



“Talbro's Automotive Components Limited  
Q4 FY '25 Earnings Conference Call”

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**Moderator:**

Ladies and gentlemen, good day, and welcome to the Talbro's Automotive Components Limited Q4 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Talwar, Joint Managing Director. Thank you, and over to you, sir.

**Anuj Talwar:**

Yes. Thank you so much, and good afternoon, everybody. A very warm welcome to our earnings call for FY '25. On the call, I'm joined by Mr. Navin Juneja, our Director on the Board and Group CFO; and 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 industry and the economy overview. In FY '25, the Indian automotive industry in the domestic market displayed a mixed performance with an overall volume growth of 6.5% only.

Passenger vehicles grew at 4.9% Y-o-Y, while the 2-wheeler segment grew by 7.7% Y-o-Y and the 3-wheeler segment registered a decent growth of 4.5%. Commercial vehicles sales remained subdued with a degrowth of 0.2% Y-o-Y, reflecting the ongoing weakness in the industrial activity and delayed public and private capital expenditures.

The tractor industry experienced a relatively flattish year with a degrowth of about 1% year-on-year, driven by economic uncertainties and unpredictable weather patterns. Electric vehicles sales show a robust growth, obviously on a smaller base at about 17% year-on-year with approximately 1.97 million units sold.

Fresh product launches from manufacturers have fueled this upward trajectory along with proactive government policies such as the PM E-DRIVE scheme, the PM e-Sewa and the electric mobility promotion scheme.

Along with this, there is a major uptick in rural demand in this year. 2-wheelers in the rural markets grew by 8.4%, 3-wheelers grew at a higher 8.7% in the rural India and even passenger vehicles gained an almost 8% in the rural belt.

Now coming to the company's performance. In FY '25, Talbro's demonstrated resilience and strategic discipline in the face of a challenging macroeconomic environment. Despite headwinds included subdued exports and a reduction in government infra spending, especially in the commercial segment size, our financial performance remained stable.

The revenue for the company grew by 7% year-on-year. Through a strong focus on cost efficiency, operational discipline, productivity enhancements, we were able to deliver a 16% year-on-year improvement in EBITDA. Our EBITDA margin expanded by 130 basis points, reaching 17.4%, reflecting the company's ability to extract greater value from the existing operations. Similarly, our PAT margins improved by 70 basis points to 11.2%.

The fourth quarter of FY '25 showed signs of modest growth with revenues increasing by 2% only to INR206 crores. EBITDA margins improved to 18.9%, an expansion of 180 basis points over the previous period, indicating continued momentum in our efficiency initiatives. PAT further grew -- for the quarter grew by 17%, reaching INR27 crores, further validating the effectiveness of our strategic focus on profitability.

Our ability to secure new business has remained strong, reinforcing confidence in our products and capabilities. In FY '25, we significantly built on our previous momentum by adding orders totaling to INR1,475 crores. These orders were sourced from leading OEMs across both domestic and international markets, reflecting the continued trust and confidence placed in Talbros and its joint ventures.

While fluctuation in market demand continue to pose challenges across the industry, TACL is committed to shifting from an acquisition focus of orders to efficient execution. The transition is crucial to transferring our strong growth order pipeline into sustained revenue growth and long-term profitability. By strengthening execution capabilities and streamlining supply chain operations, we aim to maximize realization of these orders in the near to midterm.

We've also received new orders from the Heat Shield segment of approximately INR245 crores. The revenue from this segment has reached INR51.6 crores with high margins, reflecting the effectiveness of our strategic initiatives. The Gasket division accounted for approximately 53% of the company's consolidated revenue.

We're also actively working on development of next-generation Heat Shields to meet the market demands. Looking ahead, our focus remains on expanding our value-added product portfolio within this division, and we're confident in sustaining the growth momentum. The Forging division experienced a flat growth in FY '25, primarily due to its significant dependence on exports to Europe. There is, as you know, a big slowdown in the passenger mobility in Europe, and we are predominantly a big supplier into these car OEMs into Europe.

Also, I want to add here that a lot of our products in the European market and the UK market have gotten delayed. So the revenue that are expected to come in, in half H2 of last year will get postponed to maybe a few more quarters, but we've not lost any business but only a delay in the product launches where our products will be fitted.

Despite these headwinds, we delivered an EBITDA margin increase of 11% in EBITDA margins in the forging business line. In addition, even the US tariff uncertainty has played out in delay of a few businesses that had to get awarded from the US market. Our joint ventures delivered a very strong performance, contributing consistently to both revenue and EBITDA.

As a result, the Group revenue reached INR1,261 crores in FY '21. Our continued emphasis on operational efficiency within our JVs has led to margin improvements and strong financial performance.

Going forward, we are committed to expanding our customer base, increasing our market share in India as well as getting more and more global business. The global automotive industry is undergoing a profound transformation, particularly with an accelerated shift towards electric vehicles.

In anticipation of this change, Talbros has made targeted investments in strategic alignments to expand its offerings in the EV segment. In FY '25, we successfully secured EV-related contracts from leading OEMs across both domestic and export markets.

Our collaboration with joint venture partners and strength of our forging business gives us a competitive advantage in supplying critical EV components, including light weighting structural parts, high-precision assemblies and next-generation driveline solutions. These capabilities position us well to participate in the growth of the EV market, both in India and global.

With a very healthy order book, a growing presence in the EV segment and our unwavering focus on execution excellence, we are well positioned to drive sustained growth, enhance stakeholder value and lead through the next phase of the industry evolution.

With this, I pass on the phone to Mr. Juneja, who will take you through the financial performance of the company. Thank you.

**Navin Juneja:**

Thank you, Amuj. Good afternoon, and a warm welcome to all the participants. Let me begin with the financial overview. Total revenue for FY '25 stood at INR845 crores as against INR791 crores in FY '24, which is a growth of 7% on a Y-o-Y basis. And for Q4 of FY '25, it stood at INR211 crores as against INR208 crores in Q4 of FY '24, a relatively flattish growth of 2% on a Y-o-Y basis.

EBITDA for FY '25 stood at INR147 crores as against INR127 crores, a growth of -- 16% on Y-o-Y basis, this highlights the company's cost optimization measures which have been taking place in the company. For Q4 of FY '25, it stood at INR40 crores -- EBITDA stood at INR40 crores as compared to INR36 crores in the same period last year, indicating a growth of 12% on Y-o-Y basis.

EBITDA margin for FY '25 stood at 17.4% as compared to 16.1% in the same period last year, higher by 130 basis point for Q4 of FY '25, it stood at 18.9%, which has increased from 17.1% last year, higher by 180 basis points.

PAT for FY '25 stood at INR94 crores as against INR83 crores in FY '24, a growth of 14% on Y-o-Y basis. This is after removing the -- exceptional item in FY '24. For Q4 of FY '25, my PAT stood at INR27 crores as compared to INR23 crores last year, a growth of 17% on Y-o-Y basis.

Now coming to a division performance. In the Gasket division in FY '25 sale for Gasket division stood at INR556 crores as against INR515 crores in FY '24, a growth of 8% on Y-o-Y basis.

And in Q4 FY '25, our Gasket and Heat Shield was INR143 crores as against INR133 crores in FY '24. Q4 FY '24, a growth of 7%.

EBITDA for FY '25 stood at INR96 crores with a growth of 18% as compared to the same period last year. And in Q4 FY '25, this segment saw EBITDA of INR27 crores as against INR24 crores, a growth of 13% on Y-o-Y basis.

Now coming to the Forging division. Revenue in FY '25 was INR290 crores as against INR277 crores in FY '24, which has remained flattish primarily because of export demand being a little subdued in the European market, our major market for this division. In Q4 of FY '25, this revenue stood at -- the revenue of this division stood at INR68 crores as against INR75 crores in Q4 of FY '24.

Now coming to the EBITDA of this Forging division stood at INR52 crores in FY '25 as against INR47 crores in FY '24 and it saw a growth of 11%. In Q4 of FY '25, the EBITDA was INR12 crores as compared to INR13 crores on the same period last year.

Now coming to Marelli Talbros Chassis Systems. Revenue for FY '25 stood at INR285 crores as against INR260 crores, a growth of 10% for Q4 FY '25, it stood at INR76 crores versus INR71 crores in Q4 FY '24, registering a growth of 8% on Y-o-Y basis. EBITDA for FY '25 of Marelli was INR50 crores, a growth of 28% on Y-o-Y basis. And in Q4 of FY '25 EBITDA stands at -- stood at INR14 crores as against INR11 crores in Q4 of FY '24, a growth of 28% on Y-o-Y basis.

Now, coming to our large joint venture, Talbros Marugo Private Limited, revenue for Talbros Marugo business in FY '25 stood at INR130 crores, which has shown a growth of 6% on Y-o-Y basis and its revenue in Q4 FY '25 was INR34 crores versus INR31 crores in Q4 FY '24, registering a growth of 10% on Y-o-Y basis. EBITDA stood at INR17 crores in FY '25 as against INR9 crores in FY '24 for Q4 FY '25, it was INR4.4 crores as compared to INR2.7 crores in Q4 of FY '24, a growth of 63%.

The company is committed to delivering outstanding value to its customers by offering high-quality products at competitive prices. It emphasizes excellence across all area of operation and prioritize building strong collaboration relationship with its stakeholders.

This is all from our side, and I would now like to open the floor to question and answer. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Vijay Pandey from Nuvama.

**Vijay Pandey:** I have 2 questions. I wanted to check what will be our export basically, I wanted to understand the recent mandatory AC changes that is coming. So what would be -- what is our expectation on how it will grow our segment because we are into gasket and heat shield? So do we supply any kind of components here in this segment?

**Anuj Talwar:** For the cabins -- for the cabins for the trucks?



**Vijay Pandey:** Yes.

**Navin Juneja:** We have just started supplying to Tata Motors. We have got the order of supplying heat shield in the cabin of Tata Motors.

**Vijay Pandey:** Okay. So can you just share what is the potential order book you are looking or how should we see the sales?

**Navin Juneja:** So we have received RFQ only. We are working on that. I can't comment on that, but with the amount and numbers, sorry, we just started now, and we have received the RFQ. We are expecting order very shortly, and we'll come back to you when the order comes. And likewise, we'll approach other customers, other Ashok Leyland and Mahindra also in this Volvo which are our regular customers in this.

**Vijay Pandey:** Okay, sir. And secondly, sir, I wanted to check about our exports market. So are you seeing any revival of sort in Europe and North America market, especially in the European market because, we have heard the news that European market is doing better than what was expected, partially because of higher and lower base. But if you could just comment about the export market, both in Europe and North America, how do you see?

**Navin Juneja:** Yes. Basically, first is the European market. First of all, why my order -- why I couldn't do much better in last year. Number one, in Marelli, my project was delayed by 1 year, Stellantis order, but delayed by 1 year because of the design change, okay? Now the design is being finalized, and everything is done.

Now we -- the commercial -- commercial billing will start from the third quarter of this year. So that is closed for us, okay? It will show you in the third quarter onwards, you can see the performance.

Now, coming to our Forging division. Of course, BMW's schedule came down very heavily in the last 6 months because of excess inventory on one hand, and because of the reduction in their order book, okay? But now I think that inventory problem is resolved.

Now we are normal inventory, and off take has a little bit improved by 5% to 10%, okay, in that. And -- other businesses we are doing in the UK, Jaguar Land Rover, it is, of course, sometimes it goes up, comes down, but we are seeing a growth of minimum 10% to 15% in this business next year.

And third business is my JCB, which I'm talking big businesses, okay? Third is JCB. JCB, of course, the last phase got developed in the last quarter. And the full impact, we can see a growth of 30% to 35% in this business in the next year. So that is my position regarding major export businesses.

You can see in the last quarter, in the full year, if you see my export business has gone up to 27% on an overall basis. It was last 24%, it was 25%. Now it's 27%. I hope that by the end of next year, it should be around 29%, 30%, definitely.

- Vijay Pandey:** Sir, just one more thing. So sorry, just on the domestic side, any update if you can give on what your expectation for FY '26?
- Navin Juneja:** So my expectation is 7% to 8%, not more than that, because you know that how people are -- how the OEM is talking. Maruti says they will remain flattish, even Cummins is saying they are minus 1%. But we anticipate that this year, because of the new orders we are going to get from Mahindra, from Kia Motors, from Ashok Leyland, my growth will be much, much better. On the domestic front, it should be 8% to 9%. I'm targeting that.
- Vijay Pandey:** And export around -- definitely double digit?
- Navin Juneja:** Yes, yes, 100%.
- Vijay Pandey:** Okay. And sir, lastly, just this is the last one. Marelli order book, what is the order book? And like what is the time period in which we have to execute?
- Navin Juneja:** Yes, the order book is we are -- this year, they will start the Stellantis business in the third quarter. From July, they will be supplying parts to the Maruti EV vehicle. They are a single source in that. So, which is now being -- I think it is going to launch in June or July, the vehicle is going to launch.
- It is delayed by 9 to 10 months. Now it is going to launch. The supply is just, I think, under preparation. They are going to supply the part. We foresee that next year, this business should grow by a minimum of 35% to 40%.
- Vijay Pandey:** The third quarter of the calendar year or the third quarter of our fiscal year?
- Navin Juneja:** Calendar year --our financial year -- by October onwards. This Maruti supply will start from July -- June, July, I think so.
- Moderator:** The next question is from the line of Dipen Shah from Sixth Sense Venture.
- Dipen Shah:** I just had one question. There was some newspaper report recently that Motherson is going to acquire the Marelli business globally. Could you just give us some insight whether it is anything related...
- Navin Juneja:** Sir, we can't comment, but anyway, it's not going to affect us anyway that I can...
- Anuj Talwar:** We can't comment on this.
- Moderator:** The next question is from the line of Yash Kukreja from Equitree Capital.
- Yash Kukreja:** Could you help me with the capacity utilization for each segment? So this is in the sense like what is the peak revenue that we can do from each of the segments from the current facility? And what will it be after the commencement of the new facility?
- Navin Juneja:** Let me give you the data for that capacity. Just similar, let me take out my sheet for that. Just a minute, let me take out. It is around 82% in gasket and in forging, it is around 80%. It is 95% in

my machine shop. In Marelli, it's 75%. In the Marugo Rubber, there are 2 divisions, anti-vibration and -- in anti-vibration, it is around 90%. In other is, my hoses its around -- again around 85%. That is domestic.

**Yash Kukreja:** Okay. And sir, peak revenue from the existing capacity, and also from the new capacity?

**Navin Juneja:** Peak revenue, I can say, if I take the business-wise in gasket, I can do around INR575 crores to INR580 crores easily. And in forging, I can do around by adding a little bit of machining, I can do around INR325 crores, okay?

In Marelli with the capex going on -- with this capex is going on in this year, major capex. After that, I will be ready for approximately INR600 crores per annum. And Marugo, with the expansion, a little bit of capacity, we are adding that. We should be around INR175 crores plus.

**Yash Kukreja:** Okay. And sir, what will be the EBITDA margin for the current fiscal will be around 16% only?

**Navin Juneja:** No. We expect now going forward, the current -- sorry, my EBITDA margin if all businesses together should be around 16.75% to 17%. Because my joint ventures are giving us good margins, last year Marelli improved its margin dramatically, and the EBITDA margin improved dramatically. Similarly, in the case of Marugo, it also improved.

**Yash Kukreja:** This will be including the other income?

**Navin Juneja:** Everything, yes, in the same format, I'm talking about.

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

**Jyoti Singh:** Sir, just wanted to understand on the Tata Motors order side. So, like I know still it is in the process, but can you just explain how much content per vehicle we are targeting? And like how much product on the weight side, we will be going to deliver?

**Navin Juneja:** To be very frank, I'm not aware of that. I think the thing will be cleared in the next 2 to 3 weeks, and we are there in July. If you meet us there, we can tell you that is at the moment. I'm not aware at this moment.

**Jyoti Singh:** Okay. Fine, sir. Also just wanted to understand on the CV side, what are the expectations in the upcoming quarter?

**Navin Juneja:** CV is in the coming this quarter, CV is not that bad, by the way, not that bad, which we anticipated. I think it should be around the same -- I think top line should be same as it was in fourth quarter, around same.

**Jyoti Singh:** So sir, which are the segments we are expecting good support to our top line...

**Navin Juneja:** We are expecting every our division will grow definitely. But I'm hopeful that whatever has happened last year because election, etc., it followed. I think all is over now. So, of course, people are now adjusted to whatever is happening, except the UK and US, and Europe duty, etc., I don't know what will happen to them. It will clear in 1 month or so. I think that we should

be able to grow on a consolidated basis, minimum 15% next year, definitely Marelli should grow much better. Marelli will grow much better. I think it should grow by 35% to 40%. And forging should also grow by 15% plus definitely.

**Jyoti Singh:** And a lot of discussion on the Europe consolidation. So, any visibility you are also seeing, sir?

**Navin Juneja:** Not really, not really. We are not that big player, so I can't comment on that.

**Jyoti Singh:** And sir, any impact because of US tariff we are seeing, or any view on that?

**Navin Juneja:** So EV, basically, we are in Tata Motors EV, my suspension goes there. Other EV's we are in -- basically we are -- basically we got the export order from EV from UK. Their EV is not yet finalized because of some component issues they are facing. That's why they delayed the order. It's a huge order for our Group.

It's around INR70 crores to INR80 crores for order for our Group. So we expect that the problem should be able to resolve the problem by the third quarter. And thereafter, they said they will launch a vehicle. Let's see.

**Anuj Talwar:** Now, I think your question was on something else. What is on? On the US tariffs...

**Navin Juneja:** No, no.

**Jyoti Singh:** US and UK both.

**Anuj Talwar:** So, US tariffs, I think it will only benefit India, to be honest with you. But there is a little bit, it's like it's still going on, discussions are going on, but it will help eventually in the long term, I feel with the whole China and the US taking a stand in each other, I think it will definitely help us. And we've not really heard much from our customers. Is there any panic. It's business as usual for the US, UK automotive really has no duty much. So it carries on, not a problem for auto components.

**Moderator:** The next question is from the line of Bahvya Shah from 3A Financial Services.

**Bahvya Shah:** So my question is, can you give me the number of capex we have done in this year and capex we are going to do in the next coming years?

**Navin Juneja:** Last year, on a stand-alone basis, we did a capex of around INR45 crores. And during the current year, we will do on a stand-alone basis, approximately capex around again, INR45 crores to INR50 crores.

**Bahvya Shah:** So by FY '26, our entire capex of INR110 crores, which you have mentioned in the PPT, will be completed?

**Navin Juneja:** Yes.

- Bahvya Shah:** And my question is that you have mentioned the order book of Kia and Hyundai of INR13.5 crores, heat shield of INR14 crores. So -- this order is completed, or it will be completed in coming months?
- Navin Juneja:** No, Hyundai, we are already supplying. Kia will complex, I think all is done. We are discussing commercial, and I think the supply will start within a couple of months.
- Bahvya Shah:** And we can see that in FY '24, our top 10 customers were Hero Motor Co, Honda Motorcycle. And now they are not there. So what is the business at that side, Hero Motor Corp and Honda?
- Navin Juneja:** So as you are aware, I think we sold our equity in our joint venture, Nippon Leakless Talbros in '24 January. So that is the reason that we are not there. There were major players in Honda and Hero. So that is the reason.
- Bahvya Shah:** And my last question is, so this year, we have seen the top line growth of 6%, only 7%. So are we intact to our FY '27 target achievement?
- Navin Juneja:** So FY '27 target -- we are talking about INR2200 crores, out of which we take out the NLT, it is around INR2,000 crores. We are quite hopeful that, of course, will be delayed, maybe because of the launches, we have been delayed like Stellantis and Jaguar, Land Rover, etc. So we expect that delay of 6 to 9 months in achieving that top line.
- Moderator:** The next question is from the line of Ravi Shah from VRS Capital.
- Ravi Shah:** Yes, sir. Sir, I have 2 questions. The first was on exports. So we had targeted to reach our export share to 35%, which was 25% in FY '23. So, how is the global market conditions impacting this goal? And when do we expect to realize our goal, which we had planned?
- Navin Juneja:** To be very fair, last year, we did 27% despite of all these global issues against 25%. With the Stellantis order coming in, supply is going to come in picture for the end of the year, and the new orders we are expecting and new supply to JCB, etc., by -- I think next year, I think from '27, we should touch around 27% to 30%. And after that, in FY '27, I think we should be close to 33%, 34%, definitely.
- Ravi Shah:** Sir, my second question was that on the order book, we had added around INR2,400 crores. So what proportion is currently under execution? And when can we expect to realize the revenues...
- Navin Juneja:** I think around 40% to 45% already started, 60% remaining. I think, again, 30% will start in next year and balance will come after next year because of delay in the launches. That is all the reason, nothing else. Order intake is intact.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Anuj Talwar:** Thank you so much for attending the conference today. I know last year was a bit of a tough year, but we are pretty positive and hopeful that this year will be much better than last financial year. And we'll continue to focus on growth and as well as margin expansion. Thank you.



**Navin Juneja:** Thank you.

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