**Divgi TorqTransfer Systems**

**Divgi TorqTransfer Systems Limited**
**CIN: L32201MH1964PLC013085**
***75*, General Block, MIDC, Bhosari,**
**Pune 411 026, India**
**Tel: (+91-20) 63110110**
**Web: www.divgi-tts.com**

**Ref.: DTTS/Sec/26-27/66**

**November 10, 2026**

| | |
|---|---|
| To,<br>**BSE Limited,**<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai - 400001<br><br>**BSE Scrip Code – 543812** | To,<br>**National Stock Exchange of India Limited**,<br>"Exchange Plaza" 5th Floor,<br>Plot No. C-1, G Block,<br>Bandra Kurla Complex, Bandra (East),<br>Mumbai – 400051<br><br>**NSE Scrip Code - DIVGIITTS** |

**Sub: Transcript of Earnings Call held on November 04, 2026**

**Ref.: Regulations 30 of the SEBI LODR Regulations**

Dear Sir / Madam,

Further to our letter reference no. DTTS/Sec/26-27/57 dated October 28, 2026, 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 **November 04, 2026**, in respect of the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2026.

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**

HIRENDRA BHASKAR DIVGI
Digitally signed by HIRENDRA BHASKAR DIVGI
Date: 2026.11.10 21:53:52 +05'30'

**Hirendra Divgi**
**Whole-Time Director**
**DIN: 01634431**

*Enclosed: As above*

# “Divgi TorqTransfer Systems Limited

# Q2 FY27 Earnings Conference Call”

# November 04, 2026

**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. RONAK JAIN – EQUIRUS SECURITIES PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Divgi TorqTransfer Systems Limited Q2 FY27 Earnings Conference Call hosted by Equirus Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is now being recorded.

I now hand the conference over to Mr. Ronak Jain from Equirus Securities Limited. Thank you, and over to you, sir.

**Ronak Jain:** Good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to Q2 and H1 FY27 Post Results Call of Divgi TorqTransfer Systems Limited.

From the management side, we have Mr. Jitendra Divgi, Managing Director; Mr. Hirendra Divgi, Whole-Time Director; Mr. Sudhir Mirjankar, CFO; Mr. Satvinder Singh Sabharwal, Chief Growth Officer; and Mr. Dipak Vani, COO. I will now hand over the call to Jitendra sir, for his opening remarks. Over to you, sir.

**Jitendra Divgi:** So good afternoon, ladies and gentlemen. On behalf of Divgi TorqTransfer Systems Limited, I welcome everybody that has taken the time and the interest to come here today, our shareholders, investors, analysts for this earnings call of the second quarter and first half of financial year '27. I trust you've had the opportunity to review the results we've posted.

Before starting, I'd just like to take a moment to extend my best wishes to all of you and your families for the Diwali festive season. Just a point for the record that this discussion may include forward-looking kind of projections and actual outcomes may differ because of market customer execution and other risks described in our presentation.

So I'd like to open by touching upon the significance of this quarter that has just gone by. As you would all appreciate, this was an important milestone for all of us at Divgi. We delivered a total revenue of almost INR150 crores, INR148.7 crores to be precise, which was an increase of 68% over the corresponding quarter for last year. EBITDA reached almost INR44 crores, growing 99%, while Profit After Tax reached INR26 crores, growing approximately 146%.

The EBITDA margin was 29.5%. These are meaningful outcomes, but I would encourage all of us to look beyond the headline numbers. This performance reflects several years of investment in products, technology, customer engagement, manufacturing capability and disciplined execution. They also reflect the strength of a business model in which operating leverage can become increasingly visible as volumes and scale build up.

One aspect of this quarter deserves emphasis. Our performance I think, is not dependent on a single short-term event. It is a result of multiple operational programs moving forward in concert. Our established transfer case platforms are contributing greater scale. The EV transmission business is showing improved activity and components and exports are broadening our earnings base.

For investors, the strategic significance lies in this combination. A company with several relevant drivetrain capabilities can engage customers at more points in their product planning cycle, and it can reduce reliance on the timing of any one program.

This diversification is to be sure, is still a work in process, but the first half performance provides evidence that the model is beginning to take shape. Equally, we recognize that the Automotive Industry is cyclical. OEM production schedules, model launches, export demand, supply chain conditions and changes in technology can all affect performance.

We, therefore, evaluate progress not only by revenue growth but also by quality of delivery, customer approvals, cost competitiveness and the ability to convert program activity into sustainable returns. Our objective is to build a business that can participate in market growth while retaining the operating discipline required through different industry cycles.

Let me now shift gears and make a few introductory remarks on the half year gone by. So for the first six months of FY27, total income was INR290 crores, up 76%, EBITDA was at INR85 crores, up 108% and PAT almost at INR52 crores, up 162%. The half year EBITDA margin of over 29% is particularly encouraging. This combination of growth and profitability is important to us. We are not pursuing scale for its own sake.

Our objective is to build a larger, more diversified drivetrain systems company while retaining engineering depth, operating discipline and capital efficiency. We have made progress in the first half while recognizing that each business has its own demand cycles and execution requirements. What drove this progress? To me, three themes that stand out.

First, of course, is the transfer case business, which has continued to benefit from strong demand, platform refreshes and the Indonesia program. Second, our EV transmission business saw a marked improvement in the second quarter after a softer first quarter, reflecting improving customer schedules and broader EV adoption, especially against the backdrop of uncertain geopolitics and its potential impact on oil.

Third, components and exports continue to provide an expanding source of revenue, supported by global customer relationships and successful execution of awarded programs. This matters because our growth is no longer dependent on a single application or a single geography. It is developing across multiple product families and end markets. A word about Indonesia, and I would be remiss if I did not address the elephant in the room. The Indonesia 4x4 program is a useful illustration of the direction of our business.

It demonstrates our ability to support an Indian automotive customer or customers as their vehicle platforms address international markets and India overall becomes more relevant to the global automotive industry. It also demonstrates our manufacturing and program management agility.

The ramp-up was completed in a relatively short period. We see globalization of Indian OEM platforms as an important long-term opportunity for our drivetrain systems. At the same time, our relationships with established international Tier 1 companies, including BorgWarner, Magna and Toyota Tsusho create channels through which we can strengthen our technology,

manufacturing credibility and access to global customers. Each opportunity, of course, must still be won and executed on its merits.

The recognition we received from Tata Motors for execution excellence and business agility in supporting their Indonesia expansion is especially meaningful to us because international programs test the supplier on several dimensions simultaneously. Engineering must align with vehicle application, manufacturing capacity must be made available at the right time and quality and logistics must remain reliable as the customer ramps up.

Our teams have worked across these requirements with a common focus on the customer. And I want to take a moment to especially commend our operations team across our plants who have done such a stellar job. We regard the recognition not as an endpoint, but rather as a benchmark for how we should execute as we go into the future.

There is also a broader strategic implication. Indian vehicle manufacturers are increasingly evaluating opportunities beyond the domestic market. When an established Indian supplier can support the same platform or related applications in another geography, it has an opportunity to deepen the relationship and extend the useful life of its engineering and other investments. This is the logic behind our focus on internationally relevant products and on developing the organizational capability to support customers with a global mindset.

I want to shift and quickly make a few remarks about our overall approach in the United States market. As you are aware, we have established a wholly owned subsidiary in Greenville, South Carolina, in the state of South Carolina to build closer customer relationships and support our development pipeline in North America. The immediate objective is engagement, better engagement with customers.

Understanding customer requirements, progressing RFQs and identifying the right sourcing and manufacturing solutions. We are also evaluating potential manufacturing opportunities. I want to be clear about our capital allocation approach, though. Establishing a presence does not mean committing immediately to a large manufacturing investment.

Any future investment will be assessed against customer commitments, program economics, operating risk and the long-term strategic value it can create. We intend to preserve the flexibility that our balance sheet currently provides us. Our U.S. presence is intended to bring us closer to customers and to the decisions that shape future sourcing programs.

Local engagement helps us understand technical requirements better, respond to requests more effectively and coordinate engineering discussions across time zones. The establishment of the subsidiary and our office at the Clemson University International Center for Automotive Research in Greenville, South Carolina, provide a practical base for this work.

Initial team onboarding is an important first step, but building a credible customer-facing operation requires consistent follow-through on each inquiry. My approach is that we will be thoughtful about the sequence of investment. We can begin by serving opportunities through our existing Indian manufacturing base where that is commercially viable. If customer commitments

and program economics support additional local value addition, we will evaluate those options in a structured manner.

The existence of a market opportunity alone is not a sufficient reason for major capital expenditure. We will weigh overall strategic factors, including tariff exposure, logistics, customer requirements, technology content, expected volumes and returns before deciding on the next phase of investment.

In conclusion, looking ahead to the remainder of FY27, we are focused on sustaining execution in transfer cases, supporting the ramp-up of EV programs, deepening export relationships and moving our emerging transmission opportunities through their technical and commercial milestones.

The presentation we have uploaded sets out an FY27 revenue target of well over INR500 crores and long-term revenue aspirations in the region of INR1,000 crores by FY30 and going towards INR2,000 crores beyond FY32, FY33. These are targets and aspirations, not assured outcomes. Their achievement, as you would appreciate, depends on customer programs, market demand, validation, sourcing decisions and, of course, our own execution.

Our strategy is to build a globally relevant Indian drivetrain company through technology-led innovation, customer and geographic diversification, manufacturing excellence and financial discipline. With that perspective, I will hand over to our Chief Growth Officer, Satvinder Singh Sabharwal, to discuss the businesses and growth pipeline in greater detail. And of course, at the end, we will be more than happy to take questions and points that we may have overlooked.

So Satvinder, over to you.

**Satvinder Sabharwal:** Yes. Thank you, Jitendra, and very good afternoon to everyone. What a spectacular quarter all hitting together INR148.7 crores in quarter 2. And I would dedicate this quarter mainly to our operations and sourcing team because all the strategic investments in deciding to pursue strategic programs at the customers, investments in the product portfolio, manufacturing and all were already put multiple quarters before. But now when the demand comes, it is the operations and the purchase teams which have stood up and demonstrated, executed this demand for the organization.

With that, let me focus on what has changed in the market, how the business has performed and what are the milestones we are pursuing going forward. Our growth strategy is into two connected parts. The first one is basically to scale up in the areas where we have established customer relationships, established industrial capabilities and programs, mainly I'm referring to transfer case, EV transmissions and precision components. The second connected part is to develop adjacent products and geographies.

What I mean by that is the new products, mainly the all-wheel drive, the PTU systems, investments in manual transmissions and strategic growth areas of automatic transmission, besides also to expand ourselves into adjacent geographies mainly the U.S. This gives us a path both to increase our breadth of our offerings as well as to increase the content of supply per vehicle.

With that, I'll go into each of our product verticals to give you a glimpse of how we perform and what are our further growth avenues in each of them. First, we start with transfer case. Our revenues in Q2 this year was about INR80.4 crores compared to INR42.7 crores the previous year. This is 88% of revenue jump year-on-year.

When we look at H1 for the same transfer case, our revenue was INR156.4 crores versus INR82 crores a year back, which is again a jump of 91% year-over-year. The business is clearly benefiting from, first, the ramp-up of the Indonesia pickup program; two, stronger demand in the domestic market for 4x4 system adoptions; and three, upgrade vehicle launches being made by our OEMs with our product portfolio.

These distinct drivers are very important because they provide multiple avenues of volume growth for us in our transfer case product portfolio. What are the next growth avenues for transfer cases? Our strategy is actually to take our established strength in 4x4 systems beyond the domestic passenger vehicle market. As Indian OEMs continue to expand the global markets, we aim to support their vehicles in the export markets. This includes pickup programs as well as light vehicle applications.

We are also broadening our product portfolio in the 4x4 systems beyond the transfer case. We are already working with another Indian OEM on the all-wheel drive systems as well as the Power Take-off Unit, the PTU systems. Our partnership with Toyota Tsusho also gives us a route to engage with customers in the Japanese ecosystems and other Asian markets. The international opportunity is much wider for us in the transfer case in the 4x4 systems.

Pickup trucks and utility vehicles are used in varied conditions, much tough conditions than the urban roads that we see here. This shift gives us an opportunity to get into robust drivetrain performance and reliable supply chain. Divgi team is pursuing opportunities where its experience in 4x4 systems can be relevant through established relationships and prospective programs involving global customers.

I move to the second product vertical, which is the EV transmission. If you look at our quarter 2 revenues for EV transmission, it is INR11.4 crores versus INR6.2 crores in the previous year quarter 2. This is a sharp growth and it was supported by improved demand from the end market, higher adoption of EV penetration in the end market and excellent market share gain by the OEMs where we are engaged.

When we look at this from a half yearly perspective, our revenue is INR17.2 crores compared to previous year INR13.2 crores. We view this growth as an encouraging evidence that the strategic investments that we have made in the manufacturing and product capabilities in the previous years are now reaping the benefits. Nevertheless, the EV demand and the program schedules can fluctuate but we remain focused on executing rather than contemplating future quarter revenues. What are the growth opportunities in EV?

Sigma is one particular important development program for us. We have already received the customer approval for production supplies and the presentation already mentions that we are

already prepared for the series production to happen in H2. This is an important progression from the prototype and the validation activities that we have already done on the Sigma program.

Now our EV transmission capability covers applications across a broad power range, right from the smallest 10 kilowatt to the high kilowatt 150 kilowatt as explained in our presentation. We would also like to inform from another growth opportunity is already on the cards where we have already secured a prototype order for an EV transmission from an Indian China JV company here in India.

The prototype order is a very important technical engagement wherein a customer recognizes our product capabilities, but it should not be interpreted at this stage as a production award. We all know we will have to go through the next steps of technical validation, the commercial alignment and the customer sourcing decision.

Broad level, our initiative continues to build a diversified EV customer and application portfolio rather than relying on one customer, one program. At the same time, our efforts on additional EV applications are designed to reduce the concentration risk. A broader set of vehicle platforms and customers helps us to create more revenues for growth, but it also requires us to be selective in terms of our resource allocation.

Together with work, we will prioritize a program that fits our technical strengths and offer a credible route to commercial and sustainable production. I move to the third product vertical, the components, wherein I'll also cover a subset of that, which is the exports. First, at a broad level on the overall components. When we look at our quarter numbers, in Q2, we hit INR35.9 crores versus the previous year at INR29.1 crores. That's again a very significant jump in our overall Component revenue business.

Within this, if we look at the exports, we have hit another quarterly milestone of greater than INR23 crores in our export revenues. These are important proof points of our manufacturing capabilities and how our global customers acknowledge our capabilities. Our global programs have now progressed to stable production, reinforcing the customer confidence on the quality and delivery performance of the safety team.

I move to the fourth product vertical, which is the manual transmissions, including the synchronizers. As we have already outlined in our presentation, we are pursuing opportunities in manual transmissions and synchronizer systems. We have already submitted our proposal for a five-speed manual transmission for a commercial truck application and also submitted proposal for synchronizer systems for an off-highway challenging application.

These opportunities broaden the market we can address particularly beyond the passenger vehicles towards the light commercial vehicles, off-highway equipment and in fact, specialized drivetrain systems.

I move to the fifth product vertical, one of the important growth drivers for us, that's the automatic transmission. This is one of our most significant strategic initiatives to participate in the increasing adoption of automatics in the India market. We are assessing the localization of

globally proven automatic transmission technology for Indian OEM applications. Our work includes both the front wheel transmission as well as rear wheel drive solutions for automatics.

We also look forward to working with the Indian OEMs here, and we have gone ahead and submitted commercial quotation to our customers. Right now, we are at a stage of meaningful and deeper engagement with the OEMs to map out their next phase of customer vehicle programs, the associated powertrain programs and where precisely we can marry our automatic transmission offerings into the customer roadmap of next-generation vehicles.

Our intention is to build the engineering, industrialization and partner capabilities needed to support automatic localization at scale. With this, I would now want to give you a glimpse of our growth avenues with our strategic partners and geographic diversification. Our customers and technology partnerships are very central to our growth strategy. You are aware about our strategic customers.

Mahindra provides us a long-standing relationship in 4x 4 systems and now a route towards the international vehicle platforms. Similarly, Tata has been another very important strategic customer to us for our EV transmission capabilities and also providing us another avenue towards the international market.

Force Motors creates opportunities for diversification into specialized vehicles and new drivetrain applications. Our global customers of BorgWarner and Magna, they provide us global technology and sourcing relationship. Our partner, Toyota Tsusho, offers us avenue to increase our access to the Japanese ecosystem.

Our aim is to build the credibility earned through these relationships into a broader set of commercial programs. At the same time, our manufacturing footprint in India provides us the industrial base from which we can serve both the domestic as well as international requirements.

To summarize the growth agenda, we are prioritizing ourselves in five practical milestones: one, continued execution of the Indonesia and the domestic 4x4 programs; two, customer ramp-up and series production readiness for the Sigma EV transmission; three, conversion of export RFQs into recurring programs; four, progress through the automatic transmission, proof of concept and the localization stages; five, the selective advancements in the manual transmissions, all-we drive systems and synchronizer opportunities.

We will measure the progress through approvals, program awards, production schedules, revenue conversions and the return on the investments. Our objective is to build a portfolio of commercially viable drivetrain businesses. I will now invite our finance leader, our CFO, Sudhir Mirjankar, to take you through the detailed financial results, profitability, cash flow, balance sheet. Over to you, Sudhir.

**Sudhir Mirjankar:** Thank you, Satvinder. Good afternoon to everyone on the call. Before presenting the financial numbers of Q2 and H1 of FY27, I would like to highlight a few key developments across our business.

The transfer case business continued to deliver strong growth, supported by sustained demand across existing OEM programs and increasing volumes. Our E-gear drive business recovered during the quarter, while components continued to expand, supported by precision components and export opportunities. We are also progressing with new customer programs and opportunities across adjacent transmission technologies.

So Q2 FY27 financial performance. Coming to the financial performance, Q2 FY27, total income stood at INR148.7 crores, registering 68% year-on-year growth from INR88.3 crores in Q2 of FY26 and 5% sequential growth from INR141.9 crores in Q1 of FY27.

Revenue from operation increased 73% to INR143.1 crores. On the revenue mix, the Transfer care segment delivered revenue of INR80.4 crores compared with INR42.7 crores in Q2 of FY26, representing a growth of 88%. Sequentially, revenue increased 6% from INR76 crores in Q1 of FY27.

Demand continued to be strong across existing customer programs. The E-gear drive segment reported revenue of INR11.4 crores compared to INR6.1 crores in Q2 of FY26, reflecting growth of 87%. The business also recorded a strong sequential recovery from Q1, supported by improving demand and program activity.

The Component segment recorded revenue of INR34.6 crores, up 25% from INR27.7 crores in Q2 of FY26. Growth remained steady despite global uncertainties, supported by precision components and export business. Exports continued to gain traction with the export component business crossing the quarterly revenue run rate of INR20-plus crores. We have also received production approvals for export parts, providing further opportunities as programs ramp up.

Moving to H1 of FY27 financial performance. For H1 FY27, total income stood at INR290.5 crores compared with INR165.1 crores in H1 of FY26, which registered growth of 76%. Revenue from operation increased 81% to INR280.2 crores. Transfer case revenue increased 91% to INR156 crores, while e-gear drive revenue grew 30% to INR70.2 crores. Components revenue increased 45% to INR67.6 crores, reflecting the continued expansion of this business.

EBITDA for H1 FY27 stood at INR85.53 crores, up 108% year-on-year with EBITDA margin improving to 29.4% to 29.5%. PAT increased around 162% to INR51 crores with PAT margins of 17.8%. Overall, H1 reflects strong growth across our established businesses, supported by customer demand, exports and increasing scale. We remain focused on execution, operational efficiency and converting our growing pipeline into sustained business. So going to balance sheet and financial position.

Coming to our balance sheet position, we continue to maintain a strong and virtually debt-free balance sheet with negligible borrowings. Our cash and cash equivalents stood at INR41.6 crores, supported by bank balances of INR255.7 crores, providing adequate financial flexibility to support our ongoing operations and growth initiatives.

On the working capital front, trade receivables stood at INR110.5 crores, while inventory was INR74.5 crores as of September '26. We continue to focus on efficient working capital management while supporting the expansion of our business. So overall, our strong liquidity

position and negligible debt provide us with the financial flexibility to invest in future programs and growth opportunities. So that's it from my side.

Now I would like to open the floor for questions and answers.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Manthan Jhaveri from Nexus Equity.

**Manthan Jhaveri:** Sir, I just wanted to confirm on the Indonesian order. So in the presentation, we are highlighting that this year, we'll be closing around INR500 crores of revenue. And in the first half, we have already done more than INR280 crores, INR290 crores of revenue. And the pickup will be more in H2. So the math doesn't confirm like, obviously, we'll be crossing INR500 crores by a significant margin.

So that was the first part of question. And sir, second part, so automatic transmission, like can we expect some significant breakthrough in the FY29, like in terms of commercialization of our business?

**Jitendra Divgi:** Yes. So these are the two parts of your question, right?

**Manthan Jhaveri:** Yes. Yes, sir.

**Jitendra Divgi:** So you're absolutely right. I think the forward guidance, you're absolutely right, INR290 crores. I think what we meant to say was it will be well, not INR500 crores, well over INR500 crores. So you're absolutely right. And the second half will be kind of a mirror image of the first half.

Let me just say that to dispel all speculation. So that's the answer to the first part of the question. The second, yes, we are working -- actually, we have made a qualitative progress because one of the things we've been able to accomplish now is isolate two opportunities.

One is, Yes, so I was commenting on the prospects for automatic transmission. And what I was beginning to say was we have isolated two clear, let me say, nuclei of opportunities. One is for small cars, where the solution seems -- a competitive solution continues to elude our OEMs.

And that's where we sincerely believe that a strong Indian Tier 1 is needed to find a solution for the Indian automotive industry. As far as we know, attempts made so far have not been particularly successful either in terms of performance or economics. So this is one opportunity we are working on.

The second opportunity is high torque that is two-liter and above engines in SUV applications, rear-wheel drive that sort of complements our offering on transfer cases. So there are a lot of moving parts in this, but we expect there is one particularly attractive opportunity that is arising.

And if we execute that successfully, we may end up actually moving up the launch of an automatic late FY28 or very early FY29. In small numbers and then gradually picking up. As I said, there are multiple customers and methodologies that we are working with. Hopefully, we should have an announcement later in December or early part of next year.

**Manthan Jhaveri:** Okay, sir. So announcement regarding the commercialization of automatic transmission. Is that correct?

**Jitendra Divgi:** Yes, yes, yes.

**Manthan Jhaveri:** Okay. And that will be -- I think we would start with the Indian OEM only or it will be anyone?

**Jitendra Divgi:** Well, there is also the possibility of servicing some overseas requirement.

**Manthan Jhaveri:** Okay. And sir, sir, our long-term vision of like going to INR1,000 crores and then eventually to INR2,000 crores and the road map that we have published, this year, let's assume that we will be around INR550 crores to INR600 crores on a conservative side. And sir, you previously highlighted that next year, due to this such a high jump revenue due to Indonesian this year, next year that growth won't be possible due to the large orders.

So does that status continues? Or are we seeing that where we can sneak in even a 10% to 15% of growth next year in FY28, I mean. And then again, FY29, we will have this tailwind of automatic transmission. So how does the trajectory work?

**Jitendra Divgi:** Yes. See, we prefer being a little conservative. and preparing our cost structure for a more conservative scenario. And then if there is a boom, then obviously, the performance ends up becoming better. So I'll tell you what generally the strategy and approach we are taking is that the baseline trajectory of growth, we are trying to maintain at 15% to 20%.

Now Indonesia was like a surge on top of that, okay?

And side by side, we are trying to achieve a breakthrough in one or more of the four categories that we work with. And those four categories are manual transmissions, 4-wheel drive, EV and automatics. If you look at our presentation that we have posted, Slide number 27 kind of takes a crack at projecting where this market could go by 2030 and beyond.

So a lot depends on how opportunities come through. What this reflects is our take on how the markets are going to evolve and crystallize going forward. And those of you who pay attention to the evolution of the global economics and within the context of that, the global automotive industry would recognize that India is becoming increasingly relevant. We are certainly seeing that, not just in terms of manufacturing contracts, but there are clear visible signs that India is being co-opted Indian companies, both OEMs and Tier 1s in future platform development across the world.

So we are working on at least three such programs, which are in their embryonic state. And because of confidentiality agreements, I'm not at liberty, but they include two Europeans and one Japanese or potentially two Japanese because we are clearly seeing that India has a decisive advantage in terms of cost, of course, but also capability in certain respects.

Therefore, on Slide number 27, whatever projection we have put is at this instance, our sort of crack at or our estimate of how that situation would look. And as you have seen, certainly, Indonesia emerged. And there will be more such interesting things that happen as we go along.

Suffice it to say that we need to be in a state of strategic preparedness, right, to be able to take advantage of opportunities of this type.

**Manthan Jhaveri:** And just one last small question from on the margins front due to all the cost pressures currently going on, we have been steadily maintained our margins, in fact, improved in this H1 also. So do we expect that margins will he about 25%? Like obviously, 27% is the high point of what we have guided in the past. So 25% is safe to assume in FY28 also once the Indonesian order goes down?

**Jitendra Divgi:** Yes. If you go back to our earlier calls, since our IPO, we have said that as we grow and handle this VUCA uncertain market, we will try and maintain EBITDAs above 20%. We process all our quotations to try and achieve this threshold, also ROI of -- that is return on invested capital of at least 15% to 18% when we do our quotations. So that promise holds, and we are certain -- and as you've seen, since our IPO, I think if we have slipped a little bit on ROIC, and that's because we've been investing continuously for modernization and capacity development.

But broadly, if you look at our financial results, we've kept our EBITDA above that 20% threshold even in the downturn years. So yes, that is certainly -- we are committed to maintaining that. And I'll tell you what's happening. As the scale builds up, while there are challenges in the current environment we live in on operating variable costs, cost of power, cost of commodity is going up, but scale will bring a better utilization of our assets, so the impact of depreciation and impact of fixed cost can be better managed.

And you certainly saw the impact of that when the scale surged, thanks to Indonesia. Now imagine if you're working on an automatic transmission program whose top line can go anywhere from INR300 crores to INR700 crores, you can see what effect it will have on depreciation and fixed cost.

**Manthan Jhaveri:** Absolutely, absolutely. So basically, sir, automatic transmission would be higher margins than current business, at least 25%.

**Jitendra Divgi:** Let's just say that product development has a process of maturation. And it can start with slightly lower margins. And then over the three years or so with cost reduction and productivity, the margin then improves. So to open up the market against the big boys of the global industry, who, of course, are battling their higher costs and import tariffs coming into India, we have some advantage. But our experience is that this takes time.

If you go back into our history, you see that the kind of profitability we have today, we did not have that 20 years ago. So it takes time. But with the capability we have on the ground now, the time certainly will be compressed to three to five years and not 20 years.

**Moderator:** The next question comes from the line of Avinash Nahata from Param Financial Services.

**Avinash Nahata:** My first question pertains to EV transmission. So first is, as part of the leading OE, which all programs we are part of? So if I study their numbers, they are doing almost 15,000 a month. So for the quarter gone by, they have done 45,000 units. And if I see our numbers, I mean, we would have done not more than 3,500 to 4,000 per month kind of numbers.

So we are part of which all programs and something which we have been part of some programs lately into this quarter. If you can spend two minutes on this.

**Jitendra Divgi:** Yes, yes. No, that's a good question. So we were originally earmarked to be on all programs from the little Tiago all the way up to Curvv, okay. But developments now are that the -- in between, there was a little bit of an interregnum. So the situation now is that with the advent of the Sigma program, we will cover all the vehicles, except the Punch.

And on the Punch, we have a separate contract for component development that is going on for the new Chinese Tier 1 that is going to be supplying Tata Motors.

So through that component base, we will come back on the Punch. And therefore, our presence with the launch of the Sigma will actually cover then the entire range of vehicles from Tata. I might add that we are also on some small commercial trucks at Mahindra, where we are seeing a significant increase in numbers. So let me just pre-empt the follow-on question to this set of remarks, which is that why aren't we seeing the Sigma numbers? And the reason for that is the vehicle testing is backlogged at Tata Motors.

It's been kind of superseded by new product development that is going on there.

This is localization that we are doing against Chinese imports. And given the limited bandwidth for testing that is available, this product has kind of gone back and forth from the front burner to the back burner. So the testing is still underway, but it gets discontinued because of priority. The contract is a directed buy which means that Tata Motors has mandated TACO to buy from us and supply. So TACO itself has given us the PPAP approval for our production, and we had actually even mobilized some of the inventory to launch this vehicle.

So we hope that the testing will conclude now after Diwali by middle of December or so. And we are looking forward to the introduction of the Sigma. So the Sigma then will be introduced on the Nexon and Curvv and also the front axle of the Harrier and the 4-wheel drive version of the Harrier and Safari, also the Sierra.

And through the component kit business, we are developing that for another -- it's a joint venture between a big Indian group and Inovance of China. We'll be supplying components for that, specifically for the Tata Punch program. So I hope this answer very specifically point by point addresses the question and the concern underlying that question.

**Avinash Nahata:** Okay. Just a small follow-up. So which means essentially based on whatever visibility we have for the testing, et cetera. So starting Q4, which is 1st of January, since we are part of the entire family of Tata Vehicles, except the Punch on the Sigma program, so are we the sole supplier in the Q4? We would be the sole.

**Jitendra Divgi:** On the gearbox, we are -- on the gearbox, we are.

**Avinash Nahata:** Okay. So we can see substantially higher numbers into Q4, I mean, based on the current expectations.

**Jitendra Divgi:** Yes, yes.

**Avinash Nahata:** And is my assumption right that we are doing not more than 3,000, 3,500 monthly?

**Jitendra Divgi:** Yes.

**Avinash Nahata:** And how that progression would be into Q3?

**Jitendra Divgi:** It will be driven by the schedules on Nexon and Curvv.

**Avinash Nahata:** Schedule of?

**Jitendra Divgi:** Nexon and Curvv. And beyond that from April, May onwards on the Punch as well. So this broadening electrification is actually bolstering the forecast for FY28.

**Avinash Nahata:** Yes. Got it. Okay. My second question is just an extension of the previous participant's question, which is, like you said, 15% to 20% growth on baseline business. So essentially, we were doing closer to -- before this Indonesian program, we were doing closer to INR40-odd crores on the automatic -- on the 4-wheel drive.

So assuming a 20% growth, is it a fair assumption that from the first quarter FY27, FY28, from 1st of April, our numbers are going to be INR50 crores a quarter for the 4-wheel drive business? Without taking into any other programs right now?

**Jitendra Divgi:** Yes. See, I wouldn't want to hazard -- yes, you can infer based on these numbers. But what is happening is there are indications because Mahindra, for example, is launching this new pickup truck globally. And today, it is very difficult to put a number on what that number will be. Our experience is that since 2020, that Mahindra's -- when they go into the launch, the numbers tend to exceed their initial forecast.

So there are a lot of moving parts and the situation is highly dynamic. And to make a particular set of forecast, I think, is a little hazardous, I would say. But we know that directionally, it is going in that direction. And it's not in FY28, but in FY29, if they end up hitting the right buttons, we could see Indonesia type volumes globally. That means India plus the markets that they operate in.

And there's quite a broad spectrum because they operate in North Africa, they operate in South Africa, Australia, New Zealand, South America is a big market, right? I should also point out that maybe there's one thing we missed in the opening remarks when we talked about Tata, which is that Tata Motors has now, as you have been following, finished the acquisition of Iveco.

And Iveco has a very significant line of LCVs that are 4-wheel drives. And we have the products already designed to go on those transmissions. So these are the opportunities that I see. Broadly, I would say is that the acquisition of Iveco by Tata is actually the big development and the big breaking news for us, both in the area of manual transmissions for these vehicles, automatic transmissions and transfer cases. So with all this happening, we need to process that.

And hopefully, we will have some kind of a coherent picture in the next couple of months.

**Avinash Nahata:** Okay. And if I could squeeze one more on the Component side. So right now, we are at a run rate of INR35 crores a quarter, which is INR20 crores of exports and INR15 crores domestic. So is it -- what kind of growth? I mean, is it possible to do closer to INR180 crores, INR190 crores in FY28?

So we are already at a run rate of INR140 crores on the quarter gone by.

**Jitendra Divgi:** Yes, that is not inconceivable.

**Moderator:** The next question comes from the line of Sanskar Sahuji from Emkay Global Institutional Equities.

**Sanskar Sahuji:** Congratulations on a strong quarter. My question is on the speed automatic transmission program. Could you update us where are we in the terms of customer nomination? And what will be the watch out over the next 6 to 12 months? Or maybe what milestones are remaining for a business award, something on this?

**Jitendra Divgi:** Yes. So we have quoted on these programs. And because of the complexity and the strategic nature of these awards, it is taking a little bit of time. Also, there is a sort of incumbency that we are up against at our customers. And that is what is -- but we know that both in terms of cost reduction and strategic performance and reliability kind of issues that a solution is needed. But because these are highly strategic sort of interwoven issues, top management needs some time to resolve these issues.

But the argument for a very strong local competent Tier 1 is damn clear. And as far as we know, there isn't anybody else in terms of a local entity that has a solution that has been tabled with the rear-wheel drive automatic also has a strong connection to the light commercial truck segment and its specialty applications. which could be forestry, mining, defense and so on and so forth, where again, Indian OEMs are at the mercy of the kind of unpredictable, let me say, vicissitudes of the global automotive industry that itself is going through a lot of churn.

Therefore, for stability and security in the supply chain, a strong supplier is needed. The question is Indian OEMs are not going to agree to the kind of cost benchmarks, which are out there in the world. They need something even more competitive. So that is the effort that is going on right now. We have and we hope that in the next -- at least by December, we will have one of these two things sorted out.

As I said, one is a low torque, very small. You could say it's the world's most compact dual-clutch transmission. This is one idea that we are pursuing. And the other one is a more conventional rear-wheel drive 6 or 8 speed, one of the two automatic transmission.

**Moderator:** The next question comes from the line of Karan Gupta from ACMIIL.

**Karan Gupta:** So my question on the volume side of the segment, segmental volumes, if you can share. And by FY28 or from FY28 how it will be the growth guidance.

**Jitendra Divgi:** Let me make sure I've understood your question. You want to understand segment-wise volumes?

**Karan Gupta:** Yes.

**Jitendra Divgi:** Yes. As I said, these kinds of questions are a little hazard as to give. A more prudent way of addressing them is to give sort of the potential direction in which we are going. So as I said, if you look at historically, if you look at three- to five-year periods, we tend to register a CAGR of 15% to 20% okay? There may be little ups and downs along the way. We are quite confident that, that is what we will maintain. And it is our clear view that in parallel, there will be significant breakthroughs. The breakthroughs will be of two types.

One, which is very large in number, like an automatic transmission or a global transfer case contract, which can, therefore, completely change the color and character of the business. The other one is a surprise award of a very, very high prestige. So one of the big German OEMs, for example, awarding on one of its signature iconic vehicles, awarding the development to a company like us. And we think that is likely to happen because many European suppliers are facing bankruptcy or just steep cost increases.

And in low to medium volumes, they are unable to effectively service their traditional OEM customers. So one of the trends that we are seeing is the India international purchasing offices of these large multinationals becoming very active in terms of trying to figure out whether they can have contingency plans out of India. So this is now becoming a matter of survival and bringing security to their supply chains. Because of, again, confidentiality, I cannot name these companies, but I think I've given you enough hints to let you know what's happening.

Let me just say that the reason we have gone to the U.S. also is we believe that the price realization in overseas markets can be much better than what we are getting in India. Our benchmarking and intelligence we have clearly shows that. So that is another factor that I would urge you to keep in mind. And this is especially so on our EV platforms.

So if the intent behind your question is to sort of understand through numbers what's happening, you will also need to bear in mind these factors. So we are currently talking to two Japanese OEMs and two sort of European OEMs, one directly and one indirectly.

And in both cases, both on the Japanese side and on the European side, we have prototypes that have been made. So I'm not talking of a sort of fluffy, flimsy idea sometime in the future, but here and now, what is going on. And the one of those programs is going into production in low volume on a new platform maybe in the second half of next year and one of the Japanese programs beyond that.

But the numbers right now are a little modest. But what we know from experience is that developments like this can snowball quickly into confidence building and generally then lead to some scaling up. So please bear this in mind.

But broadly, I would say, 15% to 20% increase is what we are -- and that will come through numbers right now because in these contracts, the price is not going to change. But our U.S.

office is hard at work. And as a matter of fact, since yesterday, we are at one of the premium equipment exhibitions in the U.S. where for the first time, we are exhibiting our entire range and portfolio of products.

And we expect something interesting to come out of that. We have also quoted on some business that cannot be done out of India. It has to be done out of the U.S. The end application is Ford and Chrysler and Toyota for a Tier 1 there. And we will know in the next 1 to 1.5 months, whether that contract is coming our way.

If that goes forward, then we have to move very fast in the U.S. to set up a manufacturing facility. And we have a clear plan. We are waiting for the building blocks to come together. So I know this is a kind of a roundabout way of answering your question, but I think I've addressed the main intent behind it.

**Karan Gupta:** Yes. Fair enough. Fair enough. Just wanted to try to quantify the growth prospect because there is multiple new programs in semi right, and customers who are acquiring to. Fair enough.

**Jitendra Divgi:** What I would do is I think the answer to your question is actually also it's work in process. I would ask you to go to the presentation and look at Slide number 27, that one slide captures a framework which is guiding us. And that tells you the efforts that are going on. And I think we will be using this template to report our progress.

**Karan Gupta:** Okay. Fair enough. Fair enough. In the EV transmission side, we are more focusing on the domestic players, except Tata, how many new customers we going to acquire in the next, let's say, this FY27 and FY28. Any work in progress conversation is going on with the multiple clients?

What is the sense there?

**Jitendra Divgi:** I've already told you there are a couple of new Japanese applications we're looking at. We're looking at two European applications.

**Karan Gupta:** Also in the transmission and transfer case?

**Jitendra Divgi:** Yes. This is in the area of EV transmission. This is actually all -- let me see, it's all 4-wheel drive.

**Karan Gupta:** Across package trying to..

**Jitendra Divgi:** Yes. So one is front-wheel drive, all-wheel drive, the other one is rear-wheel drive.

**Moderator:** The next question comes from the line of Ronak Jain from Equirus Securities Private Limited.

**Ronak Jain:** So I had just one question on the Indonesia order. So basically, I just wanted to understand how much of that order has already been completed and whether this whole order is going to be executed in FY27 itself? Or will some part of it also get spilled over in FY28, early part of FY28?

**Jitendra Divgi:** Yes, excellent question. I think the Mahindra part of the order will get executed by around February. But certainly, yes, before end of the year. The Tata part of the order will spill over and go up to June.

**Ronak Jain:** Okay. And till now, how much of the order has been executed like combined Tata and Mahindra percentage-wise?

**Jitendra Divgi:** See, in terms of vehicle shipments, maybe Mahindra is at 50% and Tata is at below 50%. But on the transfer cases, the units that we have supplied, I think we -- as I said, at a rate of about -- on an average, 3,000 a month, we are likely to finish this by February. So we're looking at the last five months now. So about in excess of 20,000 units at Mahindra. You have the numbers?

**Satvinder Sabharwal:** We also supplied from our side in the Q4 of the last financial year. Put together between that Q4 and this financial year, Q1 and Q2, for Mahindra, we have supplied approximately 24,000 units. And for Tata, we have supplied about 13,000 units.

**Ronak Jain:** Particular...

**Moderator:** Sorry, you are not audible...

**Jitendra Divgi:** Okay. So you got the numbers, right...

**Ronak Jain:** Yes, I got the numbers.

**Moderator:** The next question comes from the line of Bhavesh, an Individual Investor.

**Bhavesh:** I have just one question regarding your capital allocation strategy. The company currently holds a strong cash position of approximately INR297 crores. So could you please share your plans for deploying this capital? Are you planning any upcoming CapEx? And alternatively, given the company's strong performance, is the management considering rewarding shareholders through a special dividend?

**Jitendra Divgi:** Yes. No. See, if we have to reach this target of INR1000 crores and there onwards to the next INR1,000 crores, it will require deployment of this purpose. And so that is where it is intended for that purpose, this particular corpus that we have. If you look at our IPO prospectus, whatever we had said there, we are going in that direction.

And the integrity of the plan has not been compromised. It has taken a little more time, but that's what we are doing. The amount will be used for both product development as well as capital investment.

**Bhavesh:** And the rewarding the long-term shareholders, any plans for a special dividend?

**Jitendra Divgi:** No. Nothing of that type.

**Moderator:** Ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments. Over to you, sir.

**Jitendra Divgi:** Yes. So I don't want to add. I think there has been a substantial discussion among three members of the management team and some really comprehensive penetrating questions asked from the audience. So I would just like to conclude by thanking our investors, analysts who took the time and effort to participate in this session. I've always said that we enjoy these sessions because we learn a lot.

Hopefully, we are able to pass on some better insights into the business, a better idea of the future, where we are headed. And through this, we make it productive and constructive for all of us. So in conclusion, thank you very much, and we look forward to another such session next quarter. Happy Diwali to everybody.

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