



Divgi TorqTransfer Systems

(formerly Divgi Metalwares Private Limited)

Divgi TorqTransfer Systems Pvt. Ltd.
75, General Block, MIDC Bhosari,
Pune 411 026, India
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Fax : (+91-20) 27129691
Web : www.divgi-tts.com

DIRECTORS' REPORT

To,
The Members,
Divgi TorqTransfer Systems Private Limited
Pune 411026

Your Directors have pleasure in presenting the 54th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended on 31st March 2019.

Prologue

The financial year ended March 2019 generated unprecedented 28% growth over the previous year. This growth vindicated the management's confidence in buying out the Borg Warner stake in it's the erstwhile joint venture and strike out independently a few years ago. In turn, the subsequent merger of Divgi-TTS Private Limited with Divgi Metalwares Private Limited improved asset utilization and unified the respective teams around a common goal.

The growth reported by the Company during the year under review was achieved in the face of challenges in graduating new business opportunities into steady revenues. Some of the delays were on account of customer-induced delays, while some were on account of unforeseen development challenges. The management is pleased to report that most of these challenges have since been addressed, generating steady revenues.

The Indian economy was marked by structural shifts during the year under review. The Insolvency and Bankruptcy Code (IBC) introduced by the Government of India was considered as one of the most significant reforms since India's liberalization of 1991. Even as the stress in Non-Banking Financial Companies appeared to have been caused by systemic remedial measures, there is a widespread feeling that that this could lead to stronger economic fundamentals necessary to drive sustainable growth.

The end of the financial year also coincided with the eve of India's General Election to the Lok Sabha, which eventually resulted in a sweeping majority for the pro-business existing government. In view of this, the company's medium-term and long term business development activities continued along their strategic and tactical trajectories. The company perceives a strengthening of the broad Long Range Plan resulting in the prospective achievement of directional milestones and objectives.

India's automotive market prepares for a stringent emissions control regime across the next three years. By April 2020, India is expected to graduate from the Euro 4 to Euro 6 standard, bypassing the intermediate Euro V stage. What is creditable is that India expects to achieve this challenging transition in just three years where the same took Europe a period of 11 years. After April 2020, India will implement carbon dioxide emissions norms across OEM

CIN NO : U32201MH1964PTC013085

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fleets through the Corporate Average Fleet Efficiency norm, effectively putting a cap on the carbon dioxide limit emitted per kilometer travelled. Besides, the new CAFÉ norms are expected to come into effect from April 2022.

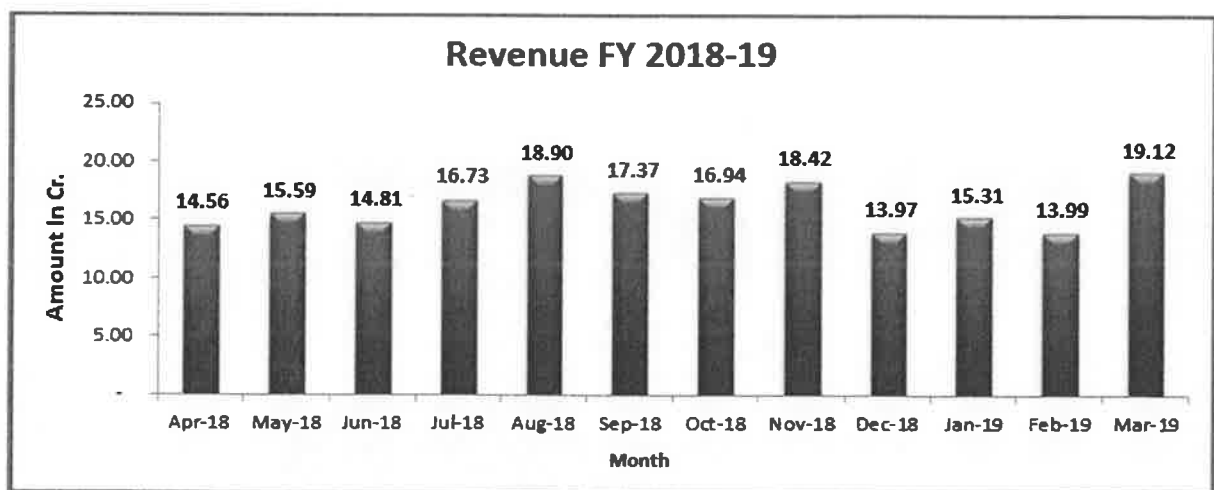
Going ahead, the company expects to strengthen its business development with the objective to sustain financial growth despite challenges if any, resulting in revenue visibility and business sustainability.

With the uncertainties related to the General Elections over and a strong government in place for five years, the long-term outlook for the company appears optimistic.

1. Financial results

PARTICULARS	For the FY ending on 31/03/2019	For the FY ending on 31/03/2018
Total Revenue	195,70,92,291	164,32,05,354
Total Expenditure	139,93,14,559	120,95,87,222
Profit/(Loss) before Depreciation	619,484,621	43,36,18,131
Depreciation	6,17,06,889	3,57,15,920
Profit/(Loss) After Depreciation	557,777,732	39,79,02,211
Provision for Current Tax	14,94,35,291	13,35,00,000
Provision for Deferred Tax	55,45,601	1,16,51,173
Profit/(Loss) after Tax	40,27,96,840	25,27,51,037

i. Revenue trend graph



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

Particulars	2018-19 (In Rs. Crore)	2017-18 (In Rs. Crore)
Transfer Cases	52.88	39.44
Automatic Locking Hubs	6.86	5.66
Synchronizers	38.39	35.92
Components, Export	88.76	78.47
Other Income	8.82	4.83
Total Revenue	195.71	164.32

iii. Company's Operations

The Company reported all-round increase in its operations following growth generated in the domestic market, exports and increased Indian budgetary allocations for defense spending.

In the 4WD market, demand was catalysed by the increased procurement of TATA Safaris by the Ministry of Defense and increased demand for the Mahindra Thar 4WD as a utility and recreational vehicle. This strengthened demand for the Automatic Locking Hub product line. The overall synchronizer demand remained stable, the declining volumes at TATA and Mahindra being offset by new programs at Force Motors and Toyota (which increased around 50%).

Exports reported a 12% increase despite delays in three critical programs - UAZ Russia, Tesla in the USA and the Ford U375 program with BorgWarner in Korea. All three programs are going on stream, with substantial benefits likely to be generated in the current financial year. During the year under review, there saw a significant increase in the China and Korea business, which accounted for over 25% of the total operating revenues.

The Company expects strong head winds due to systemic remedial actions by the Government of India in the financial sector for both the banking and non-banking segments. Besides, the global situation is being aggravated by an emerging trade war between China and USA coupled with belligerent geopolitics in the Middle East. These conditions notwithstanding, the Company is cautiously optimistic as US customers appear to be turning towards India to source products and counter an increase in costs resulting from additional levies imposed by their government.

iv. Long range strategy and growth plans

The Company is focusing on innovation across the following categories:

- * Sustaining innovation: Improving existing products, leading to larger market shares and sustainable revenue growth.
- * Efficiency innovations: Engaging in activities that moderate costs of manufacturing and delivery, strengthening margins.



* Disruptive innovation: Focusing on the creation of new products and market segments while entering new geographies.

The Company invested considerable resources during the year under review to emerge future-ready, particularly given the current state of flux in the automotive industry as global emission-related legislation gets more stringent and the onslaught of hybrid and electric drive technology increases consistently. The result is that product development time expectations are shrinking coupled with shortening product life cycles.

In this challenging scenario, there is a premium on the ability to prudently allocate resources across initiatives that sustain innovation and efficiency on the one hand and those catalyzing disruptive innovation on the other.

Beyond technology alliances, resources were allocated towards research in identifying new global markets and disruption opportunities.

The company's portfolio comprises four product lines where sustained market and product development are underway – manual transmissions and synchronizers, 4WD products including transfer cases and torque couplers, transmissions and components for electric vehicles, and dual clutch automatic transmissions for internal combustion and hybrid applications.

The company is engaged in manufacturing modernization to address the requirements of new product lines. It is concluding export programs to utilize investments under EPCG schemes and operate high monthly production for global markets in China, Korea, Europe and the USA. Besides, our Business Development Register tracks new business opportunities across four product lines including global opportunities for DCTs.

The product development and investment timetable is synchronized with our LRP and a separate Growth & Launch team works within the context of the LRP. Resource mobilization is communicated and piloted through a mature Capital Appropriation Request process that links individual teams, senior management and the Board in a cohesive way.

v. Employee and competence development

A human resource vision statement – 'Strengthening the leadership pipeline by developing, attracting and retaining talent' - was supported by the following strategies:

1. Workforce Planning
2. Competency Analysis & development
3. Competency based practices
4. Work Group development
5. Career Development



6. Participatory culture

In line with the vision statement, fast-growing business environment and be expertise-ready, the company plugged senior positions during the year under review. The HR team was strengthened with the addition of a HR Head – Operations to address the newly-included Shivare facility (along with the Bhosari and Sirsi facilities). Besides, key executives were recruited in ABD group to introduce the key account manager concept to provided dedicated customer support for business development. With the inclusion of the Shivare facility, systems like Manufacturing, QSB, Operator Licensing systems were horizontally deployed, ensuring smoother functioning. Wage re-structuring of contractual workers was completed for all three facilities, ensuring that statutory compliances were adhered to.

The Product Leadership Competency Model (PLCM) is guiding the Company to understand and implement competence-based practices. Its organizational and individual competencies are helping deepen insights.

The Company won the first **Prize for Employee Relations and Employee Engagement 2018** in the National HR Circle competition conducted by Confederation of Indian Industry.

The Company encouraged employees in extracurricular activities, the Divgi Premier League cricket tournament attracting participants across three facilities. Besides, regular employee communication, training and development were conducted.

Achievements, 2018-19

- * KRA Performance Score – 91%
- * Won 1st Prize in CII HR competition
- * Recruitment Closed for 22 Positions
- * Strengthened Finance & Engineering group.
- * Resource review of ABD Group
- * Strengthened HR group across all facilities.
- * Streamlined Operations leadership
- * Project Management: Support for resources and skill building

Focus areas for 2019-20

- * Education and Training- Focus on 'Back to the Basics' theme: Policies and Procedures* and PLCM
- * Strengthening the Operator Licensing Process - Automization.
- * Supervisory Development Program



- * Employee-Konnect Program for enriching Employee motivation & relations
- * Infrastructure: Office and Plant expansion
- * Support to IPO Process
- * Advanced Security Practices
- * Dedicated sources for facility housekeeping
- * Web-based lateral recruitments
- * Health Initiatives for Employees

vi. **Achievements for the year**

The Company's achievements for 2018-19 comprise the following:

- * First PPAP batch of transfer case submitted to UAZ Russia
- * Batch production of Nextrac coupler for Mahindra
- * Production kick -off for FDG (Final Drive Gear) Tesla. Approval received from SONA BLW
- * Bonding facility being productionized for Synchro parts in Divgi-TTS, Sirsi.
- * Divgi-TTS Sustainability reporting for FY2017-18 published as per GRI standard, with external assurance/ assessment from TUV India.
- * System requirements: -Achieved EMS (Environment Management System) certification ISO14001:2015 from DQS Holding GmbH.
- * Quality Performance: Customer PPM is in single digit, 8 PPM YTD.

2. **Transfer to Reserves**

The Company did not transfer any amount to General Reserves during the year ended on 31/03/2019.

3. **Dividend-**

The Board in its meeting on August 12; 2019 recommended an equity dividend of 62.29% per equity share and preferential dividend of Rs 43.61 per share.

4. **Financial summary -**

The authorized share capital of the Company is Rs. 10,40,00,000 (Rupees Ten Crore Forty Lakh only.) the subscribed and Paid up Capital of the Company is Rs 8,86,03,800 comprising equity shares and Compulsory Convertible Preference Shares at the end of the financial year.



5. Financial position of subsidiary company, associate company and joint venture company

The Company did not have any subsidiary company, associate company or joint venture company.

6. Fixed deposits

The Company did not accept any deposits from the public during the year under review.

7. State of the Company's affairs

- a. **Changes in Constitution of Board:** There was no change in the constitution of Board for the period under consideration.
- b. **Change in Shareholding Structure** - There is no change in the Equity Shareholding structure of the Company. On 03/05/2018 Company issued 1,53,962 CCPS of Rs. 100 each to Oman India Joint investment Fund II
- c. **Change in the Share Capital of the Company** - The authorized share capital of the Company is Rs. 10,40,00,000 (Rupees Ten Crore Forty Lakh only.) the subscribed and Paid up Capital of the Company is Rs 88603800 comprising of equity shares and Compulsory Convertible Preference Shares at the end of the financial year.

8. Auditors-

Pursuant to the provisions of section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013, M/s B K Khare & Co., Chartered Accountants, having Firm Registration No. 105102W, were appointed as the statutory auditors of the Company to hold office for a period of five years commencing from the conclusion of Annual General Meeting held at 2017 up to conclusion of the sixth consecutive Annual General Meeting to be held in 2022, on such remuneration as may be mutually decided by the auditors and the board of directors.

9. Details of frauds reported by auditors under Section 143(12) of Companies Act, 2013

The Auditors have not reported any case of frauds in auditor's report during the year under review.



10. Particulars of employees

Disclosure under Companies (Particulars and Employees) Rules 2014 read with Section 134 of the Companies Act 2013 for Employees having remuneration above prescribed limit of Rs. 1.02 Crore p. a. as follows:

Sr. No	Name of the employee	Designation	INR Amount in Cr.	Qualifications	Date of Commencement of employment	Age	% of equity shares held in the company
1	Mr. Jitendra B. Divgi	Managing Director (Promoter)	1.30	Mechanical Engineer. Masters Degree in Manufacturing from the University of Massachusetts, USA	12/03/1997	56 Years	1.52%

11. Details with respect to adequacy of internal financial controls with reference to the financial statement Based on the recommendations of the management, the Board believes that the Company has implemented internal financial controls that are adequate for a company of the size and operations as that of the Company and engaged in a business similar to that of the Company in the territories that the Company operates in and with the systems and resources that a company of similar size and operations has in India.

12. Material orders passed by the regulators or courts or tribunals

No material order was passed by the regulators, courts or Tribunals during the period under review.

13. Details regarding issue of equity shares with differential rights

The Company did not issue any equity shares with differential rights in FY 2019.

14. Details regarding the issue of sweat equity shares

The Company did not issue any sweat equity shares in FY 2019.

15. Material changes since the end of FY 2019 through the date of this report

There were no material changes since the end of financial year 2019 through the date of this report.



16. Number of Board meetings held -

Sr. No.	Date of Meeting	Total no. of Directors on date of Meeting	Number of Directors Attended
1	12 March 2018	7	6
2	09 April 2018	7	7
3	03 May 2018	7	5
4	29 August 2018	8	7
5	26 October 2018	8	5
6	16 January 2019	8	7

17. Particulars of loans and guarantees U/S 186 -

There are no loans & guarantees given by the company in the financial year 2018 - 2019.

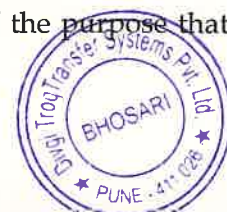
18. Disclosure of related party & transactions with them

Please refer to Form AOC-2 annexed hereto as **Annexure -I**.

19. Directors' Responsibility Statement -

Based on the information and explanation provided by the management of the Company and to the best of their knowledge and ability, the Board believes that:-

- The annual accounts of the Company have been prepared in accordance with the accounting standards applicable to the Company and any material departures have been explained;
- The accounting policies applied by the Company and the judgments and estimates made are such that it will provide a true and fair view of the state of affairs and profit of the Company for FY 2018-2019;
- Sufficient care has been taken for a company of the size and operations as that of the Company and operating in territories that the Company operates in, relating to the maintenance of accounting records required to be maintained under the Companies Act, 2013 in order to safeguard the assets of the Company and for preventing and detecting any fraud;
- The annual accounts of the Company have been prepared on a going concern basis;
- The Company has implemented systems in respect of compliance with the provisions of material laws applicable to the Company that a company of the size and operations as that of the Company and operating in the territories that the Company operates in and having the resources that a company of similar size and operations in India has and in view of the limited proceedings and enquiries pending against the Company or which the Company is involved in, such systems are adequate in respect of the purpose that



they were designed for and have been effective in addressing the Company's compliance with such material laws.

20. Board of Directors -

The total Board consists of eight (8) directors. Mr. Jitendra Divgi (DIN 00471531) is the Managing Director of the Company; Mr. Hirendra Divgi (DIN 01634431) is Executive Director of the Company.

The other board members are Mr. Ramesh Savoor (DIN 00149089), Mr. Pradip Dubhashi (DIN 01445030), Mr. Sanjay Divgi (DIN 00471465), Mr. Pundalik Kudva (DIN 03385091), Mr. Bharat Divgi (DIN 00471587)

As on 03rd May 2018, Mr. Ajay Limaye (DIN 02762738) was appointed as the Nominee Director by Oman India Joint Investment Fund II.

21. Industrial relations -

The Industrial relations of the Company during the period were very cordial.

22. Energy conservation, technology absorption and foreign exchange earnings and outgo

A. Environmental conservations:

Divgi-TTS continuously engage in various environmental conservation activities and as parts of its commitment, company recently recommended for latest Environment management standard

ISO 14001:2015 by DQS Holding GmbH.

Retained occupational health and safety management systems standard BS OHSAS 18001.

The Company has imported raw materials and officials of the Company had undertaken business tours to China, Thailand, Korea, USA and few more countries. Foreign exchange outgo as a result is Rs. 27.61Cr. (Previous year Rs. 28.38 Cr.). As against this the earnings from exports amounted to Rs. 62.98 Cr (previous year Rs. 60.92 Cr).

23. Sustainability and CSR

Divgi-TTS is committed to good corporate citizenship. We strive to supply goods and services of superior value to our customers; to create jobs that provide meaning for those who do them and to contribute generously of our talents and our wealth of the communities in which and for whom we do business.

Since the 'Responsibility to our Communities' is one of our core values, Divgi-TTS strives the efforts in the area of social and community development under the initiative of



Corporate Social Responsibility with planned and systematic actions put in investment projects.

- **To strengthen the educational and knowledge base:** Strengthen the educational and knowledge base, for promoting education based on the fundamental conviction that education can help provide the answers to some of the greatest challenges like poverty, inequality and environmental degradation. To inculcate and develop leadership qualities in underprivileged children through innovative and creative programs, by developing soft skills through music, games and sports.
- **Rural development:** Rural development to improve the living standards of rural people by development of educational infrastructure in rural area where the Company is operating one of its plants. Help in building better & Progressive communities, Youth development & better family living.
- **Compliance with the law:** Section 135 of the Companies Act; 2013 and Rules made under it prescribe that every company having Net worth of Rs. 500 crore or more, or Turnover of Rs.1000 crore or more, or a Net Profit of Rs. 5 crore or more during any financial year shall ensure that it spends at least 2% of the average net profits made during the preceding three financial years. The provisions pertaining to CSR as prescribed under Companies Act; 2013 are applicable to Divgi TorqTransfer Systems Pvt. Ltd.

CSR calculations: 2% of the average net profit (PBT) of the Company for the last three financial years. (FY 2015-16, 2016-17, 2017-18.)

Particulars	Amount In Rs Crore
Average Net Profit of the company for last three financial years	24.46
Prescribed CSR expenditure	0.48
Total amount spent for the financial year 2018-19	0.12

Our CSR Responsibility: - We hereby affirm that the CSR Policy, as approved by the Board, would be implemented and the CSR Committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

The Company has already identified two projects viz. Punyatma Prabhakar Sharma Seva Mandal, (at Igatpuri) & Guruprasad Education Society, Mallapur, Krnataka and their evaluation is in progress and the Company has committed an amount of Rs 36,50,000/- for these projects.

Please see **annexure III** for CSR Policy Annual report.



24. Risk management policy

The Company's overall policy with respect to managing risk arising in the normal course of the Company's business is to minimize the potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below:

a. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The carrying amounts of the financial assets are identical to their maximum credit risk. Trade receivables are receivables from related parties and are considered risk free. Cash and cash equivalents are placed with credit worthy financial institutions.

b. Interest rate risk management

The Company has no significant interest rate risk as its financial assets and financial liabilities are non-interest bearing.

c. Foreign exchange risk management

The Company's foreign currency exposures arise mainly from the exchange rate movements of the United States Dollar against the India Rupee. Foreign exchange losses are included in the revenue calculation and are therefore not considered a risk to the company.

d. Liquidity risk management

The Company monitors liquidity closely and ensures that it has sufficient funds to meet its contractual and financial obligations. Cash required for day to day operations is funded from related group companies upon settlement of trade receivables whereas Cash required for capital investment including office fit out, is funded by a loan from related group companies, and repayable over a number of years.

25. Disclosures under Sexual Harassment of Women and Workplace (prevention, prohibition & redressal) Act 2013

The Company has in place an Anti-Sexual Harassment policy in line with requirements of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. This policy has been extended to all three facilities and team has been re-visited and re-defined. The same has been communicating to concerned government authorities and all employees. No complaints of sexual harassment were reported in the Company during FY 2018-19. Awareness sessions are being conducted in monthly employee meetings.



26. Explanation or comments on qualifications, reservations or adverse remarks made by the auditor

Notes contained in the reports of the auditors read with explanations given in the notes to accounts are self-explanatory.

27. Extract of annual return under Section 92 (3)

Annual Return Extract is attached as **Annexure - II**

28. Acknowledgements

The Directors wish to place on record their sincere appreciation for the co-operation received from the executives, employees, Bankers, State & Central Government Departments at all level during the period under review and look forward to their continued support.

**For and on behalf of the Board of Directors of
Divgi TorqTransfer Systems Private Limited**

Date: 26/06/2019


Ramesh A. Savoor
Chairman
DIN 00149089


Jitendra B. Divgi
Managing Director
DIN 00471531

For Divgi TorqTransfer Systems

Sheetal Marathe
Company Secretary





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Annexure - I

Form No. AOC-2

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

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 thereto

1.	Details of contracts or arrangements or transactions not at arm's length basis	
(a)	Name(s) of the related party and relationship	NA
(b)	Nature of contracts or arrangements or transactions	
(c)	Duration of contracts or arrangements or transactions	
(d)	Salient terms of the contracts or arrangements or transactions, including the value, if any	
(e)	Justification or entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advance, if any	
(h)	Date on which special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangements or transactions at arm's length basis	
(a)	Name(s) of the related party and nature of relationship	1. Divgi Transmission Systems & Technologies Private Limited.
(b)	Nature of contracts or arrangements or transactions	1. Machine and Development charges. 2. Rent Income.
(c)	Duration of contracts or arrangements or transactions	01 st April 2018 To 31 st March 2019.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	1. Machine and Development charges - Rs. 4,87,59,197 2. Rent Income - Rs. 24,05,088
(e)	Date(s) of approval by the Board	N. A.
(f)	Amount paid as advance, if any	NIL

FOR DIVGI TORQTRANSFER SYSTEMS PRIVATE LIMITED

Ramesh Savor
Chairman
DIN: 00149089

Jitendra Divgi
Managing Director
DIN: 00471531

For Divgi TorqTransfer Systems Pvt. Ltd.

Sheetal Marathe
Company Secretary



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Annexure - II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U32201MH1964PTC013085
ii)	Registration Date	16/12/1964
iii)	Name of the Company	Divgi TorqTransfer Systems Private Limited
iv)	Category / Sub-Category of the Company	Private Company
v)	Address of the registered office and contact details	Plot no. 75, General Block MIDC, Bhosari Pune, MH 411026, INDIA.
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

Sr. No.	Name and description of main products / services	NIC Code of the product / service	% to total turnover of the company
1.	Transfer Cases	4530	23.83%
2.	Components	4530	54.91%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr No.	Name of the Company	CIN	Nature of Relationship	% of shares held
1.	Divgi Holding Private Limited	U67120KA1997PTC022620	Holding company	73.09%

CIN NO : U32201MH1964PTC013085

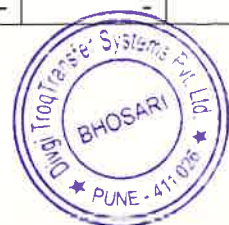
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IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	16,439	16,439	3.05	-	16,439	16,439	3.05	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	-	16,439	16,439	3.05	-	16,439	16,439	3.05	-
(2) Foreign									
a) NRIs -	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
b) Other -	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)=(A)(1) + (A)(2)		16,439	16,439	3.05		16,439	16,439	3.05	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Trust)	-	-	-	-	-	-	-	-	-



Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian		3,93,867	3,93,867	73.09		3,93,867	3,93,867	73.09	
ii) Overseas									
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.1 Lakh		140	140	0.03		140	140	0.03	-
-ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh		68,554	68,554	12.72		68,554	68,554	12.72	
c) Others (Trust)	59,868	-	59,868	11.10	59,868	-	59,868	11.10	-
Sub-total (B)(2)	59,868	4,62,561	522,429	96.95	59,868	4,62,561	522,429	96.95	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	59,868	4,62,561	522,429	96.95	59,868	4,62,561	522,429	96.95	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	59,868	4,79,000	5,38,868	100	59,868	4,79,000	5,38,868	100	-

(ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of Total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Hirendra Divgi	8,243	1.53	NIL	8,243	1.53	NIL	-
2.	Jitendra Divgi	8,196	1.52	NIL	8,196	1.52	NIL	-
	Total	16,439	3.05		16,439	3.05		



(iii) Change in Promoters' Shareholding: There was no change in the promoter shareholding during the period under review

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

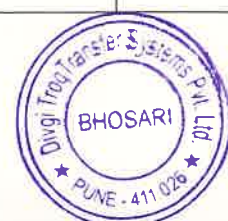
Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Divgi Holdings Private Limited				
	At the beginning of the year	393,867	73.09	393,867	73.09
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity Etc.):				
	At the End of the year (or on the date of separation, if separated during the year)	393,867	73.09	393,867	73.09
2.	NRJN Family Trust				
	At the beginning of the year	59,868	11.11	59,868	11.11
	Date wise Increase /				



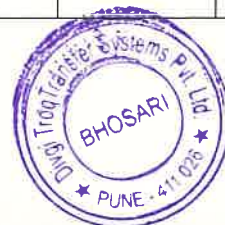
	Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):				
	At the End of the year (or on the date of separation, if separated during the year)	59,868	11.11	59,868	11.11
3.	Mr. Bhaskar Divgi				
	At the beginning of the year	11,733	2.18	11,733	2.18
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	11,733	2.18	11,733	2.18
4.	Mr. Mohan Divgi				
	At the beginning of the year	10,087	1.87	10,087	1.87
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	10,087	1.87	10,087	1.87
5.	Mr. Bhalchandra Divgi				
	At the beginning of the year	9162	1.70	9162	1.70
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	9162	1.70	9162	1.70



6. Ms. Ambika Divgi					
At the beginning of the year	8407	1.56	8407	1.56	
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-	
At the End of the year (or on the date of separation, if separated during the year)	8407	1.56	8407	1.56	
7. Ms. Jayashree Divgi					
At the beginning of the year	7733	1.44	7733	1.44	
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-	
At the End of the year (or on the date of separation, if separated during the year)	7733	1.44	7733	1.44	
8. Mr. Ashish Divgi					
At the beginning of the year	5201	0.97	5201	0.97	
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-	
At the End of the year (or on the date of separation, if separated during the year)	5201	0.97	5201	0.97	
9. Mr. Bharat Divgi					
At the beginning of the year	4943	0.92	4943	0.92	
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-	



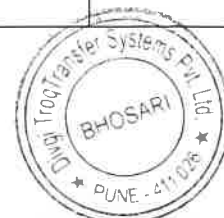
	At the End of the year (or on the date of separation, if separated during the year)	4943	0.92	4943	0.92
10	Mr. Sanjay Divgi				
	At the beginning of the year	4746	0.88	4746	0.88
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	4746	0.88	4746	0.88
11	Ms. Shalini Divgi				
	At the beginning of the year	4302	0.80	4302	0.80
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	4302	0.80	4302	0.80
12	Mr. Kishor Kalbag				
	At the beginning of the year	1120	0.21	1120	0.21
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	1120	0.21	1120	0.21
13	Mr. Arun Idgunji				
	At the beginning of the year	1120	0.21	1120	0.21
	Date wise Increase / Decrease in Shareholding during the	-	-	-	-



	year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):				
	At the End of the year (or on the date of separation, if separated during the year)	1120	0.21	1120	0.21
14	Mr. Manjunath Rao				
	At the beginning of the year	140	0.03	140	0.03
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	140	0.03	140	0.03

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Sanjay Divgi				
	At the beginning of the year	4746	0.88	4746	0.88
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	4746	0.88	4746	0.88
2.	Mr. Jitendra Divgi				
	At the beginning of the year	8196	1.52	8196	1.52
	Date wise Increase / Decrease in Shareholding	-	-	-	-



	during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):				
	At the End of the year (or on the date of separation, if separated during the year)	8196	1.52	8196	1.52
3.	Mr. Bharat Divgi				
	At the beginning of the year	4943	0.92	4943	0.92
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	4943	0.92	4943	0.92
4.	Mr. Hirendra Divgi				
	At the beginning of the year	8243	1.52	8243	1.52
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity Etc.):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	8243	1.52	8243	1.52



V. INDEBTEDNESS:

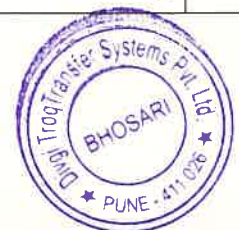
Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	11,47,392	93,30,020	-	1,04,77,412
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i +ii +iii)	11,47,392	93,30,020	-	1,04,77,412
Change in Indebtedness during the financial year				
Addition	26,24,934	-	-	26,24,934
Reduction	-	89,85,020	-	89,85,020
Net Change	26,24,934	89,85,020	-	(63,60,086)
Indebtedness at the end of the financial year				
(i) Principal Amount	37,72,326	3,45,000	-	41,17,326
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i +ii +iii)	37,72,326	3,45,000	-	41,17,326

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director, Whole Time Directors and / or Manager:**

Company does not have any Whole Time Director and have not appointed any Manager

Sr. No	Particulars of Remuneration	Hirendra Divgi	Jitendra Divgi	Total Amount
1.	Gross Salary	65,00,992	1,30,00,984	1,95,01,976
(a)	Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	-	-	-
(b)	Value of perquisites under section 17(2) of Income Tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, specify (PF & Gratuity)	-	-	-



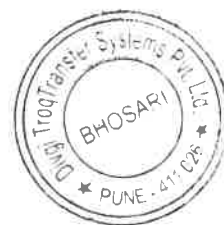
	Total (A)	65,00,992	1,30,00,984	1,95,01,976
	Ceiling as per the Act	-	-	-

B. Remuneration to other directors:

	Mr. Ramesh Savoor	Mr. Pradip Dubhashi	Mr. Pundalik Kudva	Total Amount (Rs)
1. Independent Directors				
Remuneration to Independent directors	10,00,000	10,00,000	10,00,000	30,00,000
Fee for attending board / committee meetings	50,000	50,000	50,000	1,50,000
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total (1)	10,50,000	10,50,000	10,50,000	31,50,000
2. Other Non-Executive Directors				
Fee for attending board / committee meetings	-	-	-	-
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total (2)	-	-	-	-
Total (B)=(1+2)	10,50,000	10,50,000	10,50,000	31,50,000
Total Managerial Remuneration	10,50,000	10,50,000	10,50,000	31,50,000
Overall Ceiling as per the Act	NA	NA	NA	NA

C. Remuneration to Managerial Personnel other than Managing Director / Whole Time Director / Manager:

S.No	Particulars of Remuneration	Key Managerial Personnel			Total Amount in lakhs
		Chief Executive Officer	Company Secretary	Chief Financial Officer	
1	Gross Salary	NA	6,87,860	NA	6,87,860
	(a) -	-	-	-	-
	(b) -	-	-	-	-
	(c) -	-	-	-	-
2	Stock Option	NA	NA	NA	-
3	Sweat Equity	NA	NA	NA	-
4	Commission	NA	NA	NA	-
	- -	-	-	-	-
	- -	-	-	-	-
	Total	NA	6,87,860	NA	6,87,860
	Ceiling as per the Act	NA	NA	NA	NA



VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
B. DIRECTORS					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

FOR DIVGI TORQTRANSFER SYSTEMS PRIVATE LIMITED


Ramesh Savoor
Chairman
DIN: 00149089


Jitendra Divgi
Managing Director
DIN: 00471531

Date: - 26.6.2019



For Divgi TorqTransfer Systems Pvt. Ltd


Sheetal Marathe
Company Secretary



Divgi TorqTransfer Systems

(formerly Divgi Metalwares Private Limited)

Divgi TorqTransfer Systems Pvt. Ltd.
75, General Block, MIDC Bhosari,
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Fax : (+91-20) 27129691
Web : www.divgi-tts.com

Annexure III

CORPORATE SOCIAL RESPONSIBILITY POLICY ANNUAL REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

As stated in Directors Report.

2. The Composition of the CSR Committee.

The Committee consists of three members, namely:

Sr. No.	Name of the Committee Member	Nature of Directorship in the Company
1.	Mr. Ramesh Savor	Chairman& Director
2.	Mr. Jitendra Divgi	Managing Director
3.	Mr. Hirendra Divgi	Executive Director

3. Average net profit of the company for last three financial years –**INR 24.46 Cr**
4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above) –**INR 48 Lakh**
5. Details of CSR spent during the financial year
 - a. Total amount spent for the financial year – **INR 12.75 Lakh**
 - b. Amount unspent, if any – **INR 35.25 Lakh**
 - c. Manner in which the amount spent during the financial year is detailed below.



CIN NO : U32201MH1964PTC013085

Product Leadership : *Powered by Innovation, Driven by Values*

(1) S. No.	(2) CSR project or activity identified.	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs Was undertaken	(5) Amount outlay (budget) project or wise	(6) Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs. (2) Overheads: (1) Direct expenditure – Rs. 8,20,000	(7) Cumulative expenditure up to the reporting period	(8) Amount spent Direct or through implementing agency
1.	Pragatee Foundation. Enabling Leadership Programme	To strengthen the educational & Knowledge base and Rural Development.	Pune (Maharashtra)	Rs. 10,00,000/-		Rs. 8,20,000	Direct
2	Punyatna Prabhakar Sharma Seva Mandal	To strengthen the educational & Knowledge base and Rural Development	Pune (Maharashtra)	Rs. 9,10,000/-	(1) Direct expenditure – Rs. 4,55,000	Rs. 4,55,000	Direct
	TOTAL			Rs. 19,10,000/-		Rs. 12,75,000	-



6. We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives and CSR policies.

FOR DIVGI TORQTRANSFER SYSTEMS PRIVATE LIMITED


Ramesh Savoor
Chairman
DIN:00149089


Jitendra Divgi
Managing Director
DIN: 00471531

Date: 26th June 2019



For Divgi TorqTransfer Systems Pvt. Ltd.


Sheetal Marathe
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of
Divgi Torq Transfer Systems Private Limited

Report on the Financial statements

Opinion

We have audited the accompanying Financial statements of **Divgi Torq Transfer Systems Private Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial statements, give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2019, and its profits and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated

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If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Financial statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure 1, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid Financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- (e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long term derivative contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784
Place: Pune
Date: 26 June, 2019



“Annexure 1” referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Divgi Torq Transfer Systems Private Limited ('the Company').

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties included in the Fixed Assets of the Company are held in the name of the Company.
- (ii) According to the information and explanations given by the management, the physical verification of inventory has been conducted by the management during the year. The discrepancies noticed on physical verification of inventory as compared to book records been appropriately dealt with in the books of accounts. In our opinion the frequency of verification is reasonable. Inventories lying with third parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services Company.
- (vii) (a) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities. Refer note 29 to the financial statements.



- (b) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Unpaid (Rs. In Lakhs)
Service Tax	Tax & Penalty	CESTAT	F.Y.2008-09 to F.Y.2012-13	51.17
Service Tax	Tax & Interest	Assistance commissioner of Service Tax	F.Y.2013-14	2.93
Sales Tax	Tax, Interest, Penalty	Joint Commissioner of Sales Tax (Appeal)	F.Y.2010-11	2.36
Employees Provide Fund	Penalty	High Court	F.Y.2011-14	5.00

- (c) According to the records of the Company, there are no dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess not deposited on account of any dispute.

- (viii) Based on the records examined by us and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government as at the Balance Sheet date.
- (ix) Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were obtained. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.



- (xi) The Company is not a public company as defined under Section 2(71) of the Act. Hence, provisions of Paragraph 3(xi) of the said Order in respect of payment of managerial remuneration are not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) The Company has made preferential allotment of equity and preference shares during the year under review as per the requirement of section 42 of the Companies Act 2013. The funds raised were used for the purpose for which they were raised and unutilised funds were placed in bank accounts of the company. There has no allotment of debentures during the year.
- (xv) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial statements and according to the information and explanations given by the management, we report that the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W



Padmini Khare Kaicker
Partner
Membership Number: 044784
Place: Pune
Date: 26 June, 2019



"Annexure 2" referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

To the Members of **Divgi Torq Transfer Systems Private Limited.**

We have audited the internal financial controls over financial reporting of **Divgi Torq Transfer Systems Private Limited** ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration Number: 105102W



Padmini Khare Kaicker
Partner
Membership Number: 044784
Place: Pune
Date: 26 June, 2019



Divgi TorqTransfer Systems Private Limited

Balance Sheet as at March 31, 2019

	Notes	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	3	69,283,000	53,886,800
Reserves and surplus	4	2,266,247,715	909,821,536
Non current liabilities			
Long term borrowings	5	4,117,326	10,477,412
Deferred tax liabilities (net)	13	10,474,241	4,928,640
Long term provisions	6	27,053,072	25,639,283
Current liabilities			
Short term borrowings	7	741,879	475,087,815
Trade payables	8		
Total outstanding dues of micro, small and medium enterprises		2,664,496	3,270,766
Total outstanding dues of creditors other than micro, small and medium enterprises		202,314,453	235,437,621
Other current liabilities	9	154,643,713	83,224,127
Short term provisions	10	49,170,822	46,722,922
Total		2,786,710,717	1,848,496,922
Assets			
Non current assets			
Property, plant and equipment			
Tangible assets	11	779,738,033	714,397,873
Intangible assets	11	4,505,553	3,551,695
Capital work-in-progress		60,658,887	-
Intangible assets under development		28,214,632	16,736,302
Non current investments	12	455,000	455,000
Long term loans and advances	14	38,909,398	19,102,033
Current assets			
Inventories	15	197,605,570	204,389,810
Trade receivables	16	380,012,888	370,942,051
Cash and bank balances	17	1,252,286,279	467,215,481
Short term loans and advances	18	31,826,841	45,430,379
Other current assets	19	12,497,636	6,276,298
Total		2,786,710,717	1,848,496,922

Significant accounting policies

2

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date

For B. K. Khare & Co.

Firm Registration Number: 105102W
Chartered Accountants

Padmini Khare Kaicker

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Pune
Date: June 26, 2019



For and on behalf of the Board of Directors

Ramesh Savor

Ramesh Savor
Chairman
DIN: 00149089

Place: Pune
Date: June 26, 2019

Jitendra B Divgi

Jitendra B Divgi
Managing Director
DIN: 00471531



Divgi TorqTransfer Systems Private Limited

Statement of Profit and Loss for the year ended March 31, 2019

	Notes	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Revenue from operations (gross)		1,868,853,645	1,622,419,029
Less: Excise duty		-	27,584,302
Revenue from operations (net)	20	1,868,853,645	1,594,834,727
Other income	21	88,238,646	48,370,626
Total revenue		1,957,092,291	1,643,205,353
Expenses			
Cost of materials consumed	22	707,986,231	581,372,313
Changes in inventories of finished goods and work-in-progress	23	(41,921,980)	(45,121,220)
Employee benefits expense	24	182,237,802	168,639,457
Finance costs	25	5,483,009	57,275,080
Depreciation / amortisation	11	61,706,889	35,715,920
Other expenses	26	483,822,608	447,421,593
Total expenses		1,399,314,559	1,245,303,143
Profit before tax		557,777,732	397,902,210
Tax expense			
Current tax		149,435,291	133,500,000
Deferred tax		5,545,601	11,651,173
		154,980,892	145,151,173
Profit for the year		402,796,840	252,751,037
Earnings per equity share - (Nominal value per share - Rs. 100)	27		
Basic		747.49	469.04
Diluted		592.35	469.04

Significant accounting policies

2

The accompanying notes are an integral part of these financial statements.

In terms of our report of even date

For B. K. Khare & Co.

Firm Registration Number: 105102W

Chartered Accountants

Signature of Padmini Khare Kaicker

Padmini Khare Kaicker

Partner

Membership Number: 044784

Place: Pune

Date: June 26, 2019



For and on behalf of the Board of Directors

Signature of Ramesh Savor

Ramesh Savor

Chairman

DIN: 00149089

Place: Pune

Date: June 26, 2019

Signature of Jitendra B Divgi

Jitendra B Divgi

Managing Director

DIN: 00471531



Divgi TorqTransfer Systems Private Limited

Cash Flow Statement

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
(A) Cash flow from operating activities		
Profit before tax	557,777,732	397,902,210
Adjustments for:		
Depreciation / amortisation	61,706,889	35,715,920
Interest expense	5,483,009	57,275,080
Interest on bank deposits	(64,421,066)	(28,267,079)
Provision for doubtful debts and advances	-	2,180,633
Loss/ (Profit) on sale of fixed assets (net)	(3,661,852)	-
Operating profit before working capital changes	556,884,712	464,806,764
Changes in Working capital:		
(Increase)/ Decrease in loans and advances	13,037,177	(11,055,483)
(Increase)/ Decrease in trade receivables	(9,070,837)	(79,195,541)
(Increase)/ Decrease in inventories	6,784,240	(82,777,952)
Increase/ (Decrease) in trade payables, provisions and other liabilities	39,562,133	35,503,629
Cash Generated From Operations	607,197,425	327,281,417
Taxes paid (net of refunds)	(147,445,589)	(127,919,260)
Net cash from operating activities	459,751,836	199,362,157
(B) Cash flow from investing activities		
Proceeds from sale of tangible assets	4,809,766	-
Purchases of tangible assets	(220,527,043)	(175,976,926)
Interest received	58,199,732	34,960,495
Term deposit with banks, matured / (placed) (net)	(742,358,719)	215,555,007
Net cash used in investing activities	(899,876,264)	74,538,576
(C) Cash flow from financing activities		
Short term borrowings availed / (repaid) (net)	(474,345,936)	473,767,063
Long term borrowings repaid (net)	(6,360,086)	(720,977,337)
Interest paid	(5,483,009)	(57,275,080)
Issue of fresh preference shares	969,025,539	-
Net cash used in financing activities	482,836,508	(304,485,354)
Net changes in cash and cash equivalents	42,712,080	(30,584,621)
Cash and cash equivalents at the beginning of the year	79,801,956	110,386,577
Cash and cash equivalents at the end of the year	122,514,036	79,801,956

Notes

- Figures in bracket represents outflows of cash and cash equivalents.
- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3: Cash Flow Statements.
- Previous year figures have been regrouped and recast wherever necessary to conform to the current year's classification.

In terms of our report of even date

For B. K. Khare & Co.

Firm Registration Number: 105102W
Chartered Accountants

Khare

Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Pune
Date: June 26, 2019



For and on behalf of the Board of Directors

Ramesh Savoor

Ramesh Savoor
Chairman
DIN: 00149089

Place: Pune
Date: June 26, 2019

Jitendra B Divgi

Jitendra B Divgi
Managing Director
DIN: 00471531



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements

1. Corporate information

Divgi Torq Transfer Systems Private Limited (Formerly known as Divgi Metal Wares Private Limited) (the 'Company') is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956 of India. The Company is engaged in the manufacture and sale of transfer cases, automatic locking hubs, synchronizers and components thereof (transmission components) and related services to automotive Original Equipment Manufacturers (OEMs) and other customers in the Indian and global market.

2. Significant accounting policies

a. Basis of Preparation

The financial statements are prepared in accordance with the Generally Accepted Accounting ("GAAP") in India under the historical cost convention on an accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act, 2013 ("Act") read with Rule 7 of the Companies (Accounts) Rule 2014, the provisions of the Act (to the extent notified). The accounting policies have been consistently applied by the Company during the period and are consistent with those used in previous year. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

b. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialise.

c. Fixed assets and Depreciation

Tangible Assets are stated at acquisition cost and net of accumulated depreciation.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss..

Depreciation and Amortisation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets which are as per rates prescribed under Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets.



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements

d. Impairment

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

e. Borrowing Cost

General and specific borrowing costs attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

f. Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

g. 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.

h. Foreign currency transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements

i. Revenue recognition

Sale of goods: Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts, rebates, sales taxes and excise duties.

Sales of services: In contracts involving the rendering of services, revenue is measured using the completed service contract method and is recognised net of service tax.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised when the right to receive dividend is established.

j. Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the group reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set-off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing tax laws.

k. 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 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. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements

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.

I. Provisions and Contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, 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 past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m. Warranty

The provision is based on management's estimate of future cost of corrective action on product failure established using historical information regarding frequency and average cost of servicing the warranty claims. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims from customers.

n. Leases

Operating leases

As a lessee:

Assets taken on lease under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on straight line basis in accordance with the respective lease agreements.



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
3. Share capital		
Authorised		
886,038 (March 31, 2018: 1,040,000) equity shares of Rs. 100 each	88,603,800	104,000,000
153,962 (March 31, 2018: Nil) compulsorily convertible preference shares of Rs. 100 each	15,396,200	-
	104,000,000	104,000,000
Issued, subscribed and paid up		
Equity Share Capital		
538,868 (March 31, 2018: 538,868) equity shares of Rs. 100 each, fully paid-up	53,886,800	53,886,800
Preference Share Capital		
153,962 (March 31, 2018: Nil) compulsorily convertible preference shares of Rs. 100 each, fully paid-up	15,396,200	-
	69,283,000	53,886,800

(a) Reconciliation of number of shares

Equity Shares

	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Rs.	Number of shares	Rs.
Balance as at the beginning of the year	538,868	53,886,800	538,868	53,886,800
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	538,868	53,886,800	538,868	53,886,800

Preference Shares

	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Rs.	Number of shares	Rs.
Balance as at the beginning of the year	-	-	-	-
Add: Shares issued during the year*	153,962	15,396,200	-	-
Balance as at the end of the year	153,962	15,396,200	-	-

(b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 100 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

- 1) The conversion into equity shares will happen in two tranches of INR 500 million each based on financial performance of FY19 and FY20.
- 2) The dividend rate on these preference shares shall be 6.5% p.a.(Refer note 32)



(d) Number of equity shares held by the holding company

	As at March 31, 2019	As at March 31, 2018
Divgi Holding Pvt. Ltd	393,867	393,867
	393,867	393,867

(e) Details of shareholders holding more than 5% of shares in the Company

Equity Shares

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	%	Number of shares	%
Divgi Holding Pvt. Ltd	393,867	73%	393,867	73%
NRJN Family Trust	59,868	11%	59,868	11%
	453,735	84%	453,735	84%

Preference Shares

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	%	Number of shares	%
Oman India Joint Investment Fund II	153,962	100%	-	-
	153,962	100%	-	-

*Capital Infusion

In the financial year ended 31st March 2019, the Company has 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.1,00,000,000 by Oman India Investment Fund II.

4. Reserves and surplus

Securities Premium

Balance as at the beginning of the year	294,011,748	294,011,748
Add: Amount received on preferential issue of equity shares	984,603,925	-
Less: Expenses related to fundraising	30,974,586	-
Balance as at the end of the year	1,247,641,087	294,011,748

Capital Reserve

	7,367,566	7,367,566
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Surplus in Statement of Profit and Loss

Balance as at the beginning of the year	608,442,222	355,691,185
Add: Profit for the year	402,796,840	252,751,037
Balance as at the end of the year	1,011,239,062	608,442,222

2,266,247,715 **909,821,536**



Divgi TorqTransfer Systems Private Limited**Notes to the financial statements for the year ended March 31, 2019**

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
5. Long-term borrowings		
Secured:		
Term Loans:		
From Banks	4,836,883	1,336,392
Less: Disclosed under Note No. 9 being Current Maturities	1,064,557	189,000
	<u>3,772,326</u>	<u>1,147,392</u>
Unsecured:		
Loan from holding company	345,000	9,330,020
	<u>4,117,326</u>	<u>10,477,412</u>

(a) Nature of security and terms of repayment for secured borrowings

	Nature of security	Terms of Repayment
1	Vehicle loan of Rs 48.36 Lacs (March 31, 2018 Rs.13.36 Lacs) 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 instalments from the date of disbursement of loan along with interest @8.40%p.a.



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
6. Long term provisions		
Provision for employee benefits: (Refer Note 24)		
Provision for gratuity	3,671,484	2,767,054
Provision for compensated absences	23,381,588	22,872,229
	27,053,072	25,639,283

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
7. Short term borrowings		
Secured loans from banks, repayable on demand	741,879	475,087,815
	741,879	475,087,815

(a) Nature of security for secured borrowings

- i. Above borrowing is secured by:
- Hypothecation of stock and book debts
 - Equitable mortgage of factory land and building at Bhosari, Pune
 - Hypothecation of other movable fixed assets
 - Personal guarantee provided by the Managing Director of the Company
 - Rate of interest ranging from 8.75% to 9.50%

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
8. Trade payables		
Trade payables		
(a) Total outstanding dues of micro, small and medium enterprises	2,664,496	3,270,766
(b) Total outstanding dues of creditors other than micro, small and medium enterprises	202,314,453	235,437,621
	204,978,949	238,708,387

- (a) The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	As at March 31, 2019	As at March 31, 2018
Amount outstanding as at March 31 on account of:		
Principal amount	2,664,496	3,270,766
Interest due thereon	53,527	14,163
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	8,435,346	10,228,829
Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under the MSMED Act	8,703	94,697
Interest accrued but not paid	929,492	867,262



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
9. Other current liabilities		
Current maturities of long term debts	1,064,558	189,002
Advances from customers	6,699,145	180,145
Employee benefits payable	69,444,001	62,384,414
Statutory dues, including provident fund and tax deducted at source	16,784,846	7,733,613
Capital creditors	56,624,830	9,710,620
Others	4,026,333	3,026,333
	154,643,713	83,224,127

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
10. Short term provisions		
Provision for employee benefits: (Refer Note 24)		
Provision for gratuity	5,938,333	6,094,813
Provision for compensated absences	3,699,958	2,601,897
Super annuation	206,669	206,669
Other Provisions		
Provision for Warranty*	1,761,268	2,244,652
Provision for Statutory liabilities**	1,700,000	1,700,000
Taxation [net of taxes paid Rs. 998,596,172 (March 31, 2018: Rs. 862,355,290)]	35,864,594	33,874,891
	49,170,822	46,722,922

(a) Additional disclosures relating to provision (as per Accounting Standard 29)

	Warranty *		Statutory liabilities **	
	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
Balance at the beginning of the year	2,244,652	1,657,831	1,700,000	1,700,000
Add: Provision made during the year	1,180,843	1,030,813	-	-
Less: Amount utilised	1,664,227	443,992	-	-
Less: Unused amounts reversed	-	-	-	-
Balance at the end of the year	1,761,268	2,244,652	1,700,000	1,700,000

* 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.

** The Customs Department had carried out an investigation in earlier years, in respect of import of parts from the companies then Collaborator and others and had issued 'Show Cause Notices'. The Company approached the Settlement Commission and received orders in its favour during the year ended March 31, 2006. The Company had provided Rs. 2,700,000 during the year ended March 31, 2005 towards the disputed custom duty liability and had paid Rs. 1,000,000 during the year ended March 31, 2006. Pending final determination of the liability, the Company has retained provision of Rs. 1,700,000.



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

11 : Property, plant and equipment

Fixed assets for the year ended March 31, 2019

	GROSS BLOCK COST/BOOK VALUE				DEPRECIATION AND AMORTISATION			NET BLOCK	
	As At April 1, 2018 Rs.	Additions during the year Rs.	Disposal during the year Rs.	As At March 31, 2019 Rs.	As At April 1, 2018 Rs.	For the Year Rs.	On deletions	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
Leasehold land	707,020	5,621,700	-	6,328,720	173,665	1,427,849	-	1,601,514	533,355
Own Assets:									
Tangible assets									
Free Hold Land	330,700,000		-	330,700,000					330,700,000
Factory building	63,584,621	2,271,248	-	65,855,869	36,591,832	1,718,951	-	38,310,783	27,545,086
Plant and machinery	783,852,299	110,046,715	24,869,180	869,029,834	449,416,743	51,223,972	23,721,263	476,919,452	334,435,557
Office equipment	5,517,784	119,787	85,494	5,552,077	4,466,099	320,404	85,493	4,701,010	1,051,685
Furniture and fixtures	8,748,494	1,100,783	-	9,849,277	7,157,719	688,965	-	7,846,684	1,590,774
Vehicles	26,583,543	4,329,908	-	30,913,451	12,191,699	2,868,275	-	15,059,974	14,391,844
Computers	24,581,846	3,335,933	-	27,917,779	19,879,977	2,089,580	-	21,969,557	4,701,869
Intangible assets									
Computer software	8,870,341	2,322,751	-	11,193,092	5,318,646	1,368,893	-	6,687,539	3,551,695
TOTAL	1,253,145,948	129,148,825	24,954,674	1,357,340,099	535,196,380	61,706,889	23,806,756	573,096,513	784,243,586
Capital working in progress	16,736,302	227,777,131		88,873,519					16,736,302

Fixed assets for the year ended March 31, 2018

	GROSS BLOCK COST/BOOK VALUE				DEPRECIATION AND AMORTISATION			NET BLOCK	
	As At April 1, 2017 Rs.	Additions during the year Rs.	Disposal during the year Rs.	As At March 31, 2018 Rs.	As At April 1, 2017 Rs.	For the Year Rs.	On deletions	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
Leasehold land	707,020	-	-	707,020	166,280	7,385	-	173,665	540,740
Own Assets:									
Tangible assets									
Free Hold Land	330,700,000		-	330,700,000					330,700,000
Factory building	60,380,026	3,204,595	-	63,584,621	35,492,032	1,099,800	-	36,591,832	24,887,994
Plant and machinery	598,645,076	185,207,223	-	783,852,299	420,251,593	29,165,150	-	449,416,743	178,393,484
Office equipment	5,372,195	145,589	-	5,517,784	4,088,316	377,783	-	4,466,099	1,283,879
Furniture and fixtures	8,691,094	57,400	-	8,748,494	6,776,610	381,109	-	7,157,719	1,914,483
Vehicles	20,757,664	5,825,879	-	26,583,543	10,106,874	2,084,825	-	12,191,699	10,650,790
Computers	23,201,305	1,380,541	-	24,581,846	17,955,997	1,923,980	-	19,879,977	5,245,308
Intangible assets									
Computer software	5,360,951	3,509,390	-	8,870,341	4,642,757	675,889	-	5,318,646	718,194
TOTAL	1,053,815,331	199,330,617	-	1,253,145,948	499,480,459	35,715,921	-	535,196,380	554,334,872
Capital working in progress	40,660,626			16,736,302					40,660,626



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
12. Non current investments (Unquoted)		
Equity shares:		
5,000 equity shares (March 31, 2018: Rs. 5,000) of Rs 10 each fully paid, held in Saraswat Co-operative Bank Limited, pledged with Saraswat Co-operative Bank Limited towards cash credit loan availed from that bank	50,000	50,000
Investment in Equity Shares of Tejal Transmission Pvt. Ltd. (40,000 shares having face value of Rs. 10 each,)	400,000	400,000
Government securities:		
Face value of Rs. 5,000, deposited with sales tax authorities	5,000	5,000
	455,000	455,000
	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
13. Deferred tax asset (liability)		
Deferred tax liability		
Depreciation / Amortisation	31,193,819	30,195,989
	<u>31,193,819</u>	<u>30,195,989</u>
Deferred tax asset		
Employee benefits	11,929,435	11,930,137
Provision for doubtful debts, advances and inventory	7,782,222	10,416,437
Other timing differences	1,007,921	2,920,775
	<u>20,719,578</u>	<u>25,267,349</u>
Deferred tax asset (liability)	(10,474,241)	(4,928,640)
	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
14. Long term loans and advances (Unsecured, considered good unless otherwise stated)		
Capital advances	30,137,095	10,896,090
Security deposits:		
Considered good	8,772,303	8,205,943
Considered doubtful	258,160	258,160
Less: Provision for doubtful balances	<u>258,160</u>	<u>258,160</u>
	<u>8,772,303</u>	<u>8,205,943</u>
	38,909,398	19,102,033



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
15. Inventories		
Raw material (Includes intransit inventory of Rs. 5,285,040) (March 31, 2018: Rs. 17,143,540))	83,299,697	135,379,613
Work in progress	110,774,377	68,308,107
Finished goods	22,692,297	23,236,587
Less : Provision for non-moving inventory	(19,160,801)	(22,534,497)
	197,605,570	204,389,810
	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
16. Trade receivables (Unsecured)		
Considered good:		
Outstanding for a period exceeding six months from the date they are due for payment	9,232,313	5,511,010
Others	370,780,575	365,431,041
Considered doubtful:		
Outstanding for a period exceeding six months from the date they are due for payment	5,110,425	5,110,425
Less: Provision for doubtful debts	5,110,425	5,110,425
	380,012,888	370,942,051
	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
17. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	61,548	64,103
Bank balances		
In current accounts	122,452,488	79,737,853
	122,514,036	79,801,956
Other bank balances		
On Margin Accounts	-	183,549
Deposits, with maturity more than 3 months but less than 12 months	-	50,517,732
Deposits, with maturity more than 12 months	1,129,772,243	336,712,244
	1,252,286,279	467,215,481



Divgi TorqTransfer Systems Private Limited**Notes to the financial statements for the year ended March 31, 2019**

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
18. Short term loans and advances (Unsecured, considered good unless otherwise stated)		
Balances with statutory / government authorities:		
Considered good	2,783,028	12,936,846
Considered doubtful	2,009,497	2,009,497
Less: Provision for doubtful balances	2,009,497	2,009,497
	2,783,028	12,936,846
Advances to suppliers:		
Considered good	10,282,380	6,151,968
Considered doubtful	190,779	190,779
Less: Provision for doubtful balances	190,779	190,779
	10,282,380	6,151,968
Prepaid expenses	880,950	851,025
Export benefits	15,019,491	19,525,548
Others	2,860,992	5,964,992
	31,826,841	45,430,379
	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
19. Other current assets		
Interest accrued on deposits with banks	12,497,636	6,276,298
	12,497,636	6,276,298



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
20. Revenue from operations		
Sale of products (gross)	1,814,555,549	1,571,233,381
Less: Excise duty	-	27,584,302
Sale of products (net)	1,814,555,549	1,543,649,079
Sale of tools	321,041	17,495,142
Income from services	3,756,017	3,058,252
Other operating revenue		
- Scrap sales	12,577,308	5,435,253
- Export benefits	37,643,730	25,197,001
	1,868,853,645	1,594,834,727

(a) Details of sale of finished products (gross)

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Transfer cases	528,839,719	400,140,466
Transmission components	1,110,306,470	1,020,275,838
Auto locking hubs	68,569,682	58,195,931
Components with own material	106,839,678	71,009,454
Components with customer material	-	21,611,692
	1,814,555,549	1,571,233,381

(b) Earnings in foreign exchange

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Export of goods calculated on FOB basis	727,974,708	609,277,628
Income from services	-	-
	727,974,708	609,277,628

(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, 2019 Rs.	Year ended March 31, 2018 Rs.
Segment Revenue (net)		
Domestic	1,140,878,937	985,557,099
Export	727,974,708	609,277,628
	1,868,853,645	1,594,834,727
Segment Assets		
Domestic	237,218,173	221,085,528
Export	142,794,715	149,856,523
	380,012,888	370,942,051

Note: The Company's tangible assets are located entirely in India.



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
21. Other income		
Rent income (Refer note 28)	2,405,088	2,405,088
Interest on bank deposits	64,421,066	28,267,079
Other interest income	-	6,403
Provisions written back to the extent no longer required	2,536,272	10,055,644
Gain on foreign exchange fluctuation (net)	13,479,389	7,161,978
Profit on sale of fixed assets (net)	3,661,852	-
Miscellaneous income	1,734,979	474,434
	88,238,646	48,370,626

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
22. Cost of materials consumed		
Opening inventory	135,379,613	91,951,773
Add : Purchases (net)	636,745,514	624,800,153
Less : Inventory at the end of the year	64,138,896	135,379,613
Cost of raw materials consumed during the year	707,986,231	581,372,313

(a) Value of imported and indigenous materials consumed

	Year ended March 31, 2019		Year ended March 31, 2018	
	Rs.	%	Rs.	%
Raw material				
Imported	154,510,947	22%	176,745,074	30%
Indigenous	553,475,284	78%	404,627,239	70%
	707,986,231	100%	581,372,313	100%
Stores and spares				
Imported	8,809,831	12%	2,142,408	3%
Indigenous	67,762,814	88%	72,278,152	97%
	76,572,645	100%	74,420,560	100%

(b) CIF Value of Imports

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Raw material	156,078,412	158,801,947
Capital good	107,404,163	122,808,167
Stores and spares	8,809,831	2,142,408
	272,292,406	283,752,522

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
23. Changes in inventories of finished goods and work-in-progress		
Opening stock:		
Work-in-progress	68,308,107	27,584,729
Finished goods	23,236,587	18,838,745
Closing stock:		
Work-in-progress	110,774,377	68,308,107
Finished goods	22,692,297	23,236,587
	(41,921,980)	(45,121,220)



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
24. Employee benefits expense		
Salaries, wages and bonus	154,693,676	142,795,590
Contribution to provident and other funds (Refer Note A below)	15,520,490	14,074,583
Staff welfare expenses	12,023,636	11,769,284
	182,237,802	168,639,457

(a) Disclosure as per Accounting Standard 15

A. Defined contribution plans

The Company has recognised the following amounts in the Statement of Profit and Loss during the year:

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Contribution to Employees Provident Fund	7,456,516	6,970,873
Contribution to Superannuation Fund	2,304,031	3,485,420
	9,760,547	10,456,293

B. Defined benefit plan

The following figures are as per actuarial valuation, as at balance sheet date, carried out by an independent actuary.

i. Changes in the Present Value of Obligation

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
(a) Opening defined benefit obligation	29,311,933	28,017,406
(b) Interest Cost	2,306,287	1,993,925
(c) Current Service Cost	2,278,445	1,876,374
(d) Past Service Cost	-	3,326,717
(e) Liability transferred In/ Acquisitions	-	-
(f) Benefit Paid	(3,046,869)	(1,594,714)
(f) Actuarial (Gain)/Loss	(462,290)	(4,307,775)
Closing defined benefit obligation	30,387,506	29,311,933

ii. Changes in the Fair value of Plan Assets

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
(a) Opening fair value of plan assets	20,450,066	19,274,634
(b) Expected Return on Plan Assets	1,611,465	1,399,338
(c) Actuarial Gain/ (Loss)	(81,626)	51,478
(d) Employers Contribution	332,680	-
(e) Benefit Paid	(1,534,896)	(275,384)
Closing fair value of plan assets *	20,777,689	20,450,066

* 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)

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
(a) Present Value of Funded Obligation as at March 31	30,387,506	29,311,933
(b) Fair Value of Plan Assets as at March 31	(20,777,689)	(20,450,066)
(c) Funded (Asset)/Liability recognised in the Balance Sheet	9,609,817	8,861,867



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements

(a) Disclosure as per Accounting Standard 15 (contd)

iv. Expenses recognised in the Statement of Profit and Loss

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
(a) Current Service Cost	2,278,445	1,876,374
(b) Interest Cost	2,306,287	1,993,925
(c) Expected Return on Plan Assets	(1,611,465)	(1,399,338)
(e) Past Service Cost	-	3,326,717
(d) Net actuarial (Gain)/Loss	(380,664)	(4,359,253)
Total Expenses recognised in the Statement of Profit and Loss	2,592,603	1,438,425

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.

vii. The Actual Return on Plan Assets is Rs. 1,611,465 (March 31, 2018: Rs. 1,399,338).

viii. Principal actuarial assumptions used as at the balance sheet date

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
(a) Discount Rate	7.64%-7.76%	7.80% - 7.88%
(b) Expected Rate of Return on Plan Assets	0.00 % - 7.76%	0.00 % - 7.88%
(c) Salary Escalation Rate	5% - 10%	5% - 10%
(d) Attrition rate	5% - 10%	5% - 10%

The estimates of future salary increases considered of actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

ix. Accounting Standard 15 (Revised 2005), Para 132, does not require any specific disclosures except where expenses resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard 5 or Accounting Standard 18. Accordingly as the expense resulting from compensated absence is not significant, no disclosures are made under various paragraphs of AS 15 (Revised 2005).

x. Amounts recognised in current year and previous years

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
Defined Benefit Obligation	30,387,506	29,311,933
Plan Asset	20,777,689	20,450,066
Surplus / Deficit	9,609,817	8,861,867
Experience adjustments in plan liabilities	(745,804)	(2,835,006)
Experience adjustments in plan assets	(81,626)	51,478
xi. Current and Non-Current Liability		
Current Liability	5,938,333	6,094,813
Non-Current Liability	3,671,484	2,767,054
	9,609,817	8,861,867

xii. Expected contribution to the gratuity fund in the next year

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
Gratuity	4,377,420	3,668,126



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
25. Finance costs		
Interest expense	5,483,009	57,275,080
	5,483,009	57,275,080

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
26. Other expenses		
Stores and spares consumed	76,572,645	74,420,560
Insurance	1,745,788	1,586,513
Repairs and maintenance		
Plant and machinery	16,532,487	14,027,649
Building	4,431,971	2,310,512
Others	9,165,623	6,412,821
Power and fuel	25,407,104	21,219,638
Rates and taxes	6,618,031	3,875,968
Rent (Refer note 28)	4,676,340	5,096,560
Contract labour charges	80,674,110	60,418,752
Legal and professional fees	27,020,884	26,722,258
Bank charges	2,749,958	8,370,193
Travelling and conveyance	18,145,766	18,302,377
Warranty	1,180,843	1,030,813
Royalty	17,138,364	12,162,435
Engineering and project services	-	579,967
Machining and development charges	153,278,529	147,162,005
Bad debts	-	-
Provision for doubtful debts and advances	-	2,180,633
Freight outward	13,558,318	18,972,696
Warehouse expenses	6,046,315	3,114,879
Testing & Inspection Charges	4,757,668	5,182,276
Security Charges	4,018,039	4,117,739
Expenditure towards Corporate Social Responsibility (CSR) activities	1,275,000	-
Printing & Stationery	2,671,118	2,262,619
Communication Expenses	2,044,552	3,489,012
Miscellaneous expenses	4,113,155	4,402,719
	483,822,608	447,421,593

(a) Legal and professional expenses include payment to Auditors as under

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Audit fees	800,000	800,000
Tax audit fees	150,000	150,000
Reimbursement of expenses	-	-
	950,000	950,000

(b) Expenditure in foreign currency

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Royalty [net of tax deducted at source Rs. 1,713,836 (March 31, 2018: Rs. 1,274,701)]	15,424,528	12,162,435
Travelling	3,036,570	4,824,941
Other Expenses (Includes Engineering and project service charges, Warehouse expenses, Transport and Freight Charges and Testing Charges)	4,337,735	-
	22,798,833	16,987,376



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
27. Earnings per share		
Basic		
Profit after tax	402,796,840	252,751,037
Less: Dividend on Preference Shares (including dividend distribution tax)	-	-
Adjusted net profit for the year	402,796,840	252,751,037
Weighted average number of equity shares of Rs. 100 each outstanding during the year	538,868	538,868
Basic earnings per share	747.49	469.04
Nominal value per share	100	100
Diluted		
Adjusted net profit for the year	402,796,840	252,751,037
Add: Dividend on Preference Shares (including dividend distribution tax)	-	-
Adjusted net profit for the year	402,796,840	252,751,037
Weighted average number of equity shares of Rs. 100 each outstanding during the year *	680,000	538,868
Diluted earnings per share	592.35	469.04
Nominal value per share	100	100

*March 31, 2019

	Shares outstanding	No. of Months	Weighted Average
Balance at the beginning of the year	538,868	1	44,906
Shares issued in May, 2018	153,962		
Balance at the end of the year	692,830	11	635,094
Weighted Average no. of Shares			680,000

28. 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.

	Year ended March 31, 2019	Year ended March 31, 2018
Lease payments recognised in the Statement of Profit and Loss during the year	4,676,340	5,096,560

ii) Operating lease: Company as lessor

The Company has leased certain plant and machinery on operating leases. These lease arrangements range for a period between 1 to 7 years, which are cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

	Year ended March 31, 2019	Year ended March 31, 2018
Lease received for the year	2,405,088	2,405,088



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
29. Contingent liabilities		
Bills discounted	28,688,195	32,989,426
Service Tax Matters (Including penalty)	3,360,124	3,360,124
Others	200,000	200,000
Sales tax matter (Including interest & penalty)	235,815	235,815
Claims against the Company, not acknowledged as debts		
a) Employees dues - matters pending in court	184,000	184,000
b) Damages demanded by provident fund	500,000	500,000
Others:		
a) Employee Matters / Demands		
1. Sirsi Employees Transfer <i>(Special leave petition pending in Supreme Court against the order of the High Court regarding the transfer of 57 workers from Sirsi to Pune)</i>	17,500,000	17,100,000
2. Canteen Contractors Workers <i>(Matters pending in Industrial Court regarding employees of Canteen Contractor)</i>	3,500,000	3,500,000
b) Professional Tax		
Interest payable to professional tax authorities for non payment of professional tax dues	-	856,442
b) Others**	-	-
	54,168,134	58,925,807

Note: It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of the above pending resolutions of the respective proceedings.

**Others includes

"The Company has evaluated the impact of recent Hon'ble Supreme Court Judgement in case of "Vivekananda Vidyamandir and others Vs The Regional Provident Fund Commissioner (I) West Bengal' and related circular (Circular No C-11(33) 2019/Vivekananda Vidya Mandir/284 dated March 20, 2019) issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "Basic wages" under the Employees Provident Fund & Miscellaneous Provision Act, 1952.

As per the legal opinion obtained by the management, liability would arise subsequent to the date of Supreme Court judgement, hence the Company has recorded provision for the period from the date of judgement till the end of March 31, 2019. Total Impact is Rs. 49,571"

	As at March 31, 2019 Rs.	As at March 31, 2018 Rs.
30. Estimated amount of contracts remaining to be executed and not provided for (net of advance payments)	115,865,436	59,861,759



Divgi TorqTransfer Systems Private Limited

Notes to Financial Statements for the year ended March 31, 2019

31. 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

Parties where key management personnel have significant influence

Divgi Transmission Systems & Technologies Private Limited (formerly known as Divgi Industries Private Limited)
Divgi Holding Private Limited

(b) Transactions during the year :

	31-Mar-19 Rs.	31-Mar-18 Rs.
(i) Machine and Development charges		
Divgi Transmission Systems & Technologies Private Limited	48,759,197	42,126,694
	48,759,197	42,126,694
(ii) Rent expense		
Divgi Holding Private Limited	4,620,000	4,620,000
	4,620,000	4,620,000
(iii) Remuneration		
Mr. Hirendra Divgi	6,500,992	6,500,992
Mr. Jitendra B. Divgi	13,000,984	13,000,984
	19,501,976	19,501,976
	31-Mar-19 Rs.	31-Mar-18 Rs.
(iv) Rent Income		
Divgi Holding Private Limited	5,088	5,088
Divgi Transmission Systems & Technologies Private Ltd	2,400,000	2,400,000
	2,405,088	2,405,088
c) Amounts outstanding		
(i) Trade Payable		
Divgi Transmission Systems & Technologies Private Ltd	8,778,407	10,598,860
	8,778,407	10,598,860
(ii) Trade Receivables		
Divgi Transmission Systems & Technologies Private Ltd	3,562,938	5,985,705
Divgi Holding Private Limited	6,055	6,055
	3,568,993	5,991,760
(v) Key Management Personnel (Payable)		
Managerial Remuneration		
Mr. Hirendra Divgi	2,921,117	5,389,513
Mr. Jitendra B. Divgi	5,769,846	10,021,200
	8,690,963	15,410,713



Divgi TorqTransfer Systems Private Limited

Notes to the financial statements for the year ended March 31, 2019

32. Proposed Dividend

The Board of Directors have proposed equity dividend of Rs.62.29 per share. Accordingly as per schedule 6 of shareholder agreement dated 27th March 2018, preference shareholders will be eligible for dividend. These are considered as non-adjusting events as per Accounting Standard 4, since no obligation exist on date of balance sheet.

	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Proposed Dividend		
On Equity Shares of Rs. 100 each		
Amount of Dividend proposed	33,565,085	-
Dividend per Equity Share	Rs. 62.2881 per share	-
On Preference Shares of Rs. 100 each		
Amount of Dividend proposed	6,714,599	-
Dividend per Preference Share	Rs. 43.6121 per share	-

33. Derivative instruments and unhedged foreign currency exposure

(a) The Company does not have any hedged foreign currency exposures as at March 31, 2019.

(b) Particulars of unhedged foreign currency exposures as at the reporting date:

	Currency	As at March 31, 2019		As at March 31, 2018	
		Foreign Currency	INR	Foreign Currency	INR
Trade Receivables	EUR	763	59,268	763	61,495
	USD	2,353,158	162,770,998	2,315,834	150,631,307
Bank Balance	USD	499,158	34,527,381	969,195	63,040,414
Trade Payables	EUR	666,066	51,754,927	120,128	9,684,955
	USD	114,664	7,931,458	114,643	7,456,858
	GBP	-	-	-	-

34. Previous year figures have been reclassified to conform to this year's classification.

In terms of our report of even date

For B. K. Khare & Co.
Firm Registration Number: 105102W
Chartered Accountants



Padmini Khare Kaicker
Partner
Membership Number: 044784

Place: Pune
Date: June 26, 2019

For and on behalf of the Board of Directors



Ramesh Savor
Chairman
DIN: 00149089

Place: Pune
Date: June 26, 2019



Jitendra B Divgi
Managing Director
DIN: 00471531

