Company Name: Divgi TorqTransfer Systems Limited

EASTERN FINANCIERS LTD
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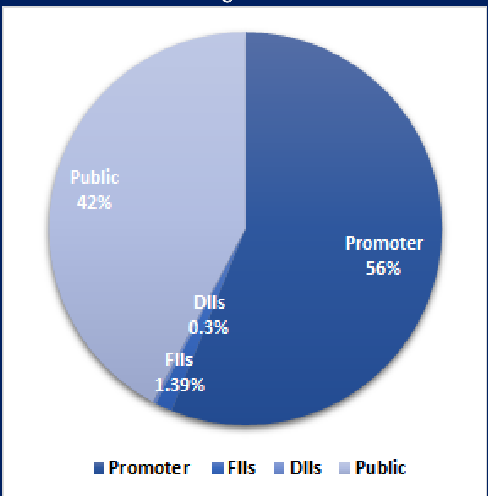
CMP: ₹ 1,188 (11 Sep 2026)	M Cap: ₹ 3,670 Cr.	Target : ₹ 1,426

Key Information*##

NSE Code	DIVGIITTS
BSE Code	543812
Shares o/s (Cr)	3.06
FV (₹)	5
Latest EPS (TTM) ₹	20.66
Latest PE Ratios (x)	57.6
Latest BV ₹	208
51 Wk H (₹)	1,329.80
52 Wk L (₹)	573.70

3 yr Price Chart (₹)

Shareholding Pattern Jun'26



Source: Screener.in, EFL Research, Company Investor Presentation

About the company

Divgi Metalwares, established in 1964, evolved from a small-scale manufacturer of gears, fasteners and machined gearbox components into Divgi TorqTransfer Systems (Divgi TTS), a leading Indian Tier-1 drivetrain component and systems manufacturer. Its product portfolio spans 4×4 transfer cases, torque couplers, synchronizers, automatic/manual transmissions and EV transmissions. Over the years, it has built strong relationships with Toyota, Mahindra & Mahindra, Tata Motors and global customers, establishing a presence across Europe, the US, Mexico, China, Thailand and South Korea.

It operates four manufacturing plants — two in Pune (Bhosari, Shivare), one in Shirwal (Satara district) and one in Sirsi (Karnataka) — and, as of FY26, counts roughly 278 permanent employees, supplemented by contract labour at the plant level.

Investment Rationale

Strong Product Portfolio:

(a) **Four-Wheel Drive (4WD) / All-Wheel Drive (AWD) Transfer Cases (~48–54% of sales):** Supplies electronically controlled shift-on-the-fly and torque-on-demand transfer cases to marquee Indian platforms including Mahindra (Thar, Scorpio-N, Roxx) and Tata Motors.

(b) **Electric Vehicle Transmissions / E-Gear Drives (~8–12% of sales):** Sole domestic supplier to Tata Motors via Tata AutoComp Systems (TACO) for mass-produced passenger EV transmissions (Tiago EV, Tigor EV, Punch EV, Curvv), spanning 10 kW to 150 kW systems.

(c) **Transmission Components & Others (~28–34% of sales):** High-precision machined components (shafts, gears, synchronizer rings, housings) exported to global Tier-1s (BorgWarner, Magna).

(d) **Synchronizers & Manual Transmissions (MT) (~5–6% of sales):** Dual- and triple-cone synchronizers for passenger and commercial vehicle platforms.

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Dominance in Core 4WD / AWD Transfer Cases

Divgi TTS is a key supplier of manual and electronic-shift transfer cases in India (serving major domestic OEMs like Mahindra & Mahindra and Tata Motors). **The ongoing consumer shift toward SUVs, light trucks, and premium all-wheel-drive platforms directly expands its addressable market.**

EV Transmission First-Mover Advantage

The company is among the very few domestic players manufacturing EV transmission systems (e-Gear drives). It is an approved driveline supplier to major Indian EV platforms (including Tata Motors' EV lineup) and is actively developing bespoke transmissions for emerging EV startups.

Modest Moats

The structural differentiator is the management's IMTG (India-Manufacturing-Technology-Global) framework. Divgi-TTS identifies global intellectual property (IP), curates or licenses it from niche engineering firms (e.g., Hofer Powertrain, Germany; FEV Group), and industrializes it at Indian frugal engineering cost structures. This keeps R&D asset-light while compressing prototype-to-application cycles to under 14 weeks. Divgi is a recognised technical/engineering partner for OEMs (Toyota Quality Awards, BorgWarner Chairman's award) and brand equity is rooted in B2B-engineering rather than pricing-power. By operating as a systems-level design partner rather than a conventional build-to-print supplier, the company can achieve single-source supplier status across the entire lifecycle of a vehicle platform.

Growth Drivers Ahead

- Export Strategy & US Subsidiary: It is leveraging the “China Plus One” strategy and has a robust Request for Quotation (RFQ) pipeline. It is also setting up a wholly owned US subsidiary to cater to the North American and Mexican markets.
- International OEM Orders: It secured transfer case units from Tata Motors and Mahindra & Mahindra for their 4×4 pickup platforms targeting the Indonesian market.
- Japanese OEM Partnership: It collaborated with Toyota Tsusho to develop a high-value, proprietary transfer-case drop-in solution. A successful domestic launch could potentially lead to global adoption across Toyota’s platforms.

Strong Financial Performance

The company experienced an expansion cycle leading up to its March 2023 IPO, followed by a severe cyclical downturn across FY24–FY25 due to customer platform deferrals and geopolitical export shocks (Russia/China). FY26 was the recovery year: revenue +61.2% YoY and PAT +92.2% YoY, driven overwhelmingly by the export/Indonesia program. Momentum has continued into Q1 FY27 (revenue +85% YoY, EBITDA margin ~30% — the highest in the company's recent history — and PAT of ~₹25 Cr in a single quarter, more than half of all-FY25 PAT). The balance sheet is essentially debt-free and cash flow from operations as a percentage of EBITDA is averaging at ~92% for last five years.

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Key Milestones the Company Has Set for Itself

- ₹500 crore FY27 revenue & ₹1,000 crore by ~FY29–30
- ₹2,000+ crore long-term annual revenue potential
- U.S. manufacturing commissioning ~H2 CY28 / 2029 (Greenville, SC greenfield).
- Automatic Transmission (AT) proof-of-concept completed by Q3 FY27 and potential announcements later this year
- LCV manual transmission revenue starting FY28 (shipments to South Africa starting "April FY28 to March FY29" — same as the global pickup program).
- Automatic transmission revenue earliest H2 CY28 (program-level), with ₹300–400 crore opportunity at minimum.
- Sigma EV program mass-production SOP in Q2 FY27
- EBITDA margin sustainability of 20–22%+

Risks

- Commodity price fluctuations
- High customer concentration
- Delay in development timelines for new products

Valuations & Recommendation

After, a blip in performance in FY25, FY26 showed strong recovery driven by a large Indonesia export program for Tata Motors and Mahindra & Mahindra, and this momentum has carried into Q1 FY27 (revenue +85% YoY). Management has guided for revenue of ₹500 cr in FY27 and ₹1000 cr by FY30. Near-term momentum from Q1 FY27 (revenue +85% YoY, EBITDA margin ~30%) is likely to continue into Q2/Q3 FY27 as the Indonesia program and pickup-truck platform ramps remain in their early-to-mid innings; management's own commentary points to further volume momentum through FY27 from the pickup-truck program, new platforms and facelift programs. The Sigma EV transmission is expected to enter series production in Q2 FY27, while export approvals could add ₹10–12+ crore monthly revenue. Meanwhile, the company is expanding its automatic and manual transmission pipeline, strengthening its future growth opportunities. Company is financially strong and nearly debt free with strong operating leverage. Exports which contributed

At the CMP, the scrip is trading at 48.29xFY28E EPS and we have assigned 58x median P/E.

Financials

Particulars (₹ cr)	Q1 FY27	Q1 FY26	YoY	Q4 FY26	QoQ	FY25	FY26	FY27E	FY28E
Operating Revenue	137	72	91%	108	27.4%	219	353	459	574
EBIDTA	37	14	164%	22	70.8%	38	70	101	126
EBIDTA Margin	27.0%	19.5%		20.1%		17.4%	19.8%	22.0%	22.0%
Profit for the Period	25	9	183%	15	63.0%	24	47	63	75
EPS (₹ Dil.)	8.25	2.92	183%	5.06	63.0%	7.98	15.45	20.66	24.60

Sources: NSE, Mint, ET, Yahoo Finance, Investing.Com & CNBC TV18, EFL Research

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