



## Divgi TorqTransfer Systems

Divgi TorqTransfer Systems Limited

CIN: L32201MH1964PLC013085

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Pune 411 026, India

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Ref.: DTTS/Sec/23-24/81

November 01, 2023

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: Investor Presentation**

**Ref.: Regulations 30 of the SEBI LODR Regulations, 2015.**

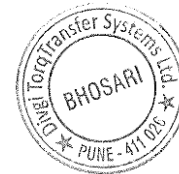
Dear Sir / Madam,

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 Presentation on performance of the Company for the quarter and half year ended September 30, 2023.

This is for your information and records.

Thanking you,

For **Divgi TorqTransfer Systems Limited**



**Sanika Nirgude**  
**Company Secretary and Compliance Officer**  
**M No.: A71466**

**Enclosure: As above**



# **Divgi TorqTransfer Systems Limited**

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**Q2 & H1 FY24 Earnings Presentation**

# Disclaimer and caution statement regarding forward-looking statements



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**Updates on new programs**



**Mr. Jitendra Divgi**  
*Managing Director*



**Mr. Hirendra Divgi**  
*Whole Time Director*



**Mr. Sudhir Mirjankar**  
*Chief Financial Officer*



**Mr. Dipak Vani**  
*Chief Operating Officer*

- As discussed in the last call, revenue has normalized and is back on track, growth expected from Q3FY24
  - To provide context, last year's average monthly revenue from operations was Rs 22.58 Cr, and the monthly run rate for Q2FY24 is Rs 22.91 Cr
  - Expected 20% growth on the monthly rate
  
- Our New facility at Shirwal is now operational and ramping up on operations for EV transmission units
  
- Completion of the new Shirwal facility: Construction to operations in just 18 months.
  
- Revenue generated from the EV business in Q2FY24 was Rs 10.34 Cr, which accounts for 15% of Q2FY24 Revenue from operations
  - Completely new revenue vertical
  - EV penetration in Indian automotive (PV segment) : 2% in Q2FY24

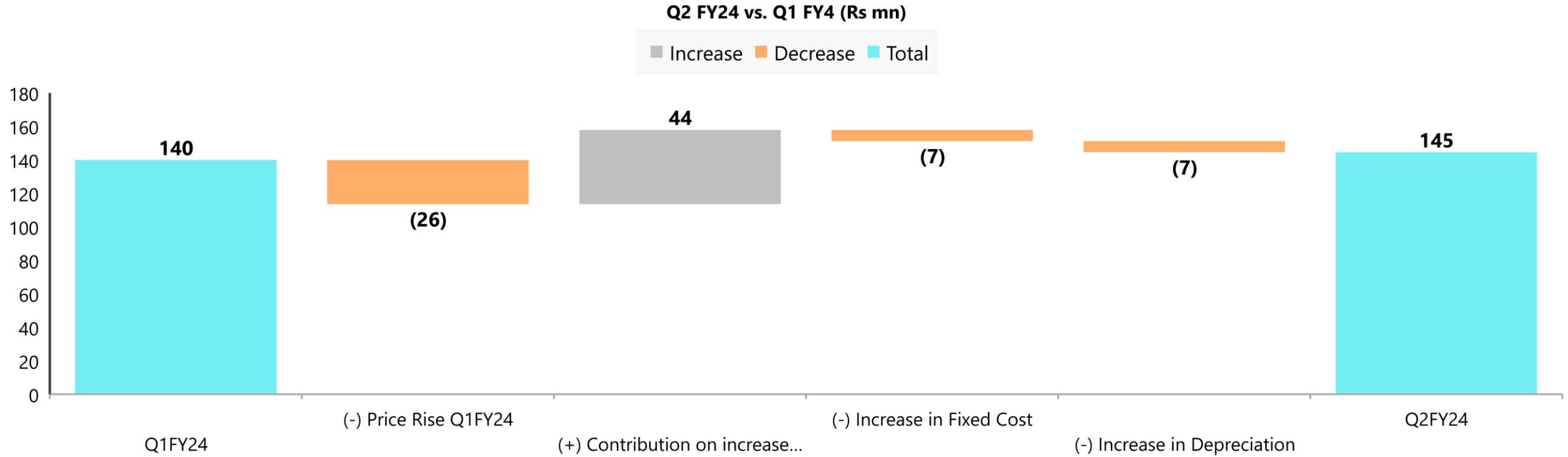
- Revenue during the quarter grew by ~19% on a qoq basis
- The adjusted Q2FY24 PBT growth rate on a qoq basis ~ 26%, excluding the supplementary invoice income of Rs 2.61 Cr in Q1FY24
- As we ramp-up at our new facility, the cost structure has been impacted by the sales mix, startup costs, and depreciation

## Snapshot

Particulars (Rs Mn)	Q2FY24 Rs	Q1FY24 Rs	Q2FY23 Rs	H1FY24 Rs	H1FY23 Rs	FY23 Rs
Revenue from operations	687	566	701	1,253	1,337	2,710
Other Income	48	50	28	98	38	76
<b>Total Revenue</b>	<b>735</b>	<b>616</b>	<b>729</b>	<b>1,351</b>	<b>1,375</b>	<b>2,787</b>
<b>Gross Profit</b>	<b>403</b>	<b>345</b>	<b>404</b>	<b>748</b>	<b>788</b>	<b>1,597</b>
<b>Gross Margin (%)</b>	<b>59%</b>	<b>61%</b>	<b>58%</b>	<b>60%</b>	<b>59%</b>	<b>59%</b>
<b>EBITDA</b>	<b>191</b>	<b>178</b>	<b>213</b>	<b>369</b>	<b>409</b>	<b>821</b>
<b>% to Total Revenue</b>	<b>26%</b>	<b>29%</b>	<b>29%</b>	<b>27%</b>	<b>30%</b>	<b>29%</b>
<b>PBT</b>	<b>145</b>	<b>141</b>	<b>181</b>	<b>285</b>	<b>345</b>	<b>688</b>
<b>% to Total Revenue</b>	<b>20%</b>	<b>23%</b>	<b>25%</b>	<b>21%</b>	<b>25%</b>	<b>25%</b>
<b>PAT</b>	<b>107</b>	<b>104</b>	<b>134</b>	<b>212</b>	<b>257</b>	<b>512</b>
<b>% to Total Revenue</b>	<b>15%</b>	<b>17%</b>	<b>18%</b>	<b>16%</b>	<b>19%</b>	<b>18%</b>



# Profit before tax Walk- Quarterly

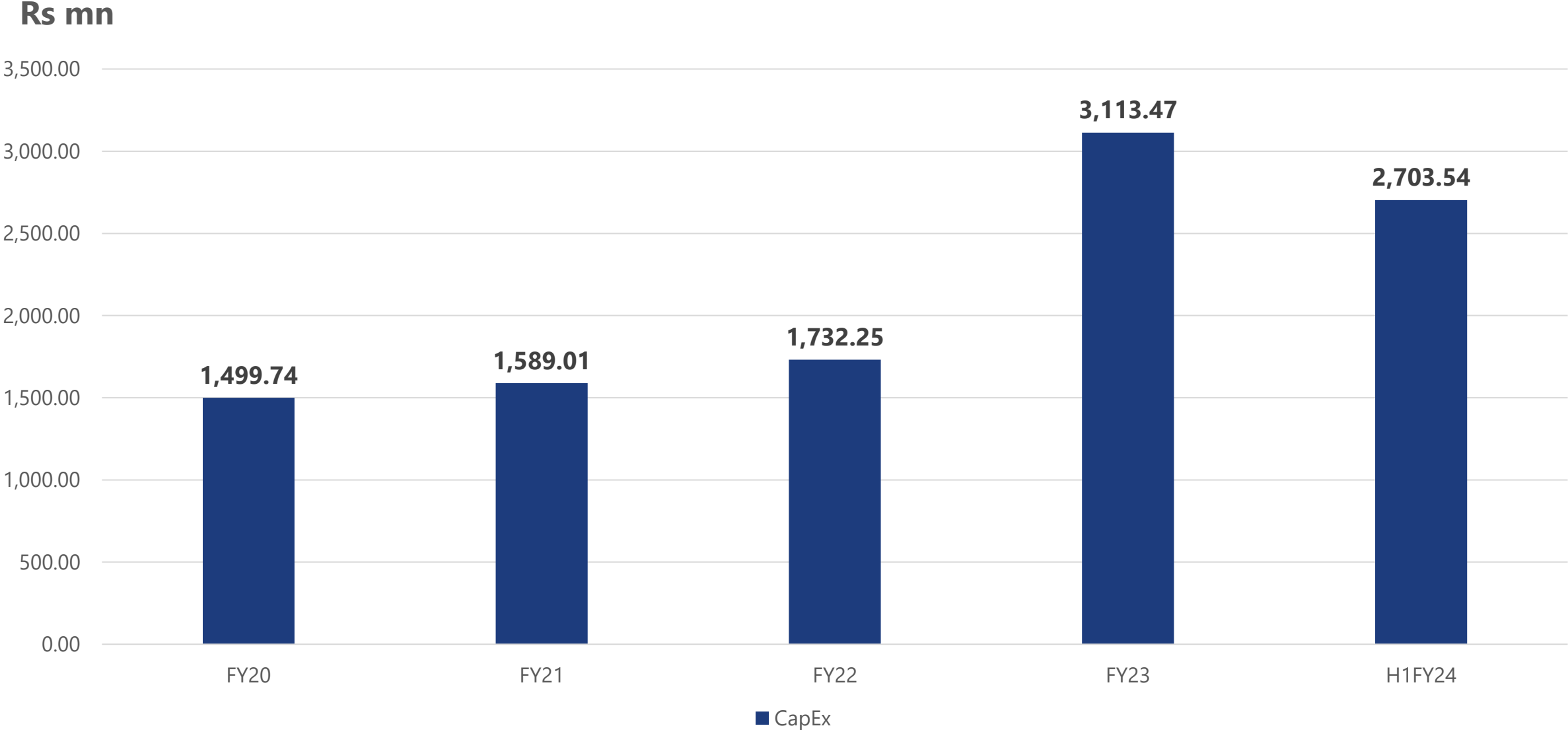


➤ Upon customer confirmation, the company raised invoices for price rise of Rs 2.61 Cr in Q1FY24

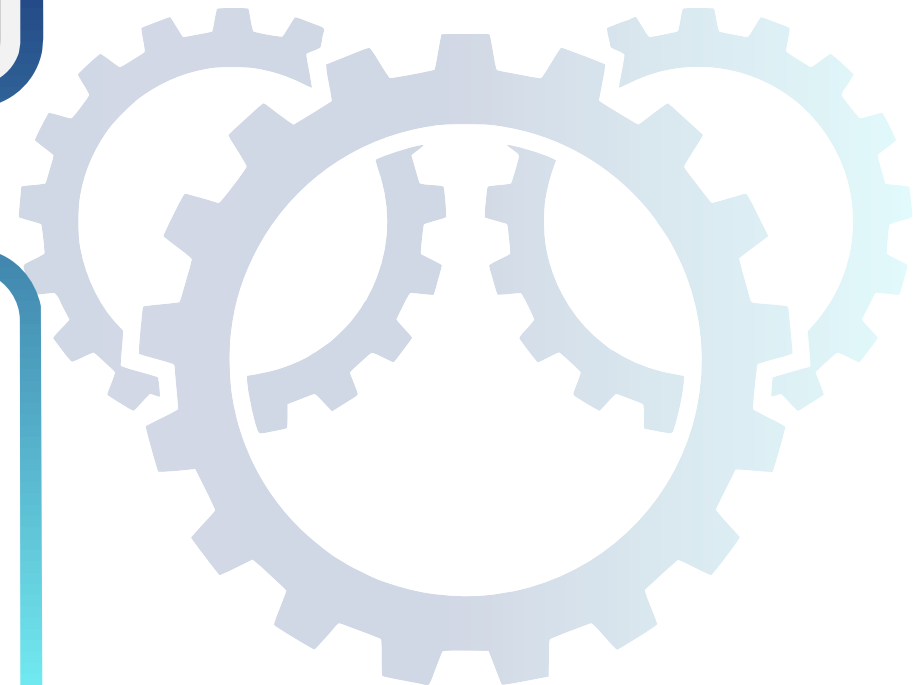
➤ Working Capital Management

- Defence business affected by longer recovery cycle
- New Program ramp-up inventory

➤ Return on Invested Capital for H1FY24 ~12.92%, affected by growth CapEx



# Revenue Walk



Particulars	Q2FY24	Q1FY24	Q-o-Q	Q2FY23	Y-o-Y
	(₹ Cr)	(₹ Cr)	(₹ Cr)	(₹ Cr)	(₹ Cr)
Transfer Case	42.23	39.07	3.16	50.67	(8.44)
NexTrac	1.63	1.84	(0.21)	2.97	(1.34)
ALH	0.78	1.31	(0.53)	2.37	(1.59)
E-Gear Drive	10.34	0.68	9.66	0.04	10.3
Synchro	3.43	2.24	1.19	5.34	(1.91)
Components	7.37	6.98	0.39	7.00	0.37
After Market	0.22	0.45	(0.23)	0.36	(0.14)
Tooling & Other Operating	2.74	4.00	(1.26)	1.38	1.36
<b>Revenue From Operation</b>	<b>68.75</b>	<b>56.56</b>	<b>12.19</b>	<b>70.14</b>	<b>(1.39)</b>
Other Income	4.80	5.06	(0.26)	2.76	2.04
<b>Total Revenue</b>	<b>73.55</b>	<b>61.62</b>	<b>11.93</b>	<b>72.90</b>	<b>0.65</b>

# Revenue Walk – Half-yearly



Particulars	H1FY24	H1FY23	Y-o-Y
	(₹ Cr)	(₹ Cr)	(₹ Cr)
Transfer Case	81.30	91.12	<b>(9.82)</b>
NexTrac	3.47	4.90	<b>(1.43)</b>
ALH	2.09	3.99	<b>(1.90)</b>
E-Gear Drive	11.02	0.12	<b>10.90</b>
Synchro	5.67	10.87	<b>(5.20)</b>
Components	14.35	20.08	<b>(5.73)</b>
After Market	0.67	0.81	<b>(0.14)</b>
Tooling & Other Operating	6.74	1.81	<b>4.93</b>
<b>Revenue From Operation</b>	<b>125.31</b>	<b>133.71</b>	<b>(8.40)</b>
Other Income	9.86	3.64	<b>6.22</b>
<b>Total Revenue</b>	<b>135.17</b>	<b>137.35</b>	<b>(2.18)</b>

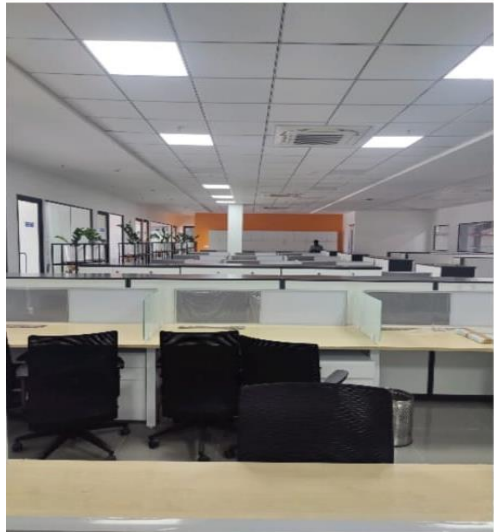
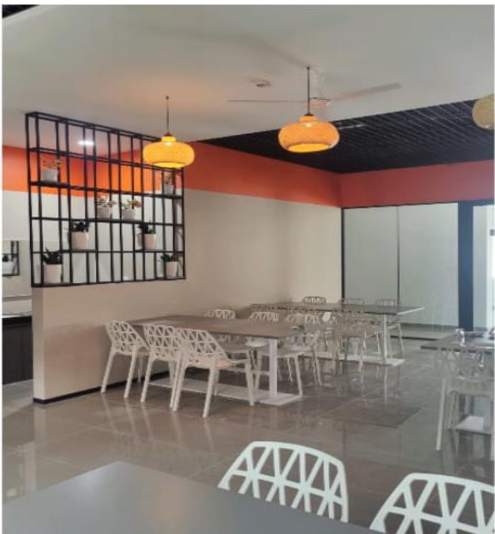
## Updates on new manufacturing equipment & facility



# State-of-the-art manufacturing facility...



## New manufacturing facility at Shirwal, Pune



...state-of-the-art manufacturing facility...

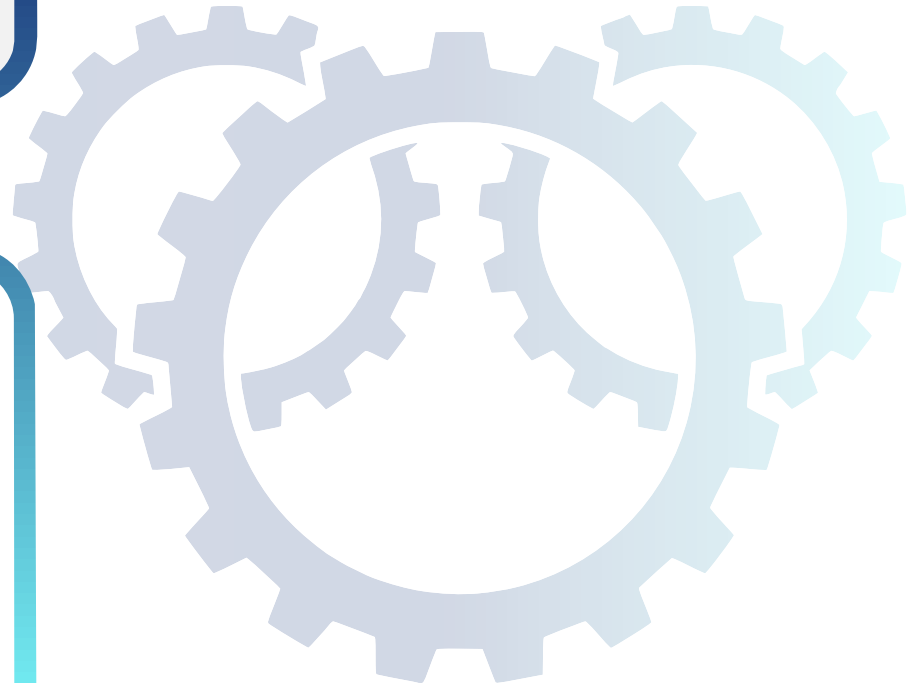


New facility at Sirsi





## Capability Enhancement - Q2FY24



# State-of-the-art manufacturing equipment...



**Liebherr – 8 Axis CNC Hobbing Machine: LC250**



**Klingelnberg – 11 Axis CNC Gear Grinding Machine: SV300**

# State-of-the-art manufacturing equipment...



**Makino – 6 Axis CNC Horizontal Machining Centre: a61nx**



**Makino – 3 Axis CNC Vertical Machining Centre: Slim 5n**

# State-of-the-art manufacturing equipment...



**PMT – 2 Axis CNC OD & Face Grinding Machine: AWH 600 (2 Nos)**



**Pegasys – Shaft Straightening Machine**

# State-of-the-art manufacturing equipment...



**Ravjeet- 3 Axis CNC Tooth Chamfering Machine (2 Nos)**



**Innotek- Laser Marking Machine**

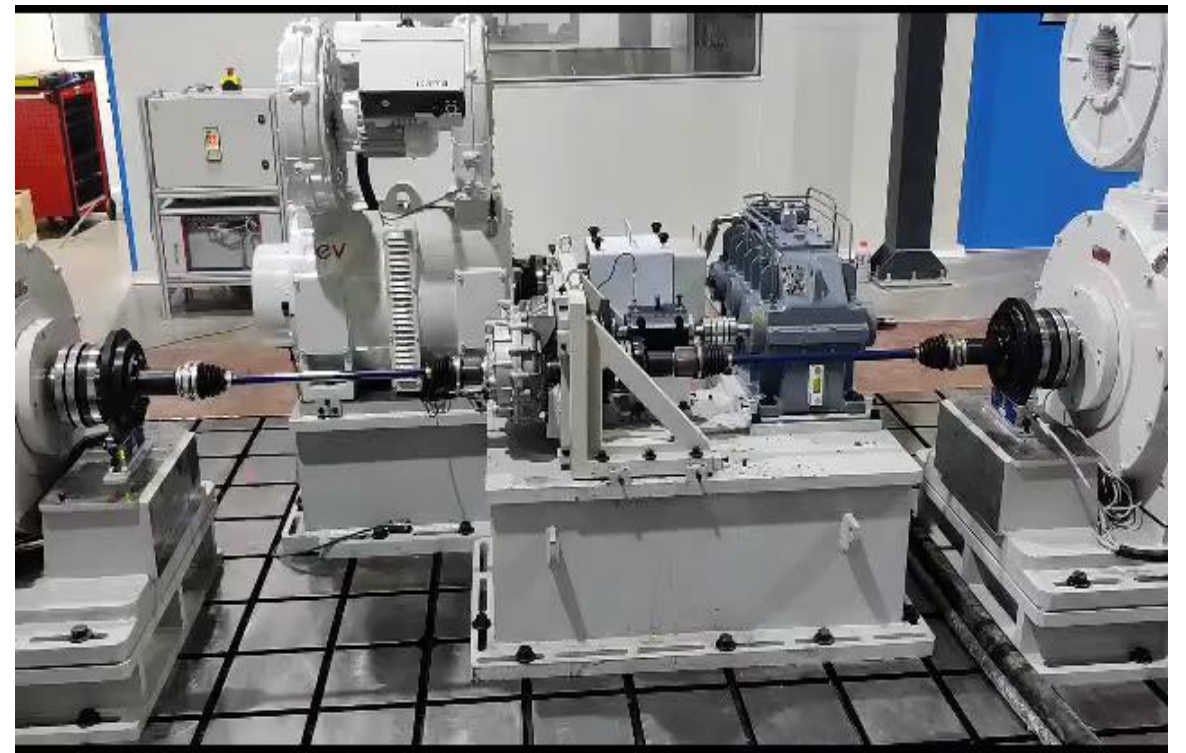


CNC Gear Roll Tester

# Inhouse Heat Treatment Cell



# Dyno Durability Test Stand from FEV, Germany



➤ This test stand will increase capability of DIVGI-TTS for inhouse validation of Transfer Cases, MT, DCT and EV Transmissions, thus reducing development time and developing products "Right First Time".

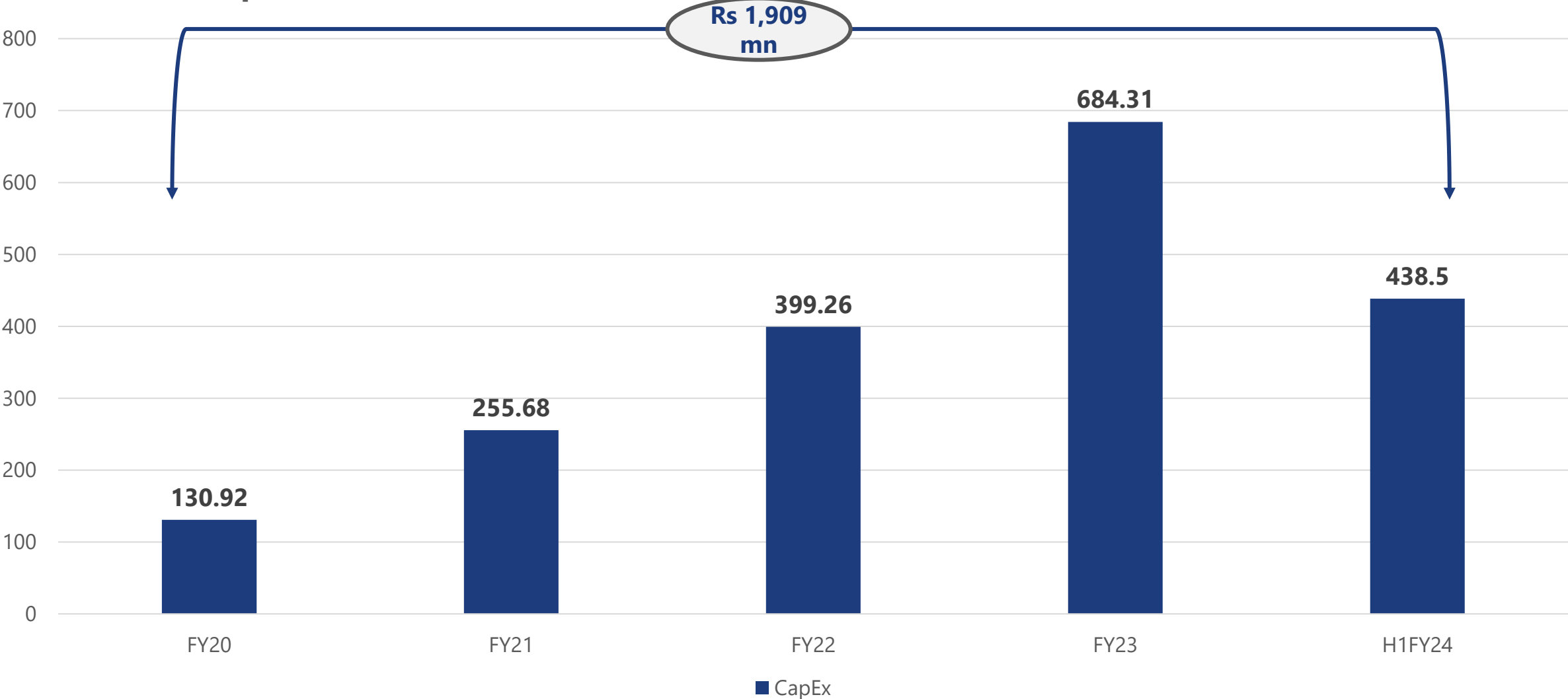
- *Transmission Durability Test*
- *Transmission Efficiency Test*
- *Differential Durability Test*
- *High Speed Test*
- *High Temperature Performance Test*
- *Lubrication and Breather Evaluation Test*
- *Gear Contact Pattern Test*
- *Transmission Temperature Rise Test*
- *Dynamic Oil Seal Test*
- *Spin Test*



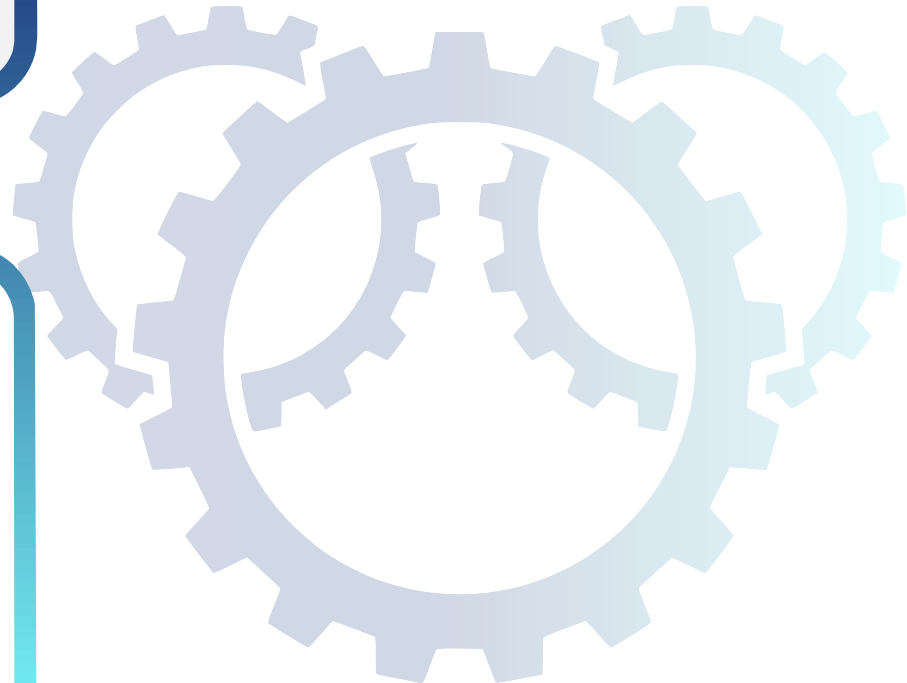
# Noise, Vibration & Harshness, NVH Testing Equipment



## Cumulative CapEx Rs mn



**Recap and update on the business progress that was outlined in the previous call**



## Expect strong recovery driven by

- headwinds in existing business normalizing from Q2FY24;
- Our new facility at Shirwal is expected to become operational in Q2FY24 with EV revenue ramp-up expected thereafter;
- Other EV business expected to become operational by Q4FY24;
- new order wins with lifecycle value of **INR 7,190 million** since April 1, 2023; key order wins are as under:
  - Supply of product for EV model to Mahindra Group of Companies with lifecycle Revenue of INR 2,190 million with expected program life of 5 years
  - Supply of 4WD solutions to Mahindra Group of Companies with lifecycle Revenue of INR 2,100 million with expected program life of 5 years
  - Supply of Manual Transmission components to Mahindra Group of Companies with lifecycle Revenue of INR 1,100 million with expected program life of 5 years
  - Supply of components and Tooling reimbursement thereon to BorgWarner Inc. and its Affiliates with lifecycle Revenue of INR 1,800 million with expected program life of 5 years

New order wins with life cycle value of INR 7,190 million

## Transmissions for Electric Vehicles



 EV System & Components Business -Life Cycle Revenue of Rs 2190 Mn

## Torque Transfer Systems & Torque Coupler



 4WD System Business -Life Cycle Revenue of Rs 2100 Mn

 4WD Export Components Business -Life Cycle Revenue of Rs 1800 Mn

## Manual Transmissions & Synchronizers



 Manual Transmission Components Business - Life Cycle Revenue of Rs 1100 Mn

- **Customer : Fortune's World's Most Admired Company**
- **Business Enquiry : 10<sup>th</sup> February 2021**
- **Business Awarded on : 11<sup>th</sup> August 22**
- **Life Cycle Revenue : Rs 180 Crore**

## Project Status

- **Milestones completed :**
  - Sample Submission : 19<sup>th</sup> January 23
  - Production Approval : 24<sup>th</sup> August 23
- **Upcoming milestones :**
  - Start of Production : February 24



- Customer : Leading Indian OEM
- Business Enquiry : 04<sup>th</sup> April 2022
- Business Awarded on : 18<sup>th</sup> July 2023
- Life Cycle Revenue : Rs 210 Crore



## Project Status

- **Milestones completed :**
  - Sample Submission :
    - MT : February 23
    - AT : October 23
- **Upcoming milestones :**
  - Production Approval : December 23
  - Start of Production : January 24

- Customer : Leading Indian OEM
- Business Enquiry : 17<sup>th</sup> June 22
- Business Awarded on : 14<sup>th</sup> December 23
- Life Cycle Revenue : Rs 110 Crore

## Project Status

- Milestones completed :
  - Sample Submission : 24<sup>th</sup> February 23
  - Production Approval : 22<sup>nd</sup> July 23
  - Start of Production : August 23

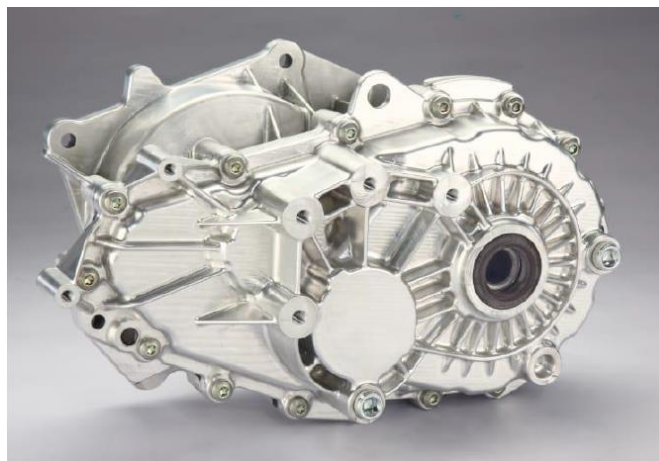




- Customer : Leading Indian OEM
- Business Enquiry : 20<sup>th</sup> December 22
- Business Awarded on : 10<sup>th</sup> August 2023
- Life Cycle Revenue : Rs 219 Crore

## Project Status

- Milestones completed :
  - Sample Submission : 17<sup>th</sup> September 23
- Upcoming milestones :
  - Production Approval : December 23
  - Start of Production : January 24



- **Customer : Leading Indian OEM**
- **Business Enquiry : 16<sup>th</sup> April 2021**
- **Business Awarded on : 23<sup>rd</sup> July 2022**
- **Capacity Installed for : 35500 Nos Annually**



## Project Status

### ■ **Milestones completed :**

- Sample Submission : November 22 / March 23
- Production Trial : October 23

### ■ **Upcoming milestones :**

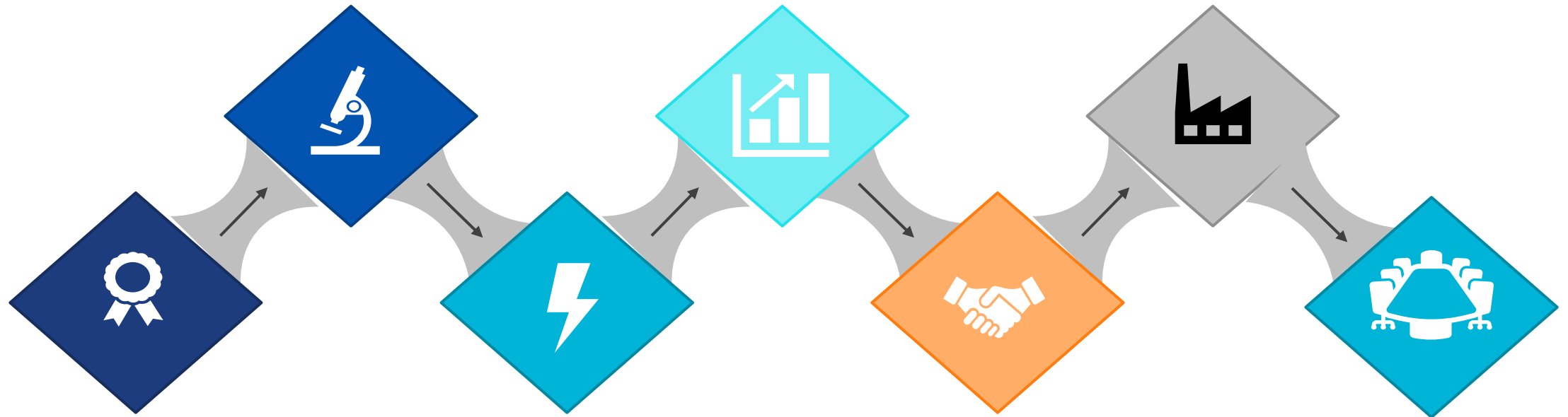
- Production Approval : December 23
- Start of Production : January 24



Strong focus on research and development and advanced in-house hardware and software capabilities

Strategically located manufacturing facilities capable of producing high-precision components meeting system-level design intent

Presence in fast-growing segments



Amongst very few companies who serve both as system-level solution provider as well as component kit supplier

Manufacture and supply a variety of products under the broad categories

Long-term relationships\* with marquee domestic and global customers

Experienced Board of Directors & Management Team



**Thank You!**

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