



**Divgi-TTS**

*the Spirit of Innovation*

## **DIVGI TORQTRANSFER SYSTEMS LIMITED**

### **MODEL CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

#### **Document Control**

Created by	Company Secretary and Compliance Officer
Reviewed by	Nomination and Remuneration Committee on April 29, 2022
Approved by	Board of Directors on June 10, 2022
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#### **Document Record Sheet**

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## **1. Introduction**

- 1.1. This Code shall be called “The Code of Business Conduct & Ethics for Board Members and Senior Management” (“**the Code**”) of **DIVGI TORQTRANSFER SYSTEMS LIMITED** (“**the Company**”).
- 1.2. The purpose of this Code is to enhance ethical and transparent process in managing the affairs of the Company.
- 1.3. This Code for Board Members and Senior Management has been framed specially in compliance of the provisions of Regulation 17 (5) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) with stock exchanges.

## **2. Definitions and Interpretations**

- 2.1. "**Board/Board of Directors**" shall mean the board of directors of the Company.
- 2.2. "**Board Members**" shall mean Directors on the Board of Directors of the Company.
- 2.3. "**Company**" shall mean Divgi TorqTransfer Systems Limited.
- 2.4. "**Independent Director**" shall mean the independent director appointed on the Board of the Company in accordance with the Act.
- 2.5. "**Part-time Directors**" shall mean Directors on the Board of Directors of the Company who are not in whole time employment of the Company and includes all Independent Directors, Nominee Director, and Non-Executive Non-Independent Directors.
- 2.6. "**Relative**" shall have the same meaning as defined in Section 2 (77) of the Companies Act, 2013.
- 2.7. "**Senior Management**" shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all members of management one level below the Whole time Directors, including all functional heads.
- 2.8. "**Key Managerial Personnel**" shall mean the company secretary and other personnel as defined under the Act.
- 2.9. "**Whole-time Directors**" or "**Functional Directors**" shall be the Directors on the Board of Directors of the Company who are in whole-time employment of the Company.  
Note: In this Code, words importing the masculine gender shall include feminine gender and words importing singular shall include the plural or vice-versa.

### **3. Applicability**

3.1 This Code shall be applicable to the following personnel:

- (a) All Whole-time Directors including the chairman & managing director of the Company.
- (b) All Part-time Directors including Independent Directors under the provisions of law.
- (c) Senior Management and Key Managerial Personnel.

3.2 The Whole-time Directors and Senior Management should continue to comply with other applicable/to be applicable policies, rules and procedures of the Company.

### **3. Contents of Code**

- Part I** Core principles
- Part II** Specific Professional Responsibilities
- Part III** Specific Additional Provisions for Board Members, Senior Management and Key Managerial Personnel
- Part IV** The duties of Independent Directors

This Code is intended to serve as a basis for ethical decision making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards.

It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

## **PART I**

### **4. Our Core principles**

- i) We are committed to operating our businesses conforming to the highest moral and ethical standards. We do not tolerate bribery or corruption in any form. This commitment underpins everything that we do.
- ii) We are committed to good corporate citizenship. We treat social development

activities which benefit the communities in which we operate as an integral part of our business plan.

- iii) We seek to contribute to the economic development of the communities of the countries and regions we operate in, while respecting their culture, norms, and heritage. We seek to avoid any project or activity that is detrimental to the wider interests of the communities in which we operate.
- iv) We shall not compromise safety in the pursuit of commercial advantage. We shall strive to provide a safe, healthy, and clean working environment for our employees and all those who work with us.
- v) When representing our company, we shall act with professionalism, honesty, and integrity, and conform to the highest moral and ethical standards. In the countries we operate in, we shall exhibit culturally appropriate behaviour. Our conduct shall be fair and transparent and be perceived as fair and transparent by third parties.
- vi) We shall respect the human rights and dignity of all our stakeholders.
- vii) We shall strive to balance the interests of our stakeholders, treating each of them fairly and avoiding unfair discrimination of any kind.
- viii) The statements that we make to our stakeholders shall be truthful and made in good faith.
- ix) We shall not engage in any restrictive or unfair trade practices.
- x) We shall provide avenues for our stakeholders to raise concerns or queries in good faith, or report instances of actual or perceived violations of our code.
- xi) We shall strive to create an environment free from fear of retribution to deal with concerns that are raised, or cases reported in good faith. No one shall be punished or made to suffer for raising concerns or making disclosures in good faith or in the public interest.
- xii) We expect the leaders of our businesses to demonstrate their commitment to the ethical standards set out in this Code through their own behaviour and by establishing appropriate processes within their companies.
- xiii) We shall comply with the laws of the countries in which we operate and any other laws which apply to us. With regard to those provisions of the Code that are explicitly dealt with under an applicable law or employment terms, the law and those terms shall take precedence. In the event that the standards prescribed under any applicable law are lower than that of the Code, we shall conduct ourselves as per the provisions of the Code.

xiv) General Moral Imperatives

**a. Contribute to society and human well being**

- i. This principle concerning the quality of life of all people, affirms an obligation to protect fundamental human rights and to respect the diversity of all cultures. We must attempt to ensure that the products of our efforts will be used in socially responsible ways, will meet social needs, and will avoid harmful effects to health and welfare of others. In addition to a safe social environment, human wellbeing includes a safe natural environment.
- ii. Therefore, all Board Members, Senior Management and Key Managerial Personnel who are accountable for the design, development, manufacture, and promotion of Company's products, must be alert to, and make others aware of, both a legal and a moral responsibility for the safety and the protection of human life and environment.

**b. Be honest and trustworthy & practice integrity**

- i. Integrity and honesty are essential components of trust. Without trust an organization cannot function effectively.
- ii. All Board Members, Senior Management and Key Managerial Personnel are expected to act in accordance with highest standards of personal and professional integrity, honesty, and ethical conduct, while conducting business of the Company.

**c. Be fair and take action not to discriminate**

- i. The values of equality, tolerance, respect for others, and the principles of equity & justice govern this imperative. Discrimination, on the basis of race, sex, religion, caste, age, disability, national origins, or other such factors, is an explicit violation of this Code.

**d. Honor confidentiality**

- i. The principle of honesty extends to issues of confidentiality of information. The ethical concern is to respect all obligations of confidentiality to all stakeholders unless discharged from such obligations by requirements of the law or other principles of this Code.
- ii. All Board Members, Senior Management and Key Managerial Personnel,

therefore, shall maintain the confidentiality of all confidential unpublished information about business and affairs of the Company.

**e. Pledge & Practice**

- i. To strive continuously to bring about integrity and transparency in all spheres of the activities.
- ii. Work unstintingly for eradication of corruption in all spheres of life.
- iii. Remain vigilant and work towards growth and reputation of the Company.
- iv. Bring pride to the organization and provide value-based services to Company's stakeholders.
- v. Do duty conscientiously and without fear or favour.

**PART II**

xv) Specific Professional Responsibilities

**a. Live the Vision, Mission and Values of Divgi TorqTransfer Systems Limited each day:**

Live the Vision, Mission and Values of Divgi TorqTransfer Systems Limited each day. For quick reference they are as under:

Vision:

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

Mission:

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

Values

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

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

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

Personal integrity: Demand uncompromising ethical standards in our conduct with a commitment to doing what is right—in good times and in bad, taking accountability for the commitments we make.

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

- b. **Strive to achieve the highest quality, effectiveness, and dignity in both the processes and products of professional work:** Excellence is perhaps the most important obligation of a professional. Everyone, therefore, should strive to achieve the highest quality, effectiveness, and dignity in their professional work.
- c. **Acquire and maintain professional competence:** Excellence depends on individuals who take responsibility for acquiring and maintaining professional competence. All are, therefore, expected to participate in setting standards for appropriate levels of competence, and strive to achieve those standards.
- d. **Compliance with Laws:** The Board Members, Senior Management and Key Managerial Personnel of the Company shall comply with all the applicable provisions of existing local, state, national, and international laws. They should also follow and obey the policies, procedures, rules and regulations relating to business of the Company.
- e. **Accept and provide appropriate professional review:** Quality Professional work depends on professional review and comments. Whenever appropriate, individual members should seek and utilize peer review as well as provide critical review of the work of theirs.
- f. **Manage personnel and resources to enhance the quality of working life:** Organizational leaders are responsible for ensuring that a conducive working and business environment is created for fellow employees to enable them delivering their best. The Board Members and Senior Management would be responsible for ensuring human dignity of all employees, would encourage and support the professional development of the employees of the Company by providing them all necessary assistance and cooperation, thus enhancing the quality of working.
- g. **Be upright and avoid any inducements:** The Board Members and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant value, which might

be extended at times, to influence business for the organization or awarding a contract to an agency, etc.

- h. Observe Corporate Discipline:** The flow of communication within the Company is not rigid and people are free to express themselves at all levels. Though there is a free exchange of opinions in the process of arriving at a decision, but after the debate is over and a policy consensus has been established, all are expected to adhere and abide by it, even when in certain instances one may not agree with it individually. In some cases policies act as a guide to action, in others they are designed to put a constraint on action. All must learn to recognize the difference and appreciate why they need to observe them.
- i. Conduct in a manner that reflects credit to the Company:** All are expected to conduct themselves, both on and off duty, in a manner that reflects credit to the Company. The sum total of their personal attitude and behaviour has a bearing on the standing of Company and the way in which it is perceived within the organization and by the public at large.
- j. Be accountable to Company's stakeholders:** All of those whom we serve, be it our Customers, without whom the Company will not be in business, the shareholders, who have an important stake in its business, the employees, who have a vested interest in making it all happen, the vendors, who support the Company to deliver in time and society to which Company is responsible for its actions - are stakeholders of the Company. All, therefore, must keep in mind at all times that they are accountable to Company's stakeholders.
- k. Prevention of Insider trading:** The Board Members and Senior Management shall comply with the code of internal procedures and conduct for prevention of insider trading in dealing with securities of the Company.
- l. Identify, mitigate, and manage business risks:** It is everybody's responsibility to follow the risk management framework of the Company to identify the business risks that surround function or area of operation of the Company and to assist in the company-wide process of managing such risks, so that Company may achieve its wider business objectives.
- m. Protect properties of the Company:** The Board Members and Senior Management shall protect the assets including physical assets, information and intellectual rights of the Company and shall not use the same for personal gains.
- n. Compliance with Company's internal POSH policy:** The Board Members and Senior Management shall ensure compliance with the clauses of effective POSH policy of the company at all times.



### **PART III**

#### **Specific Additional Provisions for Board Members and Senior Management**

- o. As Board Members and Senior Management:** They shall undertake to actively participate in the meetings of the Board and committees on which they serve.
- p. As Board Members**
  - i. Undertake to inform the chairman and managing director/ company secretary of the Company of any changes in their other Board positions, relationship with other business and other events/ circumstances / conditions that may interfere with their ability to perform Board/ Board committee duties or may impact the judgment of the Board as to whether they meet the independence requirements of the SEBI Listing Regulation with stock exchanges.
  - ii. Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases can be:

**Related Party Transactions:** Entering into any transactions or relationship with Company in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).

**Outside Directorship:** Accepting directorship on the Board of any other Company that competes with the business of the Company.

**Consultancy/Business/Employment:** Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties towards Company. They should restrain themselves from entering into any personal transaction with any supplier, service provider or customer of the Company.

**Use of Official position for personal gains:** Should not use their official position for personal gains.

- q. Conflict of interest :**
  - 1. Our employees and executive directors shall always act in the interest of our company and ensure that any business or personal association including close personal relationships which they may have, does not create a conflict of interest with their roles

and duties in our company or the operations of our company. Further, our employees and executive directors shall not engage in any business, relationship, or activity, which might conflict with the interest of our company or our group companies.

2. Should any actual or potential conflicts of interest arise, the concerned person must immediately report such conflicts and seek approvals as required by applicable law and company policy. The competent authority shall revert to the employee within a reasonable time as defined in our company's policy, so as to enable the concerned employee to take necessary action as advised to resolve or avoid the conflict in an expeditious manner.
3. In the case of all employees other than executive directors, the Chief Executive Officer / Managing Director shall be the competent authority, who in turn shall report such cases to the Board of Directors on a quarterly basis. In case of the Chief Executive Officer / Managing Director and executive directors, the Board of Directors of our company shall be the competent authority.

#### **d. Compliance with the Code of Business Conduct & Ethics**

- i. All Members of the Board and Senior Management of Company shall uphold and promote the principles of this code.**

The future of the organization depends on both technical and ethical excellence. Not only it is important for Board Members and Senior Management to adhere to the principles expressed in this Code, each of them should also encourage and support adherence by others.

- ii. Treat violations of this code as inconsistent association with the organization**

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members and Senior Management does not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to take appropriate action against the defaulter.

#### **e. Reporting any illegal or unethical behavior**

Directors are encouraged to promptly contact the Chairman of the Board or the Compliance Officer if the Director believes that he or she has observed illegal or unethical behavior by any employee, officer or director or by any one purporting to be acting on the Company's behalf or any violation or possible violation of this Code and the reporting Director has any doubt as to the best course of action in a particular situation. Confidentiality will be maintained, to the extent permitted by law.

## **f) Miscellaneous Points**

### **i. Continual updation of Code**

This Code is subject to continuous review and updation in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise as may be deemed necessary by the Board and all such amendments / modifications shall take effect prospectively from the date stated therein.

### **ii. Where to seek clarifications**

Any member of Board or Senior Management requiring any clarification regarding this code of conduct may contact Director (HR)/ company secretary/ any officer specifically designated by the Board of Directors.

### **iii. Affirmation from Board of Directors and Senior Management**

All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis as per format annexed hereunder as "**Annexure 1**".

## **PART IV**

### **ii) The duties of Independent Directors**

An independent director shall:

- a. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
- b. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company.
- c. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member.
- d. Participate constructively and actively in the committees of the Board in which they are chairpersons or members.
- e. Strive to attend the general meetings of the Company.
- f. Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not

resolved, insist that their concerns are recorded in the minutes of the board meeting.

- g. Keep themselves well informed about the Company and the external environment in which it operates.
- h. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- i. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- j. Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use.
- k. Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
- l. Act within their authority, assist in protecting the legitimate interests of the Company, shareholders, and its employees.
- m. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

***In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.***

“Annexure 1”

**ACKNOWLEDGEMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT**

I have received and read the Code of Business Conduct and Ethics for Board Members and Senior Management of Divgi TorqTransfer Systems Limited. I understand the standards and policies contained in the said Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the said Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the said Code of Business Conduct and Ethics, any policies of the company or the legal and regulatory requirements applicable to my job, I know I can consult Director or company secretary concerned the Company knowing that my questions or reports will be maintained in confidence.

Further, I undertake to provide following affirmation on an annual basis to the Company within 30 days from the end of 31<sup>st</sup> March every year.

**AFFIRMATION**

(By Board Members/ Senior Management of the Company on Annual basis by 30th April of every year)

I, ..... (name), (designation), having read and understood the Code of Business Conduct and Ethics for Board Members and Senior Management, hereby solemnly affirm that I have complied with and has not violated any of the provisions of the Code during the year ended 31<sup>st</sup> March .....

Signature

Name

Designation

Place

Employment Number

Telephone No

Date: