



Divgi TorqTransfer Systems

Divgi TorqTransfer Systems Limited

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Ref.: DTTS/Sec/25-26/38

August 14, 2025

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| To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 BSE Scrip Code – 543812 | To, National Stock Exchange of India Limited, "Exchange Plaza" 5th Floor, Plot No. C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051 NSE Scrip Code - DIVGIITTS |
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Sub: Transcript of Earnings Call held on August 08, 2025

Ref.: Regulations 30 of the SEBI LODR Regulations

Dear Sir / Madam,

Further to our letter reference no. DTTS/Sec/25-26/28 dated August 01, 2025, pursuant to Regulation 30 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), please find enclosed herewith the transcript of the Earnings Conference Call held on **August 08, 2025**, in respect of the Unaudited Financial Results of the Company for the quarter ended June 30, 2025.

The transcript can also be accessed on the Company's website at the following link:

<https://divgi-tts.com/earning-call-transcripts/>

This is for your information and records.

Thanking you,

For Divgi TorqTransfer Systems Limited

Aniket Kokane
Company Secretary and Compliance Officer
A51571

Enclosed: As above



“Divgi TorqTransfer Systems Limited Q1 FY 2026 Earnings Conference Call”

August 08, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on August 08, 2025, will prevail.”



**MANAGEMENT: MR. JITENDRA DIVGI – MANAGING DIRECTOR, DIVGI
TORQTRANSFER SYSTEMS LIMITED
MR. HIRENDRA DIVGI – WHOLE-TIME DIRECTOR,
DIVGI TORQTRANSFER SYSTEMS LIMITED
MR. SUDHIR MIRJANKAR – CHIEF FINANCIAL
OFFICER, DIVGI TORQTRANSFER SYSTEMS LIMITED**

**MR. DIPAK VANI – CHIEF OPERATING OFFICER, DIVGI
TORQTRANSFER SYSTEMS LIMITED**

**MR. SATVINDER SINGH SABHARWAL - CHIEF GROWTH
OFFICER, DIVGI TORQTRANSFER SYSTEMS LIMITED**

MODERATOR: MR. MIHIR VORA – EQUIRUS SECURITIES

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Conference Call of Divgi TorqTransfer Systems Limited, hosted by Equirus Securities.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions once the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*”, then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mihir Vora from Equirus Securities. Thank you. And over to you, sir.

Mihir Vora: Yes. Thank you, Vishakha. So, hi, good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to the Q1 FY '26 post results call of Divgi TorqTransfer Systems.

From the Management side, we have Mr. Jitendra Divgi – Managing Director; Mr. Hirendra Divgi – Whole-Time Director; Mr. Sudhir Mirjankar – CFO; and Dipak Vani – COO.

I will now hand over the call to Jitendra, sir. Over to you, sir.

Jitendra Divgi: Thank you, Mihir. So, good afternoon, everyone, and a warm welcome to our Q1 FY '26 Earnings Conference Call for Divgi TorqTransfer Systems.

As always, we appreciate your time and interest in joining us today to discuss our performance for the quarter ended June 30, 2025.

On this call, I am joined by my colleagues, Hirendra Divgi – Whole-time Executive Director, Sudhir Mirjankar – CFO, Satvinder Singh Sabharwal – our Chief Growth Officer, and Dipak Vani – our Chief Operating Officer, and they will support me in making supplementary comments and remarks to give you a more comprehensive view of the status of the company. And of course, we have SGA, our Investor Relations advisers.

I hope you have had the chance to review our Results and the Investor Presentation and come prepared. These are available on the stock exchanges as well as our company website.

To kick things off, I will start with the key highlights of Q1 FY '26:

As you are aware, we had a mixed performance in '25, but we entered the new fiscal with sort of a sharper strategic focus and several key learnings. Over the past few quarters, we have worked actively to realign our business, expand our product offerings and deepen our presence in key international markets and, of course, improve the execution across the organization.

We also undertook a series of operational improvements and strategic course corrections to address industry challenges more effectively. I am pleased to share that the initiatives undertaken

have begun delivering tangible results with clear momentum building up from the last quarter of FY '25 and carrying through to the quarter that just concluded.

This quarter marks an important milestone for us. The volume offtake in our core segment, transfer cases, has rebounded sharply. Monthly average volumes are now at par with FY '24 levels following a prolonged period of softness over the past more than a year. This recovery is encouraging as the transfer case has been a key growth driver for the company, and we will continue to do so as we look at global markets.

This rebound is also a testament to the relentless unwavering efforts of our leadership team and employees across our four plants, and this brings us, and me in particular, immense satisfaction. Looking ahead, we remain optimistic about the growth trajectory in the coming quarters, supported by the sharp uptick in revenue from the transfer case segment. At the same time, we continue to actively explore new business opportunities and pursue our strategy of derisking our portfolio.

While intensifying our focus on the core business, we also made concerted efforts to strengthen and revive our EV and Components segments. The EV business has begun to show and will show a steady volume uptick and we think it will stabilize. Our component business especially witnessed a substantial jump. Quarterly revenue doubled from Rs. 9 crores in FY '24 to Rs. 18 crores beginning FY '26, which we see as a significant achievement. This performance underscores our capability to unlock the company's full revenue potential through focused execution and speed and strategic agility.

Looking at our performance this quarter, I am pleased to share that we delivered the highest ever total income in the company's history in a quarter, more than Rs. 76 crores, marking a 29% growth year-on-year and a 20% sequential increase, I think, on quarter-wise. EBITDA stood at Rs. 19.1 crores, up 37% over the same period last year and 31% quarter-on-quarter. Profit after tax came in at around Rs. 9 crores, reflecting a robust 50% year-on-year growth and 67% sequential growth.

On the margin front, improved capacity utilization led to stronger cost absorption and therefore, enhanced operating profitability. We delivered good performance across all key metrics with gross margins well above 60%. EBITDA margins exceeding 24% and PAT margins crossing 11% for the quarter.

We also witnessed meaningful enhancements in operational efficiency and also across key metrics and KPIs of the company, highlighting the impact of our focused execution and disciplined operational and quality approach. These improvements are paving the way for a robust surplus generating engine that enables sustainable reinvestment and long-term value creation. My colleague and COO, Dipak Vani, later on will make a few remarks addressing this in a little more detail.

Let me now take a moment to outline key developments, growth opportunities and focus areas across each of our major business segments. I will begin with the transfer cases.

We ended FY '25 on a relatively positive note with a significantly improved performance in Q4. And I am pleased to report that this momentum has continued into Q1 FY '26. The segment delivered a robust 34% year-on-year growth, driven primarily by strong volume offtake from one of our key OEM customers. This strong demand not only supported top line growth, but also contributed meaningfully to operating profitability as capacity utilization improved. Notably, our gross margin expanded to over 60% in Q1 FY '26.

This performance underscores the rising demand, relatively speaking, for four-wheel drive systems in the Indian market, supported by successful new model launches and the growing adoption of four-wheel drive variants. With a healthy pipeline of programs and increased potential traction in export markets, we believe the transfer case segment will continue to be one of the key drivers of growth and margin expansion going forward, especially as pickup trucks exported out of India continue to move ahead.

Looking ahead, our key focus for the transfer case segment remains on driving growth across both domestic and international markets. On the domestic front, we are actively collaborating with a leading Indian automotive OEM on their upcoming platforms. This engagement is expected to further strengthen our presence and expand our footprint in this segment.

From an export standpoint, we have made meaningful progress. We are actively working on the globalization of our transfer case portfolio, which has opened up promising opportunities across key international markets. As part of our long-term strategy, we are also evaluating the feasibility of establishing a footprint in the US market.

Also, we are currently working with an Indian OEM on a global vehicle launch. We have secured the contract, I think this was announced last year, with an estimated life cycle revenue of over Rs. 800 crores to be executed over a seven-year period, starting from the second half of FY '27. It will be executed over seven years. And in parallel, we have also submitted a quotation for a high-value of transfer case program with a Korean multinational SUV manufacturer.

These initiatives are aligned with our broader strategy of becoming a globally recognized partner for advanced drivetrain solutions. And going forward, we believe they will meaningfully contribute to the growth and diversification of this segment.

Now coming to the EV Transmission segment:

This business, as those of you who have been watching us know, encountered headwinds over the past few quarters, with volumes remaining range bound. And Q1 FY '26 was no exception. The softness was primarily attributable to broader industry challenges and heightened competition among the players in this segment. While volumes have recovered somewhat, they

continue to remain a little indifferent and significantly below what we believe is the true potential of the Indian market.

Despite these near-term pressures, we are confident about the outlook in relative terms for this year. We anticipate a substantial ramp-up in volumes in the second half of FY '26 led by one of India's leading EV manufacturers, where we are now present across all their EV platforms. I am particularly pleased to inform you that our overall quality performance in terms of the one metric that matters for EV Transmissions, which is NVH performance, NVH standing for noise, vibration and harshness, has been fairly impeccable and flawless. And that, I think, is extremely encouraging because it sort of prepares us to take on global assignments and bring solutions for EV applications across the world.

So, as part of our ongoing collaboration with this anchor OEM partner of ours, we have expanded our product portfolio and have multiple programs under development that are now approaching launch. These new offerings will enable us to support a broader range of vehicles, both within the country and overseas, reinforcing our position as an integrated EV drivetrain supplier. Production volumes from these programs are expected to scale progressively through the second half of this financial year.

Moving forward, our key focus for the EV Transmission segment is to enhance capacity utilization. We remain firmly aligned with growth opportunities across both domestic and international markets. So, for example, we continue to pursue opportunities in one of the epicenters of the global EV industry, which is California.

In India, we are witnessing strong demand with a leading EV-focused OEM and are closely collaborating with them to support a significant ramp-up across key platforms. And as I mentioned earlier, this will improve capacity utilization over the remaining part of the year. Side-by-side, we are engaged in active discussions with other OEMs and Tier 1s who are bringing complete 3-in-1 or 6-in-1 solutions for OEMs.

On the export front, we are expanding our global reach to cater to international OEMs, aligning with their evolving platform requirements and strengthening our presence in key geographies, namely China, Germany and of course, the United States. With a strong product pipeline, expanding global engagement and deepening OEM relationships, we are confident that our EV Transmission business is well positioned for sustained growth in the coming years. These initiatives are part of our broader strategy to diversify our customer base and derisk the overall business, while continuing to scale our presence across geographies.

I want to now shift gears and talk a little bit about our components business. This business continued its strong momentum into FY '26, delivering an impressive 72% year-on-year growth in Q1 FY '26, primarily driven by higher volumes coming from exports. The performance reflects strong demand supported by ongoing platform ramp-ups and a steady inflow of orders, the current tariff situation notwithstanding.

Exports, which once contributed nearly one-third of our revenue, have dropped to negligible levels in the last few years due to a variety of reasons. However, through sustained efforts and a focus on critical product offerings, we have successfully regained our foothold in global markets, that's to say Europe, United States and also Mexico. This has led to, I think, a resurgence in that part of our business.

What has truly set us apart is our ability to deliver not just components or piece parts but integrated high-value supply chain solutions that are better, faster and more cost-effective than our global peers, including peers and competitors in China. This has translated into a sharp uptick and therefore, export revenues which have now climbed back to double-digit contribution levels. We view this as a key milestone and one we are confident of sustaining through the remainder of FY '26. For the Components segment, our key focus remains firmly on both strengthening global relationships and capitalizing on emerging opportunities.

On the export front:

We are deepening our engagements with leading North American and European Tier 1 manufacturers of specialty transmissions. Alongside this, we have a strong pipeline of opportunities in development, both for acquisition of new business contracts and engineering next-generation components. These efforts are progressing well across several strategic markets, including Japan, Thailand, China, Korea and India, and are expected to be key drivers of our export-led growth. Several new products are currently in the approval stage, and we anticipate these will convert into firm orders beginning second half of FY '26.

I am also pleased to share that we have commenced shipments on several new programs of our components business. This initiative is expected to generate annual revenues of up to Rs. 90 crores with volumes exceeding 1 million parts, a significant milestone in expanding our global footprint.

Domestically, we are actively involved in multiple development projects and are responding to a healthy pipeline of RFQs. Importantly, many of these initiatives are strategically multifaceted, spanning technology collaboration, component exports and long-term strategic partnerships with global companies we are currently in discussions with. We believe these strategic efforts will not only broaden our market presence but also enhance the long-term resilience of our business. With robust RFQs rising global traction and disciplined execution on both capacity and cost fronts, we remain optimistic about the Components segment continuing to serve as a key driver of growth and profitability in the near future.

Let me shift now a little bit to address development work going on in next-generation transmission because this has a bearing on our medium- to long-term growth. In the last three months, we made some strong sustained progress. What began as a sort of focused effort on automatic transmission has since evolved into a more nuanced strategy, reflecting our deepening understanding of the shifting market landscape. As many of you know, we are actively involved

in the development of a local state-of-the-art automatic transmission while also exploring dedicated hybrid transmission solutions aligned with long-term market trends.

To provide some context, let me highlight the encouraging progress we have made on our DHT or dedicated hybrid transmission, where our research engineers and analysts have recently concluded a very important engineering consulting and simulation exercise from one of India's largest SUV OEMs. These results have demonstrated notable efficiency improvements up to or including more than 30% compared to conventional gasoline ICE configurations. This project is focused on improving engine thermal efficiency. These results underscore the strength of our hybrid transmission architecture and design, and represent a key milestone in our strategy to deliver next-generation differentiated powertrain solutions.

This simulation has been matched and complemented by directional budgetary estimates that have been submitted to this OEM customer. More broadly, this project reflects our ability to integrate cutting-edge international technologies with localized customization and local curation, reinforcing our commitment to delivering superior value propositions in the evolving hybrid and electrified mobility space.

Looking ahead, our key focus in the evolving automatic transmission space now has sort of evolved to looking at the localization of an eight-speed instead of either a six or a seven-speed dual-clutch transmission. As some of you may know, new CAFE-norms and further evolution on the Bharat Stage emission norms is likely to come, it's imminent. And therefore, we are currently working on the feasibility of this initiative, which holds a very strong strategic potential.

A commercial quote has already been submitted to one of India's leading OEMs. And as part of our effort to bring about a greater market appreciation of this technology, we have conducted vehicle drive trials, and I am pleased to share that the feedback has been quite spectacular. There are not many players in the market offering an eight-speed dual-clutch automatic. As far as we know, this will be the first in the market.

The customer has also shared a strong expression of interest to move ahead to proof of concept, a promising step towards deeper collaboration. Our value proposition lies in offering the latest generation technology with a high degree of localization, ensuring strong cost competitiveness in the local market. The competitiveness comes not only from cost, but better inventory management and the flexibility that we will bring in further evolving the design to meet the evolving market needs.

So, this initiative in our view therefore marks an important step forward in building a robust and future-ready automatic transmission portfolio, tailored to meet the evolving needs of both domestic and potentially global OEMs. We believe this incorporates what we call deep localization. So, it localizes not only assembly and manufacturing of key components, but also the manufacturing and design understanding of some of the core sub technologies that make up this automatic transmission, things like the hydraulic control unit, the dual clutch subassembly

and potentially the electronic controller. So, I am happy that the efforts of our teams continues to reinforce the kind of bold pioneering approach of your company.

In our manual transmission business, which architecturally in the way it is constructed is sort of similar to a dual clutch automatic in its structural content, our key focus remains on strengthening relationships with existing OEMs and leading strategic supply chain solutions for them. Manual transmissions have been around for a long time and what OEMs are looking for is mature Tier 1s to bring supply chain solutions to reduce the in-house complexity, brought on by the increasing diversification of powertrains in the automotive industry.

So, we have recently received an RFQ for a five-speed manual transmission from one of India's largest commercial truck manufacturers. Additionally, we are selectively engaging in programs that offer synergies with our existing component business so that there is a natural progression from components to systems. As part of this, as I said, we are currently assessing viability and engaged in negotiations on a high-volume truck application with one of India's leading OEMs. These engagements, we believe, are aligned with our broader objective of maintaining a strong and competitive presence in the conventional drivetrain space, providing us derisking on the investments that we are making.

From a geographic standpoint, our focus remains on strengthening our presence in the domestic market for manuals, but while also simultaneously maximizing export opportunities. Exports for Q1 FY '26 contribute around 11% of our overall revenue. I am happy to share that our export contribution has grown steadily from just 1% in FY '24 to 5% in FY '25, and it continues to scale up meaningfully. With multiple contracts already secured and a robust pipeline in place, we believe we are well positioned to double our export revenues in FY '26.

Looking ahead, we expect our export revenues to grow at a CAGR of more than 15% over the next three to four years. This balanced approach between systems and components will not only enhance our growth trajectory but will also improve risk management and resilience in the business.

Lastly, we remain committed to enhancing both market share and wallet share through deeper customer engagement and a wider global footprint. On the operational front, we are driving cost optimization through focused product engineering and increased localization. And finally, we continue to invest in R&D to develop a future-ready product portfolio aligned with next-generation mobility trends.

Before I conclude, I want to make a few remarks about our growth strategy. And towards the end of this session, my colleague, Satvinder Singh, will make some complementary other additional remarks.

So, at the foundation of our strategy is financial discipline with a sharp focus on fiscal performance complemented by over 6 decades of our manufacturing and quality excellence and strong collaboration with global industry leaders. Building on this base, we are driving product

and application diversity, covering both rear-wheel drive and front-wheel drive transmission systems and focusing on both customer and geographic diversity, engaging with various segments across multiple regions. So, for example, we are in strategic talks with players like Fiat Powertrain, JCB in the UK and so on.

On the innovation front, the focus is on technology, both product and manufacturing, underpinned by fundamental research on transmission systems. Our product and application diversity spans, as I said, both rear-wheel drive and front-wheel drive configurations across multiple transmission technologies, so from manual to automatics to hybrids to EVs. We believe this multidimensional approach positions us strongly to capture emerging opportunities and deliver long-term technology-driven value across global mobility ecosystems.

So, that brings me to the end of my remarks. I am going to now hand the proceedings over to my colleague, Sudhir Mirjankar – CFO, and he will dwell a little more on the financial numbers for the quarter. So, over to you, Sudhir.

Sudhir Mirjankar:

Thank you, sir. Good evening to everyone on the call. Before presenting the financial numbers for the Q1 FY '26, I would like to highlight a few key points.

Since the beginning of Calendar Year '25, we have been witnessing robust volume growth across segments. This positive momentum, we expect to continue in the coming quarters as well. This momentum is primarily driven by strong performance in our core transfer case and component business across both domestic and international markets.

So, now coming to the quarterly numbers:

For Q1 FY '26, total income stood at Rs. 76.8 crores, reflecting a 29% year-on-year growth from Rs. 59.4 crores in Q1 FY '25 and a 20% sequential growth from Rs. 64.1 crores in Q4 of FY '25. This marks our highest ever quarterly revenue performance, driven by strong volume growth in the transfer case and Components segments.

So, on revenue mix, the transfer case segment delivered a robust 34% year-on-year growth in Q1 of FY '26, primarily driven by higher volumes from our key OEM customers. We remain confident that this momentum will sustain through the remainder of FY '26, supported by ongoing ramp-ups and strong demand.

So, the EV Transmission segment declined by 9% year-on-year in Q1 of FY '26, primarily due to industry-wide challenges as well as intensified competitive pressures faced by the key OEM customers. While these near-term challenges have affected volumes, we remain confident in the medium- to long-term trajectory of this business. We expect a meaningful ramp-up in volumes during the second half of FY '26, supported by stronger customer offtake and platform readiness.

The Components segment continued its robust performance, registering a strong 72% year-on-year growth in Q1 of FY '26. This momentum is expected to sustain through the remainder of

the year, backed by a healthy order book from both domestic and export markets. Gross margins stood at 62.9% in Q1 of FY '26, expanded by 246 basis points over Q1 of FY '25. This improvement was primarily driven by higher volumes and a favorable sales mix with increased contribution from high-margin component exports further supporting overall profitability.

EBITDA for the quarter stood at Rs. 19.1 crores, reflecting a 37% year-on-year growth from Rs. 13.9 crores in Q1 of FY '25 and a 31% sequential growth from Rs. 14.5 crores in Q4 of FY '25. This growth was primarily driven by higher volumes, which enabled better cost absorption and, in turn, led to a strong improvement in operating profit and margins. EBITDA margin stood at 24.9%, expanded by 148 basis over Q1 of FY '25.

PAT for Q1 'FY26 stood at Rs. 8.9 crores, reflecting of 50% year-on-year growth from Rs. 6 crores in Q1 of FY '25 and a 67% sequential growth from Rs. 5.4 crores in Q4 of FY '25. This strong performance was driven by enhanced operating efficiency and improved profitability across segments. PAT margin stands at 11.6%, expanded by 160 basis points over Q1 of 'FY25.

That's all from my side. I hand over to Mr. Dipak Vani, COO, for operational updates.

Dipak Vani:

Good evening, everyone. It's a pleasure to be speaking with you today. And I am proud to share that this has been an exceptional quarter for Divgi TTS.

We have achieved the highest operational sales in the company's history for any quarter. This milestone reflects not just market momentum, but more importantly, collective commitment and the precision with which our operations team has executed our plans.

Two product lines stood out as a key growth driver for this quarter, as Sudhir explained in his remarks earlier. Our transfer case system and export parts, their performance was driven by robust demand, but it was our internal capability from planning to execution that enabled us to fully capture this opportunity. I want to recognize the Divgi TTS operations team for their meticulous planning and relentless execution, which directly contributed this record-breaking performance. What makes this achievement even more commendable is that we also maintained 100% on-time delivery to all our customers, a critical KPI in our business and a testament that our discipline and responsiveness.

On the quality front, we continue to set benchmarks. We proudly maintained zero PPM quality track record in our export parts and transfer case supplies. In today's competitive landscape, this level of consistency is not easy to come by. And it's a reflection of a strong quality culture embedded across our organization.

From a financial perspective, our strategic sourcing and operation team have also delivered strongly on the cost front. We did not just met our cost reduction targets, but we exceeded them, driving down costs significantly, which, in turn, enabled us to achieve exceptional EBITDA margins for this quarter. This outcome was made possible by focused initiatives across sourcing, productivity improvement and waste elimination.

In summary, this quarter reflects the strength of our operational backbone, decision in execution, consistency in quality and discipline in cost management. I am confident that with this momentum, we are all positioned for sustainable, profitable growth in the quarters ahead. Thank you.

Satvinder Sabharwal:

Hi, everyone. Very good afternoon. This is Satvinder, and I will brief you on some of our growth areas. And thank you, Dipak, for the very impressive performance in Q1. I am very confident that momentum will continue in our Q2 as well.

So, with that, let me take this opportunity to walk our shareholders and the investor community into the near future or into an area where we call internally as chessboard farm. Why chess board? Because we keep evolving our growth strategy bases the inputs of the market. In fact, we very keenly look at the market trends, which are continuously evolving. That's the way we see as of now.

And accordingly, we also analyze how our OEM customers are reframing their strategy to meet the needs of the end customers. So, that's the chessboard that we keep looking at and the chessboard farm because that's a farm where we keep sowing our seeds for the growth for the future of our organization. In fact, this forms our baseline to prepare the Divgi organization to be more agile, more adaptive and in fact, thrive in this dynamic market.

I will summarize in terms of our near-term growth gems, which are basically the efforts that we are taking for the next three to nine months. And second part, I will brief you on the long-term growth gems that we are working upon.

On the near-term growth gems, the first one where we continue to deepen our focus is the EV Transmissions, wherein while we continue to serve our market leader in the electric vehicle space in India, we are already in the ramp-up phase for the next three to six months. We will see the ramp-up of the launches that have already happened. And we are progressing very well on the development of the transmission for the next vehicle platform, which is also covered in our presentation that is loaded on the website.

In fact, very recently, we submitted the prototype hardwares to the EV customers on this new platform. And once this gets into an SOP in H2 of current year, I would say this will be a record milestone, record program for the Divgi team where right from an RFQ to an SOP, we will do the entire program development within less than 12 months. That's going to be a new record for the team and much harder to break than in the future.

Our number two focus in the near term will continue on the component business, where we have been leveraging the synergy of the various component technologies with the product businesses that we have. So, that synergy helps us to position us very competitively at our customers. In fact, on the component business, as Jitendra ji briefed, with the growth from the exports, it's a very clear outcome of the global cost competitiveness that we are able to demonstrate as a company that we are winning businesses, not just domestically but also on the global platform.

We continue to have a very strong order booking on the component business. So, that momentum continues to remain very high.

Within the near term, our focus number three is on the core businesses or the core products of the transfer case, the automatic transmissions and the manual transmission. The transfer case is a long-proven localized product. And now we are looking to spread our wings on this proven product beyond the domestic boundary, and we are assessing opportunities on a global platform for transfer case products.

On the automatic transmission, we continue to get further deeper in our engagement with the customer, having successfully completed the vehicle trials, as sir already spoke. Now we are looking forward in the next couple of months to secure from the Indian customer a proof-of-concept demonstrator contract with the customer on their intended vehicle. This will give us an excellent opportunity to prove this world-proven automatic transmission technology to an Indian customer, and our differentiation lies on the fact that we are giving a state-of-the-art technology with a very deep localization to market in India where nobody today is able to serve with that latest technology.

On the manual transmission, we are seeing renewed pull from the Indian customers, and I think that's something that all of us can anticipate with our Indian customers getting too much, we will call them entangled with so many development programs, whether it is ICE or hybrids or EVs, and a lot of work going around in terms of different types of powertrains. It would be just obvious for these OEMs to focus on their core strengths and give this opportunity of outsourcing different technologies to the suppliers in their core areas. So, hence, manual transmission is one area where we are increasingly seeing a trend of outsourcing by the OEMs. And our expertise in the component business actually positions us very well in the manual transmission area as well.

With this, I would like to widen the canvas now from near term to a slightly broader long term. And I will give you a flavor of the influx of RFQs that we are seeing where we are already engaged on. And one by one, I would brief you on that. The first one on the EV business. Right now, while we are engaged deeper with the India's leading OEM in electric vehicle space, we are expanding our wings with the other Tier 1s, and we are engaged on certain RFQ opportunities at a global platform. We see this vertical at an optimistic level can take us to an annual revenue levels of about Rs. 250 crores.

If I look at our component business, we already have a very strong order book. And with about 7 to 8 more programs expected to be awarded by the end of this year. Component business should take us to an annual revenue levels of around Rs. 200 crores. And on the other core products, mainly the transfer case and expected wins, expected contracts on automatic and manual, could see this vertical on the upper side to touch in excess of Rs. 1,200 crores annually.

So, all these product verticals are part of our initiative to build the company to be more adaptive. As you can see, the market trends are still evolving in terms of ICE, hybrids and EVs. So, we, as Divgi organization are also building ourselves to be more adaptive by developing a diversified

portfolio of products. And in fact, not just to be surviving, but in fact, thriving in this dynamic market.

So, I briefed you on the growth gems, which is the products. I would also very shortly brief you on the guiding principles on which we have been building these growth gems, these growth products in our chessboard farm. The foundation of these principles are basically technology differentiation. Every product that we pick, we look forward for ensuring a technology differentiation versus the players in the market, in the region.

The second principle is basically the product diversification so that we are ready. We are adaptive to the evolving needs of the market. We continue to leverage the strength of our manufacturing excellence of our procurement of our technology collaborations with the different partners and obviously, the financial discipline. So, that's an overview to our investor communities on the chessboard farm at Divgi.

Jitendra Divgi:

Thank you, Satvinder. This is Jitendra Divgi again. And I want to bring this session to a conclusion with some closing remarks.

So, as you can see, Q1 FY '26 has been a strong start to the year, reflecting the results of the strategic operational and commercial efforts we initiated over the last several quarters. With robust performance in our transfer case and component businesses and clear visibility on volume recovery in the EV Transmission segment in the second half, we believe we are well positioned for sustained growth in FY '26. And our forecast currently shows that, trend, we can continue then on to FY '27.

Our continued focus remains on exports, driving operating efficiencies, deepening OEM partnerships and accelerating global diversification. With strong fundamentals, a committed team and a healthy pipeline, we are confident in our ability to deliver consistent and value-accretive growth in the quarters ahead.

In conclusion, I want to thank you for your ongoing support, patience, understanding and faith in our business model as we move forward on this exciting part. Given the volatile, uncertain, complex, sometimes ambiguous nature of the market, there will be some slip-ups, and we are confident that you will have faith in the overall robustness of our business model.

I hope we have been able to answer, anticipate and address your queries. In case you have any more questions or require clarification, my team and I will be more than happy to answer questions. And of course, you are also free to contact our advisers, SGA, for any further clarification.

So, with that, I conclude this session, and thank you very much again for joining this call.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.

- Kashyap Javeri:** Thank you so much, sir, for the opportunity. Congratulations for a great set of numbers. Really remarkable to see that Rs. 70 crores kind of revenue for the quarter. I have three questions, the first is on our EBITDA margins. So, on additional revenues of about Rs. 13 crores, we did an EBITDA of about additional Rs. 5 crores. So, does that mean that going forward versus 19.5%, our margins can expand further?
- Jitendra Divgi:** Yes. While that's a reasonable expectation, one of the things is we have, in addition to investments, some amount of increasing operating expenses to the development of products, development of markets. So, generally, the convention in our company for many years has been to try and peg incrementals, okay, that's what we call it, incremental and decremental at or about 20%. So, if I get a certain x amount of additional sales, then I will try and manage my profitability at a minimum of 20% incremental. That's been our convention and style of working.
- So, yes, as we go along and capacity utilization improves, I can tell you one thing that this performance is fairly, we still have a lot of capacity in our system, and that's the good news. Because as we use this capacity, the sort of contribution margins, EBITDA, whatever you are calling them is going to go straight to the bottom line.
- So, in general, yes, your observation is on track. The exact amount, of course, varies then as quarter-to-quarter, we have different kinds of initiatives unfolding because our playing field is right now the whole world. We have teams going all the way from Japan, China, Korea, Thailand, Portugal, Sweden, Germany, France, United States, Mexico, that's our playing field today.
- And so there are expenses involved as we take these businesses forward. But in general, yes, the 20% incremental growth is what our entire management team is committed to. Dipak Vani as Head of Operations; CFO, Mirjankar; myself, and our sales organization is also very conscious of this. So, I hope that has answered your question on EBITDA.
- Kashyap Javeri:** Yes. And second question is on our ramp-up in business in the second half. Based on that, can we assume that the exit run rate of revenue can be about Rs. 90 crores to Rs. 100 crores this year?
- Jitendra Divgi:** What revenue?
- Kashyap Javeri:** The exit run rate of revenue can be Rs. 90 crores to Rs. 100 crores?
- Jitendra Divgi:** The exit run rate, you are saying?
- Kashyap Javeri:** Yes, Q4.
- Jitendra Divgi:** Yes, yes, yes. I must say you are quite a prescient observer. Directionally, I think broadly, you are correct.

- Kashyap Javeri:** Okay. Thank you very much. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Sumit from Parami. Please go ahead.
- Sumit:** Good evening, sir. Congratulations on good set of numbers. Sir, I had one question regarding what has been presented. The Rs. 90 crores per annum from component business and Rs. 100 crores per annum from transfer case business. Out of which, how much is the new order? And how much has been a repeated order by OEM?
- Jitendra Divgi:** Yes. The export is all practically new. And I would say, almost 50%. I mean, we are essentially more than doubling our transfer case production, and that is all a new business. It's coming from new models like the five-door Thar and the Scorpio N and things like that. Plus, we have new customers that are coming in, albeit that is sort of a low volume still.
- So, yes, a significant proportion of this is a very new business. And you will be happy to know that tracking the proportion of new business in our revenue stream is one of our KPIs. And the reason we have always done that for now almost three to four decades of our KPI management is to ensure that our revenue portfolio and the business model remains refreshed. You do not want the proportion of new business to go to a trickle because then that is indicative of a business model that's kind of festering, and then anything that festers eventually just dies out.
- So, you want to keep your portfolio refreshed and therefore, we actively manage that portfolio by playing to the KPI of making sure that a very significant proportion, at least one-third of our revenue is coming from business that was acquired in the previous three years.
- Sumit:** Got it, sir. That would be all. Thank you.
- Moderator:** Thank you. The next question is from the line of Yash from AART Ventures. Please go ahead.
- Yash :** Yes. Sir, congratulations on a good set of numbers, sir. Sir, I wanted to ask a question on the components business, sir. So, how much of the business of component is coming from US? And what will be the impact of tariffs on this?
- Jitendra Divgi:** Yes. So, you can make out that because things have moved so fast, I should have touched on this point in my main remarks. So, therefore, thank you for asking this question. In the short term, we do not expect any impact. And that's because customers, obviously, do not have options. These are highly engineered, extremely precision. The quality specifications are in microns. The heat treatment specifications, the steel compositions, the knowledge is very, very esoteric, okay? So, it cannot just be wished away and you cannot develop alternatives. However, in the long term, the current chaos does have a specter of a threat to it.
- And as people who have operated in the US market for over 30 years, we know the strength of our US customers and the United States in general. You will underestimate the United States at your own peril. Which is why in my remarks I mentioned that we are actively investigating a

US manufacturing footprint, because we believe that what is underway is a watershed defining moment in global industrial history. The United States is going to impose minimum duties of 15% to 20% to correct a rapidly deteriorating fiscal deficit and a current account deficit.

So, I think people across the world would be well advised to actively look at options of how they can address the concerns of US customers. And I can tell you that one of our risk scenarios that we have been monitoring in our Risk Committee of our Board is such possibilities. One of them is a depreciating dollar. What do you do if the dollar suddenly depreciates? And the other one is the tariff, something goes wrong in tariffs, or there is some other kind of geopolitical dislocation.

And therefore, given that exports have always been significant, we have had customers with whom we have worked for close to 30 years. So, these US customers and these plants have a lot of faith in us. We are exclusive suppliers of some of these commodities at volumes that you would not get in India, 500,000 a year, 400,000 a year. Those are the kinds of numbers we are playing.

And therefore, I think in almost an immediate wake of what I call these Trumpian threats, we have started putting the contours of a strategy to articulate our intent of how we wish to handle this situation. And the fact that we have some very substantial ideas itself is reassuring for our US customers. Even as in the short term, they have no options.

So, we have sales teams that are now getting ready to fly across to the US to meet with key decision makers. We have a very senior gentleman who used to be part of Ford working with us in our Cologne, Germany office, and he understands the Ford culture. A lot of the ultimate OEMs that consume parts we supply through the Tier 1s are obviously Ford, GM and Chrysler in the United States.

So, we understand the psyche, the psychology and the likely response initiatives that are going to come out of the United States. We understand that. And we are trying to be extremely a proactive and try and preempt any response that could have a detrimental effect on the long-term prospects of our company. So, I want to assure the team that I do not think there are many other Indian or Chinese companies that will be responding so fast to what is emerging as a sort of dark cloud on the horizon.

So, this is sort of an ongoing work in process. Nobody knows whether the regime that Mr. Trump is threatening to roll out is going to be permanent or it's a negotiating ploy. We will see. But whichever way this moves, we have some ideas and thoughts, and we are in active dialogue with our customers.

And that is the way to manage the anxieties and concerns because if we are worried, I can tell you one thing, ladies and gentlemen, the American customers are completely terrorized by what is going on because ultimately, it's going to hit them and hit their cost structure, and it will take them at least 1 year to 1.5 years to steer the shift of their procurement. For many decades, they

are used to product development processes that, in our view, have sort of ossified and this supply chains are not very nimble and agile in the US

So, that is what is bringing a sense of terror to these organizations. And therefore, suppliers who are fast, who respond, who come forward to do this kind of handholding, they will be remembered long term. So, what the thought I want to leave with this audience is our effort, therefore, is to convert this potential crisis into a very decisive opportunity for us and hopefully, for India, okay?

Dipak, do you want to add something?

Dipak Vani: Sure. So, there is a strong goodwill and customer intimacy that we enjoy while working with our US customers from past two decades. And in contrast to what you are hearing, our customer, in fact, is giving us more and more opportunities for new business. And as we speak, we are getting volume ramp-up request from them. That is a strong marker and indication that they are looking at us strategically beyond this current affairs.

Jitendra Divgi: Yes. So, hopefully, that has substantively answered this very, very important question, I think. And thank you for asking this question because I overlooked at this point. And I think the answer, hopefully, has not only answered your question but also benefited the rest of the audience.

Yash : Yes, thank you very much sir. All the best.

Moderator: Thank you. The next question is from the line of Kashyap Javeri from Emkay Investment Managers. Please go ahead.

Kashyap Javeri: Sir, just a follow-up on the previous participant's question. Now when we say we would be handholding our clients and probably try to convert this crisis into an opportunity, does that mean that there could be significant forego on the margins on that front on at least export business to US?

Jitendra Divgi: No. See, it is too early. We have not completed the analysis. But actually, for the last many years, we have been looking at setting up a US manufacturing presence. COVID dislocated that project a little bit. And now, of course, this crisis has kind of elevated this idea right to the top of everybody's consciousness. And because of the work that we had done, we believe that if the analysis is still underway because Trump hit the additional 25 taking it to 50, two days ago. So, we are already by early next week, we will figure out because what we are noticing in some cases is at least at the 25% duty level, American manufacturing still cannot match Indian. And with our competitive prices, you are seeing this kind of profitability.

So, India is in a very, very strong position. And the US, of course, if you are willing to come to the US, whether it's the federal government or the state governments, I can tell you one thing, they are more investor friendly than state governments in India. Of that, there is no doubt. So, if the economics proves and we will look at the numbers very closely, we have a very experienced

and accomplished Board of Directors that is helping us in this regard. Many of them are seasoned chartered accountants. Our Chairman is Mr. Kadle, Former Managing Director of Tata Capital. And we have many other seasoned chartered accountants.

So, we have, between our management team and Board, I am very fortunate to have an outstanding team of people that we are working with. And I can tell you, we will find a solution to this. Mark John, who handles our office in Cologne in Germany. He's of English origin, lives in Germany, has worked in the US He was Director of Purchasing at Getrag-Ford, Ford's largest transmission supplier. He understands the purchasing psychology and what purchasing strategies need to do to counter such a situation. It is that knowledge and experience that we are leveraging in doing this. So, we will obviously figure a way out to preserve our margins to find a solution for what appears to be an intractable problem.

Kashyap Javeri: But sir, we were looking at this one part of the component business via our earlier JV partner or a technology partner to one of the largest EV OEMs in North America. Now in the light of this tariff, does that get postponed by at least a couple of quarters?

Jitendra Divgi: I did not understand the question. You are saying?

Kashyap Javeri: We were looking at some component supplies through our earlier tech partner. I mean, we have already renewed that agreement with them also. But we were looking at component supply to them for eventual supplies to one of the...

Jitendra Divgi: Yes, let me answer that. The programs do not get delayed. What is likely to happen is that if the US government persists in this kind of duty structure, our concern is that it will lead to inflation. I mean, this is one of the points that I think this is Economics one on one. And that inflation could therefore depress market potential in the US. So, programs, I do not think will get delayed. People need to find solutions they need to get along with their business. People have made investments, right? So, that will happen long in the medium term, so by, let's say, middle of next year. Will the volumes remain the way? That is the big question, okay? Yes, yes.

Kashyap Javeri: Sure. Thank you so much, sir.

Jitendra Divgi: Thank you, Kashyap, for those really sharp questions.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Jitendra Divgi: Yes. We learn a lot from the questions you ask and the way you challenge us. And that sort of keeps us enthused about how to be a little proactive in bringing and sharpening our value propositions. So, my thanks to the audience once again, and keep challenging us like this. We will see you in another three months, hopefully, with better news operations-wise and in terms of our long-term growth. Thank you so much again.

Moderator: Thank you. On behalf of Equirus Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.