



Talbros Automotive  
Components Ltd.

www.talbros.com

February 12, 2024

<b>The Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400 001  <b>Scrip Code – 505160</b>	<b>The National Stock Exchange of India Ltd.</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051  <b>Company Code - TALBROAUTO</b>
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**Sub: Submission of Earnings Call Transcript for Q3 FY24**

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Earnings Call Transcript for Q3 FY24.

The same will also be available on the website of the Company at <https://www.talbros.com>.

This is for your information and record.

Thanking you,

Yours Sincerely

For **Talbros Automotive Components Limited**

**Seema Narang**  
Company Secretary



Encl: As above



“Talbro's Automotive Components Limited  
Q3 FY '24 Earnings Conference Call”

**February 08, 2024**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8<sup>th</sup> February, 2024 will prevail



**MANAGEMENT: MR. ANUJ TALWAR – JOINT MANAGING DIRECTOR –  
TALBROS AUTOMOTIVE COMPONENTS LIMITED  
MR. NAVIN JUNEJA – DIRECTOR AND GROUP CHIEF  
FINANCIAL OFFICER – TALBROS AUTOMOTIVE  
COMPONENTS LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Talbro's Automotive Component Limited Q3 FY24 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

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. Very good afternoon, everyone, and a very warm welcome to our Q3 earnings calls. On the call today, I'm joined by Mr. Navin Juneja, our Director and Group CFO; SGA, our Investor Relations Advisors. The results and the presentation are uploaded on the Stock Exchange and the company website.

Let me begin with the economy and the industry overview. In the interim union budget for 2025, I would like to highlight on key points that benefit our industry. The most that is, with regards to corpus being set aside for providing financing with low or nil interest rates, which will encourage the private sector to scale up research and innovation significantly in a sunrise domain like ours.

Second is on increased capex allocation by 11.1% over last year. This should give a boost to infrastructure across segments, which directly impact the automotive industry, especially in commercial vehicles.

Thirdly and importantly, the government has given emphasis on expanding and strengthening the vehicle ecosystem by supporting manufacturing and charging infrastructure. I'd like to mention Talbros is already now increasing its share in the EV spectrum. Coming to the industry overview, in terms of the domestic sales, the passenger vehicle industry, domestic sales grew by 25% year-on-year in the nine months FY24.

The segment's growth trajectory continued for two consecutive fiscal years with vehicle availability and an interest in new and refreshed models from various OEMs. For commercial vehicle volumes, I expect it to gain further traction as the year progresses, supported by the healthy allocation for capex by the government.

As mentioned earlier, increasing infra spent by the government will definitely help and improve this segment in particular and also off-loaders and excavators as well, which we are a part of.

In Q3 FY24, Talbros has demonstrated a very strong growth in profitability compared to the previous year, with a 40% increase in EBITDA to INR33 crores and a 66% growth in net profit to INR23 crores. In the nine months, revenue from operations grew by 22% for INR 576 crores, while EBITDA grew 38% at INR 92 Crores with a 15.7% margin.

The JVs demonstrated consistent performance in their respective segments throughout the year. Business growth has been consistent throughout the year and building up upon orders acquired last year. We had mentioned to you that Talbros received an order of about INR980 crores across their various product segments.

This order will be executed over the next 4-5 years, but we are happy to announce that of this INR980 crores order book, INR415 crores of orders came from exports and INR475 crores of orders are directly for passenger vehicles in the EV space, both for the domestic and the export market. So almost 45% of the order book is for EV.

In December 2023, the company has taken a strategic decision to divest its complete 40% ownership interest in its joint venture entity, Nippon Leakless Talbros. Following this stake sale, Nippon Leakless will hold a complete ownership interest in the company. We thank Nippon Leakless team for their successful partnership and wish them success in their future endeavours.

We foresee there are immense opportunities in the Indian automotive industry into their current portfolio. We believe that the proceeds from this stake sale will help us putting more business and more capex in our growing businesses, such as forging, such as gaskets, such as heat shields. And at the same time, will help us manage -- leverage our debt positions required further.

I would like to say that we've had a good quarter. We again see a good quarter coming up as well. I think our hedge portfolio, our diverse segments will be supplied to EV, non-EV, agri, off-loaders, excavators, passenger cars, makes Talbros, a good company to be in.

With this I request, Mr. Navin Juneja, our group CFO, to update you on the financial performance. 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 Q3 of FY24 stood at INR202 crores, as against INR160 crores, a growth of 26% on a Y-o-Y basis. For nine months of FY24, our revenue stood at INR583 crores, as against INR477 crores, a growth of 22% on a Y-o-Y basis. EBITDA for Q3 of FY24 stood at INR33 crores, as against INR24 crores, a growth of 40% on a Y-o-Y basis.

And for nine months of FY24, EBITDA stood at INR92 crores, as against INR67 crores, a growth of 38% on a Y-o-Y basis. EBITDA margins for Q3 of FY24 stood at 16.5%, and for nine months of FY24, it stood at 15.7%. PAT for Q3 of FY24 stood at INR23 crores, as against INR14 crores, a growth of 66% on a Y-o-Y basis. And for nine months of FY24, PAT stood at INR60 crores, as against INR39 crores, a growth of 56% on a Y-o-Y basis.

Now coming to our division-wise financial performance, in the Gasket division, including Nippon Leakless Talbros, For Q3 of FY24, our stand-alone Gasket sales were INR130 crores, as against INR104 crores, a growth in Q3 of FY23 a growth of 26%. Total revenue of Nippon Leakless was INR26 crores in Q3 of FY24, as compared to INR21 crores in Q1 of FY23, a growth of 22%.

For nine months of FY24, our stand-alone Gasket and Heatshields sales were INR382 crores, as against INR316 crores, for nine months of FY23, a growth of 21%. Total revenue of Nippon

Leakless was INR75 crores in nine months of FY24, as compared to INR69 crores of FY23, a growth of 9%. This segment saw a combined EBITDA of INR28 crores in Q3 of FY24, versus INR19 crores in Q3 of FY23, a growth of 48%. And for nine months of FY24, this segment saw a combined EBITDA of INR77 crores, as against INR58 crores, a growth of 32%.

Now coming to our Forging division, Forging revenue in Q3 of FY24 grew by 27%, to INR71 crores, as against INR56 crores in Q3 of FY23. In nine months of FY24, the revenue grew by 26%, to INR203 crores, as against INR161 crores, in nine months of FY23. EBITDA of the Forging division in Q3 of FY24 grew by 29%, to INR12 crores, as against INR10 crores in Q3 of FY23. In nine months of FY24, EBITDA grew by 49%, to INR35 crores, as against INR24 crores, in nine months of FY23.

Now coming to our Joint Venture, Marelli Talbros Chassis Systems Private Limited, the revenue for Q3 of FY24 stood at INR69 crores, as against INR 55 crores, in Q3 of FY23, listing a growth of 24% on Y-o-Y basis. For nine months of FY24, the revenue stood at [INR190 crores], to INR155 crores, a growth of 22% on a Y-o-Y basis. For Q3 of FY24, EBITDA stood at INR10 crores, as against INR7 crores, in Q3 of FY23, a growth of 47% on a Y-o-Y basis.

For nine months of FY24, EBITDA stood at INR25 crores, as against INR17 crores, in nine months of FY23, a growth of 50% on a Y-o-Y basis. Now coming to our last joint venture of Talbros Marugo Rubber Pvt. Ltd., the revenue stood at INR29 crores, in Q3 of FY24, versus INR20 crores, in Q3 of FY23, listing a growth of 42% on a Y-o-Y basis. For nine months of FY24, the revenue stood at INR92 crores, as against INR56 crores, a growth of 62% on a Y-o-Y basis.

For Q3 of FY24, EBITDA stood at INR2 crores, as against INR1 crores, in Q3 of FY23. For nine months of FY24, EBITDA stood at INR7 crores, as against INR3 crores, in nine months of FY23, a growth of 112% on a Y-o-Y basis. We are confident towards achieving our growth throughout the year and believe that these margins are sustainable. And that's all from our side. I would now like to open the floor to the question and answer. Thank you.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the line of Depen Shah, an individual investor. Please go ahead.

**Depen Shah:**

Good afternoon, Mr. Juneja. Thank you for the opportunity. Congratulations on a very good set of numbers. A fabulous performance in terms of profits. So thank you for that. I just had a couple of questions. Firstly, in terms of the profitability, could you just give us some more insight on what led to this improvement in profitability?

And this 16.5% margins which we have achieved in this quarter, Mr. Juneja says that we can maintain this kind of margin. So should we understand that 16%, 16.5% could be the new normal for margins going ahead?

**Navin Juneja:**

Thank you, Mr. Shah. First of all, I want to tell you that our growth is basically coming from the new orders we have acquired, from the new customers. Same customers, new products. Same customers, same products. Growth is there. And these are the basic mantra of our growth.

And second is, I think we have a question on the margin. Of course, this quarter was something extraordinary we achieved. And on the cumulative basis, let's see the business as a cumulative basis because something happened in quarter wise. We can't say this is the best. Of course, we are trying to do the best.

On a cumulative basis, 16.7, I assure you that it should be in the range of 15.6%, 16% minimum, it should be.

**Depen Shah:** Okay. That's great to hear, sir. And one more question is hybrid vehicles are also picking up pace with several manufacturers looking at hybrid vehicles as against or as compared to electric vehicles. Are you seeing any further trends in terms of popularity of hybrid vehicles becoming better? And if yes, if you could just throw some more color on that.

**Anuj Talwar:** Yes, so I'll, Yes. Carry on, Navin.

**Navin Juneja:** Hybrid vehicle, we are present in all hybrid vehicles, number one. Our focus goes in hybrid vehicle also. Maruti is focusing more on hybrid. I can see it now. I think Mahindra is also entering into hybrid vehicle. These two are being very, very, especially Maruti. And we are there, very well there in the hybrid vehicle.

**Anuj Talwar:** All our heat shields are actually present in all the hybrid vehicles of Maruti. So in the future, whatever they launch will be part of it. So Yes, so, you know, there is a lot of talk on hybrid. Sometimes they talk about EVs. Like I said earlier also, in the call, in last several calls, every kind of mobility will be there.

You'll have gasoline, you'll have petrol, like Mahindra, when I was with them two weeks back, they talk about diesel engines, because they want the torque, they want the power, they want to, you know, drive the Jeep from Bombay to Alibaug, Alibaug to Lonavala. So they want that, you know, so everyone has a different story, as long as they are present everywhere, we are proud.

**Depen Shah:** Thank you. And one last question, which I had is, if you look at the forecast, which has been given by SIAM or other associations, the commercial vehicle segment is expected to grow by 3% to 5% in the next year. That is what they are saying.

And sorry, the passenger vehicles and the commercial vehicle segment is also expected to be relatively flattish. So if you could give us some more color on to, whether this could impact us or we will be able to gain more market share and grow, maybe in double-digits next year also?

**Anuj Talwar:** Yes, so I'll ask the first part and Navin can ask the growth part of Talbros. You see the passenger vehicle had a very strong run for last two years, as you know, commercial vehicles will take a muted growth for this quarter four, because of elections. After that, it's going to boom.

Okay, if the government comes back, because I was looking at their show dealing commentary and talking to some people there. So they also feel like quarter four, slow, little slow, be cautious. And then long run, there's no problem. With this infrastructure spend that's happening, there should be no issue. As I mentioned to you earlier, Talbros Automotive is a very hedged company. We don't rely on one customer.

You know, we're getting orders from JCB in the UK in a big way, JLR in a big way, BMW in a big way. In India, we are getting our product portfolio with Heat Shield, with Hyundai, with Maruti. We're entering now Tata Motors electric vehicles in a large way. So we'll keep working on that market share. We're not going to depend on this one customer, one guidance. That's our mantra.

**Navin Juneja:** Yes, plus we are hopeful that next year also at present we can see a growth of minimum 15% plus. And I will be able to give you in our next earning call which will happen sometime in May. So we are correct. But the pluses mark is we should achieve that.

**Depen Shah:** Okay, okay, sir. Pretty encouraging, sir. Thank you very much and all the very best to you. Once again, a very good performance for the quarter. Thank you.

**Moderator:** Next question is from the line of Jyoti Singh from Arihant Capital. Please go ahead.

**Jyoti Singh:** Yes, thank you for the opportunity and congratulations on the very good execution in this quarter. And so my question is on the order book side, like Maruti is planning for the plant in Gujarat. So are we in any active discussion for the Gujarat plant order?

**Navin Juneja:** So Maruti, yes, you are right. Maruti is planning to put up a plant in Gujarat and we are there in that platform also. Our Magneti Marelli joint venture is supplying their components of sheet metal components to that plant, EV plant, which is coming there, which is very much there.

Plus we are opening our warehouses in Gujarat at present. Other components like Marugo is also supplying to Gujarat. They have warehouse there because it's a lightweight component. So we can easily manage from by putting a warehouse. And so is our t heatshield also we are putting a warehouse there.

But we are, I think, then after one or two years, then the Tata Motor will also start making EV and Maruti will be, I think, progressing much more there. We will definitely look at some plant there. I think from next financial year, we should look for something.

**Jyoti Singh:** Okay, thank you, sir. And so on the growth side, like in this quarter, we did, extraordinary. So what are target going forward?

**Navin Juneja:** It should be, I told you, between 5.7% to 16% somewhere it should be there. It's sustainable EBITDA.

**Jyoti Singh:** Okay, great. Thank you, sir.

**Moderator:** Thank you. Next question is from the line of Ravi Shah from Opal Securities. Please go ahead.

**Ravi Shah:** Hi, sir. Thanks for the opportunity. So my first question will be volume related. So what would be our volume growth for the gasket segment and for the heat shield segment? Can you share that if it's possible?

**Navin Juneja:** Sir, your voice is cracking a little bit.



- Ravi Shah:** Volume for gasket and heat shield growth.
- Navin Juneja:** Yes. Number of pieces, I can't tell you. I can tell you the numbers last year, we did in heat shield of around -- wholly around IN 20 crores. And for nine months, we have already achieved INR32 crores. Okay. That figure I can give you. Balance is the growth in the gasket business.
- Ravi Shah:** Understood, sir. And sir just one more forward-looking question, like in the longer term, what would be our growth guidance going forward? And like, what kind of contracts would we be looking at? Something on those lines, if you can help me over there.
- Navin Juneja:** Yes. The growth guidance we had given last year that we are by '27, we are looking at the top line of combined all businesses up INR2,100 crores approximately, with EBITDA of around 16% going forward. And regarding your second question is on the...
- Ravi Shah:** So, what would be our growth plan? You said, like, this will be whatever contracts, like what kind of contracts you'll be majorly looking at?
- Pratik Kothari:** We've mentioned to you already, we secured contracts worth about almost INR1,000 crores last year. And this entails about INR475 crores of EV and about INR400 crores of exports. Over and above that, we're looking at growth about 15% next year. Regarding future contracts, as and when they come, we will update you.
- Ravi Shah:** Understood, sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Bhavya Agarwal from Capital Securities. Please go ahead. Bhavya, may I request you to unmute and go ahead with your question, please?
- Bhavya Agarwal:** Hello.
- Moderator:** Bhavya, can you hear us?
- Bhavya Agarwal:** Yes. Sir, I just wanted to ask you that could you please throw some light on the divestment in NLK JV and what is the strategy behind doing that? Like you mentioned for future capex, what kind of capex are we talking about? And apart from the cash proceeds of INR82 crores, do we plan to raise any debt or anything like that?
- Navin Juneja:** That investment in the -- first of all, the strategy was the -- if you see the growth of that business for last four, five years, the business is flat. There's hardly any growth, maybe 2%-3%. But our vision is to invest in those businesses which grow at 20%, 15%-20% minimum. But that potential should be there to grow the business. The potential we were not looking -- as for us, the potential of that business is not matching our expectation. That is the reason for exit.
- Of course, we got about INR82 crores from the sale of the business. Our initial investment was around INR5 crores for that business. Okay. The money will be there for the two-three things are there. For the growth businesses like forging, heat shield, the money will be utilized. We are looking at a growth of minimum 20% plus in this business. Plus it should be kept aside for the future. Inorganically opportunity which may come on our way because we also want to grow inorganically also. So, that money will be utilized for that purposes.

Regarding the debt position, we are not taking any more further debt at present. And the business are such efficient to fund their own debt, own capexes because they are generating enough funds for that. And we have no repayments lined up, only hardly INR5 crores-INR6 crores, that's all.

**Bhavya Agarwal:** Right. The next question was, do we plan to increase our exports in coming years? Like as you mentioned, we have the same...

**Navin Juneja:** Yes, our vision is to have the export up 30% plus in next three years. That you will also see on the expanded top line, my export is still at 25%. And going forward, it will increase further next year. It should be around 26%, 27% next year. As soon as there is this export of EV, the EV platform starts in 25%, you can see a huge jump in export.

**Bhavya Agarwal:** Sir, I just wanted to ask you that currently 25% of our revenue comes from exports and forging business has more than 50% of exports, right? And so just wanted to ask you to show further plans to increase?

**Navin Juneja:** Yes, because all these are different plans. Forging export is around 56%, forging division. Gasket, heat shield export is around 15%, and Marelli is around 15%-16%.

**Pratik Kothari:** 15%.

**Navin Juneja:** And Marugo is hardly 3%. And Nippon was 0%. And going forward, the order we have got from our export customers like JLR, JCB, and some business of JLR are starting in '25. Okay, that's a huge for the EV, for their potential EV vehicle. And that's where the business starts, the export will start picking up in a big way. Plus, we are developing the JLR parts. And the phase 1 has developed, we are working on phase 2. Then phase 3 also there. The way we keep on developing and start -- commercialization will start, the export will further increase.

This division of, I think, my forging division next year should give a export of 60% plus.

**Pratik Kothari:** Okay, okay. Thank you, sir.

**Moderator:** Thank you. Next question is from the line of Aryan Mehta, Individual Investor. Please go ahead.

**Aryan Mehta:** Hello, am I audible?

**Moderator:** Yes.

**Aryan Mehta:** Okay, thank you for the opportunity. My question is, our TMR segment has grown 62% on a YoY basis. Could you throw some light on that, sir?

**Navin Juneja:** Sir, this is, first of all, this is primarily, this company primarily catered to Maruti. Okay. The 65% sale is to Maruti. Maruti, of course, the volume has gone up, you know that. They are doing well. Secondly, they have introduced biofuel hoses. Ordered last November, December, last year December. So that, and the price of that hose is 2x, 2.5x than the conventional hoses. So the volume -- and they are putting these hoses in all vehicles, all models. So the growth is coming from that division. So primary growth is coming from that.



- Aryan Mehta:** Okay, my fourth -- one more question that I have is, do we plan to enter non-auto segment?
- Navin Juneja:** We are already there, not auto. Already there in some way, we are in the industrial segment. We are not, plus if you count offloader and excavator as automotive, automotive, non-automotive. They are not automotive. We are there in a big way.
- Arun Saxena:** Okay, thank you. That's from my side.
- Navin Juneja:** Thank you.
- Moderator:** Thank you. Next question is from the line of Uttam Purohit from Monarch Network Capital. Please go ahead.
- Uttam Purohit:** Yes, good afternoon, sir. So my question was on the working capital side. So we have greatly reduced our working capital from last three, four years. So I just wanted to understand, is there any kind of gap between inventory and payable days for forging business and our gasket business?
- Navin Juneja:** Your question, there is any, what you are asking, there is any gap you said?
- Uttam Purohit:** Gap in inventory days and payable days for forging business and gasket business because both their vendors are different and inventory works are also different for both the business.
- Navin Juneja:** Yes, both the business has different levels of inventory and debtors. The debtors in the gasket business are within 82 days, that's all. And in the forging business, on an average, it's 113 days because there is more export there.
- Otherwise, the banking limits are the same. My working capital is around 75, which is there for last one and a half years. It has not increased with the increase in turnover. And that is around, term loan is around 5-6 crores, that's all.
- Uttam Purohit:** So with increasing share of exports and also increasing share of our forging business, do we expect our working capital cycle to go at a higher end?
- Navin Juneja:** No, no, now that the level has come because there are enough cash approval from their side, the debt will not go up.
- Uttam Purohit:** Okay, that's from my side. Thank you.
- Moderator:** Thank you. Next question is from the line of Ruchi Gupta from Value Capital Partners. Please go ahead.
- Ruchi Gupta:** Yes, good morning, sir. Am I audible?
- Moderator:** Yes.
- Ruchi Gupta:** Sir, so last order book was announced in November 23 of INR580 crores, right? Since then, have you received any orders? Or if yes, then how much is exports in that?



- Navin Juneja:** Ma'am, we have received some orders. We are waiting for some order more to come. When a sizable amount will be there, then we will announce. You need to wait for a couple of months for that, please.
- Ruchi Gupta:** Okay, all right. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Amit from World Foods. Please go ahead.
- Amit:** Sir, you have guided the revenue of INR2200 crores for our company or it includes the full sales with the JV companies also. So will this just be Tal Bro's share or will this be the total share?
- Navin Juneja:** Total share.
- Amit:** It will be the total. So Talbro's will be around INR1400 crores - INR1500 crores out of that.
- Navin Juneja:** You can see the presentation is there. INR700 crores is my gasket business, INR500 crores is my forging business, 600-700 is my Marelli business. I think 200 around will be my Marugo business.
- Amit:** All right, all right. Got it. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Rajvi Shah from Bright Securities. Please go ahead.
- Rajvi Shah:** Hello. Hi, thank you for the opportunity. I just had a question. What contributes to the 30% revenue growth? Do we have pricing advantage or volume growth?
- Navin Juneja:** There is no pricing advantage. In fact, the prices have come down, especially in forging division. The prices have come down and the metal prices are all aware.
- It has come down from the last year. So there is only volume, only due to volume. New customers, new parts of new same customers, this is basically the mantra of the growth.
- Rajvi Shah:** Okay, that helps. Thank you.
- Moderator:** Thank you very much. As there are no further questions, I will now hand the conference over to the management for closing comments.
- Anuj Talwar:** Thank you so much for joining the call today. Thanks a lot. And I hope we could answer your question. And thank you so much. And we're still looking forward to a nice, robust quarter 4. Thank you.
- Moderator:** Thank you very much. On behalf of Talbro's Automotive Components Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.