



“Talbro's Automotive Components Limited
Q3 & 9M FY 23 Earnings Conference Call”

February 09, 2023

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*Talbros Automotive Components Limited
February 09, 2023*

Moderator: Ladies and gentlemen, good day, and welcome to Talbros Automotive Components Limited Q3 and 9M FY '23 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on 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.

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

Anuj Talwar: Thank you so much. A very warm afternoon, good afternoon, everybody. A very warm welcome to our Q3 and our 9-monthly FY '23 earnings call. I hope you all are staying safe and healthy. On the call today, I'm joined by Mr. Navin Juneja, our Director on our Board of Talbros as well as our Group CFO. Also, we have SGA, our Investor Relations Advisors from Mumbai. The results and the presentation are uploaded on the stock exchange and the company website. I hope everyone has had a chance to look at it. The company performed strongly in Q3 and 9 months of FY '23.

The company registered a top line growth of 6% in Q3 at INR 160 crores. There was a slight slowdown in our OE spares business domestically as well as a slowdown in Europe -- with OEMs in Europe due to the inflationary costs that have happened due to unfortunate circumstances like the war. EBITDA and PAT have also grown by 14% and 24% to INR 24 crores and INR 14 crores, respectively. For the nine months, the company delivered a top line growth of 10% to INR 477 crores.

EBITDA stood at INR 67 crores at a growth of 11% and company achieved its highest PAT ever of 9 months at about INR 39 crores, a growth of 20% Y-o-Y. We announced several times the current financial year that we've -- we received orders worth about INR 1,000 crores from both domestic and overseas OEM customers.

These product orders are across our various segments, like gaskets, heat shields for passenger vehicles, forgings, for Agri and offloader vehicles and chassis for again PV vehicles/electric vehicles as well. We continue to work on our export strategy. We continue to try and add new customers, which we have just recently done in the US as well on the lawn mower segment. That's a new territory, new product line, new customer and as I mentioned to you, even Agri and offloaders in the UK Also we're quite dominant in the PV space in Europe as well as India. We'd also like to tell you that the orders we have received are from a very established domestic OEM for electric vehicles for over about INR 160 crores for 5 years.



*Talbros Automotive Components Limited
February 09, 2023*

Another very distinct order we recently received is in our joint venture, Talbros Marugo. This order is worth about INR 150 crores over the next 5 years for rubber hoses. This -- if you see the government have been talking a lot about biofuels and E20 fuels and Mr. Modi had made a statement just a couple of days back that we should try and work on this blending of fuel with ethanol to reduce the import of crude oil.

So we're very happy to announce that with the leading carmaker in the country, we're already supplying these products to them. It's about INR 150 crores revenue for the next 5 years. Coming to the industry and the economy overview. In the union budget, as I mentioned right now, the industry has got major boost towards electric vehicle manufacturing, hydrogen fuel adoption and changing technology mix. The budget should drive sustainable yet inclusive growth at a rapid pace as it focuses on increasing taxpayers' disposable income to increase consumption.

In addition, focus on exports and a rise in infrastructure capex is expected to increase demand for commercial vehicles. Further, the announcement by the government to scrap all their government vehicles will be an immense boost to the CV industry. The domestic automotive industry has seen a healthy environment in the current fiscal aided by recovery in the economic activities across segments. Commercial vehicles are expected to drive past pre-pandemic levels next fiscal, driven by growth in replacement demand.

At the same time, PV vehicles have also done extremely well in the last year due to pent-up demand. We're very happy to announce and say that your company Talbros is supplying components to all segments, whether it is in the PV space, whether it's in the Agri space, whether it's in the commercial vehicle space, 2-wheeler space, we are everywhere and that's one of the hedge strategies for us. During the 9 months of FY '23, of our domestic sales, 25% came from 2- and 3-wheelers, 21% came through the PV segment 36% came through the commercial vehicles and 9% came through tractors and 9% is others.

Business-wise, in 9 months of '23, exports contributed to almost 17% of the gaskets revenue, which was earlier only about 10%, 51% exports came in the forging business line 16% came from Marelli Talbros Chassis Systems Limited and 11% through Talbros Marugo. Overall, as a consolidated revenue, about 23% to 24% of the 9-month revenue came from exports. We are buoyant and bullish on the automotive sector. yes, we may have had a slightly muted growth in quarter 3.

for the 9 months, we've still performed steadily and quarter 4 looks to be buoyant. Having said that, I would like to definitely emphasize that even though we had a slightly muted growth in Q3 due to reasons already explained, we have maintained our costs extremely tight in the way we run our shifts and we've given good EBITDA margins as a result.

Now I'll let Mr. Juneja take us through the financials. Please, Navin.



*Talbros Automotive Components Limited
February 09, 2023*

Navin Juneja:

Yes. Thank you, Anuj, and good afternoon, and a warm welcome to all the participants. Let me begin with the financial overview. Our total revenue for Q3 of FY '23 stood at INR 160 crores as against INR 151 crores, a growth of 6% year-on-year basis that is in the standalone business. For 9 months of FY '23, our revenue stood at INR 477 crores as against INR 435 crores, a growth of 10% on Y-o-Y basis. EBITDA for Q3 of FY '23 stood at INR 24 crores as against INR 21 crores, a growth of 14% on Y-o-Y basis and for 9 months of FY '23, EBITDA stood at INR 67 crores as against INR 60 crores, a growth of 11% on a Y-o-Y basis. EBITDA margins for Q3 of FY '23 stood at 14.9% and for 9 months of FY '23 stood at 14%. There is a recovery where we are falling short of 14% in the previous quarter now we have recovered in this quarter.

PAT for Q3 of FY '23 stood at INR 14 crores as against INR 11 crores, a growth of 24% on Y-o-Y basis. And for 9 months of FY '23, PAT now stood at INR 39 crores as against INR 32 crores, a growth of 20% on a Y-o-Y basis. In the Gasket division, including Nippon Leakless Talbros, for Q3 of FY '23, our standalone gasket sales were INR 102 crores as against INR 101 crores in Q3 FY '22. Total revenue of Nippon was INR 21 crores in Q3 of FY '23 as compared to INR 20 crores in Q3 of FY '22, a growth of 7%.

For 9 months of FY '23, our standalone gasket sales were INR 316 crores as against INR 280 crores in 9 months of FY '22, a growth of 13%. Total revenue of Nippon Leakless was INR 69 crores in 9 months of FY '23 as compared to INR 56 crores in 9 months of FY '22, a growth of 23%. This segment saw a combined EBITDA of INR 19.1 crores in Q3 of FY '23 versus INR 18.6 crores in Q3 of FY '22, a growth of 3%. And for 9 months FY '23, this segment saw a combined EBITDA of INR 57.9 crores as against INR 50.9 crores, a growth of 14%. Now coming to our Forgings division.

Revenue in Q3 FY '23 grew by 15% to INR 57 crores as against INR 49 crores in Q3 FY '22. In 9 months, FY '23, revenue grew by 3% to INR 160 crores as against INR 156 crores for 9 months of FY '22. EBITDA in Q3 of FY '23 has gone up by 56% to INR 10 crores as against INR 6 crores in Q3 of FY '22.

In 9 months of FY '23, EBITDA has grown up by 9% to INR 24 crores as against INR 22 crores in 9 months of FY '22. For Marelli Talbros Chassis Systems, revenue for Q3 of FY '23 stood at INR 55 crores versus INR 43 crores in Q3 FY '22, which has registered a growth of 29% on Y-o-Y basis. For 9 months of FY '23, revenue stood at INR 155 crores versus INR 115 crores, a growth of 35% on Y-o-Y basis. For Q3 of FY '23, EBITDA stood at INR 6 crores as against INR 4 crores in Q3 of FY '22, a growth of 49% on Y-o-Y basis.

For 9 months of FY '23, EBITDA stood at INR 16 crores as against INR 11 crores in 9 months of FY '22, a growth of 37% on Y-o-Y basis. Now coming to our large joint venture, Talbros Marugo Rubber Private Limited. The revenue stood at INR 20 crores in Q3 of FY '23 versus INR 13 crores in Q3 FY '22, which had registered a growth of 52% on Y-o-Y basis. For 9



months of FY '23, revenue stood at 56 crores as against INR 38 crores, registering a growth of 49% on Y-o-Y basis. As regard EBITDA is concerned, for Q3 of FY '23, EBITDA stood at INR 1 crores as against loss of INR 0.3 crores in Q3 FY '22. For 9 months of FY '23, EBITDA stood at INR 3 crores as against INR 1 crores in 9 months of FY '22.

We are confident toward achieving the growth and believe that the margins are sustainable, maybe little improvement will be there in future also when our revenue stream goes up. This is all from our side, and I would like to open the floor for the question and answer. Thank you.

Moderator: The first question is from the line of Dhiral from PhillipCapital-PCG.

Dhiral: Sir, our revenue growth on the Gasket business is almost only 1% on a Y-o-Y basis. And if I remember, sir, previously, we were guiding to grow almost 12% to 15%.

Navin Juneja: That you are talking about top line or EBITDA level?

Dhiral: Sir, top line.

Anuj Talwar: Quarter 3 only, right?

Dhiral: Yes, sir.

Anuj Talwar: Only quarter 3 you're talking about.

Navin Juneja: Quarter 3, I'm just telling you, why there is less growth in quarter 3, first of all the festive season, after festive season, the demand is always less. You know that very well, plus there's a huge drop in this quarter in the spares market of OEM. Spare market came down very heavily from the OEM side. And that is one of the major reasons plus aftermarket also came down in this quarter. These are 2 major reasons. But now in the current quarter, everything is back to normal. That is a one-off only.

Dhiral: So when you say spare market of OEM, sir, if you can explain what is that exactly?

Navin Juneja: OEM, it takes -- 2 type of billing goes through OEM. One is for fitment in the vehicle. One is for selling in the aftermarket. All OEMs have their own aftermarket channels. Like Tata Motors have aftermarket channel, Hero has their aftermarket channel, Volvo has their aftermarket channel. Channel is there. Their billing came down very heavily.

Dhiral: Okay. And sir, any particular reason for low volume?

Navin Juneja: But I understood, from the aftermarket, we are outselling to aftermarket. There is less opening of engines particularly plus they were having inventories in the past, they want to dilute that inventory. That is the particular reason.

Dhiral: And, sir, how is this current quarter going on at least for the gasket



- Navin Juneja:** Current quarter, it has come back again, no issues in the current quarter.
- Anuj Talwar:** Like he mentioned to you, it's one-off. If you look at 9 months, we've grown at 13%. It'll be okay.
- Navin Juneja:** No, no. For 9 months, at more than 15%. I think by the year-end, it will be 15% growth will be there in this business.
- Anuj Talwar:** Yes. No worries.
- Dhiral:** Okay. Okay. And sir, when I look at the Forgings side, particularly the margins in the Forgings business have almost touched 16% versus 12% last year. So what has led to the substantial improvement in the margins on the Forgings side?
- Navin Juneja:** Yes, there are 2 reasons, one is export has gone up, one thing, plus – out of the exports -- I think, 70% or 60% export is in euro. The euro has recovered a little bit. There are 2 reasons.
- Dhiral:** So this is a currency benefit that we are getting or is this from the operational performance?
- Navin Juneja:** I'm telling you, if the euro remains in the INR 86, INR 87, INR 88 range, this benefit will continue.
- Dhiral:** Okay. So are these margins sustainable, sir, moving ahead?
- Navin Juneja:** Yes, yes, it's sustainable, unless the euro comes down to INR 80, INR 78, then there is a little pressure on that.
- Dhiral:** Okay. And sir, lastly, on the Marugo Rubber JV side, so this quarter, we have seen very strong improvement, sir. So what is the outlook for the next quarter, sir, or maybe for the next two years?
- Navin Juneja:** The quarter -- I think it will be further better than this quarter. A little better than this quarter.
- Dhiral:** And sir, for the FY '24?
- Navin Juneja:** It will be much, much better but we are expecting my Marelli maybe will grow by 30% minimum and my Marugo will also grow by 30% next year.
- Moderator:** We'll move on to the next question that is from the line of Shikha Mehta from Equitree Capital.
- Shikha Mehta:** I have a couple of questions. So we have INR 160 crores order book on the EV front from one of the domestic OEM. Can you explain what kind of product we're supplying to that?



*Talbros Automotive Components Limited
February 09, 2023*

Navin Juneja: Ma'am, this is a product called cradle, this is the product, this is for the OEM based in Pune and cradle is a structure on which the motor sits, and that is a -- I think the revenue of that 1 piece is INR 4,100, INR 4,200 per piece and the supply will start from August, September I think some initial supply will start. I think the major supply will start from the third quarter or maybe October, November.

Anuj Talwar: Yes, Shikha, this is a product, which is sheet metal, welded, assembled, and it's directly where the e-motor sits, so direct product around the electronic periphery.

Shikha Mehta: Okay, sir. Got it. And sir, in your opening remarks, you spoke about some pressures in Europe. Are we seeing that ease in Q4? Or is it expected to remain the same?

Anuj Talwar: Europe is okay. I mean, for example, Q4 is better domestically, I feel, but Europe, I still feel even Feb is little bit soft at the moment, but let's wait and watch. but don't worry, our company will come out strong in growth because domestic market will pick up. And historically in India, it's always been a 45%, 55% H1, H2. But yes, Europe is still little bit slow.

Shikha Mehta: Sir, last quarter, we spoke about adding some other countries in Europe. So do you think that's possible, given the pressure currently or...

Anuj Talwar: Yes. We've added UK in a big way. And luckily for us, UK -- the customer that we added in UK is not really concerned much about chip shortages because it's purely an Agri, off-highway, off-construction product. So that will give a lot of buoyancy in the Forgings division starting next year, and that will only continue to grow because here, it's a very interesting story. Here the customer is moving from castings to forgings. So it's basically changing the product technology. So it's not schedules of, let's say, 100 vehicles or 200 vehicles slowdown.

No. It's a complete overall ramp change in technology. So that will add a lot of buoyancy to the Forgings business, number 1, number 2, in addition to Europe, UK, they're right now also getting some very encouraging movements coming from the Agri sector in Italy. That's also very, very buoyant. And US is still remains to be very strong for our Gasket business, still remains very, very strong. And here also added a new customer, which is in the lawn mower segment. So exports continue to grow.

Navin Juneja: I want to add here, in the Gasket business, we have received plus we're getting fresh order from Russian customer, that will also add to the export.

Anuj Talwar: Yes.

Shikha Mehta: Correct. And sir, could you also comment on the freight and the power costs? Last quarter, the power cost was a little higher. Has that normalized?



- Navin Juneja:** It is maybe one-off, it is one-off. It's normalized. Freight has come down. If you can see in the last quarter also, freight has come down, and. From where you have seen that freight cost stuff?
- Shikha Mehta:** Sir, we mentioned this on our call last quarter.
- Navin Juneja:** Oh, last quarter, freight it has come down. It has now been normalized. No issue now.
- Shikha Mehta:** And sir, last question from my end. Can you elaborate what we're doing on the aftermarket segment because I understand we have some kind of coolants and stuff as well? So if you could just explain what products are selling on the aftermarket, sir?
- Anuj Talwar:** From Talbros, from Gasket division?
- Shikha Mehta:** Yes, from Talbros, right.
- Navin Juneja:** Yes. From Gasket division, we're selling the gaskets of all the commercial vehicles, 2-wheeler, we added. We have added passenger vehicles also, and we also have added coolant only, we're not adding more at present.
- Shikha Mehta:** Okay. We are not looking to add now.
- Navin Juneja:** No, . But coolant is a Engine product, that's why we have added that.
- Moderator:** The next question is from the line of Jyoti Singh from Arihant Capital Markets Limited.
- Jyoti Singh:** Sir, my first question is on the Magneti Marelli. You mentioned that it will grow 20% this year. So if you can throw some light in detail.
- Navin Juneja:** Ma'am, first of all, light is -- the current business will also grow by 8% to 10%, you know that. This year, we are expecting to close at about INR 210 crores in that business. Plus, I told you the cradle thing will start from September, October. It is a INR 32 crores business per annum, if you take INR 10 crores, INR 12 crores from this year, it will add, plus the top line will grow, plus we are expecting some good export orders coming in the process of commercialization. So we are quite hopeful to achieve this number by this -- adding all this stuff.
- Jyoti Singh:** Okay. And sir, in this quarter, we have seen that Forgings business has done decent. So in the upcoming quarter, the segment we are seeing a good demand and that we will see a good growth?
- Navin Juneja:** Gasket will do good,. And Forgings will also do a little better than this quarter. And Marelli will be doing -- all the businesses will be doing better than this quarter, what I can foresee at this moment, all the businesses. Some business will better by 10%, some business by 15%, maybe 6%, depends on the business, but it'll be better than quarter 3, all businesses.



Jyoti Singh: Okay. And, sir, on the top line front, how much growth we are targeting and on the margin side, if you can throw some light? And how -- have we already passed through the raw material prices or still we have to...

Navin Juneja: Raw material, I think there is no further pressure on the raw material pricing. But, we have still to recover in the Forgings -- in the Gasket business, particularly, we are still to recover the price increases from some customers. We are only on that -- in the process. I think by last quarter, we will recover everything. And on the top line, you can see we have grown on the top line of approximately -- total income has grown up by about 10%. I think it should be better than -- I think by next quarter it'll be 12% growth should be there. On the bottom line, you can calculate whatever it'll be there. Of course, we've crossed over what we have promised to our shareholders of half century.

Jyoti Singh: And sir, on the margin front, if you can guide.

Navin Juneja: Margin would be -- we had 9 months margin, 14%, it will not be less than that. It will be maintained 14%, maybe a little bit here and there. It should be not be 13.6%, 13.7%, it should not be. It can be 14.1%. It cannot be below that, around that, 14%.

Moderator: The next question is from the line of Nidhi Babaria from Envision Capital.

Nidhi Babaria: Sir, I just want to know what would be the industry growth where our growth was roughly around 1% Y-o-Y for the quarter?

Navin Juneja: Ma'am, I'm sorry, your voice is not audible to me. Please, please, sorry for that.

Anuj Talwar: The 1%, ma'am, growth is only for the Gasket business line. Overall, the growth has been about 6% for the quarter and 10% for the 9 months has been the overall growth. But if you look at our joint ventures, which don't come into the top line growth because of the Indian accounting standards, the JVs have grown at 30% and 53% and 10%. Overall, as an industry, I think we're looking at a buoyant growth in quarter 4 and next year as well. As I mentioned in my opening remarks, a lot of work is happening on this biofuel, a lot of work is happening on the capex policy, there is still pent-up demand for passenger vehicles. So the industry looks positive, and we will continue to grow for next year as well.

Nidhi Babaria: Okay. Sir, still, like our minimum 15% growth guidance, we are a bit -- even on Gasket side, it's just 13%. So what gives us the confidence whenever the industry would go in headwinds and we would be able to achieve these kind of growth numbers?

Anuj Talwar: No, we should be able to achieve these kind of numbers. We've had multiple issues this year, no one perceived that the war will keep -- will continue. No one perceived the shortages of chips will continue, no one perceived inflation in Europe. But yes, I think north of 12% to 14% should be a good number even for next year growth-wise.



*Talbros Automotive Components Limited
February 09, 2023*

- Navin Juneja:** I think we'll be able to achieve the growth of 15% approximately, definitely because some businesses award we are getting which will commercialize next year. Amount of INR 1,000 crores -- I think maybe 20%, 30% will be commercialized, already in the process of commercialization. It will be there next year. That is new businesses, which are not there at present, like heat shields, just started, of Hyundai. It'll be -- from February, some good supply will go, then the heat shield of Maruti, of Jimny, that will start. So, we are -- and the new business of Marelli, new business of Marugo. So we are hopeful, 15% -- around 15%, it should be there overall business, all business together.
- Anuj Talwar:** You don't see it because the joint ventures don't really -- you see it on the presentation. So you -- it won't come on the accounting standards. So you'll see it division-wise. But yes, as Navin is saying, yes, we are pretty much in the same thought process.
- Nidhi Babaria:** And sir, of this 14.3% margin which we achieved in this quarter, how much portion of this will be achievable because I'm able to see that we have reduced other expense by almost 8% to 10% on a Q-on-Q basis? And how -- like how does this convert, do we expect to grow where we have also started heat shield production in this quarter?
- Navin Juneja:** Yeah, ma'am, the margin -- as regards the EBITDA margin, it should be -- I think the base should be 14%. It should be 14% for -- next year, it should be a little better than 14% because the top line will go up and the fixed costs will not grow at that ratio. So we are hoping that 14%-plus should be the -- little bit 2% to 5% here and there should be our EBITDA margin should be there. We'll be able to sustain this margin easily.
- Nidhi Babaria:** Okay. Sir, any commentary on capex, what type of capex are we planning for '24 and '25?
- Navin Juneja:** Yes, ma'am, I can give you up to next financial year. Capex for this year is under progress plus next year, we have to do capex in the Gasket business, including heat shield, we are targeting capex of around INR 18 crores. In the Forgings, it should be around INR 20 crores. Marelli it should be around INR 30 crores to INR 35 crores and INR 8 crores is in Marugo. And these are the broad capexes we are targeting. Some is in progress, advances have given, some has -- it's a total of today until next March.
- Nidhi Babaria:** Okay. Sir, any order book guidance on heat shield?
- Navin Juneja:** Pardon me? Order book as in -- we have an order book of around INR 45 crores already. And next year, I might say it should be around INR 35 crores in heat shield and by -- I think by the end of next quarter, the order book should grow -- be there by up to INR 60 crores, it should be there. We are closing 1 or 2 orders very soon on that.
- Moderator:** The next question is from the line of Anup Shah from Sreenath Securities.



*Talbros Automotive Components Limited
February 09, 2023*

Anup Shah: Sir, I just had one question. Out of the INR 1,000 crores order book that you mentioned, how much of this amount is going to be recognized in FY '24 and FY '25?

Navin Juneja: By FY '25, these are -- INR 1,000 crores is for a period of 5 years, number 1. It's not 1 year -- it's around INR 200 crores per annum. So next year, it should be around -- around INR 100 crores should materialize next financial year, and another INR 100 crores in the 24-25

Moderator: The next question is from the line of Abhishek Agarwal from Naredi Investments.

Abhishek Agarwal: Sir, out of the order worth of INR 1,030 crores received, how many amounts are for standalone and how many are for joint venture? And can you also tell how many orders are for Gasket and Forgings?

Navin Juneja: Just a minute. I can just give the broad figures. And let's talk about Magneti Marelli. The order book will be there to extent of around INR 200 crores in the Marelli business and INR 400 in the standalone business of Gasket and Forgings -- and around 100 crores in Marugo Rubber And I think these are the broad breakup.

Anuj Talwar: I think 35% is on joint venture, 65% is standalone, approximately. We can't give you the detailed breakup right now, but that's what the number looks like.

Moderator: The next question is from the line of Karan Mehra from Mehta Investments.

Karan Mehra: Congratulations for great set of numbers. Sir, just 2 questions. Could you shed some light on the kind of demand and order book that we are currently seeing for the heat shields?

Navin Juneja: Anuj, you were saying.

Anuj Talwar: Yes, I think I'll answer the first part, then you can -- so heat shield basically is a new product line that we have offered in Talbros and it is through our Gasket division. And as you know, our Gasket business is predominantly for CVs, 2-wheelers, 3-wheelers and Agri and off-loaders, they're first direct engine to PV. So we're covering pretty much the biggest OEM in our country, carmakers, this product goes to them.

So very, very buoyant and a very bullish demand is going to come our way, the next 3 to 5 years. We also give this product to a European car maker already for the last 2 years in Europe. We've started winning orders from big OEMs in Sweden, in France and catching lot of -- all your car models in the country today, almost 70% of them will have this kind of product called the heat shield, which all your new engines. So very, very bullish on it. Numbers, Navin can give you for sure.

Navin Juneja: Yes, you're right, absolutely. We are in the -- we already received the order of about INR 40 crores to INR 45 crores in -- is with us. And within next couple of months, I think by the end of first quarter of next financial year, the order book should be around INR 60 crores to INR



70 crores. And I think within -- by the end of next financial year, we will be able to score INR 100 crores order in that. Plus the existing businesses which we have got orders, the volume will grow -- more will grow.

I think by the next 3 to 4 years, this business should give minimum INR 150 crores to INR 200 crores of revenue to our top line. We are -- I think we are entering into all the major OEMS, be it Suzuki, Hyundai, Kia, I think -- Tata Motors, so we'll be covering 70% of the market to this segment of the passenger vehicle. Plus export is already there, We are supplying to Europe and to the UK also. And plus, we are getting good traction from the USA. also in this field. Let's see how it goes further.

Karan Mehra: Sure, sir. That was helpful. Sir, my second question, any guidance on growth for the full year of FY '23 and for next year, in case you can help me with that and also what range...

Navin Juneja: You can expect our growth around 13% to 15% minimum on the top line of the company. Subsequently, bottom line will also grow, let's say, by 15%, 20%, it should grow.

Karan Mehra: And sir, what would be the sustainable margin that you can expect?

Navin Juneja: You can expect between 14% to 14.25%, you can take that.

Karan Mehra: Congratulations and all the very best.

Navin Juneja: Thank you, sir.

Moderator: The next question is from the line of Sameer Chaddha from Chadha Securities

Sameer Chaddha: My first question is that, what will be capacity utilization across all the segments that you have? Are there any capacity expansion plans for the next year?

Navin Juneja: Yes. If you talk about capacity, we are around 85% to 88% in the Gasket business. We are -- I will talk business-wise, we are adding more presses on our business. My capex is around INR 18 crores which take care of the heat shield plus other businesses of wire harness, and for which we are getting orders, which will be around INR 18 crores starting from today till March '24. And in the Forgings business, we are there around 85% in the forging side and 90% plus on the machining side and keeping new orders, we are expanding our capacity in the machining side in a big way.

And plus Forgings, we are adding more presses and hammer also in the next financial year. the total capex, we are expecting to around INR 20 crores in this business. And coming to Magneti Marelli and which is around 80% at present, keeping with the demand of export demand plus local OEM demand, we are adding a capex of around INR 30 crores in this business, which will take care of -- I think, good amount of -- for '24-'25 unless we get new orders in that, then we'll look for the fresh capex.



*Talbros Automotive Components Limited
February 09, 2023*

In Marugo, I just told you we have got some good businesses for the E20 fuel -- biofuel engine hoses, plus anti-vibration side we are getting good traction. We're getting new orders for that. So we are looking at a capex of about INR 8 crores to INR 10 crores in this business. Our present capacity is around 80%. It'll be more than that because the anti-vibration is 20% and on the hose side is around 60%.

Sameer Chaddha: Okay, sir. I have another question. So was the growth in EBITDA and PAT on account of better efficiency this quarter?

Navin Juneja: It's both side, new products with good margin, some export products have good margins as compared to the local OEMs, one of the reason, plus efficiency also plays a major role because when the top line goes up and the fixed cost does not go up in the same ratio plus , recovery of price increases for the earlier quarters, we are also in the process of closing more price increases, all these things add to the better margin.

Moderator: Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

Anuj Talwar: Yes. Thank you, all, for being a part in the call. I hope we've been able to answer your questions. In case of any other questions you may have, you can contact SGA, our IR firm. And we continue to remain bullish and buoyant of the Indian automotive industry. Thank you so much.

Navin Juneja: Thank you, everybody.

Moderator: Thank you. Ladies and gentlemen, on behalf of Talbros Automotive Components Limited, that concludes this conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.