



“Talbro's Automotive Components Limited
Q4 FY '24 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Talbro's Automotive Components Limited Q4 FY '24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Talwar, Joint Managing Director of Talbro's Automotive Components Limited. Thank you, and over to you, Mr. Talwar.

Anuj Talwar: Thank you. Good afternoon, everyone, and a very warm welcome to our Q4 and FY '24 Earnings Call. On the call today, I'm joined by Mr. Navin Juneja, our Director and Group CFO; and SGA, our IR, Advisory firm from Mumbai. The results and the presentation are uploaded on the stock exchange and the company website. I hope everyone has seen it.

Let me begin with the industrial and economic overview. In FY '23/'24, a total of 23.8 million vehicles were sold as compared to 21.2 million units in the previous year, showing a growth of 12.5%. Sales improved across all automotive segments and passenger vehicles grew by 8.4%. Two-wheelers, surprisingly has made a comeback with the growth of 13.3% and commercial vehicles remained flat. Domestic customer vehicle segments increased by 8.4%, reaching over 4.2 million units as compared to 3.9 million units in FY '23.

The PV vehicle segment's sales are led by the mini SUVs and the SUVs, which grew by 26% to 2.52 million cars as opposed to 2 million in the previous year. In the PV segment, the domestic industry sales mix is expected to be largely skewed towards UV in the segment sales mix with higher export volume and increasing share of CNG, hybrid and EV in the fuel mix.

Two-wheeler segment increased by 13.3%, reaching 18 million units. Growth was particularly robust in the two-wheeler segment expected to have a significant potential to grow, primarily driven by expected revival in rural economy and the trend towards premiumization by OEMs. EV sales in FY '24 witnessed a strong increase of 41% despite subsidy cuts. Total EV registrations have surpassed 1.6 million units in FY '24 as compared to 1.1 million in FY '23. EV penetration rate increases to 6.8% in FY '24.

Passenger cars in the EV segment have shown double the growth as compared to last year. Talbro's have good opportunities for growth and expansion in the EV space, and the revenue contribution from EV this year stood at 3% as compared to 2% in the previous year. We are pretty much present in all your Tata Motors EV vehicles as well as some very prestigious EV in overseas as well.

Coming to company performance. FY '24 have been a very strong year for Talbro Automotive. At the group level, including all joint ventures and 100% value that the company achieved a revenue of INR1,258 crores, a growth of 21% year-on-year. Over the last year, in July, Talbro received orders worth INR400 crores from both domestic and overseas customers across its business divisions, product segments and JVs. These orders are executed in the next 5 to 7 years, which also includes a multiple EV order of INR205 crores from leading OEMs.

In November '23, we received another multiyear order of about INR580 crores from both domestic and overseas customers across all our business lines. And this includes an export order of INR415 crores and multiple EV orders of INR270 crores from the leading OEMs, which are to be executed in the next 5 years, covering the product lines of the company, gaskets, heat shields, forgings, chassis, rubber hoses.

Last month, in April, we received a very large order from a new OEM in Europe for about INR1,000 crores. This will come from our joint venture, Marelli Talbro Chassis Systems. A very precious order. This order is going to commence by quarter 4 of this year. And this will be supplied to conventional ICE vehicles and the new HEV platforms for EMEA and NAFTA regions, taking to Europe and to South America.

Capitalizing on consistent order inflows from the leading OEMs, we anticipate a strong upward trajectory in our business and profitability. Also, the orders will help us increase our share within existing customers and new customers across geographies, thereby gaining market share in the coming years. We are determined to increase our exports from 25% to 35% in the next 3 years with a focus on gaskets, heat shields, forgings, and the Marelli joint venture.

Our Gasket division has shifted its focus towards heat shields a year ago, and it was extremely demonstrating a good performance in FY '24, where the heat shield revenues came to INR44 crores. We have a strong order book in the heat shield division from strong clients like Maruti, Kia, Hyundai and also now trying to work with Tata Motors and not to mention, we're pretty strong with one of UK's largest Jeep manufacturer.

We are at an inflection point for our joint venture. Our Marelli Talbro Chassis joint venture, expanding, our focus focusing export and on EVs. We've also entered into large suspension products increasing its customer base and also reaching economies of scale as it gets bigger and bigger with the new product expansion happening in Pune as we speak.

In January 2024, we have concluded disinvestment of 40% ownership interest in our joint venture entity, Nippon Leakless Talbro. This decision is consistent with our long-term goals and the proceeds will be invested in future capital expenditures and high-growth businesses, such as forging and chassis and even in gaskets.

The trend towards EV is expanding, and we've also strengthened our EV portfolio, securing orders from both domestic and overseas OEM and expanding our focus on EVs through our JV, Marelli and from a standalone business in the Forgings business. Also, we are in the process of working something significant through our gasket division also in the EV space.

We're committed to our vision to becoming a global leader as an automotive components manufacturer. In the process as we embrace and celebrate the milestones reached so far, we aspire to sustain our growth while advancing the future by being relevant to the services we offer.

Furthermore, to make the most on the growing opportunities in both domestic and global markets, we shall maintain our diversified and hedged position as the prior provider of auto components and adhere to a pre-established strategy for augmenting our product line through introduction of value-added products.

To conclude, we are pleased with our strong financial results and optimistic about the future of the automotive industry. We remain committed to innovation, operational excellence and delivering value to our customers and shareholders.

With this, I request Mr. Juneja who's our Group CFO, to give us the financial perspective. Thank you.

Navin Juneja:

Thank you, Anuj. Good afternoon, and a warm welcome to all the participants. Let me begin with the financial overview. Our total revenue for Q4 of FY'24 stood at INR203 crores as against INR175 crores in Q4 of FY'23, a growth of 16% on a Y-o-Y basis. For FY'24, our revenues stood at INR791 crores as against INR653 crores, a growth of 21% on Y-o-Y basis.

EBITDA for Q4 FY'24 stood at INR36 crores as against INR27 crores, a growth of 32% on Y-o-Y basis. And for FY'24, EBITDA stood at INR127 crores as against INR94 crores, a growth of 36% on a Y-o-Y. EBITDA margin for Q4 FY'24 stood at 17.1%. And for FY'24, it stood at 16.1%.

PAT before exceptional gains for Q4 of FY'24 stood at INR22.7 crores as against INR16.9 crores in Q4 of FY'23, a growth of 35% on a Y-o-Y basis. And for the financial year '24, our PAT stood at INR82.9 crores as against INR55.6 crores, a growth of 49% on Y-o-Y basis. ROCE for FY'24 stood at 20.4% as compared to 16.5% in FY'23. ROE stood at 20.2% as compared to 16.6% in FY'23. Debt to equity ratio stood at 0.16x for FY'24.

In the Gasket division, I'm coming to the division wise. The Gasket division for Q4 FY'24, our stand-alone gasket sale was INR128.3 crores as against INR115.8 crores in Q4 of FY'23, a growth of 11%. For FY'24, our stand-alone gasket sale was INR502 crores as against INR427 crores in FY'23, a growth of 20%. This segment saw EBITDA of INR23.5 crores in Q4 of FY'24. And for FY'24, this segment saw EBITDA of INR81.5 crores.

Now coming to Forgings division, in Q4 FY'24 grew by 26% to INR74.4 crores as against INR59.2 crores in Q4 of FY'23. In FY'24, revenue grew by 26% to INR276.3 crores as against INR219 crores in FY'23. EBITDA in Q4 for FY'24 grew by 17% to INR12 crores as against INR10.2 crores in Q4 for FY'23. In FY'24, EBITDA grew by 39% to INR47 crores as against INR33.8 crores in FY'23.

Now coming to our JV company, Marelli Talbro Chassis Systems Private Limited. Our revenue for Q4 FY'24 stood at INR70.6 crores versus INR54.8 crores in Q4 FY'23, registering a growth



of 29% on Y-o-Y basis. For FY'24, revenue stood at INR259.9 crores versus INR209.8 crores, a growth of 24% on a Y-o-Y basis.

Now for Q4 of FY'24, our EBITDA in this business stood at INR10.8 crores as against INR9.2 crores in Q4 of FY'23, a growth of 18% on Y-o-Y basis. For FY'24, EBITDA stood at INR36 crores as against INR25.9 crores in FY'23, a growth of 39% on a Y-o-Y basis.

Now coming to our joint venture, Talbro's Marugo Rubber Private Limited, revenue stood at INR31 crores in Q4 of FY'24 versus INR28.9 crores in Q4 of FY'23, registering a growth of 7% on Y-o-Y basis. For FY'24, revenues stood at INR122.5 crores as against INR85 crores, a growth of 44% on a Y-o-Y basis.

Going further, for Q4 FY'24, EBITDA in this business stood at INR2.7 crores as against INR4.1 crores in Q4 FY'23, a degrowth of 34% that I have already explained in earlier calls that gives some shifting issues. This has happened. Now the things have stabilized and hopefully, things will be very bright in the next financial year. For FY'24, EBITDA stood at INR9.3 crores as against INR7.2 crores in FY'23, a growth of 30% on a year-on-year basis.

The Board of Directors have recommended a final dividend of INR0.50 per equity share, a face value of INR2 per share, which is 25% of face value. Total dividend for FY'24 stood at -- a rate of 35% stood at INR 0.7 per equity share, including interim dividend of INR0.2 per equity share.

Now looking ahead, we see various opportunities for sustained growth in the automotive industry. The company has made substantial investment in new technologies, expanded its capacities, diversified its product portfolio, broadened its customer base and entered additional markets. Talbro's is confident that these initiatives will drive long-term growth of our company and position it to take advantage of future opportunities in the industry.

This is all from our side, and I will now like to open the floor to 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 Jiten Parmar from Aurum Capital. Please go ahead.

Jiten Parmar: Good afternoon. Congratulations on a good set of results, Anuj and the whole team. My question is on the capacity utilizations for our divisions like for gaskets, forgings and Marelli and the Marugo JVs. What are the capacity utilizing we are running at each division?

Navin Juneja: Our capacity, I am telling you, is around 90% in gaskets and heat shield division and in forgings division is around 82%-85% depending on the product mix. In Nippon, it's no more there and Marelli is around 80% and Marugo Rubber they are two divisions, anti-vibration and hoses, in both we are touching around 90% capacity utilization.

Jiten Parmar: Okay. So my next question is since you have 80% to 90% kind of utilization on each when do we need to basically enhance the capacity and what is the -- if you can throw some colour on that?



- Navin Juneja:** Yes. We're already in the process of advancing in gasket and heat shield divisions. Already, we have taken up a new premises on rent in Chakan area of Pune and the supply will start from there in the month of July onwards hopefully. In the month of July to August it will start supply and my plan for capex in this division is around INR20 crores for this year already started -- capex has already started.
- In the forgings divisions we are enhancing our capacity further in machinery and in some related equipments and our hammer which we set up in the last quarter of the last financial year I think the start -- the trial run already started last week and the commercial production will start within one week and we anticipating around INR30 crores of capex in this division in this financial year.
- Marelli for which we have explained that we got a huge order the Pune plant is already in the construction. It is in the premises adjacent to the existing plant. And that shed will be ready by September-October. In the meantime, we already start ordering the machine. We are anticipating a capex of INR60 crores to INR62 crores in that division. And Marugo we are expecting a capex of around INR6 crores in this division already the order has started for that take care of our - enhanced our capacity and to take care of future orders which we already have in our hands.
- Jiten Parmar:** Okay. So all this capex -- it will take us basically how much time for that to ramp up to these kind of utilizations? I mean just to get the revenue potential from all this capex?
- Navin Juneja:** We are expecting that the capexes will be -- I think all the capexes will be taken care by the third-quarter of this financial year already started because we expect manufacturing to start because this quarter you know that because of election etc. is not very, very vigorous. We expect that it will start from second quarter onwards. And by that time, we will ready with the capacity. We're expecting the last two quarters will be very useful in this financial year.
- Jiten Parmar:** Okay. My question is on margins for the Marugo JV they have declined any reason for that?
- Navin Juneja:** No, next year, you can see a change. We expect an EBITDA margin of 9% to 10% in this division next year.
- Jiten Parmar:** Okay. And final question is basically on the raw material situation. Raw material prices might have increased. So how are you mitigating that and what effect will it have in the current financial year?
- Navin Juneja:** The prices of the export products might be at an increase because of Red Sea issue, etcetera. And we already start negotiating with our suppliers and we are hopeful that we will recover that in next financial year, already working on it.
- Jiten Parmar:** So how much is the lag effect for us to pass on to the increase this thing or we have a back-to-back...
- Navin Juneja:** -- every quarter we take out the average and then it will work.



- Moderator:** Thank you. The next question is from the line of Riham Goel from Spark Capital. Please go ahead.
- Riham Goel:** Okay. Congrats once again for your great results. But I have a question regarding your industrial segment and what the contribution is to gasket revenues and are you planning on expanding?
- Navin Juneja:** Industrial.
- Riham Goel:** Yes, you make industrial gasket as well?
- Navin Juneja:** Yes. It's a very small...
- Riham Goel:** Okay. Can you put a percentage to it or is it too tiny to...
- Navin Juneja:** It's around 2%...
- Riham Goel:** All right. Another question I had regarding -- so basically exports graphs are showing really good numbers and export auto components are going to increase in the coming years versus in India it's sort of seen a cool-off. So how do you plan on increasing your exports and how do you plan on dealing with the decreased demand in India?
- Navin Juneja:** Because planning to -- already we have got export order from various customers you know that, already in the pipeline. We're in the process of developing that, but the same customer give us more order and their volume keep on increasing and in fact, that order Marelli's got, it's the same export. We supply to their customer in India and they take delivery from our premises and it's a deemed export not direct export, there is huge and it would be around INR1,000 crores is a deemed export business for us. It's a deemed export. We will cut the invoice in Indian rupees and they will take the material directly there. We are not supplying directly. They will take it and they will be supplying through their plants worldwide of the their own. It is a deemed export. If I add that, we will take around 35% next year in '25, '26 onwards I can assure you.
- Riham Goel:** And I have a third question, if that is okay. So there's a shift in the market from ICE to hybrid. Do you see the shift directly from ICE to hybrid? What is your opinion? Do you see ICE to hybrid or ICE to EV? And if it's directly to EVs, then how will that affect your top line?
- Navin Juneja:** First of all, ICE to hybrid, no change, okay? The more hybrid, the more component will grow. Coming to the ICE. We are not putting components to ICE only. My Forgings division is putting ICE, even gasket is putting its component to ICE.
- Anuj Talwar:** EV.
- Navin Juneja:** EV. So we are there in, now we've achieved about 3% of total top line is EV, which is around INR40 crores. If I take total 50 approximately, 3%, you can take around INR40 crores EV. Now I have got the orders, huge order of EV makers are with gasket division also, and my forging and magnetic Marelli. The vehicles, but for which we have got export order are being launched in '25 and '26 only. When they will launch the component, we go.



Anuj Talwar: Our products, as what Naveen mentioned to you, that we don't get affected, whether ICE, hybrid or EV, because we are constantly innovating and putting our products in EV vehicles.

Moderator: The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited.

Jyoti Singh: Yes. So thank you for the opportunity and, sir, congratulations on the stellar set of number. So my question is on the order book side, like if we have a INR1000 crores of orders, so that includes EV also, and how much is the EV order book?

Anuj Talwar: Navin, you have the breakup with you?

Navin Juneja: I have got the breakup of last three orders, which I got from last July till now, I have a breakup. Out of these INR2000 crores of order, which we have received from last year till last month, or last one year, out of which INR475 crores is EV, okay, and INR 415 crores is about export. This order of Marelli, it will go in both, we are not aware how much it will go to ICE, how much it will go to EV. We have no details available with us as of today. Okay, but it's the component which goes in both the types of vehicles, there is no change in that.

Jyoti Singh: Okay. And, sir, as we have mentioned in the presentation that we are targeting 13% CAGR by '27 and also you mentioned the category segment-wise top line. So, like, what are the, you know, strategy and what are the, you know, positive things that we are seeing and which are the OEMs from where we are seeing very good order books? So, if you can explain on that?

Navin Juneja: We mentioned a top line of around INR700 crores, I understand, is okay, right? We already achieved 500, we are still three years to go and here we are working with some export customers and I think we are in the process of pulling some good orders from good customers for EV space, I think in the next six months we will be able to have some good order from them. Plus, on the Indian front, we are just entering Mahindra in a big way now.

We are developing heat shields and gasket for them and hopefully in the next one year you can see a good jump in that. Plus a normal growth of 8% to 10% of business, which will easily cross INR700 crores there, easily. Now, coming to my forging division., we anticipated, I think, INR500 crores in this business by FY '27, and last year we closed at INR276 crores. It has a huge backlog of product developments we are working on that. We are getting very good order.

Order book is lying with me for JCB, for DANA and Meritor. We have just concluded the audit last, I think, yesterday only. Plus, other customers, we are sitting on my head to expand their portfolio and we expect this business to grow about 25%-30% per annum, on the basis of the order book they are having, plus the potential order, we are working on that. The only problem is product development time, that is the only issue here. Now, I think in Marelli business we anticipated a top line of INR700 crores. Last year they closed , around INR260 or INR270 crores.

With the order of, this order we have got of INR1000 crores, you can see an exponential growth from FY25-26 in the business, and we are hopeful to be able to achieve this INR700 crores very easily. I think next year, there will be 300 something, after that there will be 500 plus, with the order book they have got.

And coming to Marugo, Marugo, we are last year we closed 121, this year again we are expecting a growth of 20% plus there, and I think we put a figure of 200 crores, easily we can cross that figure, we have new technology hoses etc., coming from Maruti, and we already bought on that, so I don't feel, of course Mahindra, we are working with Mahindra, for the whole business, hopefully we are quite hopeful to cross that figure also, that is a brief.

Moderator: The next question is from the line of Uttam Purohit from Monarch Network Capital Limited.

Uttam Purohit: Yes, good afternoon sir, and congratulations on great success and numbers. So, my question was around the margin side for the quarter, so if I look at the margin of the Marelli business, it has gone down by some percentage, and on the contrary, gaskets has gone up quite a bit. So, is this impact on margin of Marelli and also the forging business, is it because of raw material prices, and can you please also comment on the improvement in margins of gaskets?

Navin Juneja: Margin of, I think, Marelli is now hovering between 13% to 14%, okay, 13 point some percent margins there. The reason is because of the product mix, the more the export, the more the margin, and I think this margin will grow further, it will be, I think next two years we should be catching around 15% here in this, with the export business, with that new business coming here, where the margins are good, we are hoping this, it can go up to 15%, next year it should be around 14%, after that it should be around 15% plus in this business.

Uttam Purohit: There's a bit impact on the margins of forging business as per, yeah, and also there's a great improvement in the margins of gaskets business, so can you just comment on both of them?

Navin Juneja: Please don't see quarter, see the year. I always say see the year, some price increases come in one quarter and it's the impact of that in one quarter. For the full year, – on the standalone basis, we had a margin of 16.1%. I think for this last financial year. We are hopeful that should be hovering around that -- for next year after that, it can go up further the more export and more.

I think it can go up to further, but don't expect 20%. I was telling you earlier also don't expect that. It would be 0.5% here and 0.2%, 0.5%, it will be hovering for next financial year only. After that it can – let's see after one year. I think with the benchmark over 16%, we have already achieved that. We need to stick to that benchmark first and see.

The more good businesses at core business we get, the more margin will come, we are working on that.

Uttam Purohit: Great. And this amount we would receive from this disinvestment and JV. So, it would be utilized towards internal capex? Or are we planning to acquire or do some acquisitions?

Navin Juneja: I'm -- now I'm talking about the normal business. We are okay, we are still working for that, for JVs or some new acquisition, not really for new JVs or PA, we are working on that. Let's see, when it matures. We are working on that very significantly.

Anuj Talwar: We're working on few new projects. We're working on a few new projects, technology transfer where it's -- but not acquisitions, like the JV working in.



- Uttam Purohit:** Just one bookkeeping question. So, I can see our non-core investments have gone quite up a bit. And I can see the -- some cash inflow from our lease investment from the JV. So can you just explain what things are -- how the transaction worked till now?
- Uttam Purohit:** How much the transaction versus heavy -- received the entire amount? Or is it part pending and the increase -- and the substantial increase in the non-current investments.
- Navin Juneja:** . We received INR81.80 crores in the third -- on 25th January. And after paying the taxes -- some legal expenses, we're left with a figure of about INR55 crores which we have invested. And for a period of more than one year in the government securities and it's lying in the non-current asset because more than one year. That's -- it's already with us. Income, we are getting about 7.75% to -- 7.8% average return that we're giving on that.
- Uttam Purohit:** Great. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Shikha from Time & Tide Advisors. Please go ahead.
- Shikha:** Hello, sir. Good afternoon. Congratulations on a great set of numbers. Sir, I wanted to inquire about our non-auto businesses, which we have started, I think sometime last year. So, I wanted to understand how those are moving for us?
- Management:** Kawasaki and off-roader.
- Navin Juneja:** Off-roader is doing very well. Last year, we -- I think in forgings division INR40 crores business is off-roader business. If you see forging on the -- my off-roader share is a hovering around 40% no less than 30% . It's doing very well. And we are able to -- I think this year to go further forging business, share of two wheelers, Agri and off-roader is 48%. Of this -- it should include Agri also for off-roader, put it around INR40 crores turnover out of INR276 crores.
- Shikha:** Okay. Understood. And this is again mainly in Europe, right?
- Anuj Talwar:** UK.
- Shikha:** Understood. And sir, another bookkeeping question. This quarter, I think our other expenses were up as a percentage of revenue. Was there any one-off in that or related to Nippon Leakless or something?
- Navin Juneja:** One-off, one-off is in forgings division my freight. Okay. Is one-off. The reason being and just give you background, the one is Red Sea issue started in December, somewhere. It carried out for the full year, plus because of the Red Sea problem container was stuck because of Hamas issue, etc. And we need to send some eight to 10 shipments to JCB by air. So that component increased more than INR1 crores on that.



That component added quarter. So, that is the only thing regarding the Red Sea thing. We'll be able to recover in future quarters. And that is one-off -- one time off.

Shikha: Understood. Okay. That's it from my side. I'll come back in the queue.

Navin Juneja: Thank you.

Moderator: Thank you. The next follow-up question is from the line of Riham Goel from Spark Capital. Please go ahead.

Riham Goel: Hi, sir. So, another question I had was, last year, EVs contributed 2% to the company's revenue. This year it is 3%. So how exactly are you projecting 12% in order your FY '27? What is the rationale behind that?

Anuj Talwar: Yes, all the other acquisitions that we're working on.

Navin Juneja: Already, we have the orders, I'm telling you. It keeps that model of where we have got orders will -- I think it will -- okay, it will be close to that. That vehicle, I think which was going to launch in this October, November have been delayed by six months, right? The UK vehicle and has delayed the launch of EV by six months. That's why you can see order is there. Whenever they launch, we will be able to supply there.

Riham Goel: Okay. And now that you have exited from Nippon, will you still be offering non-asbestos gaskets in your product portfolio?

Anuj Talwar: . Non-asbestos, yes.

Navin Juneja: We'll continue on non-asbestos and yes that's the core. Yeah.

Moderator: Mrs. Goel you have any further questions?

Riham Goel: No I am done. Thank you.

Moderator: Thank you. The next question is from the line of Divyam Gupta from Gupta Family Office. Please go ahead.

Navin Juneja: Hello?

Moderator: We'll move on to the next participant, The next follow-up question is from the line of Shikha from Time & Tide Advisors.

Shikha: I was wondering the Mahindra and Mahindra business speaking of. Is that mainly on the EV side? Or is it on the ICE side?



Navin Juneja: ICE side.

Anuj Talwar: SUVs -- ICE SUVs.

Shikha: ICE SUVs. And another thing, so I think we were doing some business with Russia sometime last year. How has the growth on that been? And what is the outlook on that?

Navin Juneja: I think this year, we already supplied samples. They are under testing. And I think this year, by next two to three months, we will start supplying. This year, we are expecting, I think, volume of around INR10 crores to INR12 crores sales from that business.

Anuj Talwar: It's all about testing and validation.

Navin Juneja: Potential is INR25 crores, INR30 crores.

Shikha: Understood. And are there any other geographies we're looking to add currently?

Anuj Talwar: We just added Europe and South America to a very large order with a company called Stellantis. So, that's going to start also by quarter four of this year. And it's a big order. It's about a INR1000 crores order over the next seven years. We're trying to refocus our USA study also.

Shikha: And are there any new products we're looking to add as well in the pipeline?

Anuj Talwar: We're looking to add some new kind of hoses. Maybe some plastic hoses, nylon hoses. We're working on some sealing of batteries. So, various products we're looking at.

Shikha: And sir, earlier we used to do a small portion of wire harnesses. Do we still do that? And are we looking to increase scope there?

Navin Juneja: No, no. We are buying wire harness for our commercial gasket, wire harness gasket. That business is going very well. Still going, doing very well.

Anuj Talwar: Yes, we are looking to increase that product portfolio into another customer in South India, a truck maker.

Shikha: And sir, lastly, on our aftermarket division, do we have a strategy focused towards that? Or are we currently just focusing mainly on supplying to OEMs?

Navin Juneja: OEMs, we are trying because, the gasket aftermarket is not very huge because, we don't open up the engines so frequently. Our main focus is OEM and aftermarket OE business -- aftermarket OE business in export and inOE business and export. Not in domestic, we are not focusing.

Shikha: Sir, just correct me if my understanding is wrong, but the aftermarket export business would have a higher margin, right?

Navin Juneja: Yes. Very huge, very big range, small number. There is a different type of issues there. You know that.



Moderator: Thank you. The next question is from the line of Divyam Gupta from Gupta Family Office. Please go ahead.

Divyam Gupta: My question was again regarding our margins. So we did 16% operating margins in '24. And in our presentation, we have guided for a similar 15%, 16% by FY '27. So do we expect it to remain range bound going forward? But sir, my question -- my main question here is, shouldn't it increase and reach about the 18% range as our share of exports increased?

Navin Juneja: I think, we will wait for 1 year, and then we'll come out with our numbers. We want to wait for 1 more year before we revise our guidance.

Divyam Gupta: Okay. So -- but you do expect it to inch upwards, right?

Navin Juneja: Of course, our aim is to increase. We are here for that.

Divyam Gupta: Perfect, sir. And if I heard you correctly in the call, someone just spoke about a 13% revenue growth guidance going forward? Do you stand by it?

Navin Juneja: Yes.

Moderator: Thank you. The next question is from the line of Satish Kumar who's an individual investor. Please go ahead.

Satish Kumar: So research report saying, many of our company products like gaskets may have become obsolete if -- when there is large scale adoption of EVs because we are going products...

Anuj Talwar: Yes, our products don't get obsolete. In gasket, we are basically into very heavy duty engines like trucks and outdoor segments and tractor segment, very well protected out there. We are also in some 2-wheeler gaskets, but those are also mostly motorcycle. So they don't get obsolete. As tomorrow morning, whole world will change and you have EV buses, EV trucks, and EV cars and there's no ICE engine, then something happens.

But in the next 10 years, 15 years, we have signed contracts with our OEM called Cummins, where we're going to continue to make gaskets and design for them. And otherwise, all our other divisions like forging and casting, there's nothing going to happen. And we are constantly involving product portfolio to cater EVs and also batteries.

Satish Kumar: One more question. So are we expecting more similar large orders in FY'25, sir?



- Navin Juneja:** So we are just expecting -- we are working -- Yes. Even with the EV increasing, our gasket division is growing 18%, 19% in last financial year. The growth is coming from there, a new product we're evolving in the engine and outside the engine, in the EV, everything is there. We keep on growing, respectively.
- Satish Kumar:** So are you supplying products to CNG vehicles also?
- Navin Juneja:** Yes.
- Anuj Talwar:** Yes. We are.
- Navin Juneja:** It's a sealing product. It's a sealing. Gasket is a sealing product. Sometimes it's really engine. Sometimes it's in the exhaust. Sometimes it's sometimes we seal any where the two metals meet, it's sealed. In the gas centre also, the sealing is there.
- Satish Kumar:** Okay, sir. .
- Moderator:** Thank you. The next question is from of Atul Daga from AAA Securities. Please go ahead.
- Atul Daga:** Sir. So FY'27, we expect we expect our EV share to increase, and the guidance is given in -- it's an approx 12%. My question is which category do we focus to cater on, like passenger vehicles, commercial vehicles? Because in ICE segment, we majorly cater... EV vehicles?
- Anuj Talwar:** Our EV business is only PVs. Mostly PVs.
- Atul Daga:** So my question is which category are we going to like focus on CV as well?
- Navin Juneja:** PV. We are focusing -- our focus is everywhere, but no one is developing an electric CV at present.
- Atul Daga:** So also in continuation the same, how will capex requirements will change as we focus more and more into EV space?
- Navin Juneja:** Not much, of course, not really to make roughly, EV sometimes required like for motors, they're developing gaskets made of rubber. We already make gasket made of rubber here. So those machines will be added more. And we are developing new motors for a battery. If that motors come online, we have a separate line for that. Can't comment on that. But nothing major is going to invest.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Anuj Talwar:** Yes. Thank you so much, everybody, for joining the call, and I'm hopeful that we'll be able to answer all the questions that were put up. And as we said earlier as well, we with our hedged automotive strategy and different product line that we are in, we see a good and a bright future. Thank you. Bye.
- Navin Juneja:** Thank you.



Moderator:

Thank you. On behalf of Talbro's Automotive Components Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.