



## Divgi TorqTransfer Systems

**Divgi TorqTransfer Systems Limited**

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**Ref.: DTTS/Sec/25-26/63**

**November 20, 2025**

To, <b>BSE Limited,</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001  <b>BSE Scrip Code – 543812</b>	To, <b>National Stock Exchange of India Limited,</b> "Exchange Plaza" 5th Floor, Plot No. C-1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051  <b>NSE Scrip Code - DIVGIITTS</b>
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**Sub: Transcript of Earnings Call held on November 13, 2025**

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

Dear Sir / Madam,

Further to our letter reference no. DTTS/Sec/25-26/55 dated November 06, 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 **November 13, 2025**, in respect of the Unaudited Financial Results of the Company for the quarter and half year ended September 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 System Limited  
Q2 FY26 Earnings Conference Call”

November 13, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchanges on 13th November 2025 will prevail.



**MANAGEMENT:** **MR. JITENDRA DIVGI – MANAGING DIRECTOR – DIVGI TORQTRANSFER SYSTEM LIMITED**  
**MR. HIRENDRA DIVGI – WHOLE-TIME DIRECTOR – DIVGI TORQTRANSFER SYSTEM LIMITED**  
**MR. SUDHIR MIRJANKAR – CHIEF FINANCIAL OFFICER – DIVGI TORQTRANSFER SYSTEM LIMITED**  
**MR. SATVINDER SINGH SABHARWAL – CHIEF GROWTH OFFICER – DIVGI TORQTRANSFER SYSTEM LIMITED**  
**DIPAK VANI – CHIEF OPERATING OFFICER – DIVGI TORQTRANSFER SYSTEM LIMITED**

**MODERATOR:** **MR. MIHIR VORA – EQUIRUS SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Divgi TorqTransfer System Limited Q2 FY26 Earnings Conference Call hosted by Equirus Securities. 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 this conference call, please signal an operator by pressing star then zero on your touchtone 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, Mr. Mihir.

**Mihir Vora:** Yes. Thank you. Good afternoon, everyone. On behalf of Equirus Securities, I welcome you all to the Q2 FY26 Post Results Call of Divgi TorqTransfer System. 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. Over to you, sir.

**Jitendra Divgi:** Yes. Thank you, Mihir. Good afternoon, everyone, and a warm welcome to our Q2 and H1 FY '26 earnings conference call for Divgi TorqTransfer Systems. On behalf of my team and the organization, I want to express my appreciation for your time and interest in joining us today for this discussion on our performance for the quarter and half year ended September 30th.

As Mihir mentioned, I'm joined by my colleagues, Hirendra Divgi, Executive Director; Sudhir Mirjankar, CFO; Satvinder Singh Sabharwal, our Chief Growth Officer and Dipak Vani, our COO at Divgi TorqTransfer System and also SGA, our Investor Relations Advisors. I hope you've had the chance to review the results and the investor presentation, which are available on the stock exchanges as well as our company website.

So I would like to begin by highlighting an important milestone on our strategic initiative to deepen our presence in key international markets. This particular point was alluded to in our previous earnings calls. And I'm very pleased that these efforts are now beginning to translate into tangible outcomes.

I'm pleased to share that our long-standing focus of taking our legacy product line, which is transfer cases to global platforms has achieved now a very, very significant and major milestone. We have secured a nomination from a very leading Japanese OEM that is a market leader globally and in particular, in Southeast Asia, to develop the transfer case for their iconic pickup truck platform with SOP starting from H1 FY '28.

This is a highly strategic win for us given the OEM's strong global presence and the overall scale of this particular platform and the models that come off it. As part of the development cycle, we have already built a proof-of-concept unit, which is undergoing some testing on one of our vehicles. Early performance results have been encouraging and are helping us refine the product for the upcoming validation phases.

The idea is that we will first focus on localization for the Indian market. And as we consolidate on our operations and quality, we will plan to expand supplies to regional markets around India. This nomination is not only a major milestone in our global expansion journey, but is a very strong endorsement of our engineering depth, product reliability and manufacturing capabilities.

It further strengthens our position as a competitive and credible supplier in the international drivetrain market, opening the door for additional opportunities with global OEMs in the future. Looking at our financial performance for the first half of the year, I'm really pleased to share that your company is not only firmly back on track, but has significantly accelerated now its improving performance.

In Q2 FY '26, we achieved our highest ever quarterly revenue (Errata: To be read as Total Income) of INR88 crores, taking our H1 total income well beyond INR160 crores, representing a strong 39% year-on-year increase. EBITDA came in at INR41 crores, up 35% from the previous year, while PAT rose to close to INR20 crores, delivering an impressive 43% year-on-year growth. Overall performance also strengthened quite meaningfully.

Better capacity utilization drove better cost absorption, resulting in enhanced profitability. Gross margins remain healthy at over 60%, EBITDA margins are in excess of 24% and the PAT margin is improving and currently at around 12%. Exports, this was most encouraging, contributed nearly 16% in H1 and more significantly, over 20% in Q2 FY '26, helping us make progress towards our medium-term target of 20% to 25%.

Overall, the business continues to demonstrate resilience, operating efficiency and consistent execution across key parameters. I will now take the time and opportunity to go into individual segments of our overall business. On transfer cases, we delivered a strong performance in the first half, growing 42% year-on-year and demonstrating continued momentum in this vertical.

This has been demonstrated -- this has been driven by sustained volume offtake from our main anchor customer, which is Mahindra, but also additional customers like Tata and Force Motors, with monthly averages now at par with FY '24. We expect to surpass FY '24 transfer case volumes and are well positioned to accelerate further growth in the coming quarters.

During the quarter, we also saw a volume-led price correction based on the agreed contractual threshold, which you could interpret as a healthy sign that reflects sustained demand and strong long-term volume visibility. The segment's performance was further supported by increasing adoption of 4-wheel drive systems in the market and the successful launch of new customer models.

And this continues to expand the addressable opportunity for our transfer case portfolio. Looking ahead, our focus for the transfer case segment remains on accelerating growth across both domestic and international markets. On the domestic side, we are actively collaborating with leading OEMs on many of their upcoming platforms. And on the export front, we are making meaningful progress in globalizing our transfer case portfolio.

As shared earlier, we have secured a nomination from a leading Japanese OEM to develop the transfer case for their iconic pickup platform, which is a significant milestone in our international expansion efforts. As part of our long-term strategy, we are also evaluating the feasibility of establishing a manufacturing footprint in the U.S. market to support future growth and deepen our global presence.

We expect this study to reach some sort of a conclusion before March end '26. Shifting to now the EV transmission segment. The performance remained muted on a year-to-year basis, a trend that has continued over the last few quarters. EV volumes in the market were subdued during the period, resulting in range-bound sales for our EV transmission business broadly in line with the previous quarter.

However, we expect volumes to improve meaningfully in the second half as we commence production and supplies of the new Sigma platform to our key customer, Tata. With deeper integration across multiple EV platforms, we anticipate a strong volume ramp-up in H2, while also maintaining the current run rate of volumes on models that are already there, which should strengthen the growth outlook for this segment.

Broadly, we are expecting about a 20% to 25% improvement in volumes on EV transmissions. Moving forward, our key priority for the EV transmission segment is to enhance capacity utilization by expanding into newer platforms. We remain closely aligned with emerging growth opportunities across both domestic and international markets. And we are actively seeking out opportunities in the United States and in Europe.

We remain closely aligned with emerging opportunities, as I said, in both domestic and international markets. So on the export front, we are expanding our global reach to engage with international OEMs like Ford and Tesla, also Toyota, aligning with their evolving platform requirements and strengthening our presence in key geographies.

Moving on to the components business, which has been led primarily by exports. This has been consistently increasing its share in the overall mix over the last 6 months. As was indicated towards the end of calendar year '24 when we had said that in '25, we will begin to see an uptick in the export business.

The segment continued its strong momentum throughout H1, delivering a stellar almost 100% year-on-year growth in H1 FY '26. This performance was primarily driven by volumes from a major Tier 1 export customers that include BorgWarner and Magna, reflecting the growing acceptance of our components in global markets with iconic pickup truck and SUV manufacturers around the world. Export markets remained encouraging despite global uncertainties arising from recent U.S. tariff actions.

Coming to U.S. tariffs, I want to highlight that we do not foresee any short-term impact of these actions on our components business. India, despite this action, continues to remain competitive in the light-duty application segment in the United States, where -- and I want to emphasize this, the duty structure is not 50%, but limited to 25%.

The other thing that adds resilience, I think, to our business is we operate in niche segments and the specialized nature of the components that we supply where the parts are highly engineered, both from a design standpoint as well as the design of the manufacturing system that is needed. And therefore, these are not easily substitutable.

What truly differentiates us in the markets we operate in is our ability to deliver far more than just simple components. These are precision parts, highly engineered with a high standard of

metallurgical science involved. We have consistently demonstrated our capability to provide integrated high-value solutions that combine logistics all the way to the doorsteps of our customers in all over the United States.

And so the overall value proposition continues to remain quite compelling. We have a strong pipeline of opportunities under development on the export side, both for new business acquisition and for engineering next-generation components. Over the past few quarters, we have successfully diversified our revenue mix and continue to make focused efforts to expand our export portfolio across multiple markets and geographies, including markets like Portugal, Austria and Germany.

These initiatives are progressing well across these markets, and I expect it to be important drivers of our export-led growth over the next few quarters and years. Several new products are currently in the approval stage, and we anticipate many of this to be converted into firm orders in FY '27.

Demand for critical components across both domestic and international markets remains steady and the prospect of an imminent trade deal with the United States, which has been in the air for some time now, will only further strengthen our business prospects. I now want to switch to a few remarks and observations about the next-generation transmissions that we are working on.

So this continues to be a key sort of focus for us because our long-term growth strategy is expected to come from here. FY '26 has been a year of steady progress on this front. And we are now at a stage where in the automatic transmission domain, the likely advent of tightening emission norms are bearing down on how automatic transmissions are designed and integrated into vehicles.

And in order to sort of leapfrog this dynamic market, we have made a decision to go straight to 8-speed transmissions instead of 6 or 7-speed transmissions. And given the commonality that exists between -- to a significant extent between manual transmission -- the manual transmission ecosystem in India and what is needed for dual-clutch automatic transmissions, we have elected to work with dual-clutch technology, wet clutch dual-clutch technology for the passenger segment in India.

We have submitted quotations and drive trials with the type of technology that we intend to deploy in India, drive trials are currently underway with OEMs in India to demonstrate the superior performance, shift performance, but also the considerable improvement in fuel economy that we are expecting.

On commercial truck applications, we are investigating rear-wheel drive automatic transmissions that complement our line of transfer cases from pickup trucks to light commercial vehicles. In our manual transmission business, our focus continues to be on strengthening relationships with existing OEMs and providing end-to-end strategic supply chain solutions.

As mentioned in our previous earnings call, we have received a significant RFQ for a five-speed manual transmission from one of India's largest commercial vehicle OEMs. Building on that, discussions have progressed further, and we are now engaged in deeper evaluations to align product requirements with our manufacturing and engineering road map.

Additionally, we have submitted proposals to a second OEM in tandem with our 4-wheel drive transfer case. So this is an integrated transmission transfer case value proposition, further strengthening our positioning in high-value drivetrain systems. These initiatives collectively reinforce our objective of maintaining a competitive and future-ready position in the conventional drivetrain space even as the industry transitions towards hybrid and electrified architectures.

So with that, let me bring my opening remarks to a close. Before I conclude, I want to highlight an important -- another important achievement for us this quarter. A few weeks ago, we showcased our state-of-the-art drivetrain and transmission solutions through actual exhibits at the Mahindra SUV Proving Track, MSPT as it's called, at a place called Cheyyar in Tamil Nadu on the occasion of the Mahindra Technology Day.

This platform allowed us to demonstrate our advanced engineering capabilities, next-generation technologies and the depth of our product portfolio to key members of Mahindra top management. And this included drive trials on vehicles into which some of our products have been integrated. The response from the OEMs leadership and technical teams was highly encouraging, further strengthening our engagement and reinforcing our positioning as a trusted innovation-driven partner for Mahindra & Mahindra.

FY '26, I'm pleased to note that has begun with a good dose of vibrancy marked by robust execution, deeper customer engagement and meaningful progress across many of our strategic initiatives. We remain focused on driving sustainable growth, enhancing operational efficiencies and expanding our presence across both domestic and global markets.

The opportunities ahead are substantial, and we believe we are well positioned to capitalize on them. The near future holds many exciting possibilities, and we look forward to sharing further updates with you in the upcoming quarterly earnings calls. So with that, let me conclude my opening introductory remarks and hand over the proceedings to my colleague and CFO of our company, Mr. Sudhir Mirjankar. Thank you very much.

**Sudhir Mirjankar:**

Thank you, sir. Good afternoon to everyone on the call. Before presenting the financial numbers for the Q2 and H1 of FY '26, I would like to highlight a few key points. We began the new fiscal year with robust volumes in Q1, and I'm pleased to share that we successfully sustained this momentum through H1 of FY '26.

The growth has been broad-based across our two major segments, transfer cases and components, both of which continue to demonstrate strong traction. Our transfer case business benefited from healthy volume offtake from key OEM customers, while our components segment, which is predominantly export driven, continued its strong upward trajectory as global demand for our high precision components remained steady.

Speaking on financial performance of H1 FY '26. For H1 FY '26, our total income stood at INR165.1 crores, marking a 39% year-over-year increase from INR118.6 crores in H1 FY '25. This growth was led by sustained momentum in transfer case volumes throughout the first half and continued robust performance in component business.

So on revenue mix, the transfer case segment delivered strong growth of 42% year-on-year compared to H1 FY '25. We witnessed healthy volume traction in Q1, and this momentum continued through Q2 as well, driven primarily by higher offtake from our key OEM customer. We remain confident that this momentum will continue in the coming quarters.

The EV transmission segment declined by 5% in H1FY of '26 compared to H1 of FY '25. The segment has been largely range bound due to subdued EV volumes in the market. However, we expect a ramp-up in the second half of FY '26 supported by stronger customer offtake and deeper integration across newer EV platform.

The components segment continued its robust performance, growing 113% in H1 FY '26 compared to H1 FY '25. This exceptional growth was largely export led despite global market uncertainties. We expect this momentum to sustain in H2 of FY '26 as well. Exports continued to steadily increase its share in the overall total income mix. In H1 FY '26, exports contributed around 16% of total income, and we are progressing well towards our medium-term target of 20% to 25%.

Gross margins for H1 FY '26 stood at 63%, expanding by 119 basis points over H1 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 H1 FY '26 came in at INR41 crores, registering a healthy 35% year-on-year growth from INR30.5 crores in H1 of FY '25. The improvement was largely supported by a better product mix and operating leverage benefits arising from higher volumes, which resulted in improved absorption of fixed costs. EBITDA margin for the period stood at 24.9%.

Profit after tax for H1 FY '26 stood at INR19.7 crores, reflecting a strong 43% year-on-year growth from INR13.8 crores in H1 of FY '25. This performance was driven by enhanced operating efficiency and higher volumes in major segments, leading to further strengthening of overall profitability. PAT margin stood at 11.9%.

Coming to the quarterly numbers. In Q2 of FY '26, we delivered our highest ever quarterly total income of INR88.3 crores, registering a strong 49% year-on-year growth from INR59.2 crores in Q2 of FY '25 and a 15% sequential growth over Q1 FY '26. EBITDA for the quarter stood at INR22 crores, reflecting a 33% increase from INR16.6 crores in Q2 FY '25 and a 15% sequential growth over Q1 of FY '26. EBITDA margin for the quarter was healthy at 24.9%.

Profit after tax for Q2 FY '26 came in at INR10.7 crores, marking a 37% year-on-year increase from INR7.8 crores in Q2 of FY '25 and a 20% sequential rise from INR8.9 crores in Q1 of FY '26. PAT margin for the quarter stood at 12.2%. This consistency in performance reflects the strength of our product portfolio.

The results of our customer relationships and the disciplined execution by our teams across functions. With the visibility, we currently have the opportunities in the pipeline, we expect this positive momentum to continue in the coming quarters as well. That's it from my side. Now I would like to open the floor for questions and answers. Thank you.



**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mahesh Bendre from LIC Mutual Funds.

**Mahesh Bendre:** Sir, we have released a press note which mentions that we have won a contract from Toyota Tsusho. It's, I think, INR62 crores of contract. So does this for Indian vehicles? Or is it for their international operations?

**Jitendra Divgi:** Yes. Thank you for asking that question, Mahesh, because it gives me the opportunity to clarify many things. So this is in collaboration with, as the press note suggests, Toyota Tsusho, which in itself is a big deal for us. But the OEM is not Toyota because of nondisclosure agreements, you will appreciate. I cannot divulge that detail right now. But it is an iconic pickup truck maker of the world.

The platform that we are working on is a global platform, okay! And it is a market leader right now in Thailand and ASEAN. The global volumes of this platform and the models that the OEM makes using this platform exceed 1 million. So from a strategic standpoint, this is a big deal for us.

In fact, I would go to the extent of saying it is pretty historic because till now, no Indian company has sort of opened up an opportunity with its own proprietary product technology on European, Japanese or American or Korean platforms. To that extent, this development, small as it may be, is extremely historic. And it is a watershed moment, I feel, in the history of India's automotive industry.

So what this gives us is it is up to us now, to use the goodwill we have with Toyota Tsusho. Toyota Tsusho is an \$80 billion conglomerate based in Nagoya, Japan. It is part of the Toyota Group. And we have their massive global network of pushing our product lines into the universe, if I may say so, of Japanese OEMs.

In earlier discussions, quarterly discussions, this may have escaped the attention of -- because we had mentioned that for the purposes of business development with Japanese OEMs, we had signed an exclusive arrangement with Toyota Tsusho. And after many years of hard work, this partnership has now fructified with this win that we've secured.

It has been great teamwork on the Japanese side as well as the Indian side at Divgi, and it has taken enormous amount of hard work and innovation of our sales, marketing and engineering teams to convince the Japanese OEM that what we have on offer is a damn good and compelling value proposition. What I would, therefore, say is that this is very much -- the initial application will be India, but the platform itself is global. And if we do a good job, not only with this OEM, but this could open the gate with other OEMs globally. I hope I've answered your question.

**Mahesh Bendre:** Yes. And sir, what I heard correctly, you mentioned this is a proprietary technology belong to us, right? So this is not a design coming from OEM?

**Jitendra Divgi:** No. This is our proprietary technology. And the genius of this solution we have given is that we have helped them cut costs. We have improved the technology because we have reduced the weight of the transfer case from the 45 kilograms of the Japanese mechanical transfer case to 32

kilograms of the Divgi technology while preserving the electronic circuitry and the in-vehicle networking through that -- the Japanese ECU on that vehicle.

So this has been, how should I say, very depth and adroit and imaginative engineering by the Divgi TTS team to kind of secure the confidence of the Japanese that without disturbing their electronic and software architecture, we have given them an extremely elegant mechanical solution.

**Mahesh Bendre:** Will this open new -- I mean, will this open us more orders for us for global operations?

**Jitendra Divgi:** We certainly hope so, and that is the -- we have the solid backing now of Toyota Tsusho. And I can tell you that this has taken a lot of work. We have a lot of support from their headquarters in Nagoya in Japan. And since they are part of the Toyota Group, the implications of this win are not lost on Toyota Tsusho. And in time to come, we'll certainly look forward to expanding on this win.

We also continue to work with Toyota Tsusho globally. I'm sure a little bit of research will tell you that Toyota and the Toyota Group is extremely strong in the United States. And they have a tremendous brand image for performance and reliability on pickup trucks. So using this partnership, we are also looking at opportunities in the United States.

**Moderator:** The next question comes from the line of Saania Jain from Care PMS.

**Saania Jain:** On the components business, I had a question. On the INR90 crores export front, what is the contract duration for that?

**Jitendra Divgi:** Yes. So typically, our contracts go from 5 to 7 years, sometimes longer. It depends upon the life cycle of these Tier 1 aggregates. What I would like to -- the insight I would like to offer you is that with electrification coming in, OEMs are reluctant now to do major surgery on the legacy products because there's not much growth globally that they are expecting.

Therefore, the legacy -- whatever residual internal combustion applications that will remain and continue in the years to come are likely to retain legacy products. And it is interesting to note that the basic electric shift technology of the transfer case, which we have been making for the last 30 years, has been around since the mid-1980s. What has happened is the electronic controls, the software, it is these aspects that have evolved.

The architecture itself has remained the same. And therefore, while these contracts -- contractually will say 5 to 7 years, our experience is that if we do a good job, then the Tier 1 or the OEM will continue us on to the next-generation platforms where these aggregates tend to be carryover products, okay? So I hope that answers the intent of your question.

**Saania Jain:** Yes, it does. And just wanted to clarify on the presentation in the 19th page, it mentions that you have received a final production approval for export parts, which has a revenue potential of INR7 crores per month. Could you give more details on this? Is this incremental to INR90 crores order and when will it start flowing to the P&L?

**Jitendra Divgi:**

Yes. So those are the orders which are currently in execution. The INR90 crore figure comes from the contractual price and the RFQ volumes that were given to us by these Tier 1s. So -- and that is already under execution. In fact, indications are in our conversations with our customers in the United States.

And even as we speak, I have a team right now camped in the U.S. talking to our customers there. There is a sense that from August of '26 that there's likely to be a further uptick of up to 30% to 40% on some of our contracts. This is the indication that is coming. Now of course, it remains to be seen whether that actually realizes.

But it's a good sign that from the U.S. market, we are getting these kinds of signals despite the tariff tantrums, if I may say so, of the United States on India, but I can tell you on the light-duty application in the U.S., which is passenger cars and SUVs and pickup trucks, the United States has been careful not to go ahead with that 50% very high duty because then that will make a lot of their products non-competitive.

So India continues to enjoy between our economics and the 25% vis-a-vis 50% on China. It makes Indian products still the most competitive in the United States. And for this reason, we are not expecting any disruptions from the whole trade front, whatever little volatility that there is naturally in the marketplace. Other than that, we don't foresee anything else.

**Saania Jain:**

Okay. And just two more questions. First is what has been the reason for the increasing in working capital cycle that we are seeing? And do we have any plans to reduce it?

**Jitendra Divgi:**

Yes. What is happening is our export contracts are not all of them, but many of them were negotiated on DDP basis, which is destination duty paid. And you can imagine that if you're operating 10,000 kilometers away from the U.S., we need to have some redundancy in the pipeline because we have a long sea route from Nhava Sheva through the Suez Canal, Mediterranean, Atlantic all the way to the Port of Charleston in South Carolina.

And given that there is always some volatility in the marketplace, you need to be in a position where there is inventory in our warehouse to cover the forecast that are coming in. And we get paid on 45 days after receipt at the Tier 1. So it is this -- so while exports do give extraordinary margins, the downside of it is that we have to have a greater working capital deployment.

**Saania Jain:**

Okay. Got it. And on the cash front, are we considering any capex in the near term? And are we considering any strategic acquisition? And if you could give an ideal acquisition profile we would be looking at?

**Jitendra Divgi:**

Well, let me just say that right now, our -- which I alluded in my introductory remarks, by nature, we are a little conservative in our approach. And our philosophy is that because what we've learned is that in this business, your profitability depends a lot on the extraordinary focus we have on the quality management.

And therefore, integrating different cultures into our business, which is what happens when you do an acquisition, can be a little hazardous to this approach. Given that we are on a momentum,

we have promises to keep with our shareholders, our approach -- preferred approach is that we will grow sort of organically.

We will aggressively acquire technology. So acquisition can take many different forms and which is how we are looking at this 8-speed technology from Europe. It is absolutely state-of-the-art. And one needs a strong financial -- a healthy balance sheet. It's good if you're debt-free and a sort of blemishless track record on execution to make these technology suppliers out of Europe trust you.

And the fact that we have one of the world's most prestigious OEMs out of Germany willing to support us on this technology and work with us, it's absolutely state-of-the-art. It's 8-speed. You can go check how many -- even Volkswagen and Audi do not have 8-speed transmissions with them.

And our vision is to invest in this technology and bring this performance and the fuel economy to the Indian consumer through our anchor customers like Mahindra and Tata. So that is where we want to focus. The investments, I know it's taken a little bit of time, and there is a little bit of disappointment in the market over this.

But our approach is not to go willy-nilly and invest into anything that will compromise the profitability of our business. There is a certain purpose and focus with which this money has been mobilized, and we are staying that course to make sure that we invest in that capability and stay ahead of the technology curve, not just in India, but the world.

**Moderator:** The next question comes from the line of Amit Dhameja from Centrum Broking.

**Amit Dhameja:** I have two questions. Firstly, on the export side, what is the current geographic mix as of now? And as you said, the export has been majorly led by the components business. So are there any specific components that which are outpacing the other component? Or it is mostly a broad-based growth? Secondly, on the EV side, earlier you had also mentioned that we are in talks with Mahindra through Valeo. So is there any progress on that front? And currently, what would be the capacity utilization of the EV plant?

**Jitendra Divgi:** Yes. So on exports in terms of the geographic mix, we are -- right now, the revenue streams that we have are mainly the United States, but there's a very healthy geographic spread within the U.S. But we are also in Mexico, okay! So these are the 2 we have. One program, which is where we've got production approval.

It is ramping up towards production in calendar '26, and that is to a place called Viana in Portugal. It is for an Audi production application eventually. We are in talks with customers in Korea, Thailand and China. And the Chinese development is rather interesting. It's sort of counterintuitive because people think that China is the place to import from. But since 2001 on and off, we have been consistently exporting to China.

And we continue to -- we have a prospect there, which is very bright. It's interestingly a BorgWarner plant that needs help on a part that -- on which we are already tooled up for India applications. So for us, it's simply a lateral deployment of a part and production system that is

already ready in India. So that's a little bit on the geographic sort of portfolio of our export markets.

In terms of the components, I think that this is a good question because we've not had the opportunity to share an insight that I'm going to share with you now. On components, we, again, do not really, really run after just general parts. Our approach is to work on components or component families that we use in products, assembly products that we make in India and then sell at a systems level.

So when we invest in components for export, what that does is give us tremendous amount of synergy with the domestic business, because imagine if I'm putting a production system for a component at 50,000 a month, and then I have a similar part requirement in India for my own product at 4,000 to 5,000 per month.

Now when I aggregate all of this, I have the production system designed for 50,000 per month backing my component. So the kind of competitiveness it gives us in India is unmatched, unparalleled. And this is our approach, whether it is transfer cases, it is EV transmissions parts. So the point I'm making is the portfolio of parts also represents the four verticals or quadrants, if you want to look at it like that, that we make, which is manual transmissions, 4-wheel drive transfer cases and torque couplers, EV transmissions and automatic transmissions.

I might add that whether it's a torq converter-based automatic or a dual clutch-based automatic, the componentry is very similar to what you use in a manual transmission or a transfer case. So the takeaway, okay, from this sort of discussion is that there is tremendous amount of synergy across the component family that we have.

And that is what gives us the ability to build on the experience of each contracts we have done in the past and bring that to bear on providing solutions to OEMs globally. So as a result, we are typically called in to solve capacity problems, quality problems, metallurgical problems that global OEMs are facing in their component supply chains.

Even with OEMs like Ford, Toyota, Volkswagen Audi, we have stepped in to solve sometimes rather intractable problems that -- on which other suppliers had given up. So that is as far as the mix and how we do. Coming to EV, what is happening -- and those of you who pay attention to this would have noticed that after that difficult geopolitics with China in 2020, there has been a process of, shall we say, Dayton followed by rapprochement with China.

And increasingly, Chinese businesses are investing and aligning with opportunities in India. So whether it is Schaeffler or Valeo or TACO or Uno Minda or Tata or at an OEM or at a Tier 1 level, the reality is that the supply chain and technology is 100% coming from China. Even the American and European OEMs are bringing CKD kits and content from China today.

Now a characteristic of this China supply chain is that the Chinese are continuously disrupting the market with faster and faster technology development. So they've gone from like 3-in-1 solutions to 4-in-1 to 6-in-1. And increasingly, they are integrating the scope and the configuration of an electric powertrain and control system increasingly into sort of a monolithic offering.

However, what remains -- continues to remain as a challenge to everybody, the Tier 1s and the OEMs is noise vibration, harshness of the gearbox. So what we are seeing is a lot of disruption that is happening. So life cycles are being cut short and speed of development is becoming a very critical determinant of success.

So in this rather tumultuous kind of marketplace, we have decided to stay anchored to, as they say, stick to our knittings as they say, which is making the transmission system or the parts that go into this. And so we continue to win new businesses, whether it's in the area of hybrids or EV, but in the last few months, increasingly, the inquiries that are coming to us are at a component level.

They need our engineering capability, but the products that we actually develop and sell is not a system, but a component -- a set of components that then go into these increasingly integrated systems that the Tier 1s are developing. But I can see that the leadership we have in solving NVH problems at an analytical level, at a prototype level or a production level keeps us as a market leader.

And just from the response we are getting from many of our Chinese interlocutors that we interact with in the marketplace, we can see that there is a general acknowledgment of our leadership. So my feedback right now is sort of anecdotal, but that is the observation I have in order to build further on our systems level approach because that is where the margin potential remains stronger for us, frankly.

So the challenge before us is how to preserve our Tier 1 positioning in a marketplace that is increasingly fragmenting and disaggregating modularity. And one solution that has presented itself is the whole space of start-ups in India, from 2-wheelers to 3-wheelers to ATVs to commercial trucks.

So the trick here is to move into that space with a standard portfolio and develop economies of scale through a wide scope of customers. And start-ups typically need handholding, they don't have budgets for development. But typically, the price points are significantly higher versus established player. Established player will pay the engineering and development upfront, but will negotiate ferociously on the unit price.

So the whole strategy is drive the variable cost down for the OEM. That's how an established player will work to try and improve his own contribution margin. Start-ups do not have that negotiating power. And so therefore, sort of the thumb rule is a start-up will give a better price point.

So we are approaching the EV market collectively, understanding all these trends and finding appropriate solutions. So right now, we are working with an American ATV application. We are working with a renowned German motor maker for global applications where they need modularity.

And what we are noticing is the engineering work we have done in India over the last -- since 2021, so last 4 years, is standing us in very good stead because we are able to come up with

solutions very, very quickly in a matter of weeks. Now our challenge, of course, is to convert all of this into a solid consistent revenue stream at this point.

But in the immediate near future, what I can tell you is broadening the portfolio just at Tata Motors will give us at least a 20% to 30% improvement in volumes. Overall, the utilization at the end of this will still remain below what we desire. And therefore, the approach then is to work with start-ups and maybe even global applications to see what we can do.

So one of the areas we are looking at with Toyota Tsusho and also independently is the entire landscape of the EV industry in California with our own design technology. So these are the efforts that are underway. I hope I've answered your questions. If there's any clarification you want, please feel free to ask me.

**Amit Dhameja:** Thank you for your detailed answer. That's it from my side.

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

**Jitendra Divgi:** Yes. So this is Jitendra Divgi again. And I just want to take the opportunity to thank the community of investors and analysts for bearing with us, for supporting us in the last few quarters when we went through some challenging times. The reality is the marketplace continues to remain a little unpredictable.

And so our approach now is to take advantage of where we are right now and continue to strengthen the resilience of our business model. And hopefully, you've seen that we have the ability to bounce back. And the strongest indication of this, I would say, is that if you looked at our exports in FY '24, they had fallen to just about 1.5% of sales.

And already now in the last quarter, we've pulled it up to 20%. To do this in a matter of 2 years, given that the development gestation periods are very long, you are very demanding, customers a very different culture of working. I hope we have shown you of our ability to bounce back in these tough markets.

So we continue to look forward. And I hope by the next earnings call, we will have more interesting updates to share with you. So as they say, keep watching this space. We'll have more exciting announcements in the next few months. We are really excited about what's going to happen in FY '26. And I see you again next earnings call. Thank you very much.

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