemes such as PLI incentivises players to tap exports. CRISIL forecasts exports to clock 11-13% CAGR between fiscals 2021 and 2026. Rising competition in Europe amid sluggish demand growth, though, will prevent further increase in growth. Moreover, penetration of electric and hybrid vehicles will be a key monitorable.

Domestic sales outlook (fiscals 2021- 2026)

Domestic PV sales are expected to increase by 7-9% CAGR over fiscals 2021 to 2026. The growth is expected to be better (post-fiscal 2021), as consecutive years of double-digit declines would lead to a very low base in fiscal 2021. However sharp rise in COVID-19 cases and 2nd wave of covid has led to disruption in supply chain, leading to supply crunch of fast-moving models, waiting periods have increased for models in high demand. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles. Other factors that would aid demand are increasing urbanisation, government support to farm incomes, and improved availability of finance. However, increasing congestion in metro cities and rising popularity of shared mobility services are likely to restrict car sales in the long term.

Exhibit 15: PV domestic sales outlook

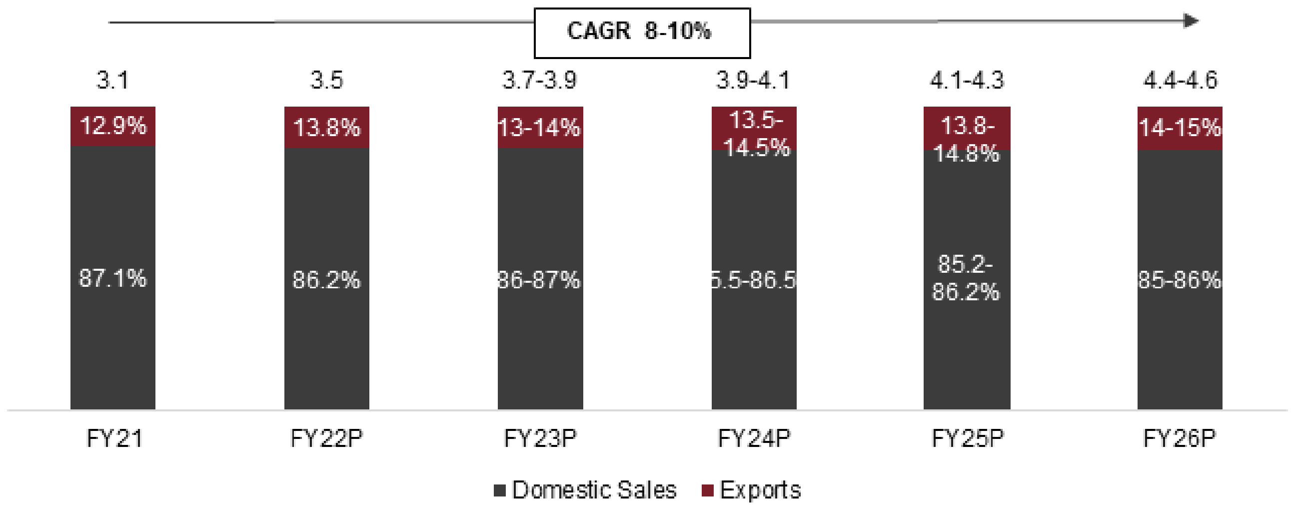


Note: P - Projected
Source: SIAM, CRISIL Research

Split by domestic and export sales

Domestic sales, which is formed ~87% of total production in fiscal 2021, are estimated to grow at 7-9% between fiscals 2021 and 2026. Exports are estimated to grow at by 11-13% CAGR between fiscal 2021 and 2026 on a low base of fiscal 2021.

Exhibit 16: PV industry: Domestic and export sales share



Note: P - Projected
Source: SIAM, CRISIL Research

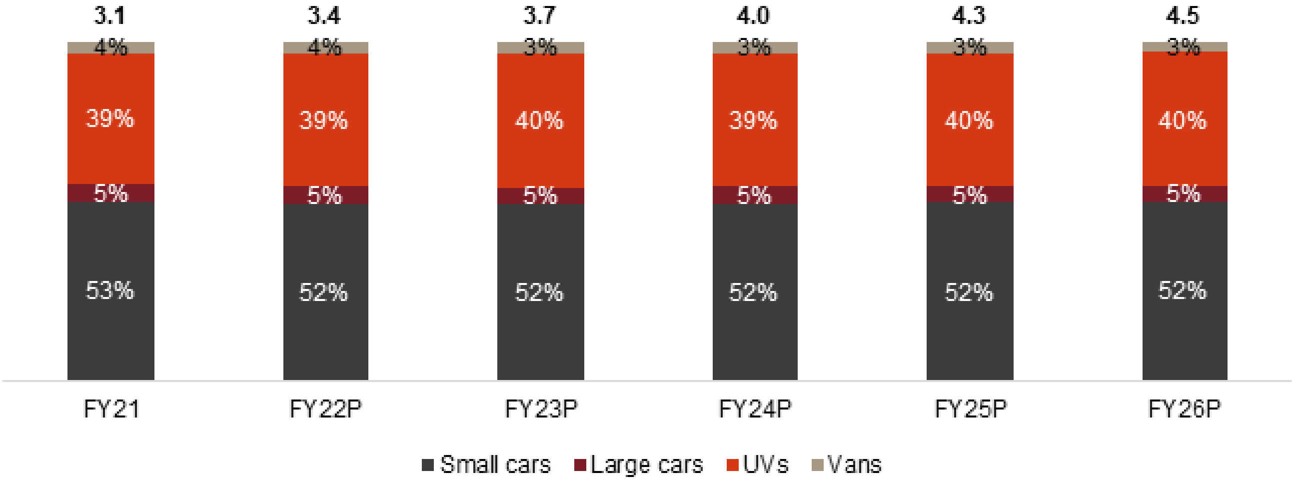
Split by passenger vehicle segments

CRISIL Research projects production of UVs to drive the growth of passenger vehicle industry in long term. UV segment is expected to grow at a CAGR of 8-10% from fiscal 2021 and fiscal 2026 on a low base of fiscal 2021. Small cars and vans to grow at a CAGR of 7-9% and large cars to grow at a stable rate of 3-5% CAGR between fiscal 2021 and 2026.

Growth will be driven by the improving macroeconomic situation, increasing disposable incomes and the relatively stable cost of vehicle ownership owing to steady fuel oil prices.

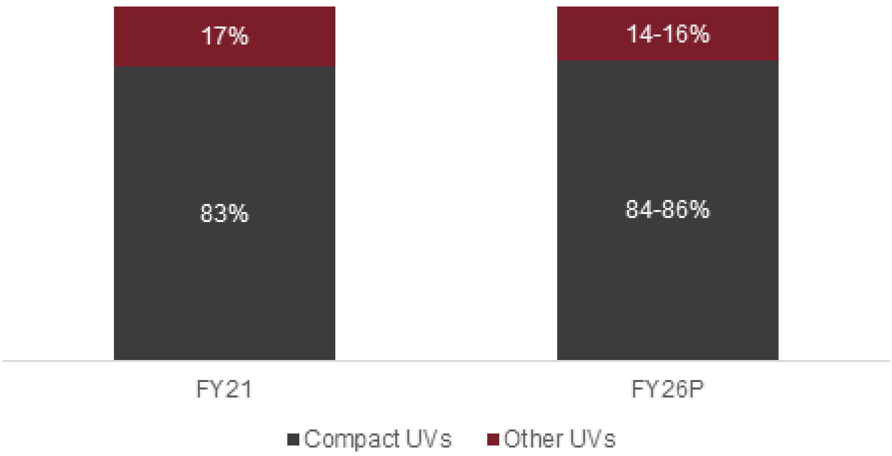
Other factors aiding demand will be: increased urbanisation, Finance Commission payouts and easy availability of finance. With global automakers flooding India with new models to capitalise on the growth opportunity, buyers will be spoilt for choice. The proportion of replacement demand will rise as car owners opt for newer models due to higher affordability, competitively priced launches, and easy availability of finance.

Exhibit 17: PV production outlook by segment



Note: P - Projected
Source: SIAM, CRISIL Research

Exhibit 18: UV production outlook by segment



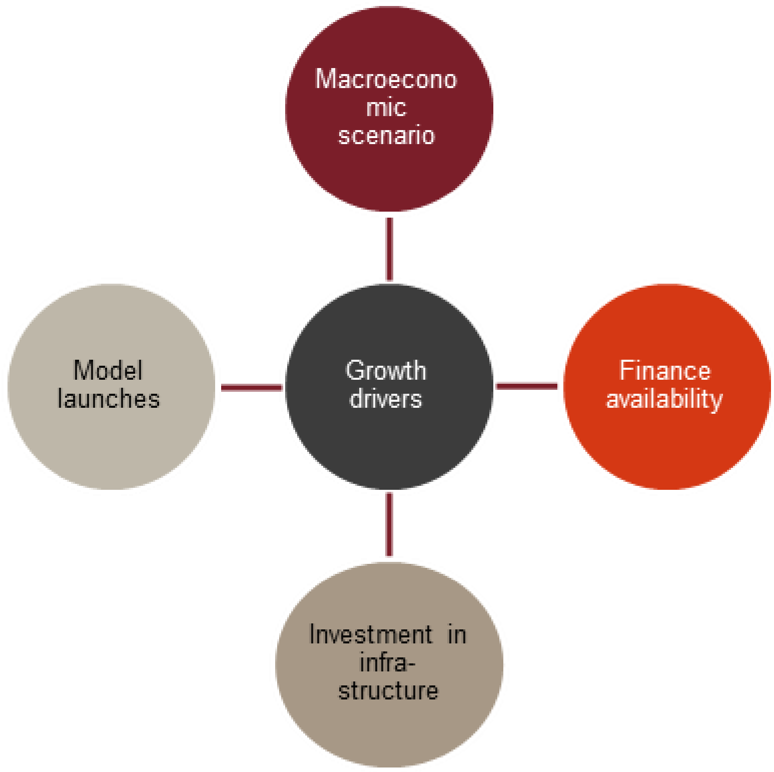
Note: Compact UV comprise of UVC and UV1, UV2 to UV5 is considered under Other UVs
Source: SIAM, CRISIL Research

Continued traction towards compact UVs and expected model launches in this space is expected to drive the demand for compact UVs in domestic market. Currently within UVs, compact UVs occupy a share of 95% in exports as on fiscal 2021. Continued traction in exporting market will also aid production of compact UVs in India. Share of compact UV is expected to reach 84-86% by fiscal 2026 from the current share of 83% in the total UV pie.

Key trends and growth drivers

Primary demand drivers for the PV industry include improved affordability, lower cost of ownership, and new model launches.

Exhibit 19: Key growth drivers for the domestic PV market

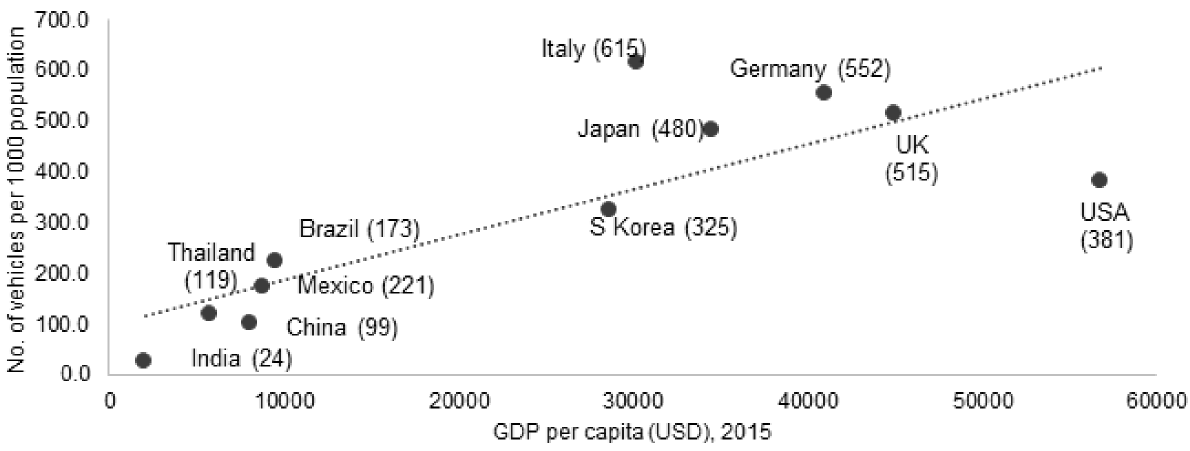


Future growth drivers for the domestic market

- Underpenetrated market huge potential for cars & UVs

  India's car market is highly underpenetrated compared with most developed economies and some developing nations. As of fiscal 2020, India had ~24 passenger vehicles per 1,000 people. This is significantly lower than both developed nations and even other nations in the BRIC block (Brazil, Russia, and China), based on per-capita GDP. Brazil, Russia and China has 173, 307 and 99 passenger vehicles per 1,000 people respectively in 2015. Thus, the country holds tremendous potential for automobile manufacturers. Also, comparing on the basis the penetration of cars and UVs with per-capita GDP across countries, India still lags behind most countries and, as such, CRISIL Research expects the gap to reduce gradually after a decline in fiscal 2021.

Exhibit 20: Country-wise passenger vehicle penetration



Note: Figures except India, are as of calendar year 2015, Dotted line indicates median; Figures in the bracket indicate passenger vehicles per 1,000 people
Source: OICA, World Bank, CRISIL Research

- Expected improvement in macroeconomic factors after subdued growth in fiscal 2020 and a decline in fiscal 2021

  – CRISIL Research expects India's GDP to grow ~6.3% on average, annually, between fiscals 2022 and 2026, after an estimated de-growth of 7.7% in fiscal 2021 due to the pandemic and lockdowns

– GDP growth will continue to be consumption-led, assuming normal monsoons, softer interest rates and inflation, and implementation of Pay Commission hikes by states, which will push up purchasing power

- Anticipated improvement in rural demand

– Rise in finance penetration in the long term, as banks and NBFCs continue to focus on semi-rural and rural areas, will contribute to this

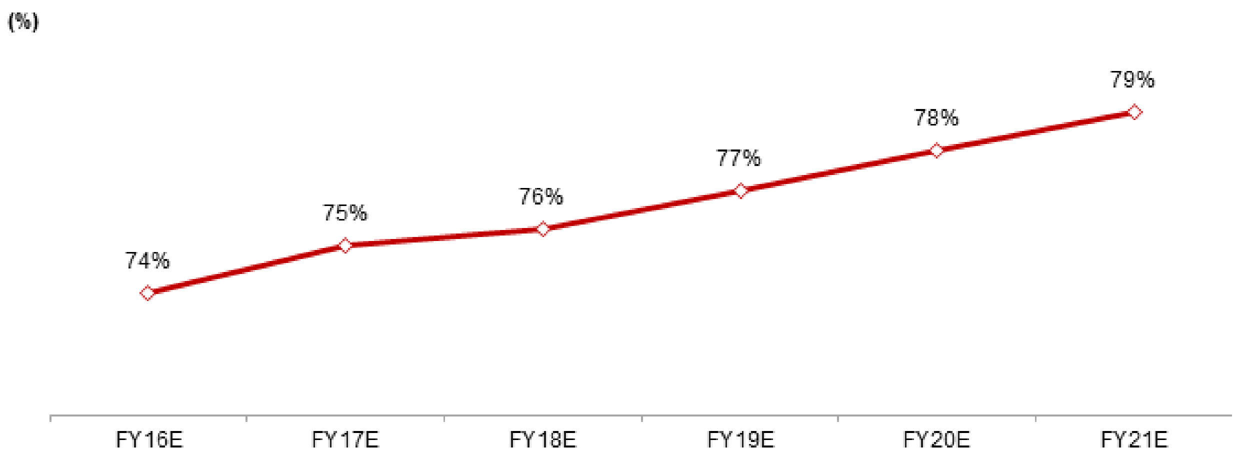
– Rural infrastructure growth is expected to have a pronounced impact on rural incomes. Strong investments under infrastructure schemes will further boost rural infrastructure, with multiplier effects

- Improvement in finance availability

Given the industry's higher ticket sizes and better credit profile of end customers, finance penetration is higher in the PV industry compared with other automobile segments. CRISIL Research estimates finance penetration levels to reach 79% in fiscal 2021 from 74% in fiscal 2016.

Stringent credit norms and availability of credit information through the Credit Information Bureau (India) Ltd (CIBIL) have helped players widen their customer bases. The industry has witnessed strong competition with new players in the form of non-banking financial companies (NBFCs) targeting those markets that banks exited, and captive NBFCs (operated by two-wheeler manufacturers) largely focusing on non-metros.

Exhibit 21: PV finance penetration – Fiscals 2016 to 2021



Note: E – Estimated; Note: Finance penetration indicates number of vehicles financed per 100 two wheelers sold in India
Source: CRISIL Research

The penetration is expected to deepen going forward as:

– More customers come under the formal financial services fold

– Banks increase their focus on the retail segments

– Banks start waving off processing fee and pre-payment charges (especially during festival seasons) which will make financing option more lucrative for customers

- Enhanced product offering

– New models launched by manufacturers

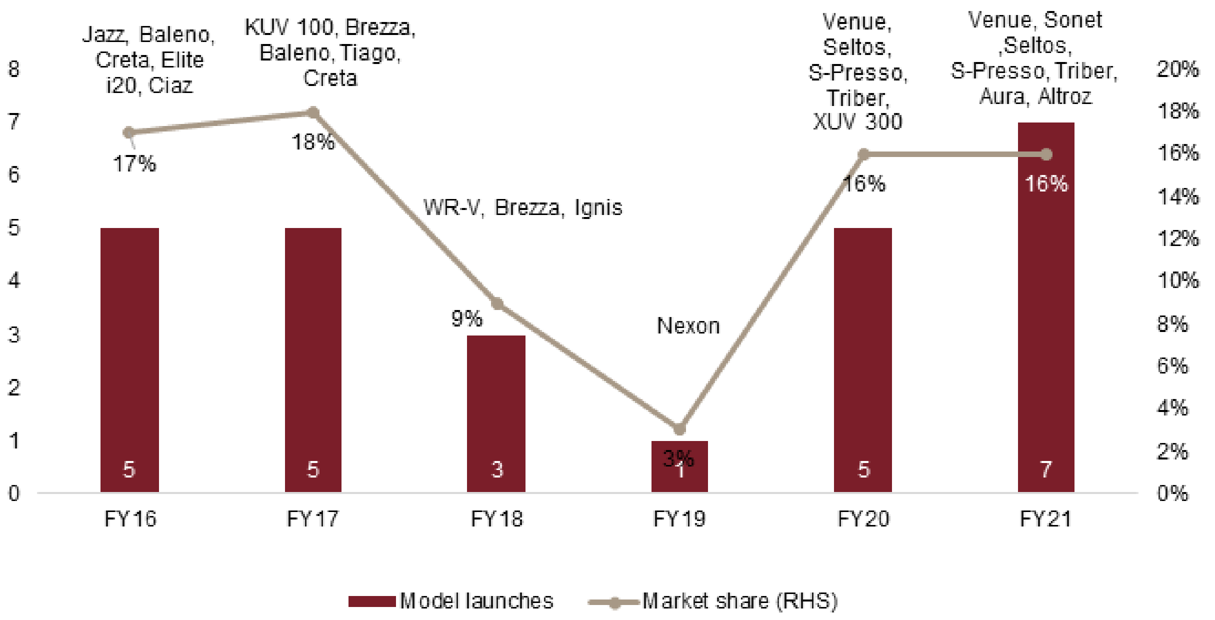
– Increase in offerings because of new entrants such as Kia Motors, MG Motors, etc.

Apart from rising sales of existing models, sales of new models have supported overall industry growth in the past few years. Majority of the models are in the UV segment leading to its growth.

New models launched in fiscal 2019 contributed to a mere ~3% of domestic sales that fiscal. However, they gained significant traction in fiscal 2020, leading to ~16% market share. Though launches planned in the first half of fiscal 2021 were deferred due to the pandemic, those within the small car segment, such as S-Presso, Altroz and Aura gained market share during the fiscal.

Vehicles launched during the current year fiscal 2022 like Tata Punch, XUV700, Safari, Kushaq, Astor are also getting sizeable traction.

Exhibit 22: Share of newly launched models in total passenger vehicle sales



Note: A vehicle is considered a new launch for a year and a half past its launch. A new launch winning at least 1% share in fiscal year is considered a major launch; Facelift/ revamped versions of old models are not considered as new launches.
Source: SIAM, CRISIL Research

- Cars on subscription

  – Cars have always been an aspirational purchase for Indian consumers. However, new startup business models based on 'cars on subscription' are gaining traction because of convenience, low upfront costs as well as involvement of young, dynamic population in the customer base, which prefers an asset-light lifestyle.

  – In the case of fixed-cost subscription, the consumer pays a periodic sum of money for the use of a vehicle for the subscribed period. Subscriptions can be for any length of time and can be cancelled at any point of time. It also allows the customer to upgrade or change cars after the subscription period. Associated costs of the car, such as insurance, taxes, service and maintenance, repairs and roadside assistance, are borne by the subscription provider. This reduces the burden of down-payment for the consumer, along with the additional costs associated with car ownership.

  – The subscription-based car ownership increases the affordability of consumers substantially.

  – Subscribing for a vehicle entails a lower initial cost compared with buying a new car, which requires a hefty down-payment. Thus, it can have a positive impact on the industry and increase the penetration of cars in the country.

  – However, considering the fact that ~40-50% customers are first-time car buyers, the aspirational value of ownership can hinder the success of the subscription-based model.

  – Currently, retail leasing is still in a nascent stage in India and, thus, remains a key monitorable in the long term for impact on the industry

- Future growth drivers for the exports market

While predominantly a small car exporter, India has strongly emerged as an exporter of mid-size sedans and UVs with a growing acceptance of vehicles manufactured in India. The share of cars segment reduced from 82% in fiscal 2016 to 65-70% in fiscal 2021 as a percentage of overall exports. Consequently, the share of UVs increased from 18% to 30-35%.

Latin America occupies the highest proportion in PV exports from India, followed by Africa. Indian OEMs have diversified their exports by exploring newer geographies. New markets like Saudi Arabia, the UAE and South Africa have shown significant demand growth. The US, which had nil share till fiscal 2018, garnered ~10% volume share as of fiscal 2020, mainly driven by export of the Ford Ecosport. Exports to South Africa, Italy, the UAE, Saudi Arabia, Peru and Bolivia also witnessed growth in fiscal 2020, with the launch of new models such as the Hyundai Venue, Maruti S-Presso, Renault Triber and Kia Seltos.

Below factors are likely support growth of PV exports from India

– Capacity expansion by top players

– Stable crude oil prices to aid demand from African and Latin American geographies

– Continued expansion undertaken by players into newer markets

– Production-linked incentive (PLI) scheme, expected to provide further boost to the exports

Impact of regulatory changes on domestic passenger vehicle sales

Impact of corporate average fuel efficiency (CAFE) norms

The Paris Agreement, enforced from November 2016 onwards, and ratified by India, set the objective of limiting the global temperature rise this century well below 2 degree Celsius over pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. The greenhouse gases emissions reduction that would be compatible with this target would require a significant increase in the share of zero or low emission vehicles over the coming years. These regulations, combined with growing environmental and sustainability consciousness of the population, will lead to a major transformation of the global auto industry from internal combustion engine to green mobility technologies (such as hybrid vehicles, BEVs, fuel cell vehicles and alternative-fuel vehicles).

Fuel consumption standards for Indian vehicles came into force in India in April 2017 for petrol, diesel, liquefied petroleum gas (LPG) and compressed natural gas (CNG) passenger vehicles. These standards are based on the CAFE system and targets to bring about improvement in fuel consumption of passenger vehicles by 2022. The policy supports a continuous reduction in CO_2 emissions through CAFE regulations.

These regulations were first implemented on April 1, 2017 with the introduction of BS-IV emission norms. It was decided that the highest permissible carbon footprint would be 130 gm per km till 2022. Thereafter, it would be further reduced to 113 gm per km. This is expected to incentivise the shift towards greener technology such as hybrids and EVs.

Upcoming regulatory changes and safety norms

The Indian PV industry has seen a host of safety and regulatory changes in the past 3-5 years. Implementation of CAFÉ norms will further help in the cleaner fuel emission. CRISIL Research expects other safety features such as electronic stability control (ESC) and autonomous emergency braking (AEB) to be implemented on all cars to reduce road accidents.

When a driver attempts an ‘extreme manoeuvre’ (e.g., one initiated to avoid a crash or due to misjudgement of the severity of a curve), they may lose control if the vehicle responds differently as it nears the limits of road traction than it does during ordinary driving. In order to counter such situations in which loss of control may be imminent; ESC uses automatic braking of individual wheels to adjust the vehicle’s heading if it departs from the direction the driver is steering.

AEB is a driver assistance system that relies on a network of radar sensors mounted behind the vehicle’s front grille or windshield to gauge the surroundings and monitor basic driving conditions such as speed, acceleration and proximity to obstacles. If the risk of an accident is detected, the system prompts the driver to brake by providing audible and visual warnings. If the driver fails to react in time, then AEB is even capable of braking autonomously to prevent an accident altogether or at least reduce the impact of collision.

Impact of Production Linked Incentive (PLI) on automotive industry

The PLI scheme for the automotive industry intends to promote high-tech green manufacturing such as electric and hydrogen fuel cell vehicles. This scheme excludes conventional petrol, diesel, and CNG segments (Internal Combustion Engine) since these segments have sufficient capacity in India.

Government has budgeted Rs 44,038 crore within PLI scheme for automobile industry. Rs 18,100 crore is allocated for Advance chemistry cell (ACC) battery and other Rs 25,938 crore is allocated for automobile and auto component manufacturing.

Government has listed advanced automotive technology components that are eligible for incentives. Components range from components required in hydrogen fuel cell vehicle system, xEVs-traction system such as traction motor, xEVs-transmission such as e-axles, components for vehicle exhaust after treatment devices for BS6 vehicles and beyond, components for ECUs for safety, powertrain and comfort system, transmission technology such as Continuously Variable Transmission (CVT), Dual Clutch Transmission (DCT), Automatic Transmission (AT), electric differential lock, components for alternate fuel system, sensors, etc.

The PLI scheme targeting auto parts include the following component schemes:

- Champion Original Equipment Manufacturers (OEM) Scheme: It is a sales value linked plan, applicable to battery electric and hydrogen fuel cell vehicles of all segments.

- Champion Incentive Scheme: It is a sales value linked plan for advanced technology components, complete and semi-knocked down (CKD/SKD) kits, vehicle aggregates of two-wheelers, three-wheelers, passenger vehicles, commercial vehicles and tractors, including automobiles meant for military use and any other advanced automotive technology components prescribed by the Ministry of Heavy Industries – depending upon technical developments.

Impact of Scrappage Policy

The Vehicle Scrapping Policy, 2021 was announced by the Government to curb the pollution. PVs to be deregistered after 20 years in case of failure to get fitness certificate. Incentives for the new buyers include, scrappage value expected to be 4-6% of ex-showroom price of a new vehicle as a scrappage value for the old vehicle, road tax rebate upto 25%, 5% discount and waiver of registration fee on the purchase of the new vehicle against the scrapping certificate.

As for PVs, renewal of registration fees is proposed to increase from Rs 600 to Rs 5,000 (valid for five years) for passenger vehicles older than 15 years, a hike of over 8 times. However, these vehicles mostly ply in the rural areas where enforcement of higher registration fees is difficult to monitor. The potential benefit from scrapping a 15-year-old, entry-level small car will be Rs 70,000, whereas its resale value is ~Rs 95,000. That makes scrapping unattractive. But for vehicles older than 20 years, considering that there is a proposal to deregister them, the potential scrappage benefit is ~Rs 50,000, which is similar to its resale value. This can incentivise scrapping. As a result, 40,000-60,000 PVs can realistically be scrapped. So, the incremental contribution to new vehicle sales works out to 12,000 to 20,000 PVs annually, assuming a three-year window. As the number is less than 1% of the 30 lakh units sold on average over fiscals 2016-2020, scrapping will not contribute substantially to new sales.

Estimated Penetration of Electric PVs by fiscal 2026

Regulatory roadmap key for rise of electric mobility in India

The US and China have seen an acceleration of sales of electric/hybrid cars, as most major global original equipment manufacturers (OEMs) have one or more models in their portfolios in these countries. With more model launches by OEMs, issues of range anxiety being addressed, and declining battery prices, CRISIL Research expects electric vehicle (EV) volume to grow at a faster pace globally.

Currently, in India, the charging infrastructure required for EVs is not in place. This has hindered adoption of EVs in India.

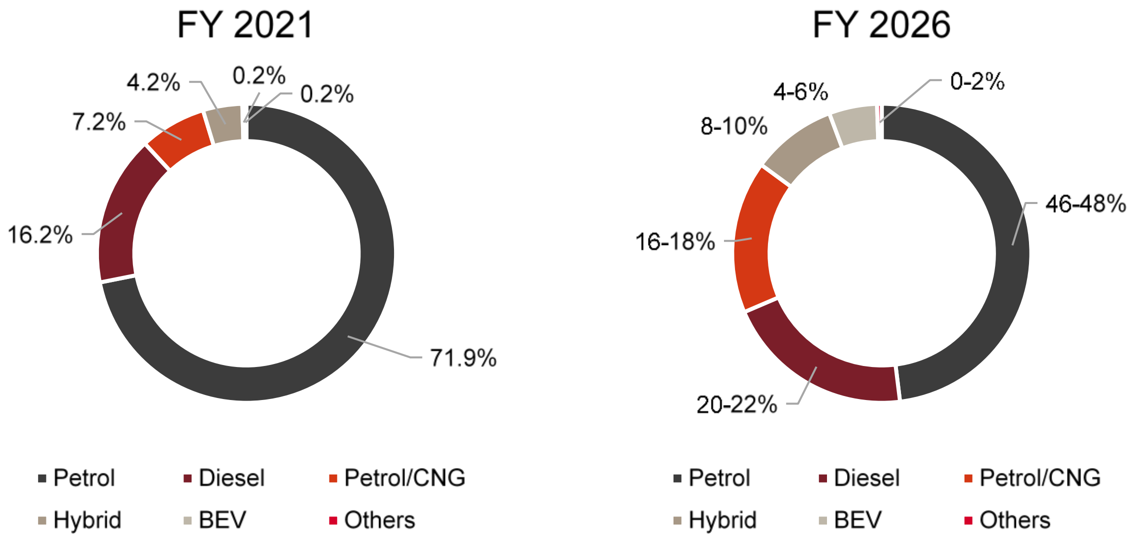
The implementation of the National Electric Mobility Mission Plan, 2020 and other policy initiatives by the government to address infrastructure-related issues are key monitorables for the sector over the next five years. The government has announced Rs 100 billion for Phase 2 of Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME). The policy aims to provide a subsidy of Rs 10,000 per KWh to four wheelers (BEV (battery electric vehicle), PHEV, strong hybrid) for commercial purpose and public transport. It also mandates minimum range to be ~140 km and maximum ex-factory price to be ~Rs 15 lakh. It envisions creation of infrastructure for charging of EVs. CRISIL Research expects initial adoption rate to be high among cab aggregators.

Delhi has announced an EV policy that would provide purchase incentives of up to Rs 1.5 lakh for the first 1,000 electric cars. The benefit would be provided in addition to FAME-2 policy benefits. The Telangana government is also providing 100% exemption of road tax and registration fee on purchase of the first 5,000 electric cars. The Tamil Nadu government is providing 100% exemption for battery-operated vehicles (BOVs). Such regional push will further enable adoption of EVs. Further individual tax payers are allowed to take a deduction on interest payments up to Rs 1,50,000 towards electric vehicles under Section 80EEB. The benefit is available on EV loans sanctioned over 1st April 2019 till 31st March 2023 period. Such favourable tax laws are expected to encourage electric vehicle adoption for personal mobility.

The government is also considering the establishment of a 40-gigawatt (GW) battery manufacturing plant to boost EVs and renewable energy initiatives. However, for any path-breaking changes to happen in the EV market, OEMs need to make more investments and the government should devise clear policies. Among the challenges, infrastructure shortage needs to be resolved urgently.

Hyundai along with Kia is expected to introduce 6 electric models in India by 2024. Nissan has also undertaken a feasibility study to manufacture electric vehicles in India for Indian customers as well as foreign countries, and set up an EV battery manufacturing unit as well. Global electric car manufacturers such as Tesla, Triton are expected to setup their manufacturing capability in India.

Exhibit 23: Split by powertrain



Note: P – Projected, BEV - Battery-powered Electric Vehicle
Source: MoRTH, CRISIL Research

Due to upcoming emission norms such as BS-VI B and CAFÉ norms, the powertrain mix is expected to change towards alternate fuels such as CNG, hybrid and electric. However, diesel share is expected to gain as in fiscal 2021 few OEMs had phased out diesel variants from their portfolio. Maruti had completely phased out diesel variants from its offering due to price increase on account of BS-VI migration. But from the start of 2022, Maruti is expected to launch diesel variants for a few models. This will lead to increase in share of diesel, leading to an increase in share to 20-22% in fiscal 2026 from 16.2% in fiscal 2021, driven by UVs and large car category.

CNG will be dominated by small car buyers due to its attractive cost economics. Maruti already offers CNG models in Alto, Swift, Ertiga, etc. Other OEMs have also started offering CNG option atleast in its entry level cars. Recently, Hyundai has come up with CNG options for its models such as i10, Santro, Aura, etc. Tata Motors have also come up with CNG variants for Tiago, factory fitted CNG models is expected to be available for its other models such as Tigor and Altroz.

Currently CNG is primarily available in major metro and tier-I cities. Long waiting to refill CNG has led to low preference towards CNG variants by the buyers. However, CNG network is increasing rapidly. According to Petroleum Planning & Analysis Cell, India has 3,143 CNG stations in India as on April 2021. Government's focus for gas-based economy has laid a target of 10,000 CNG stations by 2030. Industry is also exploring various measure to boost CNG ecosystem like mobile refilling CNG facility where CNG refilling facility will be setup in places such as shopping malls, offices, etc.

Many global OEMs like Toyota, Honda have hybrid vehicle offerings in other markets. In the long-term horizon, CRISIL Research expects OEMs launch hybrid vehicles in the domestic market as well boosting the share of hybrid vehicles in India.

Battery Electric PVs to contribute to 4-6% of domestic sales by fiscal 2026

As it stands, FAME-II subsidy is incentivised only towards commercial use. No benefits are provided to personal car owners. Following are the findings of our analysis on the cost of ownership of an electric passenger car versus petrol, diesel and CNG variants for cab aggregators. CRISIL Research has also compared the cost of ownership of an electric passenger car with the petrol variant of a passenger car.

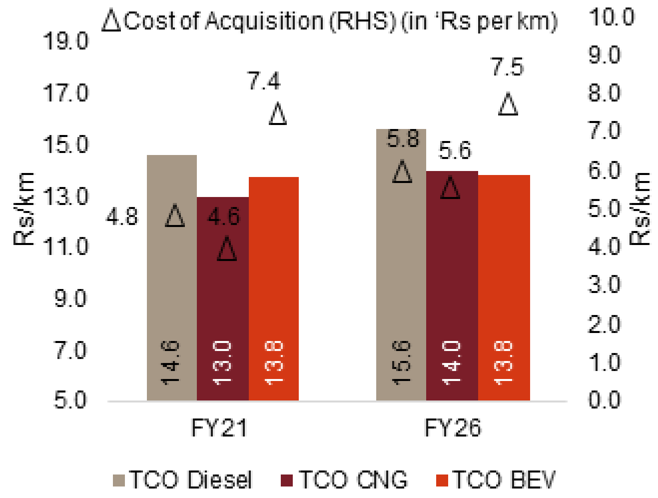
In case of commercial application like cab aggregators, Total Cost of Acquisition (COA) for EVs almost 50% higher for diesel and CNG vehicle. However due to heavy running of the vehicles the Total Cost of Ownership (TCO) of EVs for cab aggregators is lower for EVs compared with diesel alternatives by ~6% and higher by ~6% than CNG alternatives even in fiscal 2021. By fiscal 2026 TCO for EVs is likely to be lower by 11% in with diesel alternatives and marginally lower for CNG alternatives. The lower battery cost is expected to offset the lack of FAME subsidy and will help maintain competitiveness of BEVs against diesel and CNG variants for cab aggregators.

Charging infrastructure, range anxiety and lack of large OEM presence is hindering EV adoption in India. However, battery swapping business model can help in reducing cost of acquisition for buyers, range anxiety, drastically reduces refuelling (charging) time and assuage customer concerns around life of a battery or need for replacement of a battery.

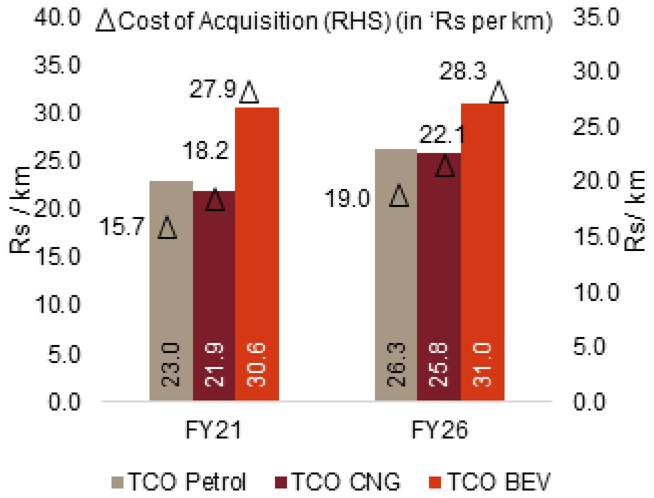
In the union budget 2022-23, government has announced a battery swapping policy with focus on interoperability standards. Standardising battery swapping infrastructure will accelerate economies of scale and hasten EV adoption, which currently stands at less than 1% for the automobile segments. Battery swapping and interoperability will propel EV adoption for commercial use (three-wheelers, taxis and light commercial vehicles), as this would reduce waiting time for charging, enabling higher asset utilisation and supporting operator profitability. This could also provide impetus to newer business models, wherein vehicles can be sold without fixed batteries, and batteries can be availed on a pay per basis. This is expected to reduce acquisition cost for buyers.

The taxi segment accounts for 10-15% of sales within passenger cars, and within the taxi segment, cab aggregators (accounting for ~40-50% of total sales within the taxi segment) are expected to lead adoption of EVs. This should result in an estimated ~25% adoption of EVs within cab aggregator segment by fiscal 2025 (assuming adequate infrastructure is available by then).

Cab aggregators use case: TCO and COA of EVs is lower due to higher running



Personal use case: High TCO and COA of EVs remain a challenge until fiscal 2026



Note: Total cost of ownership analysis framework takes into consideration down payment/ initial payment, EMI, fuel cost, maintenance cost and battery replacement cost if any over the ownership period adjusted for the resale value TCO is in Rs per km; For cab aggregators, compact sedan has been considered for assessment whereas in personal application hatchback has been considered for evaluation; Holding period of 4 years and 5 years is being considered for cab aggregator and personal use case respectively; annual running of 62,500 km and 12,000 km considered for cab aggregator and personal use case respectively.
Source: Industry, CRISIL Research

Due to the limited running of personal vehicles, TCO and COA of electric personal cars are still higher (~33% and ~78%, respectively) compared with the TCO and COA of petrol alternative and higher by (~39% and ~53%, respectively) compared with the TCO and COA of CNG alternative. Therefore, EVs are currently not a viable use-case vis a vis their ICE counterparts. In fiscal 2026 however, the gap is expected stay significant prohibiting EV adoption in personal usage segment. In addition, availability of charging infrastructure and range especially for intercity travels are likely to be key bottlenecks for adoption of EVs in the personal car segment.

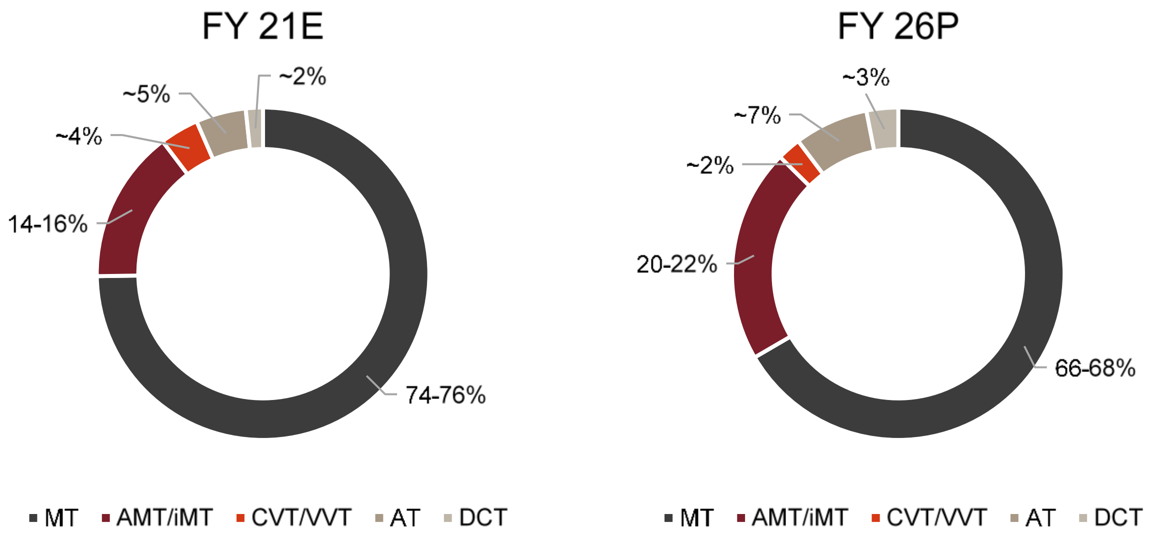
Hence, CRISIL Research expects the share of EVs in total passenger car sales to remain low (4-6%) in fiscal 2026. Penetration in fiscal 2021 was ~0.16%. EV penetration can be higher if government adopts stricter policies on OEMs for not meeting CAFÉ norms. The exact quantum of EV penetration in an aggressive case depends on incentives given for adoption and setting up of charging infrastructure. EV penetration will also be propelled by policies adopted by the government for penalising non-adherence to CAFÉ norms. Electrification in PVs is expected to be slower on account of limited range of electric vehicles, very higher cost of acquisition for EVs with desired range, lack of total cost of operations (TCO) with ICE vehicles especially for personal applications, limited availability of charging infrastructure, lack of clarity around vehicle performance and resale value among stakeholders.

However, the battery swapping policy will provide an additional push to the EV adoption especially from the taxi segment.

Split of PV production by transmission type

Rising affordability and need for comfort to drive shift from manual transmission to automatic transmission from fiscal 2021 to 2026. Across affordable range of cars which include the likes of Alto, Kwid, Santro, Celerio, Swift, i10 AMT, iMT is likely to emerge as technology of choice due to price affordability. CRISIL Research's interactions suggest that in mid-range car segment (Rs 8 lacs to 15 lacs) DCT and CVT technologies are likely to prevail with preference shifting towards DCT due to affordability and performance. In premium priced vehicles (Rs 15+ lacs) AT is likely to be the technology of choice. CRISIL Research estimates AMT/iMT to account for ~20-22% of domestic sales, DCT account for ~7% of domestic production. AT and CVT to account for remaining ~2% and 3% respectively.

Exhibit 24: Share of transmission technology



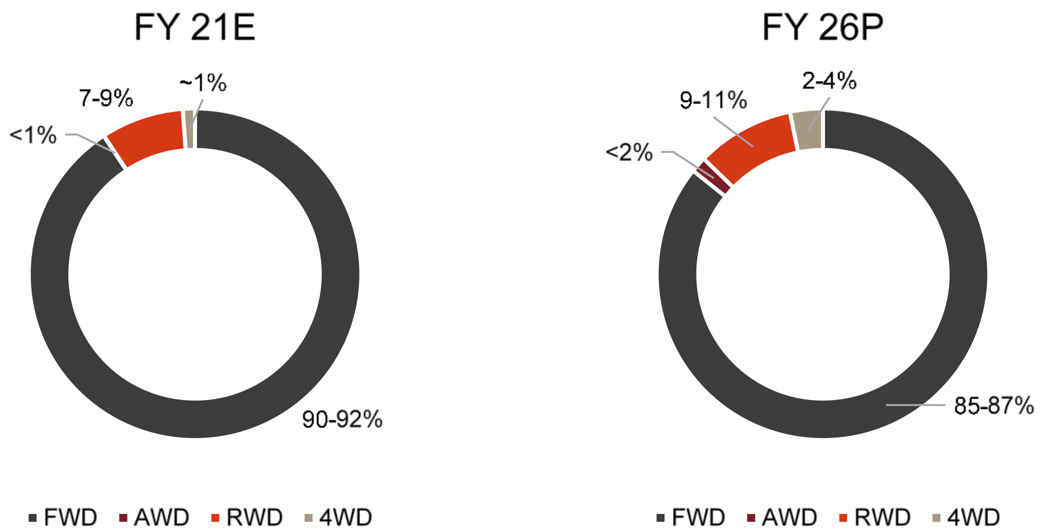
NOTE: MT – Manual Transmission, AMT – Automatic Manual Transmission, iMT – Intelligent Manual Transmission, AT – Automatic Transmission, DCT – Dual Clutch Transmission
E – Estimated, P – Projected
Source: SIAM, Industry, CRISIL Research

Split of PV production by drivetrain type

Expected higher growth of UVs as compared to passenger cars will drive the growth of RWD and 4WD. Share of RWD and 4WD is expected to increase by ~2% by fiscal 2026 driven by need for long distance driving, growing interests in off-roading. Share of AWD is expected to improve slowly by 1% by fiscal 2026 mainly due to its high initial cost as compared to other drivetrain categories.

Accordingly, CRISIL Research estimates FWD vehicles to account for 85-87% of production in fiscal 2026, followed by <2%, 9-11%, 2-4% demand for AWD, RWD and 4WD vehicles.

Exhibit 25: Share of drivetrain



NOTE: FWD – Front Wheel Drive, AWD – All Wheel Drive, RWD – Rear Wheel Drive, 4WD – Four Wheel Drive
E – Estimated, P – Projected
Source: SIAM, Industry, CRISIL Research

MARKET SIZING AND OUTLOOK OF RELEVANT AUTO COMPONENT SEGMENTS

Transfer case

Transfer case system is used in four-wheel drive (4WD) or commonly known as 4X4 vehicle that has four driven wheels. In a 4X4 configuration the first 4 indicates that the vehicle has four wheels and the second 4 indicates that all four wheels are driven. A vehicle will have more pulling power and traction if all of its wheels are driven. This requires a transfer case system.

Transfer case system involves the mechanical transfer case components and electronic components ECU & sensors.

The transfer case system transfers power from the transmission to the front and rear axles by means of drive shafts. It also synchronizes the difference between the rotation of the front and rear wheels, and may contain one or more sets of low range gears. Set of reduction gear is used for low-speed and high-torque applications, such as for off-roading. When set of reduction gear are not used but torque is transferred to all 4-wheels, this is known as 4WD high. When 4WD low is engaged, it activates the reduction set in the transfer case and gives the extreme deep ratio which helps the vehicle drive in extreme conditions. In two-wheel drive (2WD) high, torque is transferred only to rear wheels, making a drive type as rear wheel drive (RWD).

To shift between 4WD high, 4WD low and 2W options, in case of a mechanical shift on-the-fly transfer case, a selector lever is to be manually adjusted by the driver. In case of Electronic Shift On-the-Fly (ESOF) transfer case, a dash mounted selector switch or buttons is to be pushed by the driver to change the setting. In ESOF, the transfer case is installed along with an Electronic Control Unit (ECU), it provides a mechanism to select among above three options.

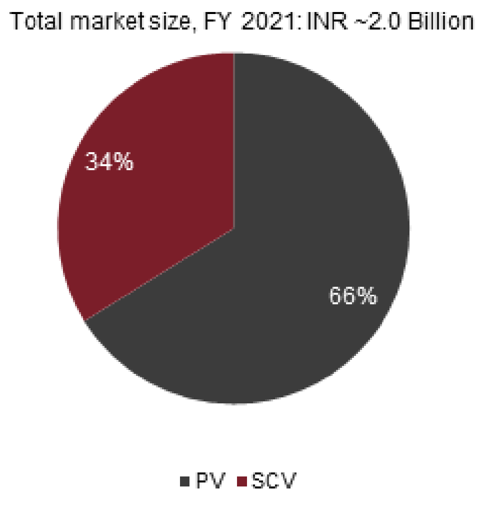
Transfer cases systems are either chain driven or gear driven. Gear-driven transfer cases use systems sets of gears to drive either the front or both the front and rear driveshafts. These are generally strong, heavy units that are used in large trucks. Chain-driven transfer cases systems use a chain to drive most often only one axle but can drive both axles. Chain-driven transfer cases are quieter and lighter than gear-driven ones. They are used in vehicles such as low-tonnage trucks, cars and SUVs. Some off-road driving enthusiasts modify their vehicles to use gear-driven transfer cases, accepting the additional weight and noise to gain the extra strength they generally provide. In India, except for few high-end models, the industry is dominated by chain driven transfer case systems in PV and SCV segment.

Transfer case market

Review, fiscal 2021

CRISIL Research estimates the size of the transfer case market (catering to OEM demand) at Rs 2.0 billion in fiscal 2021. Passenger vehicle (PV) segment occupies the highest share of 66%, followed by small commercial vehicle (SCV) segment at 34%. However, per unit realisation of ESOF transfer case will be higher as compared to manual shift due to the cost of ECU integration involved.

Exhibit 26: Transfer case industry split by application in value terms, fiscal 2021



SOURCE: Industry, SIAM, CRISIL Research

Key players

Current penetration of 4WD is estimated at ~1% in India. Hence, the transfer case systems are mostly imported by the OEMs in India. OEMs typically manufacture these transfer cases in-house through group subsidiaries. Aisin, BorgWarner, Dana, Divgi TTS, Magna, Univance are among the key suppliers of transfer cases to passenger vehicle industry in India.

Divgi TTS is one of the leading players supplying transfer case systems to OEMs in India and the largest 1supplier of transfer case systems to passenger vehicle manufacturers in India. Divgi TTS is also the only player manufacturing and exporting transfer cases (including the dominant chain driven transfer cases and ESOF transfer cases) to global OEMs from India.

Outlook, fiscals 2021- 2026

Market for transfer case is expected to increase by 33-35% CAGR from fiscal 2021 and 2026 that is from 58k to 248k in volume terms and by 37-39% CAGR in value terms i.e. from Rs 2.0 billion to Rs 10.2 billion.

CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles.

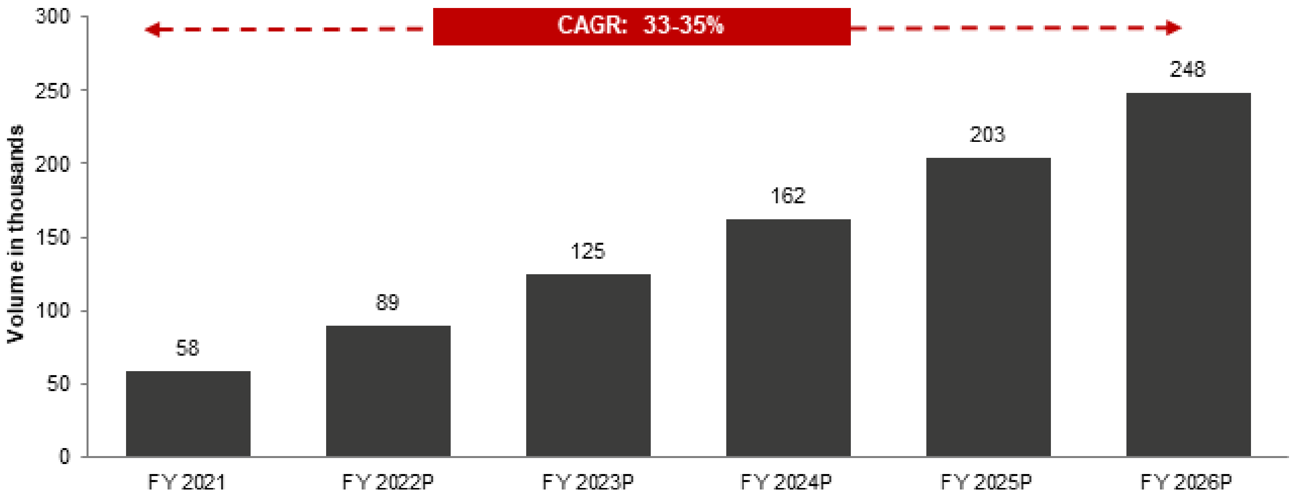
Demand for transfer cases is expected to be driven by growing demand for 4WD vehicles which will supported by growing interests in off-roading. Penetration for 4WD technology is expected to reach 2-4% by fiscal 2026 from current level of ~1%, witnessing higher traction in SUV segment. However, Indian PV market is still expected to be dominated by small cars and compact SUV, they are expected to continue being a front wheel drive (FWD) vehicle.

Production of SCVs in India is expected to increase at 10-12% CAGR over fiscals 2021 to 2026. SCV growth will be driven by higher private consumption, low penetration levels providing headroom for growth, greater availability of redistribution freight, and improved finance availability post fiscal 2021.

SCV passenger segment in particular is expected to rebound sharply, growing at 30% CAGR over fiscals 2021 to 2026. In fiscal 2021, though, the production of SCV PV has sharply declined because of low people mobility and school closure due to the pandemic. But fiscal 2022 onwards, production of SCV PV is projected to rise as sales recover on a low base of fiscal 2021 on account of availability of vaccine and opening up of schools and resume in mobility.

In SCV category, pickup vans such as Mahindra Bolero is available in 4WD option. It is mainly used in rough terrain such as tea plantation in North East or in desert region. Here, the application of 4WD SCV is not expected to materially change over the forecast period. Hence, by fiscal 2026 we expect the penetration of 4WD to remain stable at current levels penetration of ~5%.

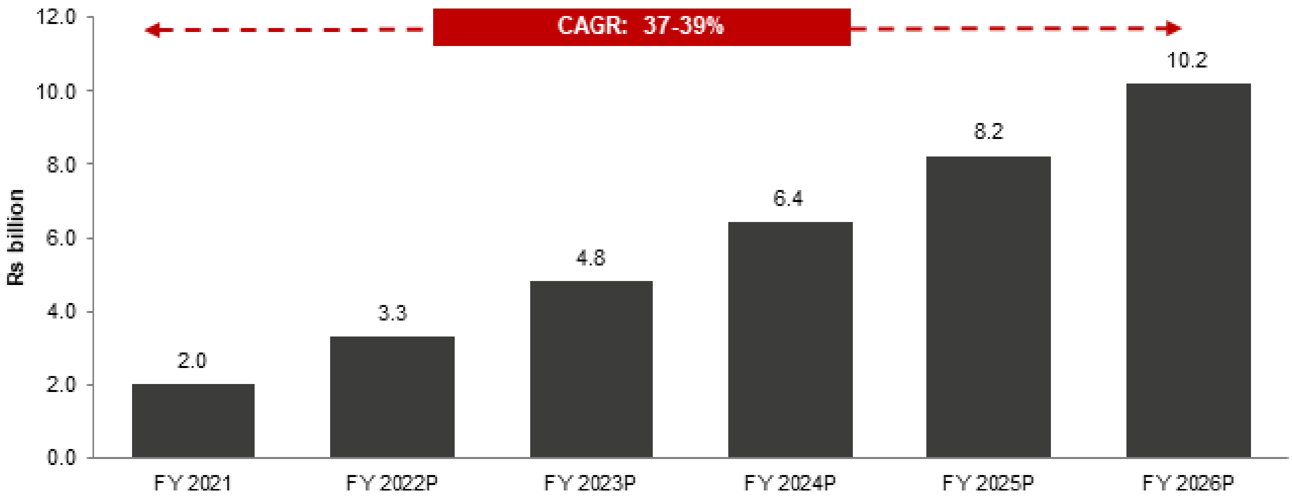
Exhibit 27: Indian Transfer cases market outlook (thousand units) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

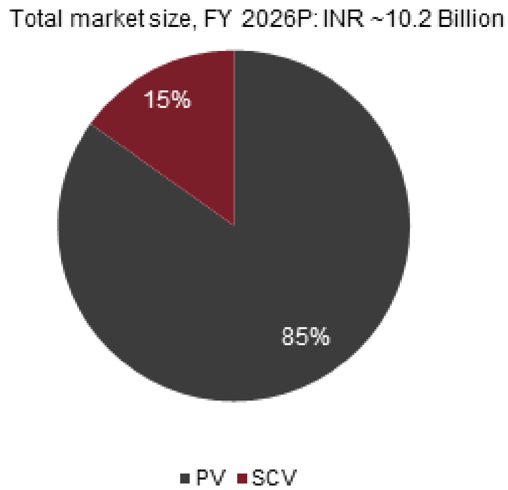
1 Based on the data provided by the company, primary interactions and data available from credible secondary sources

Exhibit 28: Indian Transfer cases market outlook (Rs billion) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

Exhibit 29: Transfer case industry split by application in value terms, fiscal 2026



SOURCE: Industry, CRISIL Research

Torque coupler

Torque coupler is used in front wheel drive (FWD) based all-wheel drive (AWD) vehicles. Torque coupler senses the torque requirement & transfers the necessary torque to the rear wheels when wheels start slipping on the surface. Here the response time of actuating the clutch is very critical to proper functioning of a vehicle, else the vehicle begins to skid. Clutching and de-clutching is performed by an ECU. The calibration of ECU with the performance of a vehicle is critical. This testing is done jointly by the OEM and the component supplier. This type of technology where ECU integration is required is known as multi-disc wet clutch technology. Another technology called as viscous coupling is also present. Here the actuation of clutch is not electronically controlled. A series of plates and silicon is used. When driving wheels slip (here front wheels), viscous coupling locks and torque is transferred to the other axle i.e. the rear wheels. Here, the engagement of rear axles is slightly delayed.

Review, fiscal 2021

In India, FWD based AWD has a miniscule penetration of <1% in fiscal 2021. It is offered mainly in premium SUV category. Market size of torque coupler is estimated at ~1k units and Rs 0.02 billion as on fiscal 2021.

Key players

Torque couplers are mainly imported since the penetration of AWD is miniscule in India. Aisin, BorgWarner Divgi TTS, Schaeffler, Valeo, ZF are among key global suppliers of torque coupler. Few suppliers like Aisin, BorgWarner, Divgi TTS provide system level solutions offering software that controls the vehicle dynamics and the clutching and de-clutching system. Divgi TTS is the only manufacturer for torque couplers in India.

Automatic variant of one of the most popular SUVs, XUV 700 uses Divgi TTS made Nextrac Torque Coupler. In the overall vehicle sales of XUV 700, the automatic variant has a significant (40-45%) contribution.

Outlook, fiscals 2021- 2026

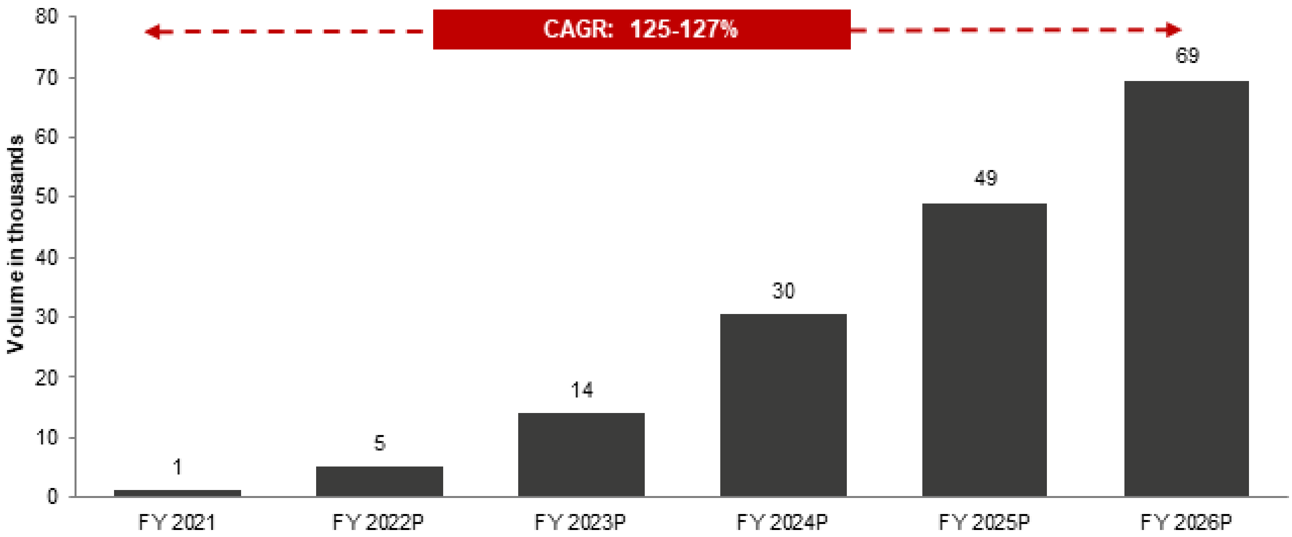
Market for torque coupler is expected to increase by 125-127% CAGR from fiscal 2021 and 2016 in volume terms and by 133-135% CAGR in value terms. Demand for torque couplers are expected to grow from ~1 thousand units in fiscal 2021 to 69 thousand units by fiscal 2026.

CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles.

Because of the high cost associated with AWD drive train, the penetration of FWD based AWD is expected to be in the range of 1-2% by fiscal 2026. Again, the offering is expected to be in UV category.

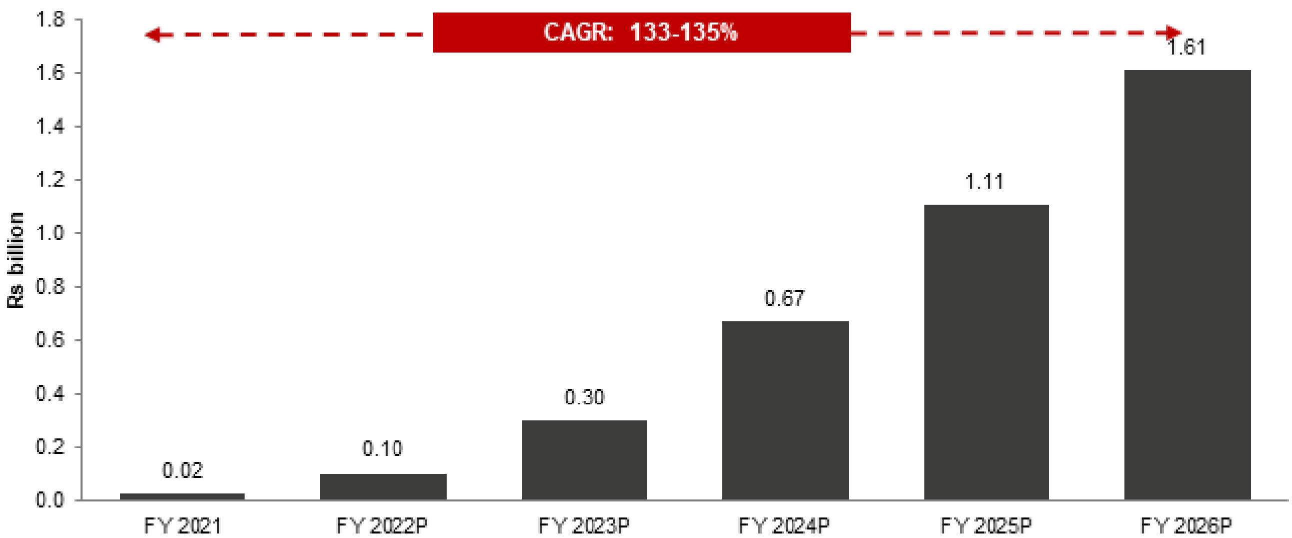
Drive type is not impacted by the type of fuel required to drive a vehicle. Hence, EV penetration will not have any impact on transfer case industry.

Exhibit 30: Indian torque coupler market outlook (thousand units) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

Exhibit 31: Indian torque coupler market outlook (Rs billion) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

Auto locking hub

Auto locking hub is used in conjunction with ESOF based transfer case. When a vehicle is running in 2WD high, the auto locking hub locks the front wheels i.e. no torque is transferred to the front wheels, they are freely rotating. This helps in avoiding the frictional losses which otherwise will arise when front wheel is driving the axle. This helps in providing better fuel mileage. In India, in most cases it used to be manual locking hub. Here, the driver had to get down and manually lock the hub when moving from 4WD to 2WD. However, global OEMs are preferring central axle disconnect (CAD) system over a locking hub. Moving forward, AWD based new models are not expected to be using auto locking hub, CAD is expected to be used for such application.

In India, very few models are currently on this system (auto lock hub in conjunction with ESOF transfer case). Hence, auto lock along with the ESOF based transfer case is imported as a whole transmission system.

Synchroniser

Vehicles fitted with Manual Transmission (MT), Automatic Manual Transmission (AMT)/ intelligent Manual Transmission (iMT) and Dual Clutch Transmission (DCT) will require synchroniser set.

The purpose of a gear synchroniser is to synchronize the speeds of the input and output shafts of a gearbox. during a gearshift, before the engagement of the upcoming gear. The synchroniser acts like a friction clutch and decelerates (upshift) or accelerates (downshift) the input shaft, in order to match the speed for the upcoming gear.

Within a gearbox, the synchronizers are located between two adjacent gears. For example, gears 1-2 share the same synchronisation mechanism, 3-4 another one and the same for 5-6. In India, synchroniser for reserve gear is offered for passenger vehicle starting from premium hatchback category.

Synchroniser can be classified as single-cone, double-cone and triple-cone depending on the number of friction elements. Multi-cone provides higher friction as compared to a single-cone. Hence, generally between 1st and 2nd gear multi-cone synchroniser is used.

In India, synchronisers are available using different raw material such as brass, brass with carbon lining and steel with carbon lining. For higher durability and performance, synchroniser used are of brass or steel with carbon lining.

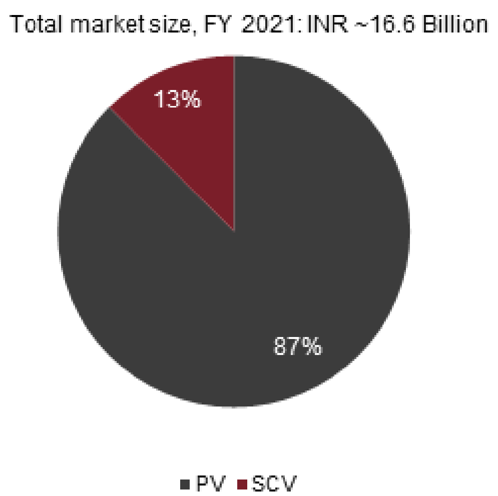
Synchroniser pack includes sliding sleeve, synchroniser hub, synchroniser ring, ring spring and locking element.

Synchroniser pack market

Review, fiscal 2021

CRISIL Research estimates the size of the synchroniser industry (catering to OEM demand) at Rs 16.6 billion in fiscal 2021. Passenger vehicle (PV) industry occupies the highest share of 87%, followed by small commercial vehicle (SCV) industry at 13%. ~92% of PVs are currently using MT, AMT, iMT or DCT transmission, whereas in SCVs 100% vehicles are using MT.

Exhibit 32: Synchroniser pack industry split by application in value terms, fiscal 2021



SOURCE: Industry, SIAM, CRISIL Research

Key players

Key players such as Anand CY Muteck Automotive Pvt. Ltd., Divgi TorqTransfer Systems Private Limited, Natesan Synchrocones Pvt. Ltd., Yugal Precision Pvt. Ltd. manufactures synchronisers for PV and SCV vehicles.

Divgi TTS is one of the first few suppliers of steel and carbon-based synchronizer systems for the Indian market. Divgi TTS has also been one of the leading manufacturers of steel synchronizers in India.

Outlook, fiscals 2021- 2026

Market for synchroniser is expected to increase by 7-9% CAGR from fiscal 2021 and 2016 in volume terms and by 12-14% CAGR in value terms. Market for synchronizers is expected to touch Rs 30.5 billion by fiscal 2026.

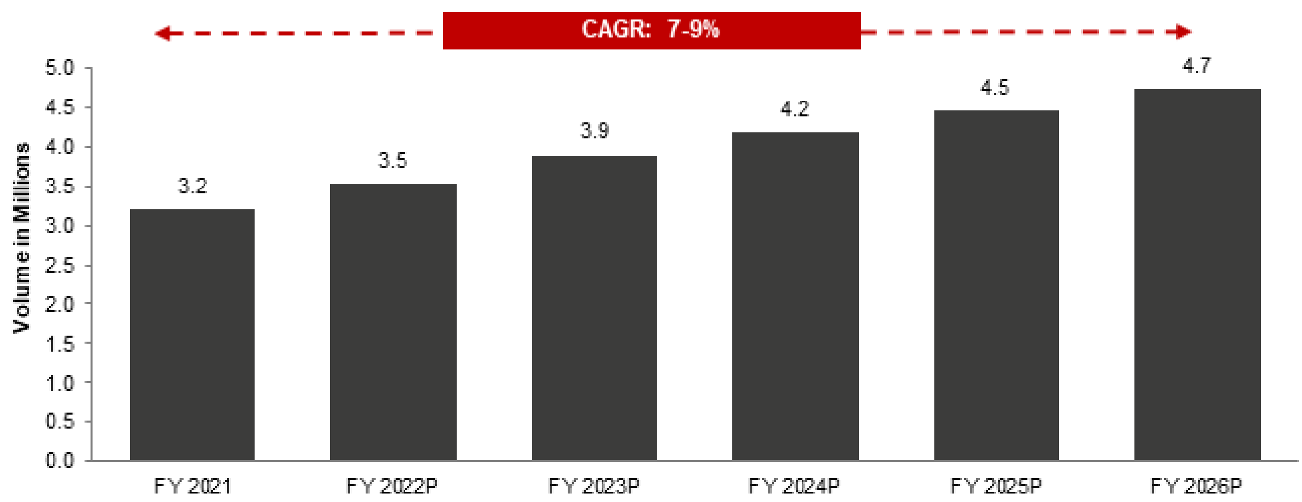
CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles.

Production of SCVs in India is expected to increase at 10-12% CAGR over fiscals 2021 to 2026. SCV growth will be driven by higher private consumption, low penetration levels providing headroom for growth, greater availability of redistribution freight, and improved finance availability post fiscal 2021.

SCV passenger segment in particular is expected to rebound sharply, growing at 30% CAGR over fiscals 2021 to 2026. In fiscal 2021, though, the production of SCV PV has sharply declined because of low people mobility and school closure due to the pandemic. But fiscal 2022 onwards, production of SCV PV is projected to rise as sales recover on a low base of fiscal 2021 on account of availability of vaccine and opening up of schools and resume in mobility.

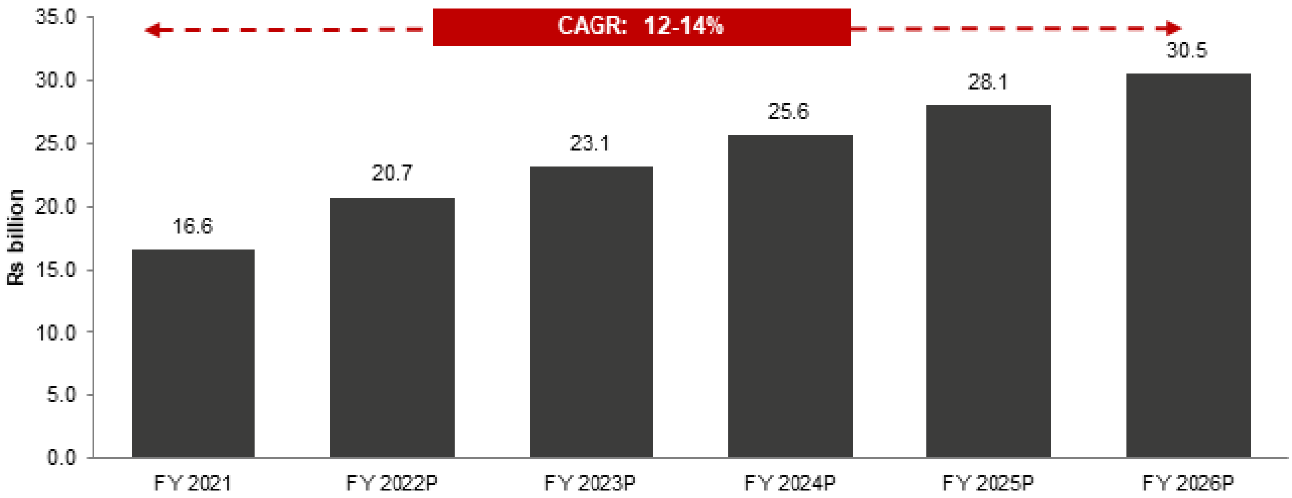
Synchronisers which are majorly required in MT, AMT, iMT and DCT transmission, share of these transmission systems is estimated to have a penetration of ~92% in PV segment, and 100% in SCV category. This penetration is expected to be at 90-92% by fiscal 2026 in PV. Electric vehicle penetration in PVs is expected to increase from ~0.16% currently to 4-6% by fiscal 2026, this is expected to shave off some demand for synchronizers. Despite the drop in the share of total share of MT, AMT, iMT and DCT transmission in overall PV production, rising electrification, demand for synchroniser packs is expected rise from 3.2 million units in fiscal 2021 to 4.7 million units in fiscal 2026 Indian SCV market is expected to remain on manual transmission thereby aiding the demand for sychronisers,

Exhibit 33: Indian Synchroniser pack market outlook (million units) (fiscal 2021-2026P)



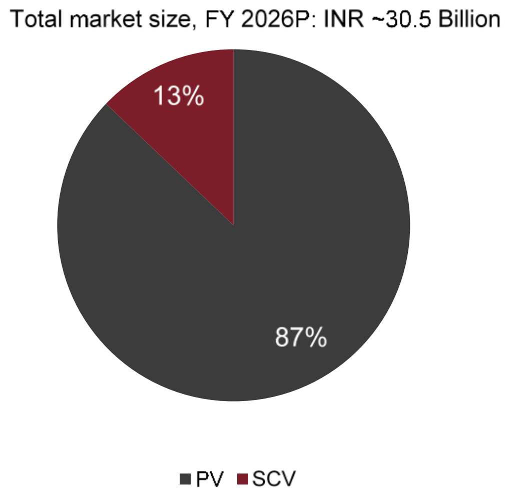
SOURCE: Industry, SIAM, CRISIL Research

Exhibit 34: Indian Synchroniser pack market outlook (Rs billion) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

Exhibit 35: Synchroniser pack industry split by application in value terms, fiscal 2026



SOURCE: Industry, CRISIL Research

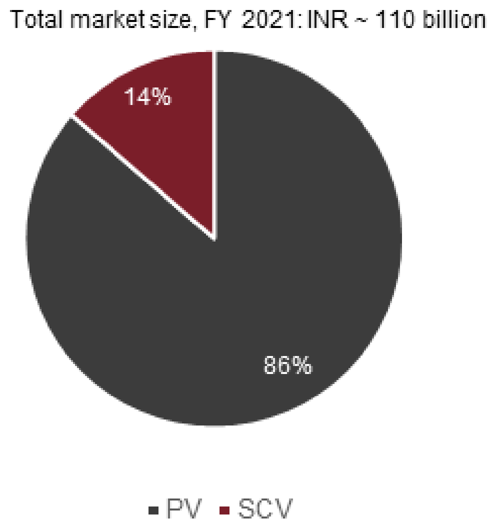
Manual Transmission

Manual transmission is used to transmit power from the engine to the wheels and contains a gear box that would require the driver to manually choose between different gear ratios using a gear stick and clutch during acceleration and deceleration. This is the most predominant transmission system in the Indian market for PVs and SCVs.

Review, fiscal 2021

CRISIL Research estimates the size of the manual transmission market at a system level for PVs (catering to OEM demand) at Rs. 95 billion and for SCVs at Rs. 15 billion in fiscal 2021. Manual transmission is the most common transmission system found in PVs and in all the SCVs. The average penetration of manual transmission is lowest in large cars and premium utility vehicles.

Exhibit 36: Manual transmission industry split by vehicle segments (fiscal 2021)



SOURCE: Industry, SIAM, CRISIL Research

Key players

OEMs typically undertake assembly of manual transmission systems in-house or through subsidiary companies. OEMs procure sub-components such as gears, shafts, synchronisers, etc. from various auto component suppliers and then assemble it in-house. Few component players supply entire transmission assembly in India, key players are Avtec and Kinetic Engineering.

Outlook, fiscals 2021- 2026

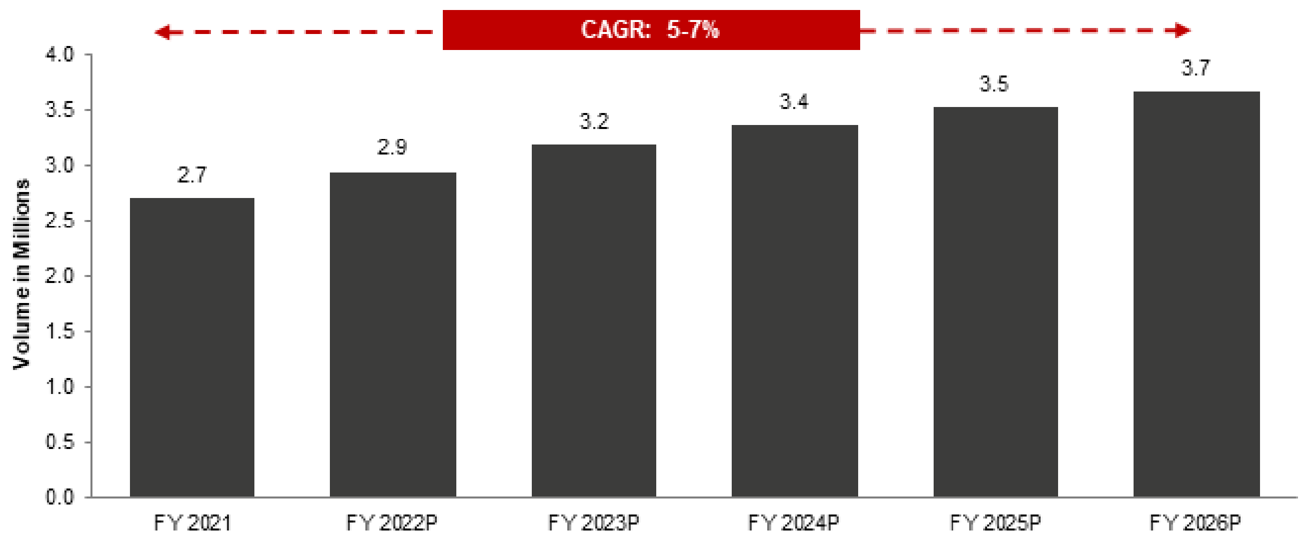
CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles.

Production of SCVs in India is expected to increase at 10-12% CAGR over fiscals 2021 to 2026. Improving industrial activity, steady agricultural output, and the government's focus on infrastructure will drive the growth of SCVs. It will also grow on the back of higher private consumption, low penetration levels providing headroom for growth, greater availability of redistribution freight, and improved finance availability post fiscal 2021.

Shift to automatic transmission coupled with reduction in the cost of technology is likely to impact the demand for manual transmission considerably. Although it is expected to be the predominant transmission system in fiscal 2026, the penetration levels are most likely to come down compared to the current levels. Penetration of manual transmission in PV is expected to reduce from ~75% in fiscal 2021 to ~67% by fiscal 2026. However, in SCV segment, we expect the penetration of manual transmission to remain at current levels of 100% by fiscal 2026

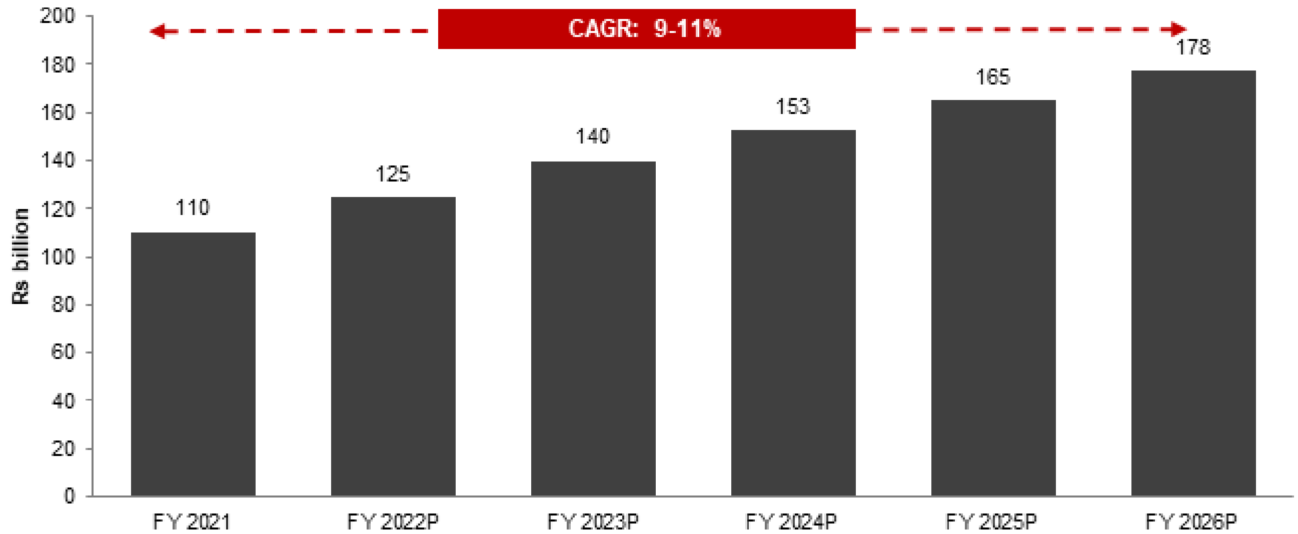
Volume of MT (PV and SCV combined) is still expected to grow at a CAGR of 5-7% from 2.7 million units to 3.7 million units and in terms of value, industry is expected to grow by 9-11% CAGR from fiscal 2021 to 2016 i.e. from Rs 110 billion to Rs 178 billion.

Exhibit 37: Indian manual transmission market outlook (million units) (fiscal 2021-2026P)



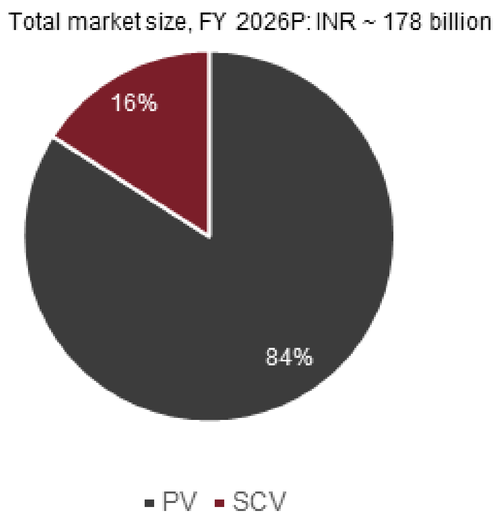
SOURCE: Industry, SIAM, CRISIL Research

Exhibit 38: Indian manual transmission market outlook (Rs billion) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

Exhibit 39: Manual transmission industry split by vehicle segments (fiscal 2026)



SOURCE: Industry, CRISIL Research

Dual Clutch Transmission

Dual clutch transmission (DCT), also known as twin-clutch transmission transmits the power from the engine to the wheels of the passenger vehicle using two separate clutches for odd and even gears, within one housing. The architecture of a DCT is similar to a manual transmission and can be considered as a hybrid of manual and automatic transmission. Among all the transmissions, DCT is most suited for diesel engines.

The two clutches function as a single unit, controlled by an electro- hydraulic control unit to shift the gears thereby eliminating the need for driver input in changing gears. The gear shift happens with minimal interruption to torque supply to the wheels because of which the fuel efficiency of a DCT is better than that of a manual transmission. DCT is also more responsive enabling smoother and faster acceleration to a higher speed.

In the Indian market, the manufacturing ecosystem for DCT is most suitable for meeting the expectations of a fully-fledged automatic transmission and to support features like ADAS, automatic parking, etc. Manufacturing capacity of manual transmission is also fungible for migration to DCT. However, tropical weather conditions remain a key monitorable about how the adoption of DCT takes place.

Review, fiscal 2021

CRISIL Research estimates the size of the DCT market at a system level for passenger vehicles (catering to OEM demand) at Rs 4.5 billion in fiscal 2021. DCT variants are available in models of premium hatchback and upwards. Utility vehicles and compact utility vehicles together occupy more than 85% share of the market, followed by large cars and small cars. Vans do not have DCT.

Key players

OEMs are heavily dependent on imports for DCT. The major suppliers to Indian market include Aisin, Hyundai Powersys, Stellantis, etc. BorgWarner, Continental, Eaton, GKN, KG International, Magna, Magnetti Marelli, Punch Powertrain, Schaeffler, Valeo, ZF, etc. are some of the major global competitors.

Company like Divgi TTS is in the process of launching domestically manufactured DCT systems for the Indian market. The company is planning to localise and commercialise 7 Speed Dual Clutch Automatic Transmission.

Divgi TTS will therefore be the only the manufacturer of DCT systems in India as other leading manufacturers such as Aisin, BorgWarner, Hyundai Powersys have import based business model.

Outlook, fiscals 2021- 2026

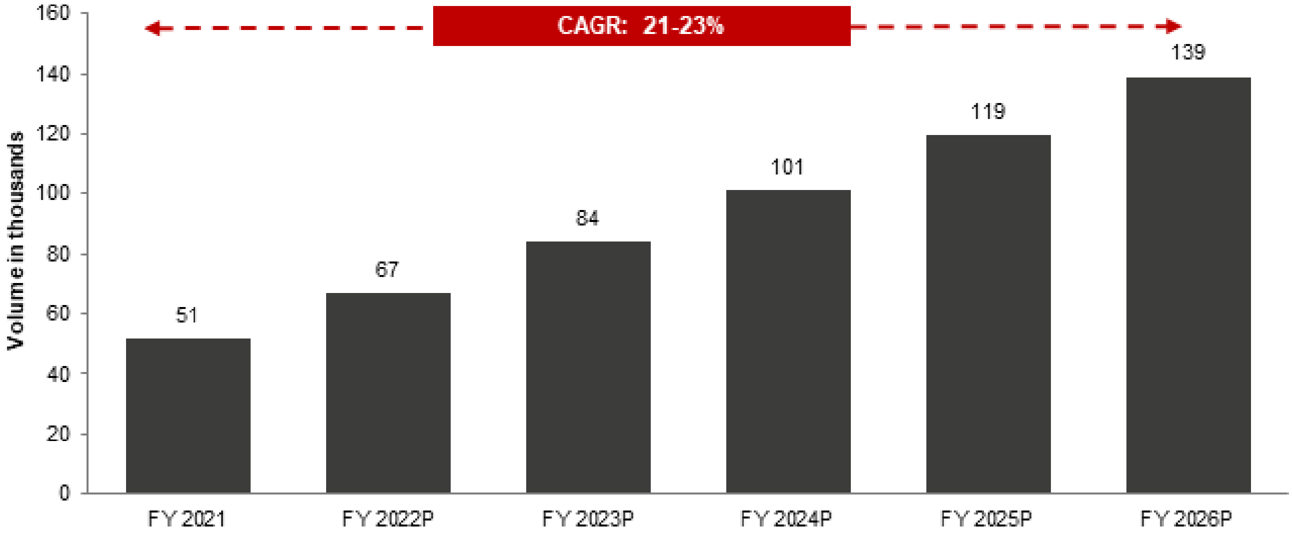
CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles.

Production of SCVs in India is expected to increase at 10-12% CAGR over fiscals 2021 to 2026. Improving industrial activity, steady agricultural output, and the government’s focus on infrastructure will drive the growth of SCVs. It will also grow on the back of higher private consumption, low penetration levels providing headroom for growth, greater availability of redistribution freight, and improved finance availability post fiscal 2021.

Shift to automatic transmission coupled with reduction in the cost of technology is likely to impact the demand for DCTs considerably. Increasing customer preference towards vehicle specifications and performance are also driving demand. The manufacturing facilities are also present which is an added advantage along with rising imports of transmissions and rising local JV operations. Increasingly stricter emission norms are also an important driving factor considering the fuel efficiency of DCTs.

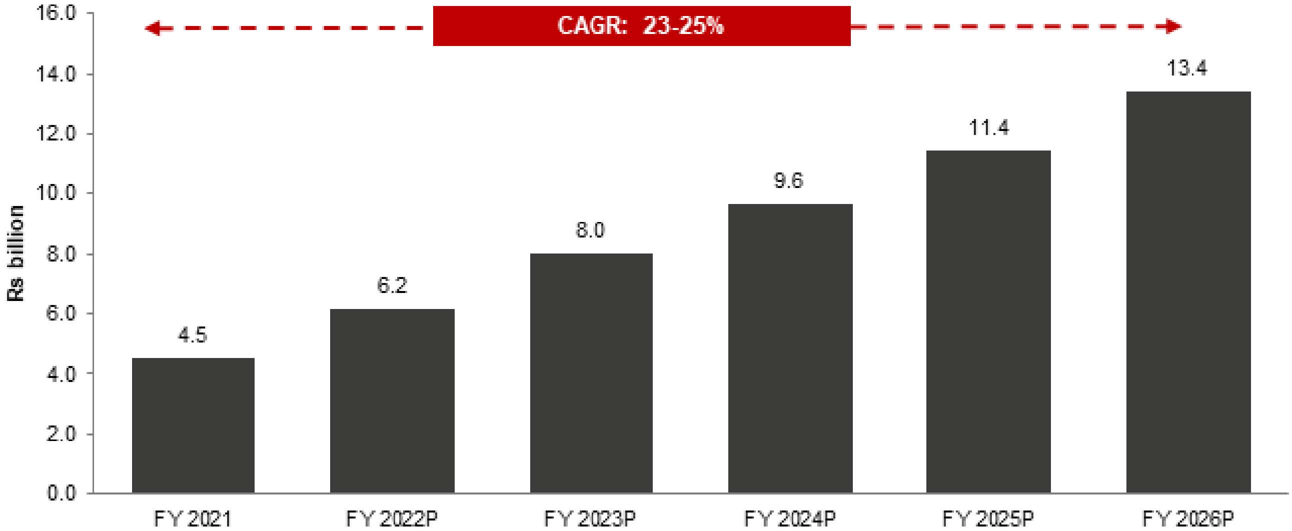
CRISIL Research projects production of DCT will see moderate growth of 21-23% CAGR during the fiscal 2021 to 2026 on a low base of fiscal 2021 due to pandemic. Penetration of DCT is expected to improve from ~2% in fiscal 2021 to ~3% by fiscal 2026. Penetration of DCT is expected to remain at the highest level in the compact UV and UV segments. Therefore, the size of DCT market is expected to grow at a CAGR of 23-25% on a low base of fiscal 2021 to Rs.13-14 billion in fiscal 2026.

Exhibit 40: Indian dual clutch transmission market outlook (‘000 units) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

Exhibit 41: Indian dual clutch transmission market outlook (Rs billion) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

EV transmission

To curb pollution, electric vehicles are gaining global interest. In India, too, electric vehicles are gaining popularity, as the government is extending support via FAME (Faster Adoption and Manufacturing of Hybrid and Electric vehicles) and tax-rate cuts to boost EV adoption.

Transmission assembly in electric vehicle is different from the one which is used in conventional Internal combustion engine (ICE) vehicles. Say ICE vehicle can at max run at 7,000 revolutions per minute (rpm). As compared to this in EV the motor run at revolutions as high as 20,000 rpm. Rotational speed is 3-5 times higher. Electric vehicles typically operate on single-speed transmission whereas conventional ICE based vehicles operate on multi-speed transmissions Very high revolutions per minute (RPM) in electric drives cause noise, vibration and harshness (NVH) issues in EVs. This results in higher technological complexity in differential gears and assembly design. An EV transmission requires specialized bearings and the accuracy with which the gear teeth are manufactured are also significantly of a much higher precision as compared to ICE vehicle.

Single speed Transmission and Multi-speed Transmission are two types of transmission mostly used in electric vehicles. In India, electric PV vehicle is run on single speed transmission assembly.

Components considered for sizing as an EV transmission assembly (single-speed) are mechanical gear box, motor and its integration. Pricing of an EV transmission is directly proportional to the motor capacity.

EV transmission market

Review, fiscal 2021

CRISIL Research estimates the size of the EV transmission industry (catering to OEM demand) at Rs 0.5 billion in fiscal 2021. Electric SCVs are currently not manufactured in India.

Key players

Since the EV penetration is 0.16% as on fiscal 2021 in PV category. Currently, OEMs are importing EV transmission assembly in India. BorgWarner, Magna, Prestolite electric, ZF are the leading suppliers of EV transmission systems globally.

Outlook, fiscals 2021- 2026

Market for EV transmission is expected to increase by 108-110% CAGR from fiscal 2021 and 2016 in volume terms as well as value terms. EV transmission market is expected to be Rs 20.8 billion with a volume of 224.8 thousand by fiscal 2026.

CRISIL Research estimates overall PV production to grow at a 7-9% CAGR from fiscal 2021 to 2026, and reach ~4.5 million units by fiscal 2026. Over short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles.

Production of SCVs in India is expected to increase at 10-12% CAGR over fiscals 2021 to 2026. SCV growth will be driven by higher private consumption, low penetration levels providing headroom for growth, greater availability of redistribution freight, and improved finance availability post fiscal 2021.

SCV passenger segment in particular is expected to rebound sharply, growing at 30% CAGR over fiscals 2021 to 2026. In fiscal 2021, though, the production of SCV PV has sharply declined because of low people mobility and school closure due to the pandemic. But fiscal 2022 onwards, production of SCV PV is projected to rise as sales recover on a low base of fiscal 2021 on account of availability of vaccine and opening up of schools and resume in mobility.

CRISIL Research expects the share of EVs in total passenger car sales to accelerate to 4-6% by fiscal 2026 from ~0.16% in fiscal 2021. EV penetration can be higher if government adopts stricter policies on OEMs for not meeting CAFÉ norms. The exact quantum of EV penetration in an aggressive case depends on incentives given for adoption and setting up of charging infrastructure. EV penetration will also be propelled by policies adopted by the government for penalising non-adherence to CAFÉ norms. Electrification in PVs is expected to slower on account of limited range of electric vehicles, very higher cost of acquisition for EVs with desired range, lack of total cost of operations (TCO) with ICE vehicles especially for personal applications, limited availability of charging infrastructure, lack of clarity around vehicle performance and resale value among stakeholders.

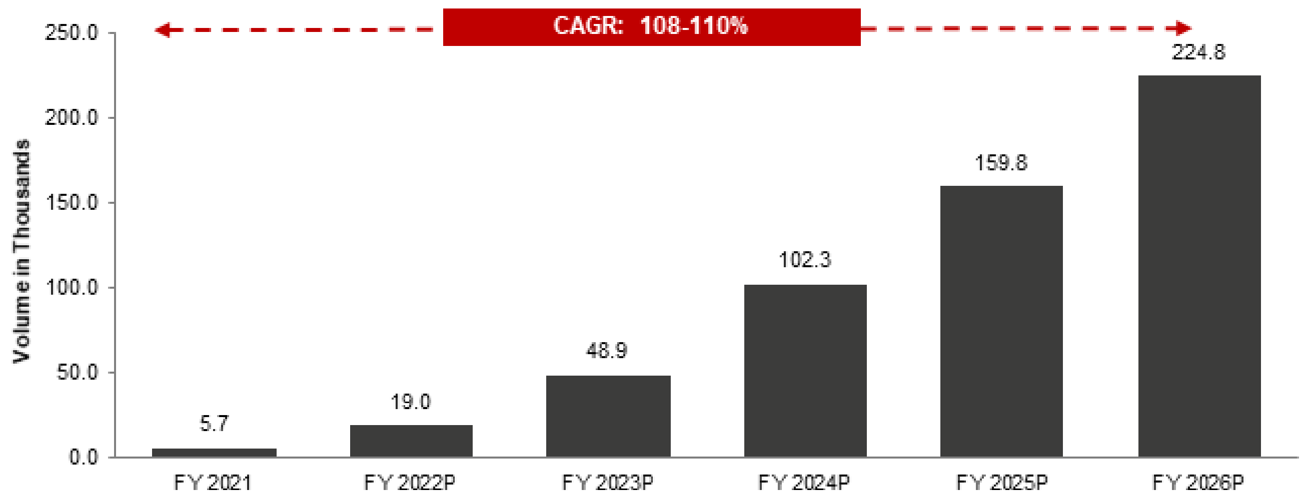
EV penetration in SCV category is also expected to remain low at 4-6% penetration by fiscal 2026. New model launches, last-mile logistics and local distribution of goods is likely to aid EV demand.

In the last quarter of fiscal 2022, many large OEMs like Tata Motors, Hyundai have hinted towards a significant shift in their product pipeline towards electric vehicles in the coming years.

Tata Motors EV business, one of the leading providers of electric vehicles in India (~70% share in EV retail sales in fiscal 2021), is anticipating launching new EV models over the next couple of years; basis industry interactions, the models in pipeline are Nexon EV long range/ coupe, Altroz EV, Punch EV, Sierra EV and Harrier EV. Tata Motors EV business is also targeting 50k EV sales in fiscal 2023 and planning to scale it to 125-150k units annually in the next two years.

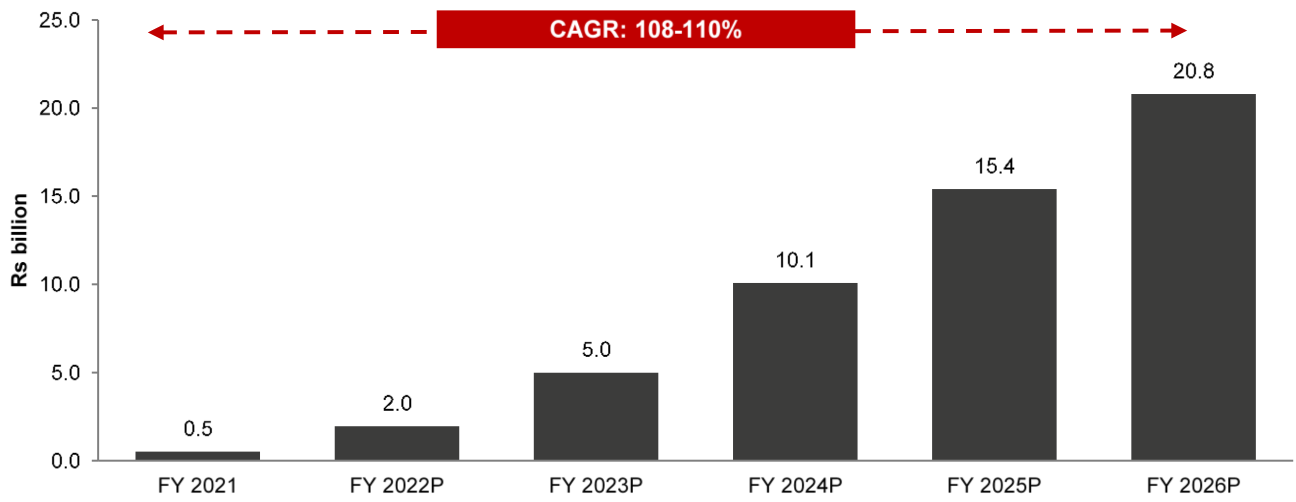
Hyundai India is expected to make a significant investment ($530 million by 2028) in India to introduce 6 new EVs in coming years.

Exhibit 42: Indian EV transmissions market outlook (thousand units) (fiscal 2021-2026P)



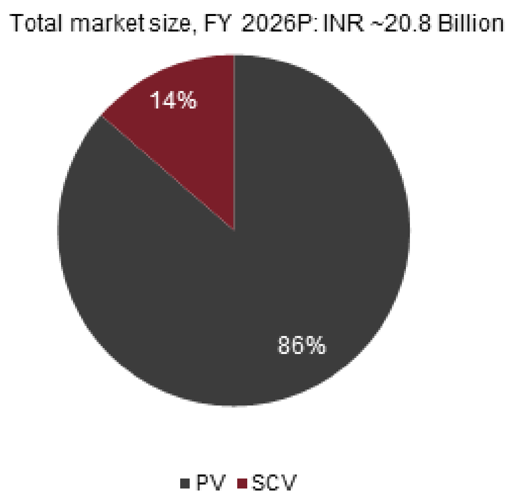
SOURCE: Industry, SIAM, CRISIL Research

Exhibit 43: Indian EV transmissions market outlook (Rs billion) (fiscal 2021-2026P)



SOURCE: Industry, SIAM, CRISIL Research

Exhibit 44: EV transmission industry split by application in value terms, fiscal 2026



SOURCE: Industry, CRISIL Research

Transmission Component kit

Transmission component kit consists of parts of the transmission systems such as manual transmission, Dual Clutch Transmission, Transfer case, EV transmission etc. These component kits are typically sourced by tier I transmission system manufacturers from tier II transmission component manufacturers.

Globally tier 1 transmission system manufacturers such as BorgWarner, Aisin, Magna do further value add to these components and supply transmission systems as a solution to global vehicle manufacturers. Divgi TTS is positioned as a tier I supplier in India while on the global platform, the company acts as a tier I supplier as well as a tier II supplier, providing components to other tier I suppliers.

Below table depicts typical composition of major transmission component kits for manual transmission, DCT, Transfer case, EV transmission:

Manual Transmission	Dual Clutch transmission	Transfer Case	EV transmission
• Aluminium Castings: clutch housing, main case, rear case etc • Torque Transfer Components: Gears, shafts, clutches etc • Synchronizers • Others:Shift Linkages, elastomers, Bearings, oil seals, fastners, speedo sensors, reverse switch, gear indicators etc	• Aluminium castings • Torque transfer components • Synchronizers • Dual clutch • Electrohydraulic control unit • Sensor cluster • ECU/Software • Others: Oil pump, oil cooler, oil filter etc	• Aluminium castings • Torque Transfer components; Planetary gear set, strokets, output shafts • Electromagnetic Actuator • ECU/ software • Others: Elastomers, bearings, oil seals, shift linkages, fastners	Torque transfer components: Gears, Shafts

SOURCE: Industry, CRISIL Research

A tier II transmission manufacturer typically manufacturers high value add, complex parts like castings, Torque Transfer Components, Synchronizers, Electrohydraulic unit in-house while non-core components such as elastomers, Bearings, oil seals, fasteners, oil cooler, oil filter etc are typically bought-out.

Players like Divgi TTS serve both as system level solution providers to global OEMs and also as component kit suppliers to global tier I transmission system suppliers due to its technical capabilities and ability to supply from low cost production hub like India.

Below are key components in the transmission component kits involving high value add by tier II manufacturers. The parts involving high in-house value add forms 45-50% of the overall transmission system costs for manual transmission and 55-60% for DCT.

Parts in the transmission component kit involving high value add by tier II manufacturers:

Transmission	Components
Manual Transmission/ DCT	Synchronizers
	Torque transfer components- Gears and Shafts
	Companion Flanges
	Yokes
Transfer case	Planetary Gear System
	Input/ Output Shaft
	Companion Flanges
	Yokes
EV	Torque transfer components- Gears and Shafts

SOURCE: Industry, CRISIL Research

Criticality of system level solution provider for vehicle OEMs

Vehicle manufacturers globally value transfer case suppliers having capability to provide system level solutions. Transfer case supplier is expected to bring in mechatronic expertise in the overall design and development phase of the transfer case.

Mechatronics typically integrates mechanical, electrical and electronics systems to provide the optimum and efficient output for the vehicle. It plays a very crucial role in all modern age vehicles in terms of vehicle dynamics, safety, suspension systems, transmission, powertrain systems as well as to maintain ride quality & comfort.

The advanced control capabilities from the close integration of mechanical systems and electronic systems is achieved through a series of sensors and the supporting software in the ECU controlling the mechanical output.

Thus, the software controlling the ECU is of utmost importance. Given the complexity of the mechanical and electronic part integration, software development remains one of the niche fields in the automotive component development. Very few component suppliers as well as OEMs globally have the capability to develop these system integration software solutions in house. Therefore, OEMs typically outsource the software development to tier I system level solution providers.

OEMs normally control the overall software development process considering the criticality of the transfer system in achieving desired drive handling and drive quality. In the entire development process, a capable system level solution provider is given a privileged access to the vehicle handling and ride quality data by the OEM.

Such system level solution providers are highly valued by vehicle manufacturers globally. In India, Divgi TTS is amongst the very few suppliers who have the capability to develop and provide system level transfer case, torque coupler, DCT solutions as the company has in house software development capability.

Key player profiles

Companies/Particulars	Operating income		Operating EBITDA (Rs mn)	PAT (Rs mn)	Operating EBITDA margin (%)	PAT margin (%)	ROCE (%)	ROE (%)	Gearing ratio
	(Rs mn)	CAGR (FY16-FY21)							
Anand CY Mutec Automotive Private Limited	953	-1%	94	26	10%	3%	10%	8%	1.1
Avtec Ltd	3,065	-11%	241	-694	8%	-23%	-6%	-54%	4.1
Divgi TTS##	1,866	81%	519	381	28%	20%	13%	13%	0.2
I M Gears Private Limited*	2,561	4%	316	230	12%	9%	5%	13%	0.6
Kalyani Transmission Technologies Private Limited	883	N.A	140	-142	16%	-16%	1%	N.M	N.M
Natesan Synchrocones Private Limited*	1,467	-0.1%	162	89	11%	6%	0.1%	4%	0.2
Average #	**1,692**	**23%**	**249**	**-107**	**15%**	**-4%**	**4%**	**-11%**	**1.8**

Note: N.A – Not Available, N.M – Not Meaningful
Figures at standalone level for fiscal 2021 unless otherwise specified
**: Fiscal 2020 financials; Fiscal 2021 financials are not yet available on MCA.*
#: Average does not include companies who's fiscal 2021 financials are not available
##: Company commenced operations in 1964 under Divgi Metalwares Pvt Ltd (DMPL). In 1995, company formed a JV with BorgWarner. JV continued between 1995 to 2016. In 2016, the JV was dissolved and Divgi TorqTransfer Systems (Divgi TTS) was formed.
EBITDA – Earnings Before Interest Tax Depreciation and Amortisation, PBT – Profit Before Tax, PAT – Profit After Tax, ROCE – Return on Capital Employed, ROE – Return on Equity
Operating EBITDA: Indicates operating earnings before interest, taxes, depreciation and amortization which takes into consideration only operating income whereas non-operating income is excluded
Operating EBITDA margin: Operating EBITDA / Operating income
PAT margin: PAT/ Operating income
ROCE: PBIT/ total debt plus tangible net worth
ROE: PAT/ tangible net worth
Gearing ratio: Total debt/ Tangible networth
Average calculated is simple average
Source: Company Financials, CRISIL Research

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 25 and 253 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year.

We have, in this Draft Red Herring Prospectus, included various operational and financial performance indicators, some of which may not be derived from our Restated Financial Statements and may not have been subjected to an audit or review by our Statutory Auditor. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2022, 2021, and 2020, included herein is derived from the Restated Financial Statements, included in this Draft Red Herring Prospectus. Unless the context otherwise requires, in this section, references to "the Company" or "our Company", "we", "us", or "our" refers to Divgi TorqTransfer Systems Limited on a standalone basis.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the CRISIL Report, prepared and issued by CRISIL Limited and exclusively commissioned and paid for by us in connection with the Offer. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factor - This Draft Red Herring Prospectus contains information from an industry report prepared by CRISIL which we have commissioned and paid for." on page 39. Also see, "Certain Conventions, Currency Of Presentation, Use Of Financial Information And Market Data" on page 14.

OVERVIEW

We are amongst the very few automotive component entities in India who have the capability to develop and provide system level transfer case, torque coupler and dual clutch automatic transmissions ("**DCT**") solutions (*Source: CRISIL Report*). We are one of the leading players supplying transfer case systems to automotive OEMs in India and the largest supplier of transfer case systems to passenger vehicle manufacturers in India (*Source: CRISIL Report*). We are also the only player manufacturing and exporting transfer cases to global OEMs from India, and the only manufacturer of torque couplers in India (*Source: CRISIL Report*). We also have the capability to develop and provide transmission systems for electric vehicles ("**EVs**"). We are in the process of designing and developing prototypes of transmission systems for EVs pursuant to receipt of a business award for this purpose. As on the date of this Draft Red Herring Prospectus, we have been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India, and for supply of components for Hybrid Vehicles for a global OEM. Our Company actively collaborates with Europe's transmission engineering consulting firms like FEV and Hofer.

We manufacture and supply a variety of products under the broad categories of (i) torque transfer systems (which includes four-wheel-drive ("**4WD**") and all-wheel-drive ("**AWD**") products); (ii) synchronizer systems for manual transmissions and DCT; and (iii) components for the above-mentioned product categories for torque transfer systems and synchronizer systems in manual transmission, DCT, and EVs. We have also developed (i) transmission systems for EVs; (ii) DCT systems; and (iii) rear wheel drive manual transmissions. We are one of the few companies who serve both as systems level solution provider as well as component kit supplier to global OEMs and Tier I transmission systems suppliers (*Source: CRISIL Report*).

We have an in-house software development capability which helps us in providing system level solutions offering software that controls the vehicle dynamics. We are also one of the first few suppliers of steel and carbon-based synchronizer systems for the Indian markets, and are one of the leading manufacturers of steel synchronizers in India (*Source: CRISIL Report*).

We have achieved leading positions for select products in our portfolio through focus on innovation; offering of customized solutions in distinctive products; in-house software development capability; and product development and production at quality standards acceptable to our clients and at optimized costs. We are in the process of launching domestically manufactured DCT systems for the Indian market. Once launched, we will be the only manufacturer of DCT systems in India (*Source: CRISIL Report*). Very few component suppliers as well as OEMs globally have the capability to develop the system integration software solutions in-house (*Source: CRISIL Report*). Given this, we believe that system level solution providers such as us are likely to be highly valued by vehicle manufacturers globally.

Our diverse capabilities enable us to service customers across segments in the automotive industry, including passenger vehicles, utility vehicles and commercial vehicles. We believe that having the ability to provide end-to-end solutions under one roof enables us to provide value added offerings, and increases our operational efficiency, resource optimization, and customer retention. We supply to and have long term relationships with OEMs such as Mahindra & Mahindra, an Indian supplier to global automotive OEM, and a USA based multi-national automotive supplier. We have a client base of global OEMs and global transmission systems suppliers, with our top five customers accounting for 91.28%, 92.86%, and 86.94% of our revenue from operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively.

Our relationships with various collaborators have played an instrumental role in our success. We have entered into a product development agreement ("**PDA**") and a technology transfer agreement ("**TTA**") with a German automotive company. Pursuant to the PDA and TTA, the Company is co-developing critical components and systems for DCT applications with exclusive rights for India and non-exclusive rights for markets outside India. The German automotive company is entitled to an earned royalty from our Company during the term of the TTA. The licensing arrangement pursuant to the TTA will continue for a period of 13 years from the date of signing till 2033. In connection to the PDA and TTA, the production of the products has not yet commenced. We have also entered into a license agreement with BorgWarner on October 4, 2004, subsequently renewed on March 1, 2017, valid for a period of seven years from the date of renewal of the agreement. These agreements have bolstered our technological expertise and experience. Our agreement with BorgWarner provides us the exclusive rights to manufacture transfer cases and automatic locking hubs, and non-exclusive rights to manufacture manual transmissions and synchronizers for manual transmissions. We believe that this also reflects the German automotive company's and BorgWarner's confidence in us to develop the market in India for their technologies. We have also entered into an exclusive distribution agreement with a Japanese automotive supply chain company in relation to sourcing of products and components made by us. Further, we have received investments from external investors in the past, such as from NRJN Family Trust in 2016 and from Oman India Joint Investment Fund II in 2018, which has also provided an impetus to our growth and development.

We have three manufacturing and assembling facilities across India located at Sirsi in Karnataka, and Shivare and Bhosari near Pune in Maharashtra, with the manufacturing facilities at Shivare and Bhosari being strategically located in proximity to our key clients, and one under-construction manufacturing facility located at Shirwal. We have purchased 10 acres of land at Shirwal near Pune in Maharashtra and commenced construction which will help us in expanding our manufacturing capacity including for manufacture of DCT and EV transmissions. We manufacture transmission, transfer case and synchroniser components at our facility in Sirsi. Our Shivare facility houses grinding and superfinishing equipment to achieve standards in precision and accuracy, including those demanded by EV and DCT applications globally and transmission components. Our Bhosari facility, which is the assembling, lab testing and packing unit for our manufactured components and systems, and our Shivare facility, are strategically located in proximity to our key customers as well as the port for export located at New Mumbai. Our key customers in close proximity to our Bhosari and Shivare facilities include Tata Motors, Mahindra & Mahindra, an Indian automotive manufacturing company and an Indian supplier to global automotive OEM.

Our manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes such as IATF 16949:2016, ISO 45001:2018 and ISO 14001:2015. We have been awarded the *"Innovation Award for ECU"* by BorgWarner for the year 2008, and *"Zero Defect Supplies"* by Toyota Kirloskar Auto Parts for the years 2017 and 2020 in recognition of our outstanding contribution by achieving zero defect supplies. We believe that our manufacturing operations are strengthened by our technical capabilities, infrastructure, and process knowledge. As of May 31, 2022, we had a team of 36 engineers as part of our team, which focuses on process innovation, design and implementation. For details in relation to the installed capacity and utilization at our manufacturing facilities, please see *"Our Operations - Manufacturing Facilities"* in this section below.

We are led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry and a proven track record of performance. Our Promoters Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, are mechanical engineers with over 30 years of experience in the automotive industry. Our Chairman, Praveen Purushottam Kadle has extensive experience and is currently serving as the non-executive chairman of Tata AutoComp Systems Limited. We are further supported by an experienced board of directors with diversified expertise, which actively contributes to and participates in our strategy. A large number of our senior management personnel have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies.

Our business model is supported by a consistent track record of revenue growth and profitability. Set out below are certain financial metrics of our Company.

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
(in ₹ millions, except percentages)			
Revenue (including Other Income)	2,418.74	1,950.25	1,707.40
EBITDA	656.13	518.99	369.35
PAT %	19.08%	19.51%	16.42%
Net Debt	(1,331.02)	(1,179.31)	(756.58)
Net Worth	3,400.15	2,958.76	2,095.33

OUR STRENGTHS

One of the very few suppliers in India having the capability to develop and provide system level transfer case, torque coupler, DCT solutions and transmission systems for EVs across a wide array of automotive vehicles and geographies, with leadership across select product categories.

We are amongst the very few automotive components entities in India who have the capability to develop and provide system level transfer case, torque coupler, DCT solutions as we have in-house software development capability (*Source: CRISIL Report*). We have designed, developed, manufactured and supplied software embedded electronically controlled transfer cases and torque couplers for OEMs like Tata Motors, Mahindra & Mahindra Limited, amongst others. We have, in the past worked with Indian OEMs as development partners for new projects. We have recently also been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India. We have entered into a product development agreement as well as technology transfer agreement with a German automotive company for DCT systems, and are engaged with a German engineering and digital mobility company for validation of our design prototypes. We believe that given the complexity of the mechanical and electronic part integration, software development remains one of the defining fields in the automotive component development. Very few component suppliers as well as OEMs globally have the capability to develop these system integration software solutions in-house (*Source: CRISIL Report*). Given this, we believe that system level solution providers such as us are likely to be highly valued by vehicle manufacturers globally.

We are amongst few companies who serve both as systems level solution provider as well as component kit supplier to global OEMs and Tier I transmission systems suppliers (*Source: CRISIL Report*). We believe that this has helped us in offering customized solutions to our OEM customers in a cost-effective manner and become the leading supplier of transfer cases, torque couplers and steel synchronizers in India. We are one of the leading players supplying transfer case systems to OEMs in India and the largest supplier of transfer case systems to passenger vehicle manufacturers in India (*Source: CRISIL Report*). We are also the only player manufacturing and exporting transfer cases (including the dominant chain driven transfer cases and electronic shift-on-the-fly ("**ESOF**") transfer cases) to global OEMs from India (*Source: CRISIL Report*). Our Company actively collaborates with Europe's transmission engineering consulting firms like FEV and Hofer.

We design, develop, manufacture and supply engineered, turnkey solutions and components to automotive OEMs across India, USA, China, Korea and Russia, amongst others. We have developed transmission systems for EVs; DCT systems; and rear wheel drive manual transmissions. We are in the process of launching domestically manufactured DCT systems for the Indian market. Once launched, we will be the only manufacturer of DCT systems in India (*Source: CRISIL Report*). We have been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India, and for supply of components for Hybrid Vehicles for a global OEM. As of May 31, 2022, we had a product range of 62 products, ranging from transfer cases, synchronizers to components.

Strategically located manufacturing facilities capable of producing high precision components meeting system-level design intent.

Our facilities are equipped with advanced machinery and certain of our facilities are located in close proximity to our key customers to enable meeting our customers' demand schedules and logistical advantages for our customers, and to insulate them from local supply or other disruptions. We have three manufacturing and assembling facilities across India located at Sirsi in Karnataka, and Shivare and Bhosari near Pune in Maharashtra, with the manufacturing facilities at Shivare and Bhosari being strategically located in proximity to our key clients, and one under-construction manufacturing facility located at Shirwal. We strive to ensure that our manufacturing facilities are aligned with emerging trends in automation and premiumization which is demonstrated in our on-going contracts for supplying components for EVs and Hybrid Vehicles. Our manufacturing facilities are capable of handling varying production volumes and the multipurpose nature of infrastructure, enabling us to use our machinery for manufacturing various precision automotive drivetrain systems.

We endeavour to combine modern manufacturing technology and engineering expertise with prudent operational management processes to deliver quality products in an efficient manner which has enabled us to penetrate markets like the USA, China, Korea, Russia and others. Further, we believe that our manufacturing strength enables localization of critical torque transfer components which helps our customers achieve quality and supply chain security at optimized cost. For instance, we are the only manufacturer of torque couplers in India *(Source: CRISIL Report).*

We manufacture transmission, transfer case and synchroniser components at our facility in Sirsi. Our facility at Shivare houses grinding and superfinishing equipment to achieve standards in precision and accuracy including those demanded by EV and DCT applications globally and transmission components. Our facility at Bhosari, which is the assembling, lab testing and packing unit for our manufactured components and systems, and our facility at Shivare are both strategically located in proximity to our key customers as well as the port for export located at New Mumbai. Our key customers in close proximity to our Bhosari and Shivare facilities include Tata Motors, Mahindra & Mahindra, an Indian automotive manufacturing company and an Indian supplier to global automotive OEM. We have purchased 10 acres of land at Shirwal near Pune in Maharashtra and commenced construction which will help us in expanding our manufacturing capacity including for manufacture of DCT and EV transmissions.

We have implemented comprehensive production systems across our facilities which helps us improve workmen safety, quality control, inventory management, lean manufacturing process, flexibility to handle varying product mix and timely delivery on an on-going basis. Our manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems such as IATF 16949:2016, ISO 45001:2018 and ISO 14001:2015. We have been awarded the *"Innovation Award for ECU"* by BorgWarner for the year 2008, and *"Zero Defect Supplies"* by Toyota Kirloskar Auto Parts for the years 2017 and 2020 in recognition of our outstanding contribution in achieving zero defect supplies.

Long-term relationships with marquee domestic and global customers.

We believe that we have strong and well established relationships with several marquee domestic and global OEMs in the automobile sector such as Tata Motors, Mahindra & Mahindra and with global suppliers such as BorgWarner. For instance, we have been in continued business with BorgWarner, Tata Motors and Mahindra & Mahindra for over two decades. We believe that our being positioning as a system and solution provider entrenches us into the OEM eco-system, reduces the risk of purely price-based competition, and aids us develop a deeper interface with our customers' product development and senior management teams. With our track record and wide product portfolio, we have been able to retain our existing customers and have also been able to attract new customers. We have a client base of global OEMs and global transmission systems suppliers, with our top five customers accounting for 91.28%, 92.86%, and 86.94% of our revenue from operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. For further details in relation our customers, please see "*Our Operations – Customers"* in this section below.

Global OEMs have stringent and time-consuming selection procedure for procurement of components from third party manufacturers which involves review of the manufacturing expertise, manufacturing facilities, processes, raw materials, financial capabilities, logistical capabilities and multiple inspections and reviews of prototypes. We believe that the strength of our customer relationships is attributable to our ability to manufacture and supply the components in accordance with the exact designs and specifications of our customers, as well as our track record of consistent delivery of quality and cost competitive products over the years. We are engaged with few of leading OEMs in India, right from the stage of design and development and also providing product development support in the process. Based on the intensity of our engagement, we believe that some of these engagements should fructify into long-term relationships across geographies and vehicle platforms. We have significantly benefitted from our strong relationships with our customers, which has consistently been one of our key growth drivers. Our long-standing relationship with our key customers provides us with a significant advantage to effectively compete with our competitors.

Experienced board of directors and senior management team supported by skilled and qualified workforce.

We are led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry. Our Promoters Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, are mechanical engineers with considerable experience in the automotive industry. Jitendra Bhaskar Divgi, our Managing Director and Promoter, has a Master of Science degree in manufacturing from the University of Massachusetts, USA. Hirendra Bhaskar Divgi, our Whole-Time Director and Promoter, has over 30 years of experience in advanced gear manufacturing processes and their influence in drive train products while working as the development manager in our Company. Our Chairman, Praveen Purushottam Kadle has considerable experience in the automotive industry and we are benefitted from his extensive experience.

We are further supported by an experienced board of directors with diversified expertise, which actively contributes to and participates in our strategy. A large number of our senior management personnel have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies. Our team comprises a strong and experienced team of skilled professionals across senior and mid-level management. Majority of our key managerial personnel have worked with us for over ten years, resulting in effective operational coordination and continuity of business strategies. They have led the organization through acquisition of new customers, development of new systems and components, and help us remain updated with emerging market trends. We believe that our team of 36 engineers, as of May 31, 2022, helps us focus on process innovation, design and implementation and together with our promoters, board of directors and key managerial personnel provide us a key competitive advantage. For further details in relation our executive team, please see *"Our Management"* on page 166.

Consistent financial performance with focus on innovation and R&D capabilities.

We believe our focus on continuous efficiency improvements, improved productivity and cost rationalization has enabled us to deliver consistent and strong financial and operational performance. Our business model is supported by stable and recurring revenues, with a consistent track record of revenue growth and profitability. We have established a track record of growth and financial performance with steady cash flows from our operations. Between Fiscal 2020 and Fiscal 2022, our profit after tax increased at a CAGR of 28.30%, as per our Restated Financial Statements. Our revenue from operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020 was ₹2,337.77 million, ₹1,865.75 million and ₹1,590.65 million, respectively. Our EBITDA in Fiscal 2022, Fiscal 2021 and Fiscal 2020 was ₹ 656.13 million, ₹ 518.99 million and ₹369.35 million, respectively, while our profit after tax in Fiscal 2022, Fiscal 2021 and Fiscal 2020 was ₹ 461.51 million, ₹380.44 million and ₹280.39 million, respectively. As of March 31, 2022, our reserves and surplus were ₹3,262.49 million while our net worth was ₹3400.15 million.

Our strong balance sheet and positive operating cash flows enable us to fund our strategic initiatives, pursue opportunities for growth and manage unanticipated cash flow variations. Despite the overall slowdown in the global automotive sector in Fiscal 2020 and the impact of the COVID-19 pandemic, we were able to maintain our EBITDA margins at 28.07%, 27.82% and 23.22% for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively.

We have made investments in our R&D and in building production capacities for future growth. We believe that we have developed in-house capabilities to deliver evolving technologies for future mobility solutions, with an aggregate expenditure on R&D and royalty of ₹ 229.19 million, ₹ 124.66 million and ₹ 58.29 million during Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. Our expenditure on R&D and royalty as a percentage of our total income were 9.48%, 6.39% and 3.41% for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. As of May 31, 2022, we had 22 on-roll employees engaged in R&D activities, representing approximately 10.95% of our total on-roll manpower.

OUR STRATEGIES

Capturing market opportunities in the growing EV space, and the fast-growing demand for automatic transmissions in the passenger UVs segment.

The market opportunities in the growing EV space are ample, as the global trend towards electrification of vehicles continues to surge. The market for EV transmission in India is expected to grow by CAGR of 108-110% from Fiscal 2021 and 2026 in volume terms as well as value terms (*Source: CRISIL Report*). The EV transmission market is expected to be ₹20.8 billion with a volume of 224,800 by Fiscal 2026 (*Source: CRISIL Report*). We believe that the key drivers of vehicle electrification include environmental concerns and public awareness of the importance to reduce CO^2 emissions and other pollutants, progressive termination of fossil fuel vehicles by some countries, government support and fiscal incentives that support the trend towards vehicle electrification, stringent emission and fuel economy norms introduced by several countries to combat the impact of climate change and encourage alternate cleaner fuels, increasing investment in charging infrastructure for EVs and decline in price of EV batteries contributing towards adoption of EVs.

We have been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India, which will further our efforts in capitalising on the expanding EV space. As part of our growth strategy, we plan to increase our market share in both the Indian and overseas markets by offering comprehensive transmission solutions and components to EV OEMs. As part of our strategy, we intend to enter into similar contracts with other customers across geographies. As part of our growth strategy to establish ourselves prominently in the Indian EV segment, we aim to further increase our customer penetration and acquire new customers in this segment.

We intend to further leverage our presence in yet another fast-developing trend, which is the increasing demand for automatics observed across the entire UV segment. Share of UVs has increased in the total PV industry. The share of UVs in PV production has increased from 21% in Fiscal 2016 to 39% in Fiscal 2021 (*Source: CRISIL Report*). Penetration of DCT is expected to remain at the highest level in the compact UV and UV segments (*Source: CRISIL Report*). Therefore, the size of DCT market is expected to grow at a CAGR of 23-25% to ₹13-14 billion in Fiscal 2026 (*Source: CRISIL Report*). Currently OEMs in India are heavily dependent on imports for DCT. In India, we are amongst the very few suppliers who have the capability to develop and provide system level transfer case, torque coupler, DCT solutions as the company has in-house software development capability (*Source: CRISIL Report*). Once launched, we will be the only manufacturer of DCT systems in India (*Source: CRISIL Report*). We have developed and are in the process of launching domestically manufactured DCT systems for the Indian market and are planning to localise and commercialise 7 Speed Dual Clutch Automatic Transmission. Further, we are evaluating development or in-licensing of an integrated electric drive unit which will help integrate powertrain and the drivetrain components.

Improve our market share and wallet share by increasing customer and geographic diversification.

We intend to strengthen our relationships with our existing customers and explore opportunities to grow along the value chain by expanding the array of our existing products and solutions that we supply to our customers across geographies, and to win new customer contracts by developing products and solutions aligned with their needs. We aim to consolidate and strengthen our market share in domestic and global markets in our existing automotive powertrain solutions and products portfolio by leveraging our long-standing customer relationships to enter into new products and vehicle programs, expand into new geographies for existing customers and develop new customers. We believe that our long-term relationship with well-recognized OEMs and global suppliers, focus on tailor-made precision components, well-accepted processes and global delivery model will help us in such endeavours and will enable us to become the supplier of choice in the industry.

We believe that we have been able to discern emerging trends and proactively identify new segments of business over the past few years, enabling us to capitalize on an early mover advantage in certain segments, and also to harness synergies through knowledge sharing between our cross-functional teams and horizontal and vertical integration across our operations. We intend to expand our reach through in-house efforts as well as through tie-ups, further bolstered by marketing agreements. We have and will continue to expand our global marketing team which will be complemented with tie-ups with consultants who have extensive experience in their local geographies. For instance, we have engaged with marketing consultants in the recent years in Europe and South Korea. We have also entered into an exclusive distribution agreement with a Japanese automotive supply chain company, to develop the market within identified Japanese companies. As part of our global delivery model, we also offer our customers especially in USA and Mexico, an option wherein we maintain a safety stock of components at warehousing facilities, which aids our customers reduce their supply chain related uncertainties. We believe that our comprehensive product portfolio and acceptance with large OEMs will help us expand our customer and geographical footprint. For the year ended March 31, 2022, our revenues from outside India contributed to 25.32% of our revenues from operation. As a part of this growth strategy, we intend to keep expanding our global reach. We intend to leverage our relationships with certain of our key customers, with some of whom we have an established track record and long-term relationships.

Although the core of our strategy is to continue to achieve growth organically, we continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances with entities, that may provide us with market access, entry into new customers or access to complementary technologies

Cost optimization through product engineering and localisation.

We believe that our component business complements our product systems and solutions. While our components business offers us economies of scale which helps us optimize costs for our product systems and solutions, our understanding of the vehicle dynamics through our engagement in product systems and solutions helps us offer components which are better suited to our customers. Currently OEMs in India are heavily dependent on imports for a large cross-section of products. We have and continue to engage with our customers to re-engineer products which help achieve better operational and cost efficiencies. For instance, we have independently developed a cost-effective 32-bit processor for BorgWarner towards their transfer case application in replacement of their existing 8-bit technology, with our team receiving an award of recognition from BorgWarner for this innovation. We believe that we have a key advantage over our competitors in understanding the product, quality and customer requirements and are well positioned to be the manufacturer and supplier of choice for global suppliers and OEM suppliers for automotive transmission products and high precision components in India.

Offering quality products at competitive prices is a key aspect of maintaining and expanding our relationships with our customers. We intend to continue enhancing our operational efficiencies, to increase economies of scale, better absorb our fixed costs, reduce our other operating costs and strengthen our competitive position. We would focus on improving capacity utilization at our production facilities, through increase in our overall production volumes. We believe that our manufacturing technology, coupled with our technological and engineering expertise has enabled us to penetrate the market and cater to the requirements of globally renowned customers. We believe that this capability to manufacture automotive transmission products and critical precision products at a large scale, enables us to attract OEMs in India who currently import such products, thereby reducing their cost of overseas sourcing. We believe that the OEMs engaging with us anticipate additional benefits such as (i) lower unit costs when compared to imported products; (ii) optimised inventories; (iii) reduced risk of exchange rate fluctuation; (iv) price sustainability through the product life cycle; and (v) increased supply chain security.

Continued focus on R&D to manufacture diverse products and expand into products to serve new and emerging trends.

Our future growth depends on our ability to continue to design, develop and commercialize innovative, viable and sustainable new automotive systems and components in a timely and cost-effective manner, improve our existing systems and components, or to develop process improvements that can shorten production times, improve quality and cost efficiency. We believe that we are an R&D led systems and solution provider offering differentiated and customized solutions to our customers as demonstrated by our recent contracts for EVs and Hybrid Vehicles. With the increasing penetration for automatics in passenger vehicles and with the emergence of EV, we believe that automotive drivetrains will shift from just mechanical systems to electronics control with embedded software to control the operation of these systems. We aim to capture this growing trend by continuously investing in R&D to develop and deliver new and innovative systems and components. With OEMs continuously focusing on weight reduction in PVs and EVs to enhance the range, augment the vehicle's acceleration and improve overall efficiency, we aim to develop solutions and alternatives for improving the torque density and reducing the weight of our DCT systems and EV transmission units through our R&D efforts.

We aim to leverage our core engineering competence to enter newer areas with similar technology intensity and margin profile such as defence applications and precision components for non-automotive segments. We intend to maintain and strengthen our technological competencies through continued focus on improving our capabilities in engineering, mechatronics, software development and system integration. We have developed extensive in-house capability to develop embedded systems and application software, along with integration capabilities to offer our customers a complete solution. We will complement our R&D efforts through continued partnership with various technology partners like BorgWarner and Hofer. During Fiscal 2022, Fiscal 2021 and Fiscal 2020, our total expenditure on R&D and royalty amounted to ₹ 229.19 million, ₹ 124.66 million and ₹ 58.29 million, respectively, representing 9.48%, 6.39% and 3.41%, respectively, of our total income in those periods. Although we spend significant amounts on our R&D capabilities, we strive to do so in a cost effective, targeted manner in line with our goal of making new technologies available to our customers and expanding our customer base.

OUR OPERATIONS

We design, develop, manufacture and supply engineered, turnkey solutions and components to automotive OEMs across India, USA, China, Korea, Russia and others. With our strong focus on research and development and advanced in-house hardware and software capabilities, we have also been providing turnkey solutions across the automotive industry, including passenger vehicles, utility vehicles, and commercial vehicles from our facilities at Bhosari and Shivare near Pune in Maharashtra and

Sirsi, in Karnataka. Our customer base includes leading automotive OEMs such as Tata Motors, Mahindra & Mahindra, BorgWarner, a Japanese automotive supply chain company, a Chinese automobile manufacturer, an Indian automotive manufacturing company, and an Indian supplier to global automotive OEM, amongst others.

Our systems and component offerings include four-wheel drive and synchronizer system solutions. We manufacture and supply a variety of products under the broad categories of (i) torque transfer systems (which includes 4 wheel-drive ("**4WD**")/ all-wheel-drive ("**AWD**") products); (ii) synchronizer systems for manual transmissions and DCT; and (iii) components for the above-mentioned product categories as well as for EVs. We have also developed (i) transmission systems for EVs; (ii) DCT systems; and (iii) rear wheel drive manual transmissions.

Set out below is a tabular representation and description of the primary automotive systems and components offered by us.

Category / Product	ICE (4WD/AWD)	ICE (Manual)	ICE (Automatic)	Hybrid	BEV
Torque Transfer Systems (Transfer Case/Torque Coupler)	√				
Manual Transmission		√			
Synchronizer Systems	√	√	√		
Dual Clutch Transmission			√		
Transmissions for BEV					√
Components	√	√	√	√	√

Please see below pictorial representation of our products.

Torque Transfer Systems

Mechanical Transfer Case

Electric Shift Transfer Case

Torque-on-Demand Transfer Case

Torque Coupler Transfer Case

Dual – offset Transfer Case

Dual – offset Transfer Case with bevel differential

Single – offset Transfer Case

Manual Transmission

Synchronizer Systems

Dual Clutch Transmission

Transmissions for BEV

Components

Ring Gear

Sun Gear

Assembly Hub & Clutch Disc

Lock Up Collar & Clutch Disc

Final Drive Gear

Flange

Shaft

- Torque transfer systems (which includes 4 wheel-drive ("**4WD**")/ all-wheel-drive ("**AWD**") products):

  Wheel Drive systems or transfer cases are generally used in Rear Wheel Drive (RWD) configuration of vehicle architecture that selectively transmits torque either to the rear 2 wheels or all the 4 wheels. These typically contain an additional reduction gear set to further enhance torque available at the wheels to enable higher gradeability of the vehicle. There are principally two types of transfer cases used in light duty gross vehicle weight (GVW) automobiles, that is the 'geared type' and the 'chain type'. The chain type is more prevalent due to the advantages of lighter weight and lower noise. We are the only player manufacturing and exporting transfer cases (including the dominant chain driven transfer cases and ESOF transfer cases) to global OEMs from India (*Source: CRISIL Report*).While these come in a large variety of configurations, they can be broadly classified into three categories based on the method the shift in modes takes place, which is (i) Manual Shift; (ii) Electric Shift on the Fly (ESOF); and (iii) Automatic Shift Torque on Demand (TOD). We manufacture all three versions.

  Torque coupler is used in front wheel drive (FWD) based all-wheel drive (AWD) vehicles. The torque coupler senses the torque requirement & transfers the necessary torque to the rear wheels when wheels start slipping on the surface. The 'All Wheel Drive' systems typically refer to Front Wheel Drive (FWD) configuration of vehicle architecture. These systems selectively transmit torque either to the front 2 wheels or all the 4 wheels of the vehicle. These systems typically do not have a reduction gear set and only split the torque between the front axle and the rear axle of the vehicle. They work in automatic mode when engaged and enhance vehicle dynamic handling capabilities when vehicle is running on low friction surfaces like sand, mud, wet roads and snow. These are primary perceived as a safety feature in markets that have such challenging driving condition. We manufacture the multidisc wet clutch type AWD system.

- Solutions in Manual Transmission:

  We have developed manual transmissions for rear-wheel-drive applications with maximum input torque ranging between 220 Nm to 450 Nm. The designs are flexible to offer customers various shift linkage options such as direct shift, semi-remote shift or remote cable shift. They can be configured either in 4X2 or coupled with our transfer cases to offer 4X4 solutions. Primary market segment targeted is the pickup truck and rear wheel drive-based SUV segment.

- Synchronizer Systems:

  We have full solution capability in designing, developing, testing and manufacturing synchronizer systems that are used in manual transmissions for passenger vehicles, utility vehicles, commercial vehicles and agricultural vehicles. Synchronizer systems also find application in Dual Clutch Automatic transmissions. These systems are responsible for the smooth shifting of gears from one step to another, and determine the shift feel and effort on the shift lever for the driver. We use carbon lining on steel as against traditional use of brass as the friction component in the system to improve shift performance and durability of the system. Divgi -TTS range of synchronizers covers a range of applications from small hatch back cars to large SUVs in the passenger car segment, light commercial to medium commercials vehicles and agricultural tractor applications.

- Indigenous Automatic Transmissions:

  We have developed 7 Speed Dual Clutch Automatic transmissions in collaboration with Hofer. The first variant is designed to handle maximum input torque between 220 Nm to 280 Nm and is made of a compact design to meet the requirements of utility vehicles which form the fastest growing segment in Indian passenger vehicle market. We decided to develop the wet clutch DCT design considering India's exhaustive start-stop driving duty cycles that calls for robustness in the clutch design.

- Transmissions for Battery Electric Vehicles:

  We have developed a range of transmissions for battery electric vehicles (BEVs) through its in-house design capabilities, benchmarking some of the best industry practices in improving transmission efficiencies and reducing weight for a given torque to be transmitted. Currently we have a range of three transmissions catering the motor power ratings of 55 Kilowatts, 60 Kilowatts and 95 Kilowatts. Depending on customer requirements, these can be integrated with electronic park lock systems that we have developed.

- Precision components for all of above products:

  Apart from designing and manufacturing above automotive drivetrain systems, we also support our customers with precision components required for the manufacture of such systems. This enables us to develop economies of scale in components manufacture, that makes it competitive at a systems level even if the volumes are modest. Key focus areas are precision gears and shafts, synchronizer components, and components for planetary reduction sets.

Customers

We serve a broad range of customers both in the Indian and overseas markets. The table below sets forth the breakdown of our income from sale of goods across geographic markets, as a percentage of our total sale of goods for the periods indicated.

Geographical Location	Fiscal 2022	Fiscal 2021	Fiscal 2020
India	73.70%	49.87%	48.12%
USA	2.71%	10.66%	14.30%
China	8.64%	16.46%	12.96%
Korea	3.24%	7.22%	10.49%
Russia	11.71%	15.79%	14.13%
Total	**100.00%**	**100.00%**	**100.00%**

We have developed long term relationships with marquee domestic and global OEMs in the automobile sector, such as BorgWarner, Tata Motors and Mahindra & Mahindra, amongst others, with some of whom we have had relationships for over two decades, including through our earlier joint ventures. For instance, we have been in strong, continued business with Tata Motors ever since 1992. Our relationship with customers has been built around firm business relations with the upper echelons of management. Our relationships with marquee global OEMs, start right from the stage of design and development.

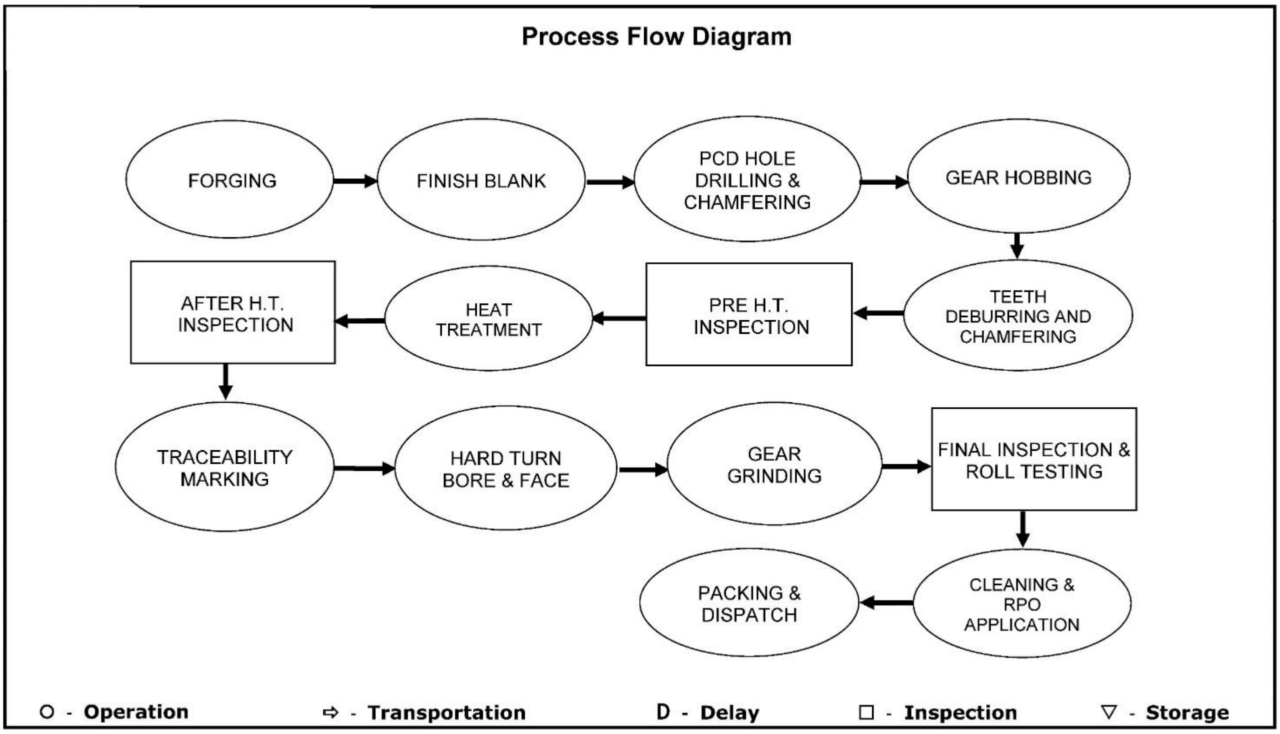
The table below sets forth the breakdown of our income from sale of goods across our top five customers, as a percentage of our total sale of goods for the periods indicated. The order of our top five customers in the table below is based on information as of March 31, 2022.

Customer	Fiscal 2022	Fiscal 2021	Fiscal 2020
Customer 1	55.78%	37.08%	27.38%
Customer 2	7.35%	4.78%	4.35%
Customer 3	5.38%	4.57%	7.17%
Customer 4	14.58%	34.34%	37.75%
Customer 5	11.71%	15.79%	14.12%
Total	**94.80%**	**96.55%**	**90.78%**

As is evident from the table above, we implement a customer centric approach to benefit from our top customers, to suit their demands. We provide product development support as well, in the process. For instance, in the development and production of the New Mahindra Thar 2020 model our involvement began in the initial stages itself in the year 2017 while the production began in July 2020. We have also been actively involved in the flagship products of Mahindra & Mahindra, including the XUV 500 and XUV 700. Over the years, for various OEM customers, we have developed relationships and received orders from multiple business divisions and locations globally, including through our efforts to cross sell different components to our global OEM customers.

Key Manufacturing Processes

Please see below a process flow diagram which pictorially represents our manufacturing process.



The manufacturing processes involved in the production of our key systems and components are described below.

A. Sourcing of Raw Materials:

- Steel forging (hot, warm and cold forging);
- Aluminium high pressure die casting; and
- Turning of steel forged components.

B. Manufactured in-house:

- Turning of steel components: using CNC turning machines;
- Broaching: using vertical broaching machines;
- Gear cutting: This is done by three types of processes
  - Gear teeth hobbing,
  - Gear teeth shaping, and
  - Gear teeth skiving;
- Spline rolling: Incremental and Syncroll cold spline rolling machines;
- Gear teeth chamfering and roofing;
- Gear finishing by gear teeth shaving;
- Deep hole drilling of shafts;
- Facing centering of shafts;
- Heat treatment of gears and shaft with case carburizing and quenching or with induction hardening process;
- Cylindrical grinding of shafts;

- Bore, cone and face grinding for gears;
- Gear teeth grinding;
- Gear teeth honing;
- Shot peening;
- Carbon layer bonding of synchronizers;
- Prismatic machining of high-pressure die-cast aluminium housings; and
- Gear box assembly and testing.

The manufacturing process involved for our products is described below.

- **Transfer Case:** The manufacture of transfer cases involves the manufacture of alloy steel torque transfer parts such as shafts, gears, collars, hubs sprockets, companion flanges and yokes. These are primarily produced out of steel forgings and then machined using processes such as turning, gear hobbling, broaching, shaping, spline rolling, drilling, milling, deburring etc. The parts are then heat treated either using induction hardening or case carburising and quench and tempering. Post heat treatment, grinding operations are used to achieve precision levels. The second set of components are aluminium high pressure die castings that form the prismatic parts of the transfer case housing. After high pressure die casting, these are machined on CNC machining centres. All the torque transfer steel components along with bearing, oil seals and fasteners are then assembled into the aluminium castings is an assembly line. The fully assembled transfer cases are then tested for leakage and functional tests on the end of line test stand before they are packed and dispatched. For the Electric Shift on the Fly and Torque on Demand transfer cases, electrical actuators, multidisc wet clutches and software controlled Electronic Control Units (ECUs) are also integrated.

- **Manual Gear Boxes:** The manufacturing processes involved are similar to above transfer cases. However, the product configuration is different as there are multiple gears and additional gear shift linkage mechanisms that are assembled during the assembly stage.

- **Dual Clutch Automatic Gear Box:** These have all the elemental manufacturing processes similar to transfer cases or manual gear boxes. However, they differ from the manual gear boxes as they have additional multi disc wet clutches, and electrohydraulic control unit controlled by an Electronic Control Unit with oil pumps and oil coolers to do the gear shifting automatically. The assembly process is therefore more complex compared to the manual transmission.

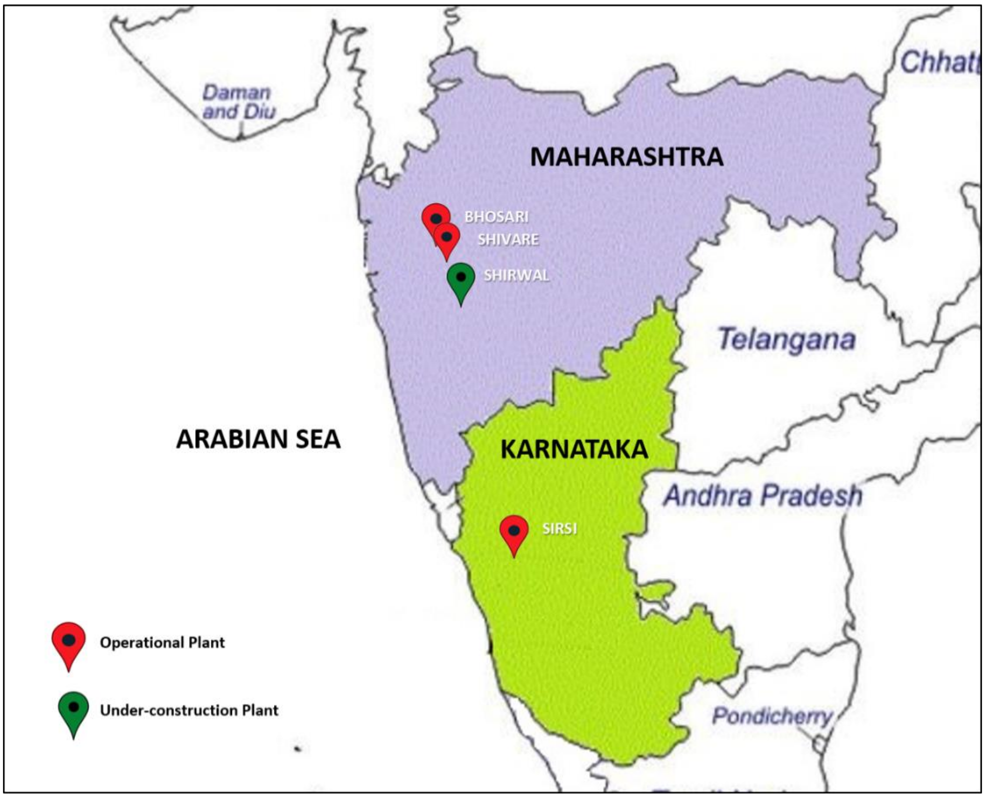
- **Electric Vehicle Transmissions:** The component level manufacturing processes are same as for manual or DCT transmissions. However, since the electric motor rpms are much higher and the demand for efficiency and noise are much stringent compared to ICE based transmissions, the precision level of the gears is of a much higher magnitude. This calls for high precision level gear teeth grinding and gear teeth honing processes to achieve the desired results.

- **Synchronizers:** The synchronizer components use processes such as powder metal, precision steel stampings, forging and CNC turning. We use specialised process for bonding of the carbon friction material to the steel rings.

Manufacturing Locations

We have three manufacturing and assembling facilities across India located at Sirsi in Karnataka, and Shivare and Bhosari near Pune in Maharashtra, with the manufacturing facilities at Shivare and Bhosari being strategically located in proximity to our key clients, and one under-construction manufacturing facility located at Shirwal. We manufacture transmission, transfer case and synchroniser components at our facility in Sirsi. Our Shivare facility houses grinding and superfinishing equipment to achieve standards in precision and accuracy, including those demanded by EV and DCT applications globally and transmission components. Our Bhosari facility, which is the assembling, lab testing and packing unit for our manufactured components and systems and our Shivare facility, are strategically located in proximity to our key customers as well as the port for export located at New Mumbai. Our key customers in close proximity to our Bhosari and Shivare facilities include Tata Motors, Mahindra & Mahindra, an Indian automotive manufacturing company and Indian supplier to global automotive OEM.

The map below sets out map shows the locations of our manufacturing facilities.



Manufacturing Facilities

Our manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes such as IATF 16949:2016, ISO 45001:2018 and ISO 14001:2015. We have been awarded the *"Innovation Award for ECU"* by BorgWarner for the year 2008, and *"Zero Defect Supplies"* by Toyota Kirloskar Auto Parts for the years 2017 and 2020 in recognition of our outstanding contribution in achieving zero defect supplies. Our manufacturing operations are strengthened by our technical capabilities, infrastructure, and process knowledge. As of May 31, 2022, we had a team of 36 engineers as part of our team, which focuses on process innovation, design and implementation.

Please see below a chart setting out details in relation to the installed capacity and capacity utilisation at our manufacturing facilities.

Location	Owned / Leased	Product Type	Installed Capacity (In Million Pieces)*			Production Volume (In Million Pieces)*			Capacity Utilisation (%)*		
			As of March 31, 2022	As of March 31, 2021	As of March 31, 2020	For Fiscal 2022	For Fiscal 2021	For Fiscal 2020	For Fiscal 2022	For Fiscal 2021	For Fiscal 2020
Bhosari	Leased^	**A. Torq Transfer System**									
		(i) Transfer Case-ESOF	30,000	18,000	18,000	17,295	13,311	13,031	57.65	73.95	72.39
		(ii) Transfer Case-Mech	30,000	18,000	18,000	38,889	18,275	2,716	129.63	101.58	15.09
		(iii) ITM Coupler-Nextrac	23,100	NA	NA	1,464	96	47	5.81	NA	NA
Sirsi	Owned	**A. Syncronisers** Synchro Assembly	5,04,000	5,04,000	5,04,000	1,39,279	1,85,055	1,85,585	27.63	36.72	36.82
		B. Components Gears (including Planetary Sun Gear, Piece Gear, Ring Gear, Gear for Reverse Idler,	14,58,600	13,12,740	13,12,740	8,66,550	11,41,546	12,06,947	59.41	86.96	91.94

Location	Owned / Leased	Product Type	Installed Capacity (In Million Pieces)*			Production Volume (In Million Pieces)*			Capacity Utilisation (%)*		
			As of March 31, 2022	As of March 31, 2021	As of March 31, 2020	For Fiscal 2022	For Fiscal 2021	For Fiscal 2020	For Fiscal 2022	For Fiscal 2021	For Fiscal 2020
		Gears for main and counter shaft etc.)									
Shivare	Owned	**A. Torq Transfer System** Auto Locking Hub	1,68,000	1,68,000	1,68,000	13,999	7,641	9,620	8.33	4.55	5.73
		B. Components Gears (including Planetary Sun Gear, Piece Gear, Ring Gear, Gear for Reverse Idler, Gears for main and counter shaft etc.)	5,88,000	5,29,200	4,49,820	2,00,617	83,112	1,53,989	34.12	15.71	34.23

* *Certified by Smita Mehendaley, Chartered Engineer by way of certificate dated September 10, 2022.*
^ *Leased for a period of 95 years with effect from December 31, 1996.*

Suppliers

The establishment and maintenance of effective relationships remains a cornerstone of our business. We work closely with our suppliers to reduce waste, improve performance, and advance technology in the most competitive and creative ways. Our stated vision is to increase shareholder value by procuring goods, services and materials from a supply base which endows us with a measurable competitive edge. Our supplier expectations and guidelines are enunciated in the below mentioned stages of supplier interaction and cover the processes and performance under the following stages:

- Commercial expectations;
- Tooling and gauging policy;
- Prototypes requirements;
- Quality requirements;
- Quality system basics;
- Supplier change management;
- Materials and delivery expectations;
- Supplier performance metrics;
- Process audits;
- Supplier conferences and summits; and
- Record retention.

R&D Capabilities and Technology

R&D

We have developed strong in-house capabilities to deliver evolving green technologies for future mobility, with an aggregate expenditure on R&D and royalty of ₹ 229.19 million, ₹ 124.66 million and ₹ 58.29 million for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. Our expenditure on R&D and royalty as a percentage of our total income were 9.48%, 6.39% and 3.41% for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. As of May 31, 2022, we had 22 on-roll employees engaged in R&D activities, representing approximately 10.95% of our total on-roll manpower.

Software Developments

Since 2005, we have, including through our earlier joint ventures, invested in software development R&D with the assistance of our collaborators such as BorgWarner and Hofer. Thus far, we have conducted four projects of software development, one for global application and three for local customers. As a result of our software development efforts, three projects have been successfully commercialized, while one is at the development stage. We are invested in the cause of defining our own logic, control algorithm and application software with the help of global partners, and will continue to expand our efforts towards software development.

We have also invested in development of hardware controller, which is a key requirement of software development. Certain programs which have been developed by us as R&D initiatives are transfer case control logic, NexTrac torque intervention logic, thermal shut down logic to protect the applications, and park lock in EV application logic and control. In addition to this, certain employees of our Company have also participated in several R&D focused conferences and collaborated with other industry and technical experts to publish R&D related materials across a varied spectrum of our including those related to lean manufacturing, cost reduction, implementation of quality control systems.

Raw Materials and Components

We use a variety of raw materials in the production of our components. The principal raw materials and components used for manufacturing our products are forgings, castings, powder metal parts, sheet metal parts, electrical / electronic parts etc. We source these raw materials and components mostly from India as well as from certain other countries. For Fiscals 2022, 2021 and 2020, our total raw materials cost, including changes in inventories of finished goods and work-in progress accounted for 38.71%, 34.33% and 34.09%, respectively of our total income. The cost of our core raw materials and bought out parts is susceptible to changes in overall steel and other commodity prices, including ingredients used in various grades of steel. This is consistent with the nature of commitments our customers have with us and therefore does not expose us to any major risk from fluctuation in the commodity prices. We generally pass-through to our customers the fluctuations in costs of raw materials like steel, key steel alloys and copper, which are major commodity inputs used in our systems and components, with certain time lag.

Utilities

Power and Fuel

We use electricity for our operations and for Fiscals 2022, 2021 and 2020 our total costs for power and fuel comprised 1.56%, 1.35% and 1.65% respectively, of our total income. We purchase electricity for our operations in India and overseas from the local utility companies in the jurisdictions in which we operate.

Water

We source water from local utility companies. We also undertake treatment of wastewater for its reuse in compliance with the local water usage and treatment guidelines.

Storage and Transportation

We maintain requisite storage at each of our facilities, and our Bhosari facility is equipped with an additional separate warehouse, located within close proximity of the facility. Storage facilities at and in close proximity to our manufacturing facilities enable us to manage inventories of raw materials, child parts, bought-out-parts as well as finished systems and components.

As part of our global delivery model, we also offer our customers especially in USA and Mexico, an option wherein we maintain warehousing facilities, which helps our customers reduce their supply chain related uncertainties. We believe that our ability to offer such customization helps us in winning new business and meeting our customer requirements. As of May 31, 2022, we have arrangements with Indian agencies for logistics support services for one warehouse each located in USA and Mexico, and we will expand such warehouses depending on demand from our customers.

We rely on logistics service providers for all our logistics related requirements and have outsourced local, international as well as inter-facility transportation activity. We focus on ensuring timely delivery to our customers to ensure no line disturbance at OEM or customer line, and towards the same purpose, we work with multiple service providers to mitigate contingencies. For instance, we have agreements with three service providers for local transport as well as inter-facility transport to insulate us against the risk of failure or issues observed with one service provider.

Sales and Marketing

Our sales and marketing department is responsible for strategizing and implementing a business development plans well suited for our markets, and forging local and global partnerships with OEMs to sustain profitable growth. Our sales and marketing team works in coordination with our engineering team and the customer's design and engineering department to understand the technical requirements of the application. Since our business primarily being a business to business model, is dependent on our business development team for the acquisition of new business. This process is further supported by senior consultants for separate global geographies based and working out of target market geographies. For instance, we have an exclusive marketing arrangement with a Japanese automotive supply chain company in relation to certain Japanese companies. The business development team of our Company identifies new projects and opportunities with OEMs and global suppliers.

Competition

The automotive component manufacturing industry is very competitive, and we face significant competition from both players from India as well as overseas. Technology, price, design, quality, delivery, engineering development and program launch support are the primary elements of competition in our markets. We compete worldwide with a number of other Indian and foreign manufacturers that produce and sell similar products. In addition to traditional competitors in the automotive sector, the trend towards advanced electronic integration and electrification has led to an increase in competition we face from technology focused new market entrants. In addition, a number of our major OEM customers manufacture for their own use and for others, products that compete with our systems and components. Other current OEM customers could elect to manufacture products to meet their own requirements or to compete with our Company. For many of our products, our competitors include suppliers in parts of the world that enjoy economic advantages.

The table below sets forth our key competitors as per the CRISIL Report:

Products	Competitors
Transfer Case	Aisin, BorgWarner, Dana, Magna, Univance
Torque Coupler	Aisin, BorgWarner, Schaeffler, Valeo
Synchroniser Pack	Anand CY Muteck Automotive, Natesan Synchrocones, Yugal Precision

Employees

As of May 31, 2022, we had 558 employees, comprising 201 on-roll employees and 357 off-roll employees. As of May 31, 2022, none of our employees are members of any unions.

We are dedicated to the development of the expertise, skill sets and know-how of our employees. Our personnel policies are aimed towards recruiting talented individuals, facilitating their integration and promoting the development of their skills, including through in-house and on-site as well as external training programmes. The table below sets forth the breakdown of our employees (including both on-roll and off-roll employees) by function as of the periods mentioned below:

Function	Number of Employees as of May 31, 2022
Sales Marketing & ABD	11
Engineering (Product Engineering - R&D)	22
Manufacturing Engineering (Process Engineering)	14
Finance	11
Operations	112
Purchase & GSM	13
Human Resource	9
Management System	4
Growth & Launch	3
Managing Director & Executive Director	2
Trainees	34
Contractual	323
Total	**558**

Environment, Health, Quality and Safety

We place great emphasis on environment, health, quality and safety matters for safe operations. Quality driven management and employee dedication are keys to success and customer satisfaction. We are committed to building products that are of superior quality. We will improve our business continuously in quality, cost, and reliability. Quality is at the very core of our Product Leadership culture. During Fiscals 2022, 2021 and 2020, we had three incidents of injuries in each Fiscal. We have established a dedicated environment, health, occupational, health and safety (EHS) function to oversee EHS issues for our operations and adopted a comprehensive EHS management system in accordance with applicable standards with policies and practices which are applicable to our employees and contractors within our premises. Our EHS policy aims towards energy saving and optimum consumption of resources, preventing environmental pollution through waste reduction and control, encouraging safe work practices for prevention of accident, injury and ill health, complying with relevant legal and other requirements and continual improvement in EHS management system. Our product portfolio for Battery EVs and Hybrid EVs is aimed at electrification of drivetrains which is expected to help with reducing the carbon intensity of mobility sector.

Intellectual Property

For details in relation to our intellectual property, please see *"Government and Other Approvals"* on page 283.

Properties

Our registered and corporate office is located at Plot No. 75, General Block, MIDC, Bhosari, Pune 411026, Maharashtra. Further, as of May 31, 2022, we have three manufacturing and assembling facilities across India, located at Sirsi in Karnataka, and Shivare and Bhosari near Pune in Maharashtra, and one under-construction manufacturing facility located at Shirwal. For further details on our manufacturing facilities, see "*Our Operations – Manufacturing Locations*" in this section above.

Insurance

Our business, including our manufacturing operations, are subject to various risks inherent in the automobile industry such as risk of equipment failure, work accidents, fire, theft, earthquake, flood, other force majeure events and other hazards that may cause personal injury, loss of life, damage to property and equipment and environmental damage. We also maintain insurance policies in respect of our business, assets or stocks, machinery, building and equipment. We maintain a standard fire and special perils policy with add-on cover for earthquakes and marine cargo annual turnover policy to cover various risks during the transit of goods. In addition, we have a group personal accident insurance policy, as well as group mediclaim policy for our employees.

Corporate Social Responsibility

We have adopted a corporate social responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. Our CSR programs are committed to the overall welfare and development of society, including environmental sustainability, disaster management, supporting innovation, education, health care and sanitation. Our CSR interventions consist of pillars set forth below:

- Promoting education, including special education and employment enhancing vocational skills;
- Rural Development Projects;
- Promoting health care including preventive health care;
- Protection of National Heritage, Art and Culture; and
- Ensuring environmental sustainability, ecological balance, conservation of natural resources.

Customer Awards

The table below sets out the customer awards we have received for our various systems and components:

Calendar Year	Accreditations
2008	Innovation Award for ECU development by BorgWarner*
2008	The BorgWarner Chairman's Operational Excellence Award by BorgWarner Production System*
2015	Best Eco Kaizen Award awarded by Toyota Kirloskar Motor*
2017	1st runner up at the National HR Competition Circle organized by Confederation of Indian Industry
2017	Zero Defect Supplies Award by Toyota Kirloskar Auto Parts
2018	Toyota Quality Award by Toyota Kirloskar Auto Parts
2018	1st prize at the National HR Competition Circle organized by Confederation of Indian Industry
2019	Toyota's Quality Circle Competition Award by Toyota Kirloskar Suppliers Association
2019	1st prize at the National HR Competition Circle organized by Confederation of Indian Industry
2020	Zero Defect Supplies Award by Toyota Kirloskar Auto Parts
2020	Toyota Delivery Award by Toyota Kirloskar Auto Parts
2020	Toyota Quality Award by Toyota Kirloskar Auto Parts
2021	Special Appreciation Award by Mahindra Rise for transfer case for Thar
2021	Outstanding Development for Gears and Synchronizers' certificate by Force Motors
2021	Zero Defect Supplies Award by Toyota Kirloskar Auto Parts
2021	Supplier of the Year Award by Toyota Kirloskar Auto Parts

* *These awards were received prior to the amalgamation of the erstwhile Divgi TorqTransfer Systems Private Limited and Divgi Metalwares Private Limited, pursuant to which the name of our Company changed to "Divgi TorqTransfer Systems Private Limited"*

For details of the awards received by our Company and recognition bestowed upon our Company, see "*History and Other Corporate Matters – Key Awards, Accreditation and Recognitions*" on page 162.

Impact of the COVID-19 pandemic

Since first being reported in December 2019, the outbreak of COVID-19 has spread globally and the virus has mutated several times, though the vaccines developed have generally reduced infection rates and fatalities. The global impact of the COVID-19 pandemic rapidly evolved and public health officials and governmental authorities responded by taking measures, including in India, where our operations are based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. There may be instances of other variants of COVID-19 in the future, which may have an adverse effect on our financial condition. We have monitored and are monitoring the situation closely and is operating its activities with the required workforce as permitted by governmental authorities. As a result of the detection of new mutated strains and subsequent waves of COVID-19 infections in several states in India as well as throughout various parts of the world, it is anticipated that we may be subject to further reinstatements of lockdown protocols or other restrictions.

In the wake of the COVID-19 pandemic, we implemented several preventive measures, few of which are set forth below:

- We ensured that the production was not excessively hampered due to lockdown restrictions and increasing COVID-19 cases by developing and implementing COVID System Basics (CSB), a systematic and structured framework with corrective and preventive measures, with this system was implemented in all three operating facilities;

- A reaction plan was developed for clear communication to employees about COVID protocols;

- Mediclaim insurance covering COVID-19 was taken to cover all employee across all three operating manufacturing facilities; and

- Experienced and well-qualified doctors were appointed at all three operating manufacturing facilities, and a tie-up with a reputed laboratory for RTPCR Testing for employees.

During the COVID pandemic outbreak, our Company had followed all regulatory guidelines & mandatory requirements published by the ministry of health & family welfare & state's regulation. The necessary provisions were made to maintain 50% occupancy, staggering seating arrangement, frequent sanitization, and allocation of safety PPE. Guidelines and standard operating procedures were prepared along with a COVID-19 reaction plan for the employees' awareness so as maintain minimum levels of contact.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and is not exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

INDUSTRY SPECIFIC LEGISLATIONS

Bureau of Indian Standards Act, 2016 ("Bureau of Indian Standards Act")

The Bureau of Indian Standards Act provides for the standardization, marking and quality certification of goods. The Bureau of Indian Standards Act provides for the functions of the bureau which include, among others (a) recognize as an Indian standard, any standard established for any goods, article, process, system or service by any other institution in India or elsewhere; (b) specify a standard mark to be called the Bureau of Indian Standards Certification Mark; and (c) make such inspection and take such samples of any material or substance as may be necessary.

Legal Metrology Act, 2009 ("Metrology Act")

The Metrology Act aims to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. Any transaction/contract relating to goods/class of goods or undertakings shall be as per the weight/measurement/numbers prescribed by the Metrology Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in rules by each state.

Steel and Steel Products (Quality Control) Order, 2020 ("Quality Control Order 2020")

The Quality Control Order 2020 was notified by the Ministry of Steel, Government of India, to bring specified steel products under mandatory BIS certification. All manufacturers of steel and steel products are required to apply to the Bureau of Indian Standards for certification and ensure compliance with the Quality Control Order 2020.

Duty Drawback Scheme, 2020

The Duty Drawback Scheme is an option available to exporters. Under this scheme, an exporter of goods is entitled to a refund of the excise duty and integrated goods and services tax paid by him on the inputs used in the products exported by him. It neutralizes the duty impact on the goods exported by giving a relief on customs and central excise duties suffered on the inputs used in the manufacture of export product. The Customs and Central Excise Duties Drawback Rules, 2017, as amended have also been framed outlining the procedure to be followed for the purpose of grant of duty drawback (for both kinds of duties suffered) by the customs authorities processing export documentation. Under the Duty Drawback Scheme, an exporter can opt for either all industry rate of duty drawback scheme or brand rate of Duty Drawback Scheme.

National Electric Mobility Mission Plan 2020 ("NEMMP")

The NEMMP, which was released in 2013, is a vision and the roadmap for the faster adoption of electric vehicles and their manufacturing in the country. This plan has been designed by the Ministry of Heavy Industries and Public Enterprises to enhance national fuel security, to provide affordable and environmentally friendly transportation and to enable the Indian automotive industry to achieve global manufacturing leadership. Further, it is also proposed to establish necessary charging infrastructure for electric vehicles across India.

As part of the NEMMP, a scheme was formulated namely, Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India Scheme ("FAME India") in the year 2015 to promote manufacturing of electric and hybrid vehicle technology and to ensure sustainable growth of the same ("Phase-I Scheme"). The Phase-I Scheme was initially launched for a period of two years, commencing from April 1, 2015, which was subsequently extended from time to time and the last extension was allowed up to March 31, 2019. Department of Heavy Industry has notified Phase-II of the Fame India scheme, with an outlay of ₹ 10,000 crore for a period of three years commencing from April 1, 2019 ("Phase-II Scheme"). The period for Phase-II Scheme was further extended for a period of two years from March 31, 2022 till March 31, 2024. The main objective of the Phase-II Scheme is to encourage faster adoption of electric and hybrid vehicle by way of offering upfront incentive on purchase of electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles.

Automotive Mission Plan 2016-2026 ("AMP")

The Ministry of Heavy Industries and Public Enterprises, Government of India released the AMP in September 2015 with the objective of making the Indian automotive industry an integral part of the "Make in India" initiative. This plan aims to, among others, promote safe, efficient and comfortable mobility for every person in the country along with environmental protection and affordability through both public and personal transport options.

The Industries (Development and Regulation) Act, 1951 ("I (D&R) Act")

The I (D&R) Act provides for the development and regulation of specified industrial undertakings. The I (D&R) Act has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector.

An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("**IEM**") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required under the I(D&R) Act.

ENVIRONMENTAL LAWS

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes listed below is to control, abate and prevent pollution. In order to achieve these objectives, pollution control boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be periodically renewed.

The Environment (Protection) Act, 1986 ("EPA")

The EPA is an umbrella legislation designed to provide a framework for the Government of India to protect and improve the environment. The EPA vests with the Government of India the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for the quality of environment, standards for emission of discharge of environment pollutants from various sources as provided under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, and examination of manufacturing processes and materials likely to cause pollution.

The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act aims to prevent and control water pollution by factories and manufacturing units and maintain and restore the quality and wholesomeness of water. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant state pollution control board, which is empowered to establish standards and conditions that are required to be complied with.

The Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act provides for the prevention, control and abatement of air pollution. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state PCB prior to establishing or operating such industrial plant. The state pollution control board must decide on the application within a period of four months of receipt of such application. The consent may contain certain conditions relating to specifications of pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the state PCB.

The Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2016 ("Hazardous Wastes Rules")

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste. The Hazardous Wastes Rules impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant pollution control board. The occupier, the transporter, the operator and the importer are liable for damages caused to the environment resulting from improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the relevant state PCB.

The Noise Pollution (Regulation & Control) Rules, 2000 ("Noise Regulation Rules")

The Noise Regulation Rules regulate noise levels in industrial, commercial, residential and silence zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near educational institutions, courts, hospitals, or other institutions.

LABOUR LAW LEGISLATIONS

Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") defines a "factory" to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Maternity Benefit Act, 1961;
- Industrial Disputes Act, 1947;
- Shops and Establishments Legislations;
- Contract Labour (Regulation and Abolition) Act, 1970; and
- Employees' Compensation Act, 1923.
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
- The Industrial Employment Standing Orders Act, 1946.
- The Child Labour (Prohibition and Regulation) Act, 1986.
- The Equal Remuneration Act, 1976.
- The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001.
- Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.
- The Code on Wages, 2019*.
- The Occupational Safety, Health and Working Conditions Code, 2020**.
- The Industrial Relations Code, 2020***.

- The Code on Social Security, 2020****.

* *The Government of India enacted 'The Code on Wages, 2019' which received the assent of the President of India on August 8, 2019. While certain provisions of the Code of Wages, 2019 relating to constitution of advisory board have been notified by the Central Government, other provisions are yet to be notified. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.*

** *The Government of India enacted 'The Occupational Safety, Health and Working Conditions Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are yet to be implemented. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.*

*** *The Government of India enacted 'The Industrial Relations Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are yet to be implemented. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.*

**** *The Government of India enacted 'The Code on Social Security, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code are yet to be implemented. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.*

FOREIGN INVESTMENT REGULATIONS

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999, as amended, along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time (the "**Consolidated FDI Policy**"). Under the current Consolidated FDI Policy, foreign direct investment in companies engaged in the manufacturing sector is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed pricing guidelines and reporting requirements

Foreign Trade (Development and Regulation) Act, 1992 ("FTA")

The FTA seeks to increase foreign trade by regulating imports and exports to and from India. The FTA read with the Indian Foreign Trade Policy, 2015-20 provides that a person or company can make no exports or imports without having obtained an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the Office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Foreign Trade Policy 2015-20 ("EXIM Policy")

Under the Foreign Trade Policy, the Government of India is empowered to periodically formulate the EXIM Policy and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The EXIM Policy provides for certain schemes for the promotion of export of finished goods and import of inputs. The current EXIM Policy is valid till September 30, 2022.

Remission of Duties and Taxes on Exported Products ("RoDTEP")

RoDTEP scheme was announced by GoI on September 14, 2019 to boost exports by allowing reimbursement of taxes and duties, which are not refunded under any other scheme.

RoDTEP is a combination of the current Merchandise Export from India Scheme and Rebate of State and Central Taxes and Levies and has replaced the other schemes. . Earlier, embedded duties and taxes, which are not refunded under any other scheme, range from 1-3%. Under this scheme, rebate of these taxes are given in the form of duty credit/electronic scrip. RoDTEP has been notified on August 17, 2021 with retrospective effect from January 1, 2021.

Export Promotion Capital Goods Scheme 2020 ("EPCG Scheme")

The EPCG Scheme provides that importers can benefit from reduced duties on the import of capital goods provided that they fulfil an export obligation to export a prescribed amount of their goods manufactured or services rendered (such amount being a multiple of the duty saved) within a specified period. Export obligations can be fulfilled by either through direct exports or through third parties. An EPCG authorization holder shall be liable to pay custom duties along with interest custom in the event of non-fulfilment of prescribed export obligations.

LAWS RELATING TO TAXATION

The Goods and Services Tax ("**GST**") is levied on supply of goods or services or both jointly by the Central Government and State Governments. GST provides for imposition of tax on the supply of goods or services and will be levied by the Central Government and by the state government including union territories on intra-state supply of goods or services. Further, Central Government levies GST on the inter-state supply of goods or services. The GST law is enforced by various acts viz. Central

Goods and Services Act, 2017 ("**CGST**"), relevant state's Goods and Services Act, 2017 ("**SGST**"), Union Territory Goods and Services Act, 2017 ("**UTGST**"), Integrated Goods and Services Act, 2017 ("**IGST**"), Goods and Services (Compensation to States) Act, 2017 and various rules made thereunder.

Further, the Income-tax Act, 1961 (the "**Income Tax Act**") is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or rules made there under depending upon its "Residential Status" and "Type of Income" involved. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the Income Tax Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc. In 2019, the Government has also passed an amendment act pursuant to which concessional rates of tax are offered to a few domestic companies and new manufacturing companies.

The Customs Act, 1962 as amended, regulates import of goods into and export of goods from India by providing for levy and collection of customs duties on goods in accordance with the Customs Tariff Act, 1975. Any Company requiring to import or export goods is first required to get registered under the Customs Act and obtain an Importer Exporter Code under the Foreign Trade (Development and Regulation) Act, 1992. Customs duties are administrated by Central Board of Indirect Tax and Customs under the Ministry of Finance.

INTELLECTUAL PROPERTY

Intellectual property rights refer to the general term for intangible, intellectual, industrial property rights through patents, copyrights and trademarks and includes geographical indications, trade secrets, and confidential information. In India, patents, trademarks and copyrights enjoy protection under both statutory and common law. The key legislations governing intellectual property in India and which are applicable to our Company are the Patents Act, 1970, Copyright Act, 1957, the Designs Act, 2000 and the Trade Marks Act, 1999.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as "Divgi Metalwares Private Limited", a private limited company under the Companies Act, 1956 through certificate of incorporation dated December 16, 1964 issued by the RoC. Pursuant to an amendment to the Companies Act, 1956, our Company was deemed public under Section 43A(1A) of the Companies Act, 1956. Consequently, the word private was deleted from the name of our Company and our name was changed to "Divgi Metalwares Limited" with effect from July 1, 1996. The name of our Company was further changed to "Divgi Metalwares Private Limited" upon insertion of the word 'Private' after our Company was converted into a private limited company pursuant to an amendment to Section 43A(1A) in Companies Act, 1956 by Companies Amendment Act, 2000 with effect from November 23, 1998 and subsequently, a fresh certificate of incorporation dated October 26, 1999 was issued by the RoC.

Divgi Transmission Private Limited was incorporated on September 18, 1995. Pursuant to the special resolution dated September 20, 1995, the name of Divgi Transmission Private Limited was changed to "Divgi Warner Private Limited" and a fresh certificate of incorporation was issued on November 8, 1995. The name was further changed to "Divgi TorqTransfer Systems Private Limited" pursuant to the buyout of shares from BorgWarner and a fresh certificate of incorporation was issued on September 30, 2016.

Pursuant to an order passed by the National Company Law Tribunal, Mumbai Bench on September 21, 2017, the erstwhile Divgi TorqTransfer Systems Private Limited amalgamated with our Company i.e. Divgi Metalwares Private Limited and subsequently, the name of our Company changed from "Divgi Metalwares Private Limited" to "Divgi TorqTransfer Systems Private Limited" and a fresh certificate of incorporation dated November 24, 2017 was issued by the RoC. The erstwhile Divgi TorqTransfer Systems Private Limited was a wholly owned subsidiary of our Company i.e., Divgi Metalwares Private Limited. Thereafter, pursuant to a special resolution passed by our shareholders on October 18, 2021, our Company was converted to a public limited company and our name was changed to "Divgi TorqTransfer Systems Limited". A fresh certificate of incorporation dated March 10, 2022 consequent upon change of name was issued by the RoC.

Change in the Registered Office

Except as stated below, there has been no change in the registered office of our Company since incorporation:

Effective Date	Details of change	Reason for change
December 19, 2017	The Registered Office was shifted from Gat No. 139/B, Village Shivare, Pune Satara Road, Taluka Bhor, Dist. Pune 412205 to Plot No. 75, General Block, MIDC, Bhosari, Pune 411026	For administrative and operational convenience
December 10, 2008	The Registered Office was shifted from Monte Vert Arcade, 3rd Floor, 140/1A, Pashan Sus Road, Pune 411021 to Gat No. 139/B, Village Shivare, Pune Satara Road, Tal Bhor, Pune 412 205	For administrative and operational convenience.
September 9, 2004	The Registered Office was shifted from 9-A Erandwana, Karve Road, Pune 411 004 to Monte Vert, 3rd floor, 140/1A, Pashan Sus Road, Pune 411021	For administrative and operational convenience.
November 1, 1991	The Registered Office was shifted from 'Seaview' Worldpoint Bombay 400 018 to 9-A Erandwana, Karve Road, Pune 411 004	For administrative and operational convenience.
July 1, 1965	The Registered Office was shifted from 71 Lakshmi Building, Sir PM Road, Fort Mumbai to 'Seaview' Worli Point, Bombay 400 018	For administrative and operational convenience.
January 03, 1965	71 Lakshmi Building, Sir PM Road, Fort Mumbai	Incorporation of Company

Main Objects of our Company

The main objects contained in the MoA of our Company are as mentioned below:

1. *To carry on the business of manufacturing, buying, selling, reselling, sub-contracting, exchanging, hiring, engineering, altering, importing, exporting, improving, assembling, distributing, servicing, repairing and dealing in as original equipment manufacturers and also on a jobbing industry basis and in any other capacity of component parts, replacement parts, spare parts, accessories, tools and implements inclusive of all types of automobile gears, axels, propellers, shafts, transmission components, transfer cases, manual transmissions, automatic locking hubs, for Motors, Automobiles, Trucks, Buses, Tractors, Locomotives, ships, engine, vehicle of every description and other vehicles whether propelled by means of petrol, spirit, steam, oil, gas, coal, electricity, or other motive or mechanical power, in India or elsewhere.*

2. *To carry on the business of manufacturing, producing, assembling, buying, selling, repairing, importing, exporting, distributing of Manual and automatic transmissions and components thereof, including synchronizer systems, manual and automated shifter systems, electrohydraulic and electronic control systems, automated manual transmissions, dual clutch automatics, stepped hydro planetary systems and continuously variable transmissions, 4WD transfer cases including technologies for part-time manual and electric shift, full-time or permanent all-wheel drive, on-demand*

systems of the type defined by the BorgWarner Torque-on-Demand technology, electrohydraulic and electromechanical pre-emptive systems, Axle disconnect systems including automatic locking hubs, mechanical and vacuum assist, Single and multi-speed transmissions for hybrid and electric vehicles and components thereof, Design and analysis of all the above systems, Design and development of the software for the control of the above systems and their calibration for specific application, development of constituent technologies for use in the components of these products, e.g. friction material for use in friction disks and synchronizers used in dual clutch automatic transmissions, Applications of above products to include passenger vehicles, commercial and special application trucks, mobile industrial and construction equipment, and mobile agricultural tractors, all manufacturing and process technologies related in delivering the product technologies listed such as advanced gear manufacturing technologies , friction material bonding technologies, heat treatment, cold forming.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Offer. For further details, please see the chapter titled "*Objects of the Offer*" on page 82.

Amendments to our Memorandum of Association in the last 10 years

Except as stated below, there have been no amendments to our Memorandum of Association in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Date of change/ shareholders' resolution	Nature of amendment
December 14, 2021	Clause V of the Memorandum of Association was amended to reflect the subdivision, reclassification and the increase in the authorised share capital and was to read as follows: "*1. Item I: 8,86,038 Equity Shares of ₹ 100 each sub divided into 1,77,20,760 Equity Shares of ₹. 5 each aggregating to a total capital of ₹ 10,40,00,000 divided into 1,77,20,760 Equity Shares of ₹ 5 each and 1,53,962 Compulsorily Convertible Preference Shares of ₹ 100 each* *2. Item II: 1,53,962 Compulsorily Convertible Preference Shares which are not taken up or agreed to be taken up classified into 30,79, 240 Equity Shares of ₹ 5 each aggregating to a capital of ₹ 10,40,00,000 divided into 2,08,00,000 Equity Shares of ₹ 5 each.* *3. Item III: Authorised capital increased to ₹ 20,00,00,000 divided into 3,60,00,000 Equity Shares of ₹ 5 each and 40,00,000 Equity Shares of ₹ 5 each with differential rights as to dividend, voting or otherwise as may be decided by the board of directors of the Company*."
October 18, 2021	Clause I of the Memorandum of Association was amended to reflect the change in the name of our Company from '*Divgi TorqTransfer Systems Private Limited*' to '*Divgi TorqTransfer Systems Limited*' pursuant to the conversion of our Company from a private limited company to a public limited company.
April 27, 2018	Clause V of the Memorandum of Association was altered for reclassification of authorized share capital and was to read as follows: "*The Authorized share capital of the Company is 10,40,00,000 (Rupees Ten Crore Forty Lacs Only) divided into 8,86,038 (Eight Lacs Eighty Six Thousand Thirty Eight Only) Equity shares of ₹100/- (Rupees Hundred only) and 1,53,962 (One Lac Fifty Three Thousand Nine Hundred and Sixty Two only) compulsorily convertible preference shares of ₹ 100/- (Rupees Hundred Only) each with a power to increase or reduce the same*."
March 25, 2017	In view of the proposed amalgamation of Divgi Torqtransfer Systems Private Limited with the Company, the objects clause of the MoA was altered to be in tandem with the MoA of Divgi TorqTransfer Systems Private Limited and to be in conformity with the Companies Act, 2013. *To carry on the business of manufacturing, buying, selling, reselling, sub-contracting, exchanging, hiring, engineering, altering, importing, exporting, improving, assembling, distributing, servicing, repairing and dealing in as original equipment manufacturers and also on a jobbing industry basis and in any other capacity of component parts, replacement parts, spare parts, accessories, tools and implements inclusive of all types of automobile gears, axels, propellers, shafts, transmission components, transfer cases, manual transmissions, automatic locking hubs, for Motors, Automobiles, Trucks, Buses, Tractors, Locomotives, ships, engine, vehicle of every description and other vehicles whether propelled by means of petrol, spirit, steam, oil, gas, coal, electricity, or other motive or mechanical power, in India or elsewhere.*

Date of change/ shareholders' resolution	Nature of amendment
	To carry on the business of manufacturing, producing, assembling, buying, selling, repairing, importing, exporting, distributing of Manual and automatic transmissions and components thereof, including synchronizer systems, manual and automated shifter systems, electrohydraulic and electronic control systems, automated manual transmissions, dual clutch automatics, stepped hydro planetary systems and continuously variable transmissions, 4WD transfer cases including technologies for part-time manual and electric shift, full-time or permanent all-wheel drive, on-demand systems of the type defined by the BorgWarner Torque-on-Demand technology, electrohydraulic and electromechanical pre-emptive systems, Axle disconnect systems including automatic locking hubs, mechanical and vacuum assist, Single and multi-speed transmissions for hybrid and electric vehicles and components thereof, Design and analysis of all the above systems, Design and development of the software for the control of the above systems and their calibration for specific application, development of constituent technologies for use in the components of these products, e.g. friction material for use in friction disks and synchronizers used in dual clutch automatic transmissions, Applications of above products to include passenger vehicles, commercial and special application trucks, mobile industrial and construction equipment, and mobile agricultural tractors, all manufacturing and process technologies related in delivering the product technologies listed such as advanced gear manufacturing technologies , friction material bonding technologies, heat treatment, cold forming.
March 28, 2016	Clause V of the Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 5,00,00,000 divided into 50,00,000 equity shares of ₹ 100 each into ₹ 5,40,00,000 divided into 5,40,000 equity shares of ₹ 100 each by creation of additional 40,000 equity shares of ₹ 100 each.

Major events and milestones

The table below sets forth some of the major events and milestones in the history of our Company:

Calendar Year	Event /milestone
1995	Divgi Metalwares Private Limited entered into a formation agreement with BorgWarner. The agreement was in connection to the formation of a corporation, for the manufacturing and sale of transmission components, transfer cases and certain other components, manufactured by BorgWarner.
2016	Exit of BorgWarner through buy out of shares by Divgi Metalwares Private Limited
2016	Entered into an investment agreement with NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)
2017	Amalgamation of erstwhile, Divgi TorqTransfer Systems Private Limited and Divgi Metalwares Private Limited and the amalgamated entity was renamed as Divgi TorqTransfer Systems Private Limited.
2018	Entered into share subscription agreement Oman India Joint Investment Fund II
2019	Awarded the Transfer case business from Russian automobile manufacturer
2019	Awarded the Transfer case business from Mahindra & Mahindra for the new generation Thar and Scorpio
2020	Awarded the planetary sun gear business from Toyota Kirloskar Auto Parts
2020	Awarded the NexTrac assembly business from Mahindra & Mahindra for XUV 700
2021	Awarded the Transfer case business from Chinese automobile manufacturer
2021	Awarded the EV transmission business from TACO (a JV between Tata Automotive Components and Prestolite Electric) for electronic vehicle motors

Key awards, accreditations or recognitions

The table below sets forth some of the awards, accreditation or recognitions received by our Company:

Calendar Year	Accreditations
2008	Innovation Award for ECU development by BorgWarner*
2008	The BorgWarner Chairman's Operational Excellence Award by BorgWarner Production System*
2015	Best Eco Kaizen Award awarded by Toyota Kirloskar Motor*
2017	1st runner up at the National HR Competition Circle organized by Confederation of Indian Industry
2017	Zero Defect Supplies Award by Toyota Kirloskar Auto Parts
2018	Toyota Quality Award by Toyota Kirloskar Auto Parts
2018	1st prize at the National HR Competition Circle organized by Confederation of Indian Industry
2019	Toyota's Quality Circle Competition Award by Toyota Kirloskar Suppliers Association
2019	1st prize at the National HR Competition Circle organized by Confederation of Indian Industry

Calendar Year	Accreditations
2020	Zero Defect Supplies Award by Toyota Kirloskar Auto Parts
2020	Toyota Delivery Award by Toyota Kirloskar Auto Parts
2020	Toyota Quality Award by Toyota Kirloskar Auto Parts
2021	Special Appreciation Award by Mahindra Rise for transfer case for Thar
2021	Outstanding Development for Gears and Synchronizers' certificate by Force Motors
2021	Zero Defect Supplies Award by Toyota Kirloskar Auto Parts
2021	Supplier of the Year Award by Toyota Kirloskar Auto Parts

* *These awards were received prior to the amalgamation of the erstwhile Divgi TorqTransfer Systems Private Limited and Divgi Metalwares Private Limited, pursuant to which the name of our Company changed to "Divgi TorqTransfer Systems Private Limited"*

Time and cost overrun in setting up projects by our Company

There have been no time or cost overruns pertaining to the setting up of projects and the business operations undertaken by our Company, except in the ordinary course of business in the 10 years preceding the date of this Draft Red Herring Prospectus.

Revaluation of assets

Our Company has not revalued its assets in the 10 years preceding the date of this Draft Red Herring Prospectus.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

Our Company has not defaulted on any of our outstanding borrowings with financial institution or banks.

However, in the year 2002, the net worth of our Company had become negative and our Company was declared a 'sick company' under the Sick Industrial Companies (Special Provisions) Act, 1985, by the Board for Industrial and Financial Reconstruction. Our Company had submitted a rehabilitation scheme under Section 17(2) of the Sick Industrial Companies (Special Provisions) Act, 1985 and the Board for Industrial and Financial Reconstruction had approved the rehabilitation scheme pursuant to its order dated October 7, 2008. In accordance with the provisions of the rehabilitation scheme approved by the Board for Industrial and Financial Reconstruction, the outstanding borrowing availed by our Company at that time was rescheduled and our Company was provided with an extended period to pay the statutory liabilities in connection to provident fund and employee state insurance. Our Company had successfully implemented the provisions of the rehabilitation scheme and subsequently, attained a positive net worth. After it had repaid its borrowings and paid its statutory liabilities an order was passed by the BIFR, on February 24, 2010, discharging our Company from the purview of the Sick Industrial Companies (Special Provisions) Act, 1985. For further details, please see section titled "*Risk Factors - Our Company was referred to the Board for Industrial and Financial Reconstruction and was declared a "Sick Company" under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985."* on page 29.

Mergers or amalgamation

Scheme of Amalgamation between Divgi TorqTransfer Systems Private Limited and Divgi Metalwares Private Limited and their respective shareholders and creditors

Pursuant to the Scheme of Amalgamation under sections 230-232 of the Companies Act, 2013, Divgi TorqTransfer Systems Private Limited ("Transferor Company") was amalgamated with our Company, earlier known as Divgi Metalwares Private Limited ("Transferee Company") and the name of the Transferee Company was changed to "Divi TorqTransfer Systems Private Limited". From the appointed date i.e., April 1, 2016, all the assets and properties, secured and unsecured debts, liabilities, duties, obligations, agreements, rights, licenses, benefits of any guarantee, intellectual rights, records, files, paper, computer programs etc, and employees, were transferred to and vested in the Transferee Company on a going concern basis. The Scheme was sanctioned by the National Company Law Tribunal, Mumbai Bench, on September 21, 2017. The rationale for the amalgamation was to provide benefits of synergies in marketing and business operations, achieving economies of scale, cost savings due to pooling of manpower and administration, leveraging of bowing capacity, elimination of duplicity of work and administrative services, integration of the management structure, facilitation of inter-transfer of resources and optimum utilization of assets, reflection of consolidated net worth on the balance sheet.

Further, since the Transferor Company was a 100% subsidiary of the Transferee Company, there was no issue of equity shares of the Transferee Company to the shareholders of the Transferor Company. Pursuant to the merger, the investment in the equity shares appearing in the books of accounts of the Transferee Company stood cancelled.

Details regarding material acquisitions or divestments of business/undertakings in the last 10 years

Except as disclosed below, there have been no material acquisitions or divestments of business or undertakings by our Company in the last 10 years:

Share Purchase Agreement (the "SPA") dated August 10, 2016 by and among BorgWarner South Asia Inc. (the "Seller"), our Company i.e. Divgi Metalwares Private Limited (the "Purchaser"), DivgiWarner Private Limited (the

"DWPL"), BorgWarner PDS (USA) Inc. (the "Licensor"), BorgWarner Diversified Transmission products Inc. ("BWDTPI") and BorgWarner Inc. ("BWI")

Pursuant to a formation agreement dated January 17, 1995 ("**Formation Agreement**") by and between the Purchaser and the Seller, DWPL was formed as joint venture company wherein 40% stake was held by our Company and 60% stake was held by the Seller. Pursuant to the SPA, our Company acquired the entire shareholding of 2,634,975 equity shares held by the Seller, in DWPL for a purchase consideration of ₹ 1,008,000,000. Consequently, all related agreements including the Formation Agreement pursuant to which DWPL was formed, were terminated and stood cancelled. The name 'Warner' was deleted from the name of DWPL. Thereafter, DWPL was merged into our Company.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants

For information on key products or services launched by our Company, or entry into new geographies or exit existing markets, capacity/ facility creation or location of plants, please see the chapter titled "*Our Business*" on page 137.

Significant financial and/or strategic partners

Our Company does not have any significant financial and / or strategic partners as of the date of this Draft Red Herring Prospectus.

Details of shareholders' agreements

Except as disclosed below, our Company does not have any subsisting shareholders' agreements among our Shareholders *vis-a-vis* our Company:

Share Subscription Agreement ("SSA") dated March 27, 2018 entered among our Company, Jitendra B Divgi, Hirendra B Divgi, Divgi Holdings Private Limited (the "Promoters"), Bhaskar Divgi, Ambika Divgi and Oman India Joint Investment Fund II ("Investor 2") and Investment Agreement dated August 5, 2016 ("Investment Agreement") entered among our Company, Divgi Holdings Private Limited, Jitendra B Divgi, Hirendra B Divgi and NRJN Family Trust ("Investor 1" and collectively with "Investor 2", the "Investors"), Shareholders' Agreement dated March 27, 2018 ("SHA") and amendment agreement to the Shareholders' Agreement dated August 25, 2022, entered into between Company, the Promoters and the Investors (collectively the "Parties/Party") (the "Amendment Agreement").

Investor 1 had subscribed to 59,868 equity shares of our Company pursuant to the Investment Agreement and Investor 2 had subscribed to 1,53,962 compulsorily convertible preference shares of our Company pursuant to the SSA. The Parties have executed the SHA inter alia recording the understanding and agreement amongst the Investors, the Promoter Group and the Company regarding their respective rights and obligations inter-se as shareholders of the Company and with the Company, including certain rights that vest with the Investors in our Company, so long as they continue to hold agreed upon minimum shareholding thresholds for such rights, as set out under the SHA.

Pursuant to the SHA, rights that the Investors are entitled to under the SHA, include (i) right to require two-thirds of the Board of Directors of the Company be appointed and maintained by the Investors and the Promoters in proportion to their shareholding percentage in the Company, subject to the Investors being entitled to nominate one non-executive director each; (ii) right to appoint an observer on the Board; (iii) right to constitute a valid quorum; (iv) right to require the Independent Directors of the Company be appointed upon mutual agreement between the Promoters and the Investors; (v) certain information and inspection rights; (vi) right of first purchase, right of first refusal, drag along and tag-along rights in the event of any proposed transfer of Equity Shares by other party; and (vii) right to approve certain reserved matters identified in the SHA such as amendment to the memorandum and article of association of the Company, sale of shares by the Promoters at a price below the issue price offered to Investor 2, or any issuance or grant of shares, convertible debentures or other securities of our Company.

The Amendment Agreement will stand automatically terminated without any further action or deed required on the part of any Party, upon the earlier of the following dates: (a) November 30, 2023 or such later date as may be mutually agreed in writing by the Parties ("**IPO Long Stop Date**"); or (b) the date on which the Board/ Shareholders decides to withdraw, or not to undertake the IPO; or (c) mutually terminated by the Parties in writing. It has been agreed between the Parties to (i) amend certain provisions of the SHA such as Investor 2's right to appoint one nominee director, being subject to Investor 2 holding at least 5% of the total equity share capital of the Company on a fully diluted basis and receipt of approval of the shareholders, by way of a special resolution, at the first shareholders meeting held by the Company after listing of its Equity Shares pursuant to the IPO; (ii) suspend certain rights under the SHA such as drag along rights; and (iii) provide their respective consents to certain actions under the SHA in relation to the Offer including change in composition of board of directors of the Company, any change in capital structure of the Company.

Other agreements

Except as disclosed below, our Company has not entered into any other subsisting material agreement, other than in the ordinary course of business:

Product Development Agreement dated October 29, 2020 ("PDA") read with the Technology Transfer Agreement dated October 29, 2020 ("TTA") entered into between our Company and a German automotive company for DCT

Pursuant to the PDA and TTA, the Company is co-developing critical components and systems for DCT applications with exclusive rights for India and non-exclusive rights for markets outside India. The German automotive company is entitled to an earned royalty from our Company during the term of the TTA. The licensing arrangement pursuant to the TTA will continue for a period of 13 years from the date of signing till 2033. In connection to the PDA and TTA, the production of the products has not yet commenced.

License agreement executed between BorgWarner Torqtransfer Systems INC ("BorgWarner") and our Company dated May 24, 2004 ("License Agreement")

Pursuant to the License Agreement, our Company has been granted the rights to manufacture, use and sell, the licensed products as defined in the License Agreement, owned by BorgWarner. As per the terms of the License Agreement, BorgWarner is entitled to an earned royalty from our Company during the term of the License Agreement. Further, the License Agreement provides that the sale of licensed products shall be approved by BorgWarner. The License Agreement was extended for a period of 10 years till March 1, 2017 pursuant to the Amendment and Extension to License Agreement dated March 1, 2007. Subsequently, on February 25, 2017, the term of the License Agreement was further extended till February 29, 2024.

Guarantees given by our Promoters

The Promoters have not provided any guarantees to third parties as on the date of this Draft Red Herring Prospectus.

Other confirmations

Neither our Promoter nor any of the Key Managerial Personnel, Directors or employees of our Company have entered into an agreement, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with the dealings of the securities of our Company.

Our holding company

Divgi Holdings Private Limited is our holding company. For details, see "*Our Promoters and Promoter Group*" on page 182

Our subsidiaries and joint ventures

Our Company does not have any subsidiary or joint venture.

OUR MANAGEMENT

In terms of the Companies Act and our AoA, our Company is required to have at least three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises 9 Directors, including 2 Executive Directors (including our Managing Director), 2 Non-Executive Directors, 1 nominee director and 4 Independent Directors including 1 Woman Independent Director.

The following table sets forth details regarding our Board as of the date of this Draft Red Herring Prospectus:

Sl. No.	Name, designation, address, occupation, date of birth, period of directorship, term and DIN	Age (years)	Directorships in other companies/ LLPs
1.	**Praveen Purushottam Kadle** ***Designation:*** Chairman and Independent Director ***Address:*** 18, Floor-2, Plot-210/211, Cricket Club of India Chambers, Dinshaw Wachcha Road, opposite Brabourn Stadium, Marine Lines, Mumbai 400020 ***Occupation:*** Professional Services ***Date of birth:*** January 21, 1957 ***Period of directorship:*** Director since November 15, 2019 till January 28, 2022 Appointed as the Independent Director since March 14, 2022. ***Term:*** 5 years with effect from March 14, 2022 ***DIN:*** 00016814	65	*Companies:* • Tata Autocomp Systems Limited • International Asset Reconstruction Company Private Limited • John Cockerill India Limited • Rithwik Foundation for Performing Arts • Shankar Mahadevan World of Art Private Limited • Beam Global Spirits and Wines (India) Private Limited • Prachetas Capital Private Limited • Persistent Systems Limited • Quantum Advisors Private Limited • Tide Water Oil Co India Limited • Garware Fulflex India Private Limited • Tata International Limited *Foreign Companies:* • Tata International Metals (Americas) Limited • TitanX Holding AB
2.	**Jitendra Bhaskar Divgi** ***Designation:*** Managing Director ***Address:*** 273/1/2, Omkar Baner Road, Behind Corporation Bank, Baner, Pune 411045 ***Occupation:*** Business ***Date of birth:*** October 26, 1962 ***Nationality:*** Indian ***Period of directorship:*** Director since December 1, 1994 ***Term:*** Director for a period of 5 years with effect from June 10, 2022, liable to retire by rotation ***DIN:*** 00471531	59	• Nandu Chemicals Private Limited • Divgi Transmission Systems and Technologies Private Limited • Divgi Holdings Private Limited

Sl. No.	Name, designation, address, occupation, date of birth, period of directorship, term and DIN	Age (years)	Directorships in other companies/ LLPs
3.	**Hirendra Bhaskar Divgi** ***Designation:*** Whole-Time Director ***Address:*** Flat No. 17, Kanchanjunga Housing Society Marutrao Gaikwad Nagar, Near Aundh, ITI Aundh, Pune 411007 ***Occupation:*** Business ***Date of birth:*** November 5, 1964 ***Period of directorship:*** Director since January 1, 1998 ***Term:*** Director for a period of 5 years with effect from June 10, 2022, liable to retire by rotation ***DIN:*** 01634431	57	• Divgi Transmission Systems and Technologies Private Limited • Tejal Transmission Private Limited • Divgi Holdings Private Limited
4.	**Sanjay Bhalchandra Divgi** ***Designation:*** Non-Executive Non-Independent Director ***Address:*** 9/A Madhukamal Nagar, Paud Road, Near Shivtirthnagar Korthud, Ex-Servicemen Colony, Pune, 411 038 ***Occupation:*** Business ***Date of birth:*** January 10, 1962 ***Period of directorship:*** Director since October 1, 2002 ***Term:*** Non-Executive Non-Independent Director for a period of 5 years with effect from June 10, 2022, liable to retire by rotation ***DIN:*** 00471465	60	• Tejal Trasmission Private Limited
5.	**Bharat Bhalchandra Divgi** ***Designation:*** Non-Executive Non-Independent Director ***Address:*** Flat no.9, Building A, Madhukamal Nagar Society, Paud Road, Shivtirth Nagar, Kothrud, Pune city, Pune 411038 ***Occupation:*** Business ***Date of birth:*** February 4, 1959 ***Period of directorship:*** Director since October 1, 1998 ***Term:*** Non-Executive Non-Independent Director for a period of 5 years with effect from June 10, 2022, liable to retire by rotation ***DIN:*** 00471587	63	• Divgi Transmission Systems and Technologies Private Limited • Tejal Transmission Private Limited • Divgi Holdings Private Limited
6.	**Pradip Vasant Dubhashi** ***Designation:*** Independent Director ***Address:*** B-29, Pashan Road, B U Bhandari Showroom, Abhimanshree Society, Pune 411008 ***Occupation:*** Consultant	74	• Prime Securities Limited • Roop Automotives Limited • Microline India Private Limited

Sl. No.	Name, designation, address, occupation, date of birth, period of directorship, term and DIN	Age (years)	Directorships in other companies/ LLPs
	Date of birth: August 25, 1948 ***Period of directorship:*** Director since December 20, 2010 till January 25, 2022 Appointed as the Independent Director since March 14, 2022. ***Term:*** 5 years with effect from March 14, 2022 ***DIN:*** 01445030		• Unmanned and Autonomous Vehicles Association • Entuple E-Mobility Private Limited
7.	**Ajay Bhaskar Limaye** ***Designation:*** Non-Executive Non-Independent Nominee Director ***Address:*** G503, Kumar Padmaja, Behind Gandhi Bhavan Korthud, Ex Servicemen Colony, Pune, 411 038 ***Occupation:*** Service ***Date of Birth:*** May 20, 1969 ***Period of Directorship***: Director since May 03, 2018 ***Term:*** Nominee Director for Oman India Joint Investment Fund II ***DIN:*** 02762738	53	• Shop Kirana E Trading Private Limited
8.	**Pundalik Dinkar Kudva** ***Designation:*** Independent Director ***Address:*** 4, Kumar Panorama, 45/1B, Shankar Sheth Road, Near State Bank of India, Market Yard Pune 411037 ***Occupation:*** Professional ***Date of Birth:*** October 07, 1955 ***Period of Directorship:*** Director since December 20, 2010 till January 31, 2022. Appointed as the Independent Director since March 14, 2022. ***Term:*** 5 years with effect from March 14, 2022 ***DIN:*** 03385091	66	Nil
9.	**Geeta Prafullachandra Tolia** ***Designation:*** Independent Director ***Address:*** C-302, Lunkad Valencia, Plot Number 47, Opp. Joggers Park, Vimannagar, Pune, Pune City, Dukirkline Pune, Pune City, Maharashtra 411014. ***Occupation:*** Entrepreneur ***Date of Birth:*** October 02, 1965	56	*Companies:* • Gravitech Business Solutions Private Limited • Sarotam Industrial Goods Retail Distribution Private Limited • ScArt Live Private Limited • SICORA Technologies Private Limited

Sl. No.	Name, designation, address, occupation, date of birth, period of directorship, term and DIN	Age (years)	Directorships in other companies/ LLPs
	Period of Directorship: Director since October 14, 2021. Appointed as an Independent Director since June 10, 2022 ***Term:*** 5 years with effect from June 10, 2022 **DIN:** 06931660		• REConnect Energy Solutions Limited

Arrangement or understanding with major shareholders, customers, suppliers or others

Our current Director, Mr. Ajay Bhaskar Limaye has been appointed as a Nominee Director, as nominee of Oman India Joint Investment Fund II pursuant to the Shareholders Agreement dated March 27, 2018, executed by and between our Company, Jitendra Bhaskar Divgi, Hirendra Bhaskar Divgi, Ambika Divgi, Bhaskar Divgi, Divgi Holdings Private Limited, NRJN Family Trust and Oman India Joint Investment Fund II. The Shareholders Agreement dated March 27, 2018 was further amended by the Amendment and Termination Agreement dated August 25, 2022.

Except as disclosed above, none of our Directors and Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Relationship between our Directors

Except as disclosed below none of our other Directors are related to each other:

(i) Jitendra Bhaskar Divgi is the brother of Hirendra Bhaskar Divgi;

(ii) Bharat Bhalchandra Divgi is the brother of Sanjay Bhalchandra Divgi; and

(iii) Hirendra Bhaskar Divgi and Jitendra Bhaskar Divgi are first cousins of Bharat Bhalchandra Divgi and Sanjay Bhalchandra Divgi.

Brief Biographies of Directors

Praveen Purushottam Kadle is an Independent Director on our Board. He has received a bachelors’ degree in Commerce, Accounting and Auditing from the University of Bombay and has qualified as a Chartered Accountant in 1982, received certificate of merit of Cost and Management Accountant in 1983 and qualified as a Company Secretary in 1983. He is the Chairman of Prachetas Capital Private Limited. He was associated with Tata Information Systems (an IBM and Tata Company) as Vice President (Finance) and Secretary in 1992 and as Vice President (Finance) at Tata Engineering and Locomotive Company Limited in 1996. He was associated with Tata Capital Limited as the managing director in 2008 and as an advisor to Tata Sons Limited in 2018. He has received a number of awards in recognition of his outstanding contribution to Tata Motors Limited, which are: CNBC-TV18, the best performing CFO in the Auto & Auto Ancillaries sector in 2006; the ‘CFO of the year’ by IMA in 2004 and has been inducted as Founding Member to the CFO Hall of Fame in India.

Jitendra Bhaskar Divgi is the Managing Director on our Board. He has received a bachelors’ degree in Mechanical Engineer (Honours) from The Birla Institute of Technology & Science, Pilani in the year 1985 and has received a Master’s of Science Degree in Manufacturing from the University of Massachusetts, USA in the year 1986. Before joining Divgi Metalwares in 1994, he worked at Digital Equipment Corporation, Massachusetts. He served on the Board of Directors of BorgWarner, China in 2000, and was associated with BorgWarner till 2005.

Hirendra Bhaskar Divgi is a Whole-time Director on our Board. He has a bachelor’s degree in Mechanical Engineering from the University of Bangalore. He joined the Company in 1988 and has served in various capacities such as the new product development manager and has also worked in the role of controller operations at Company. He has over 30 years of experience working at the Company.

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.

Bharat Bhalchandra Divgi is a Director on our board. He is Hons. Graduate in Commerce from Indian Institute of Management & Commerce, Hyderabad. He served in various capacities at the Company since 1981 including the position of Deputy Manager, finance in 1985. He has over 20 years of experience with our Company.

Pradip Vasant Dubashi is the Independent Director on our Board. He is an Electrical Engineer from Savitribai Phule, Pune University and also holds a post-graduate diploma in business management from Xavier Labour Relations Institute

(Jamshedpur). He was previously associated with the State Industrial and Development Corporation of Maharashtra Limited as a senior development officer. He has served as an Independent Director on the board of Mahindra Retail Ventures Limited.

Ajay Bhaskar Limaye is the Nominee Director on our Board, appointed by Oman India Joint Investment Fund II. He is a CFA Charter holder with prior qualification as a Production Engineer from Amravati University. He was previously associated with CEAT Limited as a senior executive (systems); Gujarat Venture Finance Limited as a deputy manager (projects); SICOM Capital Management Limited as an assistant vice president; Tata Capital as principal – investments (special situations investments); KSK Energy Company Private Limited as a principal; and OIJIF as a director-investments.

Pundalik Dinkar Kudva is an Independent Director on our Board. He has a Hons. Graduate in Commerce, University of Bombay. He is a Chartered Accountant by profession and has been in practice for 37 years. He is a Partner in P.D. Kudva & Co., specializing in advisory services, direct tax litigation, and legal representation. He was a Treasurer of Zonal Transplant Co-ordination Centre Pune which co-ordinates deceased donor organ transplant in Pune and other cities of Maharashtra for the period from June 1, 2009 till September 19, 2020 and has been a Trustee since June 1, 2009 and continues till date.

Geeta Prafullachandra Tolia is an Independent Director on our Board. She graduated with a Bachelor of Commerce degree from Gujarat University in 1988 and was admitted as an associate in the Institute of Chartered Accountants of India in 1989. She completed her masters' in science in leadership and strategy from London Business School in 2013 and worked as the Chief Financial Officer of Sepam Qatar W.L.L. and Sepam Middle East WLL. She is also the co-founder of Gravitech Business Solutions Private Limited.

Details regarding directorships of our Directors in listed companies

None of our Directors is or was, during the last five years preceding the date of this Draft Red Herring Prospectus, a director of any listed company whose shares have been or were suspended from being traded on the stock exchanges during their tenure as a director in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during their tenure as a director in such company.

Confirmations

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

Terms of appointment of Directors Remuneration to Executive Directors:

Jitendra Bhaskar Divgi

Jitendra Bhaskar Divgi, was appointed as our Managing Director with effect from June 10, 2022 for a period of five years, pursuant to the resolution dated June 10, 2022 passed by the Board. The details of remuneration as set out below are effective from April 1, 2022:

Particulars	Remuneration
Basic Salary and other allowance	Not exceeding ₹ 12.38 million per annum as may be decided by the Company thereof and a variable component of ₹ 6.33 million
Perquisites	None
Maximum Limit	None

During Fiscal 2022, his gross salary was ₹ 23.38 million.

Hirendra Bhaskar Divgi

Hirendra Bhaskar Divgi was appointed as a Whole-time Director with effect from June 10, 2022 for a period of 5 years, pursuant to the resolution dated June 10, 2022, passed by the Board. The details of remuneration as set out below are effective from April 1, 2022 :

Particulars	Remuneration
Basic Salary and other allowance	Not exceeding ₹ 6.18 million per annum as may be decided by the Company thereof and a variable component of ₹ 3.16 million
Perquisites	None
Maximum Limit	None

During Fiscal 2022, his gross salary was ₹ 11.68 million.

Remuneration details of Independent Directors:

Pursuant to the Board resolution dated June 10, 2022, each Independent Director is entitled to receive sitting fees of ₹ 75,000 per meeting for attending meetings of the Board and are entitled to receive sitting fees of ₹ 50,000 per meeting for attending meetings of board committees except for CSR Committee. Details of the remuneration paid to the Independent Directors of our Company for the Fiscal 2022 are as follows:

Sl. No.	Name of Director	Remuneration* (in ₹ million)
1.	Praveen Purushottam Kadle	2.28
2.	Pradip Vasant Dubhashi	2.28
3.	Pundalik Dinkar Kudva	2.18
4.	Geeta Prafullachandra Tolia	0.90

* *This includes commission as well.*

Our Non-Executive Director is entitled to receive sitting fees of ₹ 75,000 per meeting for attending meetings of the Board, except for our Non-Executive Non-Independent Nominee Director, Ajay Bhaskar Limaye

Shareholding of Directors in our Company

The shareholding of the Directors in our Company as of the date of this Draft Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares held
Jitendra Bhaskar Divgi*	730,680
Hirendra Bhaskar Divgi**	732,480
Bharat Bhalchandra Divgi	197,720
Sanjay Bhalchandra Divgi	161,840

* *includes 402,840 Equity Shares jointly held with Divgi Holdings Private Limited*
** *includes 402,760 Equity Shares jointly held with Divgi Holdings Private Limited*

Interest of Directors

All Independent Directors may be deemed to be interested to the extent of sitting fees payable, if any, to them for attending meetings of our Board and committees thereof (as applicable), and reimbursement of expenses available to them. Our Non-Executive Directors are entitled to receive sitting fees of ₹ 75,000 per meeting for attending meetings of the Board and are entitled to receive sitting fees of ₹ 50,000 per meeting for attending meetings of board committees except for CSR Committee. Our Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in "*Our Management – Terms of appointment of our Directors - Remuneration to Executive Directors*" on page 170.

Further, other than Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, who are our individual Promoters and interested in promotion but not the formation of the Company, none of our Directors have any interest in the promotion or formation of our Company. The Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoter, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares.

None of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, *etc***.**

No loans have been availed by our Directors from our Company.

Bonus or profit-sharing plan of the Directors

None of our Directors are party to any bonus or profit-sharing plan of our Company.

Changes in the Board in the last three years

Other than as stated below, there has been no change in the Board in the three preceding years:

Name	Date of Change	Reason
Jitendra Bhaskar Divgi	June 10, 2022	Re-appointed as the Managing Director
Hirendra Bhaskar Divgi	June 10, 2022	Re-appointed as the Whole-Time Director
Sanjay Bhalchandra Divgi	June 10, 2022	Re-appointed as the Non-Executive Director
Bharat Bhalchandra Divgi	June 10, 2022	Re-appointed as the Non-Executive Director
Geeta Prafullachandra Tolia	June 10, 2022	Redesignation as an Independent Director
Pundalik Dinkar Kudva	March 14, 2022	Appointed as the Independent Director

Name	Date of Change	Reason
Pradip Vasant Dubhashi	March 14, 2022	Appointed as the Independent Director
Praveen Purushottam Kadle	March 14, 2022	Appointed as the Independent Director
Pundalik Dinkar Kudva	January 31, 2022	Resignation as Director due to reconstitution of the Board
Pradip Vasant Dubhashi	January 25, 2022	Resignation as Director due to reconstitution of the Board
Praveen Purushottam Kadle	January 28, 2022	Resignation as Director due to personal reasons
Geeta Prafullachandra Tolia	October 14, 2021	Appointment as Additional Independent Director
Praveen Purushottam Kadle	November 28, 2020	Appointment as Director
Praveen Purushottam Kadle	November 15, 2019	Appointment as Additional Director
Ramesh Amrut Savoor	November 15, 2019	Resignation of Independent Director due to personal reasons

Borrowing Powers of Board

In accordance with the Articles of Association and as per the Companies Act, 2013, and pursuant to the resolution dated October 14, 2021, passed by the Board, and the special resolution dated October 18, 2021 passed by the Shareholders, the Board may borrow money and create charge and/ or pledge, mortgage, hypothecate its properties, as permissible, within the overall limits prescribed under Section 180(1)(c) read with Section 180(1)(a) of the Companies Act.

Corporate Governance

The corporate governance provisions of the SEBI Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges, BSE and NSE. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof, as applicable. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Pradip Vasant Dubhashi – Chairman

2. Praveen Purushottam Kadle – Member

3. Pundalik Dinkar Kudwa – Member

The Audit Committee was constituted on January 16, 2019 and was last re – constituted on March 14, 2022. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations and its terms of reference are as follows:

a. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

b. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;

c. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;

d. Approving payments to statutory auditor for any other services rendered by the statutory auditor;

e. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    i. 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;

    ii. Changes, if any, in accounting policies and practices and reasons for the same;

    iii. Major accounting entries involving estimates based on the exercise of judgment by management;

    iv. Significant adjustments made in the financial statements arising out of audit findings;

    v. Compliance with listing and other legal requirements relating to financial statements;

vi. Disclosure of any related party transactions; and

vii. Modified opinion(s) in the draft audit report.

f. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

g. 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;

h. Approval or any subsequent modifications of transactions of the Company with related parties;

i. Scrutinising of inter-corporate loans and investments;

j. Valuation of undertakings or assets of the Company, wherever it is necessary;

k. Evaluating of internal financial controls and risk management systems;

l. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

m. 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;

n. Discussing with internal auditors on any significant findings and follow up thereon;

o. 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;

p. Discussing with statutory auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

q. 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;

r. Reviewing the functioning of the whistle blower mechanism;

s. 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;

t. 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;

u. 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;

v. Formulating a policy on related party transactions, which shall include materiality of related party transactions;

w. 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

x. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

y. 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;

z. 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;

aa. 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

bb. 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.

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice;

4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and

5. Such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

1. Management’s discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditor;

4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and

6. Statement of deviations:

    i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and

    ii. annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the Listing Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Pradip Vasant Dubhashi – Chairperson

2. Praveen Purushottam Kadle – Member

3. Geeta Prafullachandra Tolia - Member

The Nomination and Remuneration Committee was constituted on January 16, 2019 and was last reconstituted on March 14, 2022. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include the following:

(a) 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;

(b) Formulating of criteria for evaluation of the performance of the independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) 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; ;

(e) Reviewing and recommending to the Board, manpower plan/ budget and sanction of new senior management positions from time to time in the future;

(f) 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,

(g) evaluation and recommendation of termination of appointment of directors in accordance with the Board's governance principles for cause or for other appropriate reasons;

(h) 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;

(i) Analysing, monitoring and reviewing various human resource and compensation matters;

(j) 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;

(k) 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;

(l) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(m) 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;

(n) 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.

(o) Periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;

(p) 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;

(q) Developing a succession plan for the Board and senior management and regularly reviewing the plan;

(r) 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

(s) Recommend to the Board, all remuneration, in whatever form, payable to senior management

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Praveen Purushottam Kadle - Chairman

2. Pradip Vasant Dubhashi – Member

3. Geeta Prafullachandra Tolia – Member

4. Hirendra Bhaskar Divgi - Member

The Stakeholders' Relationship Committee was constituted by our Board at their meeting held on March 14, 2022. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act and the Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

(a) 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.;

(b) 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.

(c) 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.

(d) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

(e) To approve, register, refuse to register transfer or transmission of shares and other securities;

(f) To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;

(g) Allotment and listing of shares;

(h) To authorise affixation of common seal of the Company;

(i) To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;

(j) To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;

(k) To dematerialize or rematerialize the issued shares;

(l) Ensure proper and timely attendance and redressal of investor queries and grievances;

(m) 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

(n) 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).

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Pundalik Dinkar Kudva– Chairman

2. Hirendra Bhaskar Divgi – Member

3. Jitendra Bhaskar Divgi – Member

4. Geeta Prafullachandra Tolia - Member

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on March 1, 2017 and was last re – constituted on March 14, 2022. The member of the Corporate Social Responsibility Committee are entitled to receive sitting fees of ₹ 25,000 per meeting for attending meeting of Corporate Social Responsibility Committee. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

(a) 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;

(b) 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;

(c) identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

(d) delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(e) 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;

(f) 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;

(g) providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;

(h) providing updates to the Board at regular intervals of six months on the corporate social responsibility activities;

(i) 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;

(j) To monitor the CSR Policy and its implementation by the Company from time to time; and

(k) 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.

Risk Management Committee

The members of the Risk Management Committee are:

1. Pradip Vasant Dubhashi – Chairman

2. Geeta Prafullachandra Tolia - Member

3. Pundalik Dinkar Kudva – Member

4. Hirendra Bhaskar Divgi - Member

The Risk Management Committee was constituted by our Board at their meeting held on March 14, 2022. The terms of reference of the Risk Management Committee of our Company include the following:

1. To formulate a detailed risk management policy which shall include:

   a) 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.

   b) Measures for risk mitigation including systems and processes for internal control of identified risks.

   c) 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.

IPO Committee

The members of the IPO Committee are:

1. Praveen Purushottam Kadle – Chairman

2. Ajay Bhaskar Limaye – Member

3. Jitendra Bhaskar Divgi – Member

4. Hirendra Bhaskar Divgi – Member

5. Pradip Vasant Dubhashi – Member

The IPO Committee was constituted by our Board at their meeting held on March 14, 2022.

Management Organisation Chart

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

1. Mr. Hirendra Bhaskar Divgi (Whole time Director)
2. Mr. Jitendra Bhaskar Divgi (Managing Director)

KEY MANAGERIAL PERSONNEL

1. Balaji Macherla Veerabhadram - Head - Sales, Marketing & ABD
2. Balu Naravan Patil - Group Head -Operations
3. Prasanna Bhaskarrao Deshpande - Head - Engineering
4. Gopal Krishna Dalvi - Group Head -HR & Organizational Development
5. Sudhir Shridhar Mirjankar - Chief Financial Officer
6. Satish Chandrashekhar Kadrolli - Company Secretary & Compliance Officer
7. Dipak Annasaheb Vani- Head of Purchase and Global Supply Management
8. Rakesh Rameshchandra Sharma - Head - Growth & Launch Management

NON- EXECUTIVE DIRECTORS

1. Mr. Praveen Pururshottam Kadle (Chairman and Independent Director)
2. Mr. Pradip Vasant Dubhashi (Independent Director)
3. Mr. Pundalik Dinkar Kudva(Independent Director)
4. Ms. Geeta Prafullachandra Tolia (Independent Director)
5. Mr. Sanjay Bhalchandra Divgi (Non-Executive Non Independent Director)
6. Mr. Bharat Bhalchandra Divgi (Non-Executive Non Independent Director)
7. Mr. Ajay Bhaskar Limaye (Non-Executive Non Independent- Nominee Director)

Key Managerial Personnel

For details in relation to our Chairman and Managing Director and Executive and Whole-time Director, see "*Brief Biographies of Directors*" and "*Remuneration to Executive Directors*" on pages 169 and 170, respectively.

Balu Naravan Patil is the 'Head - Group Operations' of our Company and has been associated with our Company with effect from November 12, 2018. He holds a diploma in mechanical engineering from Board of Technical Examinations, Maharashtra and a master's degree in Business Administration and PHD in Philosophy from the Open International University of Complementary Medicines and Medicina Alternativa. His previous work experience includes years at Bajaj Auto Limited, Ognibene India Private Limited, Perciforge & Gears, Kalyani Technoforge Limited, and SAM Hitech Components Private Limited. During Fiscal 2022 his gross compensation was ₹ 5.53 million.

Sudhir Shridhar Mirjankar is the Chief Financial Officer of our Company and has been associated with our Company with effect from December 1, 2016. He holds a bachelors degree in Commerce from University of Pune and a Post Graduate Diploma in Business Administration from Symbiosis Centre for Distance Learning. He has qualified as a certified management accountant from the Institute of Management Accountants, United States. During Fiscal 2022 his gross compensation was ₹ 2.85 million.

Gopal Krishna Dalvi is the HR and Organization Development Head of our Company and has been associated with our Company with effect from August 13, 2007. He holds a diploma in Mechanical Engineering from Government Polytechnic, Kolhapur and a Master's in Business Studies from University of Pune. His previous work experience includes years at Keihin Fie Private Limited and Spicer India Limited. During Fiscal 2022 his gross compensation was ₹ 3.64 million.

Satish Chandrashekhar Kadrolli is the Company Secretary and Compliance Officer of our Company. He joined the Company on September 5, 2022. He holds a bachelors' degree in Commerce from, Savitribai Phule Pune University (formerly known as University of Pune) and a certificate of membership from The Institute of Company Secretaries of India. He has been a compliance professional for over 7 years. His previous work experience includes years at Rajkumar Forge Limited, Western India Forgings Private Limited (Group) and Corpage India Advisors Private Limited. During Fiscal 2022 he was not paid any compensation.

Dipak Annasaheb Vani is the Head of Purchase and Global Supply Management of our Company and has been associated with our Company with effect from July 1, 2006. He holds Bachelor's Degree in Production Engineering form Shivaji University, Kolhapur. He has over 15 years of experience in production, quality, quality systems, supply chain management, purchase, global supply management and strategic sourcing in our Company. During Fiscal 2022 his gross compensation was ₹ 3.93 million.

Rakesh Rameshchandra Sharma is the Head of Growth & Launch Management of our Company and has been associated with our Company with effect from January 15, 2018. He holds a Bachelor's Degree in Mechanical Engineering from Babasaheb Ambedkar Marathwada University, Aurangabad. His previous work experience includes years at Patheja Brothers Forgings & Stampings Limited, Del Tech Controls Limited, Delval Flow Controls Private Limited and Inoxpa India Private Limited. He has previously worked at Divgi Warner Private Limited as a Senior Engineer during 1999 to 2002. He was the Chief Operating Officer at Divgi Metalwares Private Limited during 2015 to 2018. During the Fiscal 2022 his gross compensation was ₹ 3.60 million.

Prasanna Bhaskarrao Deshpande is the Head of Engineering of our Company and has been associated with our Company with effect from February 1, 1997. He holds bachelors degree in Mechanical Engineering from Gulbagra University, Gulbagra. During Fiscal 2022 his gross compensation was ₹ 4.71 million.

Balaji Macherla Veerabhadram is the Sales, Marketing and Business Development Head of our Company and has been associated with our Company with effect from October 15, 2019. He holds a diploma in Mechanical Engineering from Murugappa Polytechnic, an autonomous institution. He also holds a post graduate diploma in Marketing from the from Institute of Marketing and Management, New Delhi. He was associated with Brakes India Limited for 10 years. He has previously worked at Motherson Automotive Technologies & Engineering as the Associate Vice President. He has served as the DGM-Marketing at Visteon Automotive (India) Private Limited and as a senior manager at Kalyani Brakes Limited. He has experience of working at Endurance Magneti Marelli Shock Absorber and Knorr Bremse Systems for Commercial Vehicles India Private Limited. During Fiscal 2022 his gross compensation was ₹ 6.88 million.

Status of Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

Relationship among the Key Managerial Personnel

None of the Key Managerial Personnel are related to each other or to any of our Directors.

Shareholding of Key Managerial Personnel

Except as disclosed in "*Shareholding of Directors in our Company*" on page 171, none of our Key Managerial Personnel hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Bonus or profit-sharing plans of the Key Managerial Personnel

None of our Key Managerial Personnel are party to any bonus or profit-sharing plan of our Company.

Interests of Key Managerial Personnel

Other than as disclosed in this section and in "*Our Management - Interest of Directors*" on page 171, the Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Arrangements and understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel have been selected as the Key Managerial Personnel of our Company.

Service Contracts with Directors and Key Managerial Personnel

No officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Contingent and deferred compensation payable to our Director and Key Managerial Personnel

There is no contingent or deferred compensation accrued during last three Fiscals and payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration. For further details please see "*Restated Financial Statements - Note 34: Related Party Disclosures*' on page 220.

Payment or benefit to Key Managerial Personnel

No non – salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two preceding years or is intended to be paid or given.

Changes in the Key Managerial Personnel

Except as disclosed below and in "*Changes in the Board in the last three years*" on page 171, there has been no change in the Key Managerial Personnel in the last three years.

Name	Date of Change	Reason
Satish Chandrashekhar Kadrolli	September 5, 2022	Appointment as Company Secretary and Compliance Officer
Meenal Abhishek Deshpande	September 5, 2022	Resignation as Company Secretary and Compliance Officer
Sudhir Shridhar Mirjankar	June 10, 2022	Appointment as Chief Financial Officer
Meenal Abhishek Deshpande	April 10, 2021	Appointment as Company Secretary and she was appointed as Compliance Officer on March 14, 2022
Sheetal Marathe	April 17, 2020	Resignation as Company Secretary
Balaji Macherla Veerabhadram	October 15, 2019	Appointment as the Sales, Marketing and Business Development Head

Employee Stock Option Scheme

As on the date of this DRHP, our Company does not have any employment stock option scheme.

OUR PROMOTER AND PROMOTER GROUP

Jitendra Bhaskar Divgi, Hirendra Bhaskar Divgi and Divgi Holdings Private Limited are the Promoters of our Company. As on the date of this Draft Red Herring Prospectus, our Promoters hold an aggregate of 17,245,840 Equity Shares, equivalent to 62.64% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details on shareholding of our Promoters, please see "*Capital Structure - Details of Equity Shares held by our Promoters*" on page 70.

The details of our Promoters are provided below:

Our Individual Promoters

1. Jitendra Bhaskar Divgi

Jitendra Bhaskar Divgi*, aged 59 years, is one of the Promoters of our Company.

Date of Birth: October 26, 1962

Residential address: Omkar 273/1/2, Baner Road, Pune 411045

Permanent account number: AANPD1400A

For the complete profile of Jitendra Bhaskar Divgi along with details of his educational qualification, experience in the business, positions/posts held in past, directorship, his business and financial activities, see "***Our Management – Brief profiles of the Directors***" on page 169

2. Hirendra Bhaskar Divgi

Hirendra Bhaskar Divgi*, aged 57 years, is one of the Promoters of our Company.

Date of Birth: November 5, 1964

Residential address: Flat No. 17, Kanchanjunga Housing Society, Gaikwad Nagar, Aundh, Pune 411007

Permanent account number: AAXPD7899M

For the complete profile of Hirendra Bhaskar Divgi along with details of his educational qualification, experience in the business, positions/posts held in past, directorship, his business and financial activities, see "***Our Management – Brief profiles of the Directors***" on page 169

Our Company confirms that the PAN, bank account numbers, aadhaar card number, driving license number, and passport number of Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

* *Equity Shares held by Jitendra Bhaskar Divgi jointly with Divgi Holdings Private Limited and Equity Shares held by Hirendra Bhaskar Divgi jointly with Divgi Holdings Private Limited have been categorized as shares held by our Promoters, i.e., Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, respectively.*

Our Corporate Promoter:

Divgi Holdings Private Limited ("DHPL")

Corporate Information

DHPL was incorporated on August 7, 1997 under the laws of India and has its registered office located at Sahyadri Colony, Sirsi, Karnataka, 581402, India. DHPL is a private limited company

Nature of activities:

DHPL engages in investing in shares and debentures of the Company, construction and renting of immovable property and other ancillary services.

As of the date of this Draft Red Herring Prospectus, the shares of DHPL are not listed on any stock exchange.

Shareholding Pattern as on the date of this Draft Red Herring Prospectus

Below is the shareholding pattern of DHPL as on the date of this Draft Red Herring Prospectus:

Name of Shareholder	No. of equity shares	Shareholding (%)
Divgi Family Trust	63,434	82.21
Jitendra Bhaskar Divgi	2,400	3.11
Jitendra Bhaskar Divgi & Padmini Jitendra Divgi	1,458	1.89
Hirendra Bhaskar Divgi	2,400	3.11
Hirendra Bhaskar Divgi & Kanchangouri Hirendra Divgi	1,458	1.89
Ashish Anant Divgi	1,550	2.01
Suraj Sanjay Divgi	1,305	1.69
Harshvardhan Bharat Divgi	1,305	1.69
Bharat Bhalchandra Divgi & Mrs. Jyothi Bharat Divgi	950	1.23
Sanjay Bhalchandra Divgi & Mrs. Smita Sanjay Divgi	900	1.17
Total	**77,160**	**100**

Promoters

As on date of the DRHP, the Promoters of DHPL are Jitendra Bhaskar Divgi, Bharat Bhalchandra Divgi, Hirendra Bhaskar Divgi and Divgi Family Trust.

Change in control

Except as disclosed below, there has been no change in the control of DHPL in the three years preceding the date of filing of this Draft Red Herring Prospectus:

During the current financial year, Divgi Family Trust has acquired 82.21% of the equity shares of DHPL, and control over DHPL, pursuant to the transactions set out below. Accordingly, Divgi Family Trust along with Jitendra Bhaskar Divgi, Bharat Bhalchandra Divgi and Hirendra Bhaskar Divgi holds control over DHPL:

Sr. No.	Name of the Shareholder	Date	Nature of Transaction	Particulars of Transaction	Number of Shares	Shareholding (%)
1	Divgi Family Trust	September 8, 2022	Transmission	From Late Umesh Narsinghrao Divgi pursuant to a board resolution dated September 8, 2022	30,700	39.79
2	Divgi Family Trust	September 8, 2022	Transfer	From Settlor Jitendra Bhaskar Divgi	32,450	42.05
3	Divgi Family Trust	September 8, 2022	Transfer	Jointly from Jitendra Bhaskar Divgi and Padmini Jitendra Divgi	142	0.18
4	Divgi Family Trust	September 8, 2022	Transfer	Jointly from Hirendra Bhaskar Divgi and Kanchangouri Hirendra Divgi	142	0.18
				Total	**63,434**	**82.21**

Board of Directors

Name	Designation
Jitendra Bhaskar Divgi	Director
Bharat Bhalchandra Divgi	Director

Name	Designation
Hirendra Bhaskar Divgi	Director

Our Company confirms that the PAN, bank account number, company registration number and the address of the registrar of companies where our Corporate Promoter is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Interests of our Promoters

Interest of our Promoters in the promotion of our Company

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company individually and/or jointly, the shareholding of their relatives and entities in which the Promoters are interested and which hold the Equity Shares, and the dividends payable and any other distributions in respect of their respective shareholding, or shareholding if their relatives in our Company. Our individual Promoters are interested to the extent of any remuneration, or reimbursement received by them from our Company, in the capacity of Directors and Key Managerial Personnel of our Company; and payments made for services rendered by entities in which our Promoters have been interested.

Additionally, our Promoters may be interested in transactions entered into by our Company with other entities (i) in which our Promoters hold shares, or (ii) controlled by our Promoters. For details regarding the shareholding of our Promoters and other interests in our Company, please see the sections entitled "*Capital Structure*", "*Our Management*" and "*Restated Financial Statements Note 34: Related Party Disclosures*" on pages 65, 166 and 220, respectively.

Interest of our Promoters in the property of our Company

Our Promoters have no interest in any property acquired in the three years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Interest of Promoter in acquisition of land, construction of building and supply of machinery, etc

As on the date of filing of the Draft Red Herring Prospectus, our Promoters are not interested in any transaction for acquisition of land, construction of buildings and supply of machinery.

Interest of our Promoters in our Company arising out of being a member of a firm or company

Our Promoters are not interested as a member in any firm or company which has any interest in our Company. Further, no sum has been paid or agreed to be paid to our Promoters or to any firm or company in which our Promoters are interested as members, in cash or shares or otherwise by any person either to induce our Promoters to become, or qualify them as a director or promoter, or otherwise for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Payment of benefits to our Promoters or our Promoter Group

Except as stated in "*Restated Financial Statements – Note 34 – Related party disclosures*", and "*Our Management*" on pages 220 and 166 respectively no amount or benefit has been paid or given to our Promoters or members of our Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or members of our Promoter Group.

Divgi Holdings Private Limited has been paid the following amount in the preceding two years:

Payer	Recipient	Nature of Payment	Fiscal	Amount (in ₹ million)
Divgi TorqTransfer Systems Limited	Divgi Holdings Private Limited	Rent	Fiscal 2022	4.62
			Fiscal 2021	4.62
Divgi TorqTransfer Systems Limited	Divgi Holdings Private Limited	Dividend	Fiscal 2022	52.87
			Fiscal 2021	12.16

Experience in the business of our Company

Our Promoters have adequate experience in the business of our Company.

Material Guarantees

Our Promoters have not given any material guarantee to any third party with respect to the Equity Shares, as on the date of this Draft Red Herring Prospectus.

Companies or Firms with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Change in the control of our Company

There has been no change in control of our Company in the last three years immediately preceding the date of this Draft Red Herring Prospectus.

Other ventures of our Promoters

Other than as disclosed in the section "*Our Management – Other Directorships*" on page 166, and our Promoter Group entities, our Promoters are not involved in any other ventures.

Our Promoter Group

Details of the Promoter Group of our Company (excluding our Promoters) are provided below:

A. Natural persons forming part of the Promoter Group

The natural persons who are part of the Promoter Group (due to their relationship with our individual Promoters) are as follows:

Name of the Promoter	Name of the Relative	Relationship
Jitendra Bhaskar Divgi	Padmini Jitendra Divgi	Wife
	Pranav Jitendra Divgi	Son
	Arjun Jitendra Divgi	Son
	Hirendra Bhaskar Divgi	Brother
	Vrinda Santosh Naimpally	Wife's mother
	Aparna Santosh Nayampalli	Wife's sister
Hirendra Bhaskar Divgi	Kanchangouri Hirendra Divgi	Wife
	Jitendra Bhaskar Divgi	Brother
	Kalyani Hirendra Divgi	Daughter
	Tarini Hirendra Divgi	Daughter
	Sadanand Bhavanishankar Dhareshwar	Wife's father
	Shaila Sadanand Dhareshwar	Wife's Mother
	Sumant Sadanand Dhareshwar	Wife's brother
	Nandini Tamhane	Wife's sister

The natural persons who are part of the Promoter Group (due to their joint holding of Equity Shares with our Corporate Promoter) in accordance with Regulation 2(1)(pp)(v) of the SEBI ICDR Regulations are as follows:

1. Jayashri Mohan Divgi (712,800 Equity Shares held jointly with our Corporate Promoter);
2. Suraj Sanjay Divgi (269,280 Equity Shares held jointly with our Corporate Promoter); and
3. Harshvardhan Bharat Divgi (269,280 Equity Shares held jointly with our Corporate Promoter)

B. Trust forming part of the promoter group (pursuant to requirements of Regulation 2(1)(pp)(v) of the SEBI ICDR Regulations)

1. Divgi Family Trust

Confirmations

Our Promoters, their relatives and members of our Promoter Group have not been declared as Wilful Defaulters and Fraudulent Borrowers and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as disclosed under the chapter titled '*Outstanding Litigation and Material Developments*' beginning on page 280 there is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of this Draft Red Herring Prospectus against our Promoters.

Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

OUR GROUP COMPANY

In terms of the SEBI ICDR Regulations, the term "group companies", includes (i) such companies (other than promoter and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the issuer company.

Accordingly, for (i) above, all such companies (other than the Promoters) with which there were related party transactions during the periods covered in the Restated Financial Statements, as covered under the applicable accounting standards, shall be considered as 'Group Companies' of the Company in terms of the SEBI ICDR Regulations.

Further, for (ii) above, the Board pursuant to the Materiality Policy, has determined that a company (other than the companies covered under the schedule of related party transactions as per the Restated Financial Statements) shall be considered "material" and will be disclosed as a 'group company' in the offer documents, if it is a member of the Promoter Group (companies) (other than the Promoters) in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, and the Company has entered into one or more transactions with such company during the last completed Fiscal (or relevant sub period, if applicable), which individually or cumulatively in value exceeds 10% of the revenue from operations of the Company for the last completed Fiscal as per the Restated Financial Statements.

Accordingly, in terms of the Materiality Policy and being a related party, the Board has identified Divgi Transmission Systems and Technologies Private Limited as our Group Company.

Details of our Group Company

Divgi Transmission Systems and Technologies Private Limited

Corporate Information

Divgi Industries Private Limited was incorporated on May 27, 1997, under the Companies Act, 1956 as a private limited company. Pursuant to a special resolution dated October 18, 2012 by the shareholders of the Divgi Industries Private Limited, the name changed to "Divgi Transmission Systems and Technologies Private Limited" and a fresh certificate of incorporation was issued by the RoC on December 11, 2012.

Registered Office

The registered office is at Sahyadri Colony, Sirsi, Karnataka – 581402, India.

Financial Performance

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, earnings per share, diluted earnings per share and net asset value, derived from the latest audited financial statements available on a standalone basis of Divgi Transmission Systems and Technologies Private Limited, for the Fiscals 2021, 2020 and 2019, are available at https://divgi-tts.com/groupcompanies.html.

Litigation which has a material impact on our Company

Except as disclosed in "*Outstanding Litigation and Material Developments – Litigation involving Group Company*" on page 282, there is no pending litigation involving our Group Company which will have a material impact on our Company.

Nature and extent of interest of Group Company

Our Group Company does not have any interest in the promotion of our Company.

Our Group Company is not interested in the properties acquired by our Company in the three preceding years or proposed to be acquired by our Company.

Except as disclosed below, our Group Company is not interested in any transactions for acquisition of land, construction of building or supply of machinery, etc.

Payment made towards machine and development charges as provided under Note 34 of the Restated Financial Statements.

(amounts in ₹ Millions)

Fiscal	Fiscal 2022	Fiscal 2021	Fiscal 2020
Machine and Development Charges	32.81	25.44	28.68
Rent Income	2.40	2.40	2.40

Common pursuits

Our Group Company is engaged in business activities similar to that of our Company. However, there is no conflicting interest arising out of such common pursuits. We shall adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest if they arise. Further, Jitendra Bhaskar Divgi, Hiren Bhaskar Divgi and Bharat Bhalchandra Divgi are directors of our Company as well as of our Group Company.

For details of related business transactions between our Company and our Group Company, see "*Related Party Transactions*" on page 220.

Related Business Transactions within the group and significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Restated Financial Statements*" and "*Related Party Transaction*" on page 190 and on page 220, respectively, there are no other business transactions between our Company and Group Company which are significant to the financial performance of our Company.

Business interests or other interests

Except as disclosed in "*Related Party Transactions*" on page 220, our Group Company does not have any business interest in our Company.

Other Confirmations

Our Group Company does not have any securities listed on a stock exchange. Further, our Group Company has not made any public or rights issue of securities in the three years preceding the date of this Draft Red Herring Prospectus.

DIVIDEND POLICY

Our Company has approved a formal dividend policy on June 10, 2022 ("**Dividend Policy**"). The declaration and payment of dividends will be recommended by the Board of Directors and/or approved by the Shareholders, at their discretion, subject to the provisions of the AoA, the Dividend Policy and other applicable law, including the Companies Act.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividend in the foreseeable future. In accordance with the Dividend Policy, the Board shall consider inter alia the following financial and internal parameters before declaring dividend: (i) Magnitude of current year's earnings of the Company (ii) Operating cash flow of the Company (iii) Return on invested capital (iv) Cost of borrowings (v) Obligations to lenders (vi) Inadequacy of profits (vii) Post dividend EPS (viii) Future capital expenditure requirement of the Company (ix) other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends. We may retain all our future earnings, if any, for use in the operations and expansion of our business. Further, no dividend has been declared from April 1, 2022 till the date of this Draft Red Herring Prospectus.

The dividends declared and paid by the Company on the equity shares are as follows:

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
Number of Equity Shares	27,532,080	688,302	602,264
Face Value of Equity Share (per share) (₹)	5	100.00	100.00
Interim Dividend on each Equity Share	Nil	Nil	Nil
Final Dividend on each Equity Share (₹)	3.34 per share	30.82 per share	26.00 per share
Dividend Rate for each Equity Share (%)	66.80	30.82	26.00
Mode of payment of Dividend	Through HDFC Bank Dividend Account	Through HDFC Bank Dividend Account	Through HDFC Bank Dividend Account

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
Number of Preference Shares	NA*	NA*	76,981
Face Value of Preference Share (per share) (₹)			100.00
Interim Dividend on each Preference Share			Nil
Final Dividend on each Preference Share (₹)			20.34 per share
Dividend Rate for each Preference Share (%)			20.34%
Mode of payment of Dividend			Through HDFC Bank Dividend Account

* *As on the date of this DRHP, there are no outstanding Preference Shares.*

The amounts paid as dividends in the past is not necessarily indicative of any dividend declaration or the quantum of our Company's dividend, in the future. Please see, "*Risk Factors - We cannot assure payment of dividends on the Equity Shares in the future*" on page 45.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL STATEMENTS

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B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

T+ 91 022 6243 9500
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E+ info@bkkhareco.com
706/708, Sharda Chambers New Marine Lines, Mumbai - 400 020, India

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS,
Divgi TorqTransfer Systems Limited (formerly known as Divgi TorqTransfer Systems Private Limited)
Plot no. 75, General Block MIDC,
Bhosari,
Pune - 411026

Dear Sirs,

1. We B.K.Khare & Co, statutory auditors of **Divgi TorqTransfer Systems Limited** ("the Company" or the "Issuer") have examined the attached Restated Financial Information of the Company, which comprising the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity and the Restated Cash Flow Statement for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 , the Significant Accounting Policies, and other explanatory information (collectively, the "**Restated Financial Information**"), as approved by the Board of Directors of the Company at its meeting held on July 25, 2022 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and the Prospectus (DRHP, RHP and Prospectus collectively referred to as "Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") in terms of requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act,2013 (the "Act");
   b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018, as amended ("ICDR Regulations"); and
   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of Restated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited and Registrar of Companies Pune, Maharashtra in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company in accordance with the basis of preparation stated in note 2.1 to the Restated Financial Information. The Board of Directors of the Company are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:

a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated October 6, 2021 in connection with the proposed IPO;
b) The Guidance Note which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

B.K. KHARE & CO. Chartered Accountants

Pune
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Nehru Place,
New Delhi 110 019,
India

Chennai
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E bkkchennai@bkkhareco.com
2nd Floor, Crown Court
Cathedral Road,
Chennai - 600086,
India

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. The Restated Financial Information, expressed in Indian Rupees in millions, has been prepared by Company's management from:

   a) Audited financial statements of the Company as at and for the year ended March 31, 2022, prepared in accordance with the Ind AS, which have been approved by the Board of Directors at their meeting held on June 10, 2022;

   b) Audited financial statements of the Company as at and for the year ended March 31, 2021, prepared in accordance with the Ind AS, which have been approved by the Board of Directors at their meeting held on August 27, 2021;

   c) Audited special purpose financial statements of the Company as at and for the year ended March 31, 2020, prepared in accordance with basis of preparation as described in Note 2.1(a) of the Restated Financial Statements, which have been approved by the Board of Directors at their meeting held on July 25 2022.

5. For the purpose of our examination, we have relied on:

   a) Auditors' report issued by us on the financial statements of the Company as at and for the year ended March 31, 2022 as referred in Paragraph 4(a) above, on which we issued an unmodified opinion vide our report dated June 10, 2022;

   b) Auditors' report issued by us on the financial statements of the Company as at and for the year ended March 31, 2021 as referred in Paragraph 4(b) above, on which we issued an unmodified opinion vide our report dated August 27, 2021;

   c) Auditors' Report issued by us on the special purpose financial statements of the Company as at and for the year ended March 31,2020, as referred in Paragraph 4(c) above, on which we issued an unmodified opinion vide our reports dated July 25, 2022.

   d) There were no modifications to the audit reports on the financial statements issued by us for each of the financial years ended March 31, 2022, March 31,2021 and March 31, 2020.

6. Based on our examination and according to the information and explanations given to us for the respective years, we report that the Restated Financial Information:

B.K. KHARE & CO. Chartered Accountants

a) has been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021 and March 31, 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2022;
b) do not require any adjustments for the matters giving rise to modifications and do not contain any qualifications requiring adjustments as stated in paragraph 5 above: and
c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The Company neither has any subsidiary nor any joint venture or associate which requires consolidation of financial information in either of the relevant financial years considered in this Report, and therefore the Restated Financial Information provided under this Report is on a standalone basis.

9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in paragraph 4 above.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, the National Stock Exchange of India Limited and Registrar of Companies, Maharashtra at Pune in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **B.K.Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

B.K. KHARE & CO. Chartered Accountants

Aniruddha Joshi
Partner
Membership Number: 040852
UDIN: 22040852ANWSOP3888
Date: July 25,2022
Place: Mumbai

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
CIN No- U32201MH1964PLC013085
Restated Summary of Assets and Liabilities
(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Non-Current Assets				
Property, plant and equipment	4(a)	1,079.89	1,037.15	877.84
Capital work-in-progress	4(d)	168.01	27.69	9.80
Right-of-use assets	4(b)	7.78	12.59	11.15
Intangible assets	4(c)	30.07	4.35	4.93
Intangible assets under development	4(e)	116.95	34.17	51.53
Financial Assets				
Investments	5	0.46	0.46	0.46
Other financial assets	6	9.60	9.44	9.74
Other non-current assets	7	5.49	6.86	25.22
Total Non-Current Assets		**1,418.25**	**1,132.71**	**990.67**
Current Assets				
Inventories	8	300.75	267.08	207.70
Financial Assets				
i) Trade Receivables	9	526.25	547.87	234.06
ii) Cash And Cash Equivalents	10 (a)	173.53	202.87	205.23
iii) Bank Balances Other Than Cash And Cash Equivalents	10 (b)	1,558.72	1,386.14	1,294.51
iv) Other Financial Assets	11	33.99	30.61	51.80
Other Current Assets	12	42.21	61.54	53.03
Total Current Assets		**2,635.45**	**2,496.11**	**2,046.33**
		4,053.70	**3,628.82**	**3,037.00**
Equity				
Equity Share Capital	13	137.66	68.83	60.23
Other Equity	14	3,262.49	2,889.93	2,035.10
Total Equity		**3,400.15**	**2,958.76**	**2,095.33**
Liabilities				
Non-Current Liabilities				
Financial Liablities				
i) Borrowings	15	0.35	1.34	2.27
ii) Lease Liabilities	16	1.52	3.26	3.05
Provisions	17	47.76	48.48	44.41
Deferred Tax Liabilities (Net)	18	5.16	7.06	5.72
Total Non-Current Liabilities		**54.79**	**60.14**	**55.45**
Current Liabilities				
Financial Liabilities				
i) Borrowings	19	0.85	1.21	501.79
ii) Trade Payables				
total outstanding dues of micro enterprises and small enterprises	20	13.25	6.82	4.11
total outstanding dues of creditors other than micro enterprises and small enterprises	20	383.22	391.67	227.54
iii) Lease Liabilities	16	2.04	5.41	4.40
iv) Other Financial Liabilities	21	89.65	127.32	91.78
Other Current Liabilities	22	28.79	3.72	7.94
Provisions	23	21.22	20.84	16.43
Current Tax Liabilities (Net)	24	59.74	52.93	32.23
Total Current Liabilities		**598.76**	**609.92**	**886.22**
TOTAL		**4,053.70**	**3,628.82**	**3,037.00**
Summary of significant accounting policies	1-2			
Summary of significant accounting judgements, estimates and assumptions	3			
The accompanying notes are an integral part of these financial statements.				

For B. K. Khare & Co.
Firm Registration Number: 105102W
Chartered Accountants

Aniruddha Joshi
Partner
Membership Number: 040852
Date: July 25, 2022
Place: Mumbai

For and on behalf of the Board of Directors of Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited)

Praveen P Kadle
Chairman
DIN: 00016814
Date: July 25, 2022
Place: Pune

Jitendra B Divgi
Managing Director
DIN: 00471531
Date: July 25, 2022
Place: Pune

Sudhir Mirjankar
Chief Financial Officer

Date: July 25, 2022
Place: Pune

Meenal Deshpande
Company Secretary
and Compliance
Officer
(ACS - A51559)
Date: July 25, 2022
Place: Pune

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
CIN No- U32201MH1964PLC013085
Restated Statement of Profit and Loss
(All amount in INR Millions unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Income				
Revenue from Operations	25	2,337.77	1,865.75	1,590.65
Other Income	26	80.97	84.50	116.75
Total Income		**2,418.74**	**1,950.25**	**1,707.40**
Expenses				
Cost of raw material and components consumed	27	935.61	689.04	560.49
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in Progress	28	0.71	(19.43)	21.59
Employee Benefits Expense	29	225.42	217.73	196.49
Finance Costs	30	1.66	1.84	44.59
Depreciation and Amortization Expense	31	113.91	76.09	63.89
Other Expenses	32A	519.90	459.42	442.73
Total Expenses		**1,797.21**	**1,424.69**	**1,329.78**
Profit before Tax		**621.53**	**525.56**	**377.62**
Tax expense				
For the year				
Current tax	32B	162.30	143.85	111.39
Deferred tax charge/(credit)		(2.28)	1.27	(14.16)
		160.02	**145.12**	**97.23**
Profit for the year		**461.51**	**380.44**	**280.39**
Other Comprehensive Income				
(A) Items that will not be reclassified subsequently to profit and loss				
Remeasurements of the defined benefit plans		1.45	0.29	(2.90)
Income tax on above.		(0.36)	(0.07)	0.73
Total other comprehensive income		**1.09**	**0.22**	**(2.17)**
Total comprehensive income for the year		**462.60**	**380.66**	**278.22**
Earnings per share (in Rs.)	35			
Basic earnings per share (in Rs.)		16.76	13.82	11.64
Diluted earnings per share (in Rs.)		16.76	13.82	10.18
Summary of significant accounting policies	1-2			
Summary of significant accounting judgements, estimates and assumptions	3			

The accompanying notes are an integral part of these financial statements

For B. K. Khare & Co.
Firm Registration Number: 105102W
Chartered Accountants

Aniruddha Joshi
Partner
Membership Number: 040852
Date: July 25, 2022
Place: Mumbai

For and on behalf of the Board of Directors of
Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems ~~Private Limited~~)

Praveen P Kadle
Chairman
DIN: 00016814
Date: July 25, 2022
Place: Pune

Jitendra B Divgi
Managing Director
DIN: 00471531
Date: July 25, 2022
Place: Pune

Sudhir Mirjankar
Chief Financial Officer

Date: July 25, 2022
Place: Pune

Meenal Deshpande
Company Secretary
and Compliance
Officer
(ACS - A51559)
Date: July 25, 2022
Place: Pune

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
CIN No- U32201MH1964PLC013085
Restated Cash flow statement
(All amount in INR Millions unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
A) Cash flows from operating activities			
Profit/(Loss) before tax	621.53	525.56	377.62
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization expenses	113.90	76.09	63.89
Provision for mark to market losses on derivatives	-	-	1.80
Provision for doubtful debts and advances	-	-	2.81
Development Expenditure written off	-	42.86	-
Interest Expenses	1.13	1.17	2.45
Unwinding of discounting (lease obligations)	0.54	0.67	0.86
Finance cost on Preference Shares (unwinding)	-	-	41.28
Interest income	(64.43)	(79.80)	(91.89)
Loss/(gain) on sale / discard of assets (net)	-	(0.26)	-
Changes in:			
Trade and other receivables	40.80	(322.02)	120.97
Inventories	(33.66)	(59.39)	(10.09)
Trade and other payables and provisions	(13.49)	207.92	(11.38)
Cash generated from operations	**666.32**	**392.80**	**498.32**
Income taxes paid (net)	(155.55)	(123.15)	(115.03)
Net cash inflow / (outflow) from operating activities	**510.77**	**269.65**	**383.29**
B) Cash flows from /(used in) investing activities			
Purchase of Fixed Assets	(399.26)	(255.68)	(130.92)
Sale of Fixed Assets	-	0.53	-
Interest received	61.05	100.99	52.59
Term deposit with banks, matured / (placed) (net)	(172.57)	(91.62)	(164.73)
Net cash flows (used in) investing activities	**(510.78)**	**(245.78)**	**(243.06)**
C) Cash flows from/ (used in) financing activities			
Short Term Borrowings availed / (repaid) (net)	(0.36)	(0.57)	(0.03)
Long Term Borrowings availed / (repaid) (net)	(0.99)	(0.93)	(1.85)
Dividend paid	(21.21)	(17.22)	(40.28)
Lease rentals paid	(5.64)	(6.34)	(4.62)
Tax on dividend	-	-	(8.28)
Interest paid	(1.13)	(1.17)	(2.45)
Net cash flows from financing activities	**(29.33)**	**(26.23)**	**(57.51)**
Net increase / (decrease) in cash and cash equivalents	**(29.34)**	**(2.36)**	**82.72**
Cash and cash equivalents at the beginning of the year	202.87	205.23	122.51
Cash and cash equivalents at the end of the year	**173.53**	**202.87**	**205.23**

Reconciliation of cash and cash equivalents as per the cash flow statement:

	March 31, 2022	March 31, 2021	March 31, 2020
Cash and cash equivalents (Note 10 (a))	173.53	202.87	205.23
Balances as per Cash flow statement	173.53	202.87	205.23

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Reg No.105102W

Aniruddha Joshi
Partner
Membership Number: 040852
Date: July 25, 2022
Place:Mumbai

For and on behalf of the Board of Directors of Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited)

Praveen P Kadle
Chairman
DIN: 00016814
Date: July 25, 2022
Place: Pune

Jitendra B Divgi
Managing Director
DIN: 00471531
Date: July 25, 2022
Place: Pune

Sudhir Mirjankar
Chief Financial Officer

Date: July 25, 2022
Place: Pune

Meenal Deshpande
Company Secretary and Compliance Officer
(ACS - A51559)
Date: July 25, 2022
Place: Pune

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
CIN No- U32201MH1964PLC013085
Restated Statement of Changes in Equity
(All amount in INR Millions unless otherwise stated)

A Equity Share Capital

Particulars	Notes No	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	13	68.83	60.23	53.89
Changes in equity shares capital during the year		68.83	8.60	6.34
Balance at the end of the year		**137.66**	**68.83**	**60.23**

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 2019	**7.37**	**1,010.48**	**263.04**	**30.89**	**1,311.78**
Adjustment on account of conversion of preference shares in equity shares	-	-	493.66	-	**493.66**
Profit for the year	-	280.39	-	-	280.39
Other Comprehensive Income (net)	-	(2.17)	-	-	(2.17)
Total comprehensive income	-	**278.22**	**493.66**	-	**771.88**
Dividends paid	-	(40.28)	-	-	(40.28)
Dividend distribution tax paid	-	(8.28)	-	-	(8.28)
As at March 31, 2020	**7.37**	**1,240.14**	**756.70**	**30.89**	**2,035.10**
Adjustment on account of conversion of preference shares in equity shares	-	-	491.39	-	**491.39**
Profit for the year	-	380.44	-	-	380.44
Other Comprehensive Income (net)	-	0.22	-	-	0.22
Total comprehensive income	-	**380.66**	**491.39**	-	**872.05**
Transfer from other equity to retained earnings*	-	30.89	-	(30.89)	-
Dividends paid	-	(17.22)	-	-	(17.22)
As at March 31, 2021	**7.37**	**1,634.47**	**1,248.09**	-	**2,889.93**
Profit for the year	-	461.51	-	-	461.51
Other Comprehensive Income (net)	-	1.09	-	-	1.09
Bonus shares issued			**(68.83)**		(68.83)
Total comprehensive income	-	**462.60**	**(68.83)**	-	**393.77**
Dividends paid		(21.21)			(21.21)
As at March 31, 2022	**7.37**	**2,075.86**	**1,179.26**	-	**3,262.49**

*On the conversion of preference shares into equity shares, the equity portion on the date of transition is tranferred to retained earnings.

For B. K. Khare & Co.
Firm Registration Number: 105102W
Chartered Accountants

Aniruddha Joshi
Partner
Membership Number: 040852
Date: July 25, 2022
Place: Mumbai

For and on behalf of the Board of Directors of
Divgi TorqTransfer Systems Limited (Formerly known as
Divgi TorqTransfer Systems Private Limited)

Praveen P Kadle
Chairman
DIN: 00016814
Date: July 25, 2022
Place: Pune

Jitendra B Divgi
Managing Director
DIN: 00471531
Date: July 25, 2022
Place: Pune

Sudhir Mirjankar
Chief Financial Officer

Date: July 25, 2022
Place: Pune

Meenal Deshpande
Company Secretary and
Compliance Officer
(ACS - A51559)
Date: July 25, 2022
Place: Pune

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
CIN No- U32201MH1964PLC013085
Notes to the restated 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								
Deemed cost as at 1st April, 2019	**330.70**	**65.85**	**869.03**	**5.55**	**9.85**	**30.91**	**27.92**	**1,339.81**
Additions	-	4.81	150.44	0.40	0.37	4.30	1.13	161.45
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st March, 2020	**330.70**	**70.66**	**1,019.47**	**5.95**	**10.22**	**35.21**	**29.05**	**1,501.26**
Additions	-	0.90	227.05	0.13	-	-	1.23	229.31
Disposals	-	-	1.32	-	-	5.14	-	6.46
Balance as at 31st March, 2021	**330.70**	**71.56**	**1,245.20**	**6.08**	**10.22**	**30.07**	**30.28**	**1,724.11**
Additions	-	21.82	116.72	0.75	-	2.44	4.36	146.09
Disposals	-	-	-	-	-	-	-	-
Balance as at 31st March, 2022	**330.70**	**93.38**	**1,361.92**	**6.83**	**10.22**	**32.51**	**34.64**	**1,870.20**
Accumulated Depreciation								
Balance as at 1st Aptil, 2019	-	**38.31**	**476.92**	**4.70**	**7.85**	**15.06**	**21.97**	**564.81**
Charge during the year	-	2.32	50.43	0.29	0.29	3.01	2.27	58.61
Disposals/ transfers	-	-	-	-	-	-	-	-
Balance as at 31st March, 2020	-	**40.63**	**527.35**	**4.99**	**8.14**	**18.07**	**24.24**	**623.42**
Charge during the year	-	2.93	59.51	0.82	0.55	3.13	2.78	69.72
Disposals/ transfers	-	-	1.25	-	-	4.93	-	6.18
Balance as at 31st March, 2021	-	**43.56**	**585.61**	**5.81**	**8.69**	**16.27**	**27.02**	**686.96**
Charge during the year	-	3.68	93.80	0.40	0.35	2.81	2.31	103.35
Disposals/ transfers	-	-	-	-	-	-	-	
Balance as at 31st March, 2022	-	**47.24**	**679.41**	**6.21**	**9.04**	**19.08**	**29.33**	**790.31**
Net carrying amount								
Balance as at March 31, 2022	**330.70**	**46.14**	**682.51**	**0.62**	**1.18**	**13.43**	**5.31**	**1,079.89**
Balance as at March 31, 2021	**330.70**	**28.00**	**659.59**	**0.27**	**1.53**	**13.80**	**3.26**	**1,037.15**
Balance as at March 31, 2020	**330.70**	**30.03**	**492.12**	**0.96**	**2.08**	**17.14**	**4.81**	**877.84**

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

Divgi TorqTransfer Systems Limited
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(All amount in INR Millions unless otherwise stated)

4 (b) Right- of- use assets

Particulars	Leasehold Land	Building	Total
Gross carrying amount			
Gorss carrying amount as at 1st April, 2019	**6.33**	**13.91**	**20.24**
Additions	-	-	-
Disposals/ Transfers/ Adjustment	-	-	-
Balance as at 31st March, 2020	**6.33**	**13.91**	**20.24**
Additions	-	5.87	5.87
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2021	**6.33**	**19.78**	**26.11**
Additions	-	-	-
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2022	**6.33**	**19.78**	**26.11**
Accumulated depreciation			-
Balance as at 1st April, 2019	**1.60**	**3.71**	**5.31**
Charge for the year	0.07	3.71	3.78
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2020	**1.67**	**7.42**	**9.09**
Charge for the year	0.07	4.36	4.43
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2021	**1.74**	**11.78**	**13.52**
Charge during the year	0.07	4.74	4.81
Disposals/ Transfers/ Adjustments	-	-	-
Balance as at 31st March, 2022	**1.81**	**16.52**	**18.33**
Net carrying amount			-
Balance as at March 31, 2022	**4.52**	**3.26**	**7.78**
Balance as at March 31, 2021	**4.59**	**8.00**	**12.59**
Balance as at March 31, 2020	**4.66**	**6.49**	**11.15**

The Company has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right of use assets. Refer note 36 for further disclosure on leases.

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
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Notes to the restated financial statements
(All amount in INR Millions unless otherwise stated)

4 (c) Intangible assets

Particulars	Computer Software	Total
Gross carrying amount		
Balance as at 1st April, 2019	**11.19**	**11.19**
Additions	1.93	**1.93**
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2020	**13.12**	**13.12**
Additions	1.35	**1.35**
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2021	**14.47**	**14.47**
Additions	31.46	**31.46**
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2022	**45.93**	**45.93**
Accumulated depreciation		
Balance as at 1st April, 2019	**6.69**	**6.69**
Charge during the year	1.50	**1.50**
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2020	**8.19**	**8.19**
Charge during the year	1.93	**1.93**
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2021	**10.12**	**10.12**
Charge for the year	5.74	**5.74**
Disposals/ Transfers/ Adjustments	-	-
Balance as at 31st March, 2022	**15.86**	**15.86**
Net carrying amount		
Balance as at March 31, 2022	**30.07**	**30.07**
Balance as at March 31, 2021	**4.35**	**4.35**
Balance as at March 31, 2020	**4.93**	**4.93**

(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 2022					
Projects in progress	165.62	1.43	0.96	-	168.01
Projects temporarily suspended	-	-	-	-	-
Grand Total	**165.62**	**1.43**	**0.96**	-	**168.01**
As at 31st March 2021					
Projects in progress	23.71	3.98	-	-	27.69
Projects temporarily suspended	-	-	-	-	-
Grand Total	**23.71**	**3.98**	-	-	**27.69**
As at 31st March 2020					
Projects in progress	9.51	0.29	-	-	9.80
Projects temporarily suspended	-	-	-	-	-
Grand Total	**9.51**	**0.29**	-	-	**9.80**

There are no projects as on each reporting period where activity had been suspended. Considering the nature, there are no projects as on the reporting period which has exceeded cost as compared to its original plan or where completion is overdue

Break-up

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Land & Factory Building	163.65	18.62	3.98
Plant & Machinery	4.36	9.07	5.82
	168.01	**27.69**	**9.80**

Particulars	Land & Factory Building	Plant & Machinery	Total
Balance as at 1st April, 2019	-	**60.66**	**60.66**
Additions	8.79	95.60	104.38
Disposals/ Transfers/ Adjustments	4.81	150.44	155.24
Balance as at 31st March, 2020	**3.98**	**5.82**	**9.80**
Additions	15.54	230.30	245.84
Disposals/ Transfers/ Adjustments	0.90	227.05	227.95
Balance as at 31st March, 2021	**18.62**	**9.07**	**27.69**
Additions	166.85	112.01	278.86
Disposals/ Transfers/ Adjustments	21.82	116.72	138.54
Balance as at 31st March, 2022	**163.65**	**4.36**	**168.01**

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 2022					
Projects in progress	110.48	-	6.47	-	116.95
Projects temporarily suspended	-	-	-	-	-
Grand Total	**110.48**	-	**6.47**	-	**116.95**
As at 31st March 2021					
Projects in progress	21.43	11.33	1.41	-	34.17
Projects temporarily suspended	-	-	-	-	-
Grand Total	**21.43**	**11.33**	**1.41**	-	**34.17**
as at 31st March 2020					
Projects in progress	23.32	28.21	-	-	51.53
Projects temporarily suspended	-	-	-	-	-
Grand Total	**23.32**	**28.21**	-	-	**51.53**

Particulars	Rs
Balance as at 1st April, 2019	**28.21**
Additions	25.25
Disposals/ Transfers/ Adjustments	1.93
Balance as at 31st March, 2020	**51.53**
Additions	-
Disposals/ Transfers/ Adjustments	17.36
Balance as at 31st March, 2021	**34.17**
Additions	114.24
Disposals/ Transfers/ Adjustments	31.46
Balance as at 31st March, 2022	**116.95**

Divgi TorqTransfer Systems Limited
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Notes to the restated financial statements
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5 **Non current investments**

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Unquoted			
Equity instruments at cost			
5,000 equity shares (March 31, 2021 - 5,000, March 31, 2020 - 5,000) of Rs 10 each fully paid, held in Saraswat Co-operative Bank Limited	0.05	0.05	0.05
40,000 Equity Shares (March 31, 2021 - 40,000, March 31, 2020 - 40,000) of Rs 10 each fully paid, held in Tejal Transmission Pvt. Ltd.	0.40	0.40	0.40
Aggregate amount of Unquoted Investments	**0.45**	**0.45**	**0.45**
Others	0.01	0.01	0.01
Total	**0.46**	**0.46**	**0.46**

6 **Other non-current financial assets**

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Security Deposits	11.15	10.99	11.29
Less:Provision for doubtful deposits	(1.55)	(1.55)	(1.55)
Total	**9.60**	**9.44**	**9.74**

7 **Other non-current assets**

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Capital Advances	5.49	6.86	25.22
Total	**5.49**	**6.86**	**25.22**

(All amount in INR Millions unless otherwise stated)

8 Inventories

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Raw Materials	200.70	164.70	120.83
Work-in-Progress	95.59	97.57	88.00
Finished Goods	35.01	33.74	23.88
Less : Provision for non-moving inventory	(30.55)	(28.93)	(25.01)
Total	**300.75**	**267.08**	**207.70**
Goods in transit (included above)			
Raw Materials	29.64	19.04	11.86

9 Trade receivables

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Trade receivables	526.25	547.87	234.06
Total trade receivables	**526.25**	**547.87**	**234.06**
Current portion(net of provisions)	526.25	547.87	234.06
Non Current portion	-	-	-

Break-up for security details

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good	526.25	547.87	234.06
Trade Receivables - credit impaired	5.11	5.11	5.11
Total	**531.36**	**552.98**	**239.17**
Less:Allowance for doubtful debts	(5.11)	(5.11)	(5.11)
Total Trade Receivables	**526.25**	**547.87**	**234.06**

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

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
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Notes to the restated financial statements
(All amount in INR Millions unless otherwise stated)

Trade receivables Ageing Schedule:

Outstanding for following periods from due date of payment as at 31st March 2022

Particulars	< 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	526.25	-	-	-	-	526.25
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	5.11	5.11
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-

Outstanding for following periods from due date of payment as at 31st March 2021

Particulars	< 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	542.02	5.85	-	-	-	547.87
(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 2020

Particulars	< 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	226.16	7.90	-	-	-	234.06
(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	-	-	-	-	-	-

Divgi TorqTransfer Systems Limited
(Formerly known as Divgi TorqTransfer Systems Private Limited)
CIN No- U32201MH1964PLC013085
Notes to the restated financial statements
(All amount in INR Millions unless otherwise stated)

10 (a) Cash and cash equivalents

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	0.44	0.44	0.24
Balances with Banks -			
- In current accounts	173.09	202.43	204.99
Total	**173.53**	**202.87**	**205.23**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

10(b) Bank Balances other than cash and cash equivalents

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Long-term Deposits	1,558.72	1,384.49	1,293.67
(with maturity of more than 3 months but less than 12 months)			
Unpaid dividend account	-	1.65	0.84
Total	**1,558.72**	**1,386.14**	**1,294.51**

11 Other current financial assets

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
At amortized cost			
Interest accrued but not due on Deposits with Banks	33.99	30.61	51.80
Total	**33.99**	**30.61**	**51.80**

12 Other current assets

		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Balance with government authorities				
Considered good		3.73	33.27	25.36
Considered doubtful		3.53	3.53	3.53
Less: Provision for doubtful balances		(3.53)	(3.53)	(3.53)
	(a)	**3.73**	**33.27**	**25.36**
Advances to Suppliers				
Considered good		5.00	4.36	0.83
Considered doubtful		0.19	0.19	0.19
Less: Provision for doubtful balances		(0.19)	(0.19)	(0.19)
	(b)	**5.00**	**4.36**	**0.83**
Export incentive receivable		16.72	21.55	22.11
Prepaid Expenses		4.26	2.36	2.49
Others		12.50	-	2.24
	(c)	**33.48**	**23.91**	**26.84**
Total (a+b+c)		**42.21**	**61.54**	**53.03**

(All amount in INR Millions unless otherwise stated)

13 Share capital

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Authorised 4,00,00,000 (March 31, 2021- 886,038, March 31, 2020- 886,038) equity shares of Rs. 5 each (March 31,2021 - 100 each, March 31, 2020- 100 each)	200.00	88.60	88.60
Nil (March 31, 2021 - 153,962, March 31, 2020 - 153,962) Compulsorily Convertible Preference Shares (CCPS) of Rs, 100 each.	-	15.40	15.40
Issued, subscribed and fully paid up			
Equity Share Capital 27,532,080 (March 31, 2021- 6,88,302, March 31, 2020- 6,02,264) equity shares of Rs. 5 each (March 31,2021 - 100 each, March 31, 2020- 100 each), fully paid-up	137.66	68.83	60.23
	137.66	**68.83**	**60.23**

i) Split of equity shares -
According to a shareholders' resolution dated December 14, 2021, each equity share of the Company with a face value of Rs 100 shall be divided into 20 equity shares with a face value of Rs 5 each. As a result, a total of 6,88,302 equity shares of Rs 100 each will be divided into 1,37,66,040 equity shares of Rs 5 each.

ii) Bonus shares -
The Board of Directors and shareholders of the Company at their meeting held on December 14, 2021, have approved capitalization of the free reserves of the company for issuance of 1 bonus share for every one fully paid equity shares having face value of Rs 5 per share.

Number of equity shares as of March 31, 2021	688,302
Add: Additional shares issued due to share split from paid-up capital of Rs.100 per equity share to Rs.5 per equity share	13,077,738
Add: Bonus issue of equity shares (1 equity share for every one share held)	13,766,040

Note - The impact of above mentioned have been considered retrospectively for the purpose of calculation of basic and diluted earnings per share for all periods presented (refer note 35)

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Equity shares outstanding at the beginning of the year			
Number of shares	688,302	602,264	538,868
Amount	68.83	60.23	53.89
Add:Conversion of preference shares to equity shares (refer note (c) below)			
Number of shares	-	86,038	63,396
Amount	-	8.60	6.34
Add: Additional shares issued due to share split from paid-up capital of Rs.100 per equity share to Rs.5 per equity share	13,077,738	-	-
Add: Bonus issue of equity shares (1 equity share for every one share held)			
Number of shares	13,766,040	-	-
Amount	68.83	-	-
Equity shares outstanding at the end of the year			
Number of shares	27,532,080	688,302	602,264
Amount	137.66	68.83	60.23

(b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Term of conversion of preference shares

i) The Company,vide Shareholders and Share Subscription Agreement on 27 March 2018, issued 1,53,962 preference shares at Rs.6,495.11 per share (including premium of Rs.6,395.11 per share) to Oman India Joint Investment Joint Investment Fund II and accordingly received a sum of Rs. 1000 million

ii) As per shareholders arrangement, CCPS have been converted into equity shares in two equal tranches (in FY 2019-20 and FY 2020-21) of Rs. 500 million each based on 'Conversion Pre-money Valuation' and other conversion terms stated in the said agreement.

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(d)

Number of equity shares held by the holding company	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Divgi Holding Pvt. Ltd	15,782,680	394,567	393,867
Total	15,782,680	394,567	393,867

(e) **Details of shareholders holding more than 5% of shares in the Company**

Equity Shares

		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
	Name of the shareholder			
i)	Divgi Holding Pvt. Ltd			
	No. of shares	15,782,680	394,567	393,867
	%	57.32%	57.32%	65.40%
ii)	NRJN Family Trust			
	No. of shares	2,394,720	59,868	59,868
	%	8.70%	8.70%	9.94%
iii)	Oman India Joint Investment Fund II			
	No. of shares	5,977,360	149,434	63,396
	%	21.71%	21.71%	10.53%

(f) **Promoter Shareholding**

Shareholding of promoters as on 31 March 2022 (Face value of Rs 5 each)

Promoter name	As at 31 March 2022		
	Number	% holding	% change during the period
Equity shares			
Mr. Jitendra Divgi	327,840	1.19%	No Change
Mr. Hirendra Divgi	329,720	1.20%	No Change
M/S Divgi Holdings Private Limited	15,782,680	57.32%	No Change
Mr. Jitendra Divgi Jointly with Divgi Holding Pvt. Ltd	402,840	1.46%	No Change
Mr. Hirendra Divgi Jointly with Divgi Holding Pvt. Ltd	402,760	1.46%	No Change
Total	**17,245,840**	**62.64%**	

Shareholding of promoters as on 31 March 2021 (Face value of Rs 100 each)

Promoter name	As at 31st March, 2021		
	Number	% holding	% change during the period
Equity shares			
Mr. Jitendra Divgi	8,196	1.19%	-0.17%
Mr. Hirendra Divgi	8,243	1.20%	-0.17%
M/S Divgi Holdings Private Limited	394,567	57.32%	-8.07%
Mr. Jitendra Divgi Jointly with Divgi Holding Pvt. Ltd	10,071	1.46%	-0.21%
Mr. Hirendra Divgi Jointly with Divgi Holding Pvt. Ltd	10,069	1.46%	-0.21%
Total	**431,146**	**62.64%**	**-8.83%**

Shareholding of promoters as on 31 March 2020 (Face value of Rs 100 each)

Promoter name	As at 31st March, 2020		
	Number	% holding	% change during the period
Equity shares			
Mr. Jitendra Divgi	8,196	1.36%	-0.16%
Mr. Hirendra Divgi	8,243	1.37%	-0.16%
M/S Divgi Holdings Private Limited	393,867	65.40%	-7.69%
Mr. Jitendra Divgi Jointly with Divgi Holding Pvt. Ltd	10,071	1.67%	-0.20%
Mr. Hirendra Divgi Jointly with Divgi Holding Pvt. Ltd	10,069	1.67%	-0.20%
Total	**430,446**	**71.47%**	**-8.41%**

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14 Other equity

		As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Reserves and surplus				
Capital reserve	(a)	7.37	7.37	7.37
Securities Premium				
Balance as at the beginning of the year		1,248.09	756.70	263.04
Premium on conversion of CCPS from financial liability into equity shares		-	491.39	493.66
Bonus shares issued		(68.83)	-	-
Balance as at the end of the year	(b)	1,179.26	1,248.09	756.70
Retained earnings				
Balance as at the beginning of the year		1,634.47	1,240.14	1,010.48
Profit for the year		461.51	380.44	280.39
Transfer from other equity component of compound financial instrument to retained earnings		-	30.89	-
Dividend paid		(21.21)	(17.22)	(40.28)
Tax on dividend		-	-	(8.28)
Remeasurement of defined benefit obligations, net of tax		1.09	0.22	(2.17)
Balance as at the end of the year	(c)	2,075.86	1,634.47	1,240.14
Equity component of compound financial instrument	(d)	-	-	30.89
Total Reserves and Surplus (a+b+c+d)		3,262.49	2,889.93	2,035.10

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 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.

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15 Borrowings

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Non- current			
(Secured)			
Term Loans (Refer note (a) below)			
From Banks	0.85	2.20	3.52
Less:Current Maturities	(0.85)	(1.21)	(1.60)
	-	**0.99**	**1.92**
(Unsecured)			
Loan from Divgi Holding Pvt. Ltd.*	0.35	0.35	0.35
	0.35	**1.34**	**2.27**

* 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 0.85 Mn (March 31, 2021 Rs.2.20 Mn, March 31, 2020 Rs.3.52 Mn) from The Saraswat Co-operative Bank Limited. The loan is secured by first charge on vehicles (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 @8.65%p.a.

16 Lease liabilities

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Current	2.04	5.41	4.40
Non-current	1.52	3.26	3.05
Total	**3.56**	**8.67**	**7.45**

17 Long term provision

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Gratuity (Refer note 33)	9.53	9.88	7.04
Compensated Absences	38.23	38.60	37.37
Total	**47.76**	**48.48**	**44.41**

18 Deferred Tax Assets/ Deferred Tax (Liabilities) (Net)

Particulars	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Asset on account of:			
Provision for doubtful debts, inventory,advances	10.30	9.90	8.91
Employee Benefit	16.62	15.63	14.29
Other Timing difference	1.49	1.15	1.32
	28.41	**26.68**	**24.52**
Deferred Tax Liability on account of:			
Property, plant and equipment and Intangible assets	33.57	33.74	30.24
	33.57	**33.74**	**30.24**
Net deferred tax assets/(Liabilities)	**(5.16)**	**(7.06)**	**(5.72)**

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19 Borrowings

Particulars	**As at 31st March, 2022**	**As at 31st March, 2021**	**As at 31st March, 2020**
Current*			
Secured loans from banks, repayable on demand	-	-	0.19
Current Maturities of long term debt			
-6.5% compulsorily convertible preference shares (Refer note (a) below)	-	-	500.00
-Term loan from bank	0.85	1.21	1.60
Total short term borrowings	**0.85**	**1.21**	**501.79**

*There is no loan to or from promoter

(a) On 3rd May 2018 the Company had allotted 1,53,962 compulsory Convertible Preference Shares (CCPS) at issue price of Rs.6,495.11 per CCPS including premium of Rs.6,395.11/- at Face value Rs.100/- for total amount invested Rs.100 crores by Oman India Investment Fund II. The preference shares are convertible in two tranches, Pursuant to shareholders agreement dated 27 March, 2018, 50% of the preference shares issued to Oman India Joint Investment Fund II are converted into equity shares in FY 2019-20 and remaining 50% converted into equity shares in FY 2020-21 as per conversion terms stated in the said agreement. Accordingly, the Company has converted 76,981 preference shares into 63,396 equity shares in FY 2019-20 & 76,981 preference shares into 86,038 equity shares in FY 2020-21. Equity component of such shares are recorded in other equity.

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20 Trade payables

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro and small enterprises	13.25	6.82	4.11
Total outstanding dues of creditors other than micro and small enterprises*	383.22	391.67	227.54
Total	**396.47**	**398.49**	**231.65**

*refer note 34 for related party balances

Trade payable ageing schedules

As at March 31, 2022	Outstanding for following periods from due date of payment					
Particulars	Unbilled Dues	Less than 1 year	1-2 Years	2-3 Years	More Than 3 Years	Total
Total outstanding dues of micro enterprises and small enterprises	-	13.25	-	-	-	13.25
Total outstanding dues of creditors other than micro enterprises and small enterprises	190.47	185.40	7.35	-	-	383.22
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-

As at March 31, 2021	Outstanding for following periods from due date of payment					
Particulars	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	-	6.82	-	-	-	6.82
Total outstanding dues of creditors other than micro enterprises and small enterprises	154.59	232.93	4.15	-	-	391.67
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-

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As at March 31, 2020	Outstanding for following periods from due date of payment					
Particulars	**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	-	4.11	-	-	-	**4.11**
Total outstanding dues of creditors other than micro enterprises and small enterprises	92.33	115.09	16.14	3.98	-	**227.54**
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.

	As at 31st March, 2022	**As at 31st March, 2021**	**As at 31st March, 2020**
Amount outstanding as at on account of:			
Principal amount	12.11	5.78	3.10
Interest due thereon	0.02	0.05	0.08
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	32.28	10.26	12.67
Interest due on principal amounts paid beyond the due date during the year	0.15	0.05	0.05
Interest accrued but not paid	1.14	1.03	1.01

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21 Other current financial liabilities

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Salaries and benefits payable	83.28	102.21	73.30
Capital creditors	0.97	18.96	13.14
Unclaimed dividend*	-	1.65	0.84
Other	5.40	4.50	4.50
Total	**89.65**	**127.32**	**91.78**

* The same was not due for deposit to Investor Education and Protection Fund in the year ended 31 March 2021 and 31 March 2020.

22 Other Current liabilities

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Advances from Customers	10.06	0.80	5.21
Other Statutory Liabilities	18.73	2.92	2.73
Total	**28.79**	**3.72**	**7.94**

23 Short term provision

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Gratuity (Refer Note 33)	6.07	5.57	5.81
Compensated Absences	7.67	3.95	1.51
Super Annuation	3.27	8.45	5.57
Warranties (Note a)	4.21	2.87	1.74
Provision for derivative losses	-	-	1.80
Total	**21.22**	**20.84**	**16.43**

Movement in warranty provisions

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning as on 1 April	2.87	1.74	1.76
Additional provision recognised	1.50	1.21	0.97
Paid/Utilised during the year	(0.16)	(0.08)	(0.99)
Closing balance at the year end March 31	**4.21**	**2.87**	**1.74**

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)

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Provision for Current Taxation	59.74	52.93	32.23
Total	**59.74**	**52.93**	**32.23**

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25 Revenue from operations

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from sale of products	2,250.80	1,794.44	1,523.33
Revenue from services	-	-	1.64
Revenue from sale of tools	32.27	20.56	22.19
	2,283.07	**1,815.00**	**1,547.16**
Other Operating Revenue			
Sale of Scrap	19.30	13.97	8.58
Export incentives	35.40	36.78	34.91
Total	**2,337.77**	**1,865.75**	**1,590.65**

26 Other Income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income	64.43	79.80	91.89
Rental Income	2.41	2.41	2.41
Vendor liabilities no longer required written back	0.32	1.66	-
Gain on foreign exchange fluctuation (net)	12.64	-	21.82
Profit on sale of fixed assets (net)	-	0.26	-
Miscellaneous Income	1.17	0.37	0.63
Total	**80.97**	**84.50**	**116.75**

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27 Cost of raw material and components consumed

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Raw Materials and Components Consumed			
Inventories at the beginning of the year	135.77	95.81	64.14
Add: Purchases	969.98	729.00	592.16
	1,105.75	824.81	656.30
Inventories at the end of the year	170.14	135.77	95.81
Total	**935.61**	**689.04**	**560.49**

28 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Opening Stock			
Work-in-Progress	97.57	88.00	110.77
Finished Goods	33.74	23.88	22.69
Closing Stock			
Work-in-Progress	95.59	97.57	88.00
Finished Goods	35.01	33.74	23.87
Total	**0.71**	**(19.43)**	**21.59**

29 Employee Benefits Expense

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, Wages and Bonus	197.59	194.85	174.51
Contribution to Provident and Other Funds	15.73	15.18	14.65
Staff Welfare Expenses	12.10	7.70	7.33
Total	**225.42**	**217.73**	**196.49**

30 Finance Costs

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Loan	0.21	0.32	0.82
Interest on Preference Shares (Refer note 44A (b))	-	-	41.28
Interest Others	1.45	1.52	2.49
Total	**1.66**	**1.84**	**44.59**

31 Depreciation and amortization expense

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (note 4 (a))	103.36	69.72	58.61
Depreciation of right-of-use assets (note 4 (b))	4.81	4.44	3.78
Amortization of intangible assets (note 4 (c))	5.74	1.93	1.50
Total	**113.91**	**76.09**	**63.89**

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32A Other Expenses

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of Stores and Spare Parts	82.45	67.01	66.73
Contract Labour Charges	91.72	77.99	73.35
Machining and development charges	96.75	87.21	109.83
Development Expenditure written off	-	42.86	-
Power and Fuel	37.68	26.36	28.19
Rent [Refer Note 36]	2.21	2.24	3.17
Repairs and Maintenance	-	-	-
Buildings	2.47	1.93	0.95
Plant and Machinery	23.57	18.88	18.05
Others	9.52	5.67	5.79
Insurance	4.42	3.67	2.41
Rates and Taxes	3.30	1.47	6.35
Legal and Professional Charges	41.87	33.96	29.63
Auditors' Remuneration [Refer Note 32A(a)]	1.15	1.15	1.15
Corporate Social Responsibility[Refer Note 32A(b)]	10.00	8.83	8.30
Travelling and Conveyance	9.32	6.89	20.48
Printing and Stationery	2.77	2.00	2.90
Royalty	52.59	30.68	14.80
Warranty	1.50	1.21	0.97
Housekeeping Expenses	2.46	2.25	2.28
Freight and Forwarding	19.91	11.87	10.62
Testing & Inspection Charges	5.23	6.11	6.35
Provision for Doubtful Debts/Advances	-	-	2.81
Warehouse Expenses	2.60	5.72	7.85
Security Charges	4.71	4.64	4.59
Bank charges	2.33	1.65	1.77
Engineering and project services	3.46	2.13	1.50
Loss on foreign exchange fluctuation (net)	-	2.23	-
Provision for mark to market losses on derivatives	-	-	1.81
Communication Expenses	2.91	2.08	3.10
Exhibition & Conference Charges	1.82	0.24	5.59
Miscellaneous Expenses	1.18	0.49	1.41
Total	519.90	459.42	442.73

(a) Payment to auditors

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
As auditor			
As auditors	1.00	1.00	1.00
As tax auditor	0.15	0.15	0.15
Total	**1.15**	**1.15**	**1.15**

(b) Corporate Social Responsibility (CSR)

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Gross amount required to be spent by the Group during the period/year as per Section 135 of the Act	10.00	9.14	8.45
Amount spent during the year on:			
(i) Construction/acquisition of an asset	-	-	-
(ii) On purposes other than (i) above (Education & Health)	10.00	9.29	8.30
a.included in other expenses(includes provision of unspent amount	10.00	8.83	8.30
b.administrative expenses Included In employee benefit expenses	0.48	0.46	-
	10.48	**9.29**	**8.30**
Amount yet to be spent	**(0.48)**	**(0.14)**	**0.15**
Reason for Shortfall	**Not Applicable**	**Not Applicable**	**Spent in later years**

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32B Income tax expense

a) Income tax expenses

(i) Statement of Profit and Loss section	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	162.30	143.85	111.39
Deferred tax	(2.28)	1.27	(14.16)
Total income tax expense recognised in the Statement of Profit and Loss	**160.02**	**145.12**	**97.23**

(ii) Other Comprehensive Income (OCI) section	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Deferred tax related to items			
-Net gain or loss on remeasurements of defined benefit plans	0.36	0.07	(0.73)
Total income tax expense recognised in Other Comprehensive Income	**0.36**	**0.07**	**(0.73)**

b) Reconciliation of effective tax rate

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	621.53	525.56	377.62
At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.17%	156.44	132.28	95.04
- Development expenses written off	-	10.79	-
- Others (includes Donations & Other permanent differences)	3.58	2.05	2.19
Effective tax	160.02	145.12	97.23
Income tax expense reported in the Statement of profit and loss	160.02	145.12	97.23

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33 Gratuity

A. Defined contribution plans

The Company has recognised the following amounts in the Statement of Profit and Loss during the year:

	March 31, 2022	March 31, 2021	March 31, 2020
Contribution to Employees Provident Fund	8.95	7.31	7.74
Contribution to Superannuation Fund	3.43	2.68	2.43
	12.38	**9.99**	**10.17**

B. Defined benefit plan

The following figures are as per acturial valuation, as at balance sheet date, carried out by an independent actuary.

i. Changes in the Present Value of Obligation

	March 31, 2022	March 31, 2021	March 31, 2020
(a) Opening defined benefit obligation	38.83	36.82	30.39
(b) Interest Cost	2.66	2.51	2.35
(c) Current Service Cost	2.95	2.98	2.58
(d) Benefit Paid	(1.44)	(1.65)	(1.28)
(e) Actuarial (Gain)/Loss	(1.45)	(1.83)	2.78
Closing defined benefit obligation	**41.55**	**38.83**	**36.82**

ii. Changes in the Fair value of Plan Assets

	March 31, 2022	March 31, 2021	March 31, 2020
(a) Opening fair value of plan assets	23.38	23.97	20.78
(b) Expected Return on Plan Assets	3.22	1.64	1.61
(c) Actuarial Gain/ (Loss)	0.00	(1.54)	(0.11)
(d) Employers Contribution	0.13	0.05	1.84
(e) Benefit Paid	(0.78)	(0.74)	(0.15)
Closing fair value of plan assets *	**25.95**	**23.38**	**23.97**

* 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)

	March 31, 2022	March 31, 2021	March 31, 2020
(a) Present Value of Benefit Obligation	41.55	38.83	36.82
(b) Fair Value of Plan Assets	(25.95)	(23.38)	(23.97)
(c) Net (Asset)/Liability recognised in the Balance Sheet	**15.60**	**15.45**	**12.85**

(All amount in INR Millions unless otherwise stated)

iv. Expenses recognised in the Statement of Profit and Loss

	March 31, 2022	March 31, 2021	March 31, 2020
(a) Current Service Cost	2.95	2.98	2.58
(b) Interest Cost	2.66	2.51	2.35
(c) Expected Return on Plan Assets	(3.22)	(1.64)	(1.61)
(d) Net actuarial (Gain)/Loss	(1.45)	(0.29)	2.90
Total Expenses recognised in the Statement of Profit and Loss	**0.94**	**3.56**	**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).

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. Principal actuarial assumptions used as at the balance sheet date

	March 31, 2022	March 31, 2021	March 31, 2020
(a) Discount Rate	6.96%-7.23%	6.57%-6.85%	6.56%-6.83%
(b) Expected Rate of Return on Plan Assets	0.00 % - 7.23%	0.00 % - 6.85%	0.00 % - 6.83%
(c) Salary Escalation Rate	5% - 10%	5% - 10%	5% - 10%
(d) Attrition rate	5.00%	5.00%	5% - 10%

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 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Defined Benefit Obligation	41.55	38.83	36.82
Plan Asset	25.95	23.38	23.97
Surplus / Deficit	15.60	15.45	12.85
Experience adjustments in plan liabilities	(0.20)	(1.76)	0.03
Experience adjustments in plan assets	0.00	(1.54)	(0.11)
x. **Current and Non-Current Liability**			
Current Liability	6.07	5.57	5.81
Non-Current Liability	9.53	9.88	7.04
	15.60	**15.45**	**12.85**

xi. Expected contribution to the gratuity fund in the next year

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Gratuity	5.46	4.94	4.93

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34. Related Party Disclosures

(a) List of related parties

Parties where control exists
Divgi Holding Private Limited, Holding Company

Key Management Personnel
Mr. Jitendra B. Divgi, Managing Director
Mr. Hirendra B. Divgi, Executive Director
Mr. Sudhir Mirjankar, Chief Financial Officer
Ms. Meenal Barhate, Company Secretary

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 Holding Private Limited

(b) Transactions during the year :

		31-Mar-22	31-Mar-21	31-Mar-20
(i)	**Machine and Development charges**			
	Divgi Transmission Systems & Technologies Private Limited	32.81	25.44	28.68
		32.81	**25.44**	**28.68**
(ii)	**Rent expense***			
	Divgi Holding Private Limited	4.62	4.62	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.

		31-Mar-22	31-Mar-21	31-Mar-20
(iii)	**(a) Remuneration - Key Management Personnel**			
	Mr. Hirendra Divgi	11.68	9.35	7.48
	Mr. Jitendra B. Divgi	23.38	18.70	14.96
	Mr. Sudhir Mirjankar	2.85	2.43	2.43
	Ms. Meenal Barhate	1.18	-	-
		39.09	**30.48**	**24.87**
	(b) Remuneration - Relatives of Key Management Personnel			
	Mr. Arjun J. Divgi	0.22	0.08	-
	Ms. Jyothi Bharat Divgi	0.48	0.48	0.48
		0.70	**0.56**	**0.48**
(iv)	**Rent Income**			
	Divgi Holding Private Limited	0.01	0.01	0.01
	Divgi Transmission Systems & Technologies Private Ltd	2.40	2.40	2.40
		2.41	**2.41**	**2.41**
	(c) Amounts outstanding			
(i)	**Trade Payable**			
	Divgi Transmission Systems & Technologies Private Ltd	7.72	8.90	8.06
	Divgi Holding Private Limited	0.65	0.65	0.64
		8.37	**9.55**	**8.70**
(ii)	**Trade Receivables**			
	Divgi Transmission Systems & Technologies Private Ltd	2.63	2.68	2.76
	Divgi Holding Private Limited	0.25	0.26	0.00
		2.88	**2.94**	**2.76**
(v)	**(a) Remuneration Payable - Key Management Personnel**			
	Mr. Hirendra Divgi	5.66	2.53	3.62
	Mr. Jitendra B. Divgi	11.29	5.06	7.23
	Mr. Sudhir Mirjankar	0.69	0.73	0.73
	Ms. Meenal Barhate	0.17	-	-
		17.81	**8.32**	**11.58**
	(b) Remuneration Payable - Relatives of Key Management Personnel			
	Mr. Arjun J. Divgi	0.02	0.02	-
	Ms. Jyothi Bharat Divgi	0.04	0.04	-
		0.06	**0.06**	**-**

		Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
35	**Earnings per share**			
	Basic earnings per equity share of Rs. 5 Each			
	Restated net profit/(loss) for calculation of EPS	461.51	380.44	280.39
	Weighted average number of equity shares (Number in millions) [Refer Note 35(a)]	27.53	27.53	24.09
	Basic earnings per share (in Rupees)	16.76	13.82	11.64
	Diluted earnings per equity share of Rs. 5 Each			
	Restated net profit/(loss) for calculation of EPS	461.51	380.44	280.39
	Weighted average number of equity shares (Number in millions)	27.53	27.53	27.53
	Diluted earnings per share (in Rupees)	16.76	13.82	10.18

(a) Weighted average number of equity shares

Particulars (Nos.)	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Equity Shares	27,532,080	688,302	602,264
Add: Additional shares issued due to share split from paid-up capital of Rs.100 per equity share to Rs.5 per equity share *(Pursuant to resolution passed by the shareholders on December 14, 2021 and by Board of Directors of the Company on December 10 , 2021 the Company has sub-divided the face value of its equity shares from Rs. 100 each to Rs. 5 each.)*	-	13,077,738	11,443,016
Add: Bonus issue of equity shares *(Pursuant to Board and Shareholders' resolutions dated December 14, 2021 respectively, Company has issued bonus shares to the existing shareholder of the Company in the ratio of 1:1.)*	-	13,766,040	12,045,280
Weighted average number of equity shares	**27,532,080**	**27,532,080**	**24,090,560**

(All amount in INR Millions unless otherwise stated)

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 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
At the beginning of the year	8.67	7.45	11.22
Additions	-	5.87	-
Payments made	5.11	4.65	3.77
As at lease liabilities	**3.56**	**8.67**	**7.45**
Current portion	2.04	5.41	4.40
Non-current portion	1.52	3.26	3.05
Total	**3.56**	**8.67**	**7.45**

Details of amounts recognised in statement of profit and loss

	March 31, 2022	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	4.81	4.44	3.78
Interest expense on lease liabilities(included in finance cost-Interest others)	0.54	0.67	0.86
Expense relating to short-term leases (included in other expenses)	2.21	2.24	3.17
Lease payments recognised in the Statement of Profit and Loss during the year	7.56	7.35	7.81

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.

	March 31, 2022	March 31, 2021	March 31, 2020
Lease income received for the year	2.41	2.41	2.41

		As at 31st March, 2022	As at March 31, 2021	As at March 31, 2020
37	**Contingent liabilities**			
	Bills discounted	23.65	33.75	0.92
	Sales tax matter (Including interest & penalty)	0.24	0.24	0.24
	Claims against the Company, not acknowledged as debts			
	Dues related to employees	20.26	21.68	21.68
	Others	5.20	5.20	5.20
		49.35	**60.87**	**28.04**

		As at 31st March, 2022	As at March 31, 2021	As at March 31, 2020
38	Estimated amount of contracts remaining to be executed (net of advance payments)	507.11	141.69	303.86

(All amount in INR Millions unless otherwise stated)

39.Segment Reporting

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations			
Sale of products	2,250.80	1,794.44	1,523.33
Sale of tools	32.27	20.56	22.19
Income from services	-	-	1.64
Other operating revenue			
- Scrap sales	19.30	13.97	8.58
- Export benefits	35.40	36.78	34.91
	2,337.77	**1,865.75**	**1,590.65**

(a) Details of sale of products

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Transfer cases	1,531.80	873.64	498.36
Transmission components	668.10	897.44	994.40
Auto locking hubs	50.90	23.36	30.57
	2,250.80	**1,794.44**	**1,523.33**

(b) Earnings in foreign exchange

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Export of goods calculated on FOB basis	591.94	899.43	792.57
Income from services	-	-	-
	591.94	**899.43**	**792.57**

(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 March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Segment Revenue (net)			
Domestic	1,745.83	966.32	798.08
Export	591.94	899.43	792.57
	2,337.77	**1,865.75**	**1,590.65**

	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020
Segment Assets			
Domestic	462.10	375.22	123.41
Export	64.15	172.65	110.65
	526.25	**547.87**	**234.06**

Note: The Company's tangible assets other than trade receivable considered above are located entirely in India.

(All amount in INR Millions unless otherwise stated)

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 31st March, 2022	As at March 31, 2021	As at March 31, 2020
Trade receivables	526.25	547.87	234.06
Other financial assets	43.59	40.05	61.54
Cash and cash equivalents	173.53	202.87	205.23
Bank balances other than cash and cash equivalents (includes fixed deposits with	1,558.72	1,386.14	1,294.51
Total	**2,302.09**	**2,176.93**	**1,795.34**
Current assets	2,292.49	2,167.49	1,785.60
Non-current assets	9.60	9.44	9.74
Total	**2,302.09**	**2,176.93**	**1,795.34**

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 31st March, 2022	As at March 31, 2021	As at March 31, 2020
Borrowings	1.20	2.55	504.06
Trade payable	396.47	398.49	231.65
Other liabilities (includes lease obligations)	93.21	136.00	99.25
Total	**490.88**	**537.04**	**834.96**
Current liabilities	489.02	532.44	829.64
Non current liabilities	1.86	4.60	5.32
Total	**490.88**	**537.04**	**834.96**

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Particulars	Fair Value Hierarchy (Level)	Fair Value		
		As at 31st March, 2022	As at March 31, 2021	As at March 31, 2020
Financial assets				
Investments				
Equity instruments	3	0.45	0.45	0.45
Financial liabilities				
Derivative financial liabilities	2	-		1.80

There has been no transfer between Level 1 and Level 2 during the year and during the previous year.

41 (a) Financial risk management

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

Risk is inherent in the Company's activities but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2022, years ended March 31, 2021 and March 31, 2020. 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.

a 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.

(All amount in INR Millions unless otherwise stated)

b 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.

(b)Particulars of hedged and unhedged foreign currency exposures as at the reporting date:

Particulars	Currency	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
		Foreign Currency	INR	Foreign Currency	INR	Foreign Currency	INR
Hedged foreign currency exposures Forward contracts	USD	-	-	-	-	0.60	43.86
Unhedged foreign currency exposures							
Trade Receivables	EUR	0.05	4.19	0.15	13.11	0.00	0.06
	USD	0.95	72.18	2.45	176.84	1.43	107.86
	CHF	0.02	1.32	0.02	1.50	-	-
	GBP	0.00	0.03	-	-	-	-
Bank Balance	USD	0.25	19.25	1.14	82.75	0.86	64.85
	EUR	0.00	0.15				
Trade Payables	EUR	0.05	4.15	0.14	12.05	0.03	2.42
	USD	0.53	40.69	0.44	31.68	0.16	11.84
	CHF	0.01	0.63	0.01	0.84	-	-
	GBP	-	-	0.00	0.01	0.00	0.00
Net Exposure	EUR	0.00	0.10	(0.01)	(1.05)	0.63	2.36
Net Exposure	USD	(0.67)	(50.74)	(3.15)	(227.91)	(1.53)	(117.00)
Net Exposure	CHF	(0.01)	(0.69)	(0.01)	(0.65)	-	-
Net Exposure	GBP	(0.00)	(0.03)	0.00	0.01	0.00	0.00

(All amount in INR Millions unless otherwise stated)

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, CHF, GBP and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives not designated as cash flow hedge and foreign currency derivatives with underlying foreign currency monetary assets/liabilities designated as cash flow hedge. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

Impact on profit before tax	Impact on profit before tax		
	March 31, 2022	March 31, 2021	March 31, 2020
EURO Sensitivity			
INR/ EURO - Increase by 1%	(0.00)	0.01	(0.02)
INR/ EURO - Decrease by 1%	0.00	(0.01)	0.02
USD Sensitivity			
INR/ USD - Increase by 1%	0.51	2.28	1.17
INR/ USD - Decrease by 1%	(0.51)	(2.28)	(1.17)
CHF Sensitivity			
INR/ CHF - Increase by 1%	0.01	0.01	-
INR/ CHF - Decrease by 1%	(0.01)	(0.01)	-
GBP Sensitivity			
INR/ GBP - Increase by 1%	0.00	(0.00)	(0.00)
INR/ GBP - Decrease by 1%	(0.00)	0.00	0.00

Favourable impact shown as positive and adverse impact as negative.

The exposure to other foreign currencies is not significant to the Company's financial statements.

II Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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, 2022, March 31, 2021, March 31, 2020 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.

(All amount in INR Millions unless otherwise stated)

(i) Maturities of financial liabilities-

The tables below summarises the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

March 31, 2022	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	0.85	0.35	-
Trade Payables	396.47	-	-
Other financial liabilities			
Lease obligation	2.04	1.52	-
Other payables	89.65	-	-

March 31, 2021	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	1.21	1.34	-
Trade Payables	398.49	-	-
Other financial liabilities			
Unclaimed dividend	1.65	-	-
Lease obligation	5.41	3.26	-
Other payables	125.67	-	-

March 31, 2020	< 1 year	1 to 3 years	> 3 years
Non- derivative			
Borrowings	501.78	2.27	-
Trade Payables	231.65	-	-
Other financial liabilities			
Unclaimed dividend	0.84	-	-
Lease obligation	4.40	3.05	-
Other payables	90.94	-	-

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42A Disclosure of ratios

Sr. No	Particulars	As at March 31, 2022	March 31, 2021	March 31, 2020
	Financial Ratios			
1	Current Ratio	4.40	4.09	2.31
	% Change from previous year	**7.6%**	**77.2%**	
	Reason for Variance more than 25%:	Refer note below	Owing to increase in current assets	
2	Debt-Equity Ratio	0.00	0.00	0.24
	% Change from previous year	**0.0%**	**-99.2%**	
	Reason for Variance more than 25%:	Refer note below	Owing to reduction in borrowings	
3	Debt Service Coverage Ratio	90.79	67.02	54.32
	% Change from previous year	**35.5%**	**23.4%**	
	Reason for Variance more than 25%:	Owing to increase in EBITDA and reduction in Finance cost	Refer note below	
4	Return on Equity	14.52%	15.05%	16.20%
	% Change from previous year	**-3.5%**	**-7.1%**	
	Reason for Variance more than 25%:	Refer note below	Refer note below	
5	Inventory turnover ratio	8.23	7.86	7.85
	% Change from previous year	**4.8%**	**0.1%**	
	Reason for Variance more than 25%:	Refer note below	Refer note below	
6	Trade Receivables turnover ratio	4.35	4.77	5.18
	% Change from previous year	**-8.8%**	**-7.9%**	
	Reason for Variance more than 25%:	Refer note below	Refer note below	
7	Trade Payables turnover ratio	5.88	5.92	7.29
	% Change from previous year	**-0.7%**	**-18.7%**	
	Reason for Variance more than 25%:	Refer note below	Refer note below	
8	Net capital turnover ratio	5.52	5.96	5.46
	% Change from previous year	**-7.3%**	**9.1%**	
	Reason for Variance more than 25%:	Refer note below	Refer note below	
9	Net profit ratio	19.08%	19.51%	16.42%
	% Change from previous year	**-2.2%**	**18.8%**	
	Reason for Variance more than 25%:	Refer note below	Refer note below	
10	Return on Capital employed	18.30%	17.76%	16.20%
	% Change from previous year	**3.1%**	**9.6%**	
	Reason for Variance more than 25%:	Refer note below	Refer note below	

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11	Return on investment	4.38%	5.96%	7.58%
	% Change from previous year	-26.6%	-21.4%	
	Reason for Variance more than 25%:	Owing to reduction in bank fixed deposits rates	Refer note below	
12	Return on Invested Capital	33.41%	32.41%	29.84%
	% Change from previous year	3.1%	8.6%	
	Reason for Variance more than 25%:	Refer note below	Refer note below	

Note: Since the change in ratio is less than 25%, no explanation is required to be disclosed.

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 over Prinicipal + 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 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).

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42B The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Sr. No	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1	Earnings per share (Basic and Diluted)			
	-Basic	16.76	13.82	11.64
	-Diluted	16.76	13.82	10.18
2	Return on net worth	14.52%	15.05%	16.20%
3	Net Asset Value per share	123.50	107.47	86.98
4	EBITDA	656.13	518.99	369.35

Notes: The ratios have been computed as under:

1. Basic and diluted EPS: Restated profit for the year/period attributable to equity shareholders of the Company divided by total weighted average number of equity shares outstanding at the end of the year/period. Basic and diluted EPS are computed in accordance with Ind AS 33 - Earnings per share.
2. Return on net worth (%) = Restated profit for the year/ / Restated net worth as at year end
3. Net asset value per share (₹) = Net worth as at year end/ Number of equity shares outstanding at end of the year
4. EBITDA' has been calculated as Restated profit/ (loss) before tax + finance cost + depreciation & amortization - Other Income. EBITDA has been derived from the restated financial information of the Company.

42C Compound Annual Growth Rate

Sr. No	Particulars	CAGR (From FY2020 to FY2022)
1	**Revenue from operations**	**21.23%**
2	**EBITDA**	**33.28%**
3	**PAT**	**28.30%**

(All amount in INR Millions unless otherwise stated)

42C 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, 2022, March 31, 2021 and March 31, 2020 Capital represents equity attributable to equity holders of the Company.

	March 31, 2022	March 31, 2021	March 31, 2020
Borrowings (Non Current)	0.35	1.34	2.27
Trade payables	396.47	398.49	231.65
Book overdraft	-	-	0.19
Less: Cash and cash equivalents(includes deposits with maturity of more than 3 months but less than 12	(1,558.72)	(1,384.49)	(1,293.67)
Net (surplus) / debt (A)	**(1,161.90)**	**(984.66)**	**(1,059.56)**
Equity	3,400.15	2,958.76	2,095.33
Capital and net debt (B)	**2,238.25**	**1,974.10**	**1,035.77**
Gearing ratio (1:(B/A))	**1 : -1.93**	**1 : -2.00**	**1 : -0.98**

43 Proposed Dividend

The final dividend proposed for the year is as follows:

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Dividend			
On Equity Shares			
Amount of Dividend	92.31	21.21	15.66
Dividend per Equity Share	Rs. 3.34 per share	Rs. 30.82 per share	Rs. 26.00 per share
Face Value of Share	Rs. 5.00 per share	Rs. 100.00 per share	Rs. 100.00 per share
On Preference Shares			
Amount of Dividend	-	-	1.57
Dividend per Preference Share	-	-	Rs. 20.34 per share
Face Value of Share	-	-	Rs. 100.00 per share

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44A First-time adoption of Ind AS

Transition to Ind AS

The accounting policies as stated above in Note 2 above have been applied in preparing the financial statements for the year ended 31 March, 2022, the financial statements for the year ending 31 March, 2021,the financial statements for the year ending 31 March, 2020.

An explanation of how the transition from Previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables.

Reconciliation of total equity as at March 31, 2020 and April 1, 2019

	Description	March 31, 2020	April 1, 2019
	Total Equity as per previous GAAP	2,596.04	2,335.53
	Ind-AS Adjustments [Increase in Equity/ (Decrease in Equity)]		
i.	Transition Impact of Lease as per IND AS 116 (net of tax)	(0.71)	(0.76)
ii	Classification of CCPS into financial liability (as per the principles of Ind AS 32)	(469.11)	(969.11)
iii.	Finance cost related to CCPS	(41.28)	-
iv.	Deferred Tax on above	10.39	-
	Total Ind-AS adjustments	**(500.71)**	**(969.87)**
	Total Equity as per Ind-AS	**2,095.33**	**1,365.66**

Reconciliation of total comprehensive income for the year ended March 31, 2020

	Description	Year ended March 31, 2020
	Net profit after tax under previous GAAP	**309.06**
	Ind AS adjustments [Increase in profits / (decrease in profits)]	
i.	Actuarial loss transferred to OCI	2.17
ii.	Finance cost related to CCPS considered as Financial Liability as per the principles of Ind AS 32	(41.28)
iii.	Impact on account of IND AS 116	0.05
iv.	Tax impact of above adjustments	10.39
	Total of adjustments	**(28.67)**
	Net Profit after tax as per Ind-AS	**280.39**
	Other Comprehensive Income (net of taxes)	(2.17)
	Total Comprehensive Income as per Ind-AS	**278.22**

Notes to above re-conciliations

a The Company has taken land and office building and warehouse on lease tenure which is more than 3 years. Based on the principles of Ind AS 116, the 'Right to use of an Assets (RUA)' and Lease obligations (LO) are recorded on the date of transition/transaction (whichever is later) for long term leases. The difference between RUA and LO are considered as an adjustment to equity/profit and loss. For the purpose of preparing restated financial statement, Ind AS 116 has been applied retrospectively with effect from 01 April, 2018 using the same accounting policy choices (transition option as per Ind AS 116).

b The compulsorily convertible preference shares issued to Oman Oman India Investment Fund II for Rs. 100 crores are compound financial instruments. Accordingly, on initial recognition, the fair value of the instrument will be bifurcated into liability and equity component:
• The fair value of the liability component on initial recognition is determined as the present value of the eventual redemption amount discounted at the market rate of return (considered 9%) and resultant Rs. 95.87 crore are considred as Financial Liability as on 1 April 2019. During 2019-20, liability of Rs. 50 crore are converted into equity (as per shareholders agreement coversion of CCPS was made into Equity). Finance cost of Rs. 4.12 crore,unwinding of discounted liability,is recorded on the financial liability for the year ended 31 March 2020.
• The equity component (net of deferred tax) Rs.3.08 crores is the residual amount, i.e. the difference between the present value of the liability component and fair value of the instrument as a whole.

Ind AS 101 allows first-time adopters certain exemptions/ exceptions from the retrospective application of certain requirements under Ind AS as follows:

i) **Deemed cost**
Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition . This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and Capital work-in-progress and intangible assets under development. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development at their Previous GAAP carrying value.

ii) **Estimates**
The estimates as at April 1, 2019 and March 31, 2020 are consistent with those made for the same dates in accordance with Indian GAAP.

iii) **Classification and measurement of financial assets**
Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

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44B Restatement Adjustments

Restatement Adjustments

Summarized below are the restatement adjustments made to the Audited Financial Statements as at and for the year ended March 31, 2022, Audited Financial Statements as at and for the year ended March 31, 2021 and Audited Special Purpose Financial Statements as at and for the years ended March 31, 2020 :

Reconciliation between audited equity and restated equity

Particulars		As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Total Equity as per Audited Financial Statements and Audited Special Purpose Financial Statements	A	3,400.15	2,958.76	2,095.33
Adjustments: Material restatement adjustments	B			
(i) Audit qualifications		-	-	-
(ii) Adjustments due to prior period items/other adjustment		-	-	-
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable		-	-	-
(iv)Change in accounting policies		-	-	-
Total impact of adjustments (i+ii+iii)	C	-	-	-
Total equity as per restated financial information (A+C)		3,400.15	2,958.76	2,095.33

Reconciliation between audited profit/(loss) and restated profit/ (loss)

Particulars		As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Profit/(loss) after tax as per Audited Financial Statements and Audited Special Purpose Financial Statements	A	461.51	380.44	280.39
Adjustments: Material restatement adjustments	B			
(i) Audit qualifications		-	-	-
(ii) Adjustments due to prior period items/other adjustment		-	-	-
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable		-	-	-
(iv)Change in accounting policies		-	-	-
Total impact of adjustments (i+ii+iii)	C	-	-	-
Restated profit/ (loss) after tax as per restated financial information (A+C)		461.51	380.44	280.39

45A Impact of COVID-19

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Company has, at the date of approval of the financial results, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Company's financial results may differ from that estimated as at the date of approval of the same.

45B Other Statutory Information

Below disclosures are not given since there are no such transactions

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(b) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(c) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(d) 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.

(e) There is no Scheme of Arrangement approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013.

(f) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(g) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(h) The Company has complied with the the number of layers prescribed under of Section 2(87) of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(i) The Company has not been declared willful defaulter by any bank or financial Institution or other lender.

46 Social Security code

The Code on Social Security, 2020 ('Code') relating to employee benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued by the Government of India. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

For B. K. Khare & Co.

Firm Registration Number: 105102W
Chartered Accountants

Aniruddha Joshi
Partner
Membership Number: 040852
Place: Mumbai
Date: July 25, 2022

For and on behalf of the Board of Directors of Divgi TorqTransfer Systems Limited (formerly known as Divgi TorqTransfer Systems Private Limited)

Praveen P Kadle
Chairman
DIN: 00016814
Place: Pune
Date: July 25, 2022

Jitendra B Divgi
Managing Director
DIN: 00471531
Place: Pune
Date: July 25, 2022

Sudhir Mirjankar
Chief Financial Officer

Date: July 25, 2022
Place: Pune

Meenal Deshpande
Company Secretary and Compliance Officer
(ACS - A51559)
Date: July 25, 2022
Place: Pune

1. Corporate information

Divgi TorqTransfer Systems Limited (Formerly known as Divgi TorqTransfer Systems Private Limited) (the 'Company') is a company domiciled in India and incorporated under the provisions of thc Companies Act, 1956of India. The Company is engaged in the manufacture and sale of transfer cases, automatic lockinghubs, synchronizers and components thereof (transmission components) and related services to automotive Original Equipment Manufacturers (OEMs) and other customers in the Indian and global market.

2. Significant accounting policies

2.1. Basis of preparation and measurement

a) Basis of Preparation

This Restated Financial Information has been specifically prepared for the purpose of preparation of the Restated Ind AS Statements in connection with the proposed Initial Public Offer of equity shares ("IPO"). The Restated Financial information comprise of the Restated Statement of Assets and Liabilities as at March31 2022, March 31 2021, and March 31 2020 the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Cash Flow and the Restated Statement of Changes in Equity for the period/years ended March 31 2022, March 31 2021, and March 31 2020, and Significant Accounting Policies and other explanatory information to the RestatedFinancial Information (hereinafter collectively referred to as "Restated Financial Information").

The Restated Financial Information has been prepared to comply in all material respects with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations");

c) The Guidance Note on Report in company prospectus (Revised 2019) issued by the ICAI (referred to as the Guidance Note).

The Restated Financial Information has been complied by the Management from:

- The Audited Financial Statements as at and for the period ended March 31 2022, prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on June 10, 2022
- The Audited Financial Statements as at and for the period ended March 31 2021, prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on August 27, 2021.

- The Audited Special Purpose Financial Statements as at and for the period ended March 31 2020 have been prepared by the management of the Company in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Previous GAAP' or 'Indian GAAP') after giving effect to the accounting policy and the accounting policies choices (both mandatory exceptions and optional exemptions) as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2020. These Audited Special Purpose Financial Statements prepared in accordance with the Ind AS as described in this paragraph, have been approved by the Board of Directors on July 25, 2022. Suitable restatement adjustments (both re-measurements and reclassifications) as per Ind AS 101, are made to these Financial Statements for the year ended March 31, 2020.

All amount included in the financial statements are reported in Indian rupee (In Rs. Million) except shares and per share data, unless otherwise stated. Amount presented as "0" are non – zero numbers rounded off in Rs Million. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

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 forat 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 monthsafter the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

(b) Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

(c) Foreign Currencies

- Functional and presentation currency

  The functional and presentation currency of the Company is Indian rupee.

- Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange ratesat the dates of the transactions. Foreign exchange gains and losses resulting from the settlement ofsuch 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 unlessthey 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 isbased 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 andminimizing 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 valuemeasurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair valuemeasurement is unobservable

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given inthe 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 tothe 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 costof 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 suchmachinery are capitalized.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated athistorical 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.

(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 leastat the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Research and development costs

Research expenditure is recognised as an expense as incurred. The cost incurred in development projects (associated with the design and testing of new products or product upgrades) are recognisedas 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 expenseare not recognised as an asset in a subsequent period. Development cost with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed ten years.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment which will be depreciated over its remaining useful life.

(g) Equity investments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make anirrevocable 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, directlabour and manufacturing expenses which is determined using absorption costing method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

(i) Revenue recognition

Initial Recognition

Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entityexpects to be entitled in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable.

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 eachof 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 controlof 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. Accumulated experience is used to estimate and provide for the discounts and returns. 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 accounts for export incentives for export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets andliabilities 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 originalmaturities 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 ofits business model for managing the financial assets and the contractual cash flow characteristics of thefinancial 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (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 abusiness 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 flowsthat 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 theeffective 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 (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets (Other than Fair Value)

The Company assesses at each date of balance sheet whether a financial asset or a Company of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. For trade receivables only, Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than twelve months.

Equity investments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income (Subsequent changes in the fair value).

The Company makes such an election on an instrument-by-instrument basis, at initial recognition and isirrevocable.

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 thatare 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 orloss, 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 thenear 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 ona 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 theevent 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 taxeffects.

(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 unusedtax 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 thecarry 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 (eitherin OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a rightto 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 2018). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for Buildings, Furniture and Equipments.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 periodof 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 acorresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the leasepayments 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.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periodsto depreciation cost for the right-to-use asset, and finance cost for interest on lease liability.

Lease contracts entered by the Company majorly pertains for land and buildings taken on lease toconduct its business in the ordinary course.

(o) Impairment of assets- Non Financial Assets

Tangible and intangible 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

LiabilityRecognition

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. Theseare 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 ormore 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 requiredto settle the obligation or a reliable estimate of the amount cannot be made.

Product warranty expenses

The estimated liability for product warranties is accounted when products are sold. These estimates areestablished using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

(q) Employee Benefits

Defined contribution plans

Superannuation: The Company has defined contribution plans for post-employment benefits in the form of superannuation fund for certain class of employees, which is administered through Life Insurance Corporation (LIC). The Company has no further obligation beyond its contribution.

Provident Fund: The Company has defined contribution plan for post-employment benefits in the formof 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 forall 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 monthsfrom 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 alltype 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 chiefoperating decision maker.

The board of directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors of the Company have been identified as being the chief operating decision maker. Chieffinancial 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 Earning 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 Earning Per Share, the net profit or loss for the period attributableto equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive Potential Equity Shares.

3. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition,will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements included in relevant notes together with information about the basis of calculation of each different line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimation of useful life of asset (Refer note 2.1.(e))
- Estimation of provision and for contingent liabilities (Refer note .2.1.(p))
- Estimation of provision for warranty obligation (Refer note 2.1.(p.b.))
- Accounting for arrangements in the nature of lease (Refer note 2.1.(n))
- Estimation of defined benefit obligation (Refer note 2.1.q)
- Estimation of expected credit Losses on trade receivables (Refer Note 2.1.j)

4. Recent Pronouncements

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

- **Ind AS 16, "Property, Plant and Equipment"**
  The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"**
  The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 101, "First-time Adoption of Indian Accounting Standards"**
  The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- **Ind AS 103, "Business Combination"**
  The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:
  - substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.
  - add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37, an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;
  - add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent

assets acquired in a business combination.
These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 109, "Financial Instruments"**

The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. The Company does not expect the amendment to have any significant impact in its financial statements.

OTHER FINANCIAL INFORMATION

The accounting ratios of our Company as required under Item 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020
Basic earnings per share (in ₹) (1) (2)	16.76	13.82	11.64
Diluted earnings per share (in ₹) (1) (2)	16.76	13.82	10.18
Return on net worth (%)	14.52%	15.05%	16.20%
Net asset value per share (in ₹) (3)	123.50	107.47	86.98
EBITDA (in ₹ million) (4)	656.13	518.99	369.35

(1) Basic and diluted earnings per Equity Share: Restated profit for the year/period attributable to equity shareholders of the Company divided by the total weighted average number of equity shares outstanding at the end of the year/period. Basic and diluted EPS are computed in accordance with Ind AS 33 – Earnings per share

(2) Return on net worth (%) + Restated profit for the year/Restated net worth as at year end

(3) Net Asset Value per equity share (₹) = Net worth as at year end/ Number of equity shares outstanding at end of the year

(4) "EBITDA" has been calculated as Restated profit/(loss) before tax + finance cost + depreciation & amortization – Other income. EBITDA has been derived from the restated financial information of the Company.

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company for Fiscals 2022 and 2021 and special purpose audited standalone financial statements as per Ind-AS for Fiscal 2020 (collectively, the "**Audited Financial Statements**") are available on our website at www.divgi-tts.com.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company or any entity in which our Shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020.

*The Restated Financial Statements included in this Draft Red Herring Prospectus are prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI (the "**Guidance Note**"). Ind AS differs in certain respects from Indian GAAP, IFRS and US GAAP and other accounting principles with which prospective investors may be familiar. Please also see "Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition." on page 45.*

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year.

We have, in this Draft Red Herring Prospectus, included various operational and financial performance indicators, some of which may not be derived from our Restated Financial Statements and may not have been subjected to an audit or review by our Statutory Auditor. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2022, Fiscal 2021, and Fiscal 2020, included herein is derived from the Restated Financial Statements, included in this Draft Red Herring Prospectus. Unless the context otherwise requires, in this section, references to "the Company" or "our Company", "we", "us", or "our" refers to Divgi TorqTransfer Systems Limited.

This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 17.

Unless otherwise indicated, industry data in this section has been derived from the CRISIL Report, prepared and released by CRISIL Limited and commissioned and paid for by our Company. Unless otherwise indicated, all financial, operational, industry information and other related information included herein with respect to any particular year refers to such information for the relevant Fiscal. Unless otherwise indicated, all financial, operational, industry information and other related information included herein with respect to any particular year refers to such information for the relevant Fiscal. For further details, see "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation" and "Risk Factors" on pages 14 and 25.

Overview

We are amongst the very few automotive component entities in India who have the capability to develop and provide system level transfer case, torque coupler and dual clutch automatic transmissions ("**DCT**") solutions (*Source: CRISIL Report*). We are one of the leading players supplying transfer case systems to automotive OEMs in India and the largest supplier of transfer case systems to passenger vehicle manufacturers in India (*Source: CRISIL Report*). We are also the only player manufacturing and exporting transfer cases to global OEMs from India, and the only manufacturer of torque couplers in India (*Source: CRISIL Report*). We also have the capability to develop and provide transmission systems for electric vehicles ("**EVs**"). We are in the process of designing and developing prototypes of transmission systems for EVs pursuant to receipt of a business award for this purpose. As on the date of this Draft Red Herring Prospectus, we have been awarded a contract for the supply of EV transmission systems for one of the leading providers of EVs in India, and for supply of components for Hybrid Vehicles for a global OEM.

We manufacture and supply a variety of products under the broad categories of (i) torque transfer systems (which includes four-wheel-drive ("**4WD**") and all-wheel-drive ("**AWD**") products); (ii) synchronizer systems for manual transmissions and DCT; and (iii) components for the above-mentioned product categories for torque transfer systems and synchronizer systems in manual transmission, DCT, and EVs. We have also developed (i) transmission systems for EVs; (ii) DCT systems; and (iii) rear wheel drive manual transmissions. We are one of the few companies who serve both as systems level solution provider as well as component kit supplier to global OEMs and Tier I transmission systems suppliers (*Source: CRISIL Report*).

We have an in-house software development capability which helps us in providing system level solutions offering software that controls the vehicle dynamics. We are also one of the first few suppliers of steel and carbon-based synchronizer systems for the Indian markets, and are one of the leading manufacturers of steel synchronizers in India (*Source: CRISIL Report*).

We have achieved leading positions for select products in our portfolio through focus on innovation; offering of customized solutions in distinctive products; in-house software development capability; and product development and production at quality standards acceptable to our clients and at optimized costs. We are in the process of launching domestically manufactured DCT systems for the Indian market. Once launched, we will be the only manufacturer of DCT systems in India (*Source: CRISIL Report*). Very few component suppliers as well as OEMs globally have the capability to develop the system integration software solutions in-house (*Source: CRISIL Report*). Given this, we believe that system level solution providers such as us are likely to be highly valued by vehicle manufacturers globally.

Our diverse capabilities enable us to service customers across segments in the automotive industry, including passenger vehicles, utility vehicles and commercial vehicles. We believe that having the ability to provide end-to-end solutions under one roof enables us to provide value added offerings, and increases our operational efficiency, resource optimization, and customer retention. We supply to and have long term relationships with OEMs such as Mahindra & Mahindra, Indian supplier to global automotive OEM, and a USA based multi-national automotive supplier. We have a client base of global OEMs and global transmission systems suppliers, with our top five customers accounting for 91.28%, 92.86%, and 86.94% of our revenue from operations for Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively.

We have entered into a product development agreement ("**PDA**") and a technology transfer agreement ("**TTA**") with a German automotive company. Pursuant to the PDA and TTA, the Company is co-developing critical components and systems for DCT applications with exclusive rights for India and non-exclusive rights for markets outside India. The German automotive company is entitled to an earned royalty from our Company during the term of the TTA. The licensing arrangement pursuant to the TTA will continue for a period of 13 years from the date of signing till 2033. In connection to the PDA and TTA, the production of the products has not yet commenced. We have also entered into a license agreement with BorgWarner on October 4, 2004, subsequently renewed on March 1, 2017, valid for a period of seven years from the date of renewal of the agreement. These agreements have bolstered our technological expertise and experience. Our agreement with BorgWarner provides us the exclusive rights to manufacture transfer cases and automatic locking hubs, and non-exclusive rights to manufacture manual transmissions and synchronizers for manual transmissions. We believe that this also reflects the German automotive company's and BorgWarner's confidence in us to develop the market in India for their technologies. We have also entered into an exclusive distribution agreement with a Japanese automotive supply chain company in relation to sourcing of products and components made by us. Further, we have received investments from external investors in the past, such as from NRJN Family Trust in 2016 and from Oman India Joint Investment Fund II in 2018, which has also provided an impetus to our growth and development.

We have three manufacturing and assembling facilities across India located at Sirsi in Karnataka, and Shivare and Bhosari near Pune in Maharashtra, with the manufacturing facilities at Shivare and Bhosari being strategically located in proximity to our key clients, and one under-construction manufacturing facility located at Shirwal. We have purchased 10 acres of land at Shirwal near Pune in Maharashtra and commenced construction which will help us in expanding our manufacturing capacity including for manufacture of DCT and EV transmissions. We manufacture transmission, transfer case and synchroniser components at our facility in Sirsi. Our Shivare facility houses grinding and superfinishing equipment to achieve standards in precision and accuracy, including those demanded by EV and DCT applications globally and transmission components. Our Bhosari facility, which is the assembling, lab testing and packing unit for our manufactured components and systems, and our Shivare facility, are strategically located in proximity to our key customers as well as the port for export located at New Mumbai. Our key customers in close proximity to our Bhosari and Shivare facilities include Tata Motors, Mahindra & Mahindra, an Indian automotive manufacturing company and an Indian supplier to global automotive OEM.

Our manufacturing facilities have been duly certified in accordance with international standards of quality management systems, environmental management systems, health and safety management systems and specialized processes such as IATF 16949:2016, ISO 45001:2018 and ISO 14001:2015. We have been awarded the *"Innovation Award for ECU"* by BorgWarner for the year 2008, and *"Zero Defect Supplies"* by Toyota Kirloskar Auto Parts for the years 2017 and 2020 in recognition of our outstanding contribution by achieving zero defect supplies. We believe that our manufacturing operations are strengthened by our technical capabilities, infrastructure, and process knowledge. As of May 31, 2022, we had a team of 36 engineers as part of our team, which focuses on process innovation, design and implementation. For details in relation to the installed capacity and utilization at our manufacturing facilities, please see *"Our Operations - Manufacturing Facilities"* in this section below.

We are led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry and a proven track record of performance. Our Promoters Jitendra Bhaskar Divgi and Hirendra Bhaskar Divgi, are mechanical engineers with over 30 years of experience in the automotive industry. Our Chairman, Praveen Purushottam Kadle has extensive experience and is currently serving as the non-executive chairman of Tata AutoComp Systems Limited. We are further supported by an experienced board of directors with diversified expertise, which actively contributes to and participates in our strategy. A large number of our senior management personnel have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies.

Our business model is supported by a consistent track record of revenue growth and profitability. Set out below are certain financial metrics of our Company.

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
(in ₹ millions, except percentages)			
Revenue (including Other Income)	2418.74	1,950.25	1,707.40
EBITDA	656.13	518.99	369.35
PAT %	19.08%	19.51%	16.42%
Net Debt	(1,331.02)	(1,179.31)	(756.58)
Net Worth	3,400.15	2,958.76	2,095.33

Significant Factors Affecting Our Financial Condition and Results of Operations

Our financial condition and results of operations are affected by various factors and uncertainties, including those discussed in the section titled "*Risk Factors*" beginning on page 25. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

Ability to retain long term relationships with key customers as our revenues are dependent on such key customers

We have developed long term relationships with marquee domestic and global OEMs in the automobile sector, such as BorgWarner, Tata Motors and Mahindra & Mahindra, amongst others, with some of whom we have had relationships for over two decades, including through our earlier joint ventures. These marquee domestic and global OEMs have stringent and time-consuming selection procedure for procurement of components from third party manufacturers which involves review of the manufacturing expertise, manufacturing facilities, processes, raw materials, financial capabilities, logistical capabilities and multiple inspection and review of prototypes. The demand from our key customers determines our revenue levels and results of operations, and our sales are directly affected by our key customers. We derive a significant portion of our revenue from our top five customers namely, Mahindra & Mahindra, Tata Motors, Toyota Kirloskar Auto Parts, BorgWarner and a Russian automobile manufacturer. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, income from sale of goods to our top five customers accounting for 91.28% , 92.86% and 86.94% of our total income from sale of goods. Loss of all or a substantial portion of sales to any of our top five customers, for any reason, and/or, continued reduction of prices to these customers, could have an adverse impact on our business, results of operations, financial condition and cash flows. As our orders are linked to specific vehicles/models and are not generally interchangeable with other models/vehicles, the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model, for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could in turn have an adverse effect on our business and results of operations. We are also exposed to the risk of failure by our customers to successfully launch new product variants in a timely manner which could adversely affect our business, financial condition and results of operations.

Price and availability of raw materials and transportation

We use a variety of raw materials and commodities (including aluminium, copper, nickel, plastic resins, steel, other raw materials) in the production of our components. For Fiscal 2022, Fiscal 2021 and 2020, cost of raw material and components consumed amounted to ₹ 935.61 million, ₹ 689.04 million and ₹ 560.49 million, respectively. We may experience volatility in the cost or availability of such raw materials and components or in the cost or availability of utilities and natural resources used in our operations, such as power, water and fuel as well as increasing transportation costs in the future, which may have an adverse impact on our business. While we were dependent primarily on 12 suppliers in China for 9.95% of our raw material cost based on procurements made in Fiscal 2022, for the Fiscal ended March 31, 2022, we also have alternate raw material suppliers from whom we may procure such raw materials if required. We are also exposed to exchange rate fluctuations in connection with such raw materials and components that are imported. Due to the cost escalation clauses in our customer contracts, we have historically passed on the increase in costs of the raw materials i.e. steel and aluminium, on to our customers. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. If these supply interruptions occur, our business, financial condition and results of operations could be adversely affected. Further, we rely heavily on import and export of goods across various jurisdictions. The rates borne for the seaborne transportation of freight are driven by the geographic balance of trade, which determines the length of haul required, and by the growth of shipping capacity, namely the number of new vessels coming into the market less the number of older vessels scrapped or lost. Furthermore, freight rates have historically been volatile and unpredictable. If the shipping costs rises, our capability to source materials globally will become difficult. For Fiscal 2022, Fiscal 2021 and Fiscal 2020, our freight and forwarding costs amounted to ₹ 19.91 million, ₹ 11.87 million and ₹ 10.62 million, respectively. The demand for vessel capacity is influenced by global economic conditions, industrial production and demand for petroleum products including crude oil, developments in international trade, competition from other means of transport and changes in seaborne and other transportation patterns. As a consequence of these shifts in demand (coupled with the changes in seaborne transportation capacity), the nature, timing and degree of changes in shipping costs are relatively unpredictable and could have an adverse effect on our cash flows and results of operations.

Ability to adapt to the evolving technological and market trends

Our future growth depends on our ability to continue to design, develop and commercialize innovative, viable and sustainable new automotive systems and components in a timely and cost-effective manner, improve our existing systems and components, or to develop process improvements that can shorten production times, improve quality and cost efficiency. The development and commercialization of new products is complex, time-consuming and costly, and its outcome is inherently uncertain. Production shortfalls or production delays, if any, or our inability to accurately estimate the cost to design, develop and launch new products could result in our failure to effectively manage our manufacturing costs relating to these product program launches. The automobile industry is undergoing significant technological changes, with increasing focus on, among other things, hybridization and electrification of vehicles. Production of passenger vehicles (**PVs**) in India recorded a healthy growth of 5.2% CAGR between fiscals 2016 and 2019 due to a spurt in domestic and exports demand. Domestic demand was driven by expansion in the addressable market, development of infrastructure, and stable cost of vehicle ownership as crude oil prices remained low except in the few months when output was reduced due to sanctions imposed on Iran (*Source: CRISIL Report*). Our Company is in the process of launching domestically manufactured dual clutch transmission (**DCT**) systems for the Indian market. We are planning to localise and commercialise '7 Speed Dual Clutch Automatic Transmission.' We will therefore be the only the manufacturer of DCT systems in India as other leading manufacturers such as Aisin, BorgWarner, Hyundai Powersys have import based business model (*Source: CRISIL Report*). CRISIL Research estimates overall PV production in India to grow at a 7-9% CAGR from Fiscal 2021 to 2026, and reach ~4.5 million units by Fiscal 2026. Over the short to mid-term COVID-19 induced demand for personal mobility is likely to support PV sales, over mid to long-term, moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices are likely to drive demand for passenger vehicles. *(Source: CRISIL Report)* In India, our Company is amongst the very few suppliers who have the capability to develop and provide system level transfer case, torque coupler, DCT solutions as the company has in house software development capability (*Source: CRISIL Report*). To increase our market share and maintain our margins, we plan to continue to invest in research and development capabilities. We have developed strong in-house capabilities to deliver evolving green technologies for future mobility, with an aggregate expenditure on R&D and royalty of ₹ 229.19 million, ₹ 124.66 million and ₹ 58.29 million during Fiscal 2022, Fiscal 2021 and Fiscal 2020. As of May 31, 2022, we had 22 on-roll employees engaged in R&D activities, representing approximately 10.95% of our total on-roll manpower. Although we spend significant amounts on our R&D capabilities, we strive to do so in a cost effective, targeted manner in line with our goal of making new technologies available to our customers and expanding our customer base. If we are unable to adapt to the evolving technological and market trends, and if the products and innovation from our R&D efforts are not translated into viable products, we may suffer adverse effects on our financial condition.

Ability to adopt and implement growth strategies

The success of our business depends on our ability to effectively implement our business growth strategies. There can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers. As part of our growth strategy, we plan to increase our market share in both the Indian and overseas markets by catering significantly to EV OEMs. We have been awarded a contract for the supply of EV transmission systems for one of leading providers of EV in India and are in the process of investing more to satisfy the growing demand of the EV OEM industry. As a result, we are well-positioned to benefit from the global trend in the automobile industry towards electrification of vehicles which continues to expand, driven by government regulations related to emissions, such as CAFE norms, as well as consumer demand. However, the market for electric vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements and consumers' willingness to adopt electric vehicles. A decline in the trend towards electrification driven by changing consumer preference or any change in government policy, laws and regulations that reduces or eliminates support for electrification of vehicles, resulting in lower demand for electrical vehicles and consequently a significant reduction in production of electric vehicles could have an adverse effect on our sales to EV OEMs and lead to a decline in our earnings from the EV market. Further, our inability to successfully implement our growth strategy to capture the EV market could adversely affect our business, results of operations and financial condition.

Employee benefit expenses

Employee benefits expense is a major component of our total expenses, since we rely on our employees to deliver the production outputs for our various products. Our employee benefits expense for Fiscal 2022, Fiscal 2021 and Fiscal 2020, was ₹ 225.42 million, ₹ 217.73 million and ₹ 196.49 million, , respectively, constituting approximately 9.32%, 11.16% and 11.51%, of our total income, respectively. Employee benefit expenses primarily include salaries, wages and bonus paid to our employees, contributions to provident and other funds and staff welfare expenses. The COVID-19 pandemic has not had a significant impact on the employee benefit expenses. As we grow our business, we expect that our employee related expenses will increase. Further, a shortage in the labour pool or general inflationary pressures will also increase our labour costs. Any prolonged situation resulting in the shortage of labour could have significant adverse impact on our business and financial condition. Further, a significant long-term increase in our employee benefit expense could reduce our profitability. If we are unable to grow our revenues proportionately to our employee related expenses, our results of operations and financial condition may be adversely affected.

Impact of the COVID-19 pandemic

Since first being reported in December 2019, the outbreak of COVID-19 has spread globally and the virus has mutated several times, though the vaccines developed have generally reduced infection rates and fatalities. The global impact of the COVID-19 pandemic rapidly evolved and public health officials and governmental authorities responded by taking measures, including in India, where our operations are based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. There may be instances of other variants of COVID-19 in the future, which may have an adverse effect on our financial condition. We have monitored and are monitoring the situation closely and is operating its activities with the required workforce as permitted by governmental authorities. As a result of the detection of new mutated strains and subsequent waves of COVID-19 infections in several states in India as well as throughout various parts of the world, it is anticipated that we may be subject to further reinstatements of lockdown protocols or other restrictions. Any negative impact on consumers' willingness or ability to purchase automobiles or automobile components, consumers' willingness or ability to make purchase orders, could adversely affect our business, financial condition, and results of operation. Continued escalation of the COVID-19 pandemic may have an adverse impact on our results of operations, financial condition and cash flows. The resultant disruptions to the supply chain, consumer spending and industrial production in the affected countries has precipitated an economic slowdown in those economies which, if prolonged, could cause a global recession. See "*Risk Factor - The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations*" for risks of the COVID-19 outbreak on our operations and financial condition; and see "*Our Business – Impact of COVID-19*" for more details regarding the impact of COVID-19 on our operations.

Certain Key Performance Indicators and Non-GAAP Measures

Particulars	Fiscal 2022	Fiscal 2021	Fiscal 2020
	Amounts in ₹ millions, except EPS		
Revenue from operations	2,337.77	1,865.75	1,590.65
Revenue CAGR[(1)] (From FY2020 to FY2022)			21.23%
Total Income	2418.74	1,950.25	1,707.40
EBITDA [(2)]	656.13	518.99	369.35
EBITDA (%) of Revenue from Operations	28.07%	27.82%	23.22%
EBITDA CAGR[(3)] (From Fiscal 2020 to Fiscal 2022) (%)			33.28%
EBIT [(4)]	623.20	527.40	422.21
EBIT (%) of Total Revenue	25.77%	27.04%	24.73%
PAT	461.51	380.44	280.39
PAT (%) of Total Revenue	19.08%	19.51%	16.42%
PAT CAGR [(5)] (From Fiscal 2020 to Fiscal 2022) (%)			28.30%
Earnings Per Share (Basic) [(6)]	16.76	13.82	11.64
Earnings Per Share (Diluted) [(7)]	16.76	13.82	10.18
Debt Equity Ratio [(8)]	0.00	0.00	0.24
Fixed Asset Turnover Ratio (Times) [(9)]	1.30	1.16	1.12
ROE (%) [(10)]	14.52%	15.05%	16.20%
Adjusted ROCE (%) [(11)]	29.47%	27.41%	24.35%

Notes:

(1) *Revenue CAGR : The three-year compound annual growth rate in Revenue.*
[(Ending Value/Beginning Value) ^ (1/N)]-1

(2) *EBITDA = Earnings before Finance Cost, Taxes, Depreciation and Amortization less other Income, which is calculated by reducing by employee benefit expenses and other expenses from Manufacturing Gross Profit*

(3) *EBITDA CAGR= The three-year compound annual growth rate in EBITDA.*
[(Ending Value/Beginning Value) ^ (1/N)]-1

(4) *EBIT - Earnings before Finance Cost and taxes*

(5) *PAT CAGR: The three-year compound annual growth rate in PAT.*
[(Ending Value/Beginning Value) ^ (1/N)]-1

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

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

(8) *Debt Equity Ratio: Total Debt/ Total Shareholder's Equity*

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

(10) *ROE = PAT / Average Shareholder's equity*

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

Significant Accounting Policies

1. Basis of preparation and measurement

1.1 Basis of Preparation

This Restated Financial Information has been specifically prepared for the purpose of preparation of the Restated Ind AS Statements in connection with the proposed Initial Public Offer of equity shares ("IPO"). The Restated Financial information comprise of the Restated Statement of Assets and Liabilities as at March 31 2022, March 31 2021, and March 31 2020 the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Cash Flow and the Restated Statement of Changes in Equity for the period/years ended March 31 2022, March 31 2021, and March 31 2020, and Significant Accounting Policies and other explanatory information to the Restated Financial Information (hereinafter collectively referred to as "Restated Financial Information").

The Restated Financial Information has been prepared to comply in all material respects with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations");

c) The Guidance Note on Report in company prospectus (Revised 2019) issued by the ICAI (referred to as the Guidance Note).

The Restated Financial Information has been complied by the Management from:

- The Audited Financial Statements as at and for the period ended March 31 2022, prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on June 10, 2022.

- The Audited Financial Statements as at and for the period ended March 31 2021, prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on August 27, 2021.

- The Audited Special Purpose Financial Statements as at and for the period ended March 31 2020 have been prepared by the management of the Company in accordance with Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Previous GAAP' or 'Indian GAAP') after giving effect to the accounting policy and the accounting policies choices (both mandatory exceptions and optional exemptions) as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2020. These Audited Special Purpose Financial Statements prepared in accordance with the Ind AS as described in this paragraph, have been approved by the Board of Directors on July 25, 2022. Suitable restatement adjustments (both re-measurements and reclassifications) as per Ind AS 101, are made to these Financial Statements for the year ended March 31, 2020.

All amount included in the financial statements are reported in Indian rupee (In Rs. Million) except shares and per share data, unless otherwise stated. Amount presented as "0" are non – zero numbers rounded off in Rs Million. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

1.2 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle

- Held primarily for the purpose of trading

- Expected to be realized within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities.

(b) Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

(c) Foreign Currencies

- Functional and presentation currency

  The functional and presentation currency of the Company is Indian rupee.

- Transactions and balances

  Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit or loss unless they are relating to qualifying cash flow hedges in which case they are deferred in equity.

  Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(d) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortized cost)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Property, Plant and Equipment

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

Certain assets which are internally developed, all the incidental costs directly attributable to such machinery are capitalized.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

Asset category	Company's estimate of useful life (years)	Useful life as prescribed under Schedule II (years)
Factory buildings	30	30
Plant and equipment	5 to 10	15 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.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Research and development costs

Research expenditure is recognised as an expense as incurred. The cost incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development cost with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed ten years.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment which will be depreciated over its remaining useful life.

(g) Equity investments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income

subsequent changes in the fair value. The Company makes such an election on an instrument-by- instrument basis, at initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in Statement of profit and loss.

(h) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises material cost, direct labour and manufacturing expenses which is determined using absorption costing method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

(i) Revenue recognition

Initial Recognition

Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable.

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. Accumulated experience is used to estimate and provide for the discounts and returns. 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 accounts for export incentives for export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

Financial Assets Classification

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset

Initial Recognition & Measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (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 (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets (Other than Fair Value)

The Company assesses at each date of balance sheet whether a financial asset or a Company of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. For trade receivables only, Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than twelve months.

Equity investments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income (Subsequent changes in the fair value).

The Company makes such an election on an instrument-by-instrument basis, at initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in Statement of profit and loss.

Financial liabilities Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss

Initial Recognition

Financial Liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Terms of trade payables i.e. non-interest bearing and generally settled in 30 to 60 days to be included.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

(k) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(l) Share capital

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

(m) Taxes on Income Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets in which case, they are capitalized in accordance with principles of borrowing cost specified in Ind AS 16.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from an operating lease is recognized on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

The Company has adopted Ind AS 116-Leases, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April 2018). Accordingly, previous period information has not been restated.

The Company’s lease asset classes primarily consist of leases for Buildings, Furniture and Equipments. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest on lease liability.

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

Tangible and intangible 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 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.

Product warranty expenses

The estimated liability for product warranties is accounted when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

(q) Employee Benefits

Defined contribution plans

Superannuation: The Company has defined contribution plans for post-employment benefits in the form of superannuation fund for certain class of employees, which is administered through Life Insurance Corporation (LIC). The Company has no further obligation beyond its contribution.

Provident Fund: The Company has defined contribution plan for post-employment benefits in the form of provident fund for all employees, which is administered by the Regional Provident Fund Commissioner. The Company has no further obligation beyond its monthly contributions.

Defined benefit plans

Gratuity: The Company has a defined benefit plan for post-employment benefit in the form of gratuity for all employees, which is partially administered through Life Insurance Corporation (LIC).Liability for above defined benefit plan is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained

earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all type of the decrement and qualifying salary projected up to the assumed date of encashment.

(r) Segment reporting

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors of the Company have been identified as being the chief operating decision maker. Chief financial officer of the Company assists board of directors in their decision making process. The Company is in the business of manufacture and sale automobile components, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.

(s) Earnings Per Share:

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive Potential Equity Shares.

2. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements included in relevant notes together with information about the basis of calculation of each different line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimation of useful life of asset (Refer note 2.1.(e))
- Estimation of provision and for contingent liabilities (Refer note .2.1.(p))
- Estimation of provision for warranty obligation (Refer note 2.1.(p.b.))
- Accounting for arrangements in the nature of lease (Refer note 2.1.(n))
- Estimation of defined benefit obligation (Refer note 2.1.q)
- Estimation of expected credit Losses on trade receivables (Refer Note 2.1.j)

  The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

  The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

  The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

- Ind AS 16, "Property, Plant and Equipment"

  The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendment to have any significant impact in its financial statements.

- Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"

  The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The Company does not expect the amendment to have any significant impact in its financial statements.

- Ind AS 101, "First-time Adoption of Indian Accounting Standards"

  The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- Ind AS 103, "Business Combination"

  The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:

  - substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.

  - add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37, an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;

  - add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

  These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

- Ind AS 109, "Financial Instruments"

  The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Principal Components of our Income and Expenses

Income

Revenue from Operations

Our total income comprises revenue from operations and other income. Revenue from operations constitutes the revenue from sale of products, revenue from sales of services, and revenue from sale of tools, and other operating revenues such as sale of scrap, and export benefits.

Other Income

Other income constitutes the interest income, rental income, vendor liabilities no longer required to be written back, gain on net foreign exchange fluctuations, profit on sale of fixed assets (net), and miscellaneous income.

Expenses

Cost of Raw Materials and Components Consumed and Changes in Inventories of Finished Goods and Work-in-Progress and Stock-in-Trade

Cost of raw materials and components consumed primarily comprises the cost of the materials used in the manufacturing activities of our Company, changes in inventories of finished goods, work-in-progress and stock-in-trade denotes increase/decrease in inventories of finished goods, toolings and work in progress between opening and closing dates of a reporting period.

Employee Benefit Expense

Employee benefit expenses primarily include salaries, wages and bonus paid to our employees, contributions to provident and other funds and staff welfare expenses.

Finance Cost

Finance cost comprises interest on loans, interest on preference shares and other interest.

Depreciation and Amortization expenses

Depreciation and amortization expenses comprises depreciation expenses on our property, plant and equipment, depreciation expenses on right-of-use assets and amortization expenses on our intangible assets.

Other Expenses

Other expenses primarily comprises consumption of stores and spare parts, contract labour charges, machining and development charges, power and fuel, legal and professional charges, royalty, repairs and maintainence etc.

Tax Expense

Our tax expense for the year/ period represents the current tax and the deferred tax expense/ credit payable on the reporting period's taxable income.

Profit/(Loss) After Tax

Profit/(Loss) after tax represents profit/(loss) after tax for the reporting period.

Results of Operations

The following table sets forth select financial data from our restated statement of profit and loss for Fiscal 2022, Fiscal 2021 and Fiscal 2020, the components of which are also expressed as a percentage of revenue from operations for such periods.

Particulars	**Fiscal 2022**		**Fiscal 2021**		**Fiscal 2020**	
	(in ₹ millions, except percentages)					
Income						
Revenue from Operations	2,337.77	96.65%	1,865.75	95.67%	1,590.65	93.16%
Other Income	80.97	3.35%	84.50	4.33%	116.75	6.84%
Total Income	**2,418.74**	**100.00%**	**1,950.25**	**100.00%**	**1,707.40**	**100.00%**
Expenses						
Cost of Raw Material and Components Consumed	935.61	38.68%	689.04	35.33%	560.49	32.83%
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress and Stock-in-Trade	0.71	0.03%	(19.43)	(1.00)%	21.59	1.26%
Employee Benefits Expenses	225.42	9.32%	217.73	11.16%	196.49	11.51%
Finance Costs	1.66	0.07%	1.84	0.09%	44.59	2.61%
Depreciation and Amortization Expenses	113.91	4.71%	76.09	3.90%	63.89	3.74%
Other Expenses	519.90	21.49%	459.42	23.56%	442.73	25.93%
Total Expenses	**1,797.21**	**74.30%**	**1,424.69**	**73.05%**	**1,329.78**	**77.88%**
Profit/Loss Before Tax	**621.53**	**25.70%**	**525.56**	**26.95%**	**377.62**	**22.12%**
Tax Expenses for the year/period						
Current Tax	162.30	6.71%	143.85	7.38%	111.39	6.52%
Deferred Tax expense / (credit)	(2.28)	(0.09)%	1.27	0.07%	(14.16)	(0.83)%
Total Tax Expense	**160.02**	**6.62%**	**145.12**	**7.44%**	**97.23**	**5.69%**
Profit/Loss After Tax	**461.51**	**19.08%**	**380.44**	**19.51%**	**280.39**	**16.42%**

Fiscal 2022 Compared to Fiscal 2021

Total Income

Our total income increased by 24.02% to ₹ 2,418.74 million for Fiscal 2022 from ₹ 1,950.25 million for Fiscal 2021, primarily due to changes in our revenue from operations and other income as discussed below.

Revenue from operations

Our revenue from operations increased by 25.30% to ₹ 2,337.77 million for Fiscal 2022 from ₹ 1,865.75 million for Fiscal 2021, primarily on account of overall increase in revenues from Transfer case by ₹ 658.16 million from ₹ 873.64 million in Fiscal 2021 to ₹ 1,531.80 million in Fiscal 2022 which was partially offset by 25.55% decrease in revenues from Transmission Components by 25.55% to ₹ 668.10 million from ₹ 897.44 million in Fiscal 2021 and decrease in exports of goods by 34.19% to ₹ 591.94 million from ₹ 899.43 million in Fiscal 2021.

Other Income

Our other income decreased by 4.18% to ₹ 80.97 million in Fiscal 2022 from ₹ 84.50 million in Fiscal 2021, primarily as a result of decrease in interest income by ₹ 15.36 million, decrease in vendor liabilities no longer required written back and decrease in profit on sale of fixed assets (net) which was partially offset by increase in foreign exchange gain by ₹ 12.64 million and increase in miscellaneous income as compared to Fiscal 2021.

Expenses

Our total expenses, which primarily included cost of raw materials and components consumed and changes in inventories, employee benefit expenses and other expenses increased by 26.15% to ₹ 1,797.21 million for Fiscal 2022 from ₹ 1,424.69 million for Fiscal 2021.

Cost of Raw Materials and Components Consumed

Our cost of materials consumed accounted for 38.68 % and 35.33% of our total income for Fiscal 2022 and 2021, respectively.

Our cost of materials increased by 35.78% to ₹ 935.61 million for Fiscal 2022 from ₹ 689.04 million for Fiscal 2021 primarily due to increase in revenues from operations, change in product mix as well as change in geographic mix of our revenues from operations.

Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

Our cost of changes in inventories of finished goods, work-in-progress and stock-in-trade was ₹ 0.71 million for Fiscal 2022 compared to ₹ (19.43) million for Fiscal 2021, primarily due to decrease of ₹ 0.71 million in the stock of work-in-progress and finished goods during Fiscal 2022 whereas in Fiscal 2021 there was an increase of ₹ 19.43 million in stock of work-in-progress and finished goods during the period.

Employee Benefit Expenses

Our employee benefit expenses increased marginally by 3.53% to ₹ 225.42 million for Fiscal 2022 from ₹ 217.73 million for Fiscal 2021 in line with increased scale of our operations.

Finance Costs

Our finance costs decreased by 9.78% to ₹ 1.66 million for Fiscal 2022 from ₹ 1.84 million for Fiscal 2021 due to interest decrease in borrowings as well as decrease in other interest expenses.

Depreciation and Amortisation Expenses

Our depreciation and amortization expenses increased by 49.70% to ₹ 113.91 million for Fiscal 2022 from ₹ 76.09 million for Fiscal 2021 due to addition to property plant and equipment by ₹ 146.09 million, addition to intangible assets by ₹ 31.46 million.

Other Expenses

Our other expenses accounted for 21.49% and 23.56% of our total income for Fiscal 2022 and 2021, respectively.

Our other expenses increased by 13.16% to ₹ 519.90 million for Fiscal 2022 as compared to ₹ 459.42 million for Fiscal 2021, in aggregate, primarily due to increase in consumption of stores and spare parts by 23.03% from ₹ 67.01 million for Fiscal 2021 as compared to ₹ 82.45 million for Fiscal 2022, increase in contract labour charges by 17.61% from ₹ 77.99 million for Fiscal 2021 as compared to ₹ 91.72 million for Fiscal 2022, increase in machining and development charges by 10.94% from ₹ 87.21 million for Fiscal 2021 as compared to ₹ 96.75 million for Fiscal 2022, increase in power and fuel by 42.97% from ₹ 26.36 million for Fiscal 2021 as compared to ₹ 37.68 million for Fiscal 2022, increase in repairs and maintenance by 34.31% from ₹ 26.47 million for Fiscal 2021 as compared to ₹ 35.56 million for Fiscal 2022, increase in legal and professional charges by 23.28% from ₹ 33.96 million for Fiscal 2021 as compared to ₹ 41.87 million for Fiscal 2022, increase in royalty by 71.41% from ₹ 30.68 million for Fiscal 2021 as compared to ₹ 52.59 million for Fiscal 2022 led by increase in revenues from Transfer Case and increase in freight and forwarding expenses by 67.78% from ₹ 11.87 million for Fiscal 2021 as compared to ₹ 19.91 million for Fiscal 2022. This was partially offset primarily by there being no development expenditure written off during Fiscal 2022 as compared to as compared to ₹ 42.86 million for Fiscal 2021 and minor decreases in expenses related to rent, testing & inspection charges, warehouse expenses and loss on foreign exchange fluctuation (net).

Tax Expense

Our total tax expense increased by 10.26% to ₹ 160.02 million for Fiscal 2022 from ₹ 145.12 million for Fiscal 2021, primarily due to increase in current tax by ₹ 18.44 million and decrease in deferred tax charge/ (credit) by ₹ 3.55 million.

Profit for the Year

As a result of the foregoing factors, our profit for Fiscal 2022 increased by 21.31% to ₹ 461.51 million, from a profit of ₹ 380.44 million for Fiscal 2021.

Fiscal 2021 Compared to Fiscal 2020

Total Income

Our total income increased by 14.22% % to ₹ 1,950.25 million for Fiscal 2021 from ₹ 1,707.40 million for Fiscal 2020, primarily due to changes in our revenue from operations and other income as discussed below.

Revenue from operations

Our revenue from operations increased by 17.29%% to ₹ 1,865.75 million for Fiscal 2021 from ₹ 1,590.65 million for Fiscal 2020, primarily on account of increase in sale of products by ₹ 271.11 million led by an increase in value of transfer case sold by ₹ 375.27 million which was partially offset by decrease in sale of transmission components and auto locking hubs.

Other Income

Our other income decreased by 27.62% to ₹ 84.50 million in Fiscal 2021 from ₹ 116.75 million in Fiscal 2020, primarily as a result of decrease in interest income by ₹ 12.10 million and decrease in foreign exchange gain compared to Fiscal 2020 by ₹ 21.82 million.

Expenses

Our total expenses, which primarily included cost of raw materials and components consumed and changes in inventories, employee benefit expenses and other expenses increased by 7.14% to ₹ 1,424.69 million for Fiscal 2021 from ₹ 1,329.78 million for Fiscal 2020.

Cost of Raw Materials and Components Consumed

Our cost of materials consumed accounted for 35.33 % and 32.83% of our total income for Fiscal 2021 and 2020, respectively.

Our cost of materials increased by 22.94% to ₹ 689.04 million for Fiscal 2021 from ₹ 560.49 million for Fiscal 2020 primarily due to increased scale of our operations and increase in inventories of finished goods, work-in-progress and stock-in-trade.

Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

Our cost of changes in inventories of finished goods, work-in-progress and stock-in-trade was ₹ (19.43) million for Fiscal 2021 compared to ₹ 21.59 million for Fiscal 2020, primarily due to increase of ₹ 19.43 million in the stock of work-in-progress and finished goods during Fiscal 2021 whereas in Fiscal 2020 there was an decrease of ₹ 21.59 million in stock of work-in-progress and finished goods during the period.

Employee Benefit Expenses

Our employee benefit expenses increased by 10.81% to ₹ 217.73 million for Fiscal 2021 from ₹ 196.49 million for Fiscal 2020 in line with increased scale of our operations.

Finance Costs

Our finance costs decreased significantly by 95.87% to ₹ 1.84 million for Fiscal 2021 from ₹ 44.59 million for Fiscal 2020 due to interest decrease of interest on preference shares.

Depreciation and Amortisation Expenses

Our depreciation and amortization expenses increased by 19.08% to ₹ 76.09 million for Fiscal 2021 from ₹ 63.89 million for Fiscal 2020 due to increase in property plant and equipment by ₹ 222.85 million and change in useful life of property plant and equipment based on transition to workings based on two-shifts as compared to workings based on single-shift till Fiscal 2020.

Other Expenses

Our other expenses accounted for 23.56% and 25.93% of our total income for Fiscal 2021 and 2020, respectively.

Our other expenses increased by 3.77% to ₹ 459.42 million for Fiscal 2021 compared to ₹ 442.73 million for Fiscal 2020, primarily due to increase in legal and professional charges by 14.62% from ₹ 29.63 million for Fiscal 2020 as compared to ₹ 33.96 million for Fiscal 2021, increase in royalty by 107.25% from ₹ 14.80 million for Fiscal 2020 as compared to ₹ 30.68 million for Fiscal 2021 led by increase in revenues from Transfer Case, increase in freight and forwarding expenses by 11.75%

from ₹ 10.62 million for Fiscal 2020 as compared to ₹ 11.87 million for Fiscal 2021 and increase in repair and maintenance expenses by 6.83% from ₹ 24.78 million for Fiscal 2020 as compared to ₹ 26.47 million for Fiscal 2021. This was partially offset primarily by decreases in machining and development charges by 20.60% from ₹ 109.83 million for Fiscal 2020 as compared to ₹ 87.21 million for Fiscal 2021 and decrease in power and fuel, rent, rates and taxes, travelling and conveyance, printing and stationery, housekeeping expenses, testing & inspection charges, provision for doubtful debts/ advances and warehouse expenses.

Tax Expense

Our total tax expense increased by 49.25% to ₹ 145.12 million for Fiscal 2021 from ₹ 97.23 million for Fiscal 2020, primarily due to increase in current tax by ₹ 32.46 million and decrease in deferred tax charge/ (credit) by ₹ 15.43 million.

Profit for the Year

As a result of the foregoing factors, our profit for Fiscal 2021 increased by 35.68% to ₹ 380.44 million, from a profit of ₹ 280.39 million for Fiscal 2020.

Liquidity and Capital Resources

Historically, we have been able to finance our capital requirements and the expansion of our business and operations through a combination of funds generated from our operations, equity infusions from shareholders, and we expect to continue to do so. Our primary capital requirements are working capital for our operations and capital expenditures.

We believe that after taking into account the expected cash to be generated from our business and operations, the Net Proceeds from the Fresh Issue, we will have sufficient capital to meet our anticipated capital requirements for our working capital and capital expenditure requirements for the 12 months following the date of this Draft Red Herring Prospectus.

Cash Flows Based on Our Restated Financial Statements

The table below summarizes the statement of cash flows, as per our restated cash flow statements, for the periods indicated:

	Fiscal 2022	**Fiscal 2021**	**Fiscal 2020**
		(in ₹ millions)	
Net cash (used in)/ generated from operating activities	510.77	269.65	383.29
Net cash (used in)/ generated from investing activities	(510.78)	(245.78)	(243.06)
Net cash (used in)/generated from financing activities	(29.33)	(26.23)	(57.51)
Cash and cash equivalents at the end of the year	**173.53**	**202.87**	**205.23**

Net cash generated from operating activities

Our net cash generated from operating activities was ₹ 510.77 million for Fiscal 2022. This was primarily due to a profit before tax of ₹ 621.53 million. Our adjustments to reconcile profit before tax to net cash flows comprised primarily of depreciation and amortization expenses of ₹ 113.90 million, interest income of ₹ (64.43) million, changes in trade and other receivables of ₹ 40.80 million, changes in inventories of ₹ (33.66) million, changes in trade and other payables and provisions of ₹ (13.49) million and income taxes paid (net) of ₹ (155.55) million.

Our net cash generated from operating activities was ₹ 269.65 million for Fiscal 2021. This was primarily due to a profit before tax of ₹ 525.56 million. Our adjustments to reconcile profit before tax to net cash flows comprised primarily of depreciation and amortization expenses of ₹ 76.09 million, interest income of ₹ (79.80) million, changes in trade and other receivables of ₹ (322.02) million, changes in inventories of ₹ (59.39) million, changes in trade and other payables and provisions of ₹ 207.92 million and income taxes paid (net) of ₹ (123.15) million.

Our net cash generated from operating activities was ₹ 383.29 million for Fiscal 2020. This was primarily due to a profit before tax of ₹ 377.62 million. Our adjustments to reconcile profit before tax to net cash flows comprised primarily of depreciation and amortization expenses of ₹ 63.89 million, interest income of ₹ (91.89) million, finance cost on preference shares (unwinding) of ₹ 41.28 million, changes in trade and other receivables of ₹ 120.97 million, changes in inventories of ₹ (10.09) million, changes in trade and other payables and provisions of ₹ (11.38) million and income taxes paid (net) of ₹ (115.03) million.

Net cash used in investing activities

Our net cash used in investing activities was ₹ 510.78 million for Fiscal 2022. This was primarily attributable to purchase of fixed assets of ₹ 399.26 million and increase in term deposits with banks, matured (net) by ₹ 172.57 million which was partially offset by interest received of ₹ 61.05 million.

Our net cash used in investing activities was ₹ 245.78 million for Fiscal 2021. This was primarily attributable to purchase of fixed assets of ₹ 255.68 million and increase in term deposits with banks, placed (net) by ₹ 91.62 million which was partially offset by interest received of ₹ 100.99 million.

Our net cash used in investing activities was ₹ 243.06 million for Fiscal 2020. This was primarily attributable to purchase of fixed assets of ₹ 130.92 million and increase in term deposits with banks, placed (net) by ₹ 164.73 million which was partially offset by interest received of ₹ 52.59 million.

Net cash used in financing activities

Our net cash used in financing activities was ₹ 29.33 million for Fiscal 2022. This was primarily attributed to dividend paid of ₹ 21.21 million and lease rentals paid of ₹ 5.64 million.

Our net cash used in financing activities was ₹ 26.23 million for Fiscal 2021. This was primarily attributed to dividend paid of ₹ 17.22 million and lease rentals paid of ₹ 6.34 million.

Our net cash used in financing activities was ₹ 57.51 million for Fiscal 2020. This was primarily attributed to dividend paid of ₹ 40.28 million, lease rentals paid of ₹ 4.62 million and tax on dividend of ₹ 8.28 million.

Selected Balance Sheet Items

Current Assets

Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
	(in ₹ millions)		
Inventories	300.75	267.08	207.70
Financial Assets			
i) Trade Receivables	526.25	547.87	234.06
ii) Cash And Cash Equivalents	173.53	202.87	205.23
iii) Bank Balances Other Than Cash and Cash Equivalents	1,558.72	1,386.14	1,294.51
iv) Other Financial Assets	33.99	30.61	51.80
Other Current Assets	42.21	61.54	53.03
Total Current Assets	**2,635.45**	**2,496.11**	**2,046.33**

Current Liabilities

Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
	(in ₹ millions)		
Financial Liabilities			
i) Borrowings	0.85	1.21	501.79
ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	13.25	6.82	4.11
Total outstanding dues of creditors other than micro enterprises and small enterprises	383.22	391.67	227.54
iii) Lease Liabilities	2.04	5.41	4.40
iv) Other Financial Liabilities	89.65	127.32	91.78
Other Current Liabilities	28.79	3.72	7.94
Provisions	21.22	20.84	16.43
Current Tax Liabilities (Net)	59.74	52.93	32.23
Total Current Liabilities	**598.76**	**609.92**	**886.22**

Indebtedness

As of March 31, 2022, we had non-current borrowings of ₹ 0.35 million, current borrowings of ₹ 0.85 million as per our Restated Financial Statements. For further information on our agreements governing our outstanding indebtedness, see "*Financial Indebtedness*" on page 279.

Contractual Obligations and Contingent Liabilities

Contractual Obligations

As of March 31, 2022, estimated amount of contracts remaining to be executed (net of advance payments) is ₹ 507.11 million.

Contingent Liabilities

As of March 31, 2022, our Restated Financial Statements disclosed the following contingent liabilities that have not been provided for are set forth below:

Particulars	Amount (in ₹ million)
Bills discounted	23.65
Sales tax matter (including interest & penalty)	0.24
Claims against the Company, not acknowledged as debts	
(a) Dues related to employees	20.26
(b) Others	5.20
Total	49.35

For further details of the contingent liabilities of our Company as on March 31, 2022, see "*Restated Financial Statements - Contingent liabilities*" on page 222.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

We have engaged in the past, and may engage in the future, into various transactions with related parties. All the transactions with related parties are in compliance with the Companies Act, 2013, relevant accounting standards and other statuary compliances. For further information relating to our related party transactions, see "*Financial Information – Restated Financial Statements – Related Party Disclosures*" on page 220.

Quantitative and Qualitative Analysis of Market Risks

We are exposed to various types of market risks during the course of our business. 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 the risk of loss arising out of adverse changes in market prices, including interest rate risk, commodity risk, credit risk, inflation risk and foreign currency exchange risk. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt. We are exposed to various types of market risks, in the normal course of business.

Commodity Price Risk

Commodity price risk is the possibility of impact from changes in the prices of raw materials. We are exposed to market risk with respect to the prices of certain raw materials used for our products, including different components or grades of brass, steel and polyamide which are a primary raw material for the products manufactured at our facilities. The costs for these materials are based on commodity prices and subject to fluctuations. The costs of components sourced from outside manufacturers may also fluctuate based on their availability from suppliers.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our borrowings. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service long-term debt and to finance development of new projects, all of which in turn may adversely affect our results of operations.

Credit Risk

We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. If our customers do not pay us promptly, or at all, it may affect our working capital cycle and/or we may have to make provision for or write-off on such amounts.

Inflation

In recent years, India has experienced relatively high rates of inflation. Inflationary factors such as increases in the input costs and overhead costs may adversely affect our operating results. Inflation affects input costs i.e. raw material cost. The cost of materials as a percentage of our total income has increased from 32.83% in Fiscal 2020 to 38.68% in Fiscal 2022 as per our

Restated Financial Statements. Further, inflation also generally impacts the overall economy and business environment and hence could affect the Company and the liquidity available with the Company.

Capital Expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for growth of existing and new business. In Fiscal 2022, Fiscal 2021 and Fiscal 2020, our outflow towards purchase of fixed assets were ₹ 399.26 million, ₹ 255.68 million and ₹ 130.92 million, respectively as per our Restated Financial Statements.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as described above under the heading titled "*Significant Factors Affecting Our Financial Condition and Results of Operations*," at page 255 and the section titled "*Our Business*" at page 137 and to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Unusual or Infrequent Events of Transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled "*Significant Factors Affecting Our Financial Condition and Results of Operations*" at page 255 and the uncertainties described in the section titled "*Risk Factors*" beginning on page 25. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

Future Relationship Between Cost and Income

Other than as described in this Draft Red Herring Prospectus, including disclosure regarding the impact of COVID-19 on our operations, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

New Products or Business Segments

Except as described in this Draft Red Herring Prospectus, we have not announced and do not expect to announce any new products or business segments in the near future.

Significant Dependence on a Single or Few Customers

We have in the past derived a significant portion of our revenue from engineering business from a limited number of customer groups and we may continue to derive a significant portion of our revenue from such customer groups. For further details, see *"Risk Factor - Our business largely depends upon our top five customers, and the loss of such customers or a significant reduction in purchases by such customers will have a material adverse impact on our business."* on page 25.

Segment Reporting

Please refer to Note 39 of "*Restated Financial Statements*" on page 223 for our segment reporting.

Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Please refer to "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors*" on pages 137, 253 and 25, respectively for further information.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. Please refer to "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 137, 97 and 25, respectively for further information on our industry and competition.

Seasonality of Business

Our business is not subject to seasonal variations.

Qualifications Included by Statutory Auditor

There are no qualifications, reservations and adverse remarks by our statutory auditor in our Restated Financial Statements.

Recent Accounting Pronouncements

As of the date of this Draft Red Herring Prospectus, and except as may be disclosed as part of Restated Financial Statements, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

Significant Developments After March 31, 2022

To our knowledge, except as otherwise disclosed in this Draft Red Herring Prospectus, no circumstances have arisen since March 31, 2022, the date of the last financial statements contained in this Draft Red Herring Prospectus, to the date of filing of this Draft Red Herring Prospectus, which materially and adversely affects, or is likely to affect, our trading or profitability, or the value of our assets, or our ability to pay our liabilities within the next 12 months.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as March 31, 2022, derived from our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Restated Financial Statements*" and "*Risk Factors*" on pages 253, 190, and 25, respectively.

(₹in million)

Particulars		Pre-Offer as on March 31, 2022	Post-Offer#
Borrowings:			
Current term borrowings		0.85	[●]
Non-current borrowings (including current maturity)	**(A)**	0.35	[●]
Total borrowings		1.20	[●]
Shareholders' funds:			
Share capital		137.66	[●]
Other equity		3262.49	[●]
Total Equity	**(B)**	3400.15	[●]
Ratio: Non-Current borrowings / Total equity	**(A)/(B)**	0.0001	[●]

\# *The corresponding post Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.*

Note:

1. *The above has been computed on the basis of the Restated Standalone Summary Statements of Assets and Liabilities of the Company as on March 31, 2022.*
2. *Current borrowing is considered as borrowing due within 12 months from the balance sheet date.*
3. *Non-current borrowing is considered as borrowing other than current borrowing, as defined above and also includes the current maturities of non-current borrowing.*

FINANCIAL INDEBTEDNESS

As on May 31, 2022, our Company has availed the following loans:

Name of Lender	Nature of the Loan	Amount Sanctioned as on May 31, 2022 (in ₹ million)	Amount Outstanding as on May 31, 2022 (in ₹ million)
Saraswat Co-Op Bank Ltd	Vehicle Loan	0.67	0.09
Saraswat Co-Op Bank Ltd	Vehicle Loan	0.88	0.11
Saraswat Co-Op Bank Ltd	Vehicle Loan	1.10	0.14
Saraswat Co-Op Bank Ltd	Vehicle Loan	2.13	0.33
Total		**4.78**	**0.67**

Note: The above indebtedness excludes unsecured Loan from Divgi Holdings Private Limited of ₹ 345,000.

Principal terms of the borrowings availed by our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the borrowing arrangements entered into by us:

1. *Interest:* In terms of the loans availed by us, the interest rate is fixed at 8.65% per annum payable monthly.

2. *Tenor:* The tenor of the facilities availed by us is 60 months.

3. *Security:* In terms of our borrowing where security needs to be created, the company is required, inter alia, to:

   a. create hypothecation charge on the vehicle with the regional transport office in bank's favour;

   b. provide a personal guarantee by Jitendra Bhaskar Divgi.

4. *Re-Payment:* The credit facilities availed by us are typical repayable on demand but not later than 60 months.

5. *Key Covenants:* In terms of the sanction letters, the key covenants, includes, *inter alia:*

   a. intimating the lenders about any change in job or address of the applicant or guarantor;

   b. lenders reserve the right to revise the prime lending rate from time to time and accordingly, reset the applicable rate of interest and such revision shall be binding on us.

6. *Events of Default:* In terms of the sanction letters, the following, inter alia, constitutes as events of default:

   a. failure and inability to pay amounts on the due date;

   b. if the information document/ particulars furnished is/are incorrect;

   c. any material changes in the circumstances/conditions which in the opinion of the lenders will be/likely to be prejudicial to the interest of the bank;

   d. breach of any of the terms and condition stipulated or the terms and condition on which the facility/ies is/are sanctioned are not complied.

7. *Consequences of occurrence of events of default:* In terms of the sanction letters, the following, inter alia, are the consequences of occurrence of events of default, our lenders may:

   a. withhold or cancel or revoke the credit facility/ies at once;

   b. discontinue the facility/ies and/or withhold further disbursement.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings including first information reports: (ii) all outstanding actions taken by regulatory and/ or statutory authorities ; (iii) outstanding claims related to direct or indirect taxes ; (iv) other pending litigation or arbitration proceedings, as determined to be material by our Board as per the Materiality Policy, in each case involving our Company, our Promoters or Directors (each, "**Relevant Party/ies**"); or (v) pending litigation involving each of our Group Company which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions, including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Fiscals including any outstanding action.*

For the purposes of (iv) above, in terms of the Materiality Policy adopted by our Board on July 25, 2022:

1. *Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) and (v) above) involving the Relevant Parties shall be considered "material" for the purposes of disclosure in this Draft Red Herring Prospectus, if:*

    a.) *the aggregate monetary claim/ dispute amount/ liability made by or against the Relevant Parties, in any such pending proceeding exceeds either 1% of the profit after tax of the Company being ₹ 4.62 million or 1% of the net-worth of the Company, being ₹ 34.00 million, whichever is lower, as per the latest fiscal year of the Restated Financial Statements. The profit after tax of the Company for Fiscal 2022 as per the Restated Financial Statements was ₹ 461.51 million while the net worth of our Company for Fiscal 2022 was ₹ 3,400.15 million. Accordingly, we have disclosed all such outstanding litigation proceedings where the aggregate monetary claim made by or against the Relevant Parties (individually or in aggregate), in any such pending proceedings is in excess of ₹ 4.62 million (being 1% percent of our profit after tax of the Company in Fiscal 2022 as per the Restated Financial Statements); or*

    b.) *the monetary liability is not determinable or quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold specified in (a) above, but the outcome of any such pending proceeding may have a material adverse effect on the business, operations, performance, prospects, position or reputation of the Company; or*

    c.) *litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the materiality threshold.;*

    It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties or Group Company from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board of Directors, not be considered as material litigation, until such time that a Relevant Party or a Group Company is impleaded in proceedings before any judicial / arbitral forum.

Further, creditors of our Company to whom amount due by our Company is equal to, or in excess of, ₹ 19.82 million, being 5% of the trade payables of our Company as at the end of the latest fiscal year included in the Restated Financial Statements, would be considered as material creditors.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.

We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties in a consolidated manner giving details of number of cases and total amount involved in such claims.

Litigation involving our Company

Litigations against our Company

Criminal Proceedings

As on the date of this Draft Red Herring Prospectus, there is no pending criminal proceedings against our Company.

Litigations against our Company

As on the date of this Draft Red Herring Prospectus, there is no pending civil proceedings against our Company which will have a material impact on our Company.

Litigations by our Company

Except as disclosed below, there is no pending civil proceedings by our Company which will have a material impact on our Company.

Civil proceedings

1. Our Company ("**Petitioner**") has filed special leave petitions ("**SLPs**") bearing SLP (Civil) No. 35861 of 2009, SLP (Civil) No. 1249 and SLP (Civil) No. 12521 of 2009, respectively before the Hon'ble Supreme Court of India ("**Hon'ble Supreme Court**"), challenging the final judgment and combined order dated February 2, 2009 ("**Impugned Order**") passed by the Hon'ble Karnataka High Court ("**Hon'ble High Court**") that set-aside the transfer of workmen from Sirsi unit to the Pune unit of our Company on the grounds that the transfer was mala fide and illegal. Divgi Metalwares Employees Association is the Respondent in the matter. The matter is currently pending before the Hon'ble Supreme Court.

2. Our Company ("**Respondent**") has filed a statement of objections bearing no. MWA/ No. 3/2021 before the Deputy Labour Commissioner ("**Claimant**"), Belagavi Division, at Belagavi, Karnataka in response to the show cause notices issued by the labour inspector under the authority of the Minimum Wages Act, 1948. It was alleged in the show cause notice dated September 11, 2020 ("**Show Cause Notice 1**") that the workers appointed through the contractor M/s Vijay Enterprises and Radiant Guard Services were paid lesser wages than the minimum wage fixed by the Government of India. A second show cause notice was issued on November 12, 2020 by the Claimant, asking the Company to respond to the Show Cause Notice 1. Our Company requested additional time for response through its reply dated November 17, 2020. The Labour Commissioner issued a final show cause notice intimating our Company to deposit the total amount of ₹ 5.36 million to be paid to the contract workers. Accordingly, our Company has filed the statement of objections to seek redressal in this matter. The matter is currently pending.

Litigation involving our Promoters

Actions by statutory or regulatory authorities

As on the date of this Draft Red Herring Prospectus, there are no pending actions initiated by statutory or regulatory authorities against our Promoters.

Civil proceedings

As on the date of this Draft Red Herring Prospectus, there are no pending civil proceedings involving our Promoters.

Criminal litigation

As on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings involving our Promoters.

Disciplinary action taken against our Promoters in the five Fisals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange

As on the date of this Draft Red Herring Prospectus, there are no disciplinary action taken against our Promoters in the five Fiscals preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange.

Litigation involving our Directors

Actions by statutory or regulatory authorities

As on the date of this Draft Red Herring Prospectus, there are no pending actions initiated by statutory or regulatory authorities against our Directors.

Civil proceedings

As on the date of this Draft Red Herring Prospectus, there are no pending civil proceedings involving our Directors.

Criminal litigation

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, there are no pending criminal proceedings involving any of our Directors:

1. Mr. Pradip Vasant Dubhashi was issued a summons dated October 29, 2021, under Section 217 of the Companies Act, 2013, from the Investigation Office, Serious Fraud Investigation Office ("**SFIO**"), investigating the affairs of Religare Enterprises Limited and one other company, to appear before the SFIO for examination in connection with the aforesaid investigation. Mr. Pradip Vasant Dubhashi presumed that he was summoned in relation to Prime Securities

Limited ("**Prime Securities**") as he was a director of Prime Securities, which had dealings with Religare Enterprises Limited in the past.

Therefore, Mr. Pradip Vasant Dubhashi responded to the summon issued by SFIO through his letter dated November 12, 2021 stating that, he has been a Non-Executive and Independent Director of Prime Securities and was never associated with day to day functioning of Prime Securities. He also stated that, an executive director of Prime Securities will be better equipped to answer SFIO's questions pertaining to the past transactions between Prime Securities and Religare Enterprises Limited. Further, he requested SFIO to, inter alia, exempt him from personal appearance before SFIO. Mr. Pradip Vasant Dubhashi, through his letter dated January 29, 2022, has clarified that he had presumed that he was summoned by the SFIO, since he had been a director of Prime Securities, which had dealings with Religare Enterprises Limited, in the past. The matter is currently pending.

Tax proceedings

NIL

Outstanding dues to creditors

As per the Materiality Policy, a creditor of our Company, shall be considered to be material ("**Material Creditors**") for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor by our Company is equal to, or in excess of, 5% of the trade payables of our Company as at the end of the latest fiscal year in the Restated Financial Statements (*i.e.*, as at March 31, 2022).

As of March 31, 2022, we had 911 creditors and the aggregate amount outstanding to such creditors was ₹ 396.47 million. Accordingly, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds ₹ 19.82 million, as on March 31, 2022. As of March 31, 2022, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

Particulars	Number of creditors	Amount involved (in ₹ million)
Micro, small and medium enterprises*	20	13.25
Material Creditor(s)	1	27.95
Other creditors	890	355.27

* *As defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

For further details about outstanding overdues to Material Creditors as on March 31, 2022, along with the name and amount involved for each such Material Creditor, see https://divgi-tts.com/investors.html.

It is clarified that such details available on our Company's website do not form a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any source of information including our Company's website, www.divgi-tts.com would be doing so at their own risk.

Material Developments

There have been no material developments, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances, which materially and adversely affect, or are likely to affect our trading or profitability of our Company or the value of its assets or its ability to pay liabilities, except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 253.

Litigation involving the Group Company

As on the date of this Draft Red Herring Prospectus, there is no pending litigation involving our Group Company which will have a material impact on our Company.

GOVERNMENT AND OTHER APPROVALS

We have set out below a list of approvals obtained by our Company which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Company can undertake this Offer, and our Company can undertake its business activities. Other than as stated below, no further material approvals from any regulatory authority are required to undertake the Offer or continue such business activities. In addition, certain of our key approvals may have expired or may expire in the ordinary course, from time to time and our Company, has either made an application to the appropriate authorities for renewal of such key approvals or is in the process of making such renewal applications. In relation to the business activities and operations of our Company, we have in addition to the approvals considered material and necessary, disclosed below (i) approvals applied for but not received; and (ii) approvals that have expired for which renewal applications are yet to be made and (iii) approvals required but not obtained or applied for. For details of risk associated with not obtaining or delay in obtaining the requisite approvals, see "Risk Factors – "We require certain licenses, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may adversely affect our operations." on page 34. For details in connection with the applicable regulatory and legal framework, see "Key Regulations and Policies" on page 155.

I. Approvals in Relation to the Offer

For details in relation to the approvals and authorizations in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 287.

II. Approvals in Relation to our Company

(a) Corporate Approvals

1. Certificate of incorporation dated December 16, 1964 was issued to our Company by the RoC.
2. Certificate of incorporation dated July 1, 1996 consequent upon change of name was issued pursuant to the conversion into a public company.
3. Certificate of incorporation dated November 23, 1998 consequent upon change of name was issued pursuant to the conversion into a private company.
4. Certificate of incorporation dated October 26, 1999 consequent upon change of name was issued to our Company by the RoC.
5. Certificate of incorporation dated November 24, 2017 consequent upon change of name pursuant to the merger dated August 18, 2017 was issued to our Company by the RoC.
6. Certificate of incorporation dated March 10, 2022 consequent upon change of name was issued pursuant to the conversion into a public company.

(b) Regulatory Approvals

1. Certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970, dated January 17, 2022 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Office of the Assistant Labour Commissioner, Pune-5, Government of Maharashtra for the establishment in Shivare, Pune.
2. Certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970, dated February 25, 2022 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Office of the Assistant Labour Commissioner, Dharwad, Hubli for the establishment in Sirsi, Karnataka.
3. Certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970, dated February 3, 2022 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Office of the Assistant Labour Commissioner, Pune-7, Government of Maharashtra for the establishment in Bhosari, Pune.

(c) Tax Registrations

1. Permanent account number AAACD7364H, issued by the Income Tax Department, Government of India.
2. Tax deduction account number PNED13347F, issued by Income Tax Department, Government of India.

3. Goods and Services Taxpayer Identification Number registration number 27AAACD7364H1ZK, issued by the Government of India.

III. Approvals in Relation to our Business

(a) Material Licenses and Approvals obtained by our Company

1. Factory registration and factory operation license under the Factories Act, 1948, as amended, dated September 28, 2021 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Industry Safety and Health Directory, Labour Department for the establishment in Shivare, Pune, Maharashtra.

2. License to operate a factory under the Factories Act, 1948, as amended, dated February 25, 2021 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Factories, Boilers, Industrial Safety and Wellness Department, Government of Karnataka for the establishment in Sirsi, Uttara Kannada, Karnataka.

3. Factory registration and factory operation license under the Factories Act, 1948, as amended, dated June 7, 2019 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Industry Safety and Health Directory, Labour Department for the establishment in Bhosari, Pune, Maharashtra.

4. Consent to operate under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 dated December 30, 2013 (in our erstwhile name, "*Divgi Warner Private Limited*"), issued by the Karnataka State Pollution Control Board for the establishment in Sirsi, Uttar Kannada.

5. Consent to operate under the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and Hazardous and Other Wastes (Management & Transboundry Movement) Rules, 2016 dated September 10, 2018 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Maharashtra Pollution Control Board for the establishment in Bhosari, Pune.

6. Consent to operate under the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and Hazardous Waste and Other Wastes (Management, Handling & Transboundary Movement) Rules, 2016 dated May 26, 2021 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Maharashtra Pollution Control Board for the establishment in Shivare, Pune.

7. Consent to establish under the Water (Prevention & Control of Pollution) Act, 1974, Air (Prevention & Control of Pollution) Act, 1981 and Hazardous and Other Wastes (Management & Transboundry Movement) Rules, 2016 dated March 29, 2022 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by the Maharashtra Pollution Control Board for the establishment in Satara, Pune.

8. Provisional no-objection certificate under Section 3 of Maharashtra Fire Prevention and Life Safety Measures Act, 2006 for proposed construction of factory shed and other building in Satara, Maharashtra dated March 22, 2022 (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*, issued by Maharashtra Industrial Development Corporation.

9. Fire no-objection certificate for the manufacturing facility in Bhosari dated December 11, 2006 (in our erstwhile name, "*Divgi Warner Private Limited*"), issued by Maharashtra Industrial Development Corporation.

10. Acknowledgment for industrial entrepreneurs memorandum issued by Ministry of Commerce and Industry for the manufacturing facility under-construction at Satara, Maharashtra and for the manufacturing facilities at Bhosari, Pune, Shivare, Pune and Sirsi, Uttar Kannada (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*"* and "*Divgi Metalwares Private Limited*").

11. Importer Exporter Code dated June 22, 1988 issued by Office of Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

(b) ISO and IATF Certifications

1. Our Company has obtained ISO 14001:2015, for all its manufacturing facilities at Shivare, Pune (in our erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*; Sirsi, Karnataka; and Bhosari, Pune and ISO 45001:2018 certification for our manufacturing facility at Shivare, Pune (in our

erstwhile name, "*Divgi TorqTransfer Systems Private Limited*")*; Sirsi, Karnataka and Bhosari, Pune.

2. Our Company has obtained IATF 16949: 2016 certification for all its manufacturing facilities at Shivare, Pune**; Sirsi, Karnataka; and Bhosari, Pune.

**Our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM held on October 18, 2021, and the name of our Company was changed to Divgi TorqTransfer Systerms Limited. A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the Registrar of Companies, Maharashtra, at Pune on March 10, 2022. Our Company is in process of filing the applications with relevant statutory and regulatory authorities for reflecting the change of name of the Company, pursuant to conversion from a private limited company to a public limited company.*

***Our company has not applied for the change of name of the Company pursuant to the conversion into a public limited company for the IATF 16949: 2016 certification for its manufacturing facility at Shivare, Pune. The IATF 16949:2016 will be renewed in the ordinary course of business of the Company.*

IV. Intellectual Property

(a) Registrations obtained by our Company

Trademarks

As on the date of this Draft Red Herring Prospectus, our Company has no registered trademarks, except as disclosed below:

S. No.	Description	Type of Trademark	Class	Registration Number	Valid up to
1.	Velvet Drive	Logo	12	3728519	January 15, 2028
2.	Velvet Shift	Word	12	3728517	January 16, 2028
3.	Velvet Shift	Logo	12	3728518	January 16, 2028
4.	Velvet Shift	Label	12	3728527	January 16, 2028
5.	Velvet Drive	Label	12	3728528	January 16, 2028
6.	Velvet Drive	Word	12	3728550	January 16, 2028

(b) Applications filed by our Company

As on date of this Draft Red Herring Prospectus, our Company has applied for the following trademarks:

S. No.	Description	Type of Trademark	Class	Application Number	Status
1.	Divgi TorqTransfer Systems	Device	12	5360658	Approved and Advertised

S. No.	Description	Type of Trademark	Class	Application Number	Status
2.	Divgi TorqTransfer Systems	Device	42	5360659	Approved and Advertised
3.	Divgi-TTS	Device	12	5360656	Approved and Advertised
4.	Divgi-TTS	Device	42	5360657	Approved and Advertised
6.	Divgi-TTS	Word	12	5360654	Approved and Advertised
7.	Divgi-TTS	Word	42	5360655	Approved and Advertised
8.	Dual Tronic	Word	12	5360660	Objected

V. Approvals applied for but not received

Except as disclosed below, there are no approvals that have been applied for by our Company but not received:

1. Our Company through its application dated July 16, 2022 has applied for the renewed ISO 45001:2018 and ISO 14001:2015 certifications for its manufacturing facility at Shivare, Pune to incorporate the change of name of the Company pursuant to the conversion into a public limited company.

2. Our Company through its application dated September 4, 2022 has applied for the renewed industrial entrepreneurs memorandum issued by Ministry of Commerce and Industry for the manufacturing facility at Sirsi, Karnataka and Bhosari, Pune and an application dated September 3, 2022 for the manufacturing facility at Shivare, Pune, to incorporate the change of name of the Company pursuant to the conversion into a public limited company.

VI. Approvals expired and renewal to be applied for

As on the date of this Draft Red Herring Prospectus, there are no approvals that have expired but have not been renewed by our Company.

VII. Approvals required but not obtained or applied for

As on the date of this Draft Red Herring Prospectus, there are no approvals which our Company was required to obtain or apply for, but which have not been obtained or been applied for.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorised by our Board of Directors pursuant to the resolution passed at its meeting dated July 25, 2022. The Fresh Issue has been authorised by our Shareholders pursuant to a resolution passed at their meeting dated July 25, 2022. Further, our Board of Directors have taken on record the consent of the Selling Shareholders to participate in the Offer for Sale pursuant to a resolution passed at its meeting held on September 21, 2022.

This Draft Red Herring Prospectus has been approved by our Board on September 21, 2022.

Each of the Selling Shareholders has severally and not jointly have confirmed and approved their participation in the Offer for Sale in relation to its portion of the Offered Shares, as set out below:

Sr. No.	Name of Selling Shareholder	Date of consent letters	Date of resolution	Maximum number of Offered Shares
Selling Shareholders				
1.	Oman India Joint Investment Fund II	September 12, 2022 and September 21, 2022	December 8, 2021	Up to 17,50,000 Equity Shares aggregating up to ₹ [●] million
2.	NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)	September 10, 2022 and September 21, 2022	March 16, 2022	Up to 11,54,000 Equity Shares aggregating up to ₹ [●] million
3.	Kishore Mangesh Kalbag	September 12, 2022 and September 21, 2022	-	Up to 15,232 Equity Shares aggregating up to ₹ [●] million
4.	Bharat Bhalchandra Divgi	September 12, 2022 and September 21, 2022	-	Up to 49,430 Equity Shares aggregating up to ₹ [●] million
5.	Ashish Anant Divgi	September 12, 2022 and September 21, 2022	-	Up to 104,020 Equity Shares aggregating up to ₹ [●] million
6.	Arun Ramdas Idgunji	July 25, 2022 and September 21, 2022	-	Up to 33,660 Equity Shares aggregating up to ₹ [●] million
7.	Sanjay Bhalchandra Divgi	September 12, 2022 and September 21, 2022	-	Up to 40,460 Equity Shares aggregating up to ₹ [●] million

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI, RBI, or other Governmental Authorities

Our Company, our Promoters, members of the Promoter Group, our Directors, persons in control of our Company and the persons in control of our Corporate Promoter, Selling Shareholders are not prohibited from accessing the capital market or debarred from buying, selling, or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Except, Pradip Vasant Dubhashi, who is associated with Prime Securities Limited (SEBI Registration No. MB/INM000000750) and Praveen Purushottam Kadle, who is associated with Quantum Advisors Private Limited (SEBI Registration No. PM/INP 000000187), none of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against the Directors of our Company in the past five years preceding the date of this Draft Red Herring Prospectus:

Our Company, Promoters or Directors have not been declared as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our individual Promoters or Directors have not been declared as fugitive economic offenders.

The Selling Shareholders confirm that they have not been prohibited from accessing the capital market or debarred from buying, selling, or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court. Our Company or our Promoters or Directors are not declared as 'Fraudulent Borrowers' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoters, members of Promoter Group and the Selling Shareholders confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

"*An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so*."

Our Company is not eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations as it held more than 50% of the net tangible assets as monetary assets.

Our Company's operating profit, net worth, net tangible assets and monetary assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, for the last three Fiscals are set forth below:

(₹ in million)

Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
Operating Profit (1)	542.23	442.90	305.46
Net Worth (2)	3,392.78	2,951.39	2,087.95
Net Tangible Assets (3)	3,258.29	2,927.30	2,044.59
Monetary Assets (4)	1,766.23	1,619.62	1,551.54
Monetary Assets as a percentage of the Net Tangible Assets	54.21%	55.33%	75.89%

Notes:

1. *"Operating Profit" is defined as profit before tax excluding finance expense and other income*
2. *"Net Worth' means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Financial Statements, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation in accordance with Regulation 2(1)(hh) of the SEBI ICDR Regulations.*
3. *"Net Tangible Assets" means the sum of all net assets (arrived at by deducting non-current liabilities, current liabilities from total assets) of the Company, excluding intangible assets as defined in Indian Accounting Standard (Ind AS) 38 and deferred tax assets as defined in Ind AS 12 and excluding the impact of deferred tax liabilities as defined in Ind AS 12 issued by Institute of Chartered Accountants of India.*
4. *"Monetary Assets" is the aggregate of cash on hand, cash equivalents and balance with banks (including other bank balances and interest accrued thereon)*

For further details, see "*Other Financial Information*" on page 252.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, the Promoters, members of the Promoter Group, our Directors and the Selling Shareholders are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoters or our Directors or the Selling Shareholders are associated as promoter or director are not debarred from accessing the capital markets by SEBI and have not been declared as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI;

(iii) Neither our Company, nor our Promoters or Directors have been identified as a wilful defaulter or a fraudulent borrower (as defined in the SEBI ICDR Regulations);

(iv) None of our Promoters or Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company, along with the Registrar to the Offer, has entered into tripartite agreements dated April 30, 2018 and April 28, 2016 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters are in dematerialised form;

(viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus;

(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance;

(x) Our Company has received in-principal approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively; and

(xi) Our Company has appointed [●] as the Designated Stock Exchange.

Our Company shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations

Each of the Selling Shareholders confirms that the Equity Shares offered by it as part of the Offer for Sale have been held by it in compliance with Regulation 8 and 8A of the SEBI ICDR Regulations. Further, our Company confirms that it will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. INGA VENTURES PRIVATE LIMITED AND EQUIRUS CAPITAL PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, INGA VENTURES PRIVATE LIMITED AND EQUIRUS CAPTIAL PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 21, 2022 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act.

Disclaimer from our Company, our Directors, the Selling Shareholders and BRLMs

Our Company, the Selling Shareholders, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.divgi-tts.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. The Selling Shareholders, its respective directors, affiliates, associates, and officers accept or undertake no responsibility for any statements other than those specifically undertaken or confirmed by the Selling Shareholders in relation to itself and the Offered Shares.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders, and our Company.

All information shall be made available by our Company, the Selling Shareholders (to the extent of itself and the Offered Shares) and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, our Promoters, their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company,, the Selling Shareholders, its directors, the Promoters, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Pune, Maharashtra, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor the offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date of this Draft Red Herring Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed, or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, each of the Company and the Selling Shareholders agrees to share the costs and expenses, based on the following: (i) solely by the Company in relation to the Equity Shares offered by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Equity Shares offered in the Offer for Sale. **Consents**

Consents in writing of: (a) Investor Selling Shareholders, Other Selling Shareholders, our Directors, our Promoters, our Company Secretary and Compliance Officer, Chief Financial Officer, Banker(s) to the Company, legal counsels appointed for the Company, legal counsel appointed for the Investor Selling Shareholders, legal counsel appointed for the BRLMs, CRISIL, the BRLMs, the Registrar to the Offer, Statutory Auditor, Independent Chartered Accountant, Practicing Company Secretary and Chartered Engineer in their respective capacities, have been obtained; (b) consents of the Monitoring Agency; the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Bank, to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, and such consents, which have been obtained, have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

Experts to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated September 12, 2022 from the Statutory Auditor, namely B. K. Khare & Co, Chartered Accountants, to include its name as required under Section 26(5) of the Companies Act in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as a statutory auditor of our Company in respect of the Restated Financial Information and the examination report dated July 25, 2022 thereon, and the statements of tax benefits dated September 21, 2022 included in this Draft Red Herring Prospectus and such consent has not been withdrawn until the filing of this Draft Red Herring Prospectus with the SEBI. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the U.S. Securities Act.

In addition, our Company has received written consent dated September 21, 2022 from A. R. Sulakhe & Company, Chartered Accountants, to include its name as an independent chartered accountant under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act.

Our Company has received written consent from Smita Mehendaley, Chartered Engineers to include their name in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) and 26(5) of the Companies Act in their capacity as the independent chartered engineer and in respect of the certificate dated August 29, 2022 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated September 21, 2022 from CS Vinayak Khanvalkar, practicing Company Secretary in whole time practice, to include its name as a practicing company secretary under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act.

The term "expert" shall not be construed to mean an "expert" as defined under the U. S. Securities Act.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public issue or rights issue during the last five years.

Particulars regarding capital issues by our Company and listed group companies, or associate entity during the last three years

Other than as disclosed in "*Capital Structure*" on page 65, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus. Further, our Company does not have any listed group companies, or associate.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares for last five years preceding the date of this Draft Red Herring Prospectus by our Company.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed Promoter of our Company

The securities of our Corporate Promoter are not listed on any stock exchange

Price information of past issues handled by the BRLMs

A. INGA VENTURES PRIVATE LIMITED

1. *Price information of past issues (during current Fiscal and two Fiscals preceding the current Fiscal) handled by Inga Ventures Private Limited*

Sr. No.	Issue Name	Issue Size (in ₹ Mn)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Source: www.nseindia.com;

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th / 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. The Nifty 50 index is considered as the benchmark index. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

2. *Summary statement of price information of past issues (during current Fiscal and two Fiscals preceding the current Fiscal) handled by Inga Ventures Private Limited*

Fiscal	Total No. of IPO's	Total Funds Raised (in ₹ Mn)	No. of IPOs trading at discount – 30th calendar days from listing			No. of IPO trading at premium – 30th calendar days from listing			No. of IPOs trading at discount – 180th calendar days from listing			No. of IPOs trading at premium – 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022–23	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2021-22	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2020-21	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Source: www.nseindia.com

Note:

Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

NA means Not Applicable.

B. Equirus Capital Private Limited

1. *Price information of past issues handled by Equirus Capital Private Limited:*

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Antony Waste Handling Cell Limited#	2,999.85	315.00	January 01,2021	430.00	-10.14% [-3.31%]	-22.57% [+3.43%]	+2.22% [+9.78%]
2.	G R Infraprojects Limited#	9,623.34	837.00[1]	July 19, 2021	1700.00	+90.61% [+6.16%]	+138.67% [+16.65%]	+132.16% [+16.50%]
3.	Rolex Rings Limited$	7,310.00	900.00	August 9, 2021	1,250.00	+22.28% [+6.79%]	+31.50% [+10.20%]	+45.24% [+7.74%]
4.	Krsnaa Diagnostics Limited$	12,133.35	954.00[2]	August 16, 2021	1,005.55	-9.42% [+4.93%]	-27.73% [+9.30%]	-32.63% [+4.90%]
5.	Anand Rathi Wealth Limited#	6,593.75	550.00[3]	December 14, 2021	602.05	+12.38% [+5.22%]	+4.46% [-4.42%]	+19.55% [-6.56%]
6.	Metro Brands Limited#	13,675.05	500.00	December 22, 2021	436.00	+21.77% [+4.45%]	+14.57% [+0.64%]	+7.93% [-9.78%]
7.	Prudent Corporate Advisory Services Limited#	4,282.84	630.00[4]	May 20, 2022	660.00	-20.71% [-5.46%]	-2.10% [+10.92%]	N.A.
8.	Dreamfolks Services Limited#	5,621.01	326.00	September 06, 2022	505.00	N.A.	N.A.	N.A.

Source*: www.bseindia.com and www.nseindia.com for price information and prospectus/basis of allotment for issue details.*

Notes:

1. *A discount of ₹ 42 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of G R Infraprojects Limited IPO*
2. *A discount of ₹ 93 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Krsnaa Diagnostics Limited IPO*
3. *A discount of ₹ 25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Anand Rathi Wealth Limited IPO*
4. *A discount of ₹59 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Prudent Corporate Advisory Services Limited IPO*
5. *Price on Designated Stock Exchange of the respective Issuer is considered for all of the above calculations.*
6. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
7. *N.A. (Not Applicable) – Period not completed.*

 # The S&P BSE SENSEX is considered as the Benchmark Index

$ The S&P CNX NIFTY is considered as the Benchmark Index

2. *Summary statement of price information of past issues handled by Equirus Capital Private Limited:*

Fiscal	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2022-2023*	2	9,903.85	-	-	1	-	-	-	-	-	-	-	-	-
2021-2022	5	49,335.49	-	-	1	1	-	3	-	1	-	1	1	2
2020 -2021	1	2,999.85	-	-	1	-	-	-	-	-	-	-	-	1

Notes:

* *The information is as on the date of this Offer Document.*

The information for each of the fiscals is based on issues listed during such fiscal.

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the BRLMs, as set forth in the table below:

Sr. No.	Name of BRLMs	Website
1.	Inga Ventures Private Limited	www.ingaventures.com
2.	Equirus Capital Private Limited	www.equirus.com

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs or the Registrar to the Offer, in the manner provided below.

All grievances, other than of Anchor Investors, in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay at the rate of 15% per annum for any delay beyond this period of 15 days. Further, in accordance with the provisions of the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circulars SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the investors shall be compensated by the SCSBs at the rate higher of ₹ 100 or 15% per annum of the application amount in the events of delayed or withdrawal of applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/ partially-allotted applications for the stipulated period. In an event there is a delay in redressal of investor grievances in relation to unblocking of amounts beyond the date of receipt of the complaint, the BRLMs shall be liable to compensate the investors at the rate higher of ₹ 100 per day or 15% per annum of the application amount for the period of such delay, to the extent applicable.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

All grievances relating to Bids submitted with the Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company shall obtain authentication on the SCORES, prior to the filing of RHP and is in compliance with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013, the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 and the SEBI circular (SEBI/HO/OIAE/IGRD/CIR/P/2021/642) dated October 14, 2021 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor grievances in the last three Fiscals prior to the filing of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus. Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Satish Chandrashekhar Kadrolli, as the Company Secretary and Compliance Officer for the Offer and she may be contacted in case of any pre-Offer or post-Offer related problems. For further details, see "*General Information*" on page 56.

Our Company has also constituted a Stakeholders' Relationship Committee comprising of Praveen Purushottam Kadle as Chairperson, and Pradip Vasant Dubhashi, Geeta Prafullachandra Tolia and Hirendra Bhaskar Divgi as members, to review and redress shareholder and investor grievances. For further details, see "*Our Management-Stakeholders' Relationship Committee*" on page 176.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, the SEBI Listing Regulations, our MoA and AoA, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, and/or other authorities, as in force on the date of this Offer and to the extent applicable or such other conditions as may be prescribed by such governmental, regulatory or statutory authority while granting its approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Other than (a) listing fees and audit fees of statutory auditor (to the extent not attributable to the Offer), each of which shall be borne solely by the Company, and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, each of the Company and the Selling Shareholders agrees to share the costs and expenses (including all applicable taxes) directly attributable to the Offer as agreed in a fee letter (approved and executed by the Selling Shareholders), severally and not jointly, based on the following: (i) solely by the Company in relation to the Equity Shares issued and allotted by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Equity Shares sold and transferred in the Offer for Sale. All the expenses relating to the Offer shall be paid by the Company in the first instance. As mutually agreed, the expenses directly attributable to the portion for the Offer for Sale will be deducted from the proceeds of the Offer, as appropriate, and only the remaining amount will be paid to the Selling Shareholders in the Offer for Sale, in accordance with Section 28(3) of the Companies Act, 2013. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, each of the Company and the Selling Shareholders agrees to share the costs and expenses, based on the following: (i) solely by the Company in relation to the Equity Shares offered by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Equity Shares offered in the Offer for Sale.

Ranking of the Equity Shares

The Equity Shares being offered and Allotted in the Offer shall be subject to the provisions of the Companies Act, SEBI Listing Regulations, our MoA and AoA and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend and other corporate benefits if any, declared by our Company after the date of Allotment. The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" on page 325.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to Shareholders as per the provisions of the Companies Act, 2013, our MoA and AoA, the SEBI Listing Regulations and other applicable law. All dividends, if any, declared by our Company after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, in accordance with applicable law. For further details in relation to dividends, see *"Dividend Policy"* and *"Main Provisions of the Articles of Association"* on pages 189 and 325, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 5 and the Offer Price is ₹[●] per Equity Share. The Floor Price of Equity Shares is ₹[●] per Equity Share and the Cap Price is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band, Employee Discount (if any) and minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in all editions of [●], an English national daily newspaper, all editions of the Hindi national daily newspaper [●], and [●] editions of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra, where our Registered Office is located), each with wide circulation, respectively, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

Jurisdiction

The courts of competent jurisdiction in Mumbai will have exclusive jurisdiction in relation to this Offer.

Compliance with Disclosure and Accounting Norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, our Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or 'e-voting';
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Main Provisions of the Articles of Association*" on page 325.

Allotment of Equity Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in the dematerialised form only. In this context, our Company has entered into the following agreements:

- Tripartite agreement dated April 30, 2018, amongst our Company, NSDL and Registrar to the Offer.
- Tripartite agreement dated April 28, 2016, amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "*Offer Procedure*" on page 307.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Period of operation of subscription list See "*Terms of the Offer– Bid/Offer Programme*" on page 300.

Nomination facility to Bidders

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Bid/Offer Programme

BID/ OFFER OPENS ON*	[●]
BID/ OFFER CLOSES ON**	[●]^

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

** *Our Company and the Selling Shareholders, in consultation with the BRLMs may, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

^ *UPI mandate end time and date shall be at [●] on [●].*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account**	On or about [●]
Credit of the Equity Shares to depository accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

** *In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 (to the extent applicable) in case of delays in resolving investor grievances in relation to blocking/unblocking of fund and the provisions shall also be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For the avoidance of doubt, the provisions of the SEBI circular dated March 16, 2021, as amended pursuant to SEBI circular dated June 2, 2021, SEBI circular dated April 20, 2022 and SEBI circular dated May 30, 2022 shall be deemed to be incorporated in the agreements to be entered into by and between the Company and the relevant intermediaries, to the extent applicable.*

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the BRLMs. While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 6 Working Days of the Bid/Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholders severally and not jointly confirm that they shall extend reasonable support and co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed by SEBI.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by

obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day.

In terms of the UPI Circulars, in relation to the Offer, the Book Running Lead Managers will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time ("**IST**")) during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form **except that:**

(i) on the QIB Bid/Offer Closing Date, in case of Bids by QIBs under the QIB Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST).

(ii) on the Bid/Offer Closing Date:

   (a) in case of Bids by Non-Institutional Investors, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and

   (b) in case of Bids by Retail Individual Investors, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids and any revision in Bids will only be accepted on Working Days. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period in accordance with the SEBI ICDR Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price, provided that the Cap Price shall be at least 105% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least 3 additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of 3 Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate and by intimation to the Designated Intermediaries.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Minimum Subscription

On the date of closure of the Offer, if our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date, and (ii) minimum subscription in the Offer as specified under the terms of Rule 19(2)(b) of the SCRR including through development of Underwriters, as applicable, within 60 days from the date of on the date of closure of the Offer Bid/Offer Closing Date, or if the subscription level falls below the thresholds mentioned above after the Bid/ Offer Closing Date, or on the account of withdrawal of applications; or after technical rejections; or if the listing or trading permission are not obtained from the Stock Exchanges for the Equity Shares so offered under the Offer document, our Company, shall forthwith refund the entire subscription amount received. If there is a delay beyond four days from the closure of the Offer, our Company and shall pay interest at the rate of 15% per annum or such other amount prescribed under applicable law, including the including the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, the SEBI circular no.

SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 (to the extent applicable). Each Selling Shareholder shall be, severally and not jointly, liable to refund money raised in the Offer, only to the extent of its respective Offered Shares, together with any interest on such amount as per Applicable Laws. No liability to make any payment of interest shall accrue to the Selling Shareholders unless any delay in making any of the payments hereunder or any delay in obtaining listing or trading approvals in relation to the Offer is solely attributable to the relevant Selling Shareholder. All refunds made, interest borne, and expenses incurred (with regard to payment of refunds) by the Company on behalf of any of the Selling Shareholders will be adjusted or reimbursed by such Selling Shareholder to the Company as agreed among the Company and the Selling Shareholders in writing, in accordance with Applicable Laws.

The requirement for minimum subscription is not applicable to the Offer for Sale portion of the Offer. In the event of under-subscription in the Offer, Allotment of valid Bids will be made in the first instance towards Minimum Subscription, provided that post satisfaction of the Minimum Subscription, subject to receipt of any remaining valid Bids, Equity Shares will be Allotted (a) in priority towards the balance Fresh Issue; and (b) Offered Shares being offered by the Selling Shareholders post complete allotment of the Equity Shares forming part of the Fresh Issue, proportionately towards the Offered Shares being offered by the Selling Shareholders. For avoidance of doubt, it is hereby clarified that Offer for Sale portion of the Offer will be offered only once the entire portion of the Fresh Issue is Allotted in the Offer. Under subscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Offer.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Offer Equity Shares, the Promoter’s Contribution and Equity Shares allotted to Anchor Investors pursuant to the Offer, as detailed in “*Capital Structure*” on page 65 and except as provided in our AoA, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, “*Main Provisions of the Articles of Association*” at page 325.

Option to receive Equity Shares in Dematerialized Form

Pursuant to Section 29 of the Companies Act, 2013, allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. Further, as per the SEBI ICDR Regulations, the Equity Shares on Allotment will only be traded in the dematerialized segment of the Stock Exchanges.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Offer, in whole or in part thereof, for any reason at any time after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Company and the BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of RIIs using the UPI Mechanism, to unblock the bank accounts of the ASBA Bidders and shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 4 Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum, whichever is higher for the entire duration of delay exceeding 4 Working Days from the Bid/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in its sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and the Selling Shareholders, in consultation with the BRLMs, withdraw the Offer at any stage, including after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Authority for the Offer

The Offer has been authorized by a resolution of our Board dated July 25, 2022. This Draft Red Herring Prospectus has been approved by our Board pursuant to its resolution passed on September 21. 2022.

The Offer for Sale has been authorized by the Selling Shareholders pursuant to their consent letters dated (i) September 12, 2022 and September 21, 2022 from Oman India Joint Investment Fund II; (ii) September 10, 2022 and September 21, 2022 from NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited); (iii) September 12, 2022 and September 21, 2022 from Bharat Bhalchandra Divgi; (iv) September 12, 2022 and September 21, 2022 from Sanjay Bhalchandra Divgi; (v) September 12, 2022 and September 21, 2022 from Ashish Anant Divgi; (vi) July 25, 2022 and September 21, 2022 from Arun Ramdas Idgunji; and (vii) September 12, 2022 and September 21, 2022 from Kishore Mangesh Kalbag in relation to the Offer for Sale.

OFFER STRUCTURE

The Offer is being made through the Book Building Process. The Offer comprises up to [●] Equity Shares, at an Offer Price of ₹ [●] per Equity Share for cash, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million, comprising of up to [●] Equity Shares aggregating up to ₹ 2,000.00 million through Fresh Issue by our Company and an Offer for Sale of up to 31,46,802 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The face value of Equity Shares is ₹ 5 each.

Particulars	QIBs(1)	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for Allotment/ allocation*(2)	Not less than [●] Equity Shares	Not more than [●] Equity Shares	Not more than [●] Equity Shares
Percentage of Offer Size available for Allotment/ allocation	Not less than 75% of the Offer shall be allocated to QIB Bidders. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion.	Not more than 15% of the Offer out of which (i) one third shall be reserved for Bidders with Bids more than ₹ 200,000 up to ₹ 1,000,000; and ii) two thirds shall be reserved for Bidders with Bids more than ₹ 1,000,000. (5)	Not more than 10% of the Offer
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Our Company and the Selling Shareholders in consultation with the BRLMs, may allocate up to [●] Equity Shares on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price.	The Allotment to each Non-Institutional Investor shall not be less than ₹ 200,000 million, subject to the availability of Equity Shares in Non-Institutional Investors' category, and the remaining Equity Shares, if any, shall be Allotted on a proportionate basis in accordance with the conditions as per the SEBI ICDR Regulation.	The Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details, see "*Offer Procedure*" on page 307.

Particulars	QIBs[(1)]	Non-Institutional Investors	Retail Individual Investors
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares, thereafter that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares and in multiples of [●] Equity Shares thereafter that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding the QIB Portion), subject to limits prescribed under applicable law	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Mode of allotment	Compulsorily in dematerialised form		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply [(3)]	Public financial institutions (as specified in Section 2(72) of the Companies Act), scheduled commercial banks, Mutual Funds, Eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts and any individuals, corporate bodies and family offices which are recategorized as category II FPIs and registered with SEBI.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta) applying for Equity Shares such that the Bid amount does not exceed ₹200,000 in value.
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] **In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for RIIs), that is specified in the ASBA Form at the time of submission of the ASBA Form.		

Particulars	QIBs[(1)]	Non-Institutional Investors	Retail Individual Investors
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

* *Assuming full subscription in the Offer*

(1) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the QIB Portion. For further details, see "Offer Procedure" on page 307.*

(2) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be Allotted on a proportionate basis to QIBs. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders, out of which one-third of the Non- Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 1,000,000, and not more than 10% of the Offer shall be available for allocation to RIIs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.*
Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, please see "Terms of the Offer" on page 298.

(3) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Our Company and the Selling Shareholders reserves the right to reject, in their absolute discretion after consultation with the BRLMs, all or any multiple Bids in any or all categories.*

(4) *Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

(5) *Any unsubscribed portion under the Non-Institutional Investors category reserved for i) Bidders with Bids more than ₹ 200,000 and up to ₹ 1,000,000; and ii) Bidders with Bids exceeding ₹ 1,000,000, may be allocated to Bidders in either sub-category of Non-Institutional Investors*

Note: Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates, and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs, and the Designated Stock Exchange on a proportional basis. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill – over from other categories or a combination of categories. For further details, please see the chapter entitled '*Terms of the Offer*' beginning on page 298.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Offers prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

*Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications and electronic registration of bids; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has proposed to introduce an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days ("**UPI Phase I**"), until June 30, 2019. Subsequently from July 1, 2019, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and RIIs submitting their ASBA Forms through Designated Intermediaries (other than SCSBs) can only use UPI Mechanism with existing timeline of T+6 days until further notice pursuant to SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020("**UPI Phase II**"). The final reduced timeline will be made effective using the UPI Mechanism for applications by Retail Individual Investors ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be made under UPI Phase II of the UPI Circular, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 (to the extent applicable), has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 except as amended pursuant to SEBI circular dated June 2, 2021, and the provisions of this circular, as amended, are deemed to form part of this Draft Red Herring Prospectus. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to Working Days. In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 4 Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated as per the applicable law. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.*

Furthermore, pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹500,000 shall use the UPI Mechanism. This circular has come into force for initial public offers opening on or after May 1, 2022 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus.

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI Circular. No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

Further, our Company, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Our Company and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which 1/3rd shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors out of which (a) one third of such portion shall be reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub -category of non-institutional investors and not more than 10% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders, as applicable, at the discretion of our Board or the IPO Committee and the Selling Shareholders, as applicable, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under- subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID and the Client ID and the PAN and UPI ID (for Retail Individual Investors Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021.

Phased implementation of UPI for Bids by RIIs as per the UPI Circulars

SEBI has issued UPI Circulars in relation to streamlining the process of public issue of equity shares and convertibles by introducing an alternate payment mechanism using UPI. Pursuant to the UPI Circulars, UPI has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIIs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced and implemented the UPI payment mechanism in three phases in the following manner:

(a) **Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended until June 30, 2019. Under this phase, an RII also had the option to submit the ASBA Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be 6 Working Days.

(b) **Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Under this phase, submission of the physical ASBA Form by an RII through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing continues to be 6 Working Days during this phase. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice.

(c) **Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to be 3 Working Days.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints in this regard, the relevant SCSB as well as the post – Offer BRLM will be required to compensate the concerned investor.

The Offer will be made under UPI Phase II of the SEBI UPI Circulars, unless UPI Phase III of the SEBI UPI Circulars becomes effective and applicable on or prior to the Bid/ Offer Opening Date. If the Offer is made under UPI Phase III of the SEBI UPI Circulars, the same will be advertised in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, on or prior to the Bid/ Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI.

Our Company will be required to appoint one SCSB investors and directly or indirectly, having common ownership of more than 50% as the Sponsor Bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the RIIs using the UPI Mechanism.

Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all UPI Bidders applying in public issues where the application amount is up to ₹500,000 shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

i. a Syndicate Member;

ii. a stockbroker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);

iii. a Depository Participant (whose name is mentioned on the website of the stock exchange as eligible for this activity);

iv. a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centres, at our Registered Office and Corporate Office. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of Anchor Investor Application Forms will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors and Retail Individual Investors Bidding using the UPI Mechanism) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks make an application as prescribed in Annexure I of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and provide a written confirmation on compliance with the SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, read with the SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to Bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum

Application Form. Bids submitted by Retail Individual Investors with any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. Retail Individual Investors Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. RIIs using UPI Mechanism, shall submit their ASBA Forms with the Syndicate, Sub-Syndicate members, Registered Brokers, CRTAs or CDPs. RIIs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. Bidders, using the ASBA process to participate in the Offer, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors SCSBs are required to send SMS alerts to investors intimating them about the Bid Amounts blocked/unblocked. For all IPOs opening on or after September 1, 2022, as specified in SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, the ASBA applications shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular shall be applicable for all categories of investors viz. Retail, QIB, NII and other reserved categories and also for all modes through which the applications are processed.

ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSBs or the Sponsor Bank(s), as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked including details as prescribed in Annexure II of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

The Sponsor Bank(s) shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process. The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions	[●]
Anchor Investors	[●]

* *Excluding electronic Bid cum Application Forms Notes:*

(1) *Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).*

(2) *Bid cum Application Forms for Anchor Investors will be made available at the offices of the BRLMs.*

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges. Subsequently, for ASBA Forms (other than UPI Bidders using UPI Mechanism), Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms (except Bid cum Application Forms submitted by Retail Individual Investors Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIIs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIIs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e., the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the issuer bank. The Sponsor Bank and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

Electronic registration of Bids

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Participation by the Promoter, Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members and the persons related to Promoter, Promoter Group, BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLMs or its respective associates can apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an "associate of the Book Running Lead Manager" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoter and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to the Promoter and the Promoter Group shall not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with any of the Promoter or members of the Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoter or Promoter Group of our Company.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

(i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.

(iii) 1/3rd of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.

(v) Our Company in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

  (a) maximum of 2 Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million

  (b) minimum of 2 and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and

  (c) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹50 million per Anchor Investor.

(vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchange.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Offer Price.

(ix) 50% Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment and remaining 50% will be locked-in for a period of 90 days from the date of Allotment.

(x) Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies or family offices sponsored by the entities which are associate of the BRLMs) nor any "person related to the Promoter or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

(xii) For more information, see the General Information Document.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus, or as will be specified in the Red Herring Prospectus and the Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders in consultation with BRLMs reserve the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External Accounts ("**NRE Account**"), or Foreign Currency Non-Resident Accounts ("**FCNR Account**"), and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA regulations. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). By way of Press Note 1 (2021 Series) dated March 19, 2021, issued by the DPIIT, it has been clarified that an investment made by an Indian entity which is owned and controlled by NRIs on a non-repatriation basis, shall not be considered for calculation of indirect foreign investment.

For details of restrictions on investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities"* on page 324.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the karta". Bids by HUFs will be considered at par with Bids from individuals.

Bids by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control)) shall be below 10% of our post-Offer Equity Share capital on a fully diluted basis. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

(a) such offshore derivative instruments are issued only by persons registered as Category I FPIs;

(b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;

(c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and

(d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi-investment manager structure;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such compliance from the relevant FPIs with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations, such multiple Bids shall be rejected.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, venture capital funds which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

The category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a category I AIF, cannot invest more than 1/3rd of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations) whose shares are proposed to be listed.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided that such equity shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, as per the last audited balance sheet or a subsequent balance sheet, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if: (a) the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company, provided that the bank is required to submit a time-bound action plan for disposal of such shares (in this sub-clause (b)) within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Company and the Selling Shareholders in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDAI Investment Regulations**"), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with BRLMs, reserve the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and Selling Shareholders in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and Selling Shareholders in consultation with the BRLMs, may deem fit.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with BRLMs reserve the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Book Running Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation and as specified in this Draft Red Herring Prospectus, or as will be specified in the Red Herring Prospectus and the Prospectus, when filed. In accordance with RBI regulations, OCBs cannot participate in the Offer.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper, and [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Post-Offer Advertisement

Our Company, the BRLMs and the Registrar to the Offer shall publish a post-Offer advertisement in terms of Regulation 51(1) of SEBI ICDR Regulations on or before the date of commencement of trading, disclosing the date of commencement of trading in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper, and [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located), each with wide circulation.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters on or after the determination of the Offer Price. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer Size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise or withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than Retail Individual Investors Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. Retail Individual Investors using the UPI Mechanism must mention their correct UPI ID and shall use only his/her own bank account which is linked to such UPI ID;

4. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;

5. Retail Individual Investors Bidding using the UPI Mechanism shall make Bids only through the SCSBs, mobile applications and UPI handles whose name appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;

6. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

7. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;

8. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. RIIs using UPI Mechanism, may submit their ASBA Forms with Syndicate, sub-Syndicate Members, Registered Brokers, RTA or CDP;

9. In case of joint Bids, ensure that First Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the First Bidder is included in the Bid cum Application Form;

10. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

11. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

12. Bidders should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form;

13. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

14. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

16. Ensure that the Demographic Details are updated, true and correct in all respects;

17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

18. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;

20. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

21. Retail Individual Investors Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

22. Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;

23. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

24. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

25. In case of QIBs and NIIs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

26. Ensure that you have correctly signed the authorization /undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank, as applicable via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

27. Retail Individual Investors Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, the Retail Individual Investor shall be deemed to have verified the attachment containing the application details of the Retail Individual Investor Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his/her ASBA Account;

28. Retail Individual Investors Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the First Bidder (in case of joint account) in the Bid cum Application Form;

29. Retail Individual Investors Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in his/her account and subsequent debit of funds in case of allotment in a timely manner;

30. Bids by Eligible NRIs, HUFs and any individuals, corporate bodies and family offices, which are re-categorised as category II FPI and registered with SEBI, for a Bid Amount of less than ₹200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Category for allocation in the Offer;

31. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs; and

32. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by RIBs) and ₹500,000, net of Employee Discount, if any (for Bids by Eligible Employees);

4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;

5. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

6. Do not send Bid cum Application Forms by post, instead submit the same to the Designated Intermediary only;

7. Anchor Investors should not Bid through the ASBA process;

8. Anchor Investors should submit Anchor Investor Application Form only to the BRLMs;

9. Do not submit the ASBA Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centres;

10. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms;

11. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

12. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);

13. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer/Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

14. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

15. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;

16. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

17. If you are a RII and are using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;

18. Do not submit the General Index Register (GIR) number instead of the PAN;

19. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

20. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Investors Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

21. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage if you are a QIB or a Non-Institutional Investor. Retail Individual Investors can revise or withdraw their Bids until the Bid/Offer Closing Date;

22. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

23. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by Retail Individual Investors using the UPI Mechanism;

24. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

25. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

26. Do not submit more than one Bid cum Application Form per ASBA Account. If you are a Retail Individual Investor Bidding using the UPI Mechanism, do not submit Bids through an SCSB and/or mobile application and/or UPI handle that is not listed on the website of SEBI;

27. Do not submit a Bid using UPI ID, if you are not a Retail Individual Investor;

28. Do not Bid for Equity Shares more than specified by respective Stock Exchanges for each category;

29. Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Investors using the UPI Mechanism); and

30. Do not Bid if you are an OCB.

For helpline details of the Book Running Lead Managers pursuant to the SEBI circular bearing reference number SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see "*General Information – Book Running Lead Managers*" on page 58.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

In case of any pre-Offer or post Offer related issues regarding demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer, and the Registrar. For details of the Company Secretary and Compliance Officer and the Registrar, see "*General Information*" on page 56.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids submitted by RIIs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by RIIs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);

6. ASBA Form by the RIIs using third party bank accounts or using third party linked bank account UPI IDs;

7. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

8. Bids submitted without the signature of the First Bidder or sole Bidder;

9. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;

11. GIR number furnished instead of PAN;

12. Bids by RIIs with Bid Amount of a value of more than ₹200,000;

13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

14. Bids accompanied by stock invest, money order, postal order or cash; and

15. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Investors uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIIs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see "*General Information*" on page 56.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 4 Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

The processing fees for applications made by Retail Individual Investors using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/P/2021/750 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/P/2021/2480/1/M dated March 16, 2021.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any Allotment in excess of the Equity Shares offered through the Offer except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the offer to public may be made for the purpose of making Allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

(i) In case of resident Anchor Investors: "[●]"

(ii) In case of non-resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from Anchor Investors.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated April 30, 2018, amongst our Company, NSDL and Registrar to the Offer.

- Tripartite agreement dated April 28, 2016, amongst our Company, CDSL and Registrar to the Offer.

Undertakings by our Company

Our Company undertakes the following:

(i) that the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) our Company shall ensure compliance with all disclosure and accounting norms as may be specified by SEBI from time to time;

(iii) that if the Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;

(iv) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other time as may be prescribed;

(v) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

(vi) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vii) that if our Company (in consultation with the BRLMs) does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(viii) that if our Company and the Selling Shareholders, in consultation with the BRLMs, withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with SEBI, in the event our Company and/or any of the Selling Shareholders subsequently decides to proceed with the Offer thereafter;

(ix) that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors; and

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes the following in respect of itself and its respective portion of the Offered Shares:

(i) that its portion of the Offered Shares are eligible for being offered in the Offer for Sale in terms of Regulation 8 and 8A of the SEBI ICDR Regulations and are in dematerialised form;

(ii) that it is the legal and beneficial owner of, and has clear and marketable title to, its portion of the Offered Shares;

(iii) it shall not offer, lend, pledge, transfer or otherwise encumber, sell, dispose of any of its portion of the Offered Shares being offered pursuant to the Offer until such time that the lock-in (if applicable) remains effective save and except as may be permitted under the SEBI ICDR Regulations.

(iv) that it shall provide all reasonable co-operation as requested by our Company to the extent of the Offered Shares of each Selling Shareholder in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and completion of the necessary formalities for listing and commencement of trading of its portion of the Offered Shares on the Stock Exchanges and refund orders to the extent of its portion of the Offered Shares;

(v) that it shall not have recourse to the proceeds of the Offer for Sale of its portion of the Offered Shares which shall be held in escrow in its favour, until final listing and trading approvals have been received from the Stock Exchanges; and

(vi) that it will provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to its portion of the Offered Shares.

Utilisation of Offer Proceeds

Our Board certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and

- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

The Selling Shareholders, severally and not jointly, and together with our Company declare that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below: "*Any person who – (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447*." The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or one per cent of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years). Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India ("**DPIIT**"), issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, notified the FEMA Rules, which replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of and in compliance with the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non- debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 which came into effect on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India.

As per the FDI policy, FDI in companies engaged in the manufacturing, which is the sector in which our Company operates, is permitted up to 100% of the paid-up share capital of such company under the automatic route.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see "*Offer Procedure*" on page 307. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/Offer Period.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations, seek independent legal advice about its ability to participate in the Offer and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

THE COMPANIES ACT 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION[2]

OF

DIVGI TORQTRANSFER SYSTEMS LIMITED

(*Incorporated under the Companies Act, 1956*)

PRELIMINARY

TABLE 'F' EXCLUDED

1. The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013, shall not apply to Divgi TorqTransfer Systems Limited ("**Company**"), except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

2. The Articles of Association of the Company comprise two parts, Part A and Part B which parts shall, unless the context otherwise requires, co-exist with each other until the listing of equity shares ("**Equity Shares**") of the Company pursuant to its initial public offering (the "**Offer**"). In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable. However, on and from the date of listing of the equity shares of the Company on the stock exchange(s) in India pursuant to the Offer, Part B shall automatically stand terminated, not have any force and be deemed to be removed from the Articles of Association and the provisions of Part A shall remain and continue to be in force, without any further corporate or other action by the Company or its shareholders, unless specified otherwise in these Articles.

PART A

Interpretation

3. (1) In these regulations—

i. "Act" shall mean the Companies Act, 2013, as applicable;

ii. "Annual General Meeting" means a general meeting of the Members held in accordance with the provisions of Section 96 of the Act and any adjourned holding thereof;

iii. "Auditors" means independent, external statutory auditor of the Company and shall include those persons appointed under the provisions of the 'Act' or any other applicable provisions for the time being in force;

iv. "Board" means the duly constituted Board of Directors of the Company at the relevant time.

v. "Capital" means the Share capital for the time being raised or authorised to be raised, for the purpose of the Company.

vi. "Chairperson" means the Chairperson of the Board of Directors of the Company.

vii. "Company" means Divgi TorqTransfer Systems Limited.

viii. "Depository" means a depository, as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992

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[2] *This set of Articles of Association has been approved pursuant to the provisions of Section 14 of the Companies Act, 2013 and by a special resolution passed at the Extraordinary General Meeting of the Company held on August 20, 2022. These Articles have been adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof.*

ix. “Directors” means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board Meeting, appointed in accordance with these Articles and the provisions of the Act.

x. “Dividend” includes bonus and interim dividend.

xi. “Equity Shares” of “Equity Share” means an equity share of the Company

xii. “Extraordinary General Meeting” means an extraordinary general meeting of the Members duly called and convened and any adjourned holding thereof.

xiii. “INR” or “Rupees” or “Rs.” shall mean Indian rupees, being the lawful currency of India.

xiv. “Investors” means NRJN FAMILY TRUST, a trust registered under the Indian Trusts Act, 1862 having its office at 24, 4th Floor, 1st Cross, Magrath Road, Bangalore, Karnataka - 560 025 and represented by its corporate trustee Entrust Family Office Legal & Trusteeship Services Private Limited also having its office at 24, 4th Floor, 1st Cross, Magrath Road, Bangalore, Karnataka - 560 025 and OMAN INDIA JOINT INVESTMENT FUND II, an Alternate Investment Fund registered with Securities and Exchange Board of India through its Investment Manager, Oman India Joint Investment Fund – Management Company Private limited, having its registered office at 604/605/606, Lodha Supremus Opposite Kamala Mills /World Tower Senapati Bapat Marg Lower Parel (W), Mumbai, Maharashtra – 400013.

xv. “Key Managerial Personnel” means an individual as defined under Section 2(51) of the Act

xvi. “Managing Director” means a director who, by virtue of the articles of a Company or an agreement with the Company or a resolution passed in it general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a director occupying the position of managing director, by whatever name called.

xvii. “Officer” includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act.

xviii. “Office” means the registered office of the Company

xix. “Paid up” includes capital credited as paid up.

xx. “Person” means any natural person, trust, firm, company, governmental authority, joint venture, partnership, association, society or any other entity (whether or not having a separate legal personality)

xxi. “Register of Members” means the Register of Members to be kept pursuant to Section 88 of the Act and the register of beneficial owners pursuant to Section 11 of the Depositories Act, 1996, in case of shares held in a Depository.

xxii. “The Registrar” means the Registrar of Companies of the State in which the office of the Company is for the time being situated.

xxiii. “Record” includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act, 1996.

xxiv. “Securities” shall mean shares in the Share Capital, whether equity or preference, and shall include other securities and instruments convertible into Equity Shares.

xxv. Share" means a share in the share capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied.

xxvi. “Share Capital” shall mean the total issued and paid-up share capital of the Company.

xxvii. “Ordinary Resolution” and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.

xxviii. “Year” means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2 (41) of the Act.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

(3) The terms "writing" or "written" include printing, typewriting, lithography, photography and any other mode or modes (including electronic mode) of representing or reproducing words in a legible and non-transitory form permitted under Law.

(4) The headings hereto shall not affect the construction hereof.

(5) Notwithstanding anything contained in these Articles, any reference to a "person" in these Articles shall, unless the context otherwise requires, be construed to include a reference to a body corporate or an association, any individual, company, partnership, joint venture, firm, trust or body of individuals (whether incorporated or not).

(6) Any reference to a particular statute or provisions of the statute shall be construed to include reference to any rules, regulations or other subordinate legislation made under the statute and shall, unless the context otherwise requires, include any statutory amendment, modification or re-enactment thereof.

(7) Any reference to an agreement or other document shall be construed to mean a reference to the agreement or other document, as amended or novated from time to time.

(8) Words importing the singular number includes where the context admits or requires, the plural number and vice versa.

Share capital and variation of rights

4. The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital, whether original increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law.

5. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of the Act) and at such time as they may from time to time think fit, and with the approval of the Company in a General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board deems fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold or transferred or for any services rendered by the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid Shares, and if so issued, shall be deemed to be fully paid Shares. Provided, that option or right to call the Shares shall not be given to any Person or Persons without the approval of the Company in the General Meeting.

(i) Unless the shares have been issued in dematerialized form in terms of applicable laws, every person whose name is entered as a Member in the Register of Members shall be entitled to receive within 2 (two) months from the date of the allotment or within 1 (one) month after the application for the registration of transfer, sub-division, consolidation, renewal or transmission or within such other period as the conditions of issue shall be provided –

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

6. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company may deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is not further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under any other act or rules applicable in this behalf.

7. The provisions of Articles 5 and 6 shall *mutatis mutandis* apply to debentures of the Company.

8. Except as required by law, no Person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

9. (i) The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40 of the Act.

(iii) The commission may be satisfied by payment of cash or allotment of fully or partly paid shares or partly in the one way and partly in the other.

10. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

12. Subject to the provisions of section 55 of the Act, any preference shares may, with the sanction of a Special Resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by Special Resolution, determine.

13. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal or the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that, in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

Terms of Issue of Debentures

14. Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise, debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.

Company shall have lien on Shares

15. The Company shall have a first and paramount lien upon all the Shares (other than the fully paid-up Shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable interest in any Share shall be created except upon the footing and subject to effect pursuant to a transfer. Such lien shall extend to all Dividends and bonus from time to time declared in respect of such Shares. Unless otherwise agreed, registration of a transfer of Share will operate as a waiver of the Company's lien, if any, on such Shares. The Directors may at any time declare any Shares wholly or in part to be exempt from the provisions of this Article.

16. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made --

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the Person entitled thereto by reason of his death or insolvency.

17. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

18. (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the Person entitled to the shares at the date of the sale.

Fully paid Shares to be free from lien

19. Fully paid Shares shall be free from all lien and in the case of partly paid Shares, the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares

Calls on shares

20. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

21. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.

22. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

23. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

24. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Payment in anticipation of calls may carry interest

25. The Board may, if it thinks fit, agree to receive from Members willing to advance the same all or any part of the amounts of their respective Share beyond the sums actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time and at any time thereafter, as exceed the amount of the calls then made upon and due in respect of the Shares on account of which such advance is made, the Board may pay or allow interest, at such rates as the Members paying the sum in advance and the Board agrees upon but not exceeding 12% per annum.

Capital paid up in advance at interest not to earn Dividend

26. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right, to Dividend or to participate in profits.

27. The provisions of the Articles, relating to calls, shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

No fee for Registration of Transfer, transmission

28. No fee shall be charged for registration of transfer, transmission, probate, succession certificate, letters of administration, certificate of death or marriage, power of attorney or other similar documents

Transfer of shares

29. The Company shall use a common form of transfer. The instrument of transfer shall be in writing and all provisions of the Act and of any statutory modification thereof for the time being shall be duly complied with respect to all transfer of shares and the registration thereof.

30. (i) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

31. The Board may, subject to the right of appeal conferred by section 58 of the Act decline to register -

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the Company has a lien.

32. The Board may decline to recognise any instrument of transfer unless --

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56 of the Act;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

33. On giving not less than seven days' previous notice in accordance with section 91 of the Act and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Provided further that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever.

34. In case of transfer of Shares, where the Company has not issued any certificates and where the Shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.

Transmission of shares

35. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares. Where there is a will in place, whereby the shares are held jointly by an individual shareholder (as a first holder) with a company or a body corporate (as a second holder), upon the demise of such individual shareholder, the shares so held shall be transmitted in accordance with the provisions of the will of such deceased shareholder and the company or a body corporate, shall continue as a second holder.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

36. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either --

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

37. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

38. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

39. In case of transmission of Shares, where the Company has not issued any certificates and where the Shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.

Forfeiture of shares

40. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

41. The notice aforesaid shall --

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

42. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

43. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

44. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

45. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

46. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

47. Where a dividend has been declared by the Company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 (seven) days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the ("**Unpaid Dividend Account**").

48. Any money transferred to the "Unpaid Dividend Account" of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer shall be transferred by the Company along with interest accrued, if any, thereon to the Investor Education and Protection Fund established under sub-section (1) of Section 125 of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board before it becomes barred by law.

Alteration of share capital

49. The Company, by ordinary resolution may, from time to time increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

50. Subject to the provisions of section 61 of the Act, the Company, may by ordinary resolution:

i. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

ii. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

iii. sub-divide its share or any of them into shares of smaller amount than is fixed by the Memorandum of Association;

iv. cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

51. Where shares are converted into stock-

i. the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

ii. the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

iii. such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

52. The Company may, by Special Resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, --

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

Further Issue of Share Capital

53. Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such shares shall be offered, subject to the provisions of Section 62 of the Act, and the rules made thereunder:

a. to the person(s) who, at the date of the offer, are holders of the Equity Shares, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at that date.

b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice as aforesaid shall contain a statement of this right; provided that the Directors may decline, giving reasons for refusal to allot any shares to any person in whose favour any Member may renounce the shares offered to him.

d. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Members and the Company; or

e. to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to such conditions as may be prescribed under the Act and other applicable laws; or

f. to any person(s), whether or not those persons include the persons referred to in the clauses above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to such conditions as may be prescribed under the Act and the rules made thereunder, if a Special Resolution to this effect is passed by the Company in a General Meeting.

Notwithstanding anything contained in the preceding sub-clause, the Company may:

a. by a Special Resolution; or

b. where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the Resolution moved in that General Meeting by Members who, being entitled so do to, vote in person, or where proxies are allowed, by Proxy, exceed the votes, if any cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

Nothing in sub-clause (b) and (c) of Article 53 above, shall be deemed:

a. To extend the time within which the offer should be accepted; or

b. To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

a. To convert such debentures or loans into shares of the Company; or

b. To subscribe for shares of the Company

Provide that the terms of the issue of such debentures or the terms of such loans include a term providing for such option and such term:

a. Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and

b. In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the Special Resolution passed by the Company in General Meeting before the issue of the loans.

Capitalisation of profits

54. (i) The Company in general meeting may, upon the recommendation of the Board, resolve-

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards -

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (a);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

55. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall -

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power -

(1) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(2) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

56. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

General meetings

57. All General Meetings other than the Annual General Meeting shall be called Extraordinary General Meetings.

58. (i) The Board may whenever it thinks fit, call an Extra-ordinary General Meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings at General Meetings

59. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103 of the Act.

60. The Chairperson, if any, of the Board, shall preside as Chairperson of all Board and general meetings, of the Company.

61. If at any time the Chairperson is not present within 15 (fifteen) minutes after the time appointed for holding the same, the Directors present shall elect one of the Directors present to be Chairperson of such meeting.

62. If at any meeting no director is willing to act as Chairperson or if no director is present within 15 (fifteen) minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment of meeting

63. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

64. Subject to any rights or restrictions for the time being attached to any class or classes of shares:

(1) on a show of hands, every member present in person shall have one vote; and

(2) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

65. (*i*) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(*ii*) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

66. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

67. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

68. No member shall be entitled to vote at any general meeting unless all calls or other sums payable by the member in respect of shares in the Company have been paid.

69. (*i*) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(*ii*) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

70. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

71. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105 of the Act.

72. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

73. The Board of the Company shall, at all times, be constituted in compliance with Applicable Law including the provisions of the Companies Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company shall have a Board consisting of a minimum of 3 (three) Directors and a maximum of 15 (fifteen) Directors.

74. On and from the date of listing of the Equity Shares of the Company pursuant to the Offer, and subject to receipt of approval of the shareholders, by way of a Special Resolution, at the first shareholders meeting held by the Company after listing of its Equity Shares pursuant to the Offer, Oman India Joint Investment Fund II shall be entitled to nominate 1 (one) Director on the Board, so long as the shareholding of Oman India Joint Investment Fund II is at least 5% of the total equity share capital of the Company on a fully diluted basis.

Notwithstanding anything stated herein, the right of Investors to appoint Directors/Observers on the Board of the Company under the Shareholders Agreement dated March 27, 2018 shall continue till the listing of Equity Shares of the Company pursuant to the Offer.

75. (*i*) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(*ii*) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(1) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or

(2) in connection with the business of the Company.

76. The Board may pay all expenses incurred in getting up and registering the Company.

77. The Company may exercise the powers conferred on it by section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

78. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

79. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

80. (*i*) Subject to the provisions of section 149 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

(*ii*) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

Proceedings of the Board

81. (*i*) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(*ii*) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

82. (*i*) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

83. (*i*) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(*ii*) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

84. (*i*) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(*ii*) Any committee so formed shall, in the exercise of the powers so delegated, confirm to any regulations that may be imposed on it by the Board.

85. (*i*) A committee may elect a Chairperson of its meetings.

(*ii*) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

86. (*i*) A committee may meet and adjourn as it thinks fit.

(*ii*) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

87. Subject to the provisions of Section 179 of the Act, the Board of Directors of the Company shall be entitled to exercise all such powers, and to do all such acts, and things, as the Company is authorized to exercise and do.

88. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

89. Subject to the provisions of the Act:

(1) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(2) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

90. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

The Seal

91. The Company shall not have a common seal.

92. Any authorisation under section 22 of the Act shall be made by two directors or by a director and the Company Secretary, wherever the Company has appointed a Company Secretary.

Dividends and Reserve

93. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

94. Subject to the provisions of section123 of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

95. (*i*) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.

(*ii*) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

96. (*i*) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(*ii*) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(*iii*) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

97. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

98. (*i*) Any dividend, interest or other monies payable in cash in respect of shares maybe paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(*ii*) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

99. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such shares

100. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

101. No dividend shall bear interest against the Company.

Dematerialisation of Securities

102. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act,1996 and the rules framed thereunder or pursuant to any other act as may be applicable, if any.

A) Options for investors:

(i) Every holder of or subscribers to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by applicable law in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

(ii) if a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and/or transfer of securities in his name and on receipt of the information, the depository shall enter in its record the name of the allottee and/or transferee as the beneficial owner of the security.

B) Securities in Depositories to be in Fungible Form:

All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 88, 89, 112, and 186 and other applicable provisions of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

C) Distinctive Numbers of Securities held in a Depository:

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

D) Rights of Depositories and Beneficial Owners:

(i) Notwithstanding anything to the contrary contained in the Act or these articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(ii) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(iv) Except as ordered by any Court of competent jurisdiction or as required by any law, the Company shall be entitled to treat the Person whose name appears on the Register of Members as the holder of any Share or where the name appears as the Beneficial Owner of the Shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute fight thereto in accordance with these Articles, on the part of any other Person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any Share in the joint names of any two or more persons or the survivors or survivors of them.

E) Service of Documents:

Notwithstanding anything to the contrary contained in the Act or these articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

F) Provisions relating to physical shares mutatis - mutandis apply to shares held in Demat form:

(i) Except as specifically provided in these Articles, the provisions relating to joint holders of Shares, calls, lien on Shares, forfeiture of Shares and transfer and transmission of Shares shall be applicable to Shares held in Depository so far as they apply to Shares in physical form subject to the provisions of the Depository Act. Further, nothing contained in Section 83 of the Act shall apply to the Shares with a Depository.

(ii) Section 108 of the Act, and the provisions of these Articles relating to share certificates and any instrument of transfer shall not apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository

G) ***Allotment of Securities Dealt in a Depository:***

Notwithstanding anything contained in the Act or these Articles, where securities are dealt in a depository, the Company shall intimate the details thereof to the depository immediately on allotment and/or registration of transfer of such securities.

H) ***Register and Index of Beneficial Owners:***

The Company shall cause to be kept a register and index of beneficial owners in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the register and index of members and security holders for the purposes of these articles. The Company shall be entitled to keep in any Country outside India a branch Register of beneficial owners residing outside India.

Accounts

103. (*i*) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.

(*ii*) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

Winding up

104. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

105. Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

COMPANIES ACT 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

DIVGI TORQTRANSFER SYSTEMS LIMITED

(*Incorporated under the Companies Act, 1956*)

PRELIMINARY

The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013, shall not apply to Divgi TorqTransfer Systems Limited ("**Company**"), except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

This Part B of Articles of Association has been adopted, along with Part A, in substitution of the earlier Articles of Association at the Extra-ordinary General Meeting of the Company held on August 25, 2022.

The Articles of Association of the Company comprise two parts, Part A and Part B which parts shall, unless the context otherwise requires, co-exist with each other until the Consummation of the IPO pursuant to its initial public offering (the "**Offer**"). In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law and the Shareholders Agreement dated March 27, 2018, as amended by the Shareholders Amendment Agreement dated August 25, 2022, prevail and be applicable. However, on and from the date of listing of the Equity Shares of the Company on the stock exchange(s) in India pursuant to the Offer, Part B shall automatically stand terminated, not have any force and be deemed to be removed from the Articles of Association and the provisions of Part A shall remain and continue to be in force, without any further corporate or other action by the Company or its shareholders, unless specified otherwise in these Articles.

Unless the context otherwise requires, words or expressions contained in this Part B shall have the meanings as provided below. Provided that any terms and expressions used but not defined specifically in this Part B shall have the same meaning as ascribed to them in Part B, the Shareholders Agreement dated March 27, 2018, as amended by the Shareholders Amendment Agreement dated August 25, 2022, or in the Act (or any statutory modification thereof), as the case may be. Other terms may be defined elsewhere in the text of these Articles and, unless otherwise indicated, shall have such meaning throughout these Articles.

PART B

1. DEFINITIONS AND INTERPRETATION

In this Part B, the following capitalized terms wherever used shall have the meaning assigned to them hereunder and, if not defined in this Article, shall have the meaning assigned to it in the SHA.

1.1 "**Act**" means the (Indian) Companies Act, 2013 (to the extent notified by the Government of India and currently in force);

1.2 "**Affiliate**" of a Party means (i) in the case of any Party other than a natural person, any other Person that, either directly or indirectly through one or more intermediate Persons, Controls, is Controlled by or is under common Control with such Party; (ii) in the case of any Party that is a natural person, any other Person who is a Relative of such Party or any Person that, either directly or indirectly through one or more intermediate Persons, is Controlled by such Party and/ or the Relative of such Party;

Without limiting the generality of the foregoing, Affiliate in relation to an Investor includes: (a) any fund, collective investment scheme, trust, partnership (including, any co-investment partnership), special purpose or other vehicle, which is managed by the investment manager of the Investor; and (b) any sponsor or investment manager of the Investor;

1.3 "**Applicable Law**" or "**Law**" means the laws of India including all statutes, enactments, acts of legislature or parliament, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority, statutory authority, tribunal, board, court or any Recognized Stock Exchange(s) on which the Shares may be listed;

1.4 "**Articles**" means the articles of association of the Company as amended from time to time;

1.5 "**Board**" means the board of Directors of the Company and its subsidiaries from time to time;

1.6 "**Business**" means business of the Company, as carried out at present or to be carried out at any time in the future, and presently comprising of:

(i) Manual and automatic transmissions and components thereof, including synchronizer systems, manual and automated shifter systems, electrohydraulic and electronic control systems. Automatic transmissions to mean automated manual transmissions, dual clutch automatics, stepped hydro planetary systems and continuously variable transmissions,

(ii) 4WD transfer cases including technologies for part-time manual and electric shift, full-time or permanent all-wheel drive, on-demand systems of the type defined by the BorgWarner Torque-on-Demand technology, electrohydraulic and electromechanical pre-emptive systems,

(iii) Axle disconnect systems, including automatic locking hubs, mechanical and vacuum assist,

(iv) Single and multi-speed transmissions for hybrid and electric vehicles and components thereof,

(v) Design and analysis of all of the above systems,

(vi) Design and development of the software for the control of the above systems and their calibration for specific applications,

(vii) Development of constituent technologies for use in the components of these products, e.g. friction material for use in friction disks and synchronizers used in dual clutch automatic transmissions,

(viii) Applications of above products to include passenger vehicles, commercial and special application trucks, mobile industrial and construction equipment, and mobile agricultural tractors,

(ix) All manufacturing and process technologies related in delivering the product technologies listed such as advanced gear manufacturing technologies, friction material bonding technologies, heat treatment, cold forming etc.

1.7 "**Business Day**" means any day other than Saturday, Sunday or any day on which scheduled commercial banks in India are generally closed for regular banking business;

1.8 "**Cause**" shall mean by any relevant member of the Promoter Group (a) fraud or wilful misconduct or gross negligence or material breach of any obligation as set out in the respective employment agreement or the Transaction Documents, for any reason (other than death or physical or mental disability), (b) theft or misappropriation of the Company's property and assets; or (d) any member of the Promoter Group is convicted of any criminal offence under Applicable Law.

1.9 "**Closing Date**" means the date on which the Investor 2 CCPS are subscribed by the Investor 2;

1.10 "**Competitor**" means any corporation, group, conglomerate, organisation, company or firm that primarily makes parts, subassemblies or products related to the mechanical driveline of an automobile powered by an internal combustion engine or an electric motor or a combination thereof (hybrid propulsion system) in India;

1.11 "**Consummation of the IPO**" means the date on which the Equity Shares of the Company are listed and commence trading on Stock Exchanges pursuant to the IPO.

1.12 "**Contract**" means any agreement, arrangement, contract, subcontract, understanding, instrument, note, warranty or insurance policy (whether or not the same is absolute, revocable, contingent, conditional, binding or otherwise and whether the same is written, in oral form or created by conduct);

1.13 "**Control**" (including, with its correlative meanings, the terms "Controlled by" or "under common Control with") means (a) the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a Person whether through the ownership of voting securities, by agreement or otherwise or the power to elect more than half of the Directors, partners or other individuals exercising similar authority with respect to a Person; or (b) the possession, directly or indirectly, of a voting interest in excess of 50% (Fifty per cent) in a Person;

1.14 "**Dilution Instruments**" means any and all classes of Equity Shares, or any Shares, Securities, rights, options, warrants, appreciation rights or instruments (other than debt instruments which by their very nature are not convertible into Equity Shares) which are optionally or compulsorily convertible into or entitle the holder to acquire or receive any Equity Shares of the Company or any options to purchase rights to subscribe for Securities by their terms convertible into or exchangeable for Equity Shares, or Shares with voting rights;

1.15 "**Director**" means a Director of the Company duly appointed or re-appointed from time to time;

1.16 “**Encumbrance**” means any form of legal or equitable security interest, including but not limited to any mortgage, assignment of receivables, debenture, lien, charge, pledge, title retention, right to acquire, lease, sub-lease, license, voting agreement, security interest, hypothecation, option, right of first refusal, restrictions or limitation, purchase agreement, any preference arrangement (including title transfers and retention arrangements or otherwise), and any other encumbrance or similar condition whatsoever or any other arrangements having similar effect;

1.17 “**Equity Shares**” or “**Shares**” shall mean equity shares of the Company having face value of Rs. 5 (Rupees five only) each;

1.18 “**Financial Year**” or “**FY**” means the year commencing on the first day of April and ending on the last day of March of the subsequent calendar year;

1.19 “**Fully Diluted Basis**” means a calculation assuming that all Dilution Instruments, including any options issued or reserved for issuance under any stock option plan or scheme by whatever name called of the Company, existing at the time of determination have been exercised or converted into Equity Shares;

1.20 “**Governmental Authority**” means any government, any state or other political subdivision thereof, and includes any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, or any other government authority, agency, department, board, commission or instrumentality of India and/or any jurisdiction in which the Company (or any of its subsidiaries) conducts business, or any political subdivision thereof, and any court, tribunal or arbitrator(s) of competent jurisdiction, and, any governmental or non-governmental self-regulatory organisation, agency or authority;

1.21 “**Independent Director(s)**” shall have the meaning ascribed to it in Section 149(6) of the Act;

1.22 “**Indebtedness**” means with respect to any Person, all indebtedness of such Person (whether present, future or contingent) and includes without limitation (a) all obligations of such Person for borrowed money or with respect to advances of any kind, whether or not evidenced by a Contract; (b) all obligations of such Person for the deferred purchase price of property, goods or services; (c) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property of such Person; (d) all guarantees by such Person;

1.23 “**INR**”, “**Rupees**” or “**Rs.**” means Indian rupees, the lawful currency of India for the time being;

1.24 “**Insolvency Event**” means, where a Person:

(i) is adjudged insolvent or commences voluntary winding up or liquidation or any similar proceedings; or

(ii) is subjected to the appointment of a receiver, administrative receiver, official liquidator, trustee, other encumbrancer or similar officer over its undertaking or corporate entity or a material part of its assets or undertaking; or

(iii) enters into an arrangement or compromise with its creditors, or ceases to carry on business, or a distress or execution levied or enforced against a substantial part of its assets, or is dissolved, or suffers any analogous event to any of the above under applicable law in any jurisdiction;

1.25 “**IPO Long Stop Date**” means November 30, 2023 or such later date as may be mutually agreed in writing by the Parties.

1.26 “**Investment Amount**” means the amount invested by Investor 2 in the Company for subscription to the Investor 2 CCPS upon the terms and subject to the conditions set forth in the SSA.

1.27 “**Investor(s)**” shall mean Investor 1 and Investor 2;

1.28 “**Investor Affirmative Consent**” means the written consent of the Investor in respect of all Investor Affirmative Matters;

1.29 “**Investor Affirmative Matters**” means the matters set out in SCHEDUI:E 1;

1.30 “**Investor 2 CCPS**” shall mean compulsorily convertible preference shares subscribed by the Investor under the SSA;

1.31 “**Investor 2 Equity Shares**” shall mean the Equity Shares issued to Investor 2, upon conversion of the Investor 2 CCPS in accordance with the provisions of SCHEDULE 4 hereto;

1.32 “**Investor Securities**” shall mean the Securities held by the Investors;

1.33 "**IPO**" shall mean the initial public offering of Shares (which public offering complies with all applicable legal, regulatory and listing requirements) whether by means of a fresh issue of additional Shares, an offer of Shares by the Shareholders or a combination of the foregoing and the listing of such Shares and their admission to trading on a Recognized Stock Exchange;

1.34 "**Liquidation Event**" means, in relation to the Company, the occurrence of:

(i) any Insolvency Event;

(ii) a transaction (including an acquisition or merger or sale, lease, license·or other Transfer of business unit or group or division, or any form of reorganisation) which results in a Transfer to a Third Party buyer of the Business of the Company or all or substantially all of the Assets of the Company or results in the Transfer of Control (either directly or indirectly) of the Company to a Third Party;

1.35 "**Material Adverse Effect**" means any event, occurrence, fact, condition, change, development or effect in relation to the Company and/ or the Business that, individually or in the aggregate, has had or may reasonably be expected to have a material adverse effect on (a) the ability of the Company and/ or the Promoter Group (whether individually or collectively) to consummate the transactions contemplated in this Part B or to perform their obligations hereunder, or (b) the Company's condition, financial or otherwise, operations, results of operations, prospects, assets, liabilities or the Business as now conducted, or (c) any consents, licenses, validity of intellectual property or approvals required for the Company to carry on the Business;

1.36 "**Memorandum**" means the memorandum of association of the Company, as amended from time to time;

1.37 "**Other Shareholders**" means shareholders other than the promoters and members of the promoter group of our Company;

1.38 "**Party(ies)**" mean the Company, the Promoter Group and the Investors;

1.39 "**Person**" means any natural person, limited or unlimited liability company, corporation, partnership (whether limited or unlimited), proprietorship, Hindu Undivided Family, trust, union, association, government or any agency or political subdivision thereof or any other entity that may be treated as a Person under Applicable Law;

1.40 "**Promoters**" shall include Mr. Jitendra Bhaskar Divgi, Mr. Hirendra Bhaskar Divgi and Divgi Holding Private Limited;

1.41 "**Pro Rata Share**" shall mean that portion of the Dilution Instruments that equals the ratio that (i) the number of Shares owned by the relevant Shareholder (measured on a Fully Diluted Basis) bears to (ii) the total number of Shares of the Company then outstanding (measured on Fully Diluted Basis) while excluding from such calculations the Dilution Instruments to be issued by the Company at the time of making such calculation;

1.42 "**Recognized Stock Exchange**" means any of the BSE Limited or the National Stock Exchange of India Limited;

1.43 "**Related Party**" in relation to the Company, shall have such meaning as ascribed to it in Section 2(76) of the Act;

1.44 "**SEBI**" shall mean the Securities Exchange Board of India;

1.45 "**Securities**" mean and refer to the Equity Shares, compulsorily convertible preference shares, compulsorily convertible debentures, optionally convertible debentures, warrants, and any other securities/ instruments convertible into or exercisable for Shares, as may be issued by the Company;

1.46 "**Shareholders**" mean the Persons holding Shares in the Company and whose names are entered in the register of members of the Company;

1.47 "**SSA**" shall mean the Share Subscription Agreement, dated March 27, 2018 entered into between Investor 2, the Company and the then Promoter Group setting out the terms and conditions of the Investor 2's investment in the Company;

1.48 "**Shareholders' Agreement**" shall mean the Shareholders' Agreement dated March 27, 2018 and as amended.

1.49 "**Subsidiary**" or "**Subsidiaries**" shall mean the subsidiaries of the Company, and the term "subsidiary" shall have the same meaning as is ascribed to it under the Act;

1.50 "**Tax(es)**" or "**Taxation**" means any taxes, duties (including stamp duties), excise, charges, imposts, deductions, fees, levies or other similar assessments created or imposed by or payable to a Governmental Authority in India, including in relation to (i) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes; and (ii) any interest, fines, penalties, assessments, or additions to tax resulting from, attributable to or incurred as a result of the failure to pay any Tax on the due date or to comply with any obligation relating to Tax or in connection with any proceedings in respect of Tax;

1.51 "**Third Party**" means any Person that is not a signatory to the SHA;

1.52 "**Transfer**" (including the terms "Transferred" and "Transferability") means to directly or indirectly, transfer, sell, assign, encumber in any manner, place in trust (voting or otherwise), exchange, gift or transfer by operation of law or in any other way subject to any Encumbrance or dispose of, whether or not voluntarily;

1.53 "**Transaction Documents**" means the SHA, the SSA and any other contract/ document required to be executed and/ or delivered pursuant to the SHA and in respect of the transactions contemplated in the SHA and the SSA.

In addition to the terms defined above, for the purposes of this Part B, the following terms shall have the meaning given to it in the Articles indicated below.

Sr. No.	Term	Article containing Definition
a)	Investor Directors	3.1.3
b)	Observer	3.2.1
c)	Anti-Dilution Right	4.1.2
d)	Offer Notice	4.2.1
e)	MFI Terms	4.5
f)	Selling Investor	5.3.2
g)	Purchase Offer	5.3.2
h)	Investor Sale Securities	5.3.2
i)	Selling Shareholder	6.1
j)	Sale Securities	6.1
k)	Intending Purchaser	6.1
l)	Sale Securities Notice	6.1
m)	Tag Securities	6.2
n)	Tag Notice	6.3
o)	Tag Period	6.3
p)	Free Sale Period	6.4
q)	MIS	7.1.1
r)	Indian GAAP	7.1.1
s)	Annual Business Plan	8.1
t)	ABP Committee	8.2
u)	Non-Compete Period	9.2
v)	Liquidation Proceeds	10
w)	Exit Date	11.1
x)	IPO Committee	11.1.2
y)	Director Undertaking	11.1.12
z)	IPO Valuation	11.2.2
aa)	Dragging Investor	11.3
bb)	Drag Along Right	11.3
cc)	Sale	11.3.1
dd)	Sale Notice	11.3.1
ee)	Drag-Along Notice	11.3.3
ff)	Remaining Shareholders	11.3.3
gg)	Drag Along Shares	11.3.3
hh)	Drag-Along Purchaser	11.3.3
ii)	Tagging Investor	11.3.4
jj)	Tag Notice	11.3.4
kk)	Defaulting Party	13.1
ll)	Event of Default	13.1
mm)	Default Notice	13.2
nn)	Cure Period	13.3
oo)	Cure Notice	13.3
pp)	Conclusive Default Notice	13.3
qq)	Indemnifying Parties / Indemnifying Party	14.1
rr)	Indemnified Parties	14.1
ss)	Losses	14.1

Sr. No.	Term	Article containing Definition
tt)	Claims	14.1
uu)	Indemnification Notice	14.4

2. TERMS OF INVESTOR 2 CCPS

The terms and conditions of the Investor 2 CCPS including the terms under which the Investor 2 Equity Shares shall be allotted upon conversion of the Investor 2 CCPS are contained in **SCHEDULE 4**. The Investor 2 Equity Shares to be issued and allotted to Investor 2 upon conversion of the Investor 2 CCPS shall be issued and allotted free from all Encumbrances and shall, when allotted, be credited as fully paid up and shall rank *pari passu* in all respects (including but not limited to dividend and voting rights) with the other Equity Shares already issued as on the relevant Conversion Date.

3. BOARD, MANAGEMENT AND RELATED MATTERS

Subject to the provisions of this Part B and the Act, the Board shall be responsible for the management, supervision and direction of the Company.

3.1 Composition of the Board

3.1.1 The Board shall comprise of a minimum of 4 (four) Directors and a maximum of 10 (ten) Directors or such greater number of directors as may be agreed between the Promoters and the Investors.

3.1.2 One third (1/3rd) of the Board shall comprise of Independent Directors and shall be appointed in accordance with Article 3.4 below.

3.1.3 Two third (2/3rd) of the Board shall be appointed and maintained by the Investors and Promoters in proportion to their shareholding percentage in the Company subject to the Investors being entitled to nominate one director each on the Board ("**Investor Directors**"). The Investor Directors shall not be required to hold any qualification Shares. Each Investor Director shall be a non-executive Director and shall not be liable to retire by rotation.

3.1.4 As on the Closing Date, the Board comprised of (i) Mr. Jitendra B. Divgi, (ii) Mr. Hirendra B. Divgi, (iii) Mr. Bharat Divgi, (iv) Mr. Sanjay Divgi, (v) Mr. Pradip Dubashi, (vi) Mr. Ramesh Savoor, (vii) Mr. P.D. Kudva and the Investor Director(s).

3.2 Investor's Observers/ Representatives

3.2.1 Each Investor shall have the right to appoint an observer on the Board of the Company and its subsidiaries ("**Observer**") who shall be entitled to attend all meetings of the Board and all committees thereof. Provided that such Observer(s) will not be entitled to vote at any such meetings.

3.2.2 The Promoter Group agrees, undertakes and covenants that they shall not veto nor otherwise obstruct the appointment of the Observers in accordance with this Article. An Observer will be entitled to receive all documents, communication and information as received by a Director of the Company and will be entitled to attend all meetings of the Board and its committee as an observer, without exercising any voting rights.

3.2.3 A nominee of each Investor shall be entitled to be a member of, or at the option of such Investor, an invitee on all the committees and sub-committees of the Board.

3.3 Removal / Replacement of Directors

In the event of the resignation, retirement, removal or vacation of office of a Director, the Party entitled to nominate such Director shall be entitled to appoint another Director in place of such outgoing Director or an alternate director and all the Parties shall exercise their rights and take all such actions as may be needed to ensure the appointment of the individual nominated as aforesaid. The failure to appoint a Director by the Party entitled to appoint a Director shall not constitute a waiver of such right nor shall it prevent the exercise of such right prospectively. Subject to Applicable Law, the alternate director(s) appointed by the Investors shall be considered for the constitution of a quorum and shall be entitled to attend and vote at such meetings in place of the Investor Director(s) and generally perform all functions of such Investor Director, in his / her absence.

3.4 Appointment of Independent Directors

3.4.1 Subject to the conditions set out in Article 3.1, the Independent Directors to be appointed on the Board shall be mutually acceptable to the Investors and the Promoters and are to be appointed to the Board within 6 (six) months from the Closing Date.

3.4.2 In the event that the Company and the Promoters fail to effect the appointment of Independent Director(s) in the manner set out in Article 3.4.1, the Investors shall be entitled to recommend individuals as Independent Director(s) as they may deem fit in their sole discretion, provided that such individuals do not hold an executive position in, nor are existing members of the Board or any entity carrying out activities competing to the Business or otherwise directly competing with the Company. Such Independent Director(s) recommended by Investor shall be appointed for a term of 3 (three) years. The Company and the Promoter Group shall exercise their rights and take all such actions as may be needed to ensure the appointment of the Independent Director(s). The Company and the Promoter agree that, in order to attract suitable Independent Directors on the Board, the Company shall adequately compensate the Independent Directors, keeping in mind the stature of the Company and the Persons associated with it.

3.5 Chairman

The Board shall endeavour to appoint one of the Independent Directors as the chairman of the Board. The chairman shall not have a second or casting vote.

3.6 Committees of the Board

3.6.1 The Board shall also set up committees of the Board as it deems fit from time to time. It is agreed that each Investor shall, at all times, be entitled to nominate 1 (one) member having voting rights to any committee set up by the Board (including audit, corporate social responsibility, compensation, executive leadership identification committee and capital expenditure committees, if constituted) and sub-committees formed under such committees.

3.6.2 All provisions of this Article 3, including without limitation, Article 3.1, Article 3.3, Article 3.5, Article 3.7, Article 3.8, Article 3.9, Article 3.11, including as set out in SCHEDULE 2 shall mutatis mutandis apply to the committees and sub-committees set-up by the Board.

3.7 Quorum for Board meetings

3.7.1 Valid quorum for a Board meeting shall require the presence of at least one Director nominated by the Promoters and one Investor Director nominated by each of the Investors, unless expressly waived by the respective Parties or if any of the Party has not nominated a Director. Regardless of whether valid quorum is present at any Board meeting, no Investor Affirmative Matter shall be resolved at such meeting unless Investor Affirmative Consent has been/ is obtained.

3.7.2 In the event that a quorum as set out in Article 3.7.1 above is not constituted at a Board meeting within 30 (thirty) minutes of the time appointed for a properly convened meeting, the Board meeting shall be adjourned for 7 (seven) days hence, to be held at the same place and time of day or at such time and place as may be agreed between the Directors, and each Director shall be Notified immediately of such adjourned Board meeting. If at such adjourned meeting, a quorum is not present within 30 (thirty) minutes from the time of commencement of that meeting, then, to the extent permitted by the Articles and Applicable Law, the Directors of the Company present thereat shall constitute a quorum. However no Investor Affirmative Matter shall be resolved at such adjourned meeting unless Investor Affirmative Consent has been/ is obtained.

3.8 Investor Affirmative Matters

Notwithstanding anything contained in this Part B, the Parties shall ensure that none of the Investor Affirmative Matters shall be decided, acted upon or implemented by the Company nor any decision shall be taken at a Board and/ or Shareholders' meeting or committees of the Board; nor the Company be bound/ committed to any resolutions/ transactions pertaining to the Investor Affirmative Matters, unless Investor Affirmative Consent has been obtained in this regard. In the event the agenda for the Board meeting and/ or Shareholders' meeting includes an item which is set out in **SCHEDULE 1**, the same shall not be discussed and considered at the relevant Board meeting and/ or Shareholders' meeting, unless Investor's consent for the same has been obtained at or prior to such Board meeting and/ or Shareholders' meeting.

3.9 Resolutions by Circulation

3.9.1 Subject to Article 3.8, the Board may act either in a meeting or through written circular resolution, or in any other legally permissible manner, on any matter, except matters which, pursuant to the requirements of Applicable Law, are required to be acted upon only at a Board meeting or exclusively at a meeting of the Shareholders.

3.9.2 Save as required by Applicable Law, a resolution by circulation, shall be valid and effective as a resolution duly passed at a meeting of the Directors called and held in accordance with the provisions of the Act and the Articles, provided it has been circulated in draft form, together with particulars in respect of the matter in full and sufficient detail along with documentation and information relevant to it, if any, to all the Directors and has been approved in writing by the requisite Directors in accordance with this Part B.

3.9.3 Any such resolution may consist of several documents in like form, each signed by one or more of the Directors.

3.9.4 Subject to the foregoing, the Parties agree that no Investor Affirmative Matters may be decided or acted upon through a resolution by circulation, unless Investor Affirmative Consent has been/ is obtained.

3.10 Video Conferencing

3.10.1 Subject to Applicable Law, the Company shall provide participation for the Directors at meetings of the Board through video conference/ audio conference and provide necessary information to enable the Directors to effectively use such video/ audio conferencing facility for the meeting of the Board. A resolution may be passed at a video/ audio conference in accordance with the Act and the Articles. The Parties shall ensure that Investor Affirmative Matters may be decided or acted upon through a resolution passed at a video/ audio conference, subject to the provisions of Article 3.8.

3.10.2 The Directors participating in any such Board meeting shall be counted in the quorum for such meeting and subject to there being requisite quorum as per Article 3.7 at all times during such meeting, all resolutions agreed by the Directors at such a meeting shall be valid and effective as a resolution duly passed at a meeting of the Directors called and held in accordance with the provisions of the Act and the Articles.

3.11 Proceedings of the meetings of the Board

3.11.1 Subject to Article 3.8, the Parties agree and undertake that the Board shall have the powers set out in **SCHEDULE 2**. and agree and undertake to follow the process and manner set out in **SCHEDULE 2** in relation to conduct of the proceedings of the meetings of the Board.

3.11.2 Any matter which is not included in the agenda for the Board meeting cannot be discussed at its proceedings, unless the majority of the Directors present (including the Investor Directors), agree to discuss such item. Any Investor Affirmative Matter can only be discussed at a board meeting if the same has been included in the agenda circulated prior to the Board meeting.

3.12 Shareholders' meetings

3.12.1 A general meeting of the Shareholders may be convened by serving a notice of at least 21 (twenty one) days to all Shareholders provided that a meeting may be convened on a shorter notice with consent of 95% (ninety five per cent) of the Shareholders entitled to vote at such meeting. The Parties agree and undertake to conduct the meetings of the Shareholders of the Company in the manner set out in **SCHEDULE 3**.

3.12.2 All general meetings other than annual general meeting shall be called extraordinary general meeting. The Board may, whenever it thinks fit, call an extraordinary general meeting under section 100(2) of the Act.

3.12.3 The notice of a general meeting shall specify the place, date and the time of the meeting and shall set forth in full and sufficient detail the business to be transacted thereat, and no business shall be transacted at such meeting unless the same has been stated in the Notice convening the meeting.

3.13 Quorum for Shareholder meetings

3.13.1 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Subject to Applicable Law, the quorum for all Shareholders' meetings shall be 3 (three) Shareholders, provided always that 2 (two) such Shareholders shall be representatives of each Investor, present-in-person or through proxies/ authorized representatives appointed by them. Regardless of valid quorum is present at any Shareholder meeting, no Investor Affirmative Matter shall be included in the notice of the annual general meeting unless Investor Affirmative Consent has been/ is obtained.

3.13.2 If on the date of the general meeting, a valid quorum is not present within 30 (thirty) minutes of the scheduled time for any general meeting, the meeting shall automatically stand adjourned to the same day and time and at the same venue in the following week. If such a day is not a Business Day, the meeting shall be held on the next Business Day. In the event that a general meeting is adjourned, the Board shall provide a Notice to the shareholders informing them of the date and time of the adjourned meeting. If at such adjourned meeting, no valid quorum is present, then the Shareholders present at such adjourned meeting (not being less than the number prescribed under the Act) shall be deemed to constitute a valid quorum. The Company may thereafter proceed to discuss and decide on matters on the agenda and any decisions so taken shall be binding on all Shareholders.

3.13.3 No agenda item which is not included in the agenda for a Shareholders' meetings can be discussed at its proceedings, unless the majority of the Shareholders present (including the representatives of each Investor), agree to discuss such item. However, in the event that any Investor Affirmative Matter is proposed to be discussed at a meeting, the same must be included in the agenda of the meeting circulated prior to it.

3.13.4 The Parties agree that at any general meeting duly convened for the purpose of voting on any matter required to be transacted by the Shareholders thereat, they may be present in person through their duly authorized representatives, or a proxy, appointed in accordance with the applicable provisions of the Act for the purpose of complying with the requirements of a valid quorum, and shall vote all Shares owned and held by them at such general meeting in accordance with this Part B. Further, at a general meeting, any Shareholder shall have the right to demand that voting at such meeting be conducted by way of a poll.

3.14 Exercise of Rights

The Parties undertake to take such action as may be necessary (including exercising their votes at general meetings) to give effect to the provisions of, and to comply with their obligations under this Part B.

3.15 Subsidiaries

The provisions of this Part B set out in this Article 3 shall be applicable mutatis mutandis to any Subsidiary.

3.16 Indemnity

The Company shall indemnify and keep indemnified all the Investor Directors to the maximum extent permitted by Applicable Law and the Articles shall contain a provision for providing the broadest permissible indemnification by the Company to its Investor Directors including all legal costs incurred in proceedings filed against the Investor Directors. The termination of this Part B, for any reason whatsoever, shall not affect the indemnification obligations of the Company and the Promoters towards the Investor Directors and shall continue and survive the termination of this Part B.

3.17 Officer in Default

3.17.1 The Parties expressly agree and undertake that the Investor Directors shall not be in charge of, or responsible for the day to day management of the Company and shall not be deemed to be "officer-who-is-in-default" or "persons-in-charge" or occupiers or employers as contemplated under Applicable Law, and shall accordingly not be liable for any default or failure of the Company in complying with the provisions of any Applicable Law.

3.17.2 The Promoter Group and the Company undertake and shall ensure that one of the Promoters is nominated as an "officer-who-is-in-default" or "persons- in-charge" or occupiers or employers, as the case may be, as contemplated under Applicable Law.

3.17.3 In the event that any notice or proceedings have been filed against any Investor Director by reason of him / her being included within the scope of "officer-who-is-in-default", the Company and the Promoter Group shall take all necessary steps to ensure that name of the Investor Director is excluded or deleted and the charges and/ or proceedings against the Investor Director(s) is/ are withdrawn and shall also take all steps as are necessary to defend the Investor Director(s) against such proceedings and the Company shall pay all actual losses incurred by the Investor Director(s) resulting in any financial liability for the Investor Director(s) pursuant to any order or judgment passed by an appropriate Court. In the event the Investor Director(s) in the course of such proceedings is required to deposit any amounts with any Governmental Authority to defend such proceedings, then the Company shall, notwithstanding the foregoing, be required to pay to the Investor Director(s) such amount of deposit to enable the Investor Director(s) to deposit the same with the Governmental Authority despite the defence undertaken by the Company.

3.18 Expenses

The Company shall bear the travel costs and all other out-of-pocket expenses incurred by the Investor Director(s) and the Observers appointed by the Investors on the Board, for attending all Board and Committee meetings. Any payment to be made to the Investor Director and/ or Observer nominated by Investor 2 shall be paid to the bank account under the name of "Oman India Joint Investment Fund II".

4. FURTHER ISSUE OF SHARES

4.1 General

4.1.1 Subject to the terms of this Part B, the Board may, from time to time, determine the additional capital contributions of the Company from existing Shareholders or from Third Parties, which shall be in the nature of equity, preference or any other instrument which carries the right of conversion into equity or preference share capital of the Company. The terms of such issue, including the valuation in respect of any fresh issue of Securities, shall be as determined by the Board, subject to Investor Affirmative Matters.

4.1.2 Subject to Article 3.7, Article 4.4, Article 4.5, Applicable Law and the procurement of the Investor Affirmative Consent, in the event that the Company or any of its subsidiaries proposes to issue any Dilution Instruments, the Company or such subsidiary shall first offer such Dilution Instruments to the Investors and the procedure set out in Article 4.2 shall apply. The Investors shall have a right, but not the obligation, to purchase its Pro Rata Share of the Dilution Instruments in order to maintain its proportionate shareholding in the Company ("**Anti-Dilution Right**").

4.1.3 Notwithstanding anything to the contrary contained elsewhere, each Investor shall be entitled to subscribe to any fresh issue by itself or through an Affiliate of such Investor. The Promoter Group shall be entitled to renounce their rights to subscribe to any Securities in favour of other members of the Promoter Group without the prior written approval of the Investors.

4.1.4 Each Investor suspends its rights under Articles 4.1.1, Clause 4.1.2, and Clause 4.1.3 in relation to issuance of Equity Shares pursuant to the fresh issue component of the IPO or any pre-IPO placement, till the IPO Long Stop Date.

4.2 Procedure

4.2.1 The Company shall deliver a written Notice ("**Offer Notice**") to the Investors stating: (a) its bona fide intention to offer such Dilution Instruments and the details of any proposed Third Party purchaser, if available at the time of the Offer Notice; (b) the number and class of such Dilution Instruments to be offered; (c) the price and terms, if any, upon which it proposes to offer such Dilution Instruments; (d) the number of Dilution Instruments each Shareholder is entitled to subscribe to in such issue; and (e) the time period within which it proposes to allot the Dilution Instruments. The pricing of the Dilution Instruments shall be as decided by the Board, in accordance with the Applicable Laws, provided however, that such Dilution Instruments shall not be issued at a price lower than the Investor Securities issued to the Investor 2 in terms of the SHA and the SSA, unless Investor Affirmative Consent in this regard has been/is obtained. Any further issue of Securities to any Third Party shall be such that the rights of the Investors with respect to the Investor Securities are not inferior to the rights proposed to be granted to any such Third Party.

4.2.2 If any Investor elects to exercise its Anti-Dilution Right, it shall, within 30 (thirty) days after receipt of the Offer Notice issue a written notice to the Company electing to subscribe to its Pro Rata Share of the Dilution Instruments at the price and on the terms specified in the Offer Notice.

4.2.3 The Board shall intimate to all Shareholders the revised shareholding of the Shareholders in the Company. If the closing of such issuance of the Dilution Instruments to Third Parties is not completed within 120 (One hundred and twenty) days from the date of the Offer Notice, the procedure set forth in this Article shall be complied with afresh.

4.2.4 Each Investor suspends its rights under this Article 4.2 in relation to issuance of Equity Shares pursuant to the fresh issue component of the IPO or any pre-IPO placement, till the IPO Long Stop Date.

4.3 Exceptions

The Anti-Dilution Right in this Article 4 shall not be applicable to (i) conversion of Investor 2 CCPS; (ii) Shares issued upon a stock split, stock dividend or any subdivision of Shares; or (iii) Shares issued by way of employee stock options approved by the Board with Investor Affirmative Consent.

4.4 Necessary Acts

The Parties undertake to ensure that all actions necessary to give effect to this Article 4 will be taken as and when required.

4.5 More Favourable Rights

Notwithstanding anything contained in this Part B, for so long as any Investor holds Securities in the Company, the Company shall not, and the Promoter Group shall ensure that the Company shall not, at any time without the prior written consent of the Investors, grant rights to any Third Party which are more favourable than the rights provided to the Investors under this Part B. If any Securities are to be issued to any future investors on terms that are more favourable to such Person(s) (the "**MFI Terms**") than those obtained by the Investors, each of the Company and the Promoter Group agree with the Investors that the terms of subscription for the Investor Securities shall be adjusted with retrospective effect so that the terms obtained by the Investors for the Investor Securities, are, in all respects but without limitation, at least as favourable as the MFI Terms. The Promoter Group and the Company shall ensure to, consult with the Investors to adopt appropriate means and do all acts necessary, to give effect to the provisions of this Article 4.5 under Applicable Law.

5. RESTRICTIONS ON TRANSFER OF SHARES

5.1 Except as provided in this Part B, the Shareholders shall not, directly or indirectly, Transfer or Encumber any Securities or the legal or beneficial ownership of any Securities or any of their rights or obligations under this Part B, to any Person.

5.2 Promoter Transfer

5.2.1 The Promoter Group shall not Transfer or Encumber or otherwise dispose of any Securities held by them or any interest in such Securities (including any form of options, warrants, derivatives or arrangements relating to such Securities) in any manner, save and except without the prior written approval of the Investors. In the event the Investors provide such approval in accordance with this Article 5.2, the Promoter Group shall be entitled to Transfer their Shares subject to the provisions of Article 6 below.

5.2.2 The Promoters and Promoter Group may collectively sell up to 2% of the shareholding of the Company **("Permitted Securities"),** whether in a single transaction or a series of transactions, inter se the members of the Promoter Group or to any other Person, till the Investors hold any Shares in the Company. Inter se transfers of Permitted Securities between the members of the Promoter Group shall not require prior written approval of the Investor. The sale of Permitted Securities to other Person(s) shall require the prior written approval of the Investors. In the event the Investors do not issue the approval for transfer of certain Permitted Securities to any Person, the relevant Promoters / member of the Promoter Group shall be entitled to pledge such Permitted Securities in favour of any bank(s) and/ or non- banking financial institution(s), to secure the loans to be availed from such bank / non-banking financial institution.

5.2.3 Further, the Promoter Group shall not Transfer or Encumber or otherwise dispose of any securities held by them in DHPL or any interest in such securities (including any form of options, warrants, derivatives or arrangements relating to such securities) in any manner, save and except without the prior written approval of the Investors.

5.3 Investor Transfer

5.3.1 Subject to Article 5.3.2 below, each Investor and / or its Affiliates shall be entitled to Transfer whole or part of the Investor Securities to any Person and any number of such Persons as the Investor may deem fit, in a single transaction or a series of transactions, without any restriction whatsoever save and except that no Transfer may be made to a Competitor for a period of 5 (five) years from the Closing Date or till the date of occurrence of an Event of Default, whichever is earlier. Notwithstanding anything set out in this Article 5, the Investors may at any time, transfer the Securities held by them to their respective Affiliates, provided such Affiliate executes a Deed of Adherence. The Company and the Promoters shall do all reasonable acts and deeds as may be necessary to give effect to any Transfer of the Shares including providing such customary warranties relating to the Company's business and affairs as may be requested by the Person (other than Affiliate) purchasing the Investor Securities. The Promoters and the Company shall facilitate and co- operate in any such Transfer, including in relation to any due diligence that may be conducted by a proposed purchaser and provide all necessary information relating to the Company to such purchaser.

5.3.2 Each Investor will inform the Promoters and Promoter Group of its intention of selling its Investor Securities (such Investor, the **"Selling Investor").** The Promoters and the Promoter Group shall have the option to provide an offer **("Purchase Offer")** to the Selling Investor within 21 (twenty one) days of receipt of the communication from the Selling Investor, to purchase the Investor Securities and such an offer shall contain all relevant details including valuation, pricing, number of Investor Securities ("**Investor Sale Securities**"), payment terms and any other conditions. The offer or price shall not be binding on the Selling Investor, who, at its sole discretion, may either accept or reject the offer.

5.3.3 In case the Selling Investor rejects the Purchase Offer, the Selling Investor will not repeat the procedure laid out in Article 5.3.2 for a period of 12 (twelve) months from the date of rejection of the Purchase Offer in relation to the Investor Sale Securities. It is further clarified that the Article 5.3.2 will not be applicable post 48 months from Closing.

5.3.4 It is further clarified that the Selling Investor is free to sell such Investor Sale Securities to any Third Party or to the Promoter / Promoter Group at its sole discretion.

5.3.5 If the Selling Investor accepts the Purchase Offer, the sale of the Investor Sale Securities to the Promoter Group / Promoters shall be completed within 30 (thirty) days from the date of receipt of the acceptance from the Selling Investor, at the price and in accordance with the terms set out in the Purchase Offer.

5.3.6 In case the Selling Investor accepts the Purchase and thereafter if the Promoters / Promoter Group do not complete the purchase of the Investor Sale Securities in accordance with Article 5.3.5, then, notwithstanding the foregoing provisions of this Article 5, the Selling Investor shall be free to sell its Investor Securities to any Third Party, without any restriction whatsoever (including the requirement to intimate the Promoter Group in terms of this Article 5).

5.3.7 Each Party (to the extent applicable) hereby agrees to suspend, till the IPO Long Stop Date, its respective rights, and the obligations of Investors under this Article 5.3, to the extent of transfer of Equity Shares, in each case, is through the Offer for Sale in the IPO or any pre-IPO placement.

5.4 Any Transfer of Securities which is not in compliance with the provisions of this Article 5 shall be void ab initio and the Company shall not:

5.4.1 Record or register any Transfer of Securities in violation of this Article 5; and/or

5.4.2 Treat the Person to whom the Securities have been Transferred in violation of this Article 5 as the owner of Securities of the Company or accord any rights to vote or pay dividend or otherwise to such Person, to which he may otherwise be entitled to, as the owner of the Securities.

5.5 Any Transfer or attempted or purported Transfer of Shares by any Party in contravention of the provisions of this Part B shall constitute a breach of these Articles of Association.

5.6 Subject to the provisions of this Part B, all Transfers by the Shareholders will be subject to (i) the transferee entering into a Deed of Adherence; (ii) the Transfer complies in all respects with the other applicable provisions of this Part B; and (iii) the Transfer complies in all respects with the Applicable Law and the Articles. Within 30 (thirty) days of the transferee executing the Deed of Adherence, the Parties undertake to amend these Articles so as to make the transferee a party to these Articles.

5.7 The Company and the Promoters shall ensure that the provisions of this Article 5 shall be honoured to the fullest extent permissible under Applicable Law and shall ensure that the terms of this Article 5 are expressly stated in the Articles.

5.8 Any Transfer, issuance or other disposal of any securities/ shares (or other interest), directly or indirectly, of the Parties or of any Affiliate of any Parties which holds, directly or indirectly, any Securities of the Company, shall be treated as being a Transfer of the securities/shares held by such Party, and the provisions of this Part B that apply in respect of the Transfer of Securities shall thereupon apply in respect of the securities/shares so held.

5.9 Transfer of Investor Rights

5.9.1 Each Investor and/ or its Affiliates shall be entitled to Transfer whole or part of the Investor Securities to any Person and any number of such Persons as the Investor may deem fit, in a single transaction or a series of transactions, without any restriction whatsoever save and except that no sale may be made to a Competitor for a period of 5 (five) years from the Closing Date or till the date of occurrence of an Event of Default, whichever is earlier. Further, such Transfers would be subject to the condition that such transferee executes a Deed of Adherence. Such Transfer by the Investor will be subject to the following conditions:

(a) In case an Investor Transfers its Securities, in a single transaction or a series of transactions, to 1 (one) incoming investor who holds at least 7.5% of the paid-up share capital of the Company post such Transfer, then the incoming investor shall have all the Transferred Rights in addition to the Transferring Investor;

(b) In case (i) the Investor transfers its shares in a single transaction or a series of transactions, to more than 1 (one) incoming investor who individually hold at least 7.5% of the paid-up capital of the Company post such Transfer; and (ii) the Transferring Investor continues to hold Securities in the Company, then only one (1) incoming investor shall have the Transferred Rights in addition to the Transferring Investor;

For the purpose of this Article, "**Transferred Rights**" shall mean all the rights and obligations of the Transferring Investor as set out in this Part B (except for the drag along right set out in Article 11.3).

(c) It is further clarified that the Transferring Investor and/ or its Affiliates, will continue to hold all its rights set out in this Part B (including drag along right set out in Article 11.3) till the time Transferring Investor and/ or the Affiliates continues to hold any Securities in the Company.

5.9.2 Nothing contained in this Article 5.9 shall be read to deprive any investor of the economic rights and any other right under the applicable laws available to any Shareholder of the Company, regardless of the shareholding of such investor.

6. TAG ALONG RIGHT

6.1 Subject to the provisions of this Part B, if the Promoter Group (either individually or collectively) ("**Selling Shareholder**") proposes to Transfer (with the prior consent of the Investors) all or any of its Securities in a single transaction or a series of related transactions, which has the effect of reducing the Selling Shareholder's shareholding in the Company beyond the permitted threshold set out in Article 5.2 ("**Permitted Securities**") in the Company to any Person ("**Intending Purchaser**") at any time during the term of this Part B, then the Selling Shareholder shall, by a written notice ("**Sale Securities Notice**"), grant the Investors a tag along right in accordance with the provisions of this Article 6. The Sale Securities Notice shall contain the name of the Intending Purchaser to whom the Selling Shareholder proposes to sell the Sale Securities, the price at which the Intending Purchaser has offered to purchase the Sale Securities, terms of payment and any other terms and conditions. For the purpose of this Article, the price at which the Intending Purchaser has offered to purchase the Sale Securities shall take into account the aggregate cash and non-cash consideration to be received by the Promoters, including but not limited to share price, control premium, non-compete premium, goodwill, etc.

6.2 Upon receipt of the Sale Securities Notice, each Investor shall be entitled to (but shall not have any obligation to) Transfer such number of Securities held by them in proportion to their respective shareholding in the Company (such Securities, the "**Tag Securities**") to the Intending Purchaser, at the same price and on the same terms and conditions mentioned in the Sale Securities Notice. However, in the event the number of Sale Securities proposed to be Transferred would result in a change of Control of the Company then each Investor shall be entitled to Transfer all the Securities held by it (such Securities, the "**Tag Securities**"), at the same price and on the same terms and conditions mentioned in the Sale Securities Notice. The Selling Shareholder shall ensure that the Intending Purchaser also purchases the Tag Securities along with the Sale Securities. If the Intending Purchaser does not purchase the Tag Securities, the Selling Shareholder shall not sell the Sale Securities to such Intending Purchaser.

6.3 Each Investor shall be entitled to exercise their tag along rights mentioned above by way of a written notice to the Selling Shareholder (each, a "**Tag Notice**") within 21 (twenty one) days from the date of receipt of the Sale Securities Notice ("**Tag Period**"). If any Investor(s) send(s) the Tag Notice to the Selling Shareholder within the Tag Period, then the Selling Shareholder shall ensure that the Intending Purchaser purchases on the terms and conditions set out in the Sale Securities Notice, the Tag Securities mentioned in the Tag Notice along with the Sale Securities of the Selling Shareholder. If the Tag Notice is given by the Investor(s), the Transfer of the Sale Securities and the Tag Securities shall be completed within 21 (twenty·one) days of the date of the Tag Notice.

6.4 If the Tag Notice is not sent by the Investors before the expiry of the Tag Period, the offer will be deemed to have been rejected, and the Selling Shareholder shall thereafter be free to Transfer the Sale Securities to the Intending Purchaser within a period of 30 (thirty) days from the date of expiry of the Tag Period ("**Free Sale Period**"), at the same price and on the same terms set out in the Sale Securities Notice.

6.5 The Selling Shareholder shall be required to furnish to the Investors, necessary documentation evidencing the completion of the Transfer of the Sale Securities to the Intending Purchaser within 7 (seven) days from the expiry of the Free Sale Period and the terms of such Transfer including the price at which the Sale Securities were Transferred.

6.6 If the Sale Securities are not Transferred within the Free Sale Period in accordance with this Article 6, the rights of the Investors pursuant to this Article 6 shall again take effect with respect to any Transfer of Securities held by the Selling Shareholder.

6.7 The Investors shall not be required to make any representation of warranty to the Intending Purchaser, other than as to title to the Tag Securities. Any stamp duty or Transfer Taxes or fees payable on the Transfer of any Tag Securities to the Intending Purchaser shall be borne and paid by the Selling Shareholder and/ or the Purchaser.

7. INFORMATION AND INSPECTION RIGHTS

7.1 Reports and Information

7.1.1 Each Investor, for as long as it holds Securities in the Company, shall be entitled to receive, from the Company, the information and documents as set out below.

(a) Monthly Management Information System ("**MIS**") reports indicating the progress of the Business for the month and the Financial Year (as on date) in the form agreed to by the Parties within 15 (fifteen) days after the end of each month;

(b) Provisional quarterly and half-yearly financial statements within 45 (forty five) days of the end of the relevant quarter or half-year in a particular Financial Year, and final annual audited financial statements within (A) 90 (ninety) days of the end of the Financial Year 2017-18; and (B) 60 (sixty) days of the end of every Financial Year thereafter, or such other timelines as may be prescribed by SEBI for listed companies, from time to time, together with notes thereto, in accordance with Indian Generally Accepted Accounting Principles ("**Indian GAAP**") or any other accounting standard which is applicable to the Company under Applicable Law and has been adopted by the Company, and any reports by auditors or Directors in respect of such statements;

(c) Minutes of meetings of the Board, its committees and the Shareholders within 15 (fifteen) days of the occurrence of such meetings;

(d) A written notification setting out sufficient details of any litigation which may be made or threatened by or against the Company or any member of the Promoter Group, within 7 (seven)Business Days from the date on which either the Company or any member of the Promoter Group becomes aware of the same.

(e) Any information likely to have a Material Adverse Effect on the Company or a material impact on the Business, no later than 7 (seven) days from the date of receipt of such information by the Company and/ or the Promoter Group;

(f) Resignation of the senior managerial staff immediately upon such resignation and in any event not later than 7 (seven) Business Days from the date of resignation;

(g) Such other information/ documents as may be reasonably requested by the Investors, at the earliest, but in any case, within 15 (fifteen) days from the date on which the Company receives the request for information.

7.1.2 The Promoters and the Company agree that the Investors shall have the above mentioned information rights in the Company and its Subsidiaries.

7.2 Inspection Rights

The Company shall, subject to receipt of reasonable prior written notice from any Investor of 7 (seven) Business Days grant access to the offices of the Company and Subsidiaries, during normal business hours to such Investor and its representatives along with such customary inspection and visitation rights as may be required by such Investor to examine any books, papers or records of or relating to the Company and Subsidiaries, including reports, studies, plans and other documents and the Company shall provide full co-operation, assistance and access to its records and premises for this purpose. The Investors shall be entitled to inspect, examine and take copies of the books and records kept by the Company, including material contracts and such other information / documents deemed necessary by the Investors. All costs incurred in connection with such inspection shall be borne by the Company. The Company and the Promoters shall render co-operation and such other authorisation as may be required by the Investors.

7.3 All information and inspection rights of Investors will be subject to the provisions of the Insider Trading Regulations upon RHP filing and shall fall away on Consummation of the IPO.

8. BUSINESS PLAN

8.1 On the Closing Date, the Company shall constitute a committee, comprising all departmental heads of the Company to formulate an annual business plan ("**Annual Business Plan**") for the subsequent Financial Year ("**ABP Committee**"). The Managing Director or the Chief Executive Officer of the Company will lead the ABP Committee. For each Financial Year, the ABP Committee shall prepare and present to the Board for its approval a business plan which shall include the profit and loss projections and cash flow projections, specifying, amongst other things, projected revenues, associated costs, capital expenditures, required financing, corporate overheads, payroll costs, general and administrative expenses, etc., which upon approval of the Board shall be the Annual Business Plan for such Financial Year.

8.2 The ABP Committee shall commence work on the Annual Business Plan for the subsequent Financial Year at least 90 (ninety) days prior to the commencement of such Financial Year and shall finalize the Annual Business Plan at least 15 (fifteen) days prior to its commencement, subject to it being discussed and approved by the Investors and the Board.

8.3 Based on the Annual Business Plan so finalized the Company shall schedule a monthly review meeting/ earnings call between the Investors and the Promoters to monitor the implementation of the relevant Annual Business Plan and take corrective measures as necessary.

8.4 Each Investors hereby agrees to exercise its rights under this Article 8, from the date of filing of the DRHP in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended ("**Insider Trading Regulations**") and the 'Code for prohibition of insider trading, a code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by insiders', containing the requisite information as required under the Insider Trading Regulations to be adopted by the board of directors of the Company.

9. NON-COMPETE AND NON-SOLICIT

9.1 The Promoter Group collectively undertakes that, during the term of this Part B, they (a) shall devote all their time and attention to the Business of the Company; and (b) shall not, directly or indirectly through an Affiliate, engage in any other business activity. Acquisition or commencement of new business by the Promoter Group may only be carried out through the Company and shall be subject to the prior written approval of the Investors.

9.2 Further, as long as the relevant Investor hold Shares or Securities in the Company or till the completion of the IPO, whichever is earlier ("**Non-Compete Period**"), each member of the Promoter Group undertakes that they shall not, either directly or indirectly through their Affiliates/ group companies or Relatives (as the case may be), or their directors, officers, agents or employees, at any time and as an individual, employee, consultant, independent contractor, partner, shareholder, member or in association with any other Person or in any other capacity, set up, engage in or carry on or commence any business, solicit business on behalf of, render and services to, or have any ownership interests or other affiliations in, any business or other endeavour engaged in a business similar or related to the Business of the Company.

9.3 No member of the Promoter Group shall, during the Non-Compete Period, (a) directly or indirectly, solicit, recruit, employ or induce the employment of any Person then engaged by the Company as an employee, director, or independent contractor or consultant, or (b) persuade any Person which is a client/ customer of the Company to cease doing business with the Company or to reduce the amount of business which such Person has customarily done with the Company or damage in any way the business relationship that the Company has with any customer/ client, whether or not the relationship between the Company and such customer/ client was originally established in whole or in part through his efforts.

9.4 The Promoter Group and the Company expressly acknowledge and agree that the restrictions contained in this Article are no greater than what is reasonable and necessary for the protection of the legitimate interests of the Business and the Company and that if any such restriction shall be held to be void but would be valid if deleted in part or reduced in application, such restriction shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

9.5 Notwithstanding the limitation of this provision by any law for the time being in force, the Promoter Group undertakes to, at all times, observe and be bound by the spirit of this Article 9 provided, however, that on the revocation, removal or diminution of the law or provisions, as the case may be, by virtue of which the restrictions contained in this Article 9 were limited as provided hereinabove, the original restrictions would stand renewed and be effective to their original extent, as if they had not been limited by the law or provisions revoked.

9.6 The Promoters agree and acknowledge that no separate non-compete fees are payable to the Promoter Group, and the consideration for the non-compete restriction contained herein is deemed to have been received under this Part B and mutual covenants in the Transaction Documents. The Promoters also acknowledge the receipt and sufficiency of such consideration received towards the non-compete restriction contained herein.

9.7 The Company and the Promoters shall also jointly and severally undertake to ensure that the Other Shareholders are duly bound by restrictions on non-solicitation, which restrictions are to the satisfaction of the Investors.

10. LIQUIDATION PREFERENCE

In case of occurrence of a Liquidation Event, the Promoter Group and the Company undertake to ensure that the proceeds remaining after satisfying outstanding dues in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 ("**Liquidation Proceeds**") shall be distributed amongst the Shareholders of the Company as on the date of passing of the order causing the Liquidation Event by the relevant court of law, in the following order of priority:

10.1 Firstly, the Investment Amounts shall be repaid to the Investors, on a pari passu basis;

10.2 Secondly, after distribution of Liquidation Proceeds in accordance with Article 10.1 above, the remaining Liquidation Proceeds shall be distributed among the Shareholders (except the Investors) such that each Shareholder (except the Investors) receives its respective paid up capital;

10.3 Lastly, after distribution of Liquidation Proceeds in accordance with Article 10.1 and Article 10.2 above, the remaining Liquidation Proceeds shall be distributed pro rata among all the Shareholders based on the Shares held by them on a Fully Diluted Basis.

10.4 To the extent Liquidation Proceeds are inadequate to pay the amounts payable on a Liquidation Event in full, the total amount received and/ or realized on such occurrence shall be granted to the Investors in proportion to the amounts invested by each Investor in the Company.

10.5 The Promoter Group and the Company jointly and severally agree and undertake that they will honour the liquidation preference of the Investors contained in this Article 10 in distributing the Liquidation Proceeds in any manner legally permissible including re-distribution of assets or proceeds that may be received by the Promoter Group on the occurrence of a Liquidation Event, to the Investors. In the event the Promoter Group or any of the other Shareholders of the Company receive monies which is in contravention of this Article 10, the Promoter Group shall ensure that the other Shareholders of the Company promptly hand over such monies to the Investors and until such time of hand over, the Promoter Group or the relevant Shareholder shall hold such monies in trust on behalf of the Investors.

11. EXIT OPTIONS

11.1 IPO

The Company and the Promoter Group agree and covenant to provide an exit to the Investors (at the option of the Investors) by conducting a IPO at any time not later than 48 (forty eight) months from the Closing Date ("**Exit Date**"), subject to the following:

11.1.1 The IPO shall be effected through:

(a) the issue of new Shares;

(b) An offer for sale; or

(c) Combination of 11.1.1(a) and 11.1.1(b).

11.1.2 The Company shall set up a committee ("**IPO Committee**") to determine the terms and conditions of the IPO. A person nominated by each Investor shall be made a member of the IPO Committee. The terms so determined by the IPO Committee shall be finalized with the mutual consent of the Investors and the Promoter Group.

11.1.3 The Company shall and the Promoter Group shall ensure that the terms, timelines and final pricing of the IPO shall be structured in a manner so as to maximise the valuation of the Shares for the Shareholders subject to the approval of the Board and the Investors, based on the advice of a reputable merchant banker selected by the Board to handle the IPO.

11.1.4 The IPO shall be lead managed by a merchant banker who shall be appointed in consultation with the Investors. The appointment of the merchant banker shall be at the cost of the Company.

11.1.5 In the event the IPO requires participation by the existing Shareholders to comply with regulatory requirements of minimum IPO size and necessitates an Offer for Sale (OFS), all Shareholders will participate in the offering in the proportion of their shareholding in the Company. The final participation in the OFS will be determined based on prevailing market conditions and will be mutually acceptable to all Parties.

11.1.6 Subject to Applicable Law and the terms of Article 11.1.5, each Investor shall be entitled to, at its sole discretion, offer the Shares held by it in the IPO.

11.1.7 The Company and the Promoter Group hereby agree and undertake that they shall, without any recourse to the Investors whatsoever, at their own cost (i) obtain all the relevant permits and approvals, statutory or otherwise that are necessary to provide for an IPO, and (ii) complete the process of the IPO, in accordance with the terms of this Part B. Upon the Investor(s) offering the Shares held by them for sale at the time of IPO, the Company and the Promoter Group hereby undertake that they shall comply with and complete all necessary formalities to ensure such listing.

11.1.8 Other than the listing fees and audit fees of statutory auditor (to the extent not attributable to the Offer), each of which shall be borne solely by the Company, each of the Company and the Selling Shareholders (as defined in the DRHP) agrees to share all costs and expenses (including all applicable taxes) directly attributable to the Offer as agreed in a fee letter (approved and executed by the Selling Shareholders), severally and not jointly, based on the following: (i) solely by the Company in relation to the Equity Shares issued and allotted by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Equity Shares sold and transferred in the Offer for Sale. All the expenses relating to the Offer shall be paid by the Company in the first instance. As mutually agreed, the expenses directly attributable to the portion for the Offer for Sale will be deducted from the proceeds of the Offer, as appropriate, and only the remaining amount will be paid to the Selling Shareholders in the Offer for Sale, in accordance with Section 28(3) of the Companies Act, 2013. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, each of the Company and the Selling Shareholders agrees to share the costs and expenses, based on the following: (i) solely by the Company in relation to the Equity Shares offered by the Company in the Fresh Issue; and (ii) by the Selling Shareholders in proportion to their respective number of the Equity Shares offered in the Offer for Sale.

11.1.9 The Promoter Group and the Company further agree and undertake that the Investors shall not be deemed and named as a 'promoter' or part of the 'promoter group' of the Company at any time for any purpose whatsoever and undertake not to under any circumstances, declare, publish or disclose the Investors in any document related to the IPO, accounts or any public disclosures as 'promoter' or part of the 'promoter group' of the Company, nor shall the Shares held by them in the Company be offered for any lock-in requirements applicable to 'promoters' as part of the IPO under Applicable Law, including in terms of the Securities and Exchange Board (Issue of Capital and Disclosure Requirements) Regulations, 2009. If any Shares are to be made subject to any lock-in in connection with any IPO, then the Promoter Group shall offer their Shares towards such lock-in.

11.1.10 The Promoter Group and the Company agree that upon completion of the IPO under this Article 11, following Articles will survive; Article 7.1 (Reports and Information), Article 3 (Board, Management and Related Matters, except Article 3.7), Article 12.9 (Insurance), Article 1 (Definitions and Interpretation) (to the extent applicable to the other continuing provisions set out in this Article), and Articles 1, 3 and 6 of **SCHEDULE 2**.

11.1.11 The Parties hereto agree that in the event of imposition of any regulatory restrictions in regards to the rights of the Investors surviving, or to be granted, upon completion of the IPO, then they will endeavour to ensure that the rights set out in Article 11.1.10 above are made available to the Investors in a manner consistent with Applicable Law.

11.1.12 The Investors undertake to provide customary representations, warranties or indemnities in connection with the IPO, which are agreed and negotiated by the Investors in the offer documents.

11.1.13 The Company agrees and undertakes to take all necessary steps, actions, things, including without limitation, any restructuring within the Company, and execute such other documents, agreements, letters, undertakings, bonds, etc., as may be required for completion of the IPO. The Promoter Group individually and collectively agree and undertake to take all necessary steps and actions including without limitation, the following:

(a) voting, in their capacity as Shareholders at Shareholders' meetings and in their capacity as Directors at Board meetings, in favour of undertaking the IPO;

(b) approving the resolutions being passed by the Company for undertaking the IPO;

(c) appointment of merchant banker identified and selected by the Board;

(d) preparing and signing the relevant offer documents;

(e) conducting road shows with the necessary participation of senior management of the Company;

(f) entering into appropriate and necessary agreements to effectuate the IPO;

(g) providing all information and documents necessary to prepare the offer documents;

(h) making the relevant filings with appropriate Governmental Authorities; and

(i) obtaining any governmental approvals or other approvals as may be required for the purpose of undertaking the IPO.

11.2 **IPO Second Chance:** In case the Company has not been able to list its shares on or before the expiry of 48 months from the Closing Date, the Promoters will get a chance to avoid a Drag Along if the Company can list in the following 12 months. The IPO Second Chance will have the following terms:

11.2.1 The Investors shall not be involved in the decisions to decide the pricing for such an IPO;

11.2.2 The IPO shall be made at a valuation ("**IPO Valuation**") such that the IPO valuation is at least equal to the valuation arrived at by compounding the effective post money valuation at which Investor 2 CCPS have been converted into Equity Shares of the Company at 15% per annum from the Closing Date in the Investor 2 CCPS till' the expected opening date of the IPO. The IPO will be made on the National Stock Exchange of India Limited and the BSE Limited.

11.2.3 The Investors shall have a right (but not an obligation) to tender their Shares through an offer for sale under the IPO.

11.2.4 All other terms set out in Article 11.1 above in relation to the IPO shall apply mutatis mutandis for an IPO conducted under this Article.

11.3 Drag Along Right

In the event the Company is unable to complete its IPO within 60 months of Closing Date, then each Investor is free to sell its Investor Securities to any Person (including a Competitor) and such Investor ("**Dragging Investor**") shall have a drag along right exercisable in the manner set out below ("**Drag Along Right**"):

11.3.1 The Dragging Investor shall have the right but not the obligation to require the Promoter Group to undertake a sale of all or a part of their shareholding of the Company, as may be required by the Drag-Along Purchaser ("**Sale**"). If the Dragging Investor chooses to exercise its right set out herein, the Dragging Investor shall deliver a written notice to the Company and the Promoter Group, and the Company shall, and the Promoter Group shall cause the Company to, immediately notify the other Shareholders, of the Dragging Investor's intention to cause the Sale ("**Sale Notice**"). The Promoter Group agrees that, within a period of 30 (thirty) days from receipt of the Sale Notice, a meeting of the Board and the Shareholders shall be convened and at all such meetings of the Shareholders and the Board, the Promoter Group shall, consent to the Sale in a manner and on the terms and conditions determined by the Dragging Investor.

11.3.2 The Company and the Promoter Group shall, co-operate and take all necessary and desirable actions in connection with the consummation of the Sale including without limitation, timely execution and delivery of any agreements and instruments to complete the Sale, providing access and information as may be requested by any potential purchaser and co-operating in any due diligence conducted by the potential purchaser. The Company and the Promoter Group shall provide such customary representations and warranties, indemnities and covenants as may be required by any potential purchaser in connection with the completion of the Sale. The Investors shall not be required to provide any representations, warranties, guarantees or indemnities other than title to their respective Investor Securities, or be subject to any restrictive covenants pursuant to or in relation to the Sale.

11.3.3 In the event of a sale of Securities as set out in this Article 11.3, the Dragging Investor shall be obligated to issue a notice ("**Drag-Along Notice**") to the Promoter Group and the other Investor ("**Remaining Shareholders**") stating the intention of the Dragging Investor to sell to a third party purchaser (the "**Drag-Along Purchaser**"), all the Securities held by it and such number of Securities of the Promoter Group, as may be required by the Drag-Along Purchaser ("**Drag Along Shares**"), provided that the number of Drag Along Shares shall not be less than the number of Securities held by the other Investor. The Dragging Investor shall provide the Remaining Shareholders with the terms and conditions on which the Drag-Along Purchaser is willing to purchase the Drag Along Shares and the Promoter Group will be bound to sell along with the Dragging Investor, on the same terms and conditions and price, the Drag Along Shares, subject to Article 11.3.4. It is clarified for the avoidance of doubt that the Dragging Investor shall be obligated to cause the Drag-Along Purchaser to purchase all the Securities held by the Investors, unless the non dragging Investor consents, in its sole discretion, to a partial sale of its Securities.

11.3.4 The Parties agree that in the event a Dragging Investor exercises the Drag Along Right, the other Investor(s) ("**Tagging Investor**") shall have a right but not an obligation to tag along up to all the Securities held by it, on same terms and conditions on which the Dragging Investor is selling its Investor Securities. Upon receipt of the Drag-Along Notice, the Tagging Investor will intimate the Dragging Investor by way of a written notice ("**Tag Notice**") of its intention to exercise its tag along right, within a period of 30 (thirty) days from the date of receipt of the Drag-Along Notice and setting out the number of Investor Securities to be offered by the Tagging Investor in the Sale ("**Tagged Shares**"). Upon receipt of the Tag Notice, the Dragging Investor shall not drag any Securities of the Promoter Group, unless the Tagged Shares are sold to the Drag Along Purchaser.

11.3.5 It is further agreed that if both the Investors obtain a third party offer for purchase of their respective Investor Securities, then the Investors will mutually decide which is the best offer received, prior to exercising the Drag Along Right in accordance with this Article.

11.3.6 Notwithstanding anything to the contrary, the order of Securities to be made available to the Drag-Along Purchaser shall be (i) all the Investor Securities held by the Dragging Investor, (ii) the Tagged Shares offered by the Tagging Investor pursuant to Article 11.3.4, and (iii) the Drag Along Shares held by the Promoters to the extent of the top-up required for the Sale to meet the Drag- Along Purchaser's requirement and complete the transaction contemplated under this Article.

11.3.7 Each Investor hereby agrees to suspend from the date of filing of the DRHP with Securities and Exchange Board of India till the IPO Long Stop Date, its rights under this Article 11.3.

12. COVENANTS

The Company and the Promoter Group undertake and covenant to the Investors as follows:

12.1 Business of the Company

The business of the Company shall be restricted to the Business and the Company shall not carry on any other business except with the prior written consent of the Investors. The Business shall be conducted and carried out in compliance with all Applicable Laws.

12.2 Borrowings by the Company

In the event of any future borrowings or Indebtedness, the Investors shall not be required to provide any guarantees/ collaterals or any other security. The Investors shall not be required to pledge their Securities or provide any other support or a negative lien to any third Person, including without limitation the lenders of the Company.

12.3 Related Party Transactions

All dealings between Promoters, the Promoter Group and the Company and its affiliates, whether individually or collectively would be on an arm's length and market term basis. The aforementioned dealings shall not be entered into without the prior consent of the Board.

12.4 Corporate Governance

The Company and its subsidiaries shall be committed to high standards of corporate governance and shall have in place appropriate structure and reporting systems in this regard. The Company shall do all things necessary in order to put in place appropriate systems and processes for internal financial controls. The Company shall comply with the best practices in corporate governance, including the creation of separate audit, compensation, executive leadership identification committee and capital expenditure committees.

12.5 Maintaining authorised share capital

The Company shall maintain sufficient authorised but un-issued share capital in the Company to be able to issue Shares to the Investors in accordance with the provisions of the Transaction Documents.

12.6 Payment of Taxes and Other Claims

The Company shall pay all Taxes as required· under the Applicable Law in a timely manner.

12.7 Maintenance of Properties

The Company shall maintain or cause to be maintained in compliance with good industry practice all properties used or useful in the Business and from time to time shall make or cause to be made all appropriate repairs, renewals and replacements thereof.

12.8 Auditors

M/ s B. K. Khare & Company shall be appointed as the statutory auditors of the Company from Financial Year 2018-19 onwards. The internal auditors of the Company shall be one of the Deloitte Haskins & Sells, Ernst &Young and KPMG or any of their affiliates as may be decided by the Board.

12.9 Insurance

The Company shall, and the Promoter Group shall ensure that the Company shall, obtain and maintain insurance coverage consistent with the prevailing market practise and in consonance with Applicable Law to the satisfaction of the Investors including, but not limited to, Key Man and Directors' and Officers' Liability insurances.

13. EVENTS OF DEFAULT

13.1 Any of the following events by or in respect of the Promoter Group and/ or the Company (as the case may be) ("**Defaulting Party**") shall be an event of default ("**Event of Default**"):

13.1.1 a breach by the Promoter Group and/or the Company (as the case may be) of any covenants, warranties, representations or undertakings set out in the Transaction Documents; or

13.1.2 any act or omission by the Company and/or the Promoter Group directly or through the agents or employees of the Company constituting intentional misrepresentation, gross negligence, fraud, or wilful misconduct in respect of or concerning the Company; or

13.1.3 occurrence of an Insolvency Event in respect of the Company; or

13.1.4 Non-Delivery of equity shares on conversion of CCPS; or

13.1.5 if any employment agreement executed by any member of the Promoter Group with the Company is terminated for Cause; or

13.1.6 the Indemnifying Parties failing to indemnify the Indemnified Parties, in terms of the Transaction Documents; or

13.1.7 The Promoter Group associating themselves, directly or through an agent, Affiliate, company, partnership, representative or otherwise in any other manner, with any Competitor, in a manner prejudicial to the interest of the Company; or

13.1.8 Breach of any agreements with any lenders of the Company and/ or the Promoter Group, resulting in the invocation of the pledge of the Shares held by the Promoter Group; or

13.1.9 the findings of any concurrent audit or investigation by the Investors, through any reputed independent agency reveal that (i) the affairs of the Company are being managed in a fraudulent manner; (ii) the Company has used the Investment Amount in a manner contrary to that set out in the Transaction Documents; (iii) the funds of the Company have been diverted.

13.2 If any Investor alleges that an Event of Default has occurred, it shall issue a Notice of the alleged Event of Default ("**Default Notice**") to the Defaulting Party and the other parties to this Part B.

13.3 The Defaulting Party shall have a period of 30 (thirty) days from the date of the Default Notice ("**Cure Period**"), to cure the Event of Default, if it is capable of being rectified. The Defaulting Party shall provide evidence to the Investors of having cured the Event of Default within the Cure Period ("**Cure Notice**"). If upon or at any time prior to the expiry of the Cure Period, the Defaulting Party requests the Investors to extend the Cure Period, then the Cure Period may be extended by the Investors at its sole discretion and such extended period shall be deemed to be the "Cure Period" for the purpose of this Article 13.

13.4 If upon expiry of the Cure Period, the Defaulting Party has not delivered the Cure Notice or Event of Default has not been rectified to the satisfaction of the Investors, then the Investors shall issue a Notice ("**Conclusive Default Notice**") to the Defaulting Party Notifying it that the Event of Default has not been rectified to its satisfaction and the consequences set out in Article 13.5 shall follow.

13.5 Consequences of an Event of Default

13.5.1 In case of an Event of Default which has not been rectified within the Cure Period, each Investor shall have the right (but not the obligation) to exercise its Drag Along Right and in such event, the provisions of Article 11.3 shall apply mutatis mutandis.

13.5.2 The remedy available to the Investors under Article 13.5.1 above shall be in addition to all other legal remedies available to them under Applicable Law or otherwise, in case of an Event of Default.

13.5.3 The Promoter Group agrees and undertakes that, if an Event of Default has not been rectified as per the terms of this Part B and any Investor(s) elects to exercise its Drag Along Right, in accordance with the terms of this Part B, the Promoter Group shall take all necessary steps and actions including without limitation, any restructuring within the Company, and execute such other documents, agreements, letters, undertakings, bonds, etc., as may be required pursuant to the exercise of the Drag Along Right by the Investor(s). The Promoter Group individually and collectively agree and undertake to take all necessary steps and actions including without limitation, voting, in their capacity as Shareholders at Shareholders' meetings and in their capacity as Directors at Board meetings, in favour of the Drag Along; and obtaining all approvals as may be required and making the relevant filings with the appropriate Governmental Authorities, for the purpose of effectuating the Drag Along.

14. INDEMNIFICATION

14.1 Without prejudice to any other right available to the Investors in Law or under equity, the Promoter Group and the Company (collectively, the "**Indemnifying Parties**" and individually, the "**Indemnifying Party**") shall, jointly and severally, indemnify and keep indemnified, save, defend and hold harmless the Investors (and their respective directors, employees, Affiliates, agents, successors and assigns) ("**Indemnified Parties**"), from and against any and all losses, liabilities, damages, demands, proceedings, claims, actions, judgments or causes of action, assessments, interest, penalties and other costs or expenses (including, without limitation, reasonable attorneys' fees and expenses incurred in connection with investigating any of the Indemnifying Parties) (the "**Losses**") incurred by the foregoing Persons in relation to any and all claims, demands, notices of claims issued by any Person, actions, causes of actions, suits, litigation or any proceeding (collectively "**Claims**") by virtue of:

14.1.1 any inaccuracy in or breach of any of the representations and warranties of the Company and/ or the Promoter Group under any Transaction Document (other than the SSA); or

14.1.2 any fraud, gross negligence or misconduct of the Indemnifying Parties in relation to the Company; or

14.1.3 failure by the Company to obtain the necessary registrations for the purpose of conduct of the Business of the Company or any other registrations mandated under Applicable Law; or

14.1.4 breach of any covenant, term, condition, undertaking provided by the Company and/ or the Promoter Group under any Transaction Document (other than the SSA).

The Parties acknowledge that (a) any Losses whatsoever incurred or suffered by the Company on account of any Claims; or (b) any reduction in the value of the Company or any of its subsidiaries on account of any Claims shall be deemed to be Losses incurred or suffered by the Indemnified Parties.

14.2 In case the Indemnifying Party is the Company, all such Losses shall be duly grossed up to exclude the Investors' shareholding in the Company in the manner as stipulated below:

Grossed-up indemnity amount payable by the Company	=	[Losses / (100 - each Investor's percentage shareholding in the Company)] X 100

For the purposes of this Article 14.2, the Investor's percentage shareholding in the Company shall be expressed as a number (and not a percentage). Thus, assuming that numeric 100 (one hundred) in the denominator of the formula above represents one hundred per cent. (100%) shareholding of the Company, 50 will represent fifty per cent. (50%) shareholding of the Company and similarly 20 will represent twenty per cent (20%) shareholding of the Company.

Example:

Amount of Losses incurred by an Investor: INR 2,00,000

Percentage of such Investor's shareholding in the Company: 20

Grossed up indemnity amount payable by the Company: [2,00,000 *I* (100- 20)]*100 = INR 2,50,000

14.3 Any payment made to the Indemnified Parties in respect of a Claim shall include:

14.3.1 an amount in respect of all costs and expenses incurred by the Indemnified Parties in relation to the bringing of the claim for indemnity; and

14.3.2 any amount necessary to ensure that, after Taxation of the payment, the Indemnified Parties is left with the same amount that it would have had if the payment had not been subject to Taxation.

14.4 If any Claim comes to the notice of the Indemnified Parties or if any of the Indemnified Parties is notified of any Claim by reason of or in consequence of which any of the Promoter Group and/or the Company (as the case may be) may be liable, then the Indemnified Parties shall notify the Promoter Group and the Company in writing **("Indemnification Notice"),** setting out reasonable particulars, the details of the Loss and provide copies of all related notices and communications to the Promoter Group and/ or the Company.

14.5 Unless the Indemnification Notice is disputed by the Company and/ or Promoter Group, the Company and/ or the Promoter Group shall within 30 (thirty) days of the receipt of the Indemnification Notice remit to the Indemnified Parties the amount specified in the Indemnification Notice.

14.6 Subject to Article 14.5 above, the indemnification and any other rights of the Indemnified Parties under the Transaction Documents are independent of, and in addition to such other rights and remedies as the Indemnified Parties may have under Applicable Law or in equity or otherwise, including the right to seek specific performance, rescission, restitution or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby.

14.7 Limitations

14.7.1 The aggregate amount of the liability of the Indemnifying Parties in respect of all Claims shall not exceed the Investment Amount.

14.7.2 The Indemnifying Parties shall have no liability in respect of any Claim unless the aggregate amount of the liability of the Indemnifying Parties in respect of all such Claims exceeds INR 30,00,000 (Indian Rupees Thirty Lakhs only) in which case the Indemnifying Parties shall be liable for the full amount of the Claims not just the excess.

14.7.3 Except as permissible under Applicable Law, the Indemnifying Party(ies) shall not be liable for any indirect, consequential, exemplary, reputational or punitive damages, including indirect lost profits, loss of business, goodwill (unless such indirect, consequential, exemplary or punitive damages are payable by any Indemnified Party pursuant to any Claim, in which case they shall be considered direct Losses and recoverable under this Article 14). It is hereby clarified that any loss incurred by the Company due to any Claim shall be deemed to be considered as a direct loss to the Indemnified Party and therefore recoverable in terms of this Article 14.

14.7.4 The Indemnified Party shall mitigate any loss or damage which it may suffer or incur as a consequence of any breach of any Company Warranty and/or the Promoter Group Warranty to the extent required under Applicable Law. Any failure by the Indemnified Party to mitigate such losses or damages as required under this Article shall relieve the Indemnifying Parties from the obligation to indemnify the Indemnified Party to the extent such loss or damage is directly attributable to the Indemnified Party's failure to observe its obligation under this Article 14.7.4.

14.7.5 The Investors agree that the Indemnified Party shall not be entitled to recover any damages or obtain payment, reimbursement or restitution more than once in respect of any particular Claim under the Transaction Documents. Notwithstanding the aforementioned, it is clarified that if the Indemnified Party is able to recover only part of the Losses arising from a Claim, then the Indemnified Party will continue to have a right to recover any shortfall from the Indemnifying Parties.

14.7.6 None of the limitations set out here will be applicable to any claim arising from Article 14.1.2.

15. APPLICATION OF THIS PART

The terms of this Part B shall apply mutatis mutandis to:

(i) Any shares which may be received by the Shareholders resulting from any conversion, reclassification, re-designation, subdivision or consolidation or other change of the Securities; and

(ii) Any successor body corporate as a result of any merger, amalgamation, arrangement or other re-organisation of, or including, the Company;

Prior to any such action being taken, the Parties shall give due consideration to any changes which may be required to these Articles in order to give effect to the intent of this Article.

16. INVESTORS NOT PROMOTER OF THE COMPANY

The Parties agree and acknowledge that the Investors are not promoters of the Company. The Company and the Promoter Group further undertake that the Company and the Promoter Group shall take all necessary steps to ensure that the Investors are not considered as promoters of the Company for any purpose whatsoever.

17. AMENDMENT TO PART B OF ARTICLES

The Company shall not be entitled to make any amendment to Part B of the Articles or introduce any provisions in these Articles, which would dilute the provisions of Part B of the Articles in any manner whatsoever without obtaining the prior written consent of the Investors.

18. DISPUTE RESOLUTION

18.1.1 If any dispute, controversy or claim between the Parties arises out of or in connection with the Shareholders Agreement, as amended, including the breach, termination or invalidity thereof "**Dispute**"), the Parties shall use all reasonable endeavours to negotiate in good faith to resolve the Dispute amicably. If a Party gives the other Parties notice that a Dispute has arisen ("**Dispute Notice**") and the Parties are unable to resolve the Dispute amicably within 30 (thirty) calendar days of service of the Dispute Notice (or such longer period as the relevant Parties may mutually agree), then the Dispute shall be referred to arbitration in accordance with Article 18.1.2 below.

18.1.2 Any dispute arising out of or in connection with Shareholders Agreement, as amended, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the Indian Arbitration Act, 1996. The number of arbitrators shall be 3 (three) with the Parties nominating the arbitrators as set out below. The Chairman of the tribunal shall then be chosen by such nominees through mutual consent. The seat, or legal place, of arbitration shall be Mumbai, India. The language to be used in the arbitration shall be English. The governing law of the contract, the curial law and the law governing the Arbitration clause shall be the law of India.

(a) In case of a dispute between (a) any 1 (one) Investor and the Company/Promoter Group or (b) between Investors, each Party will nominate one arbitrator and both the arbitrators will together appoint third arbitrator; or

(b) In case the dispute includes both the Investors and the Company/Promoter Group, each Investor shall nominate one arbitrator each and the Company/Promoters will nominate one arbitrator.

18.1.3 To the extent practical, decisions of the arbitrator shall be rendered within not more than 90 (Ninety) days following commencement of proceedings with respect thereto. The arbitrators shall cause their written and reasoned decision(s) to be delivered to the Parties. The arbitrators shall reach and render a decision in writing (with respect to the appropriate award to be rendered or remedy to be granted pursuant to the dispute).

18.1.4 Any arbitration award passed by the arbitral tribunal shall be final binding upon and conclusive as to the dispute between the Parties, shall not be subject to appeal and shall be where required enforced by judgment of a court of competent jurisdiction except as otherwise provided by applicable law.

18.1.5 The Shareholders Agreement, as amended, shall be specifically enforceable. The Parties agree that they will suffer immediate, material, immeasurable, continuing and irreparable damage and harm in the event of any breach of the Shareholders Agreement, as amended, and the remedies at law in respect of such breach will be inadequate and that they shall be entitled to seek specific performance against the defaulting Party for performance of its obligations under the Shareholders Agreement, as amended, in addition to any and all other legal or equitable remedies available to it.

18.1.6 The Parties shall bear the costs and expenses for the arbitration, in terms of the arbitral award.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company), which are or may be deemed material will be attached to the copy of the Red Herring Prospectus and the Prospectus, as applicable, which will be filed with the RoC. Copies of the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on Working Days and on the website of our Company at https://www.divgi-tts.com from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Registrar Agreement dated August 8, 2022, entered into between our Company, the Selling Shareholders and the Registrar to the Offer.

2. Offer Agreement dated September 21, 2022, entered into between our Company, the Selling Shareholders and the BRLMs.

3. Cash Escrow and Sponsor Bank Agreement dated [●] entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs and the Banker(s) to the Offer.

4. Share Escrow Agreement dated [●] entered into between the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate Agreement dated [●] entered into between our Company, the Selling Shareholders, the BRLMs, Registrar to the Offer and the Syndicate Members.

6. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

7. Underwriting Agreement dated [●] entered into between our Company, the Selling Shareholders, and the Underwriters and the Registrar to the Offer.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association, as amended from time to time.

2. Certificate of incorporation dated December 16, 1964 was issued to our Company by the RoC.

3. Certificate of incorporation dated July 1, 1996 consequent upon change of name was issued pursuant to the conversion into a public company.

4. Certificate of incorporation dated November 23, 1998 consequent upon change of name was issued pursuant to the conversion into a private company.

5. Certificate of Incorporation dated October 26, 1999 consequent upon change of name was issued to our Company by the RoC.

6. Certificate of incorporation dated November 24, 2017 consequent upon change of name pursuant to the scheme of amalgamation dated August 18, 2017 was issued to our Company by the RoC.

7. Certificate of incorporation dated March 10, 2022 consequent upon change of name was issued pursuant to the conversion into a public company.

8. Shares Subscription Agreement dated March 27, 2018, by and between our Company, Jitendra B Divgi, Hirendra B Divgi, Bhaskar Divgi, Ambika Divgi and Divgi Holdings Private Limited and Oman India Joint Investment Fund II.

9. Shareholders' Agreement dated March 27, 2018 entered among our Company, Jitendra Bhaskar Divgi, Hirendra Bhaskar Divgi , Bhaskar Divgi, Ambika Divgi, Divgi Holdings Private Limited, NRJN Family Trust and Oman India Joint Investment Find II and amendment and termination agreement dated August 25, 2022, entered into between Company, Hirendra Bhaskar Divgi, Jitendra Bhaskar Divgi, Divgi Holdings Private

Limited, Oman India Joint Investment Find II and NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited).

10. Investment Agreement dated August 5, 2016 by and among our Company, Jitendra Bhaskar Divgi, Hirendra Bhaskar Divgi, NRJN Family Trust, and Divgi Holdings Private Limited.

11. Share Purchase Agreement dated August 10, 2016, entered into between BorgWarner South Asia Inc., Divgi Warner Private Limited, BorgWarner PDF (USA) Inc., BorgWarner Diversified Transmission products Inc., BorgWarner Inc. and our Company.

12. Scheme of amalgamation between our Company, Divgi TorqTransfer Systems Private Limited and Divgi Metalwares Private Limited and their respective shareholders and creditors, approved and sanctioned by the National Company Law Tribunal, Mumbai by way of its order dated September 21, 2017.

13. Resolution of the Board of Directors dated July 25, 2022 authorising the Offer and other related matters.

14. Resolution dated July 25, 2022 passed by the Shareholders authorising the Fresh Issue and other related matters.

15. Consent letters dated (i) September 12, 2022 and September 21, 2022 from Oman India Joint Investment Fund II; (ii) September 10, 2022 and September 21, 2022 from NRJN Family Trust (represented by its corporate trustee, Entrust Family Office Legal and Trusteeship Services Private Limited); (iii) September 12, 2022 and September 29, 2022 from Bharat Bhalchandra Divgi; (iv) September 12, 2022 and September 21, 2022 from Sanjay Bhalchandra Divgi; (v) September 12, 2022 and September 21, 2022 from Ashish Anant Divgi; (vi) July 25, 2022 and September 21, 2022 from Arun Ramdas Idgunji; and (vii) September 12, 2022 and September 21, 2022 from Kishore Mangesh Kalbag in relation to the Offer for Sale.

16. Resolution of the Board of Directors dated September 21, 2022 approving this Draft Red Herring Prospectus.

17. Consent dated August 22, 2022, from CRISIL to rely on and reproduce part or whole of the CRISIL Report and include their name in this Draft Red Herring Prospectus.

18. Consent dated September 21, 2022 from A. R. Sulakhe & Company, Chartered Accountants, to include its name as an independent chartered accountant under Section 26(5) of the Companies Act and as an “expert” as defined under Section 2(38) of the Companies Act.

19. Consent dated September 21, 2022 from CS Vinayak Sadashiv Khanvalkar, practicing Company Secretary in whole time practice, to include its name as a practicing company secretary under Section 26(5) of the Companies Act and as an “expert” as defined under Section 2(38) of the Companies Act.

20. Consent dated August 29, 2022 from Smita Mehendaley, Chartered Engineer to include their name as a independent chartered engineer under Section 26(5) of the Companies Act and as an “expert” as defined under Section 2(38) of the Companies Act.

21. Consent letter dated September 12, 2022 from the Statutory Auditors, B. K. Khare & Co., Chartered Accountants, to include their name as an “expert” in their capacity as our Statutory Auditors, and in respect of their (i) examination report dated July 25, 2022 on our Restated Financial Information; and (ii) their certificate dated September 21, 2022 on the statement of special tax benefits in this Draft Red Herring Prospectus.

22. Report titled “*CRISIL Research - Industry Report on Indian Auto Industry in March 2022*” prepared by CRISIL.

23. Copies of annual reports of our Company for the Fiscals 2021, 2020 and copy of audited financial statements for the Fiscal 2022.

24. Consent Letters of the Directors, BRLMs, Syndicate Members, the legal counsel to the Company as to Indian law, the legal counsel to the Book Running Lead Managers as to Indian law, legal counsel to the Selling Shareholders as to Indian law, International Legal Counsel to the Book Running Lead Managers, Registrar to the Offer, Banker(s) to the Offer, Bankers to our Company, Company Secretary and Compliance Officer and the independent chartered accountant, as referred to in their specific capacities.

25. Tripartite agreement dated April 30, 2018 among our Company, NSDL and the Registrar to the Offer.

26. Tripartite agreement dated April 28, 2016 among our Company, CDSL and the Registrar to the Offer.

27. Due diligence certificate dated September 21, 2022, addressed to SEBI from the BRLMs.

28. In-principal listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

29. SEBI observation letter bearing reference number [●] and dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Jitendra Bhaskar Divgi
Managing Director

Place: Pune

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Hirendra Bhaskar Divgi
Whole-time Director

Place: Pune

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Sanjay Bhalchandra Divgi
Director

Place: Pune

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Bharat Bhalchandra Divgi
Director

Place: Pune

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Ajay Bhaskar Limaye
Nominee Director of Oman India Joint Investment Fund II

Place: Mumbai

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Pradip Vasant Dubhashi
Independent Director

Place: Pune

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Pundalik Dinkar Kudva
Independent Director

Place: Pune

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Geeta Prafullachandra Tolia
Independent Director

Place: Pune

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Praveen Purshottam Kadle
Chairman & Independent Director

Place: Mumbai

Date: September 21, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the rules, guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Sudhir Shridhar Mirjankar
(Chief Financial Officer)

Date: Pune

Place: September 21, 2022

DECLARATION

I, Bharat Bhalchandra Divgi, acting as a Selling Shareholder, hereby certify and declare that all statements, disclosures, and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself and portion of the Equity Shares being offered by me in the Offer are true and correct. I assume no responsibility, as a Selling Shareholder, for any other statements, disclosures or undertakings including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by Bharat Bhalchandra Divgi

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Place: Pune

Date: September 21, 2022

DECLARATION

I, Sanjay Bhalchandra Divgi, acting as a Selling Shareholder, hereby certify and declare that all statements, disclosures, and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself and portion of the Equity Shares being offered by me in the Offer are true and correct. I assume no responsibility, as a Selling Shareholder, for any other statements, disclosures or undertakings including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by Sanjay Bhalchandra Divgi

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Place: Pune

Date: September 21, 2022

DECLARATION

I, Ashish Anant Divgi, acting as a Selling Shareholder, hereby certify and declare that all statements, disclosures, and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself and portion of the Equity Shares being offered by me in the Offer are true and correct. I assume no responsibility, as a Selling Shareholder, for any other statements, disclosure or undertakings including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by Ashish Anant Divgi

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Place: Pune

Date: September 21, 2022

DECLARATION

I, Arun Ramdas Idgunji, acting as a Selling Shareholder, hereby certify and declare that all statements, disclosures, and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself and portion of the Equity Shares being offered by me in the Offer are true and correct. I assume no responsibility, as a Selling Shareholder, for any other statements, disclosure or undertakings including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by Arun Ramdas Idgunji

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Place: Pune

Date: September 21, 2022

DECLARATION

I, Kishore Mangesh Kalbag, acting as a Selling Shareholder, hereby certify and declare that all statements, disclosures, and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself and portion of the Equity Shares being offered by me in the Offer are true and correct. I assume no responsibility, as a Selling Shareholder, for any other statements, disclosure or undertakings including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by Kishore Mangesh Kalbag

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Place: Pune

Date: September 21, 2022

DECLARATION

We, NRJN Family Trust (represented by its Corporate Trustee, Entrust Family Office Legal and Trusteeship Services Private Limited), acting as a Selling Shareholder, hereby certify and declare that all statements, disclosures, and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or specifically in relation to ourselves and portion of the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility, as a Selling Shareholder, for any other statements, disclosures or undertakings including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of NRJN Family Trust (represented by its Corporate Trustee, Entrust Family Office Legal and Trusteeship Services Private Limited)

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Corporate Trustee
(Rajmohan Krishnan – Authorised signatory of Entrust Family Office Legal and Trusteeship Services Private Limited)

Place: Bangalore

Date: September 21, 2022

DECLARATION

We, Oman India Joint Investment Fund II, acting as a Selling Shareholder, hereby confirm that all statements, and undertakings made by us in this Draft Red Herring Prospectus about or specifically in relation to ourselves and portion of the Equity Shares being offered by us in the Offer are true and correct. We assume no responsibility, as a Selling Shareholder, for any other statements, disclosures or undertakings including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of Oman India Joint Investment Fund II

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Mr. Srinath S
CEO – Oman India Joint Investment Fund Management Company Private Limited

Place: Mumbai

Date: September 21, 2022