



“Talbro's Automotive Components Limited

Q4 FY '23 Earnings Conference Call”

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**MANAGEMENT: MR. ANUJ TALWAR – JOINT MANAGING DIRECTOR –
TALBROS AUTOMOTIVE COMPONENTS LIMITED**

**MR. NAVIN JUNEJA – DIRECTOR OF THE BOARD AND
GROUP CHIEF FINANCIAL OFFICER – TALBROS
AUTOMOTIVE COMPONENTS LIMITED
SGA – INVESTOR RELATIONS FIRM – TALBROS
AUTOMOTIVE COMPONENTS LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to Talbro's Automotive Components Limited Q4 and FY '23 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 the 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 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. Anuj Talwar, Joint Managing Director of Talbro's Automotive Components Limited. Thank you, and over to you, sir.

Anuj Talwar:

Yes. Thank you. Good afternoon, everyone. A very warm welcome to our Q4 and FY '23 Earnings Call. On the call today, I'm joined by Mr. Navin Juneja, our Director of the Board and our Group CFO, SGA, our IR firm in Mumbai. The result and the presentation are uploaded on the stock exchange and the company website. I hope everyone has seen it.

I'll begin with the industry and the economy overview. In FY '22-'23, the automotive industry experienced a significant boost in production and sales, largely due to increased economic activity and mobility. According to industry data, a total of 25.9 million vehicles were produced between April '22 and March '23 compared with 23 million units in the previous year. Sales improved across most automotive segments, including passenger cars, commercial vehicles, tractors, resulting in a 20% increase in the overall automobile sales from 17.6 million in '21-'22 to 21.2 million units in '22, '23.

Domestic sales of passenger vehicles increased by 27%, reaching over 3.9 million passenger cars, highest ever in our country, up from 3.1 million units in FY '22. The commercial vehicle segment had the second highest domestic sales with an increase from 7.2 lakh to 9.6 lakh units, representing a growth of 34%. 3-wheelers also witnessed impressive growth, surging from 2.6 lakh to 4.9 lakh units, an increase of 87%. 2-wheeler sales, which was lagging behind also increased from 13.6 million to 15.9 million units last year.

The growth was particularly strong in the passenger vehicle segment and we expect it to keep going on for the next coming years. And you've seen a lot of announcements from the big boys like Maruti and Tata, how they're adding capacity. The demand for commercial vehicles have been boosted by the government initiatives aimed at building infrastructure such as roads, highways, and ports. As a company that is very strong in these 2 segments, Talbro's will continue to perform even better and stronger and take more market share in these segments.

Now at the company performance. FY '23 has been a strong year at Talbro's Automotive. At a group level, including the joint ventures, the company, for the first time, achieved a revenue of INR1,037 crores, a growth of 18% year-on-year. As we said earlier, our company has received multiyear orders of about INR1,000 crores from both domestic as well as overseas OEMs across all our business lines, including gasket, heat shields, forging, chassis, and rubber.

Our gasket division has shifted focus towards heat shields while constantly diversifying the segment portfolio and securing exports. In this Gasket Division, we're happy to announce that for the first time, our heat shield division crossed about INR20 crores of revenues, and we expect this to reach about INR90 crores by FY '27. Gasket been the cash cow and a market leader. We continue to get more and more orders from domestic OEMs as well as global OEMs. And we believe that even now we can get a lot more of exports in our gasket business line.

We've also increased our contribution towards PV segment and CV we are expanding into new geographies like Russia, Japan, for LCV, HCV and offroad segment products. In the forging division, we are leveraging our company's capability to convert castings into forgings and increasing our focus on electric vehicles. We recently added heavyweight parts up to 30 kilos and increasing our focus on exports managing geographies like U.K., North America, which we have added a landmark customer in the U.K., which we mentioned about who converted from casting to forgings, who is very big in the construction and the off-highway segment.

You will see in our joint ventures are clearly at an inflection point. Each one of them is showing very strong high double-digit growth going forward. Our Marelli joint venture, we already supplied components to the domestic OEMs and export OEMs. We are supplying components for the chassis, suspension and now recently making a cradle for Tata Motors, which is directly a needy component where the battery motor will fit. Coming to our JV with Marugo, you have seen that how the company has turned the fortunes both in top-line and bottom line.

We were successfully able to reduce a part for Maruti for the E20 hoses, which is the product for the biofuel, which the government is planning 20% ethanol into fuel to reduce its imports of crude oil mine. We are one of the few companies in the country to have successfully commissioned this product, and we are supplying this successfully to the Maruti since last 4 months. Now this will only go up. Nippon Leakless is a very high EBITDA margin business, and the company has strong relationship with Honda and Hero Motor corporations.

We're constantly working on increasing our exports from the current level of 25% to 35% over the next 3 to 4 years with focus coming from all our business lines to grow more and more export-oriented, obviously, with fulfilling all the requirements of the domestic OEs first, where we find the demand to be very, very strong.

The trend towards sector vehicles is expanding and we've been strengthening our EV portfolio, we secured orders from leading OEMs, both domestically and globally in the EV space as well. We also have secured some orders from the nonautomotive segment, and this will help us hedge our revenue going forward. With continuous innovation in products like heat shields, strengthening EV portfolio, orders from non-automotive segments, strong clients, and journey towards sustainability for manufacturing biofuel hoses for the E20 segment, we are very strong.

We are very confident of achieving good growth in the near future. As informed, to the investor community recently, we plan to double our revenues and become INR2,200 crores company by the year FY '27. I think with all this, what we shared with you that being a segment player, being into every segment, being in export and very strong cost controls internally through our presidents of all divisions and focus on localizations, I feel that our margins should increase over 15% to 16% EBITDA by FY '27. Before I hand the call to Navin Juneja, our Group CFO, who will take us through the numbers, I'm very happy to announce that we are proud to have delivered a strong performance last year and even above that in quarter 4. Navin, over to you.

Navin Juneja:

Thank you very much. Good afternoon, and a warm welcome to all the participants. Let me begin with the financial overview. Our total revenue for Q4 of FY '23 stood at INR177 crores as against INR150 crores, a growth of 18% on Y-o-Y basis. For FY '23, our revenue stood at INR653 crores as against INR585 crores, a growth of 12% on Y-o-Y basis. EBITDA for Q4 FY '23 stood at INR27 crores as against INR23 crores, a growth of 18% on Y-o-Y basis. And for FY '23, EBITDA stood at INR93 crores as against INR83 crores, a growth of 12% on a Y-o-Y basis. EBITDA margins for Q4 of FY '23 stood at 15.2% and for FY '23 stood at 14.3%.

PAT for Q4 FY '23 stood at INR17 crores as against INR13 crores, a growth of 34% on Y-o-Y basis and for FY '23, PAT stood at INR56 crores as against INR45 crores, a growth of 24% on a Y-o-Y basis. The Board of Directors have declared a final dividend of INR2 per share of face value of 10 each the total dividend for FY '23 stood at INR3 per equity share for FY '23. In the gasket division including Nippon Leakless Talbro's for Q4 of FY '23, our stand-alone gasket sales are INR119 crores as against INR102 crores in Q4 of FY '22, a growth of 17%.

Total revenue of Nippon Leakless was INR8 crores in Q4 of FY '23 as compared to INR7 crores in Q4 of '22, a growth of 8%. These numbers are our share of business of 40%. For FY '23, our standalone gasket was INR434 crores as against INR382 crores in FY '22, a growth of 14%. Total revenue of Nippon Leakless was INR35 crores in FY '23 as compared to INR30 crores in FY '22, a growth of 19%. Nippon Leakless numbers reflect our share of business that is 40% 40%..

The segment saw a combined EBITDA of INR18.6 crores in Q4 of FY '23 versus INR16.4 crores in Q4 FY '22, a growth of 13% for FY23 this segment saw a combined EBITDA of INR67.5 crores as against INR59.5 crores, a growth of 13%. Now coming to our forging division. The revenue of this division in Q4 of FY '23 reach grew by 23% to INR59 crores -- sorry, INR59 crores as against INR48 crores in Q4 of FY '22. In FY '23, revenue grew by 7% to INR219 crores as against INR204 crores in FY '22.

As you are aware in the first 9 months, there was a shortage of chips, etc , logistic issues of a lot of Other issues, demand of JLR came down. So now everything is falling in line, and we are back on track in this division. EBITDA in Q4 FY '23 grew from 9% to INR10 crores as against INR8 crores in Q4 of FY '22. In FY '23, EBITDA grew by 14% to INR34 crores as against INR30 crores in FY '22.

Now coming to Marelli Talbro Chassis Systems. Revenue for Q4 FY '23 stood at INR27 crores versus INR25 crores in Q4 'FY22, registering a growth of 11% on a Y-o-Y basis for FY '23 revenue stood at INR105 crores versus INR82 crores, a growth of 27% on Y-o-Y basis, these numbers are our 50% share of business. For Q4 FY '23, EBITDA stood at INR3 crores as against INR2 crores in Q4 FY '22, a growth of 26% on a Y-o-Y basis. For FY of '23, EBITDA stood at INR11 crores as against INR8 crores in FY '22, a growth of 34% on a Y-o-Y basis.

Now coming to our large JV of Talbro Marugo Rubber Pvt Ltd. Revenues stood at INR14 crores in Q4 of FY '23 versus INR9 crores in Q4 FY '22, registering a growth of 68% on Y-o-Y basis. For FY '23, revenue stood at INR42 crores as against INR27 crores, a growth of 55% on Y-o-Y basis.

Again, these numbers are our share of 50% only. For Q4 of FY '23, EBITDA stood at INR2 crores as against INR1 crore in Q4 of FY '22, a growth of 148%. For FY '23, EBITDA stood at INR4 crores as against INR1 crore in FY '22, a growth of 109% on Y-o-Y basis. Looking ahead, we see various opportunities for sustained growth in the automotive industry. The company has made substantial investment in new technologies, expanding new capacities, diversified its product portfolio, broadened its customer base, and have entered additional markets.

Talbro is confident that these initiatives will drive long-term growth for our company and positioned to take advantage of future opportunity in the industry. That's all from my side, and I would now like to open the floor to question and answers. Thank you.

- Moderator:** Thank you. The first question is from the line of Shikha Mehta from Equitree Capital.
- Shikha Mehta:** Okay. Congratulations on a good set of numbers. I just had a few questions. One was , on our last cost call, you mentioned the agri segment picking up in Italy, etc. So how is that shaping up for us now? And also how is orders looking overall?
- Anuj Talwar:** Shikha, how are you? Yes, agri is doing good. We supply to Dana and Carraro from our forging division to the agri segment in Italy, is doing strong, is doing okay. The carmakers like BMW and Jaguar Land Rover are slightly, I will not say sluggish, but muted but looks okay. We are looking at a good quarter, good year ahead for our forging division also going forward. We are fine. And I think the onset of the new customer, JCB, which has come in, that will obviously add on a value and revenue to the company. So we are not at all bothered about that.
- Shikha Mehta:** Okay. Great. And so if I remember, we had a small portion in the Wire Harness segment in our portfolio. Are we looking to grow that, or what is the strategy regarding that?
- Anuj Talwar:** Yes, we are looking to grow that. In fact, as we speak, we are looking to -- we have approached another OEM in the US for the Wire Harness business. And also one potential OEM in the country, who is not currently using this technology is visiting us 1st week of June. So hopefully, things will materialize. And also from Russia, we've already got the order of about INR10 crores-plus for this component for the local Russian market for engines.
- Shikha Mehta:** Okay. And overall right now, what would be our exposure to wire harness?

Anuj Talwar: Wire harness is about INR30 crores, INR40 crores per annum at the moment, but this will go to about INR65 crores, INR70 crores in the next two years.

Shikha Mehta: Okay. Got it. Sir, if you could also shed some light on freight and power cost for Q4?

Navin Juneja: Freight and power cost. Yes. Freight has -- overseas freight has come down, okay? We enjoyed the benefit of that thorough the last In forging divisions, basically overseas freight is higher because of the major exports are coming from there. And it has come down and from pre-COVID levels, and we enjoyed the benefit of cost during the last four months. But I think we have to reset the prices with all the customers going forward. I think it will be done in this quarter.

And regards to the Power, I think power is already we are under control in power segment. And in future, we have in some plants we have put up , because in NCR, we can't run in the summer, you can't run the DC sets on the diesel. We have converted our DC set to PNG. So we will be using PNG going forward for the DC sets. So it's under control. Power is not a major concern for us.

Shikha Mehta: Okay, great. That's all from my side for now. I'll come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Naysar Parikh from Native Capital. Please go ahead.

Naysar Parikh: Yes, hi. Thanks for taking the question. My question is that, in FY -- is on the EV side, right on in FY '27 also we're expecting maybe 10%, 12% to only come from EVs. So I just want to get your sense that, one, how do you see that evolving and from the gasket side, do you see growth continue keeping the heat shield business side? Do you still see growth over the next three, four years in your gasket division?

Navin Juneja: So coming to a question on the EV side, of course, we are expecting from 2% to around 12% on the double top line, around INR250 crores business we are expecting by FY '27, the growth drivers will be heat shield we are going to be getting the order for the heat shield to be treated in the EV. So that order we are already negotiating number one from that side. Plus on the battery, we are going to -- already got the order for some revised gasket on the battery, number two.

On the forging front, we are already supplying for our BMW vehicles, Volvo, we're supply to Volvo for our EV vehicles, the products are going, we expect a good growth on this business going forward. Plus our joint venture MMT which already got the very good order of Cradle from Tata Motors, the value of this business around INR32 crores. Plus already, we have got the order from Maruti for the EV vehicles. So that will also add to the key. Plus JLR, we have already got for the chassis business order for their EV vehicles going forward. So all these as of today the picture looks like INR250 crores and I think the more we go forward the bigger should increase, it should not come down, it should increase further. That is the way we are going.

- Naysar Parikh:** Got it. And if I just look at your gasket business and I think you spoke about this couple of calls back also. But when we look at the gasket business, what kind of products if today we assume like-to-like, ICE vehicle is replaced by EV, then your gasket and your forging, what products replace it as is like-to-like and just from a forging and what is its use for you?
- Anuj Talwar:** Yes, forging has got no impact at all, number one. Not as chassis, not as rubber. In the gasket business line for us, if I even remove heat shield as your question you asked me, even in gasket -- because we are into commercial vehicles, into tractors, into agri, into off-roaders, into PV, so it will continue to grow. I'm not saying it de-grown the gasket business. No, I'm not. There's no like that I'll be suddenly tomorrow the world will be replaced by EV. We will continue to grow on gasket. In fact, the flip side is that there's so much consolidation happening in this segment that a lot of the gasket owners or piston owners or bearing owners globally are owned by funds and they're not bullish about it. So it's coming a lot to companies like us in India who are still not that large. We're still going to capture more business going forward.
- We have grown last year by 30-40% in that division and going forward our vision is to double this turnover in the next four years.
- Naysar Parikh:** Got it. And the last question, this INR1,000 crores that you mentioned, which are the orders that you've received, can you give some guideline in terms of how much is it for FY '24 out of that that you need to do?
- Anuj Talwar:** I think you should divide it by INR150 crores to INR200 crores year-on-year. By the time it comes into production and cycle and SOPs and all. That should be the number.
- Naysar Parikh:** Understood. Got it. Okay. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Divya Daga from Vijit Global Securities. Please go ahead.
- Divya Daga:** My first question is that can you provide a breakup of order book for this quarter as well as for the whole year?
- Management:** Breakup for the order book?
- Divya Daga:** Yes. The existing order book that the company have.
- Anuj Talwar:** I think, this is there in the presentation we have uploaded, that all have the details of all the presentation. You can see the order book there on the page number two. It is across multiple segments, multiple products, multiple territories is already uploaded. You can look at from there, please. It's all detailed out there that how much is electric, how much is commercial vehicle, off-road vehicle, all that.
- Divya Daga:** Yes. So is it a complete order book that we have -- you have given?
- Anuj Talwar:** It's a new order. You can't give the existing order as we keep on repeating if we do we keep on getting.

- Divya Daga:** Okay. And my next question is that as I saw the PPT, I have noticed that capacity utilization for FY '23 has fallen down a little bit, is there any specific reason?
- Anuj Talwar:** Capacity has come down a little bit. Utilization?
- Divya Daga:** Capacity utilization, especially for forging...
- Anuj Talwar:** Yes, it happens in the last -- every year, in the third half and fourth half -- first quarter, we put up the new machines for the new financial year, in advance. A slight effect of that, nothing of that, please. Because if we are growing, we need to put the machines in advance for the next year. That is why it happens.
- Divya Daga:** Okay. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Rahil Shah from Crown Capital. Please go ahead.
- Rahil Shah:** Sir, the question is about the outlook for on a more near-term basis. So I understand you've given your FY '27 targets about reaching -- doubling your revenues. So that is like roughly from this current stage, 20% CAGR will be growing for the next four years. But then let's say, you mentioned you want to gain more market share and then you mentioned the industry overall is going to grow at a certain percentage on a CAGR basis. So given all these things, and let's say the demand suddenly shoots up way more than expected, are you in a position in the next one to two years to grow more than this 20%?
- Navin Juneja:** Of course. Number one, these are the projections given on the basis of what we can foresee as of today, okay? And tomorrow Maruti double the production, of course, we will be growing that way. Tata Motors double its production as compared if we get huge demand comes up as volume increases, of course, we can deliver. This is the basis of this, we expect the industry to move out. If it is go -- it goes better, of course, why not.
- Rahil Shah:** Okay. So you're definitely in position. So let's say, if there is a lot more demand than this 20% -- 25%...
- Anuj Talwar:** I mean we're putting up a new plant. We're moving our rubber facilities to Bawal now we have a larger plant there. We're looking at a potential plant in Gujarat in the near future, we're working on a case study with that. So that's always ongoing. We put up a brand-new center in Bawal for machine, brand-new machine unit. And so we're all ready for that. It's not that I say, no, let's divert demand to somebody else. No.
- Rahil Shah:** Okay. And the EBITDA margins also will move like in a stage like phase-wise manner from...
- Navin Juneja:** You can see, now for the year we have had 14.2% or 14.3% whatever it is. Of course, the volume goes up, it will improve. But it can't jump from one year from 14% to 15%. It can't jump because there are cost escalation also. Everything is there. And so we will go up to 15-16% definitely. There is no way we can't go there.



- Rahil Shah:** But at least we can say that in this FY '24, it will at least maintain sustain and then any improvement it will be possible...
- Anuj Talwar:** **yes definitely**
- Rahil Shah:** All right, sir. That's it for now. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Divya Daga from Vijit Global Securities. Please go ahead.
- Divya Daga:** My question is just what's the update on capacity expansion in forging division?
- Anuj Talwar:** We are planning to invest approximately INR60 crores in forging division in next four years starting this year. So I think this year should be around INR18 crores to INR20 crores.
- Divya Daga:** INR18 crores to INR20 crores. Is there any specific capacity that we will add in FY '24?
- Anuj Talwar:** We are adding personal machining in a big way. In machining in the tool room and machining center, we are adding 30 machines, 40 machines, 50 machines in that, plus we are adding presses in the some other stuff in the four shops in this year only. That is our plan.
- Divya Daga:** Okay. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Nehal Jain from SK Securities. Please go ahead.
- Nehal Jain:** Hello, hi. Thank you for the opportunity, sir. Can you throw some light on the customer mix for this quarter? And have we added any new customers and what are our plans for increasing the market share?
- Anuj Talwar:** Yes. Ma'am mentioned to you that we constantly adding customers. We've added a customer in North America from the marine/garden equipment company, we've added a customer in the off-highway construction in the U.K. We're adding in Japan, we're adding the customer. We're looking at adding Volvo. We've added Russia Kamaz . So there's a lot going on. So it's like a very long list.
- I mean I got over 100 customers, so difficult to pinpoint, but it's an ongoing process. Not only adding customers is actually increasing the share of business with the customer, like, for example, if Tata Motors is doing let's say, INR1,000 a component. Now I'm doing with them INR400 a component, and looking to do INR600 a component. So that's how we keep looking at it. Not only vertically, but also horizontally.
- Nihal Jain:** Got it, sir. And also, who are our top customers in the gasket and forging business like how much do our top five or top 10 contribute to this business.
- Anuj Talwar:** For the gasket, forging or for the group?
- Nihal Jain:** For gasket and forging?



Navin Juneja: Gasket top customers are Bajaj Auto, Tata Cummins, Tata Motors, VE Commercial, Hero MotoCorp, John Deere, Jaguar Land Rover, these are top customers. And in the forging our top customers are BMW, Dana Italy, Jaguar Land Rover, GKN Driveline, Carraro, Dana again India, these are my top customers.

Nihal Jain: Okay. Noted, sir. And so how much are these the contributing to the business like, for example, how much are the top five contributing to the business?

Anuj Talwar: To the business or the division.

Nihal Jain: Division.

Navin Juneja: I've not taken the percentage, but you can calculate. With Bajaj Auto we did a business of INR67 crores. And Tata Cummins, we did business of INR63 crores, Tata Motors INR26 crores, VE, INR43 crores, Hero MotoCorp around INR17 crores, John Deere, INR15 crores, Jaguar INR14 crores. And then forging, we did a business around INR42 crores with BMW, Dana, INR41 Jaguar Land Rover INR26 crores, GKN Driveline Italy is INR19 crores, Carraro Italy INR16 crores, that is our number.

Nihal Jain: Okay. Noted, sir. That was very helpful.

Moderator: The next question is from the line of Harsh Shah from Tophill Investment. Please go ahead.

Harsh Shah: Sir, I have two questions. First is, how do we see the overall demand scenario panning out? And also, we are focusing on exports and increasing its contribution over the past 5 years. And what is its future growth prospects. Can you elaborate on the same?

Navin Juneja: Yes, I can do that. First of all, I must say that the demand is good in this quarter, okay, it's better than the first quarter of last year, number one. And secondly, export demand is good. And how we are going to -- we are adding more customers has just added -- Anuj has explained we added a customer in forging division in U.K.

But just the development has started. I think that is a very big business of INR150 crores in the next 4 years on that business. Plus we are adding, talking to a new customer in the U.S. also in forging division in a big way. So that demand will be there. BMW is giving us new parts, the production, new generation parts of our EV vehicle, the production will start from next financial year.

So in Marelli, also, they are looking for new businesses with JLR Plus, they're talking to their partners, got some buyback that is also going on. So these are the major plus gasket and heat shield also we are getting very good traction from the overseas customer as Anuj told you from Japan, from U.S. and from Russia. So we don't think so any problem in growing our -- we foresee that with these order books and with the traction going on, I think we are able to achieve our target about 30% of our growth -- total business being exported from existing 25%. These are the broad businesses we are talking about.



- Harsh Shah:** Okay, sir. Second question that since we are also expanding in our non-auto space segment, and we have also been receiving orders for the same . Can you tell us about the growth opportunity in this space?
- Navin Juneja:** These numbers are not very big. We are small, but it's a start. Let's see we started with Kawasaki I think that, that business will also which is at around INR10 crores that business will go further because we are talking about Kawasaki in Japan for that business. That will not be a very huge business but that would be GE, for example, JCB etc, it should be over 2,000 business. It should be around 10% of that.
- Harsh Shah:** Okay, sir. It was very helpful, sir.
- Moderator:** The next question is from the line of Jigar Shah from AK Securities. Please go ahead.
- Jigar Shah:** Can you discuss Q4 and FY '23 performance across all segments, 2-wheeler, passenger vehicle and other segments?
- Anuj Talwar:** Sorry, we can't hear you.
- Jigar Shah:** Can you please discuss the Q4 and FY '23 performance across all segments, 2-wheeler, passenger vehicles and other segments?
- Navin Juneja:** Do you want performance for division wise or for the company as a whole?
- Jigar Shah:** Division wise.
- Navin Juneja:** Division wise. Give me a second, please. Yes. In the domestic business -- let me bring out the numbers. Yes. In the gasket and heat shield business, of 29% is 2-wheeler, 3-wheeler, passenger vehicles 2%, HCV is 30%, LCV 17%, agri off-road 12% other 7%, okay? Now coming to my forging business, yes, forging business 2- and 3-wheeler, 7%, 42% passenger vehicle, 26% agri and 60% others.
- Now coming to other division. Other division Nippon Leakless Talbro's 95.5% is 2, 3-wheelers, 2% passenger vehicles, and 2% others. Now coming to Magneti Marelli chassis business, passenger vehicle 91.4%, others 8.6%. Lastly the Marugo Rubber, my passenger vehicle 64.7%, LCV 11.3%, others 24%.
- Jigar Shah:** My second question is, like, can you please discuss about JV performance during the quarter and since JVs are at an inflection point today and they are a major growth prospect. So can you discuss on the same?
- Anuj Talwar:** Joint ventures are doing extremely well. If you look at Talbro's Marugo, I just mentioned to you that they have got the order for the biofuel hoses, which the government in India has initiated. So these are very strong products with higher revenue content from the earlier hoses so that's going to keep going up as in more vehicle a pretty good Maruti Suzuki. In the Marelli joint venture, we do a lot of components for Tata Motors and Maruti for suspension, chassis, and electric EV motor drive frames where again, the car front end is going up to a higher level,

like INR3,000, INR4,000. So that we induce a number of vehicles sold, you'll see growth out there.

We've also got exports in Marelli joint venture, which is happening, especially in all the E drive case of Jaguar Land Rover going forward. And Nippon Leakless joint venture is doing well with a high container localization of components and with the 2-wheeler segment again picked up. That is the reason that they want to grow.

We are expecting in the next 4 years, we have given the projection also in next 4 years we expect Magneti Marelli turnover should go up from last year turnover of INR210 crores goes to around INR700 crores in the next 4 years, my EBITDA margin in that business, which is around 10.5% to go up to 14%.

Similarly, my Marugo division should also grow exponentially from currently around 85 to around INR190 crores to INR200 crores in next 4 years with EBITDA margin, again, moving up from existing 7%-8% to 12%-13%. These are our potentials for that.

- Moderator:** The next question is from the line of Prachi Sharma from ACE Capital. Please go ahead.
- Prachi Sharma:** Congratulations on a great set of numbers. Sir, I just have a few questions. If you could answer what was the capacity utilization across all segments?
- Navin Juneja:** It is for the year it was around 85% in the Gasket division, 77% of forging division, Nippon Leakless 55%, Magneti Marelli 73%, my Marugo Rubber Anti-vibration 85%, hoses 80%.
- Prachi Sharma:** Okay, sir. And sir, do we have any capacity expansion planned for the next year?
- Navin Juneja:** Yes. Already, we have done that. I think we are in the process of expanding our capacity to take care of our demand for the third and fourth quarter. Already 6 months we have assured. We are adding more machines. And in various segments, various sectors, wherever we feel this gap.
- And on the forging side, we are adding four machining because a lot of demand from machine component of the JCB is coming. We are adding more machining and I think that will be completed in next 6 months and that will take care of demand of JCB. And Magneti Marelli of course, we are excited for the cradle business and for that we are expanding our capacity in Pune this year. In Marugo we added the major capacity expansion in the last quarter, which will take care of our next year more or less that is complete.
- Prachi Sharma:** Okay. Okay. And sir, what kind of revenue are we expecting from this expansion?
- Navin Juneja:** Of course, we are looking at a 15%, 20% growth this year.
- Prachi Sharma:** Okay. Okay. Okay, sir. And sir, just my last question.
- Navin Juneja:** Alltogether.



- Prachi Sharma:** Yes. Got it. Got it. So just the last question. What was the growth in EBITDA and PAT on account of better efficiency?
- Anuj Talwar:** Mam it's very difficult to calculate they are all put together. Its because of the good product mix, exports, controls, localization etc..
- Moderator:** Ladies and gentlemen, that would be our last question for today. I would now like to hand the conference back to the management for their closing remarks. Thank you, and over to you.
- Anuj Talwar:** Thank you so much for being on the call. We are pretty bullish about our company. We're pretty bullish about being a hedge automobile component manufacturing supplier to global OEMs and domestic OEMs, and we're looking at a good performance in the coming years. And we thank you for your patronage. Thank you.
- Navin Juneja:** Thank you.
- Anuj Talwar:** Thank you very much. Ladies and gentlemen, on behalf of Talbro's Automotive Components Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.