

# talbro's Automotive Components Ltd

Investor Presentation  
September 2015



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## ➤ Corporate Overview

➤ Diversification – Products , Customers & Markets for Creating Value

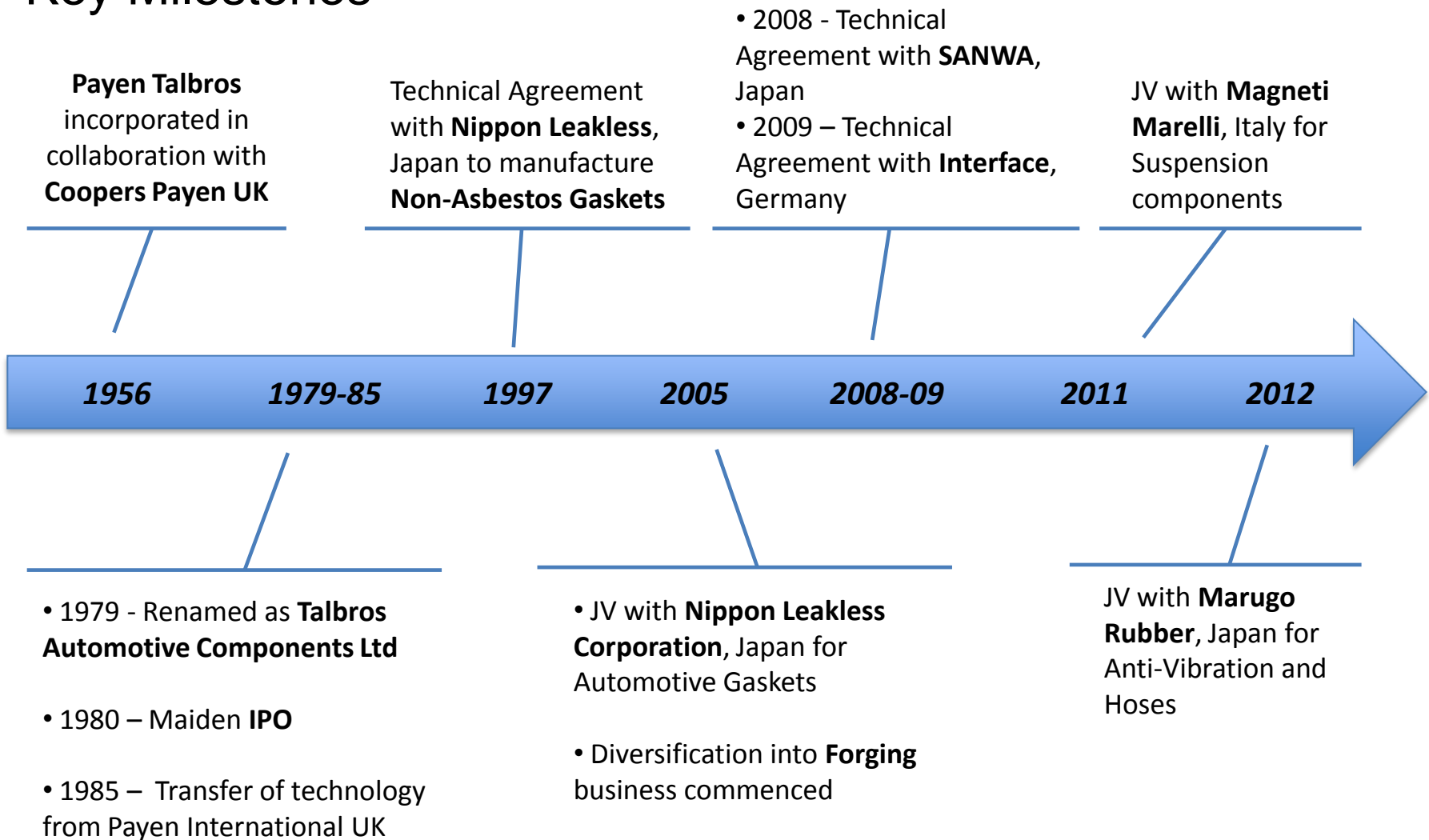
➤ Financials Q1 FY16

## Corporate Overview

- Over **6 Decades** of experience in Auto Component manufacturing
- Promoted by **Talwar Family** with **53.9%** holding lead by Mr. Naresh Talwar and Mr. Umesh Talwar
- Diversified Auto Component player with presence *across **Two Wheelers, Passenger, Commercial Vehicles and Farm Equipments***
- Wide client base, **~40% revenue from top 5 clients**
- Businesses across **OEMs, Exports and After Market**
- **Four International Technology Tie-ups** including 3 JVs for Best in Class Products
- Diversified Portfolio - **Gaskets, Forgings, Suspension Systems, Anti-vibration Products & Hoses**
- Consistent **Dividend Payout over 50 years**

One of the Most Hedged Auto Component Player

## Key Milestones



## The Leadership Team



**Mr. Naresh Talwar**

Chairman



**Mr. Umesh Talwar**

Vice Chairman & MD

### *Steering Committee*



**Mr. Vidur Talwar**

Director



**Mr. Varun Talwar**

JMD



**Mr. Anuj Talwar**

Executive Director



**Mr. Navin Juneja**

Director & Group CFO

# Executive Management

## **Mr. Manvinder Singh Ajmani**

### **CFO**

With experience spanning across M/s. HEG, International Tractors, Jindal Sour Ltd, Eicher Motors Ltd to name a few he has a total of 27 years of financial experience

## **Mrs. Seema Narang**

### **Company Secretary**

She has over 22 years of experience in the secretarial department and has worked with Whirlpool of India and Aksh Optifibre Ltd

## **Mr. Suryanaryan T. Hebbar**

### **President – Gaskets Division**

He has over 20 years of experience in the Auto Components sector with JBM Auto, Rangsons Electronics, TVS motors, TACO, Visteon and DELPHI

## **Mr. Sarvesh Kumar Vijay**

### **President – Forging Division**

He is a graduate in Mechanical Engineering, Post Graduate in Management Science and CFA from ICAI and has worked with Kalyani Forge, Bajaj Motors, Amtek Auto, Kinetic Engineering

## **Mr. Koji Homma**

### **Managing Director – Nippon Leakless Talbros Pvt. Ltd**

He holds a Bachelors of Engineering degree from Tokyo and has spent over 30 years with Nippon Leakless holding various posts

## **Mr. Ashish Gupta**

### **CEO – Magneti Marelli Talbros Pvt. Ltd**

He holds a BE degree and has over 24 years of experience with manufacturing companies in India, Europe & CIS

## **Mr. Yoshiaki Yunoki**

### **Managing Director – Talbros Marugo Rubber Pvt. Ltd**

He is a science graduate from University of Tokyo and has spent 32 years with Marugo Rubber holding various posts

# Business Overview

*Consolidated Revenue  
Contribution FY15*

*Products*

## Gaskets



62%

Multi Layer Steel, Rubber Molded, Exhaust Manifold, Edge Molded, Cylinder head, Heat Shield

## Forging



18%

Housing & Yoke Shafts, King Pins, Gear Blanks

## Nippon Leakless Talbro's



10%\*

Automotive Gaskets for Honda and other Japanese OEMs

## Magneti Marelli Talbro's Chassis Systems



8%\*

Suspension Systems: Control Arms, Knuckles, Front Axle and Rear Axle

## Talbro's Marugo Rubber



2%\*

Anti – Vibration parts such as : Bushes, Exhaust Hanger, Dust Cover, Hoses

Standalone

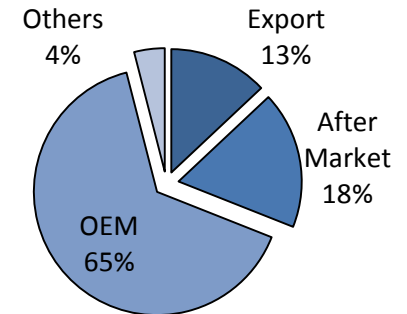
\* Talbro's share in JV

Above data excludes other non operating income

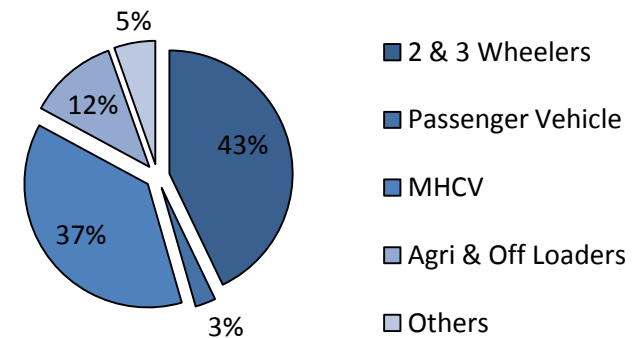
## Gaskets

- In – House tool design and manufacturing
- **38%** Market share in Gaskets **3x** the nearest competitor
- **Market Leader** in – Two Wheeler, Agri & Off Loaders, HCV & LCV segment
- **Tier I OE supplier** for **12** of our customers
- **Single Source Supplier** for **5** of our customers
- **100% Asbestos Free player**
- Export orders from Cummins, Daimler, Volvo and Harley Davidson
- Introduced dedicated **Heat Shield line**: critical for heat, sound and vibration insulation
- Q1FY16 Revenues at Rs 58.8 Crores

**FY15 Revenue Rs 244 Crores**



**FY15 OEM Breakup**



**Multi Layer Steel**



**Rubber Molded**



**Heat Shield**



**Exhaust Manifold**



**Edge Molded**



**Cylinder Head**



## Forging

- One stop solution for **Hot Forging** (750 to 1,600 Ton Press)
- In-House tool design and manufacturing
- Strong presence in **Overseas Market** & Supplier to **top Tier I** companies
- Capability to handle raw material grade across Carbon Steel, Alloy Steel, Stainless Steel
- **One Stop Solution** for Die Design, Machine parts and Heat treatment (Normalizing and Carbohydriding)
- Introduced Crown Wheels
- Added new customers Ognibene and American Axle to diversify its geographic risk.
- Q1FY16 Revenues at Rs 17.6 Crores

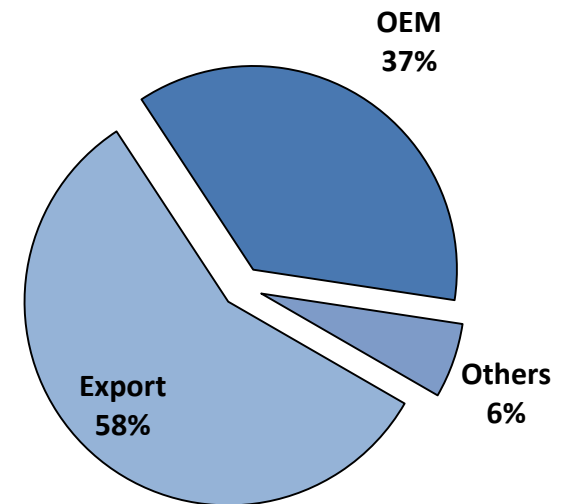
*King Pins*



*Gear Blanks*



*FY15 Revenue Rs 70 Crores*



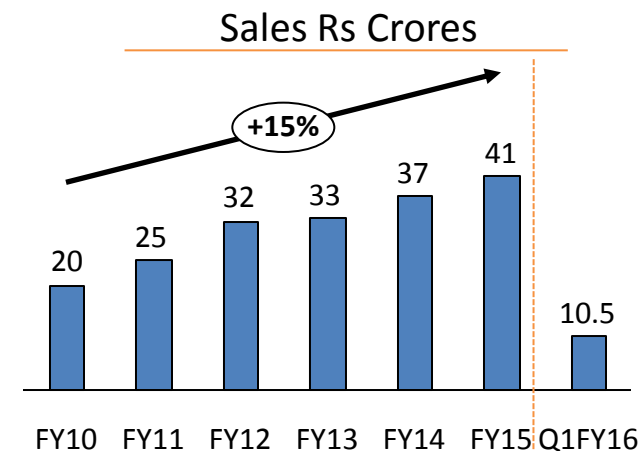
*Housing and Yoke Shafts*



## Nippon Leakless Talbros Pvt. Ltd

- **Nippon Leakless Corporation, Japan**
  - With annual sales of **\$200+** million Nippon Leakless is one of the largest global manufacturers of gaskets for automotive, motorcycle, power equipment, industrial and a major **Honda** supplier
  - Established in 2005 with 40% Talbros Share
- Non- asbestos Automotive Gaskets for **Honda** and other Japan OEMs
- 100% Sales to OEMs:
  - Hero Motor Corp, HMSI, India Yamaha, Honda Car India, Maruti Suzuki, Honda Siel Power Products

**NLK** 日本リークレス工業株式会社  
NIPPON LEAKLESS CORPORATION



\* Talbros share in JV

# Magneti Marelli Talbros Chassis Systems Pvt. Ltd

## ➤ Magneti Marelli S.P.A, Milano

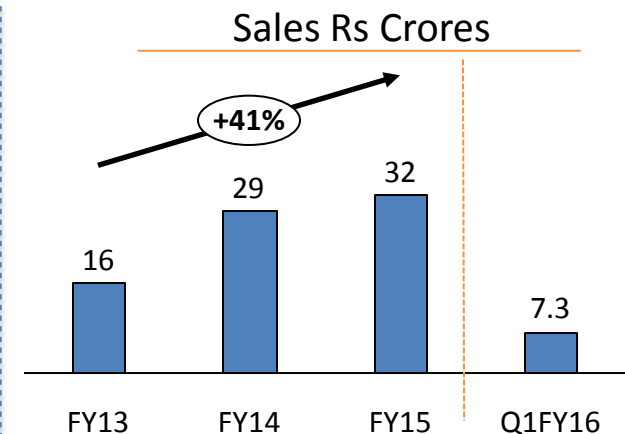
- A Fiat Group company, Magneti Marelli has a annual revenue of € 6 Billion. Suspension business line generate over € 470 Million revenue worldwide with advanced light weight technologies having diverse customer base
- 50:50 partnership began in 2011, production commenced in April 2012
- The JV has the capability for design and development for complete chassis for OEM

## ➤ **Suspension Systems** for Passenger Vehicles and Pick ups: Control Arms, Knuckles, Front Axle and Rear Axle

## ➤ 100% Sales to OEMs:

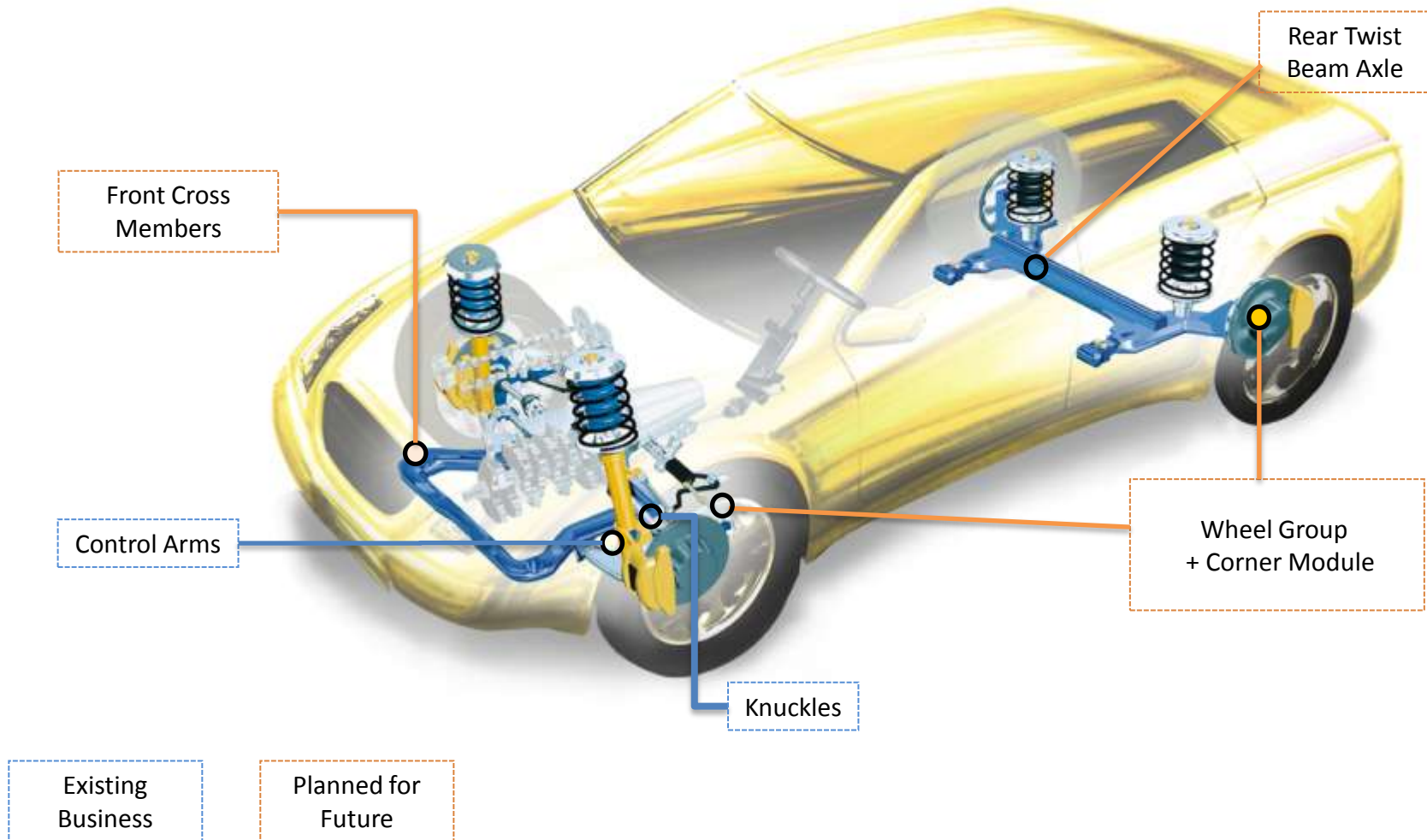
- Bajaj Auto, Mahindra & Mahindra, Maruti Suzuki India, Tata Motors
- Significant share of Control Arms business from Maruti

**MAGNETI  
MARELLI**



\* Talbros share in JV

# Scope of Chassis Systems



## Talbros Marugo Rubber Pvt. Ltd.

### ➤ Marugo Rubber Industries, Japan

- Marugo Rubber a **\$300 Million** company, global leader in supply of anti-vibration product and hoses to OEMs.
- 50:50 partnership began 2012, production commenced in February 2013
- The JV has the capability to provide technical know-how for Design, Development & Validation for OEM

### ➤ Anti Vibration Products & Hoses: Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

### ➤ Commissioned Hose Plant in FY15

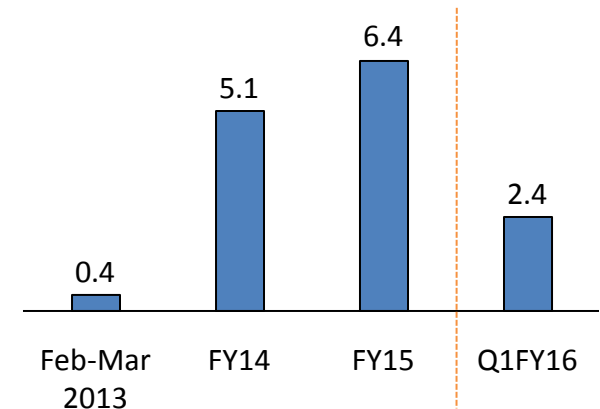
### ➤ 100% Sales to OEMs:

- Maruti Suzuki, QH Talbros, Endurance Technologies, Rane (Madras) Ltd, Escort India, TATA

### ⑤ Marugo Rubber Industries, Ltd.

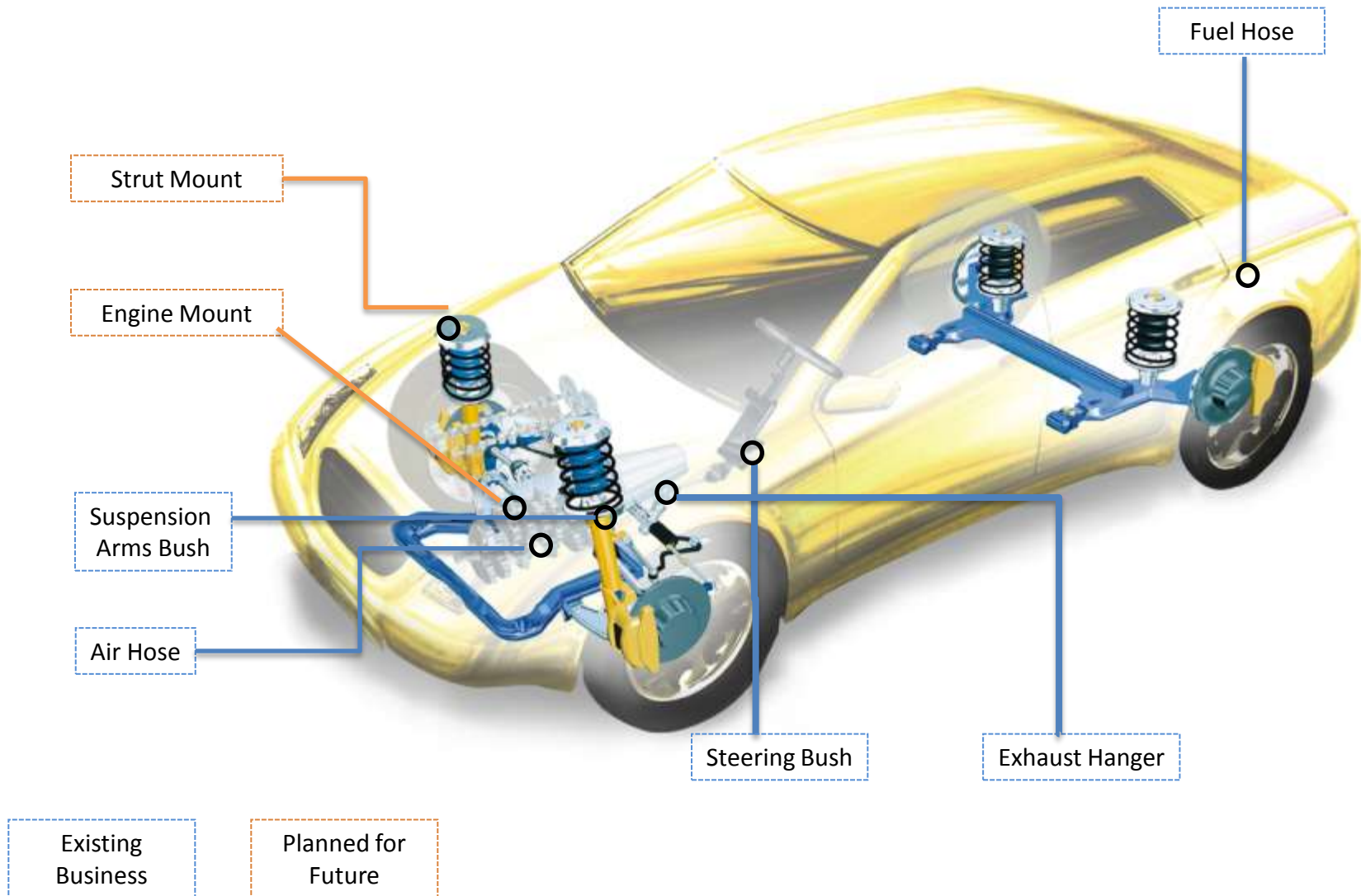


Sales Rs Crores



\* Talbros share in JV

## Scope of Anti-Vibration & Hoses



# Technical Licensing Agreements

## SANWA Packaging Co. Ltd, Japan

- Year 2009 : Technical Collaboration for Heat Shields used in automotive applications
- Year 2011 : Technical Collaboration for Post coating technology for Multi Layer Steel Gaskets

## Diversified Customer - OEM

2 Wheeler

Passenger

HCV/LCV

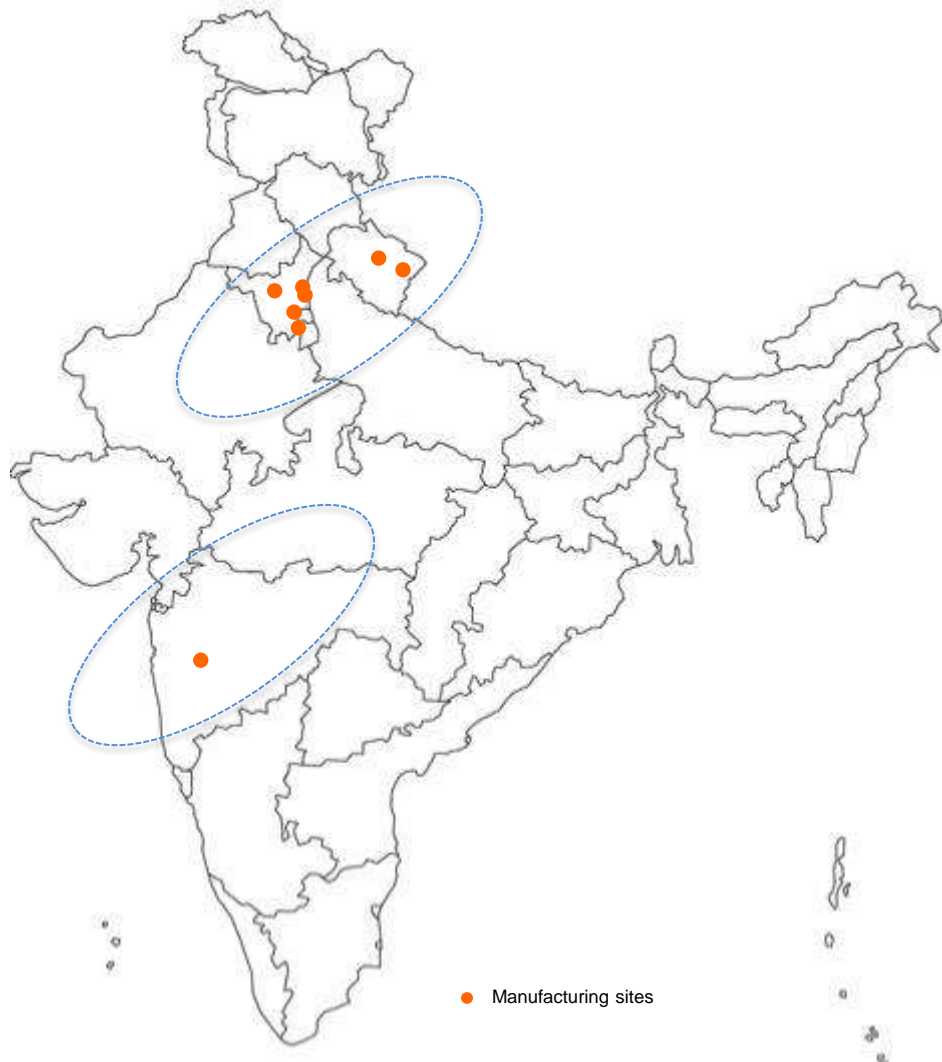
Agri & Off  
Loader

Exports



Hedged customer base, 40 % revenue from top 5 customers

# Strategic Manufacturing Locations

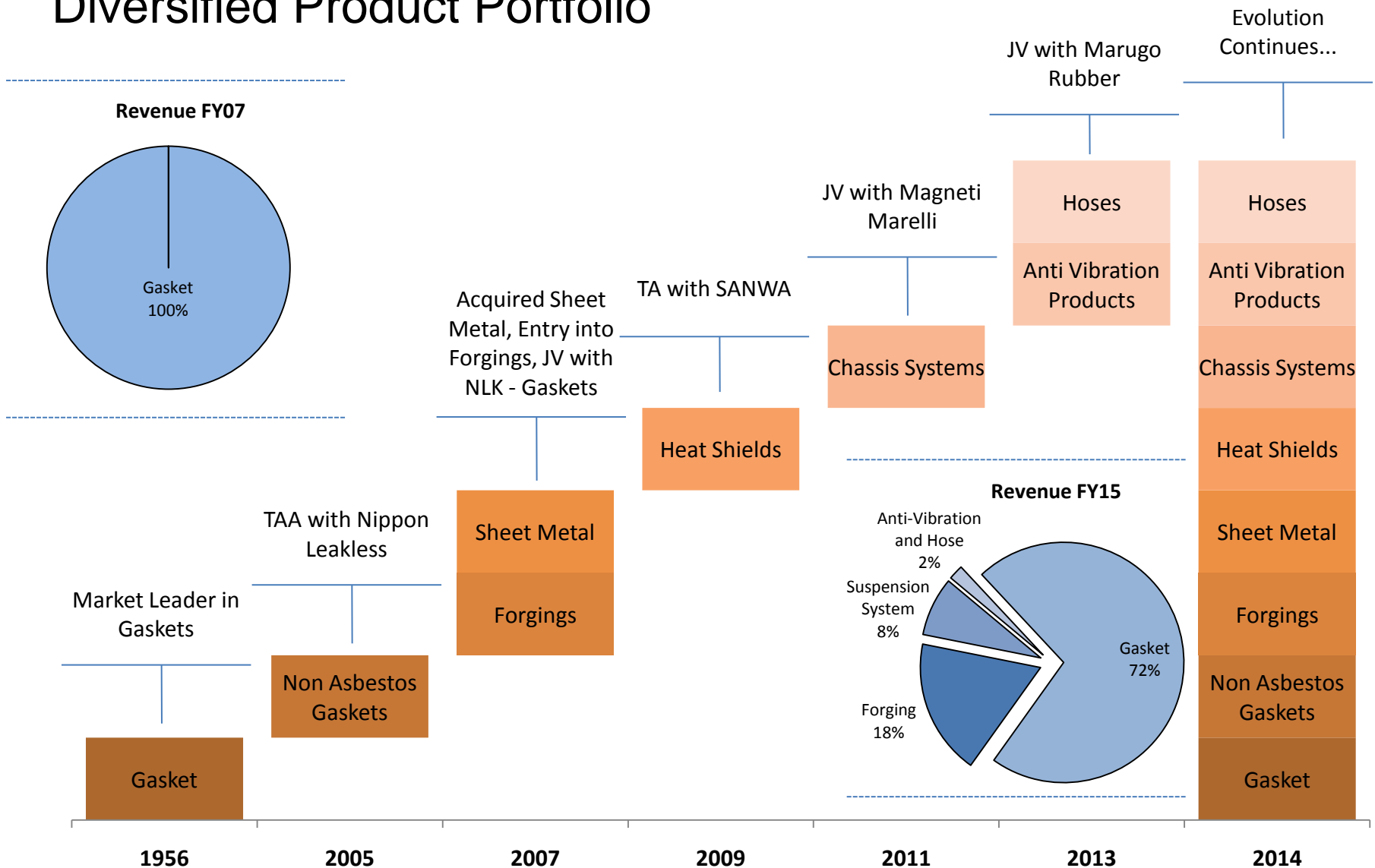


Plant	Location
Gasket	Faridabad – Haryana (2 plants) Pune – Maharashtra Sitarganj – Uttarakhand
Forging	Bawal – Haryana
Nippon Leakless Talbro's	Bawal – Haryana Haridwar – Uttarakhand
Talbro's Marugo Rubber	Manesar – Gurgaon
Magneti Marelli Talbro's	Faridabad - Haryana
Material Division	Sohna – Gurgaon
R&D Centres	Faridabad – Haryana

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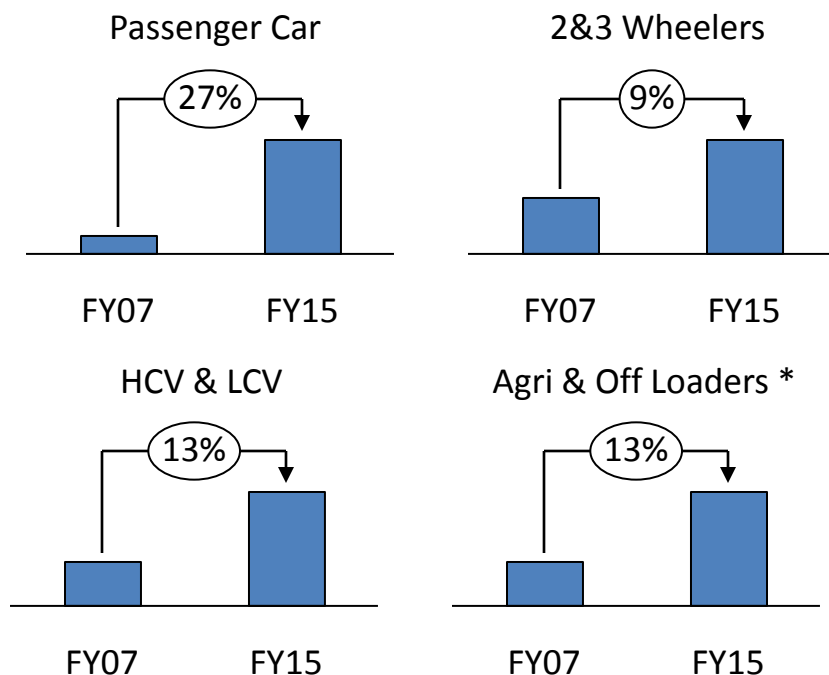
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# Diversified Product Portfolio

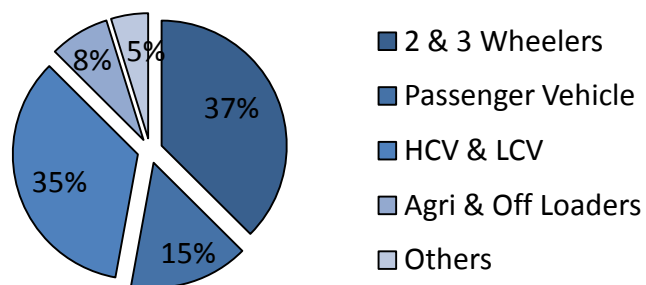


# Diversified End Users

## Domestic Sales CAGR



## Domestic Sales Break up FY15



### ➤ JV with **Nippon Leakless**

- Captured the emerging demand in Two – Wheelers in India
- 90%+ Two Wheeler market covered (Together with TACL and JV)

### ➤ JV with **Magneti Marelli**

- From being “Build to Print” Stamping company to “Design & manufacture” all chassis components for passenger car segment

### ➤ JV with **Marugo Rubber**

- Helped **Maruti** to localise production and gained business in passenger vehicles

### ➤ Technical agreements

- **SANWA:** Heat Shield technology for automotive applications

\* Category reclassified

## Diversified Markets

### ➤ Gaskets :

#### ■ Going Asbestos Free...

- Achieved 100% Asbestos free gasket production in FY14

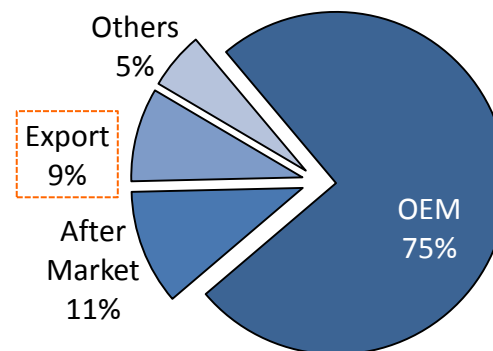
#### ■ International Contracts

- Export contracts with major international OEMs in the pipeline
- Gasket exports growing at a 10% CAGR since FY07

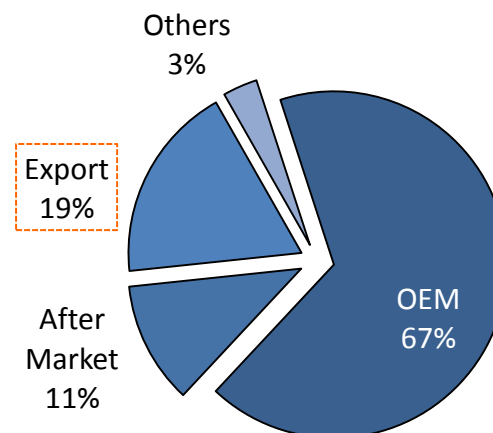
### ➤ Forging :

- Direct Export to Agri-major Tier-1 companies DANA Corp and Carraro increasing, end users being John Deere and Caterpillar
- Forging exports grew by 36% CAGR since FY10
- Next leg of Exports from Gulf region over the next 2-3 years

FY07



FY15



## Evolving Product Portfolio

Tie-Ups	Products	To be launched by
Talbros Automotive Components	Post Coating MLS Gaskets	FY16-17
	Industrial Gaskets	FY16-17
Magneti Marelli Talbros Chassis Systems	Semi-Corner Axle Assembly	FY 16-17
Talbros Marugo Rubber	Engine Mounts	FY 16-17

## Optimising Diversified Portfolio

Group Company QH Talbros has TA (Technical Assistance) with **MUSASHI, JAPAN** for Ball Joint Assly.



Talbros Marugo Rubber (50:50 JV) has design and manufacturing capability for Suspension Bushing

 Marugo Rubber Industries, Ltd.



Magneti Marelli Talbros has design and manufacturing capability for Chassis Systems



*Unique combination for single point sourcing of Suspension Arm Assembly*

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## Automotive Market Scenario Q1 FY16

- Overall the Auto Sector grew only by 2.42 % in Q1 FY 2015-16
- Commercial Vehicle
  - The LCV segment de-grew by 3.22% inspite of robust Export growth of 28.42%
  - The CV segment as a whole grew by 6.19%
- Passenger Vehicles Sales increased by 5.16%
  - Passenger Cars grew by 6.89% while MUV & Van segment sales were stagnant
- Two-wheeler segment sales increased by a modest 1.36% largely on account Export growth of 6.15%
  - Two-wheeler growth is largely driven by Scooters Sales growth of 9.4% whereas Motor Cycles Sales declined by 1.3%
- Tractor sales plunged by 16% in Q1 FY 16

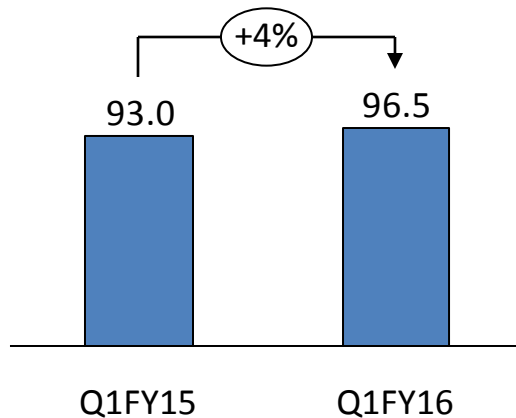
Source: SIAM

Talbros grew ahead of market

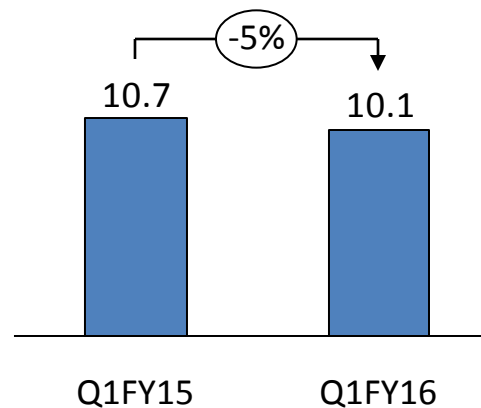
## Financial Highlights – Excluding Dividend Income from JV

Rs Crores

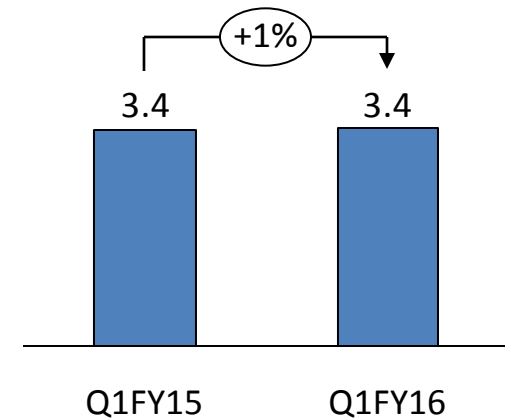
### Revenue \* (Like to Like)



### EBIDTA (Like to Like)



### PBT (Like to Like)



- Dividend Received from Nippon Leakless Talbros Joint Venture of Rs 72 lacs in Q1 FY15; delayed in the current quarter

\* Revenue includes other Income

## Q1 FY16 Highlights

- Dividend Received from Nippon Leakless Talbros Joint Venture of Rs 72 lacs in Q1 FY15; delayed in the current quarter
- Revenue of Rs 96.5 Crores; Growth of 3% led by
  - Slowdown in 2 wheeler and LCV segments
  - Change in product mix towards OEM
  - Excluding the dividend impact; Revenue grew by 4%
- EBIDTA of Rs 10.1 Crores; de-grew by 11%
  - Excluding the dividend impact; EBIDTA de-grew by 5%
- EBIDTA Margin was at 10.5% against 12.2% in Q1 FY15 due to
  - Higher OEM sales in Gaskets and higher share of domestic sales in Forging
- PBT of Rs 3.4 Crores against Rs 4.1 Crores in Q1 FY15
  - Excluding the dividend impact; PBT grew by 1%
- PAT of Rs 2.2 Crores against Rs 2.9 Crores in Q1 FY15

# Segmental Performance

## **Gaskets Division:**

- Revenue growth was in line with the industry growth
- Added new product Heat Shield to boost our product offerings and enrich portfolio of sealing products
- Installation of Heat-Shield line is under progress with the guidance of our TA partner SANWA Packaging
- Ongoing efforts to make Sitarganj plant independent by enhancing the capacity to provide thrust to Aftermarket supplies

## **Forgings Division:**

- Sales/Margins impacted due to the slowdown in Europe and weakening Euro
- Steel price corrections to benefit from Aug'15

## Joint Venture Performance

### **Nippon Leakless Talbros (LTL) :**

- Consistent performance in line with Industry Growth

### **Magneti Marelli Talbros Chassis Systems (MMT) :**

- Won Order from MSIL for its new Crossover SUV - S-Cross

### **Talbros Marugo Rubber (TMR):**

- Started Supply to Maruti Suzuki India Ltd of
  - Intercooler Hoses – Celerio
  - Muffler Hanger – Swift Dzire, Celerio ,Ciaz ,Ritz
  - Suspension bush— Model – S-Cross
- Won Orders for supply of new components like Air Intake Hose & Stabilizer Bush for Isuzu
- Anti-vibration segment achieved profit in Q1 FY16
- Hoses project to start commercial production soon

## Consolidated P & L Statement

Rs. Cr	Q1FY16	Q1FY15	YoY %	Q4FY15	QoQ %	FY15
<b>Revenue</b>	<b>95.9</b>	<b>92.3</b>	<b>4%</b>	<b>97.6</b>	<b>-1%</b>	<b>388.8</b>
Other Income	0.6	1.4**	-74%	5.5	-93%	9.6
Total Income from Operations	96.5	93.7	3%	103.1	-6%	398.4
Raw Material	54.5	50.2	9%	52.9	3%	215.5
Employee Cost	13.2	12.2	9%	13.6	-3%	49.5
Other Expenses	18.6	19.9	-7%	23.0	-19%	83.7
EBITDA	10.1	11.4	-11%	13.6	-25%	49.7
<b>EBITDA Margin</b>	<b>10.51%</b>	<b>12.18%</b>		<b>13.19%</b>		<b>12.48%</b>
Interest	4.5	4.6	-1%	5.1	-12%	18.7
Depreciation	2.2	2.7	-18%	1.9	16%	10.0
<b>PBT (Before Exceptional Items)</b>	<b>3.4</b>	<b>4.1</b>	<b>-17%</b>	<b>6.6</b>	<b>-48%</b>	<b>21.1</b>
Exceptional Item *	0.0	0.0		-1.9		-1.9
Tax	1.2	1.2	-3%	0.5	161%	5.1
PAT	2.2	2.9	-23%	4.3	-48%	14.1
<b>PAT Excl Exceptions</b>	<b>2.2</b>	<b>2.9</b>	<b>-23%</b>	<b>5.5</b>	<b>-59%</b>	<b>15.4</b>
<b>PAT Excl Exceptions Margin %</b>	<b>2.31%</b>	<b>3.11%</b>		<b>5.34</b>		<b>3.86%</b>

\*Q4FY15 Expense towards payment of terminal benefit to the erstwhile employees of the closed Chennai Plant

\*\* Includes dividend received from Nippon Leakless Talbros JV of Rs 72 lacs

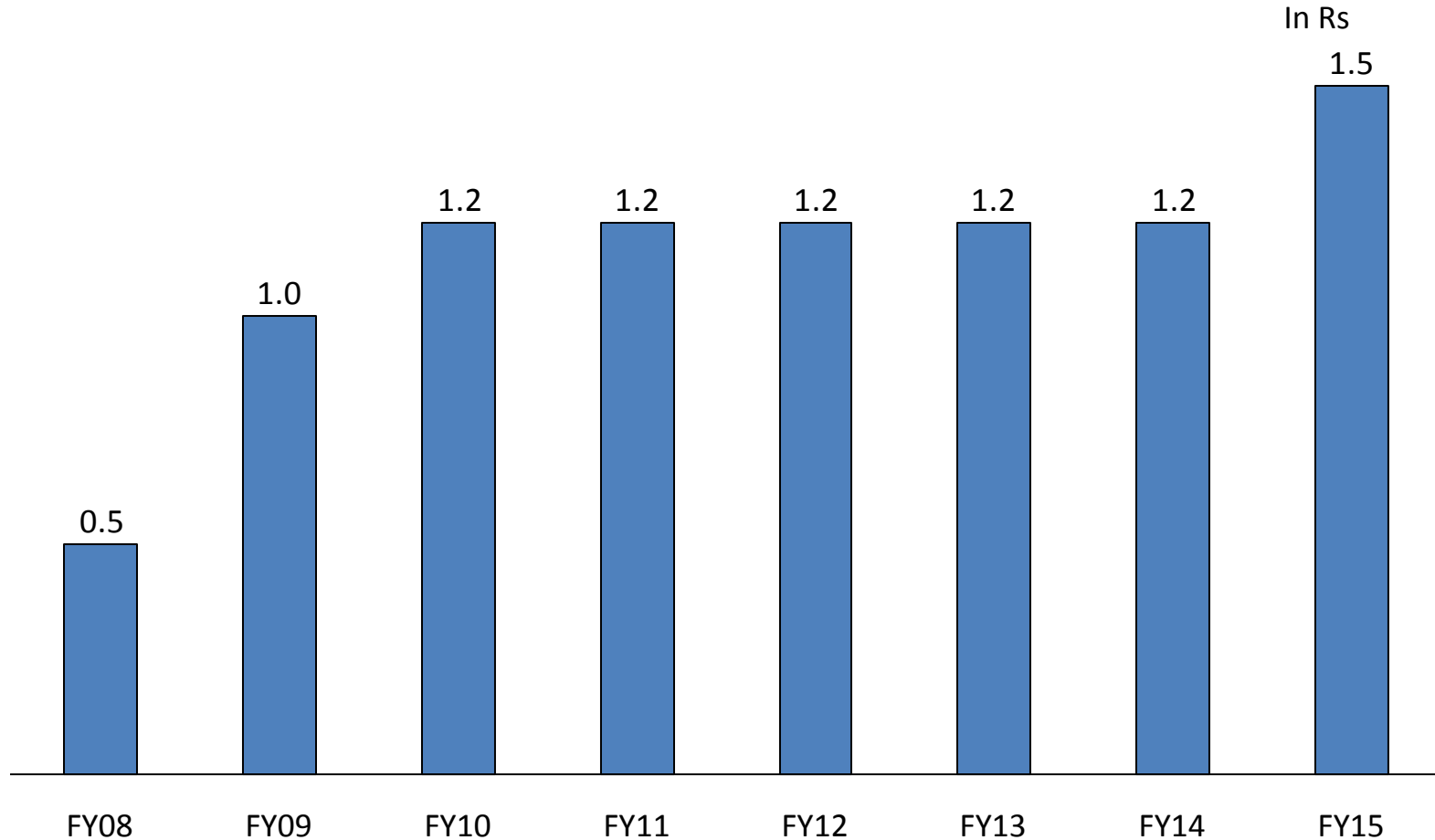
## Consolidated Balance Sheet

Rs. Cr	Mar15	Mar14
<b>Shareholders Fund</b>	<b>127.1</b>	<b>119.3</b>
Share Capital	12.3	12.3
Reserves & Surplus	114.8	106.9
<b>Total Non Current Liabilities</b>	<b>40.8</b>	<b>40.8</b>
Long Term Borrowings	31.8	30.9
Other Long Term Liabilities	9.0	9.8
<b>Total Current Liabilities</b>	<b>215.6</b>	<b>186.0</b>
Short Term Borrowings	85.1	77.2
Trade Payables	92.4	74.9
Other Current Liabilities	38.2	33.8
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>383.6</b>	<b>346.0</b>

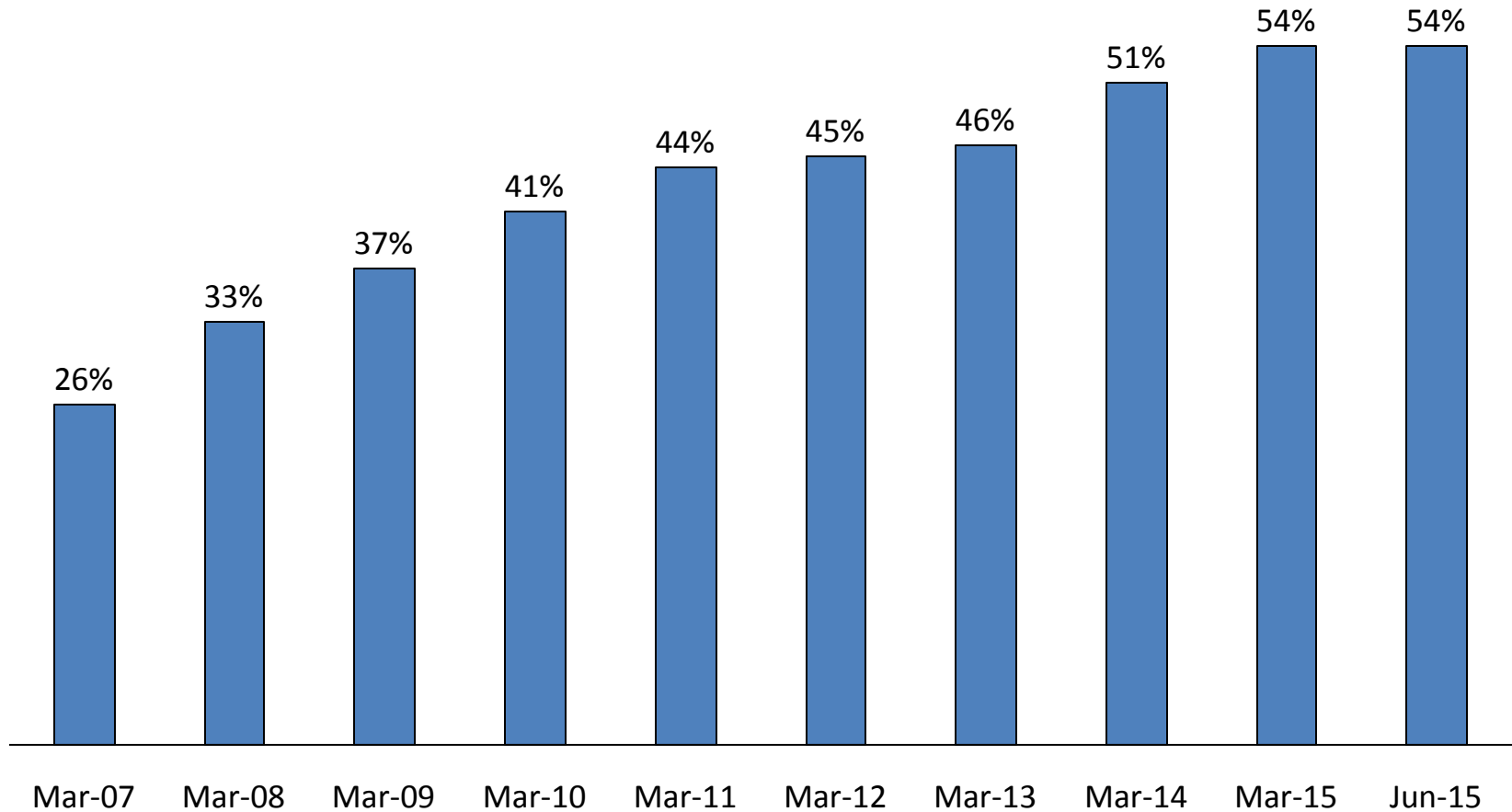
Rs. Cr	Mar15	Mar 14
<b>Total Non Current Assets</b>	<b>142.4</b>	<b>134.1</b>
Fixed Assets	123.4	118.2
Long Term loans & Advances	12.7	11.4
Other Non Current Assets	6.2	4.5
<b>Total Current Assets</b>	<b>241.2</b>	<b>211.9</b>
Inventories *	127.6	106.8
Trade Receivables	73.8	69.7
Cash & Cash Equivalents	10.2	8.0
Short Term loans & Advances	28.7	26.4
Other Current Assets	1.0	0.9
<b>TOTAL ASSETS</b>	<b>383.6</b>	<b>346.0</b>

\* Inventories include: Goods in Transit of Rs 9 Crs in FY15 and Rs 7.3 Crs in FY14  
Tools of Rs 16.2 Crs in FY15 and Rs 16.2 Crs in FY14

## Consistently paying Dividend for the last 50 years



## Promoter Shareholding



**For further information, please contact:**

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