

Talbro's Auto Component

11 August 2026

Management: ...commodity prices—steel and aluminum—as well as other inflationary costs such as labor increases in some states. But we are very happy and positive that we will get these increases from the OEMs in the coming quarters. Our diversified business model, balanced exposure across domestic and export markets, and presence across multiple vehicle segments continue to provide resilience during varying industry cycles.

Our Gasket and Heat Shield division continues to remain the largest contributor to our business, accounting for 52% of revenue. The division reported revenue of 164 crores in Q1, as against 135 crores in Q1 FY26, growing by 21% year-on-year. EBITDA increased to 29 crores, with growth of 32%. Growth has come primarily from increased Heat Shield exposure with carmakers such as Hyundai and Kia, as well as significant data center business, which I will discuss later in my speech.

We continue to maintain a leadership position with nearly 50% market share in the domestic gasket market and are the single source for many OEMs. As mentioned to you, our Heat Shield business is showing good momentum, strong momentum, because it is a lightweight product. It is used for Noise, Vibration, and Harshness, or NVH. It is a product for the future, and we are probably the largest player for this product category in India.

Our Forging division continued its recovery this quarter, with revenue at about 78.4 crores. Again, as you know, Forging is largely a total export-oriented unit. It is basically exporting to the USA, the UK, and Europe. The European car markets are still slow right now, given the fact that there is significant inflationary pressure, and the Chinese car segment has also significantly dented their balance sheet. However, we see this as an opportunity for the Forging division, where we have received massive orders from our JV partners, Marelli, which we will discuss again during the question-and-answer session.

As mentioned to you, exports remain our strongest growth pillar, with a contribution of almost 25%. We are targeting to increase our exports to 35% by FY28. Our export portfolio includes JCB, Dana, Carraro, Jaguar Land Rover, BMW, and Cummins America. Operational pressure from the West Asia crisis, manpower shortages, higher wage costs, and elevated LPG prices has largely moderated, although a few challenges remain. Our strategy of building a diversified customer base across Europe, the UK, and international markets is now yielding meaningful results as well.

Coming to a new growth vertical for Talbro's, data centers represent a new and expanding revenue stream for us. Our gasket components are going into the power engines that data centers depend on. As you know, every data center in the world needs 100% backup, and that can only happen through generators. We are supplying through customers such as Cummins and Kirloskar Oil Company. They are not only making engines for cars, vans, and trucks, but also for generators. So this is an entirely new segment. Cloud computing and AI workloads are increasing dependence on generators for power centers, as you know. We estimate the current revenue potential from this segment, although it is still nominal, at about 30–40 crores annually.

This is a good new segment for us to enter. Coming to updates on important orders, as mentioned earlier, the Kia business has now resumed full pace. We have also secured new orders from Kia and Cummins. We are adding further depth to our order book and OEM relationships. As I mentioned to

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you, we started supplying to Stellantis from our Chassis division. This took almost 2 years of design changes and start of production, but we are happy to say that we started production in Q1 of this year. This is a significant opportunity with Stellantis. We will get more and more business in our Forging business line and also in Heat Shields.

Our planned capex is about 103 crores for the year across Gasket, Forging, and Heat Shields, to help us meet OEM demand. For FY27, we continue to have a target growth and revenue target of about 18-20%, with margins in the range of about 17%, or perhaps 17.5%, because we are still working out the full impact of inflationary pressures. With that, I hand it over to Naveen Juneja to take it forward. Thank you.

Naveen Juneja: Thank you, Anuj. Good afternoon, everyone, and a warm welcome to all the participants. As mentioned by Anuj, we are pleased to report a solid performance for the company in Q1 FY27. I will now take you through the financial highlights. For Q1 FY27, total revenue stood at 242 crores, as against 211 crores in Q1 FY26. For Q1 FY27, our EBITDA stood at Rs. 43 crores, with a margin of 17.6%. PAT for the quarter stood at 30 crores, growing by 35% year-on-year.

Now coming to our division-wise performance. First, the Gasket division stood at 164 crores in Q1 FY27, as against 135 crores in Q1 FY26, with a year-on-year increase of 21%. EBITDA for Q1 FY27 stood at 29 crores, which is up by 32% year-on-year. Now coming to our second division, Forging. Revenue in Q1 FY27 stood at Rs. 78 crores, as against 75 crores in Q1 FY26, showing growth of 4%. EBITDA stood at Rs. 14 crores in Q1 FY27, against 13 crores in Q1 FY26.

Let me begin the discussion on our joint ventures, starting with Marelli Chassis Systems. Revenue for the quarter stood at 105 crores, registering growth of 43% year-on-year. EBITDA stood at Rs. 17.5 crores. The business continues its strong momentum, driven by high volumes for major OEM vehicles and increasing value-added products.

Now coming to our JV, Marugo, or Talbro's Marugo. Revenue for the quarter stood at Rs. 40 crores, registering growth of 31% year-on-year. EBITDA stood at Rs. 6 crores, with growth of 57% year-on-year. This division continues to deliver healthy operational performance, supported by strong customer demand and efficiency.

Our last joint venture, Lohum Talbro's, also continues to progress as planned. This business represents our strategic entry into sustainable materials to recover carbon black and devulcanized rubber, further strengthening Talbro's presence in the circular economy ecosystem. Going ahead, we believe this business offers significant revenue potential and is expected to emerge as an important growth driver over the medium to long term.

Our strong order book, diversified customer base, leadership position across multiple product categories, and continued investment in technology and capacity provide us with confidence in delivering sustainable growth momentum in the coming quarters. This is all from my side. Thank you, and we would like to open the floor for questions and answers.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested

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to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Deepen Shah from Six Senses. Please go ahead.

Deepen Shah – Six Senses: Thank you for the opportunity, and congratulations on a very strong set of numbers. I have a couple of questions. First, on the new OEMs. Anuj mentioned that about 7 OEMs are looking to diversify their supply chains from China to India. Could you provide more detail on how far they have progressed and at what stage we are, if at all, in interacting with them? That is the first question. Perhaps you could also provide an update on the new projects that you have started with Stellantis, Kia, and others. Some more detail would be helpful. I will have a second question.

Anuj: I will take the first question, Deepen. The main reason is that the European car market has significantly dented their balance sheets, as I keep mentioning. BMW has given us more business, and it is an existing customer. Volvo is a potential new customer in the Gasket business line. Marelli has opened its doors with Stellantis, so this is a new customer for us in both the Chassis and Forging business lines.

We are working with Jaguar Land Rover on new components for the first time. These are plastic components for electric vehicles. That is an old customer with a new product line that we are working on with JLR.

Cummins America, as I keep mentioning to you, is a slow starter; it is like a tortoise. But I am very hopeful that by 2027–28, we will see at least 30–40 crores of business coming from Cummins America through harness gaskets, aftermarket gaskets, and data center gaskets. It is a slow starter but a sure starter.

Other things are progressing as well. We are doing good work with Kia, Hyundai, and Maruti. In fact, I am going to try to meet the chief of Tata Motors in the next 90 days to discuss a potential plant in Gujarat for Chassis as well. Things are looking good and very positive.

Deepen Shah – Six Senses: Great. The second question is on Marelli. We have been in talks with the company for the past couple of quarters about its stake sale. Is there any further progress on that?

Anuj: We will have a better picture for you around the end of September. You know our strategy. They are in the middle of court proceedings. By September 30, we will have a better picture, and we can discuss this offline.

Deepen Shah – Six Senses: Thank you so much, and all the very best.

Anuj: Thank you.

Operator: Thank you. Ladies and gentlemen, in order to ask a question, you may press star and one at this time. The next question is from the line of Ruchita from CGW Investment. Please go ahead.

Ruchita – CGW Investment: Hello, sir. Congratulations on a great set of numbers. My question is on the data center business. Currently, what percentage of our gasket revenue is coming from data centers, how are the inquiries progressing, and what is the outlook for this segment?

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Anuj: It is only about 5% of the Gasket business today. It is very new because we started seeing that our products are going into Cummins engines that are used in data centers. We do approximately 100 crores of business with Cummins every year. The Gasket division itself will be about 600 crores, and 30-40 crores will come from this particular segment. We also supply to Kirloskar Oil Company. That is why I am saying it is about 5-6%, that is all.

But it is increasing. We are virtually the single source for Cummins for this particular engine component. As the business increases, it will keep going up. Today it is 30-40 crores; perhaps after 3 years it will be 100 crores, 200 crores, or 300 crores.

However, we are not running around trying to acquire this business. We are receiving the business for the engines they are giving us for this particular segment because we are a single source for Cummins. The same applies to Kirloskar.

Ruchita - CGW Investment: The gasket would be approximately 1% of the overall generator cost?

Anuj: We do not know the actual application. We ask them where it is going, but we supply it to them as an engine part. The same gasket goes into the engine. The engine can go into a commercial vehicle, a submarine, or a generator. The same engine goes into all of them.

If you look at the progress, in this quarter alone we sold 25 crores to Cummins. Last year, we did about 90 crores with Cummins. Before that, we did only 81 crores. This shows that demand is increasing. We asked them where that demand is going, and it is primarily going into engines for data centers.

Ruchita - CGW Investment: In the Gasket division, this year we can expect a run rate of around 165-170 crores. Going forward, how much revenue can this division generate for us? Also, similarly for the Forging division, what is the peak potential of both these divisions? I would like to get an approximate number.

Naveen Juneja: I will answer that. I can answer that. In the Gasket division, of course, we had 21% growth in the first quarter. I think the same type of growth will also happen in the second quarter. We expect the same because the market is very buoyant, and we see the same type of growth happening. But by the year-end, we expect this division to grow by about 17% this year, overall.

Coming to Forging, please do not worry about the first quarter. The first quarter was only 4%. In the second quarter, we should expect double-digit growth in this business, and by the year-end, this business will definitely grow by 15-20%. This is because the order book is very strong, and the {? [unclear] ?} story will also come into play in the third and fourth quarters.

Ruchita - CGW Investment: Are we expecting to include the Marelli business in the current consolidated numbers since they are kind of going bankrupt?

Management: Once the deal happens, ma'am. We cannot discuss it today, but that is the plan. Once the deal happens, we will discuss it.

Regarding your two divisions, Gaskets and Forging, over the next 3-4 years, I can easily see Gaskets reaching about 850-900 crores and Forging reaching about 650-700 crores.

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Ruchita – CGW Investment: Understood. For Gaskets, what would be the major component? Would it still be passenger vehicles and commercial vehicles, or do we see data centers accounting for 15–20% by then?

Management: At least 10% will be achieved easily. Commercial vehicles are already there, and our export orders are coming in. There are a lot of export orders coming our way.

We also have our plastic components, and we are receiving good orders of about 25 crores from plastic components. More orders are coming, and that business will start maturing from the next financial year.

Ruchita – CGW Investment: Understood. Also, on the Marelli side, margins have declined this quarter. Is it mostly because of the raw material cost?

Management: No, it is a combination of factors. Other income is slightly lower in this quarter, but do not worry; it will come back. Some expenditure has also been incurred for the new investment that has been launched. We appointed a significant amount of manpower for that purpose, and shed rental has started, among other expenses. That is the only reason. By the year-end, everything will be sorted out. Do not worry. Margins will come back to 8.5%.

Ruchita – CGW Investment: Understood. Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Ishika Mehta from Time and Tide Advisors. Please go ahead.

Ishika Mehta – Time & Tide Advisors: Hello. Am I audible?

Management: Yes, audible.

Ishika Mehta – Time & Tide Advisors: Congratulations on a great set of numbers. I have a few questions. I know we have already discussed the Forging division, but I wanted to understand in more detail whether Q1 was at 4% mainly because of Europe, or whether there was some other issue as well. Did some orders get delayed to Q2?

Management: Could you repeat that a little louder, please?

Ishika Mehta – Time & Tide Advisors: On the Forging side, I know we have already discussed this in detail, but I wanted to understand whether any orders were delayed in Q1, or whether this was purely because the industry and Europe have both been somewhat slow.

Management: Orders were not delayed, primarily because we had the warehouses and the material available. Of course, as you are aware, there was also a manpower issue during this quarter—the availability of manpower. With LPG prices going up, the workers who come from outside Haryana and other places left. That was the first issue. Because gas prices were going up, you know what was happening. Everybody was afraid that a COVID-like situation would arise.

Operator: Hello?

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Ishika Mehta – Time & Tide Advisors: Hello?

Operator: Sorry to interrupt. We have the management line disconnected. Please stay connected while we reconnect the management.

Management: I can continue talking.

Operator: Sure. I will get him connected.

Management: In Forging, we had a slight slowdown because of 2 things. First, some orders took a little time to enter the execution stage. Second, the schedules of customers such as BMW and GKN declined because of the European car market.

However, as my CEO said to my board yesterday, July is better than June, August is better than July, and September is better than August. So I see a positive trend developing in this division. A significant order book is coming our way, amounting to almost 500 crores over 5 years, or 100 crores per annum, from JLR.

There was also some decline in productivity. This happens every year. There is a drop in production of 5–10% in this quarter. But now everything has been sorted out, and the order book is also very encouraging.

We should have a decent number in this quarter compared to the last quarter. Compared to last year, we should see approximately 10% growth in this quarter. By the year-end, everything should fall in line, and we should be in the range of 340–350 crores.

Marelli is also maturing in the third quarter, and new orders from Dana and Carraro will also mature during that period. The fourth quarter will be a very strong quarter, and the third quarter will be better than this quarter. The second quarter should also be better. Do not worry. We are back.

Ishika Mehta – Time & Tide Advisors: Understood. Secondly, on the data center component that we mentioned earlier, is the margin the same as that of the rest of the Gasket division, or is this a slightly higher-margin product for us?

Management: We are supplying the same gasket to Cummins. The gasket application has increased significantly. Initially, the application was in normal generators, home generators, shop generators, and so on. Now, with the new opportunity from the growth of data centers, demand for generators has increased significantly.

Ishika Mehta – Time & Tide Advisors: Understood. Would the pricing of that product be the same as the regular gasket?

Management: Yes, we are supplying the same gasket, but the application is—the application...

Ishika Mehta – Time & Tide Advisors: Understood. On our ICE versus EV division, are we seeing any impact because a few OEMs have reduced their guidance on the EV front? Are our EV orders also not growing at the pace we expected, while ICE is seeing stronger growth?

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Management: We are now seeing stronger growth. JLR has already started taking the material, and it is launching the vehicle in September. Tata Motors is already sourcing EV vehicle components from us, and its EV volumes have already gone up significantly. Maruti has also started EV production.

For your information, in Q1 alone, our total EV sales across all divisions were around 12.5 crores. They were around 9 crores in the same quarter last year and 10 crores in Q4. So from Q4, it has gone up by 2.5 crores. It has gone up by 32% compared to Q1 FY26. We are quite hopeful that this will grow further.

It is now 3.27%; last year it was 2.9%, and last quarter it was 2.56%. We are present in both segments now.

Ishika Mehta – Time & Tide Advisors: Do we have any guidance on this? For example, do we want to take it to 5% or 10% over the next 3 years or 5 years?

Management: Around 5% minimum.

Ishika Mehta – Time & Tide Advisors: Understood. That is all from my side for now. I will come back in the queue.

Management: Thank you.

Ishika Mehta – Time & Tide Advisors: Thank you.

Operator: Thank you. Participants who wish to ask questions may press star and one at this time. The next question is from the line of Subhash Gadhe from Choice International. Please go ahead.

Subhash Gadhe – Choice International: Can you hear me, sir?

Management: Yes, we can hear you.

Subhash Gadhe – Choice International: I have a few questions. My first question is regarding the EV business. I wanted to understand how the EV mix is progressing currently and how the contribution has evolved in Q1 FY27.

Management: We do not have a separate EV contribution, but our contribution is the same as that of other components in EV vehicles as well. EV has increased for 3 major reasons in this quarter.

First, Tata Motors' EV production has increased. As you know, we supply components there. Second, we are supplying bushings to BMW for EV vehicles, and their sales have increased slightly. Third, JLR is launching an EV vehicle in September, and they have started taking some material from us. These are the 3 major reasons for the increase.

Subhash Gadhe – Choice International: You have good visibility regarding the EV business. Do you have any hard numbers that you can share regarding the contribution from the EV business over the next 2–3 years? What percentage of contribution do you expect from the EV business?

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Management: In the first quarter, it was around 3.27% of this year. We expect it to cross 5% in the next 2 years.

Subhash Gadhe – Choice International: Can you hear me?

Management: Yes.

Subhash Gadhe – Choice International: Are you seeing any inquiries from global OEMs regarding EV components for the Forging business?

Management: Yes, we are. Go ahead, Naveen, go ahead. We have received an order. I think we have received an order from JLR for a rubber component for EV vehicles, which is around 15–20 crores per annum. Supply will start in the first or second quarter of the next calendar year. That is also for EVs.

Subhash Gadhe – Choice International: Thank you, sir.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Ruchita from CGW Investments. Please go ahead.

Ruchita – CGW Investment: Hello, sir. My follow-up question is on the Forging business. I remember that a year ago we expected Forging to generate around 400 crores of revenue in FY27. What led to the guidance declining? I wanted to understand the reason because, over the last few quarters, we have broadly been doing 75 crores on average. Is there a particular reason for this, or could you provide some clarity?

Management: It was a Marelli-related business involving track metal and other products. That business was worth 30–40 crores per annum. We could not mature that business because of the Trump tariffs and other factors. They have not backed down. They are again at my plant today, as we speak, and have come back to try to restart the business. That was 30–40 crores of business that we lost because of this.

There was also some weakness in demand from Europe. These are the 2 reasons.

Ruchita – CGW Investment: Now that we are talking about 14–15% growth, is everything in place for it? We also have a 500 crore order sitting in our books for the Forging division. Has that started?

Management: We have the equipment. We also had some manpower issues and leadership issues, but all of them have been resolved. As you know, Ashu Kapur joined as CEO of Talbros Automotive on April 1. He is spending about 50% of his time in Forging as well. Things are getting better, and you will see better numbers going forward. 100%.

Ruchita – CGW Investment: So we will move above the 75 crore average, because that is one of the things we have been watching. We have not been able to cross that level.

Management: This year, we should close this business at about 340 crores, plus or minus 2.5–3%.

Ruchita – CGW Investment: And the Gasket business should be around 700 crores?

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Management: It should be around 680–700 crores.

Ruchita – CGW Investment: Regarding the peak revenue that we mentioned earlier, by which year would that be possible for us?

Management: By FY30.

Ruchita – CGW Investment: By FY30. For the Gasket division, we have discussed revenue of 900 crores.

Management: Definitely, definitely. 850, 850 crores. And Forging revenue of 600 crores by FY30. That is our target. Maybe more. Maybe more. I am very hopeful. Let us see how things develop.

Ruchita – CGW Investment: Understood. Thank you so much, sir.

Operator: Thank you. The next question is from the line of Jay Jain from JJ Capital. Please go ahead.

Jay Jain – JJ Capital: I have 2 questions. First, which segment do we expect to grow the fastest in FY27? Is it Gaskets, Forging, MTCL, or TMR?

Management: Could you repeat the question, please?

Jay Jain – JJ Capital: Which segment do we expect to grow the fastest in FY27? Is it Gaskets, Forging, MTCL, or TMR?

Management: First of all, it should be TMR Marelli. It will grow very fast, with growth of around 30–40%. Secondly, it is Forging, which should grow by around 20% or more. Then Gasket and similarly TMR.

Jay Jain – JJ Capital: What should we consider as a sustainable EBITDA margin going forward?

Management: {? Total from say 19–20? 17? } I think {? gaskets ?} should be around 16–17%, and {? forgings ?} should also be 16–17%.

Jay Jain – JJ Capital: What should we consider as a sustainable EBITDA margin going forward?

Management: You can sustain around 17%, assume.

Jay Jain – JJ Capital: Thank you.

Operator: Thank you. Ladies and gentlemen, in order to ask a question, you may press star and one now. Participants who wish to ask questions may press star and one at this time. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Management: Thank you so much for joining the call today. We are proud of the resilient growth and the numbers that we have reported. We are hopeful about the automotive industry, and we are hopeful of capturing a larger market share in both India and the export market. Hopefully, we will report better numbers in the future as well. Thank you so much. Goodbye.

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

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