



Talbro's Automotive
Components Ltd.

www.talbro's.com

21st November, 2024

Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 Scrip Code: 505160	Listing Department National Stock Exchange of India Limited Exchange Plaza, Plot No. C-1, G Block Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Symbol: TALBROAUTO
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Sub: Submission of Q2 & H1 FY25 Earnings Conference Call Transcript

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 Q2 & H1 FY25 Earnings Conference Call Transcript.

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

This is for your information and record.

Thanking you,

Yours Sincerely

For **Talbro's Automotive Components Limited**

Seema Narang
Company Secretary & Compliance Officer

Encl.: As above





“Talbro's Automotive Components Limited
Q2 and H1 FY '25 Earnings Conference Call”

November 14, 2024

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th November 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
SGA – INVESTOR RELATIONS ADVISORS – TALBROS
AUTOMOTIVE COMPONENTS LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to Talbro's Automotive Components Limited Q2 and H1 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 of Talbro's Automotive Components Limited. Thank you, and over to you, Mr. Talwar.

Anuj Talwar:

Yes. Thank you so much. Good evening everyone and a very warm welcome to our quarter 2 and H1 earnings call for FY '25. On the call, I'm joined by Mr. Navin Juneja, our Director on the Board and Group CFO, 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 look at it.

Let me begin with the industry and the economy overview. In the first half of the year, auto OEMs reported a relatively flat sales growth overall with the exception of 2 and 3-wheeler segments, which outperformed despite subdued market demand and high inventory level at dealerships. Dealer performance has remained stagnant, reflecting a general lackluster market sentiment.

However, 2-wheelers grew 16% year-on-year, followed by 3-wheelers, which grew 10% year-on-year. Passenger vehicles only grew by 1% in this period. Commercial vehicles, both medium and heavy commercial vehicles had high inventories with their dealers. The commercial vehicle segment experienced a 4.2% year-on-year decline over last year, basically due to lack of infrastructure spending by the government.

Improvement is anticipated in the second half of the year or I would even say more in quarter 4. Looking ahead, the number of electric vehicles on the road is expected to reach new highs by the end of 2025, driven by government incentives, robust customer demand and a growing preference for 2-wheelers only for intra-mobility 2-wheeler space.

Coming to our company performance. For H1 FY '25, Talbro's Automotive achieved a 12% growth over last year, reaching a revenue of INR429 crores for H1 with EBITDA margins coming at highest ever at 16.7% margin for the H1. This is due to the fact that we've been able to work on our product mixes, export to the correct countries, join hands with the new customers and also been able to put our new order book into live revenue streams.

We have been focused on margin improvement over the past few quarters, and we are pleased to report a 140 basis point margin increase over H1 FY '24 in the first half of the year. Last

year, we secured orders exceeding INR1,000 crores. And in April '24, we received another orders of INR1,000 crores from major European OEMs through our joint venture, Marelli Talbros Chassis Systems Private Limited. Our focus, as I mentioned, remains on execution of these orders and get them into the live revenue stream.

Exports saw a slight slowdown this quarter. Though our half year performance still shows a 14% growth, it was still a little bit of a muted export performance. This deceleration in exports is due to maybe global tensions, the ongoing conflicts in Europe and Middle East, US elections, which have now been concluded in whichever manner you see. And I think we should see exports coming to a better future in the next couple of quarters. However, at Talbros, we are committed to increasing our exports from the current level of 25% to about 35% in the coming 3 to 4 years.

Coming to our divisions. Our gasket division grew at about 11% for the quarter and about 10% for the H1, given the fact that it is quite dominant in the commercial vehicle space, yet it showed a good growth rate in the quarter and in the half year. We also started delivering with good heat sheet performance with Maruti, Suzuki as well as Hyundai Motors. Our forging business line showed a growth of about 17% for the H1, which is still pretty healthy. Here, exports constitute a large number.

And we were very successful in commercializing business from a large off-roader segment based out of the U.K. and also added some more heavier and value addition parts, which will help in the bottom line. Turning to our joint ventures. We're very pleased with the performance, which we are within in the financials. Our joint venture, Marelli Talbros grew about 13% for H1 and Marugo grew only 2% for H1. Both were pretty much related to the Indian domestic car segment market, which has been growing only at about 1% or so.

However, we are constantly looking at increasing our order book with EVs, both domestically as well as internationally with our Marelli joint venture and also looking to increase customer share with Maruti and other customers as well through Talbros Marugo. We are pretty pleased at our results for H1. We're pretty optimistic about the automotive industry.

Yes, maybe we may see a slightish muted quarter 3, which would be equal to quarter 2, I would say. But we're still hopeful now with the U.S. elections that are over and done with and the inventory levels coming down at dealership levels at the festive time, we are pretty, pretty excited about the future of the Indian automotive industry and remain committed to our growth.

With this, I request Mr. Juneja 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. Total revenue for Q2 of FY '25 stood at INR222 crores as against INR197 crores in Q2 of FY '24, a growth of 12% on Y-o-Y basis. For H1 of FY '25, it stood out at INR429 crores as against INR382 crores in H1 of FY '24, which is a growth of 12% on Y-o-Y basis.

EBITDA for Q2 of '25 stood at INR 37 crores as against INR 31 crores, a growth of 21% Y-o-Y basis. From H1 FY '25, it stood at INR72 crores as compared to INR59 crores in the same period last year, indicating a growth of 23% on a Y-o-Y basis. EBITDA margin for Q2 of FY '25 stood at 16.9% as compared to 15.6% in the same period of last year, higher by 130 basis points (*wrongly mentioned on call as 1.30 basis points*).

And for H1 of FY '25, it stood at 16.7%, which is an increase of -- from 15.3% last year, higher by 140 points -- basis points. PAT for Q1 FY '25 stood at INR23 crores as against INR20 crores in Q2 of FY '24, a growth of 17% on a Y-o-Y basis. And for H1 of FY '25, it stood at INR44 crores as compared to INR37 crores last year, a growth of 18%.

Now coming to a division-wise performance. In the gasket division, in Q2 of FY '25, sales for gasket stood at INR144 crores as against INR130 crores in Q2 of FY '24, a growth of 11% on a Y-o-Y basis.

And for H1, our gasket and heat shield sales around INR277 crores as against INR250 crores in H1 of FY '24, a growth of around 10%. EBITDA for Q2 of FY '25 was INR26 crores, a growth of 25% as compared to the same period last year. And for H1 of FY '25, this segment saw EBITDA of INR47 crores as against INR37 crores, a growth of 26% on a Y-o-Y basis.

Now coming to our Forging division. Revenue in Q2 of FY '25 was INR77 crores as against INR68 crores in Q2 of FY '24. And for H1 FY '25, the revenue grew by 17%, INR254 crores as against INR132 crores in H1 of FY '24.

EBITDA stood at INR13 crores for the Q2 FY '25 as against INR12 crores in Q2 FY '24 and EBITDA saw a growth of 15% in H1 of FY '25, moving from INR23 crores to INR26 crores in the same period last year.

Now coming to our joint venture Marelli Talbros Chassis Systems Private Limited. The revenue for Q2 FY '25 stood at INR67 crores as against INR64 crores, a growth of 5%. And for H1 of '25, it stood at INR136 crores versus INR121 crores in H1 FY '24, listing a growth of 13% on Y-o-Y basis.

EBITDA for Q2 of FY '25 was INR10.4 crores, a growth of 21% on Y-o-Y basis and it stood at INR20 crores H1 of '25 as against INR16 crores in H1 FY '24, a growth of 29% on Y-o-Y basis.

Now coming to our next joint venture of Talbros Marugo Private Limited. Revenue for our TMR, this joint venture business in Q2 FY '25 stood at INR33 crores, which remain relatively flat on Y-o-Y basis, and it stood at INR65 crores in H1 of FY 25 versus INR63 crores in H1 of FY '24, listing a growth of 2% on a Y-o-Y basis.

EBITDA stood at INR6 crores in Q2 of FY '25 as against INR2 crores in Q2 of FY '24. And for H1 of FY '24 -- FY '25, it was INR8 crores as compared to INR5 crores in H1 of FY '24, a growth of 84%.

Looking ahead, we see numerous opportunities that promise ongoing growth within the automotive sector. The organization has made substantial investment in the new technologies, capacity expansion, product diversification and the growth of the customer base and market reach. These efforts are expected to produce the company well to seize future opportunities, enhance diversity and drive long-term growth.

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

Moderator: The first question is from the line of Jiten Parmar from Aurum Capital.

Jiten Parmar: Congratulations on very decent set of numbers, looking at the situation in the market. My question is more on like the -- with this current slowdown and all. Are we still confident of achieving the INR2,200 crores turnover, which we had kind of guided for FY '27?

Navin Juneja: Yes, we are still working on that number. We feel that this growth is -- this muted growth is not going to go long, maybe 1 quarter more. Then afterwards, everything will change because it is a ripple effect of elections first, plus the inventories created by OEMs, which has been now been, I think, drastically reduced and festive season, they have, I think, reduced drastically and the marriage season going on, it will further reduce.

And they will -- from next calendar year, we are quite hopeful and we are listening from various OEMs that they are back on the old track because it's the automotive industry after every 3, 4 years, some stagnation comes and this stagnation, I don't think so will go further extend further beyond this calendar year. And we are expecting by the end of this year or in the first quarter of next year, RBI will also reduce some rate of interest, which will also impact this growth.

Jiten Parmar: Perfect. So that's good to know. Another question I have is in the list of customers for FY '24. And currently, I don't see Hero and Honda. Now just wanted to know what is the situation there?

Navin Juneja: Sir, we are only -- we are not there in Honda, okay? Because my joint venture was there from where we exited in January. And we are now 30% of Hero, 100% of Bajaj. And we don't -- and Bajaj is bringing new models and heavy duty models also in the market in which we are putting our components, and we are getting good traction from there. We don't foresee any down trend from that side.

Anuj Talwar: And Bajaj, we have pretty much 100% share of business. And we've not lost any customer. We lost -- we exited from a joint venture, which was a call that...

Jiten Parmar: That was Leakless. Honda was because of Leakless.

Navin Juneja: And that was supplying to Honda. That was supplying to Honda.

Jiten Parmar: Okay. Got it. Got it. So Hero, we are still continuing, right? That's what...

Anuj Talwar: Yes, 30% share is there.

- Jiten Parmar:** Okay. Okay. Perfect. Perfect. So -- and so my final question is on basically now, let's say, this year, and we will have a slower growth than what we anticipate. How are we going to make it up in the further years? Any new products...
- Anuj Talwar:** We'll make it up with our orders being executed, right, orders coming into execution, like right now, a very large order with one of our joint ventures, Marelli, it's taking a little bit of time to come into birthing. Then even some other orders with some U.K. customers are taking a little bit longer to come the birthing. One of our major OEMs with which we were looking at a large revenue base, like U.K.-based OEMs, they have delayed some launches. So there is cyclicity. But we keep adding on customers. We'll keep adding on.
- We'll try and add on some U.S. aftermarket customers that may be a little bit low-hanging fruits. We are working on our process. So it's nothing to really worry about. Even though if you look and you decipher even like the CV grew, degrew by 4%, still the gaskets division grew 11%. So we're not very worried. I think quarter 4, you should see a bounce back for sure.
- Jiten Parmar:** Okay. No, no, I must commend you because I have been following your company for many years. have done the tremendous job constantly executing. So I wish you all the best and...
- Anuj Talwar:** We're also very happy with our operative team to come up with the EBITDA margin of 16.9% in this kind of a situation.
- Navin Juneja:** And we -- this is don't -- we should not look for 6 months, 3 months. Long-term basis, the project which have been delayed will come into one thing. It's a matter of time only time. Orders are with us, products are developed, everything is ready.
- Jiten Parmar:** Absolutely. I mean, we all have to understand, and we all know that auto is cyclical in that sense. So -- and yes, again, I must commend to you for the margins you have grown up and -- so best of luck.
- Moderator:** The next question is from the line of Kuber Chauhan from Anand Rathi.
- Kuber Chauhan:** Congratulations on good set of numbers. The Margins are commendable. I have few questions. Number one, you have shown a good amount of 2% growth coming from agri and off-roaders. So is it sustainable, number one? And number two, what about the heat shields, which we were going to supply for M&M? Are there any -- what is the kind of status of that? And number 3, you talked about supplying some parts to Maruti and Hyundai. So I just missed that comment. Can you repeat that again?
- Navin Juneja:** Yes. Let's start with your first question. First question was regarding -- sorry, I missed that. I was...
- Kuber Chauhan:** Regarding the 2% growth in agri, off-roaders. So is it sustainable or...
- Navin Juneja:** This agri, off-roader business will grow further. We are getting new orders. First of all, this -- basically one of the major contributor here is JCB of the U.K.-based customer. We have got 2 phases are over of this customer, parts have started now is already on the pipeline, commercial

supplies have started. Third phase will be over by the end of this month or early next month, development of third part -- third phase.

And that will also start supplying from January onwards. After that, we are expecting -- and this total will be around order book of around INR60 crores per annum and plus hopefully, very, I think, within next 15, 20 days, we are expecting a huge order from them. And again, a fourth phase we are getting with them. If that matures, I think next year, it will be a great increase in this segment, number one. Number two, your question was, sir, can you repeat again, please?

- Kuber Chauhan:** Heat Shield...
- Anuj Talwar:** Mahindra, Mahindra, yes. We started Mahindra Heat Shiled, yes.
- Navin Juneja:** Yes. We are starting Mahindra Heat Shiled. We have now started earlier. We are increasing there. First of all, they've released some orders, we develop. Then they release more orders. The process is moving on. Process is on. We have started supplying.
- Kuber Chauhan:** Okay. So any number which you can provide for the Q3 or so.
- Navin Juneja:** I think the heat shield business at present in the first, I think we put in the presentation also, I think INR11 crores, INR12 crores was the business. Just a minute, let me...
- Anuj Talwar:** INR20 crores, INR22 crores, INR23 crores.
- Navin Juneja:** Yes. Yes. We did a business of INR22 crores in the first quarter -- in the first half year and the second half year, it should be around INR30 crores plus. Plus Kia, we have not yet started because they are trying to diminish their inventory from the Korean customer, etcetera. Then I think we are expecting to start that also within the next 3, 4 months. If that happens, then again INR10 crores and INR12 crores orders is from there also. Part is developed, the other part is approved.
- Kuber Chauhan:** And I missed about the comment report regarding Maruti and Hyundai, what are parts we are supplying?
- Anuj Talwar:** Chassis components on Marelli Talbros, all rubber components like hoses and anti-vibration products in Talbros Marugo and heat shields of about INR15 crores on the gasket division.
- Kuber Chauhan:** And regarding the global slowdown, are you expecting any uptick in maybe from next financial year?
- Navin Juneja:** Only we have faced this slowdown from BMW. Primarily, as they have reduced their schedule by 18%, 18%, 20% for this calendar year. But we are hopeful that by the next -- I think that schedule will come by the end of month -- end of -- in December for the next anticipated supply will come. I think it should be back to normal by that time and rest we are not getting any impact from any of the customers.
- Moderator:** The next question is from the line of Dipen Shah, who is an individual Investor.

- Dipen Shah:** Congratulations on a very good set of numbers in this kind of circumstances. A couple of questions have been answered. I have one question on the margins. We have done a fantastic job in terms of margins being at around 16.7%, 16.9%. How would you rate the sustainability of these margins over the next couple of quarters probably and over the next year? So that...
- Navin Juneja:** I think for the less -- we should look at a number around 16%, then it will be done. That is not an issue. And margins, sometimes it's an impact of some marginal price increases, sometimes is the impact of freight, etcetera. It's a mix impact. Sometimes it go by 0.5%, 0.2% here and there. But it should be around 16% plus, it should be around that in the long term.
- Dipen Shah:** That's great. And as far as our target of INR2,200 crores is concerned, there obviously was Nippon Leakless, which probably was included. So if we exclude that, should the target come off a bit?
- Navin Juneja:** Of course, we are still hopeful of that target. But with the delay of launches by vehicles, we will tell you the exact -- if the launches happen next year, we will back on track. That is not an issue. We are ready, we'll back on track. Something has been delayed by 3 months, 6 months. But broadly, we should be around that.
- Dipen Shah:** Okay. That's great news. And lastly, sir, there were some issues with Jaguar supplies in the U.K., some news reports. Are we by any chance impacted by that? Or are we connected to that? Or it's not going to impact us?
- Navin Juneja:** No, no, we are not impacted by that. But the new launches of the e-vehicle, which they have delayed by the -- until, I think, July, August of next year, which was supposed to launch in January, it has impacted us that way. But supply will start a late little bit.
- Moderator:** The next question is from the line of Yash Kukreja from Equitree Capital.
- Yash Kukreja:** Sir, my first question was what is the update on the Pune facility, like has it started?
- Navin Juneja:** Yes, Pune facility has started, but I think we are adding the Phase 1 of machines, we added. Now we are adding the Phase 2 of the machines. I think Phase 2 will be completed by the March of this year. And when -- as soon as the order will start, we add more machines in that. Already billing started. At present, we are doing about around -- last month, we did about INR2.5 crores. By the end of this year, it should be around INR3 crores. By the end of March, it should be around INR3.5 crores to INR4 crores per month on that.
- Yash Kukreja:** Okay. Got it, sir. And sir, my second question was, how does the order pipeline looks like as of -- do we have any -- received any orders like apart from INR2,000 crores order that we have in the last 6 months?
- Navin Juneja:** Yes, we are working on that. Hopefully, within the next 15, 20 days, we will announce the new order book we have got. We are waiting for one more order. If it comes, then it will be a decent amount to announce.

- Yash Kukreja:** Got it, sir. And sir, my final question is, are we planning to launch any new products? Are we planning to enter into a new country or a JV, something like that in the near future?
- Navin Juneja:** In JV, we are not in JV. And on a stand-alone basis, we are planning to enter in U.S., okay? And forging is not supplying to U.S. Now they are planning to enter U.S. I think they will finalize the U.S. order by December, etcetera. I think we'll enter U.S. from there. And other countries, I don't think we have no. We are not -- at present, we have no vision more new countries. We are there in U.K. We are there in all Europe. We are there, and we are supplying to U.S. gasket division supply and heat shield is going there, but forging will also enter that area. And at present, Anuj, any idea? I don't think so.
- Anuj Talwar:** It's about Japan also. Japan also supplies some hoses and other components, but we're looking to increase our –
- Navin Juneja:** Yes, yes. That is a buyback.
- Anuj Talwar:** Looking to increase our posture in the U.S. a little bit more.
- Moderator:** The next question is from the line of Jayesh Gandhi from R&M Securities.
- Jayesh Gandhi:** I have one question. Given the weak EV outlook in the industry and as we our increasing focus more towards EV side. What should we expect going forward?
- Navin Juneja:** Initially, 6 months back or 1 year back, we are talking about 13% my EV share of business. But over the period of last couple of months, we are not seeing that traction happening because maybe our major -- in the domestic segment, we are banking on -- we are banking on Tata Motors in a big way because they are the only player -- major player in the EV. And they have also not been performing, they are supposed to perform.
- They are stagnant, I think a little bit. And we were banking heavily on the UK -based customer. We have received the orders from there also, but their launch is getting delayed. First time it firstly delayed till January. Now it has delayed till June. Let's see. When it matures, we can start supplying in a big way. BMW, we are also supplying in Europe, but they have reduced their schedule for the time being for the next 3, 4 months. And after that, it will come back and the schedule will go up. But I think I can see a little -- I think, muted growth from the EV segment. We are getting a feeling. I don't know.
- Moderator:** The next question is from the line of Kunal Shah from Innova Capital.
- Kunal Shah:** I just wanted to know, historically, we are not able to fulfil our promises in terms of revenue growth. So going forward, let's say, this financial year, next financial year, what will give us the confidence to give that revenue growth?
- Anuj Talwar:** Where did you find revenue growth not being done?
- Navin Juneja:** So we are not fulfilling. We have, I think, exceed the market expectation for the last 3 years.
- Kunal Shah:** Sorry?

- Navin Juneja:** I think so.
- Kunal Shah:** Sir, last -- not historically recently, but in FY '21, '22?
- Navin Juneja:** Yes, we've done well, '22, '23, we've done well, and '23, '24, we did well. I think...
- Anuj Talwar:** If you look at the last 8 quarters, I don't have the history '21, '22, but last 8, 9 quarters, whatever we said to you in the market revenue and margins have all been exceeded. Anyways, what's your next question? We can...
- Moderator:** The next question is from the line of Rohan Mehta from Nexus. Since there is no response, we will move on to the next participant. The next question is from the line of Shruti Sharma from SK Securities.
- Shruti Sharma:** So my question was regarding export growth targets. So just wanted to understand the key regions of products that we plan to expand to within the next 3 years to achieve the 5% export contribution target that you had mentioned?
- Navin Juneja:** Yes. Now coming to the division-wise in Forging division, I think we are -- I just told you the BMW will come down. It will go further up. We are getting new orders from a U.S.-based customer that will be added. And for agri and offloader customer in U.K., we are -- I think hopefully, we'll get that third order -- third phase order from them, which is a substantial number.
- And in the joint venture of Marelli, as you are aware, we have got INR1,000 crores order from them. The supply -- there are some design changes and the new samples are in progress. And from next year, the supply will start, and it is about INR150 crores to INR180 crores export order from that Marelli joint venture.
- Plus the -- we just talked about U.K.-based customer for the EV vehicle. It's all export. The launch has been delayed by, I think, till the middle of next year. And whenever it comes, the growth, it will be by export. And we are hopeful within the next 2 to 3 years, we'll achieve that 35%. We have no concern in that.
- Shruti Sharma:** Got it. Got it. Secondly, the gaskets division focus on heat shields is yielding strong results. Can you provide some insight into the next-generation heat shield products any under development and expected time lines to launch?
- Anuj Talwar:** Next-generation heat shield is Nimbus heat shield, which we have offered to Tata Motors. We are under product development, it has started for that. And that Nimbus heat shield is also being offered to Mahindra also. There we are working with them. And Kia already just mentioned earlier in the call that Kia, we have been passed all the tests, etcetera. The team will come for audit.
- I think in the next 1 or 2 months, they are waiting to finish their supply from their existing supplier from Korea, and it will start by the last quarter or early next year, it will supply. And after that, we are adding more -- these are all latest generation -- latest technology heat shield

I'm talking about. Other type conventional heat shield, we are supplying to Volvo, Mahindra and it's adding day by day, we are adding more parts with them.

Shruti Sharma: Okay. And congrats on the great set of numbers.

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

Uttam Purohit: Congrats on the great side of numbers. My question was on the gasket and heat shield side. So from last 3, 4 quarters, we can see quite a good improvement in the margin of this division. So if you could share what's been driving it? And are these levels sustainable going forward?

Navin Juneja: First of all, we are working very -- on the BD activities, we are working here quite decently. And alternative materials with the same quality, etcetera, and we are improving our margin in the RM side on one side. Plus the metal also supported us a little bit. The metal prices have been cooled down here. Of course, we have not passed the whole benefit, and we had kept some benefit with us that is also working in our Favor.

Plus the product mix in the first 6 months is good, product mix in the sense of export versus domestic. And then in the domestic, the higher margin parts are there. So all these things have helped us improve the margin. And we are hopeful that we keep the same pace going forward also, maybe in 1 quarter, 0.5% here and there. But going forward, we are trying to follow the same.

Uttam Purohit: And on the forging side, we have seen some -- a very slight impact on the margin. Is it because of freight cost because largely...

Navin Juneja: There are 2, 3 reasons. My business with BMW, which has little export business has come down a little bit. My export percentage a little down. It has very good margin, plus the freight. Freight also has gone increase. Some freight we have still to recover from our customers, which will come in the subsequent quarters, plus a lot of development happened in this quarter, please.

Regarding the UK-based customer, a lot of Phase III development happened in that. In the development process, a lot of processing charges is being consumed and to make prototype, etcetera, etcetera, which is for revenue of which will be paid in the next subsequent quarters. That is only that.

Uttam Purohit: Last question...

Navin Juneja: When we develop part numbers, there are 50 part numbers to be developed, we have 100 part numbers to be developed. So you need -- a lot of rejection happens in that time by making the prototype, etcetera, etcetera. Initial rejection till the product is commercialized. That sales happened in this quarter.

Uttam Purohit: Okay. That's totally understandable. And last question on the Mahindra and Mahindra side. So other than the heat shields, are we looking to further expand our wallet share with M&M?



- Navin Juneja:** Yes, on Mahindra, we are supplying every -- from the tractor, we are supplying in a big way to them.
- Anuj Talwar:** We have start supply to Mahindra and heat shield supply to Mahindra. Now we're looking at also looking at hoses and rubber as a next order category to them. It takes some time because I know that's one OEM, which has actually done better than all the other OEMs.
- Moderator:** The next question is from the line of Kuber Chauhan from Anand Rathi.
- Kuber Chauhan:** Yes, sir, regarding Pune plant, which you said how much revenue are we expecting by the end of the year? Because in last quarter, you said we are expecting a 5%...
- Navin Juneja:** This is -- first of all, I'm telling you this is the second plant we have in Pune. The old plant is in Pimpri, which is already generating a revenue of INR11 crores, INR12 crores per month. And this plant, I think till last month, it was generating a revenue of INR2.5 crores because of the set up only in the month of May, June. And till by the end of December, it will be around INR3 crores. By the end of March, it should be around INR4 crores. And next year, I'm targeting a business of INR60 crores to INR70 crores from this plant, number 2 plant.
- Kuber Chauhan:** Okay. Okay. And sir, we did around 12% of top line growth if you compare it on Y-o-Y basis for first half of '25? So are you expecting it to be on the same level in going ahead in second half also?
- Navin Juneja:** So we are targeting our initial target before the start of the year, it was between 15% to 18% to be very fair to you. But we are never expecting this to happen. And I'm still hopeful it should be around 15%, maybe 1% or 2% here and there, it should be around that level.
- Moderator:** Thank you very much. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Anuj Talwar:** Now I would like to thank you all for joining the call. I hope we've have been be able to answer your questions. For any further queries, please get in touch with Deven Dhruva of SGA, and he'll be happy to address all the questions. Thank you so much.
- Moderator:** Thank you very much, sir. On behalf of Talbro's Automotive Components Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.