



Talbro's Automotive
Components Ltd.

www.talbro's.com

28th April, 2023

The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400 001 Scrip Code – 505160	The National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Company Code - TALBROAUTO
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Sub: Submission of Investor and Analyst Meet Transcript

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript for Investor and Analyst Meet on 24th April, 2023.

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



“Talbro's Automotive Components Limited
“Investor and Analyst Meet”

April 24, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 24th April, 2023 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. SURESH SHARMA – PRESIDENT, GASKET AND HEAT
SHIELD DIVISION – TALBROS AUTOMOTIVE COMPONENTS
LIMITED**
**MR. VIVEK SINGH – PRESIDENT, FORGINGS DIVISION –
TALBROS AUTOMOTIVE COMPONENTS LIMITED**
**MR. ASHISH GUPTA – CHIEF EXECUTIVE OFFICER –
MARELLI TALBROS CHASSIS SYSTEMS PRIVATE LIMITED**
**MR. RAJIV VERMA – BUSINESS HEAD – TALBROS MARUGO
RUBBER PRIVATE LIMITED**
**MR. SUSHANT SINDWANI – MARKETING HEAD – TALBROS
AUTOMOTIVE COMPONENTS LIMITED**

Deven (SGA):

Welcome to the Investor and Analyst Meet of Talbro's Automotive Components Limited. I have with me Mr. Anuj Talwar, Joint Managing Director; Mr. Navin Juneja, Director and Group CFO; Mr. Suresh Sharma, President of the Gasket and Heat Shield Division; Mr. Vivek Singh, President of the Forgings Division; Mr. Ashish Gupta, CEO, MTCS, Mr. Rajiv Varma, Business Head, TMR; and Mr. Sushant Sindwani, Marketing Head, TACL. Thank you, all for joining us today. With this, I hand over to Mr. Anuj Talwar for his opening comments. Thank you.

Anuj Talwar:

Thank you, Deven . A very warm afternoon and thank you all for being here today for Talbro's 2.0 Investor Meet. Given that is the IPL season, I thought why come alone. Let's get the coach also and get the captains also for this entire meet. So as Deven already said to you, that we've got Mr. Juneja with us, who's been with the family for 35 years. I call him Coach. And then we've got the captains of each division, Suresh for the Gaskets and Heat Shield division. Vivek for the Forging division. We got Ashish for the Chassis division, joint venture, Marelli; Rajiv Verma for the Rubber division and Sushant to represent Nippon Leakless Talbro's today.

So let me give a little brief about the automotive industry. Not only is the automotive industry going through a dream phase in our country. I think every sector is going through a dream phase. If you look at the hospitality sector, you look at the infrastructure, it's actually going through a very, very good period in our country. And I think, it is our time as Indians. It's our time to be here, this whole make in India campaign, with Mr. Modi started many years back, is really paying dividends today.

A little bit on the auto sector. The PV space will continue to dominate even this year, although it had a very, very good run last year, it will dominate still because there's still a lot of demand for vehicles and India being a very aspirational society, want to buy cars, want to buy flats, want to buy watches, that can we continue, and we are seeing that with all our OEM schedules. I think an outlier this year, commercial vehicle space, where we are very strong in the Talbro's group.

We feel with elections around the corner. There's a lot of spend on infrastructure, lot of highways being built throughout the country with Mr. Gadkari talking about, he was to build highways as much as the US, if not more. So we see a big, big scope in CV, where we're very, very strong. Coming to Talbro's Automotive, some of you are familiar faces. Some of you are new faces. I'll just take about five minutes to try and explain to you, what is Talbro's and why we here.

The reason that we call it Talbro's 2.0, is that we are today at an inflection point in our business lines. I think with all the work that has gone in over the years, whether it is to nurture the joint ventures for them to take off now or to really get in the export market, today, we really at a truly inflection point. Talbro's Automotive has got five different distinct business lines. We have the gaskets and the heat shield business division. We have the Forging division. We have the chassis division. We have rubber, which is anti-vibration and hoses as well as heat shields and not to forget the forging line.

I think The beauty here is that that we are a very hedged auto comp supplier with components across all segments. So from the lightest two-wheeler to the heaviest truck to the heaviest off loader to PV, we are there everywhere. I'm not to mention now this trend of EV, we are there also in EV vehicles, both domestically and globally. I'd like to take about a couple of minutes

just to introduce a few key points about our divisions, and that will make life much easier for our presidents to talk a little bit more in detail. In our gasket business line, we continue to dominate the market share in India.

We have about a 50% market share for gaskets, in India, along with the JV partner Nippon Leakless. We've got single source status with some customers such as Cummins, Bajaj and John Deere, for this division. I'd like to also highlight an interesting point. There's a lot of talk in the world about EV or hydrogen or fuel cells or whatnot. We firmly believe, as told to us by one of our leading customers called Cummins that, they'll be the last-man-standing making engines worldwide, and we are single source to Cummins making gaskets for them. We've signed an agreement, which Suresh will talk a little bit more in detail with you, till about 2030, we will co-design products for Cummins internationally.

What will happen in this space is there's a lot of consolidation happening in this space. So they are buying a lot of engine makers like Eaton or Briggs and Stratton and they started buying engines from Diamler, Mitsubishi. So the advantage of Talbros will be that, if I'm supplying a component to one gasket, now I can supply to seven gaskets because we got a very communized platform. So that will only grow in the future.

We've also introduced a new line called Heat Shield, which is a very futuristic product with our TA partner, Sanwa Japan. This product is also housed under our gasket division, is the future. We've already started supplying to India's leading carmakers like Maruti, Hyundai and Kia and Jaguar Land Rover. I think, we're the first movers in the country, for this product line, and it has a really bright future. The global market for Heat Shields is of about \$25 billion, if I'm not wrong.

Then we have our forging business line, which Vivek will take you through. This division is an absolute growth driver, for us going forward. And it's an outlier for the Talbros Group because it exports 50% revenues. So 50% is domestic and 50% is export. Here, we supply a lot of components to agri off-loaders and to electric vehicles as well internationally. Then we have our three joint ventures. We've got Nippon Leakless Talbros, which Sushant will talk about. This is a joint venture with Nippon Leakless Japan for basically, two-wheeler gaskets, in the country, predominantly Honda scooters and Hero Motorcycle. Very high EBITDA margin business and just linked to the two-wheeler segment. Then we've got a joint venture with Marelli, which Ashish will talk to you in a few minutes.

This joint venture is predominantly for chassis components. But now we are branching out not only for chassis, but branching out now to products, which are directly for EV drivetrain, where the product rupee value is going to go up from INR1,000 a component to about INR4,000, INR5,000. So he will talk to you about that, how he's directly talking to Tata Motors, in a big way for the entire EV drivetrain parafilm product line. Then we've got a joint venture Marugo Japan, which Rajiv will take us through this. It's a product, it's a JV with Marugo Japan, who are pioneers in rubber.

They just celebrated 100 years about three years back pre-pandemic, when I was there to witness the great event, which took place. And but then we are doing rubber components and hoses. And just recently, we've flagged off a new product called E20 fuel hoses, which the government was

talking about to blend ethanol and reduce the import bill. So we are one of the few players in the country who really achieved this milestone. So just a little brief glimpse of our numbers.

Even though even the pandemic year, we still managed to grow about 14% in revenue and maintained our EBITDA margins at about 13.5% to 14%, again, linked to the fact that we keep saying that we are a hedge autocomp, and we're across various segments, We are in gaskets, heat shield, forging, chassis and rubber. We are across several segments and several territories. Exports today, about 25% of our turnover. So that's really been a savior for us, and it was an achievement that we even grew in the pandemic era. We've closed this financial year.

These numbers are not audited obviously, at about INR1,000 crores for the year. In full value, in Indian accounting standards, you don't see the full value because of the new ways of accounting. But as it, what we manage and what we run, we closed about INR1,000 crores this year, with gaskets and heat shield being almost about 50% of the JV, which you will see in the future how this entire dynamic will change by other segments like forging and chassis taking over, which are purely EV proof.

We are, like to say that my grandfather started the business in 1956, I'm third generation. But today, very clearly with a family led but a professionally run company. So all our professionals out here, are here with us today and who are like family as well, but purely run by them, and we basically lead on strategy and business, on the matters.

So we have a strong board. We have an equal number of independent members on the board as well. We've got people from the automotive industry. We've got people from the press industry. We've got people in Grand Thorton. We've got chartered accountants, FMCG. So we have a strong board, which actually encourages us to do better every day.

So this is my last slide. I tried to give a small little introduction about the industry, little bit about the products that we manufacture. And we are joined, as I already told you, by Mr. Navin Juneja, who is our Group CFO and Director . He'll be taking a few slides in the future about capex and returns. And we got Suresh, who is heading the Gasket division, Vivek Forging, Ashish is heading the Chassis division and Rajeev heading the Rubber division. And we have got Sushant, who is here for Nippon Leakless because the President of Nippon Leakless is on a overseas work trip. So he will talk on those slides.

We like to just share with you one more thing. All our presidents are incentivized on targets, and they are paid this incentive on an annual basis and also on a four-year rolling plan for which they've already presented to the board, their numbers for the next four years, and these are linked to growth rates, on the top line and in EBITDA levels. So well, that's all from my side, and I'll give it to Suresh now, to start with the gasket and heat shield division. Thank you.

Suresh Sharma:

Thank you, Anuj ji. Good evening to all of you. I'm Suresh Kumar Sharma, associated with Talbros for seven years. And before joining Talbros, my association was with Munjal Showa Limited, Endurance and JBM. So now about gasket division, Talbros Automotive Components Limited founded in 1956 in Faridabad, through a joint venture with British company Coopers Payen, has become India's leading gasket manufacturer provided complete ceiling, thermal

management and NVH, noise, vibration and harness solutions to partners in various segments of the automotive industry, including passenger cars, two-wheeler and three-wheelers, LCVs, HCVs, agri, off-road vehicles and industrial segments.

The gasket and heat shield division has established as a key supplier to major customers such as Cummins, Bajaj Auto Limited, John Deere, Volvo-Eicher, Honda and Hero MotoCorp enjoying single source status for them. The company has also been steadily growing, its export segment, supplying to global OEMs and tier 1 companies such as Cummins, JLR, Volvo, John Deere, Mahle and others.

We are proud to share that our association with Cummins has spanned over 30 years. Our commitment to consistent quality and competitive prices and a proactive approach to new product development has earned us a category partner status, which is available with India with only a few vendors, and the co-designing agreement is signed to develop all future products until 2030. We have also received awards for our performance from our esteemed customers such as Cummins, Tata Motors, KOEL and JLR Q-award for our consistent performance across all aspects, while maintaining high standards of quality, cost and delivery, - QCD.

These recognition serves us as a morale booster motivating us to strive for next level of excellence. Now in this slide, the gasket and heat shield division of Talbros has achieved a sales revenue growth of 14% last year and clocked INR423 crores, in financial year '23 with exports also growing by 20%. Despite supply chain challenges, the company has sustained its growth profit margins. On the right-hand side, with a positive economic outlook, and customer indications, our division expects to increase its sales revenue of INR700 crores by FY '27.

The major contributors to this growth are anticipated to be the heat shield segment. On the right-hand side, these are the avenues from where this INR700 crores, we are indicating here, it will be majorly coming from number one heat shield segment. We started from a zero base in 2018, and it is expected to add INR90 crores in revenues by FY '27. The continuous focus on growing exports, aiming to achieve 22% of the sales revenue from exports compared to the current level of 17%. Talbros also plans to increase its contribution from passenger vehicle segment to 11% from the current level from 2% with a special focus on heat shield segment.

Now Talbros has a strong order book. About this INR700 crores, which we are discussing today, we have a very strong order book in both heat shields and gaskets, with orders from major customers such as Maruti Suzuki India Limited, Hyundai, Kia, JLR, Volvo, Cummins, Escorts Kubota, Kamaz Russia, Ashok Leyland and Kawasaki. The company holds 50% share in the gasket through its JV partners and around 70% market share of heat shields with Japanese car makers. Now looking ahead, what is the way ahead? Talbros gasket and heat shield division is focusing on expanding its new geographies, such as Russia and Japan, with its technological products for the two-wheeler, LCV and HCV segments.

The division is also working on developing new generation heat shields, to meet the emerging demand of companies with compliance with thermal and NVH regulations post BS VI, after BS VI implementation because of thermal requirements in the engine, the heat shield requirement has gone up. Talbros has introduced its Nimbus heat shield to major upcoming vehicle models

of MSIL, Hyundai and Kia and plans to add additional production lines to cater to this growing demand. As I told in the earlier slide that heat shield, we started in 2018 from zero. And last and we are planning, this is a very upcoming category.

So furthermore, the division is collaborating with power generation and general-purpose engine manufacturing companies like Cummins, Kirloskar Oil Engines Limited, Ineos and Kawasaki, to deliver its product portfolio with these strategic initiatives, technological advancements, collaborations and persistent efforts, Talbro gasket and heat shield division aims to achieve a sales revenue of INR700 crores in FY 2027, while maintaining a sustainable gross profit. With this, I hand over the call to Mr. Vivek Singh, for his comments. Thank you very much.

Vivek Singh:

Thank you, Suresh ji. Good afternoon, everyone. My name is Vivek Singh, and I'm representing the Forging division. I'm working with this organization since last about four years. I'm having total 26 years of experience from diversified industries like car manufacturing, railway signaling and telecommunication, IT industry, engine and gearbox manufacturing. Forging Industry has a very vital role in automotive and off-highway industry. It's in all the segments and covers two-wheeler, passenger vehicle, light commercial vehicle, heavy commercial vehicle, tractors and earth movers. Components from forging industry goes into various products like engine, drive transmission, steering systems, differential gearboxes, chassis, suspension and axle shafts.

Indian forging industry is a multibillion industry with companies having organized and unorganized setups. Forgings are having benefits over castings, steel forging can produce automotive components that, are stronger and equivalent to casting parts. Forged parts have 26% high tensile strength and 37% higher fatigue strength than same casting parts, resulting in a much longer lifespan. The global automotive forging market size was valued at \$45.5 billion in 2020 and is projected to grow to \$67.7 billion by 2030. Exhibiting a CAGR of 5.1%. Indian metal forging market size is \$4.3 billion and projected to grow \$8.8 billion by 2030. Indian forging industry is growing and will improve its global share from 9% in 2022 to 13% plus in 2030.

We are having facility at Bawal near Gurgaon. The facility is equipped for tooling design and its manufacturing, forging, heat treatment and machining capabilities. At present, we have 21,000 metric tons forging capacity. We can make parts ranging from 150 grams to 15 kilograms, with increased depth of manufacturing. We have now become a high precision component manufacturer, with forgings done in-house. This gives us cutting edge to get new customer and serve them better with agility, as we are having everything in-house within four walls. We are present in all the automotive segments like CV, PV, EV, agri and off highways and two-wheelers.

We are single source for most of the tier-1, OEMs. We have experience on converting components from sheet metal, casting, centered material, sub-assemblies, welded parts into one seamless forging. We have flexibility to supply from volume as low as 200 parts per annum to one million per annum. This helps to cater customers package demand, at one place. We are also having warehousing facilities to feed customers, in just in time.

We have been awarded JLRQ for delivering consistent quality, BMW award for its scaling up their volume quickly and from Dana on increasing our global footprint and supplying to their 14 plants across the globe.

We are leveraging these capabilities for new customers and supplying them to global OEMs and tier 1. Talbros offer one-stop solution to new customer. There have been instances, wherein raw material is taken from UK, tools from Spain, forging being done at Italy and machining at Poland and then supplying to OEM at UK. Again here at Talbros, we cut down all these long and complex supply chain, reduced WIPs and various costs at a single source of supply, to its customer.

Referring to this slide, since FY '18, we have nearly doubled our revenues from INR115 crores to INR215 crores, with increased depth of manufacturing, with grown gross profit from 45% to 52%. We are working towards achieving INR500 crores by 2027 with CAGR of 23% year-on-year. On EV front, you can see it on the right side, we started in FY '18 with order of merely INR1 crores and in current year, we have accrued revenue of INR20 crores and by 2027, with present order book, it will be INR70 crores. We are supplying these parts to the customer in Europe and our components are going in premier car segment like BMW, Jaguar Land Rover, Volvo, Volkswagen and Porsche cars. With increased power cost, raw material cost, wages, lack of manpower in Europe, we are getting more and more orders for forged and machined parts.

We are increasing our focus on exports and expanding geographies. Since 2018, we have increased our export share from 47% to 51%. Supply chain gaps created during COVID-19 were grabbed to increase export business. With in hand and in pipeline, outlook is to increase export sales to 63% by 2027. Referring to global demand and coupled with infrastructure growth, as a strategy, we are focusing more on off-highway equipment business and will be increasing revenue from agri and off-highway sector to 43% by 2027. We are working on increasing capabilities towards making heavier parts.

We are having following order books from these customers. Some are sample stage and some are in SOP. They are diversified in segments, diversified in geography and diversified in terms of products. For JCB UK, we are going to be a single source for manufacturing hydraulic cylinder parts for around 200 variants and half a million cylinders, manufactured in their UK plant. This project is an alternative sourcing business, which we have backed from their existing source. We have cut down long logistics. Some of their components, we have converted from casting to forging.

We will be reducing their inventories and all of these are being made in our Bawal plant. Also, we have got an order for Tata Motors for front hub, from BMW Germany for making transmission gear, forged and semi-machined. After this project, for Gen 6, we may get another project of worth INR90 crores annual potential from BMW.

Referring to a strong confirmed orders and business in pipeline, our actions are in place to grow forging division. We are adding ring rolling and material gathering forging processes. For these, we have order in hand from customers. We will continue add value to customers by converting

casting into forging, increasing digitalization and IoT to leverage its benefits. On product focus front, we are adding heavy weight parts from existing 15 kg to up to 30 kg parts.

At present, we are getting these outsourced, targeting products with increased depth of manufacturing and sub-assemblies as finished goods to OEMs and tier-1s. On market expansion front, we are working on customers from North America and Mexico. RFQs are in advanced stages. These customers are from CVs, off-highway, mining and construction equipment's.

In past, as volume requirements were gone up, the equipment's were in phased manner and will continue doing the same. We are building new machine shop in existing premises for keeping 200 plus machines. Phase 1 will be ready by July 2023. We will also be adding new forging equipment in same premises to meet these demands. This is all from my side.

And now I'll hand it over to my colleague Ashish to take it ahead. Thank you.

Ashish Gupta:

So, good afternoon, ladies and gentlemen. It is always tough to be on fourth and talking and seeking your attention, in this time. So, I know it is tough for me, but I just request you, have some attention towards what I am going to show you about Marelli Talbro chassis system. First of all, introducing myself, my name is Ashish Gupta. I represent Marelli Talbro chassis system, in the role of Chief Executive Officer. I have been working with the company for almost like 10 years now. And prior to this, I have another 20 years of experience, out of which around seven years of working experience in overseas, especially in Germany and in CIS country, where I set up a Greenfield project for supplying to General Motors, Uzbekistan.

Okay. Now, already my colleagues have already spoken about Talbro. And you will see in the subsequent presentation also about Talbro. So, let me speak a little bit about Marelli, which is the joint venture partner in this particular company. So, Marelli is outcome of merger of two great companies. In May 2019, there was a company Magneti-Marelli, which was a 100% daughter company of Fiat Chrysler, which got merged together with another company called Calsonic Kansei. So, since May 2019, these two entities are now called as Marelli Holding, and we have joint ventured with this company.

They have operated in several business lines. They have 10 business lines, starting from lighting to powertrain to HVAC systems and motorsports and the ride dynamics. Our joint venture is with the Ride Dynamics vertical of Marelli Holding. Marelli overall is about more than, say, \$10 billion company, and the Ride Dynamics is about \$1 billion annual revenue company.

Okay. We now move to some numbers. On the left, you see the revenue growth that we had in the past or we are targeting now. So, this particular joint venture came into being in 2012. So, we are now in the 12th year of our operation. And from a humble beginning of, say, around INR30 crores of revenue in the first year, we have grown ourself to reach INR210 crores, and we target to reach to INR700 crores. I will show in my next slide and my next talking that how we are going to achieve it.

On the right, you see several different graphs. The first one is talking about our increased focus on export. In 2016-17, we cracked our first export order with Jaguar Land Rover. This year, we did almost like more than INR30 crores of revenue, almost INR15 crores of revenue came from

exports in this year, and we plan to take it to almost like more than 35% in the next four years. You will see in the next slide, which are the order under pipeline to take such revenues to almost like 36% of the total revenue going to up to 2027.

Then the next point is about our increased focus on EV. We are suppliers to Nexon EV, which is the largest selling EV car in India. So, we are present there, and we also supply to, we also export our component for EV car, which is coming from the JLR stable, I-PACE. So, we supply our component to I-PACE, and we export them to UK from there. So, this particular segment is also going to grow. Almost 30% of our revenues will come from EV cars going forward, which is around INR200 crores.

Then about the EBITDA margin. See, currently we are more or less a company which are doing suspension links, suspension arms, and those kind of products. And we plan to move into the larger product of suspensions. So, that will improve our EBITDA. You will see in our slides, how we are going to do it. So, this particular slide, shows you the order which are already acquired and which are under development.

I want to draw your attention on the first box, which is for the EV cradle that we are developing. So, here, as I said, we are currently more or less supplying links and non-suspension arms. This is the large assembly, specially being designed and developed for EV, which is going to go to the next generation car, Indian car, EV car, which will be, I cannot name here. So, that car will be launching soon, and we are developing this huge 25-kilo assembly for that. So, that brings us into the larger segment of products for these vehicles.

So, till date, for example, our car content is about INR1,500 per car, and such kind of product will bring another, say, INR4,000, INR4,500, even INR7,000, till INR7,000, car content will increase by virtue of such kind of products. Also, in this slide, you will see that there are several other EV vehicles. So, when you see this slide, this is about INR190 crores of the product, which are under development. And out of this INR190 crores, almost 50% of the product are going to EV cars. This is what we are in.

As I said, you know, on the last slide that we are now developing a large EV cradle, which is specific to EVs. So, that proves our capabilities to manufacture our product into the larger segment of suspension. And now, we are targeting the other large suspension product like front cross member, rear two-speed axles. So, this kind of product we are targeting. And in fact, we are working with one of the OEMs, and we are working with them as a FSS supplier, full-service supplier, where we are responsible for the design, for the design validation, for the product validation. And that makes us, you know, make more profit into those kind of products. So, that's one. Almost like INR80 crores to INR100 crores of revenue is expected from this particular area of work we are doing.

The second one is, you know, as I said, we are now exporting since 2016, 2017, we are exporting to UK. We have consistent growth. Two of our plants are JLRQ. Also, we were recognized by ACMA last year, this year, for, you know, excellence in manufacturing, for the source, for digitization, for the health and safety. Also, we are working a lot on the ESGs and the safety. So, that brings confidence in Marelli, and they are now sourcing from India such kind of product.

So, almost greater than INR100 crores of revenue we are targeting from this particular work. The prototypes are already built. They are already being sent, and they are already under testing. So, once this testing completes, we are expecting this particular order for us.

Going forward, we know that India has mainly say four regions for car manufacturing. One is Gurgaon-Manesar, where we have Maruti Suzuki. Then we have Mumbai, Nasik, and Pune region. The third one is Chennai-Bangalore. So, from Faridabad factory, we represent Gurgaon-Manesar region. From Pune factory, we represent Mumbai, Nasik this kind of region. For Chennai and Bangalore region, we represent, we supply to TKML, for example, via just-in-time warehouse over there.

Now, we plan to go into the newer territory, which is Gujarat. In fact, you would have noticed Tata Motor just now acquired a Ford Motor plant. So, their capacity is going to increase over there, and we want to capitalize upon that, and we want to start a new factory there, and also export from there, because that is also conducive for us to export from there to European market. And of course, growth in the exchange segment means we keep on increasing our share of business with the current customers, which is Maruti Suzuki, wherein we have almost greater than 30% market share for our suspension products. And then, with the Tata Motor, we have almost 65% market share for the control arms and links, and we keep on increasing our market share. So, that's the roadmap, how we are going to achieve such kind of revenue growth for us. Thank you so much.

Rajiv Verma:

Thank you, Ashish ji. Good evening and thank you for giving us the opportunity to discuss the current state and the future plan of our company. I am Rajiv Verma, I am taking care of Talbros Marugo as a business development head and taking care of our operations. So, as of now, I am working with Talbros from the last 15 years, and overall, I have experience of around more than 25 years in the automobile sector, and especially in the rubber molding and the extrusion division. So, I am excited to share about with you the progress we have made and the opportunities that lies ahead.

So, Talbros Marugo Rubber Private Limited is a joint venture company between Marugo Rubber Industries Japan and Talbros Automotive Company Limited India. Our joint venture partner Marugo Rubber Industries Japan is the leading OEM supplier of anti-vibration products and hoses to the largest OEM globally, having global footprints in USA, Indonesia, Thailand, China, and the centralized R&D center at Japan.

So, about Talbros Marugo, we have started in 2013 with manufacturing of anti-vibration rubber molded products for passenger cars. The purpose of this joint venture was to achieve market differentiation and develop innovative and quality anti-vibration products. Primary of the JV is to localize mounting mufflers for Maruti Suzuki India Limited, which was earlier being supplied from Marugo Rubber Industries to Maruti. And within a span of one year, we successfully localized 100% of all KD parts and got recognition as a superior performance in the field of focused model cost reduction in the year 2014-15. And subsequently, we have received best supplier award for overall performance for two consecutive years in 2017-18 and 2018-19 from Maruti Suzuki India Limited.

As of now, our share of business in mounting muffler and hangers for Maruti Suzuki is more than 90%. In the year 2015, we diversified our product line and set up an additional plant for extruded hoses and started catering to Maruti Suzuki. Marugo Rubber Industries has played a vital role in raising the joint venture by providing strong technical support and know-how for product development and even for the manufacturing support for manufacturing of machines, which helped us in making indigenized tandem line, extrusion line, which is first of its kind in machine in India, for making three-layer hoses, extruded hoses, or manufacturing equipment process and systems are at par with the global benchmarks.

Considering our consistent performance, our joint venture has given opportunities for insourcing and thus export from India to Marugo Japan for Fuso, Mitsubishi, and Suzuki and other companies, since year 2015. Last year, our export sale went to the tune of INR10 crores. And Talbros Marugo Rubber is now emerged as a leading supplier for rubber and rubber to metal bonded parts and hoses to various OEMs. The company has complete in-house value chain capabilities starting from mixing, compound mixing, metal preparation, molding, and extrusion. And backed by its strength and operating excellence, the TMR is aggressively securing various orders from the domestic OEM, leading to an improved presence in automotive market.

The company had indigenously developed complete end-to-end traceability through RFID cards, and which also include Poka-yoke at various processes. So in past year, we have achieved significant milestone, including increasing our market shares, expanding our product line, and improving our operational efficiency. Our revenue growth has been steady and big jump in '22-'23. So in year '23, we are able to close to INR82 crores per annum, which is going to the tune of INR180 crores, in the next five years. So the major is the E20 fuel, which helped us in implementation of the E20 fuel by the government, which helped us in giving a big jump.

So E20 fuel is a new type of fuel that, has been developed to reduce the amount of harmful emission from cars and other motor vehicles. It is a blend of 20% ethanol and 80% gasoline. So biofuel is gaining popularity because of it has the potential to significantly reduce pollution level, if used on a larger scale. So imports meet approximately 85% of India's fuel need. In India, using petrol with a 20% ethanol blend, would result in significant cost saving for the country. So the important timeline decided by the government of India, for the implementation of E20 are April 2023, for the vehicle to be material compliant and 2025, for the vehicle to be fully E20 compliance.

To support the same, we at TMR are able to develop the fluorocarbon FKM, COB biofuel hoses successfully in different categories, such as fuel filler, breather hoses and purge hoses. And I started supplying to India's largest passenger car company Maruti Suzuki. This gave thrust to our top line with an additional amount of around INR50 crores per annum. As you can see, the all FKM fuel hoses, then breather hoses, then purge hoses. Then along with that, also we have received good orders for the new upcoming model of Jimny.

The company also expanded its product portfolio, such as body mount and suspension boosters to MSIL for their very prestigious model Jimny, which gives an additional amount of around INR17 crores per annum. Through all this, we will achieve INR180 crores by the year 2027. To remain competitive in the market and achieve our business goal, we're constantly working to

improve supply chain management, improve productivity, reduce rejection and streamlining the workflow and investing in employee training and the development. This will help us in improving our EBITDA margin to 13%, in the year 2027.

To cope up with the market demand, we have decided to expand our production capabilities by shifting our plant from Manesar to Bawal in Haryana with an additional area of almost 1.8x along with the capital investment of around INR7 crores in the machinery, in financial year '22. Operation from new facility expected to start in the month of June '23. So being an Indo-Japanese joint venture, now apart from Japanese OEM, our company has planned to explore our new customers such as Tata Motors, Mahindra and other OEMs and also plan to export to JLR UK, with a strong relationship with the Talbros group company, which ultimately will help us to expand our reach and grow the drive.

Looking ahead, we are focused on continuing to innovate and develop new products that will meet the challenging needs of our customers, plan to invest in research and development in the phased manner, develop the new technologies and improve our products. This will help us to stay ahead with our competitors and offer better products, to our customers. We are committed to maintaining our high standard of excellence and delivering value, to our customers. We appreciate your continued support and look forward to sharing our progress with you in the coming months. Thank you for time. With this, I hand over to Mr. Sushant.

Sushant Sindwani:

Good afternoon everyone. I am Sushant Sindwani. Today I am representing Talbros joint venture Nippon Leakless and I have been with the Talbros for the past nine years and I have an overall experience of 25 years of the automotive and auto component industry. Allow me to introduce Nippon Leakless Talbros private limited, a leading two-wheeler automotive gasket manufacturer in India. This joint venture was formed or established in 2005 between Nippon Leakless Corporation of Japan and Talbros Group of India.

The company has grown to become a major supplier of gaskets to renowned two-wheelers and the manufacturers in India. Talking about Nippon Leakless Corporation, Nippon Leakless approximately YEN5 billion corporation was incorporated in 1955 as old as the Talbros Group and having a manufacturing basis globally almost nine plus countries and which includes the USA, Brazil and in China. Notably, in fact, Nippon was the first one to use the steel into the cylinder head gasket technology and today Nippon holds almost 50 plus global patents for material as well as for the products.

If you're talking about the performance of this joint venture, the last year the company generated revenue of around INR86 crores, recording growth of around 18 % comparing to the previous fiscal year. The company has also optimized its supply chain, streamlined its manufacturing processes, resulting into the improved gross margin which you can see on the right-hand side of this presentation. In fact, based on the upcoming economic trends and the customer forecast, it is projected that the company's sales revenue will exhibit CAGR of 9% over the next four years and expected to clock INR120 crores revenue in financial year 2027. .

In fact, the company has also established a strong partnership with Honda and Hero Motors Corporation, supplying them with this high-quality ceilings. In fact, this joint venture was

created specifically to cater the ceiling requirement for both Hero and the Honda, so as a kind of a single source and a dedicated supplier. As a major supplier to these customers, our company agility, resilience, and proactive approach in meeting their stringent needs are evident, and this also helps us in achieving higher margins than others.

We have also been recognized by these companies like Hero and Honda, supplying them with a kind of regular performance awards, for our customers and acknowledging our best quality, consistent delivery, and development support. These awards serve as a testament to our unwavering commitment to excellence and our ability to consistently deliver high-quality products and the services.

Looking ahead, the company remains committed to working closely with our strategic partners to develop the new engine programs that comply with the emerging regulation and improve the performance of the two-wheelers, adding further value to our product offerings. With our expertise, cutting-edge technology, and the strong industrial relationship, we are well positioned to achieve and project growth of 9 % and maintaining the healthy margin. With this, I would like Mr. Navin Juneja to continue the next part of the presentation. Thank you.

Navin Juneja:

Good evening, ladies and gentlemen. Thank you so much for coming here on a weekday and listening to our Talbros plan to, which we intend to show to you. My colleagues and presidents of each unit have shown their roadmap for the next four years to you. How we will achieve that roadmap, I will just go into it and tell you. To achieve that roadmap, gasket and heat shield require a capex of around INR50 crores and forging require a capex of INR60 crores. It means both of them together as a standalone business basically require INR110 crores, which we intend it to fund it, through internal approval only. We are not planning to borrow any money for that. The annual capex will be around INR25 crores to INR30 crores, which we are hopeful, will be met easily.

And now coming to Magneti Marelli , the major and the joint venture, comes in under to the major capex is INR80 crores because our president is talking about multifold increase in turnover and setting up a new facility in Gujarat. And that INR80 crores he will do from internal accruals and that bank finance, for which the bank sanction is already available with us. And then to the tune of INR10 crores is for Marugo because he has already done major expansion in this year.

And Nippon is INR5 crores only. And just want to clarify that Talbros, in this joint venture, whatever borrowing will be there, Talbros will not contribute even a single rupee. It will be done through them only, through their accruals and through the borrowing at their own balance sheet strength. and no corporate guarantee of Talbros will be involved in this.

Secondly, I want to just clarify the capital employed with our companies as on last audit results, we have this September results, I can say. Our capital employed in the standalone basis is around INR385 crores, out of which around INR240 crores is with the gasket and balance is with the forging. And coming to NLK, its capital employed is around, and we are already achieving 16%, 17% capital ROCE in that area, and we hope to improve it further. NLK, the capital employed is INR77 crores, because they have kept huge amount of money, approximately INR50 crores

lying in the bank. And in the Magneti Marelli, my capital employed is INR62 crores, and Marugo is INR25 crores as of today.

Now, we are very determined, so we are very excited with our growth for the next four years, and we are hopeful to achieve decent bottom lines and ratios going forward. It is a small snapshot, but we are at, whatever the revenue break is for the last year, which has closed. Out of this, you see my first of all, two-wheelers and three-wheelers, which was around 18%, come down to 11% by FY27. It means my dependence so-called in world of EV will be reduced. So it shows my dependence on two-wheelers, which is now 18% last year. It will come down to 11%, nearly 11%. And my EV, which is around 2% last year, will go up to 12%.

And my other businesses will remain stable, but more or less stable. 39% will be a passenger vehicle, will go up to 38%, and rest are more or less same. 13% is my Agri off-loader, which will go up to 15% with the increased contribution by my Forging division. So this is the pie, we are targeting for '27. Just telling you, this is the situation as of today. Four years are left. God willing, the things will improve further. Rest and balance, For other things, I will hand over to Anuj. Thank you. That's fine.

Anuj Talwar:

Thank you, Navin. Thank you, everybody. I think you were able to give a nice perspective about Talbros to the investor community. As Navin mentioned, this is a very important slide that you see, and how we continue to be in every segment. We continue to be in every platform and continue to be in every sort of mobility that is there both domestically and globally. I personally believe, with all our talks with a lot of OEMs in the world, there will be IC engine, there will be hydrogen fuel cell engines, there will be hydrogen ICE engines, there's going to be hybrid models, there's going to be, a lot of stuff is happening. CNG, LPG, but we will be a part of the automotive mobility till the day it is there.

I would like to just highlight one small point only, that while making out this slide, we did discount that how much business we may lose to the electrification if it happens in the country. We only foresee about a INR20 crores kind of a number to go away from our top line, from the scooter segment, because that is what is really moving, motorcycles of Bajaj and Hero are selling very well, both in the domestic market and the export. But the scooter segment can be compromised with the Ola and the Ather. So we did a little calculation, about INR20 crores is what we see.

I think this is the last slide for the evening before we open up to questions and answers. It's called Talbros 2.0. It's the era of T20. So that's why Talbros 2.0. We're looking to double our turnover to about INR2,200 crores in four years, across all our divisions. And we have the order book for it. We did acquire a very large order book of about INR1,000 crores in the last fiscal across the next four year to five years. So that's a part of it. We have discounted the EV number that I told you about, about INR20 crores odd has already been discounted.

So as on today, as we stand with what the presidents have told you and the CFOs mentioned you about the capexes, I think we can achieve these numbers in the next four years. It's again, as on today, I can't predict what happens tomorrow, whether it is a COVID wave or a war. I don't know about that. We're not astrologers, but as businessmen, as leaders, we should get here.

What's interesting to see is how the gaskets and the heat shield business line comes down from about 42% to 32%, because it'll come down. Still a cash cow business.

But you'll see forging and the chassis units growing at a very fast rate. As explained to you by Vivek and Ashish, there's a lot happening in this. I'd like to take two minutes out here. I think in the forging space, what's happened is the West doesn't want to forge anymore. So India has a good chance to forge. And a lot of companies that, we are dealing with in the UK or Europe, a lot of the tier-1s are not being able to manage their finances due to the high interest rates that are there. And also, that whole work from home culture is still present in the UK and Europe. So a lot of opportunities are come our way for the forging unit, where you'll see it growth to almost, it'll contribute about 23% going forward.

Chassis, as Ashish explained to you, a lot of traction is happening for us here because Tata Motors bought the Ford plant in Gujarat. They bought that. And a lot of the tier-1s, which are here in India for Ford and for GM, have were pretty much. So that business has come to us. And in fact, that's what he explained to you that he may have to go to Gujarat very-very soon to put up a new facility. So both Marelli and forging should contribute about 50% going forward. with that, we'd like to end. There's one more. Yes, so Navin you can take this on also.

Navin Juneja:

Hello, now , there's a summary of , how Talbros will look line . My share of export, we are from current level of 25% last year, we've jumped up to 35%. As a result of which, my EBITDA margin, which is hovering around 14%, sometimes 13.8%, sometimes 14.25%, will definitely jump by to 15% to 16%. But I hope so it will may cross 16% also. ROCE will definitely go up by 20% plus, it may be 22%, 23% also. And I showed that my debt will always remain below 100, it will not go up.

Because some debt is required in the business. And if we have below 100, all will evidently be fine, and things are fine also, and we will be working toward a greater high Talbros true. The increased ratios, increased margins and increased wealth for our shareholders, where we have dividends are the market appreciation good or worst. And this is a situation as of today. Things may happen for the betterment. We are open. We have not closed our eyes, we can add more products, and we can add more TA in the times to come. Because four years is a long period. Thank you.

Moderator:

Thank you very much.

Deven(SGA):

Thank you. We'll open the floor for question and answers. First, we'll take questions from the online team. So, is there any questions? Let me know. We'll just wait for a second. And over here, if anyone has a question, you can raise your hand and we'll have the mics given to you.

Moderator:

Participants connected virtually via phone lines. If you wish to ask a question, please enter star and one on your touchtone telephone. We will wait for a moment while the question queue assembles. There are no virtual questions.

Deven(SGA):

Sure. So we can start the Q&A over here. Anyone who has a question, raise your hand. Thank you.

Ashwin Agarwal:

I am Ashwin Agarwal, thank you for the detailed presentation and overview. Could you give us an update? You already spoke about the threat of INR20 crores would be to EV. So is this the worst-case scenario, do you expect any more impact? And these projections which you have given, including the INR1,000 crores order book, could you add more color to that order book? And how do you see the further order book strengthening in order for you to achieve the goal of doubling the revenue?

Navin Juneja:

Well, the projections we have given are INR20 crores approximately is the current scenario. We don't think things will go because there is normal growth in the IC also what we are foreseeing because, the last quarter there was some good growth in EV market. But my overall growth in the non-EV, IC is much more. If you see NLK has grown by 18%. It's 100% two-wheeler. It has grown by 18%. In stand-alone basis we are single source to Bajaj. But we have also grown thereby 10% to 12%. The growth is there.

And current year projection is also very good. Even Hero, this year talking about against 4.5% or 5% or something, they're talking about EUR655 million projections are with us. So there will be, both the things will exist. There are issues with the EV also, you read in the paper because subsidy stuff, etc. But we have taken a decent view on this. Let's assume INR20 crores will be down. But we are all factored.

Regarding the order book you are talking about, the INR1,000 crores order book is divided primarily into four businesses, my gaskets and heat shield. The sheet, I'm telling you, the heat shield in the sense, divided in the period of five years, it means INR200 crores per annum business approximately. On which my heat shield of Hyundai, Kia, Maruti contributes about INR25 crores to INR30 crores approximately. My Kamaz contributes INR15 crores of export. My Volvo and Jaguar, Cummins contributes about INR30 crores approximately. So this is a breakup of that gasket front.

On the forging front, INR75 crores per annum is, we have shown you my JCB, but God willing that is the first phase wait for another one year, it can double also. We have not expected that. And my export to GKN, my export to Dana and BMW, these are all the contributors for the growth of INR1000 crores, that is INR200 per annum growth is that.

Third is Magneti Marelli, INR34 crores is my cradle. Then we have got some businesses for other JLR export that is also contributed, has been here, that is again a business of INR50 crores, INR60 crores per annum is here.

And then last is Marugo Rubber, Marugo Rubber is talking about INR40 crores to INR30 crores business per annum of anti-vibration and the new hoses, that is all contributed towards INR1000 crores, it means INR200 crores per annum. Some have started in the last quarter of last year and some will start in this year. I think by the end of this year, 80% will be commissioned, all orders.

Ashwin Agarwal:

Sir, by FY '27, what portion of exports would be from North America, because you are primarily dependent on Europe.

- Navin Juneja:** I think we have, just a minute, North America will be out of, if it is say 35% of 2000, let's assume, broadly out of INR700 crores of export. North America will be around INR50 crores approximately.
- Ashwin Agarwal:** Okay, so it will be primarily.
- Navin Juneja:** Primarily Cummins and Meritor will be there, I don't know how much it will be, it can go up to 75 also. That is a, Meritor is having a purchase office in India, that is for the low-cost thing.
- Ashwin Agarwal:** So Cummins is more of an understanding and a long-term agreement or it is a take or pay?
- Navin Juneja:** It is an agreement.
- Ashwin Agarwal:** Okay.
- Anuj Talwar:** Joint development of products for the international market.
- Ashwin Agarwal:** Sir, lastly could you talk about QH Talbros, you know there is some cross holding between Talbros International as well as this company. So what does this company do, what is the size, can we have a simpler structure of holding?
- Navin Juneja:** Sir, it is an old story, old thing, it is nothing new, give us three, four years, after that we will resolve that also.
- Ashwin Agarwal:** So that business would come back to.
- Anuj Talwar:** There is no conflict of interest in different product lines altogether.
- Navin Juneja:** There is no sale purchase, anything. Only a small little bit transaction for forging, nothing else.
- Ashwin Agarwal:** Okay, thank you.
- Nikhil Rungta:** Yes, hi sir, Nikhil Rungta here from Nippon India Mutual Fund. Sir, just wanted to check like we are present across the board in various product lines, in various segments. On the technology side, how well are we placed, I mean in our products, do we have any technological competence as well or is it mostly the relationship wherein we are working on?
- Navin Juneja:** Sir, relationship has to a small extent, it can't go beyond a limit because in gaskets we , always have a joint venture and a collaboration from day one. First it was Payen Talbros, after that Federal Mogul was my partner till 2010. Its equity was there, 30% equity before IPO, IPO came, it was there, 30%, we learnt a lot from Federal Mogul. After that because Federal Mogul had a claim in the US for Asbestos material for industry use, so they decided, those days we were also using the industry, both asbestos material. They decided that they will not have any financial contribution in a company that make asbestos. So, we bought their shares from Federal Mogul but their technical agreement remained till 2013. After that we entered into a Sanwa packaging that is a gasket manufacturer for Japanese for post coating technology that is still in force and we are, and Cummins, etc. We have had enough knowledge for these products and we are in the top tier of everything and whatever NLK has for two-wheelers, they have a tie up with Japanese,

we also learnt from them, but the same, NLK is NLK, they are the preferred vendor for Honda all over the world, wherever Honda plant is there, NLK has to be there.

So, that is, on the heat shield front, we have a Sanwa tie up, technology tie up, they full support, they can do testing, etc, everything is there, the people are here, every six months we go to OEM, etc, the full support is there. Now, coming to other joint venture, you know that we have heard about Magneti Marelli, Marugo Rubber, NLK and forging, we don't have any type, forging doesn't require a joint venture per se.

Anuj Talwar: Right, also just I like to, add a point that maybe in the tea break, we got Ashish here from Marelli Talbros, we got Rajiv here from Talbros Marugo, you could also pick their brain as to amount of support they get unconditionally from our JV partners, Marelli team has been working day and night, Marugo Japan also working day and night, so you can even talk to them during the tea break to see what kind of support they are getting and a lot is happening, behind the scenes, so that is there.

Nikhil Rungta: Secondly, are we also looking to enter any other or new product line over next four years or is it only from these current product lines that we are planning for the doubling of revenue?

Anuj Talwar: So, these projections that we have made are with our gasket business, heat shield business, forging business, chassis and rubber, this is what you see out here today. As Navin mentioned in his closing remarks that our eyes and ears are always open for new opportunities, because I think today we have the muscle power, debt is on the lower side, so we are constantly looking at new opportunities.

Navin Juneja: I want to add more, these JVs have more scope, and all products are not covered now, in these projections also, engine mount, Marugo make, what else you can do? What mounts you can do, engine mounts? Hydro mounts?

Rajiv Verma: So, in our JV partner Margo rubber, they are into, right now we are only doing 50% of those product range. So, balance like silicon, wrapped hoses and all that for industrial application, they are very good in there, in Marugo Japan. So, in those fields we are not yet entered yet and in future our planning are to enter that and also the hydro mount for engine mounts, everything.

Navin Juneja: And these joint venture cover those areas also. Because it is a part of joint venture that they will develop these products here and coming to MMT also.

Ashish Gupta: Let me just add to what my colleague said about your question, I showed also on my presentation, we are today the major supplier in India for suspension arms and links, which is a suspension product. But there are larger products like front cross member or the rear twist beam axle. Now, we are working with the OEMs to develop those parts for them. With our entry for EV cradle, which is a large, very large assembly, we have proven our abilities and our capabilities to develop such kind of product in India with the help of Marelli strong help of Marelli to us.

So, now we are talking in a serious discussion, very close to close that order as a FSS supplier, where in Marelli Torino will develop, they are designing this product. We have already offered

our design, which is meeting all the technical standard, the design aspects of the OEMs. So, that design per se, all the boundary condition have been met and we will be responsible. So, we do manufacturing over here and then we do design over there and the design validation and product validation is going to happen in Torino.

So, that's how the JV partner is fully integrated. And also, we are expanding our product portfolio. I think you also saw some BIW name in my presentation, wherein, in fact, in 2020, while we set up a new plant in Pune, we also got an opportunity to get into this particular segment. This year, we are going to export almost INR35 crores rupees of BIW parts to Jaguar Land Rover. Already INR20 crores of additional revenue I have already acquired. You would have seen in one of my slides where I say it is already acquired business now, apart from the INR35 crores that we are going to supply this year.

Another INR50 crores is we are targeting, we are working with so many RFQs, because Jaguar, you know, is changing their entire stable of cars by they are going to come up with the electric modular architecture, EMA vehicles. And we are now picking up order from them, spending our product portfolio apart from suspension to BIW and also expanding our suspension portfolio as such. Thank you.

Nikhil Rungta: Last question from my side. You mentioned that you are keeping your eyes and ears open for any new opportunities. Are we also open for any inorganic opportunities which will come up?

Navin Juneja: Yes, it includes that also.

Nikhil Rungta: And that will be primarily either from internal accrual or up to debt of INR100 crores.

Navin Juneja: It depends on the size of the opportunity.

Nikhil Rungta: Okay, but we won't be going beyond INR100 crores of debt, or we might go if required?

Navin Juneja: If required, maybe for one year and then come back.

Nikhil Rungta: Okay, perfect. Thank you so much.

Chetan Cholera: I am Chetan Cholera. Thank you very much for the good presentation. I just wanted to know, is there any other, other than this JV is there any other private limited company of the promoters who are in auto component or maybe overlapping of customer component? I just wanted to know.

Navin Juneja: Yes, there is a company by the name of US General Private Limited which was a joint venture with Affinia till four years back. We acquired their equity 40% because they sold, they are selling their equity to refund. So we acquired that. And that company makes suspension components only for four wheelers. And their customers are, Indian customers maybe one or two common, but export customers are not common. And it's not in JLR, BEEP, and it's not in Diamond Co, Carraro, etc. And we are looking for a partner in this business because we want to, Japanese partner we are seriously looking in this business because 40% equity we want to give to the JV partner we are working on. That's it there is only one company.

Abhishek Shah: Abhishek Shah from Valcore Capital. Sir, if I look at the capex slide that you had, so when I look at the current turnover is about INR1,000 crores. We are looking at something around INR2,200 crores. So incremental INR1,200 crores and the capex requirement is only INR200 odd crores. So just trying to understand this is also knowing gasket capacity utilization is 85%, other businesses are also at 70%, 75%. So how do you intend to do that because say four times, five times gross block to sales

Navin Juneja: Yes, was regarding forging. Forging has already incurred huge capex this year. Forging may what is there, if we put a, he requires, he has a forging, there are two things in forging, forging and machining. He is working at 65%, 70% in forging, 30%-line vacant, not 100%, maybe 20%-line vacant. But machining is not there. Now importing machine CSE cost INR20 lakhs, INR25 lakhs. So it's not major, capex there. By adding 50 machines, 20 machines, he can turn over and utilize the forging.

He is looking also a major forging, press of 4000 ton, which will be INR10 crores, INR15 crores, bit more. That can give a top line of INR50 crores alone. So we have done a working. At the end of day, we will see, it is related to heavy tonnage is entering into heavy tonnage component. The realization of that part is much more than the current. So realization will also be heavy. And regarding my gasket, here we have already incurred huge capex of gasket in our heat shield business, which is, heat shield business is around 40% of the capacity is working at present 40% of the capacity of that expansion line.

Still there is lot of scope in that. And we are not planning to build any, buy any new factory our we might add new small shed of INR1.5 crores, INR2 crores. So there, now the balance equipment, etc, is required.

Abhishek Shah: Is that the case with others also forging will be INR500 crores. Heat shield will be another 90 crores. And remaining INR500 crores, INR600 crores also similar math in terms of.

Navin Juneja: Like, buy harness. I don't buy harness, which we, develop for Cummins. Already one set is there. Second set, half of the machines are with me. Half, and the INR5crores, INR6crores I require, I can produce 30,000 pieces per month. I am producing at present 10,000 pieces-11,000 pieces. So capacity is, now no major money is required for the capex. You can see, you can, and this is already there. You can see how much capex we have done? How much turnover has gone up?

Abhishek Shah: Sir, so, sorry, just to add further. On a gross block of INR380 crores, at full utilization, can we do INR1,400, INR1,500 crores turnover or as per, what you are saying?

Navin Juneja: We can do. Next year, you are just telling me, wait. Next year, just think about INR275 crores, INR280 crores. I need all this machining. Rest is done. I don't need the fresh machines. I have a 22,000 tons or 21,000 tons capacity there. In actual one, last year only, 30,000-40,000. Right? 30,000 only. So you can produce.

Abhishek Shah: Got it. Sir, next question. You mentioned INR20 crores is the exposure to EV. I just want to dwell in further on that. INR20 crores as, if EV actually comes in, the hit to our total turnover could be about INR20 crores.

- Navin Juneja:** No. Hit will be INR20 crores.
- Abhishek Shah:** Hit will be INR20 crores.
- Navin Juneja:** How is calculated? Please. There are, we can do two-three customers of two-wheeler. Hero, Honda and Bajaj. Two-wheeler, we are major in scooters. Scooter is with Honda. Right? Honda sale last year was INR23 crores, INR24 crores. If I consider no growth, and I see the growth is there this year, by the way. INR5 crores, INR6 crores may be down, say 25%. You know, they do not have two-wheeler. They don't have scooter, they have motorcycle. In motorcycle, you can assume 5%, 7%. And Bajaj, Bajaj has 40% exports. . It has not come here. And we talked to them and said, you do not have anything special. We have done that also. So it will be around this only.
- Abhishek Shah:** Got it. Sir, one more on forging. You know, sir, forging business is INR200 crores to INR225 odd crores. So just trying to understand the clientele that we have got for new orders. And the size of orders are quite significant. I am just trying to understand for a company, for a business, which is just INR200 crores odd, you know, what is the differentiating factor? Is it R&D? Is it cost?
- Navin Juneja:** I am telling you. The differentiating factor is, first, we are true to our customers. If a customer pays for a particular material, particular grade of material, whether it is, there are different grade in steel s steel. We use that material. We never cheat on customer, number one. We have warehouses, wherever required, very good quality, timely delivery.
- Vivek Singh:** I would like to answer this. See, you are right. Differentiator, as I mentioned, one is that we are adding up a new customer from which we are getting, as you have seen, the number is coming from JCB. So we have got an order for their hydraulic business. So in JCB, roughly in one JCB, there are 16 cylinders which are acting. We have backed the order and we are going to be single source for their UK plant. And that they will be producing half a million, volume we will be giving it to them. So that is a new segment we have opened for them. So they have been called as a dump end. So in every cylinder, there is an eye end and dump end. Put together, this is the one.
- Then second, there are two more parts which goes into that same cylinder that we are anticipating in next coming years, which we have not factored in this. So roughly I am seeing a volume and business is going to be around INR150 cores after two years to three years. This is one.
- The second is for BMW cars, we are supplying to BMW chassis parts. And that we are supplying since last five years that is only chassis. They are not buying any gear components from India. They are forging and making the gear blanks in their European plant. But we have backed one business for Gen 5 cars, which is running. So they are developing an alternate source from India, looking into the challenges, which they are facing there in Europe. So after finishing this small INR13 crores order, another Gen 6, they are in a pipeline and development is that they will be launching in a 2027. So we are working for them. So we are coming up with a unique product. Then other mentioned as a Meritor, so they're into off-highway and making companion flanges for tar transfer to the commercial vehicle, heavy commercial vehicle part. So we have added a

new machine, which is a solution milling machine. So in a one pass, they will cut it. That's the product we are adding up.

Then we have added in India, we are not doing any business with Tata. So just a couple of months back, we have backed a new order for them around INR24 crores. So, that is for the again, front hub part. They are having current volume of around two lakhs per month, which they are giving me a small as an alternate source they are developing. So we are going with our uniqueness. Again, another USP is, we are very good on getting a weight optimization, because in forging, weight is the main thing.

The second point is, as I said, we are having tool designing, tool manufacturing, forging, machining, all within four walls. So that gives me a flexibility. Whatever I'm facing there at a customer requirement are in machining. I can quickly go back and correct it. That is the reason, I'm bagging it. So these are various things like JLR. They came to us with part, which was sheet metal, steel rod, sheet metal. I made the composite, one single part. Similarly for JCB, the parts which I said, because JCB is having a small capacity like 1.7 kg part to 30 kg part. So they were not able to, in Europe, they were casting them, or they were making those parts from solid block. So we have converted them into forging. So these kind of things are giving, flexibility to cater their demand. So these are the major focus, we are working on that technology front.

Anuj Talwar:

So just to add to the points, we've all made, I think a lot of the answer really lies in our delivery and our performance across customers. So such a small world in automotive that today a Jaguar buyer will become a JCB buyer. Today a Maruti buyer will become a Tata buyer and a Fiat buyer will become a Chevrolet buyer. So the relationships and deliveries also help a lot. And I think that's what's also happened across our group that, we make good contacts and we make good networking through our delivery performances to our OEMs and they keep changing.

So to be honest with you, a lot of the opportunities that come to us come by rotation of these sourcing buyers, which go from, OEM to OEM and that plays a very-very big role. And one more thing I'd like to say to you all is that I mentioned in my speech, in my opening remarks, that the west does not want to forge anymore. The west doesn't want to stamp anymore. It's dirty word. They don't want to do it anymore. So the business will come to India. This whole China plus one strategy, our quality norms are very-very good. And I think it's power of the world. I invite all of you, not the same time, but maybe come to our plant to see our systems, our quality system that we've established.

Navin Juneja:

All these plants are audited by BMW, JCB. They do the complete audit.

Vivek Singh:

So just to add on this, I personally visited what I'm talking about, JCB, their plant, and I have gone through their entire, manufacturing process. And then I found, this also we can do. So we give them a perspective to their operations team, what challenges you are facing, how we can overcome. Then they said, we are making these parts from solid block. I said, I can forge it. We are casting it. We can forge it. So we started with hydraulic division. Now we have backed the business from their chassis division also. So they used to make tipping link. So I have got that. Then for gear, so they used to make a retainer plate. So I'm presenting to their segment within one customer.

Next point is coming. They are now struggling with some of their suppliers closing businesses overnight. So then they call us, can you do this business? Can you do this, develop this part and supply it to us? We will airlift it. So then we are supporting them by getting their drawings overnight. We can make tool, develop it, send a sample over a DHL. Once they approve, we start immediate SOP, no PPAP one, two, three, the kind of trust, they have on us. And similarly, we have added in similar kind of around INR8 crores to INR10 crores business in last two quarters.

So that, we are, grabbing those opportunities. If my customer is struggling, they are facing challenges. We are helping them to overcome like during COVID period. They were getting challenges for getting supplies from China or from some other places. So they can't stop their lines. So we are helping them. As he mentioned about the warehousing, one of my customers, I was doing hardly around INR20 crores business per annum with them from Europe. They said, if you can set up a warehousing here, I can increase your share. If you just give me, a comfort on that.

Today, I'm doing INR40 crores business with him within one and a half years. And next year's projection is around INR47 crores. I have just established a warehouse there at Venice. And we are supplying to them. So they're shifting those share of business. Then I mentioned my, I'm a flexible of supplying 100 parts to 200 parts per annum to one million parts. In Europe, people don't do that. They don't work in that small MOQ of 200 pieces per annum. But I'm serving them. So these kind of areas, we are leveraging and supplying to them.

- Deven(SGA):** Just wait for a second if anyone has a question.
- Dipen:** Hi, Dipen here. Just a very small question on the aftermarket business. What's your outlook on the aftermarket business and any further major plans to enter that market and going forward?
- Navin Juneja:** Aftermarket business is domestic business also, export business also. Only in the gasket, it's there. It's not in any other businesses. In the domestic segment, it will grow by 10% to 12% per annum, not more than that. In the export segment, of course, there is a good, we are looking. And last year it, was about INR45 crores, INR50 crores. We are looking to in next four years, we're looking INR80 crores to INR85 crores approximately. By adding new products .
- Dipen:** Export part.
- Navin Juneja:** Yes, only for aftermarket.
- Dipen:** Only aftermarket.
- Navin Juneja:** Yes.
- Deven (SGA):** Thank you everyone for joining us for this event. I request you all to all join us for the high tea. Thank you.
- Deven (SGA):** Thank you to all the people, who joined online also.
- Anuj Talwar:** Any queries, please look at...



Deven (SGA):

Guys, one thing, this presentation has been uploaded on the stock exchanges.

Moderator:

Thank you for joining us and you may now disconnect your lines.