



“Talbro's Automotive Components Limited
Q2 & H1 FY26 Earnings Conference Call”

November 14, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th November 2025 will prevail



**MANAGEMENT: MR. ANUJ TALWAR – JOINT MANAGING DIRECTOR –
TALBROS AUTOMOTIVE COMPONENTS LIMITED
MR. NAVIN JUNEJA – DIRECTOR AND GROUP CHIEF
FINANCIAL OFFICER – TALBROS AUTOMOTIVE
COMPONENTS LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the TalbroS Automotive Components Limited Q2 and H1 FY26 Earnings Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note this conference is being recorded.

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

Anuj Talwar:

Good afternoon, everyone. A very warm welcome to our Q2 Earnings and H1 Earnings call for FY26. On the call today, I'm joined by Mr. Navin Juneja, our Director on the Board and our Group CFO; and SGA, our Investor Relations advisers. The results and the presentation are uploaded on the stock exchange and the company website. I hope everyone has had a chance to look at it.

I would like to start this call by announcing with great enthusiasm, our new joint venture with Lohum Cleantech Private Limited. This marks a strategic step in line with our long-term vision of expanding capabilities and strengthening our global footprint. The partnership represents a significant milestone in TalbroS' journey towards sustainable and technology-led growth.

Through this joint venture, we will focus on developing two key products: a recovered carbon black and devulcanized rubber. Recovered carbon black represents a rapidly growing segment within the global \$27 billion virgin carbon black market. Similarly, the devulcanized rubber market is valued at \$3.5 billion globally, which also continues to expand a healthy base, driven by increased sustainability, focus of OEMs and tire manufacturers worldwide.

The collaboration brings together TalbroS' strong OEM relationships with the big tire makers as well as big Tier 1 OEMs as well who need this product, market reach and manufacturing expertise with Lohum's advanced technology led capabilities and know-how of the product. Together, we aim to deliver high-quality sustainable solutions cater to both the domestic and international markets.

Over the next few years, we expect the JV to evolve into a high-growth, value-accretive division with TalbroS -- within TalbroS and contribute to our profitability meaningfully. Now coming back to the automotive industry and come back to the automotive industry overview. In quarter 2 of FY '26, the Indian automobile industry recorded a healthy growth of 9.5%, with total volumes reaching 8.8 million units.

Growth was supported by steady domestic demand, robust exports, aided by a more stable supply chain and favorable currency conditions. The quarter started on a softer note as consumers postponed their purchase ahead of the GST 2 rollout, leading to a very muted demand in early September.

However, volumes rebounded sharply with the onset of Navratri and the festive season. Despite the weather-related disruption like extended rains, the quarter closed on a strong note, driven by the festive-led recovery. I'm pleased to say that we feel with the new GST taxation norms in the country, I think quarter 3 and quarter 4 will be very, very solid.

Segment-wise, the 2-wheeler industry grew at 10.3% year-on-year to 6.8 million units, predominantly because of the rural demand and the GST benefit. The 3-wheeler posted a robust growth of 21%, reaching 3.5 lakh units, driven by easier financing and high demand for good carriers. Tractor volumes remained stable, benefiting from the GST cut from 12% to 5%. And obviously, the favorable monsoons this year added to their glory.

The passenger vehicle segment showed gradual recovery with 2.4% growth year-on-year to 1.3 million units, aided by GST reductions. Commercial vehicles registered a 9.4% growth, reaching 2.6 lakh units, supported by the momentum in infrastructure.

Now coming to the company's performance. In H1 FY '26, Talbro reported a revenue of INR427 crores, a performance that was partly impacted by the muted momentum across the automotive industry during the period. The quarter for us saw an unexpected disruption due to a cyber-attack to one of our large key European clients, which temporarily affected their operations and even our operations.

This led to a onetime business loss of about INR10 crores for the quarter. However, we've already recovered a portion of this in Q3 FY '26, and we expect the remainder to come good in the year. Despite these short-term challenges, we are pleased to have delivered a robust EBITDA of 16.5%, which is, again, a high number in the industry.

This has happened because of our various operational excellence, cost-saving measures and also a focus on a good product mix. Exports remain a significant part of our business, contributing to 26% of our total revenue. Within the export mix, U.K. accounts for 54%, followed by Europe without the U.K. at 26% and the U.S. at 14%.

This continues to reaffirm Talbro's growing global presence, supported by long-standing relationships with leading OEMs and Tier 1 suppliers. In the domestic market, towards the end of the quarter, especially in the last 10 days of September and through October, we have begun to see a clear pickup in demand, led by improved OEM schedules and a big traction in the domestic market because of this whole GST cut.

As I mentioned earlier on the call, we are seeing Q3, Q4, in other words, half year H2 to be better than the H1. We at Talbro continue to maintain a balanced revenue mix over domestic OEMs, aftermarket and exports and also have a very hedged portfolio by supplying to every segment possible from the lightest 2-wheeler to the heaviest truck.

Looking ahead, our strategic focus remains on business diversification, strengthening OEM relationships, margin enhancement through a sharper product mix and continued cost optimization. We are also actively exploring new product line and technologies with new partners in the future.

With this, I request Mr. Navin Juneja to update you on the financial performance. Thank you.

Navin Juneja:

Thank you, Anuj. Good afternoon, and a warm welcome to all the participants. Let me begin with the financial overview. Total revenue for Q2 of FY '26 stood at INR217 crores and for H1 of FY '26, it stood at INR427 crores. EBITDA for Q2 of FY '26 stood at INR36 crores. For H1

of FY '26, it stood at INR70 crores. EBITDA margins for Q2 FY '26 stood at 16.4% and for H1 of FY '26, it stood at 16.5%, marginally lower than last year because of increase in employee costs and due to increment provided in the half year.

PAT for Q2 FY '26 stood at INR23 crores as against INR23 crores in Q2 of FY '25. For H1 of FY '26, it stood at INR45 crores as compared to INR44 crores of the same period last year, a growth of near 3%. In Gasket -- now coming for division wise performance. In the Gasket division, in Q2 of FY '26, sales on Gasket division stood at INR143 crores as against INR144 crores in Q2 FY '25 and for H1 of FY '26 Gasket sales was INR278 crores as against INR277 crores in H1 of FY '25, it was flat.

EBITDA for Q2 FY '26 stood at INR24 crores and for H1 of FY '26, the segment saw EBITDA of INR46 crores.

Now coming to our Forging division. Revenue in Q2 of FY '26 was INR76 crores as against INR77 crores in Q2 of FY '25 and for H1 of FY '2026 the revenue stood at INR151 crores as against INR150 crores in H1 of FY '25.

EBITDA stood at INR13 crores for Q2 FY '26 as against INR13 crores in Q2 of FY '25. And EBITDA for H1 of FY '26 stood at INR26 crores and was the same INR26 crores in the same period last year.

Coming to Marelli Chassis Systems Private Limited. Revenue for Q2 FY '26 stood at INR79 crores as against INR67 crores, a growth of 18% and for H1 of FY '26 it stood at INR152 crores against INR36 crores in H1 of FY '23.

While registering a growth to 12% on Y-o-Y basis. EBITDA for Q2 FY '26 was INR15 crores a growth of 44% on Y-o-Y basis and it stood at INR28 crores in H1 of FY '26, as against INR20 crores in H1 of FY '25, a growth of 37% on Y-o-Y basis.

Now coming to our last joint venture of Talbros Marugo Rubber Private Limited.

Revenue of about in Marugo Rubber business, in Q2 of FY '26 was at INR35 crores and it stood at INR65 crores in H1 of FY '26. EBITDA stood at INR4 crores in Q2 of FY '26 and for H1 it was INR8 crores, down by 8%.

Looking ahead, we see numerous opportunities that promise ongoing growth within the automotive sector.

The organization has made substantial investment in the new technologies, capacity enhancement, product diversification and growth of its customer base and market reach. These efforts are expected to position the company well to seize future opportunities, enhance diversity and drive long-term growth. This is all from our side, and I would now like to open the floor to questions and answers.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Deepen Shah from Six Sense. Please go ahead, sir.

Deepen Shah:

Good morning, sir and thank you for the opportunity. I had a couple of questions. If you could just give us some more insight into maybe some new customers or new contracts which you would have added in maybe the Gasket or the Forging business and more importantly, on the Marelli business. So that is the first question. And the second question is that for the Forgings and the Gaskets business, you have given some guidance for FY '27 in the PPT. If you could give us some more insights into how the Marelli and Marugo Rubber businesses could be?

Navin Juneja:

Thank you. Regarding adding new customer, you mentioned, of course, we added new customers like Kia, which has been delayed for last 1 year because of the approvals from Korea, etc., which are now being cleared and we expected to start the heat shield for that business from January of '26 in this financial year only, that business is around INR13 to INR15 crores per annum. This is one.

Number two, the Kamaz business of Russia, which was, again, pending for last 7 to 8 months has now been cleared. The sample has been, I think, been delivered. So we expected that business to be started around -- again around January, February of next year, that is around INR10 crores per annum business.

Plus the new business of Tata -- sorry Cummins gasket, which we are fighting for last 3 years. Now it has been cleared, everything has been cleared and supply is posed to commence again from January, February of next year. This is a again a INR10 crores business.

These are the three majors, new additions we are coming in a very, very near future than that, except that there are some other export orders of the small quantities, which has been -- also been getting mature and put into production in the next couple of months.

Beside this, again, an order of Tata Motors heat shield, which are now been cleared, and took lot of time goes in testing etc., it has now been approved, the commercial are being in the process of being closed. So that will also start the production. So that is.

And regarding our Forging business, Forging business got a huge hit in this quarter because of JLR business, they lost INR5 crores to INR7 crores business because of -- you know that JLR - - the customer, it was a huge problem. Because of cyberattack, there was zero sales in the month of September, until 7th October, there was zero sales, it has recovered 20% in the month of October, and it will be recovered 60% by November and by December, it will be back on 100%. That we got the hit.

Plus other hit we got from the BMW. We got the muted growth from BMW because our bush goes in EV vehicles, EV vehicles sales has dropped in the BMW business. It is -- muted growth is there in that business. Thirdly, my GKN business also suffered a -- because there was some - - there was some...

Anuj Talwar:

Ford Mustang recalled.

Navin Juneja:

Ford, they were trying to depart to the Ford. That vehicle got a recall etc. So that not because of our product. Just other products things got a recall. So the volume has come down drastically on that.

- Anuj Talwar:** Europe was not very interesting last 6 months.
- Navin Juneja:** My export and that division has come down by 3%, 4% because of this. But it's a temporary phase and the pain is there for this quarter. From January onwards, it's back on track. Don't worry about that. We are very, very -- and new businesses, we are talking to Daimler and JCB new businesses also and DANA also new businesses are in the process of production, trials are done etc., and development is there. So it will come on production also.
- And good news also in this business, we have got the order from Mercedes and same part we supply to BMW. Now we got order from Mercedes. The supply -- some samples are going in the month of November and December. And thus, I think the volume will grow from January onwards in that business, same Toho business, we got orders from Mercedes also in there. So that is -- on the peak volume, that is INR20 crores business. This is the start-up -- this is a startup.
- Of course, as we got Marelli, Marelli of course, we are back on track. All the Maruti business of EV, etc., have been started in there. The major order, we talk about Stellantis order for which because of the testing, etc.. First, the design which got changed, now the testing, happen, now the sample -- the final sample has gone there, and that we're going to push on test. But I think on next Wednesday. Within 50 days, that will be cleared and from January, the production will start in that.
- Regarding -- the second question of growth you've given, Marelli, of course, given the growth of 700 for the gasket division, 400 for Forging. Marelli we expect around INR500 crores and Marugo we expect about INR170 crores in FY '27. Okay?
- Dipen Shah:** Okay. So then that would be in about INR1,100 crores INR600, about INR1,800 crores in the next year come from...
- Navin Juneja:** Somewhere INR1,750 crores to INR1,800 crores it should be. This is about 90% as of today.
- Moderator:** Thank you. The next question is from the line of Ravi Shah from BRS Capital. Please go ahead.
- Ravi Shah:** Thank you for the opportunity, sir. Sir my first question would be on the EBITDA margin. So in Q2, our margin stood at 16.4%. So have we seen any one-off in these employee cost, which is there. And what should be a steady state EBITDA margin if it is not the case?
- Navin Juneja:** In the business -- in the same product mix, the exports goes a little up in the Forging division in future. The EBITDA margins should around 16.5%, it should be there.
- Ravi Shah:** Okay. Understood, sir. Sir, my next question is on the export business. Sir, on the exports, so currently it contributes around 26% of total revenue in H1. And we are seeing, excluding UK, UK has 54, so remaining US 14, etc.. So how are you looking at this panning out? And apart from the cyberattack -- what is the demand in the region, apart from the cyberattack, which happened in our plant?
- Anuj Talwar:** Yes, the demand in Europe has been muted, but I think from January onwards, it will come up. Number two, USA has been positive for us till now. But I think the tariff clarity are just around

the corner. But because our products are very highly engineered, it's not easy to substitute our products. So we see pricing starting next year, calendar next year, exports to be much better. We might gain 1%, 1.5% over 26% on exports next year.

Navin Juneja: Much more. Our target is around 35% by FY '27. If the Stellantis business starts 100% export, it is a huge order of INR100 crores plus, INR150 crores, which starts in January this year.

Ravi Shah: Understood, sir. Thank you sir for the detailed answer. Sir, my last question will be on the equity commitment for our new JV. So what is our capex requirement also for the next 2, 3 years for a ramp-up of the JV as well?

Navin Juneja: JV capex in the next 2 years is INR70 crores. First 2 years is INR70 crores, which includes our debt and equity, 40% equity, 60% debt.

Ravi Shah: Understood, sir. Thank you so much, sir, and all the best.

Navin Juneja: Thank you.

Moderator: The next question is from the line of Sakshi from Pratab Securities. Please go ahead.

Sakshi: I have three questions. Firstly, what competitive advantage does the JV offer us versus the existing RCB or rubber recycling players in India?

Navin Juneja: Yes. First I'll tell you this -- first of all that is Lohum. I will just give you background of Lohum before we give the answer of the last question. Lohum is an R&D-led company. You can go by website and see the company. And it has a full R&D team of -- R&D center of its own, which are more than 100 engineers in it, out of it, 8-10 are PhD.

They have filed IP's about 300, out of which 10 has already been given to them. They are the largest producers of cobalt in India, largest recyclers of lithium-ion batteries in India, largest battery dismantling and testing facility they are out in India. And other critical materials such as platinum, good metals, rare earth and etc., they are working on that. So this is a technology company.

Now what is offered in the market today. Market today is the carbon black is available. Some companies like Birla Carbon and some other companies are entering into that business. The existing recyclers have recovered carbon black of with 18% to 20% ash content as compared to virgin.

Lohum R&D has already tested the material and our product will give consistently have -- sulfur percentage of around 5% only ash content will be there. It is very close to the new, new virgin material and price will be approximately 25% to 30% cheaper as compared to the new.

Now coming to a devulcanization portion. Devulcanization is already there in the industry. And because a lot of tire manufacturer required -- you know that tire manufacturer are required to get the EPR because the government is pushing them to had the product recycled. So this is a step towards that. Existing process, which is being used by them till is very polluting and with very low percentage of substitution.

Our process, we have -- I think they have identified the machine manufacturer, coordinating the machine from Germany and they have tested the product. Our -- this process is very clean and our product will have very high substitution percentage, and it will be as good as the new rubber. So these are plus, this will also generate EPR credit for us.

Sakshi: Thanks for the detailed answer. Now given that RCB is going at 35 plus percentage CAGR globally. How much of this opportunity is realistically addressable for us?

Navin Juneja: We are targeting next 5 years, the revenue top line of around INR500 crores to INR600 crores in this business altogether, with a very healthy EBITDA of 15% plus.

Sakshi: Got it. And my third question, sir, is excluding the cyberattack impact, underlying revenue growth still appears muted. So what structural gaps or product level slowdowns are causing this divergence?

Anuj Talwar: I think, look, we had a -- it was a bit muted. Europe was slow, the cyberattack happened. There was a little bit of a GST momentum. But I think Q3, Q4 will be much, much, much better.

Navin Juneja: So there was a muted demand of commercial vehicles in this quarter. My commercial vehicles, share of the business has gone down domestically. Domestically commercial were very bad. And you must have heard Tata Motor vehicle were not selling it in the month of June and July. July, August, they were not selling, very low demand. So now it has been recovered. We have got very good numbers in October, and we have -- November is also looking very good for us.

Moderator: Thank you. The next question is from the line of Yash Shah from 3A Capital Services. Please go ahead.

Yash Shah: Sir, what kind of margins and revenue you can expect from this Lohum JV?

Navin Juneja: The new Lohum JV will be 15% to 18% EBITDA margins because in the recycling business, the raw material cost is very low.

Yash Shah: Okay. Okay. And in terms of other business in Europe, how we expect it to ramp up?

Navin Juneja: What you said in the other business.

Anuj Talwar: The Europe business.

Navin Juneja: Europe business, it will not be so much muted because of JLR, etc., it was affected. Now JLR is back on track. There will be backlog orders. Their production is now ramping up. They are ramping the production. It will be -- I think you will see better figures in the next 6 months, a decent percent -- my export percentage should come back to 28% or 29% in this quarter, definitely in the next half. It may not -- of course, little bit BMW will be pulled down, but we will recover from somewhere else. It is not a big thing.

Moderator: The next question is from the line of Sachin from SVAN Investment Manager. Please go ahead.

- Sachin:** My question is regarding this -- the way we have taken this new initiative regarding recycling, are we looking at any more growth opportunities, new joint ventures or technical collaborations, which can improve the overall growth trajectory for the next 3 to 4 years for the company?
- Anuj Talwar:** Yes, we are.
- Navin Juneja:** Definitely. Definitely, but give me some time, we'll first ramp up these things you've said. And we are definitely we are open. We are open.
- Anuj Talwar:** We're talking to people in Japan, in Korea, it's an ongoing exercise always.
- Sachin:** Sure. Secondly, you mentioned about recovery in your leading European client because of the cyberattack. So when you say 60% recovery, you mean to say that whatever loss, that is the normal plan for October plus what was lost for 60%? Or what was planned for October that 60% of that? Can you just clarify?
- Navin Juneja:** I'm saying whatever their capacity, whatever order book you are getting earlier, suppose I am getting an order of INR5 crores, I am getting now INR3 crores with that. First, in September, it was zero, no order because they were not manufacturing, they were closed. In October, they give us -- because they started production from 7th November in one of the plants and 7th October in another plant, then for 15th from some other plant. So my supply up to 25% were delivered. November, it is 60%, from December 100% will be delivered. I mean to say that monthly schedules are to that level -- coming back to that level.
- Sachin:** So for the full, you mentioned about INR1,750 crores, INR1,800 crores of revenue for next year. Can you give us some sense now how we are picking in the second half income? Because you said that Q3, Q4 will be very strong. So if you can give us any sense, I guess, 635 that we did in H1. How much we can expect in H2?
- Navin Juneja:** Yes, definitely. In the past 6 month you say we were flat as compared to last year. On a good turnover wise, we achieved 646 as opposed to 632, a growth of 2%. By the year end, this figure will be 10%.
- Sachin:** For the second half or for the full year, I think 10%?
- Navin Juneja:** Full year. Full year. Full year, it should be.
- Sachin:** Full year. And in terms of...
- Navin Juneja:** We are recovering very, very fast.
- Sachin:** Sure. And in terms of the capex plan for current year and next year, what are the capex plans we are having?
- Navin Juneja:** My capex, as I told earlier, it's is going on in the Gasket and Forging division, that capex would be around INR50 crores, okay? And Marugo reached INR8 crores, in my Marelli business already a lot of capex has been spent, it is around INR60 crores for this year.

- Sachin:** And in terms of your funnel and pipeline for the new opportunities, especially for the new orders, can you give us some sense how is the funnel looking like? In between, we won two large orders of INR500 crores, INR500 crores, close to INR500 crores last year. Are you working on any such large orders....?
- Navin Juneja:** Orders are coming. I will announce when the amount becomes sufficient. That means we will come back something by March on that.
- Moderator:** As there are no further questions from the participants. I now hand the conference over to the management for the closing comments.
- Anuj Talwar:** Thank you so much for being on the call. As mentioned to you earlier, we are enthusiastic about a new joint venture. We're going to work on our export business, India business, and we're very hopeful with the GST cut by the government, I think quarter 3, quarter 4, will be much, much better. Thank you. Bye..
- Navin Juneja:** Bye. Thank you.
- Moderator:** On behalf of Talbros Automotive Components Limited, that concludes this conference. You may now disconnect your lines. Thank you for joining us.