

Talbro Automotive Components Limited

December 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	118.47	CARE A+; Stable	Reaffirmed
Short-term bank facilities	45.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Talbro Automotive Components Limited (TACL) derives strength from sustained growth in scale of operations with healthy profitability margins owing to increased demand from existing customers and a healthy order book, leading to growing scale of operations in FY25 (FY refers to April 01 to March 31) and H1FY26 (H1 refers to April 01 to September 30). Ratings continue to take comfort from sustained improvement in profitability margins and a comfortable capital structure marked by low overall gearing. Ratings also continue to factor in TACL's experienced promoters, strong partnership with globally reputed clients, diversified products and customer base across varied segments and geographies. However, Ratings continue to remain constrained by the company's working capital intensive operations, susceptibility to foreign currency fluctuations, and the cyclical nature of the automotive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the scale of operations to over ₹1200 crore on a standalone basis with profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin in the range of ~12%-14% on a sustained basis.
- Steady cash flow from operations leading to further improvement in liquidity position.

Negative factors

- Decline in scale of operations with PBILDT margin below 10% on a sustained basis.
- Increase in adjusted overall gearing to over 0.70x on a sustained basis.

Analytical approach: Consolidated.

TACL's business and financial risk profiles and its joint ventures (JVs) have been considered, as these companies (together referred to as the Talbro Group) have common management and operational linkages. The group operates in the same line of business and markets products under the brand name "Talbro". Details of entities consolidated are provided in annexure-6.

Outlook: Stable

The Stable outlook indicates CARE Ratings Limited (CareEdge Ratings) expectation of sustenance in the company's scale of operations with healthy margins and a comfortable financial risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Sustained growth in scale of operations with healthy profitability margins

The company's total operating income (TOI) has grown at a compound annual growth rate (CAGR) of ~17% in the last five years and stood at ₹830.32 crore in FY25 compared to ₹781.59 crore in FY24. Growth is supported by healthy share of business (SOB) with original equipment manufacturers (OEMs) and contribution reflected from growth in gasket and forging segments. Revenue from the gasket business in FY25 increased to ~₹556 crore compared to ~₹515 crore in FY24, while revenue from the forging business increased to ~₹290 crore compared to ~₹277 crore in FY24. Growth is also supported by the company's focus on export business and repeat orders from existing customers, which include top auto OEMs. The PBILDT margin continues to remain healthy at 16.07% in FY25 (PY: 15.15%) owing to economies of scale. However, the profit after tax (PAT) margin stood slightly lower at 11.37% in FY25 compared to 14.07% in FY24. However, PAT in FY24 included exceptional gain on sale of stake in one of the JVs,

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Nippon Leakless Talbros Private Limited, but continues to be supported by improvement in PBILDT and performance of its JVs leading to higher profit contribution, which has been included as part of non-operating income.

Comfortable financial risk profile

TACL's capital structure remained comfortable with adjusted overall gearing below unity at 0.22x as on March 31, 2025, compared to 0.28x as on March 31, 2024. The marginal improvement is supported by accretion of profits to net worth. Improved profitability led to comfortable debt coverage indicators. The interest coverage ratio and total debt to gross cash accruals (TD/GCA) stood comfortable at 9.74x and 0.74x respectively as on March 31, 2025, compared to 8.93x and 0.73x respectively as on March 31, 2024.

Experienced promoters

Established in 1956, TACL is the flagship company of the Talbros group. The Chairman, Naresh Talwar, is a graduate from Delhi University with 47 years of experience in automotive industry. He is supported by Umesh Talwar, an MBA from XLRI, Jamshedpur, with over 40 years of experience in automotive components. Umesh Talwar is also a promoter director of QH Talbros Private Limited (rated CARE A+: Stable/CARE A1+). The management team comprises industry professionals with significant experience in their respective domains.

Strong partnership with globally reputed companies

TACL has established relationship with globally reputed companies including Marelli SPA, Italy and Marugo Rubber Industries, Japan. Marelli supplies chassis systems, front axles and rear axles to leading car makers in Europe, North America, South America and Asia. Marugo Rubber Industries has global operations and supplies anti-vibration products such as engine mounts, suspension bushes and muffler hangers. The Talbros group, through its long-standing association with such internationally reputed partners, has developed strong innovative technologies. The company is planning to enter a new JV with Lohum Cleantech Private Limited for manufacturing recovered carbon black (rCB), devulcanised rubber and allied recycled materials for the tyre and automotive rubber industry. Total investment in the first two years is expected to be ~₹70 crore. The JV is expected to be formalised by 2025-end, with operations targeted to begin by Q1FY27 (refers to April 01 to June 30).

Reputed and diversified customer base and sales from varied segments

The Talbros group is one of the leading players in the automotive gasket market with over 50% market share in India. The group caters to leading auto OEMs including Bajaj Auto Limited, Tata Cummins Limited, Hero Motorcorp Limited and Tata Motors Limited, among others. The customer base is diversified with no single customer contributing over 20% of net sales in FY25 and top three customers contributed ~32% of net sales in FY25 compared to ~26% in FY24. The group has long-standing relationship with major OEMs in India, supported by its design and engineering capabilities, state-of-the-art manufacturing units and robust quality control standards. Segment-wise sales are diversified with two- and three-wheelers (~17%), passenger vehicles (~34%), heavy and light commercial vehicles (~23%) and agriculture and off-loader (~12%) contributing to total revenue in FY25.

Key weaknesses

Working capital intensive operations

Since TACL is in the auto ancillary industry, its operations are inherently working capital intensive. The group maintains inventory of ~3-4 months as it manufactures many types of gaskets requiring ~40 categories of raw materials. Of these raw materials, ~30% are imported from Germany, the United States and Japan, with one-two months' lead time. The company also maintains substantial finished goods inventory to meet aftermarket demand. Average inventory days stood at 69 days in FY25 compared to 74 days in FY24. The company allows a credit period of 90-120 days to domestic and overseas customers. For imported raw materials, the company receives a credit period of up to 120 days. This results in a working capital cycle of ~2-3 months, leading to high reliance on fund-based facilities to meet working capital requirements. Average working capital utilisation remained at ~55% for 12 months ending September 30, 2025.

Foreign currency fluctuation and raw material risk

The group is exposed to foreign currency risk for its export business. However, the risk is mitigated to an extent as the company has natural hedge against the import of ~30% of raw material, the company is exporting ~30%. The company entered contracts with some of its foreign clients that provide for partial compensation against adverse forex movement. The company's cost of raw materials – primarily iron and steel – accounts for ~50%-60% of TOI. Global prices for iron and steel are volatile, exposing the group to price risk. The group has decided on partial strategic disinvestment of its non-core materials business assets. This was sold to the Indian affiliate of M/s. Interface Performance Materials, USA. This apart, Talbros entered a raw material sourcing agreement with them. Under this agreement, Talbros shall source gaskets raw materials from Interface's Indian manufacturing unit. The local raw material sourcing commenced in FY19.

Cyclical nature of automotive industry

The automobile industry is cyclical, and automotive component suppliers' sales are directly linked to auto OEM sales. The auto ancillary industry is competitive, with presence of several players in organised and unorganised segments. The organised segment primarily caters to OEMs, while the unorganised segment mainly serves the replacement market and tier II and III suppliers.

Liquidity: Strong

The company's liquidity profile is strong as reflected by projected gross cash accruals of ~₹120 crore in FY26 against scheduled repayments of ~₹3 crore. Average utilisation of working capital stood moderate at ~55% for 12 months ended September 30, 2025. The company at consolidated level had cash and bank balance of ₹58.40 crore as on March 31, 2025. The company is planning to incur capex of ~₹25-30 crore expected to be funded through internal accruals.

Environment, social, and governance (ESG) risks

Environmental: The company adheres to strict benchmarks and environmental parameters with IATF 16949, ISO-14001 and ISO 45001 certifications.

Social: The company has formulated a corporate social responsibility (CSR) policy, which encompasses its philosophy and guides its sustained efforts for supporting socially useful programs for welfare and sustainable development of the society's weaker sections. The company has contributed to several organisations for fulfilling its CSR obligations.

Governance: Per corporate governance report for FY25, the company is in compliance with the requirements stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred as "SEBI Listing Regulations") with respect to corporate governance and a report on Corporate Governance in accordance with Part C of Schedule V to the SEBI Listing Regulations.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components and equipment

TACL is the flagship company of the Talbros Group and was established in 1956 for manufacturing automotive and industrial gaskets. The company is promoted by Naresh Talwar (Non-Executive Chairman), who has an experience of over 40 years in automotive industry. Other entities belonging to the group are Marelli Talbros Chassis Systems Private Limited (50: 50 JV with Marelli SPA) and Talbros Marugo Rubber Private Limited (TMRPL; 50: 50 JV with Marugo Rubber, Japan).

Consolidated financials:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	781.59	830.32	419.90
PBILDT	118.41	133.40	62.86
PAT	109.98	94.43	45.29
Overall gearing (times)	0.18	0.15	NA
Interest coverage (times)	8.93	9.74	9.74

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/03/2027	6.47	CARE A+; Stable
Fund-based - LT-Working Capital Limits		-	-	-	112.00	CARE A+; Stable
Non-fund-based - ST-BG/LC		-	-	-	45.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Working Capital Limits	LT	112.00	CARE A+; Stable	-	1)CARE A+; Stable (30-Sep-24)	1)CARE A+; Stable (04-Oct-23) 2)CARE A; Positive (03-Apr-23)	1)CARE A; Stable (21-Apr-22)
2	Non-fund-based - ST-BG/LC	ST	45.00	CARE A1+	-	1)CARE A1+ (30-Sep-24)	1)CARE A1+ (04-Oct-23) 2)CARE A1 (03-Apr-23)	1)CARE A1 (21-Apr-22)
3	Fund-based - LT-Term Loan	LT	6.47	CARE A+; Stable	-	1)CARE A+; Stable (30-Sep-24)	1)CARE A+; Stable (04-Oct-23) 2)CARE A; Positive (03-Apr-23)	1)CARE A; Stable (21-Apr-22)
4	Fixed Deposit	LT	-	-	-	-	-	1)Withdrawn (21-Apr-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Marelli Talbros Chassis Systems Private Limited	Proportionate	Joint Venture
2	Talbros Marugo Rubber Private Limited	Proportionate	Joint Venture

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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