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www.talbros.com

15th February, 2025

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**

Sub: Submission of Q3 & 9M 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 Q3 & 9M FY25 Earnings Conference Call Transcript.

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 Digitally signed by SEEMA NARANG Date: 2025.02.15 16:15:31 +05'30'

Seema Narang
Company Secretary & Compliance Officer

Talbros Automotive Components Ltd. Faridabad

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“Talbros Automotive Components Limited Q3 & 9M FY25 Earnings Conference Call”

February 12, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th February 2025 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
MR. MANISH KHANNA – CHIEF FINANCIAL OFFICER – TALBROS AUTOMOTIVE COMPONENTS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Talbros Automotive Components Limited Q3 FY25 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.

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 Talbros Automotive Components Limited. Thank you, and over to you, sir.

Anuj Talwar: Good afternoon, everybody. A very warm welcome to our Q3 and 9 months Earnings Call. On the call, I am joined today with me by, Mr. Navin Juneja – our Director on the Board, Group CFO; Manish Khanna, our CFO for Talbros Automotive; SGA and our IR advisors.

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.

Let me begin with the industry and the economy overview:

In Q3 FY '25, the Indian automotive industry displayed a mixed performance with an overall volume growth of 3.1% year-on-year basis.

Passenger vehicles saw healthy recovery, increasing by 4.5% y YoY. Two-wheeler segment grew at about 3% YoY. Three wheelers only registered a growth of 0.9% YoY, primarily due to a slowing of demand in urban areas and challenges in vehicle financing.

Commercial vehicle sales remain subdued, rising by just 1.2%, reflecting the ongoing weakness in industrial activity and maybe delayed CAPEX from the government and the private sector.

According to FADA retail sales data, the tractor industry experienced a remarkable growth of 20.1% YoY, driven by good agricultural performance and also healthy monsoons in our country. EV sales, electric sales grew at about 27% YoY.

Coming to the company performance:

During Quarter 3 FY '25, revenue of Talbros Automotive remains stable, primarily supported by strong domestic sales, despite a large decline in exports to the European market while a slowdown in the automotive sector is happening.

Despite lower exports, the company delivered a 7% increase in EBITDA margins and achieved an EBITDA margin of 17.4%. This achievement is based on good cost management, operation efficiencies, and a lot of localization of a few components.

During the first 10 months of '25, the revenue grew by 9% to 634 crore, demonstrating the company's ability to maintain momentum in evolving market dynamics. EBITDA margins for 9 months improved by 130 basis points, reaching 17.0%, underscoring sustained efforts to drive profitability and operational efficiency.

Our PAT saw a growth of 13%, rising to 68 crores for 9 months. This I feel is a commendable job done by our team in difficult circumstances where the auto industry has generally been very muted. So, we worked internally on our costs and our efficiencies.

In FY '24, the company secured orders, new orders worth 980 crores. Additional 1,478 crores in new contracts was secured during the first 9 months of FY '25. Execution has already started for these select projects. This will take time to come into birthing. When I say birthing, come into reality. At the same time, these projects will trickle in by quarter 2, quarter 3 of this year.

The new contracts include significant deals with leading OEMs across domestic and international markets highlighting a strong confidence that the OEMs have in us and our joint ventures.

A noteworthy portion of the order book comes from electric vehicles, which is as said earlier to you, we are making some inroads into getting our position strong in electric vehicle supplies as well.

The Gasket division, which accounted for about 52% of the company's revenue, during the quarter, this segment grew by 5% in this quarter. As you know, it is heavily muted towards the commercial vehicle space, which was very sluggish in the whole year.

To drive diversification growth, we are increasing our focus on our Heat Shield division, which have given us good results over the past 9 months. We have also received new orders from the Heat Shield segment of about 245 crores for only heat shields. Revenue from this segment reached 32.25 crores with higher margins for this particular product line.

We are now working on different kinds of heat shields. Some heat shields we are working on for noise insulation. Some we are also now working on for safety critical items like battery heat. So, these are all work in progress.

Our Forging division, which has given some stellar performance over the last several quarters, faced its first headwind of the European car market. There was a slowdown in Europe, which we saw. Maybe schedules were very, very muted. Stocks were high. But this, I think, will correct in the next quarter or two and despite the headwinds that it faced, it delivered improved EBITDA margins compared to previous year because of cost saving measures and also some price increases we received from our customers.

Our joint ventures have delivered a good growth as they both are linked to the passenger vehicle segment, increased its share of business in the current customers and also acquired new customers, both in India and domestically. Our joint ventures I feel are at a stage today where growth is going to happen at a faster pace than ever before.

We as a company have shown that exports, even though in a muted market, touch 26%, which is a good sign in the healthy side of exports. We continue to increase our play both in the domestic market as well as exports.

With this, I will hand over the call to Manish Khanna, Company's CFO, to take you forward with our financial performance. Manish, go ahead.

Manish Khanna: Yes sir. So thank you Mr. Anuj. Good afternoon and a warm welcome to all the participants.

Let me begin with the financial review:

Total revenue for Q3 FY '25 stood at Rs. 204.4 CR against Rs. 201.5 CR in Q3 FY '24, a relatively flattish growth of 1% year-on-year. And for nine months, FY '25, it stood at Rs. 633.8 CR against Rs. 583.4 CR in nine months for FY '24, which is also a growth of 9% year-on-year.

EBITDA for Q3 FY '25 stood at 35.6 CR against Rs. 33.2 CR, a growth of 7% year-on-year. For 9 months FY '25, it stood at 107.5 CR as compared to 91.8 CR in the same period last year, indicating a growth of 17% year-on-year.

EBITDA margins for Q3 FY '25 stood at 17.4% as compared to 16.5% in the same period last year, higher by 90 basis points and for 9-month FY '25, it stood at 17%, which is increased from 15.7% last year, higher by 130 basis points.

PAT for Q3 FY '25 stood at 23.8 CR against 22.7 CR in Q3 FY '24, a growth of 5% year-on-year. For five months FY '25, it stood at 67.8 CR as compared to Rs. 60.2 CR last year, a growth of 13%.

In Gasket division. specifically, in Q3, FY '25 sales for Gasket division stood at 136.8 CR as against 130.3 CR in Q3 FY '24, 5% growth year-on-year for 9-month FY '25. Our gasket sales was 113.7 CR as against the 381.9 CR in 9 months, FY '24, a growth of 8%.

EBITDA for Q3 FY '25 was 22.8 CR, which is a growth of 9%, as compared to the same period last year and for 9-month FY '25, this segment saw EBITDA of 69.6 CR as against 57.9 CR, a growth of 20% year-on-year.

Coming to the Forging division, revenue in Q3 FY '25 was 67.6 CR as against 71.2 CR in Q3 FY '24, primarily because of export demand being little subdued in European markets. In 9 months, FY '25, the revenue grew by 9% to 221.2 CR as against 202.7 CR in 9-month FY '24.

EBITDA stood at 12.8 CR in Q3 FY '25 as against 12.2 in Q3 FY '24, and EBITDA saw a growth of 11% in 9 months, FY '25 from 35 CR to 39 CR in the same period for the last year.

For Marelli Talbros Chassis Systems Private Limited, revenues for Q3 FY '25 stood at 72.3 CR against 68.7 CR, a growth of 5%, and for 9 months FY '25 stood at 208.6 CR versus 189.6 CR in 9 months FY '24, registering a growth of 10% year-on-year.

EBITDA for Q3 FY '25 was 11.9 CR, which is a growth of 25% year-on-year, and 9-month FY '25 stood at 32.1 CR as against 25.2 CR in 9 months FY '24, growth of 27% year-on-year.

For Talbros Marugo Rubber Private Limited, revenues for our TMR business in Q3 FY '25 were Rs. 31.5 CR, which showed a growth of 11% year-on-year basis, and it stood at 95.9 crores in 9 months FY '25 versus 91.6 crores in 9 months FY '24, registering a growth of 5% year-on-year.

EBITDA stood at 3.8 CR in Q3, FY '25 as against 2.2 CR in Q3, FY '24. At 9 months FY '25, it was 12.1 CR as compared to 6.7 CR in 9 months, FY '24, a growth of 81%.

The company remains dedicated to delivering exceptional value to the customers by providing high quality products and maintaining competitive pricing. A strong focus is placed on upholding excellence across all segments while fostering strong collaborative relationship with the stakeholders.

That is all from our side, and I would like now to open the floor to questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchstone telephone. If you wish to withdraw yourself from the question queue, you may press "*" and "2". Participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Yash Kukreja from Equitree Capital. Please go ahead.

Yash Kukreja: Yes, thank you so much for the opportunity. And sir, congratulations for posting decent set of numbers even when industry demand remains subdued. My first question is considering the sluggish export demand and divestment in NLT, do we stick to our guidance of 2,200 crore by FY '27?

Anuj Talwar: Yes we still stick to our guidance for 2,200 crores. I think it should be possible because we are getting some more business from Indian OEMs, you know, such as, you know, Mahindra & Mahindra, large, you know, SUV manufacturer in the country. We are getting some good traction from Tata Motors. Even if you see in these nine months, we have shown that Maruti has gone up to about, I think, 17 or 18% as a contribution for our customer base. So, we are pretty hedged.

So yes, we maintain our guidance because exports is about 26% and in exports, Europe is down a bit, but we are looking at orders from the U.S. and from the UK which will compensate this. This is like a correction I feel to be honest with you because the order got hit by sluggish demand, but also our stock levels had gone up to a large extent as well to the European nation, and so they were pulling less on us. But I am already seeing better signs for Q4.

Yash Kukreja: Got it sir. And sir, our EBITDA margins will remain around this level only?

Navin Juneja: Anuj, can I?

Anuj Talwar: Yes, please.

Navin Juneja: EBITDA margin you should look for 9 months, not quarter-by-quarter because some price increases of earlier quarter comes in this quarter etc., etc. We should be able to maintain EBITDA between 16.5 to 17% going forward.

Yash Kukreja: Got it sir. Sir, my last question is, what has been the utilization levels and what is the maximum revenue potential from all the existing facilities, including the new Pune facility?

Navin Juneja: Yes, if we see from the Gasket, and Shield I think it should be around 530 to 540 crores we can do from the existing facilities, okay, at present, that is our ability and we are about 85% of that. In forging, we can do around 350 crores. And in forging, we are around 70%, 75%. In machining, we are 90%.

In Marelli, of course, we are chock-a-block. We are setting up a new plant for the Stellantis order, which I think will be commissioned within the next six months. So, with that, the capacity should be around 500 crores. Marugo, we have a capacity with the little addition of little machines. We can easily produce around 180 crores. At present, we are at about 130, 135 crores.

Yash Kukreja: Okay. Thank you so much, sir. That is from my side.

Moderator: Thank you. Before we move to the next question, a reminder to the participants, to ask a question, you may press "*" and "1". Next question is from the line of Abdul Daga from Daga Securities. Please go ahead.

Abdul Daga: Hello. Hi, sir. Just two questions from my end.

Anuj Talwar: Sorry, I can't hear you.

Moderator: Sir, you are not audible. Request you to please use your handset.

Abdul Daga: Hello?

Moderator: Yes, please go ahead.

Abdul Daga: So, I had two questions. The heat shield segment continues to scale reaching up to 32 odd crores in 9 months FY '25 and the new orders of 245 crores have been secured. So, what is the expected revenue contribution from this segment in FY '26?

Navin Juneja: I think, heat shield, with the due orders of two Maruti coming in and the Kia going forward and Volvo coming in and we expect that this business should give a revenue around 65 to 70 crores in next financial year '25-'26.

Abdul Daga: Okay. Got it, sir. Also, the gasket business continues to be a major contributor of our revenue.

Navin Juneja: Yes, 48% revenue is coming from there, yes.

Abdul Daga: So, what are the key drivers for future growth and how do you see the market share evolving?

Navin Juneja: Yes, every business has a huge, decent growth trajectory. In gasket business, I can see about 12 to 15% growth. In heat shield, it's about 25%. In forging, it should be 25%. I am coming to next near one or two years, I am talking about. And Marelli should be 35%, 30-35%. Marugo should be around 25%. So, overall, we are looking at a growth of 20% plus in next couple of years.

And key divers are the new businesses, new orders converting to commercial production, number one. And the little 5 to 7% normal growth will be there, which last year was totally CV was totally down, you know that, and upon nine months, there is hardly any growth. And passenger vehicle was also grown by 2-3%. In particular, certain companies like Mahindra performed very well. Maruti is 2, 3%, Rest are all flattish type or negative. And two-wheeler have done well 13-14% in which Honda had done the best. Rest are okay, okay. Bajaj, we are there in Bajaj and Hero, we are not there in Honda.

So, we foresee that the demand will come with what are the budget may have been announced. Going forward the interest rate, I think we are indicating a reduction of 0.75% this calendar year. Everything going forward, we foresee that the demand should grow.

Abdul Daga: Okay. Got it, sir. That's it from me. Thank you.

Moderator: Thank you. Participants, if you wish to join the question queue, you may press "*" and "1". Next question is from the line of Kuber Chauhan from Anand Rathi. Please proceed.

Kuber Chauhan: Yes, two questions from my side. Can you give me the breakup of your vehicle type, like for this particular quarter?

Navin Juneja: Say what you want, break up of?

Kuber Chauhan: Vehicles from two-wheelers passenger vehicles and for this particular quarter.

Navin Juneja: Just a minute, yes, just a minute.

Anuj Talwar: Yes, I have it, Navin. 18% is two wheelers. 34% is cars. 22 is trucks. And 13 is Agri.

Kuber Chauhan: Okay. And secondly, you said that EBITDA margins increased because of some localization of components.

Anuj Talwar: We import some components for our Gasket division. We try to localize them in India. But it's a contribution of localization. It's a contribution of price increase, plus operation efficiencies and economies of scale. So, I can't divide it.

Kuber Chauhan: Okay. Have you seen the reduction in imports? I mean, if you can just give me some percentage, how much we have localized or how much have been the reduction of imports?

Navin Juneja: It's a continuous exercise. We can't give a number. We have set a target of 8 crores, 10 crores, and we follow that. Because we have to take for the localization, we have to take the OEM approval also. We have to give them a sample because any change in raw material, we need to inform them. Because they are ready to pay for the higher price, but you know how the currencies are moving, like how the dollar has gone crazy. So, we are doing some local manufacturing. We got it approved. It's a long process. It takes 1-1.5 years for the approval, and we have to pass on some benefit, but some benefit we keep also.

Kuber Chauhan: Okay, got it.

Manish Khanna: But overall, what we can tell you is, overall our import buys in the last few years have actually come down.

Navin Juneja: As a percentage of total consumption, it has definitely come down, and we are trying to offer in the new RFQ etc., we are offering a local RM, avoiding to offer imported RM.

Kuber Chauhan: Okay. Got it. And just wanted to know regarding the demand scenario about the domestic as well as the international market, how has it been and what has been your guidance for the upcoming quarters or the six months?

Navin Juneja: Yes, I can give you a guidance of about 24 months approximately. And export market is there. We are in Agri offloaded in a big way, which is not going to go anywhere. Of course, we are in passenger cars also. There is a little mute growth, but they are showing a normal trend because of the overstocking at their end because of China Sea, et cetera. Because the lead time increased from 8 weeks to 12 weeks, we sold more material to them, so they got more inventory and little 10% tampering of demand from their side. But some effects have come in this quarter and this will be all over by March. Everything will be normal by April.

We have developed new products for the off-roader business. The supply has just started and next year, next two years, it should boom. We are getting new orders from the U.S., etc. In the forging component, there is no problem. And in the gasket, there is no problem of demand from that side. And we are not that big that we control 50%, 60% of the four markets, sorry. We are just 1 or 2, 3%, doesn't make a difference to us.

Kuber Chauhan: Yes, thank you, and all the best.

Navin Juneja: Thank you.

Moderator: Thank you. Participant, if you want to join the question queue, you may press "*" and "1". Next question is from the line of Shikha Mehta from Time & Tide Advisors. Please go ahead.

Shikha Mehta: Hello, sir, good afternoon. Congratulations on a decent set of numbers in a tough scenario. I just have a few questions. I am trying to understand the quarterly numbers a bit better. Like we have mentioned this quarter export was not as great for us. So, is this kind of the bottom or are we seeing improvements in Q4 because we are already midway in March, sorry, in Feb. So, would Q3 be the bottom for exports? That's number one.

And second, we spoke about lead time kind of increasing on the inventory cycle. Again, some effect of that has been seen in this quarter. How much of that is expected to spill over in Q4?

Navin Juneja: So, regarding the first statement, direct export is not down by the way. Direct export is, we have done a decent direct export in this quarter in the Forging division. Of course, in the gasket division, my export against 15% was down by to 13%, a down fall of Rs. 2 to 3 crore only. In Forging division, my export is 62%. The demand has come down in the case of indirect export, not direct export, sorry. The direct export has gone to 62% and it will remain between 60% approximately in the current quarter also.

The demand came down in the indirect export because of the excess inventory lying with the customer outside, number one, because of the Red Sea problem, we shipped more material, the Red Sea problem resolved and the inventory stuck there. A little bit of demand has come down, little bit, but it has been normalized by the March end. We have received the revised schedule for the next financial year. There is no problem.

Demand and other export will, this export, number two, some projects have been delayed of European car manufacturers, which will be commercialized by June-July plus our another order of Marelli which was delayed because of the passing of sample. Sample has now been cleared. We have yet to go. The commercial production of that order will be expected to start by the end of the second quarter. So, that is again export, big export, huge export. So, export by next year, third or fourth quarter you can see huge jump in export. Export is there. Export is there.

Shikha Mehta: So, would it be right to assume that H1 of FY '26 will be significantly better than H2 of FY '25, just talking about exports?

Navin Juneja: No, exports will be better definitely. Q4 will be better definitely. First of all, Q4 will be better than, we should be 10% better than Q3 in all aspects minimum.

Shikha Mehta: Got it. And another thing, sir, trying to understand the CV space a bit better. I understand we have been seeing sluggishness for a while now. Are we seeing any green shoots kind of looking.

Navin Juneja: Yes, but, first of all, I want to tell you that we have the orders in hand. The commercial production launches had been delayed by OE. Yes, in the case of Maruti, we have the order for Maruti suspension EV vehicle. Okay. It was supposed to launch in February. It has been delayed till June because there are other issues with the other products. They are not able to resolve that.

Similarly, in the case of European car manufacturer also, order in hand is there. Everything, product has been developed, sample has been tested, everything is ready. But they are saying they will be launching now in July. So, the order book is there and launch has been delayed by the, various reasons they have been delayed by the OE customers. It's not going to go anywhere. It is going to come maybe three months here and there or four months here and there. That's all.

Anuj Talwar: But your question was also in commercial vehicles, yes, we are seeing an uptick in demand.

Navin Juneja: Yes, definitely, uptick is there.

Anuj Talwar: CV, commercial, it is there.

Shikha Mehta: Okay, so we are beginning to see green shoots.

Anuj Talwar: Yes, we are seeing a pull in our schedules, clearly.

Shikha Mehta: Which might come in maybe in FY '26?

Anuj Talwar: Yes, I think it will be better. I think, you know, all that confusion about elections and getting a government formed in the summer of last year and this and that, I think that's now of the past, and I think we are seeing an uprise, yes, in commercial vehicles.

Shikha Mehta: All right, great. And lastly, on our JV side, again, we are, I think, set for really significant growth. Our Marelli capacity will be coming up in the next six months, as we mentioned earlier.

Navin Juneja: Yes.

Shikha Mehta: If you could just throw some light on that, what kind of peak revenues this new capacity can do for us and what kind of margins we would be expecting.

Navin Juneja: Yes, regarding the Marelli, the shed is ready. We have already set up some few requirements for the European customer also there, UK customer there. We set up the few presses for that. And we have in-house, we are used to do outsourcing of ED painting et cetera, which we have started doing in-house. We have set out the facility of that also.

Now with the passing of sample within the last two days, now we are starting the process of importing the balance equipment. The total CAPEX will be around 45 to 50 crore at present, and it should be ready by the year end, all the capacity, but we can start the production by August, September of this year, we will start the production and filling our stock, etc. And we can see within next two years, maybe in this year, 25, 26, 27, we should be around 500 crore in this company. And EBITDA margin should be around 15%, approximately minimum. We are already at 14% plus we are already there here.

Shikha Mehta: Right. Okay, great. This was very helpful. I will come back in the queue. Thank you.

Navin Juneja: Thank you.

Moderator: Thank you. Next question is from the line of Uttam Purohit from Monarch Networth Capital. Please go ahead.

Uttam Purohit: Thank you for the opportunity. So, my question was on the forging side. So, we are targeting somewhere around 500 crores of revenue by FY '27. And seeing the current slugging year, so, that would mean we are targeting more than 25% YoY growth in the next coming two years, somewhere around 27%.

Navin Juneja: Yes. Sir, we are targeting, yes, please go ahead first.

Uttam Purohit: Yes, so I was just confirming, do we see any change in our guidance or revision?

Navin Juneja: No, maybe, okay you are right. You are right in saying we also disclosed the same thing. Next year we should be looking for 25% growth in next two years. Maybe we will see at the end of year because sometimes the demand comes up and down. Sometimes development time takes extra time also, and we need to add capacity. Sometimes it will get delayed. Maybe we can go up by 5% or more than that.

Anuj Talwar: There are some more customers in the pipeline from UK and U.S., we are targeting. It's a work in progress, because we have to keep getting new customers.

Navin Juneja: Our purpose is, yes, we have to attack 500. We can achieve 495, we can achieve 480, but it can't be 400 please.

Uttam Purohit: Okay. Yes, that's all from my side. Thank you.

Moderator: Thank you. Participants, if you want to join the question queue, you may press "*" and "1". Next question is from the line of Sakhshi Pratap from Pratap Securities. Please proceed.

Sakhshi Pratap: Thanks for the opportunity, sir. My first question would be given international uncertainty, can you throw some light on whether we can expect any change in domestic to export mix going forward from an overall global outlook for the coming one to three years?

Navin Juneja: We don't see any major change. No. We see still there is a huge demand of the forging component on the machining component, huge, huge demand. Because we are, I told you earlier in the call, we are not very big. We are a small company in a big ocean. So, by demand coming here by 5%, 10% doesn't make a difference much to us.

Sakhshi Pratap: Understood. Got it. My second question would be about TMR business. So, going forward, just wanted to understand the growth prospect, what kind of growth are we looking in that segment.

Navin Juneja: In which segment, ma'am? In which segment do you want to understand?

Anuj Talwar: Talbros Marugo. Very, very positive.

Navin Juneja: Marugo. Yes.

Sakhshi Pratap: Yes.

Anuj Talwar: Very, very positive.

Navin Juneja: Yes. Next year, we are looking at the growth of 25%. We are taking now new players also in the Indian OEMs only, two or three big OEMs. I think for next two years, it should be around 25% minimum.

Sakhshi Pratap: Understood. Yes. Thank you very much.

Moderator: Thank you. Participants, to ask a question, you may press "*" and "1". Next question is from the line of Riya Sharma from CK Capital. Please go ahead.

Riya Sharma: Hello, sir. My first question is the MTCS saw strong EBITDA growth of 25% YoY Q3. So, are there any new customer additions or some product developments expected in this segment?

Anuj Talwar: For which company?

Navin Juneja: For our company as a whole, she is talking about. Yes, you are right, you are right. The more the export is there, the more profit will be there, number one. In the Forging division, we have a phase three of the European car, European, this off-roader business OEM. The new phase was added, the supply has increased. So, I have told you earlier, 60% is the export in forging in last quarter. It has contributed towards getting a higher EBITDA.

Secondly, the price increase etc., freight increases were there in the past with pending we got in this quarter. That combination of these two stuff has increased my EBITDA plus cost cutting etc., Anuj has already told you, it has resulted favorable response and with the result, we have accommodated a decent EBITDA in this quarter.

Riya Sharma: Okay sir. Got it. And my second question is what is the expected CAPEX allocation for FY '26 and which segment would be in major focus?

Navin Juneja: So, major focus, I mean, everybody is equal to us, every division is equal to us. The more order, because the margins are good in every business now. It's not one business is 2% EBITDA margin and other is 20%. No. It is 1 or 2% here and there. Everybody is equal now. So, the more the order is there for with division and where the capacity is lacking, we will invest money in that division, irrespective of division.

Riya Sharma: Okay, sir. Got it. Thank you.

Moderator: Thank you. Participants, you may press "*" and "1" to ask a question. Next question is from the line of Uttam Purohit from Monarch Networth Capital. Please go ahead.

Uttam Purohit: So, if you could help me with the utilizations for 9 months. So, we have utilizations for FY '24. So, if you could share the utilization level for gasket, forging, MTCS and TMR for 9 months as well?

Navin Juneja: What do you want to know? Nine months?

Uttam Purohit: Utilization levels.

Navin Juneja: Utilization level. Utilization level, just a moment, please. Utilization level for 9 months. It's around 78% in gasket, around 80% in heat shield. Okay. In forging, it's around 70% in forging, 90% plus in machining. And in the case of Marelli, it is about 78 to 80%. In the case of Marugo, anti-vibration is around 80%. Hoses is around 82%. Okay.

Uttam Purohit: Okay. And on the MTCs side, of course, this 80 crore CAPEX we would be doing by FY '27. So, how much additional capacity it would provide from the current level? Even if you can ascertain, it would be helpful?

Navin Juneja: Yes, it depends on the next year budget number. I will be able to give a better answer to this question in the month of our annual results in the month of May. By the time we will get the schedule of all the OE customers, fresh order etc., which has closed, or which are closing, when the commercialization will start, we can give a better picture that time. Better picture.

Uttam Purohit: And earlier guidance which we provided for Marelli was somewhere around 700 odd crores by FY '27.

Navin Juneja: Yes.

Uttam Purohit: So, I think that's a very huge number if we consider the muted base for current year. And that would like…

Navin Juneja: I understand from wherever you are coming. In the current year, we anticipated that our European car manufacturer will start the production, and we have already a huge order of 50-60 lying with us to be commercialized. That has been delayed. Only first phase has been started. There are three phases. By September, we anticipate all the phases will start.

And the other order of the European car manufacturer for which we got the order, I think we announced in the month of last April that there was some design change, etc. The design finalized and two months it was on the test bed. Now two days back test has been completed. 100% we passed and now lot of activity has started. It has delayed by six to seven months as a result. But we try to start this business in the month of August, September. So, this year the full impact will not be there, but it has been little bit delayed by 6 to 9 months overall figure. But the figure is there, don't worry. It's there.

Uttam Purohit: So, the guidance might be, we might miss the guidance by one or two quarters. That's the assumption.

Navin Juneja: But that's not nothing more. Because something is not in our hands, some design changes happen or some doesn't launch the vehicle. It depends.

Uttam Purohit: Okay. And if you could provide, I know this is very granular data. If you could provide how much revenue contribution comes from Europe particularly and how much impact we have seen in the Europe?

Navin Juneja: Sir, really impact in this financial year is to the extent of 10-15 CR as a whole, as a whole company. Some is because we supplied excess previously, partly 50% is because we supply excess. Because we are a single source of the part and the Red Sea problem was there, the shipyard was getting delayed, we supply excess quantity. 50% is because of the schedule coming down. That's all. But everything is normalized by March. There is no major other impact. There is no other impact.

Uttam Purohit: Okay. So, the 15% is for a quarter or the 9 months?

Navin Juneja: Annual I am talking about.

Uttam Purohit: Okay. Annualized, okay.

Navin Juneja: But the impact will come in the last six months only. First two quarters, there was no impact.

Uttam Purohit: Yes, that's understandable considering the Red Sea effect, yes. Yes, that's from my side. Thank you.

Moderator: Thank you. Before we move to the next question, a reminder to the participants to ask a question, you may press "*" and "1". Next question is from the line of Yug Modi from AP Capital. Please go ahead.

Yug Modi: Hello? Yes, sir. Thank you for this answer. I just heard one question. Sir, EV orders have been secured from top OEMs. Could you share insights into the ramp-up plan and long-term revenue expectations from EV components?

Navin Juneja: Sir, we have already in the guidance, we said we are targeting 12% our total revenue to come from EV. But I don't think because of the delay in launches by OE customers, the project has gone delayed. If we see our order and the numbers shown by them, it will cross easily 12%.

Anuj Talwar: Yes, but there are delays right now. So, you can take a number about 10% I would say is a good number, but I mean there can be more also, but there is a delay.

Navin Juneja: Yes, delay.

Anuj Talwar: But we are not losing any market share in EV. We are progressing to get the business.

Navin Juneja: The order is with us. It's a part developed, given for testing. Everything is okay. We are waiting for the launch.

Anuj Talwar: Yes.

Yug Modi: Okay. Thank you, sir. That's all.

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

Anuj Talwar: Yes, thank you all for joining the call. I hope we were able to answer all your questions. For any further queries, you can get in touch with Devan Dhruva from SGA, our IR company. Thank you so much and all the best. Bye-bye.

Navin Juneja: **Thank you.**

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