

INVESTOR PRESENTATION

February 2018

Driving Future Leadership





Safe Harbour

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Business Confirmations & Strategy

Gaskets Standalone

New Orders:

- Cummins – USA & UK
- Zetor Tractors – Czech Republic
- A Non- Automotive conglomerate in Austria

Strategic Initiatives

- Installation of Post Coating Line, to rationalize raw material costs
- Strategic Raw material sourcing agreement with Interface Performance materials, USA to bring savings in operational costs, reduction in raw material inventory and working capital investments

Magnetti Marelli Talbros Chassis Systems Pvt Ltd (MMT)

- Order from Maruti Suzuki to supply Control Arm Assemblies for Front Suspension, with an Estimated Revenues of Rs. 24 crores p.a.
- Started Supplies for the order received from large European Car Manufacturer

Forgings Segment

- Started supplies for the order received from German Luxury car manufacturer

Talbros Marugo Rubber Pvt Ltd (TMR)

- Hoses division has witnessed improved volumes during the year from Maruti Suzuki
- To start supplying Hoses to Marugo Rubber, Japan



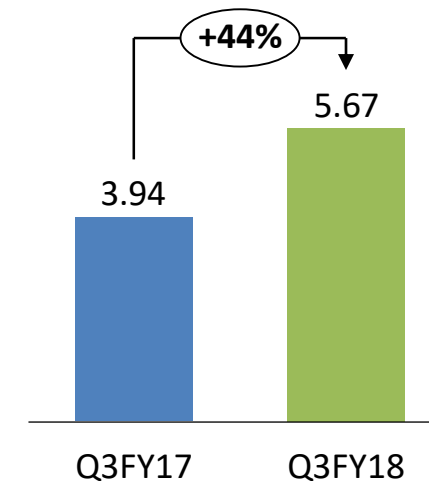
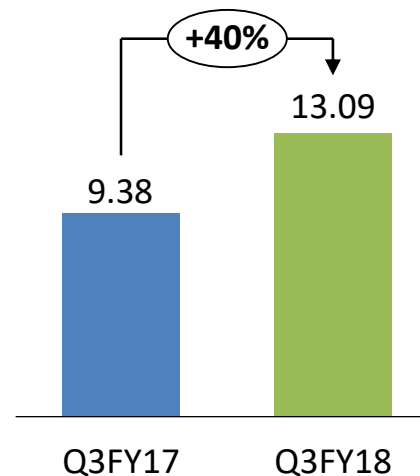
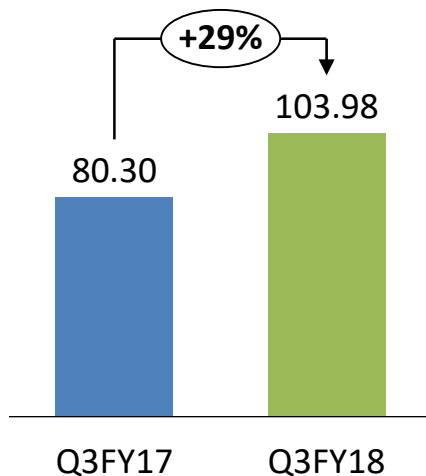
Q3 FY18 Performance Highlights

Total Income from Operations (Rs Crs)

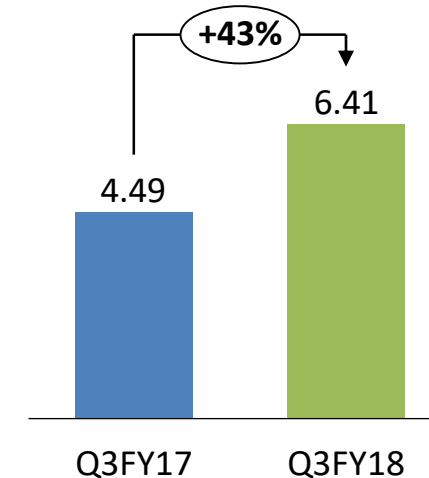
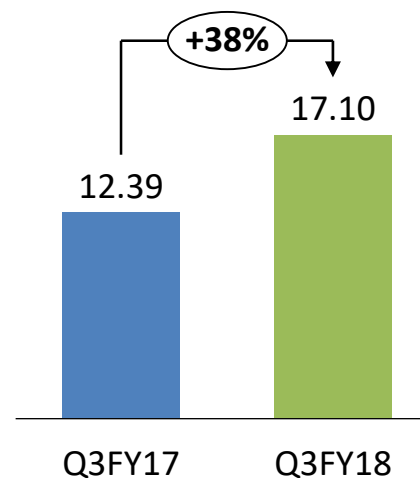
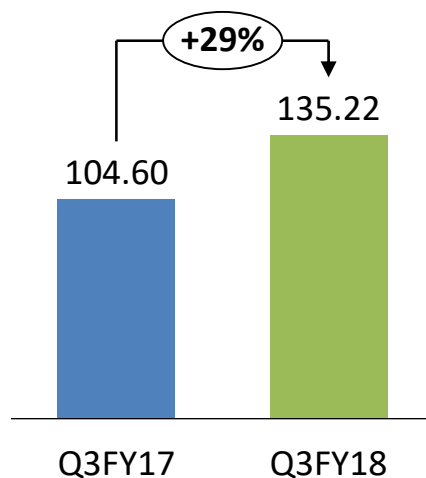
EBIDTA (Rs Crs)

Adjusted PAT (Rs Crs)

As per Ind AS



As per Indian GAAP





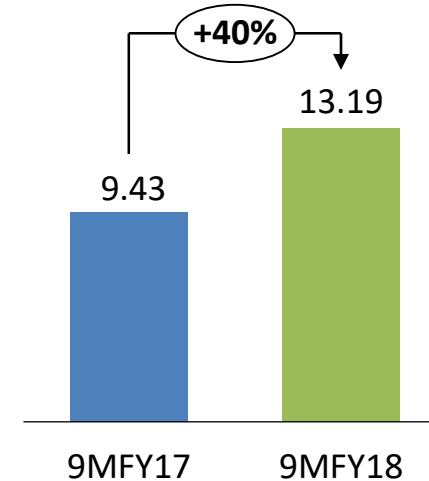
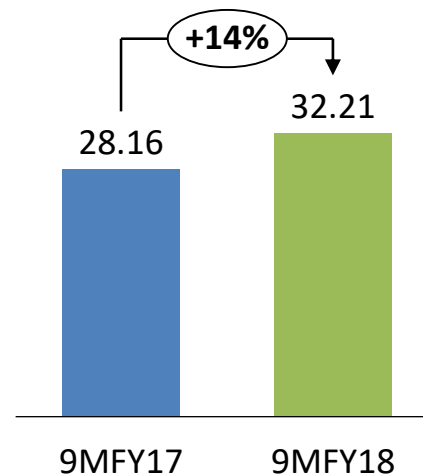
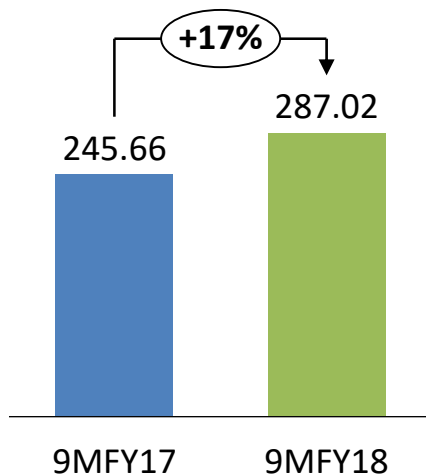
9M FY18 Performance Highlights

Total Income from Operations (Rs Crs)

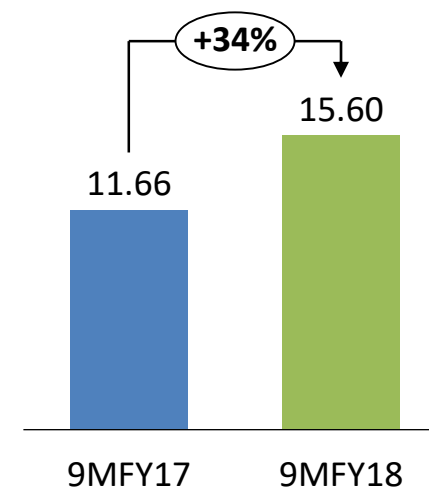
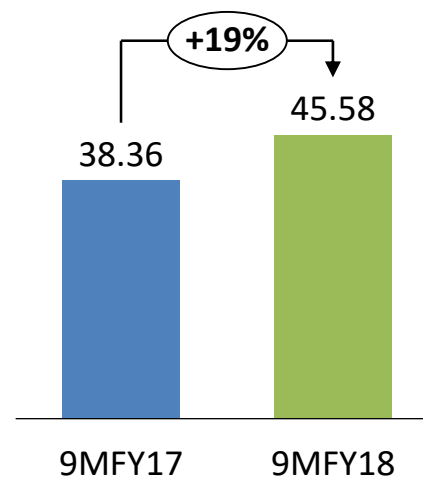
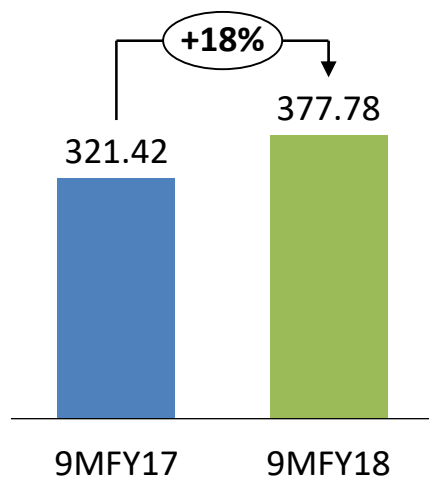
EBIDTA (Rs Crs)

Adjusted PAT* (Rs Crs)

As per Ind AS



As per Indian GAAP



*PAT adjusted for Exceptional Gain in Q2FY18



Vision 2020

Revenues*
Rs. 675 - 725
Crores

EBITDA
Margin*
13% - 14%

PAT*
Rs. 35 - 38
Crores

ROCE
20%+

- Favourable macro economic conditions likely to lead to sustainable uptick in demand
- Gaskets will continue to lead growth – Successful BS IV implementation
- Commencement of Shipment from recent order wins to European car manufacturers and other global OEM's
- Substantial increase in After Markets segment with implementation of GST
- Healthy order book of global and domestic auto majors in forgings division to lead growth with improved profitability
- Turnaround in hoses business
- Magneti Marelli Talbros JV, to increase scale and profitability
- Incremental growth to be supported without any major addition of Debt



Building the Path for Future Growth...

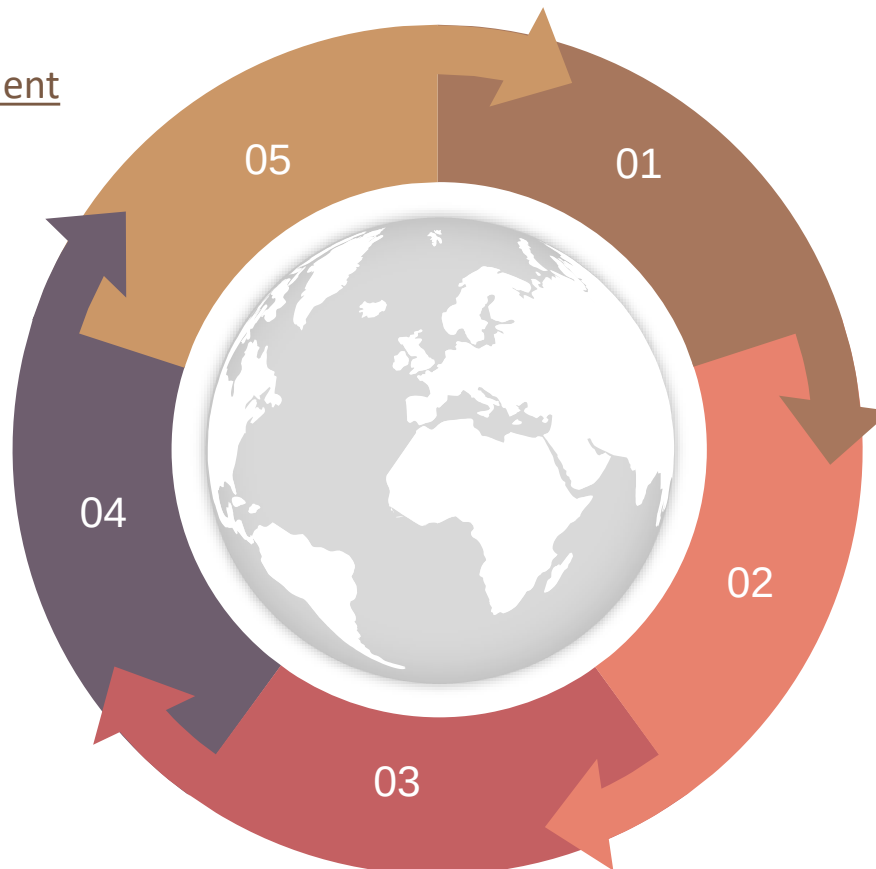
Overcoming Challenges

New Product Development

Investment in new product such as heat shields, Engine Mounts and Front Cross Member

Raw Material Cost

Large Dependence on imported material, leading to high working capital and forex risks



Investments in JV

- To grow in PV segment
- Investment in Magnetti Marelli for Control arms and Chassis Components
- Investment in Marugo rubber for hoses and anti vibration products
- Losses within the JV absorbed

Exports

- From dependence on European market for Forging, now expanding its India network
- In the Gasket Business, exploring newer markets

Power Cost

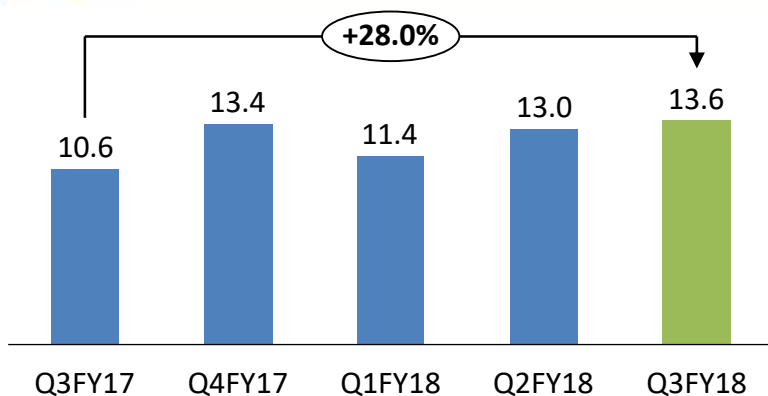
High Power cost, leading to erosion of margins within the forgings segment

...Changing Scenario...

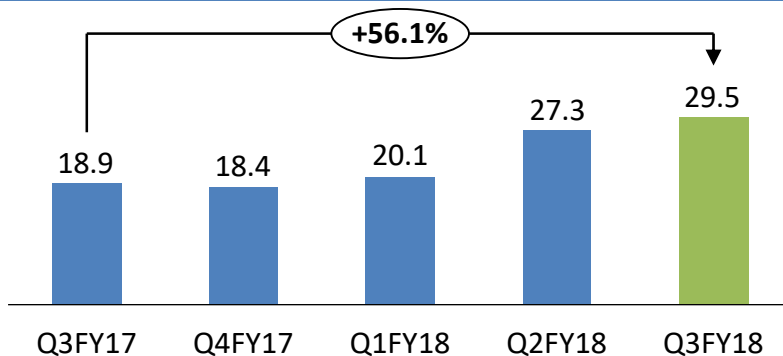
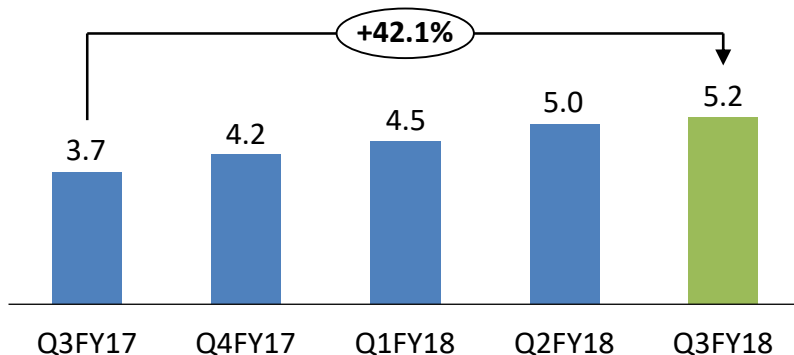


...Turnaround in New Joint Ventures & Forgings Business

Revenue (in Rs. Crores)



* Talbro's Share of JV
Revenue



Magnetti Marelli Talbro's Chassis Systems Pvt Ltd (MMT)

- Secured new orders from Maruti, Tata and reputed European Car Manufacturer
- Enjoying dominance with Maruti Suzuki for control arms assembly
- Targeting new OEMs in India and abroad

Talbro's Marugo Rubber Pvt Ltd (TMR)

- Expansion of business with Tata Motors and SML Isuzu
- Increase in buyback of product by the JV partner – Marugo Rubber
- Profitability improved in Antivibration Business
- Hoses in the period of stabilisation

Forgings Segment

- Increasing share of Domestic Customers
- New orders from Amul Industries, Volvo Eicher, GKN and a German luxury car manufacturer
- Power cost now favorable for competitive bidding
- Value addition / heavy products



...Value Unlocking

Higher per vehicle realization
within the OEM space

Cost Optimization

Export Opportunities

Focus Area:

JV's have added new products
to the offerings for the OEM's

Heat Shield's contribution to
raise with the upcoming BSVI
norms



Emphasis on localization of
raw material through use of
post coated technology with
cost benefits

Reduced power cost within the
forgings segment have
significantly added to
profitability



Fully Asbestos free
manufacturing facilities – to
provide opportunity for
exports to the global OEM's

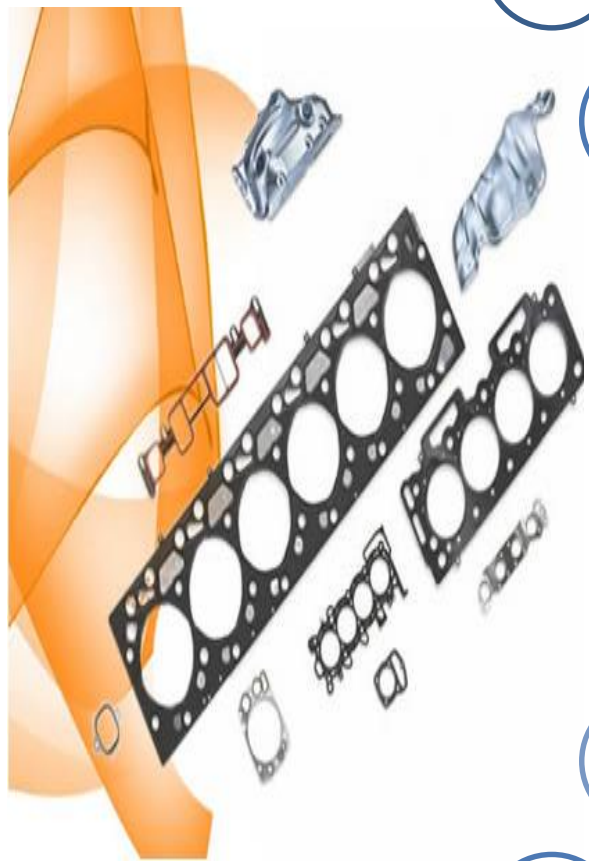


Leading to Performance

- Improvement higher sales growth
- Margin expansion
- Gain in market share



About Us



Over **6 Decades** of experience in Auto Component manufacturing

Diversified Auto Component player with presence *across Two Wheelers, Passenger, Commercial Vehicles and Farm Equipment's*

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

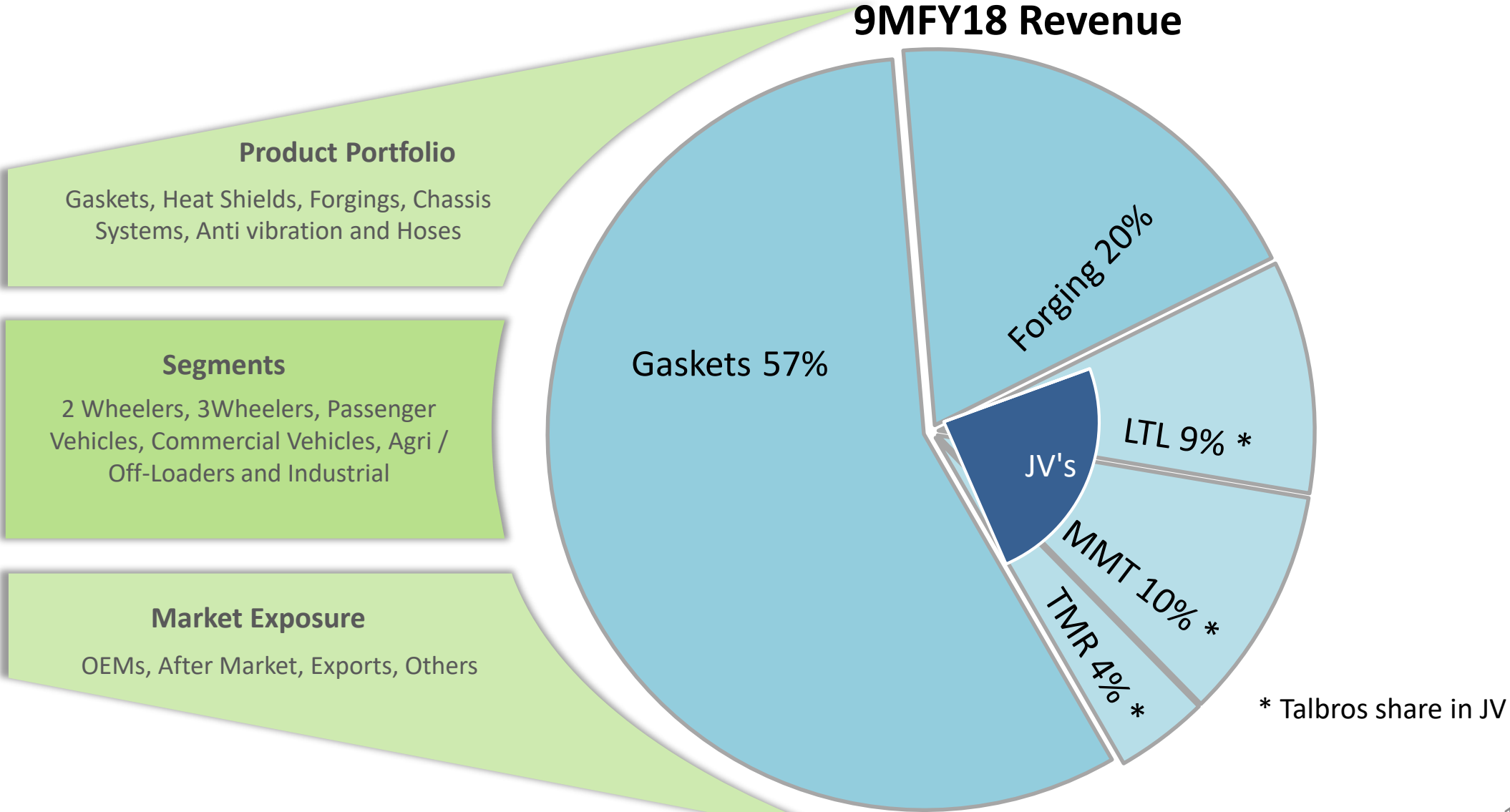
Diversified Portfolio - *Gaskets, Forgings, Suspension Systems, Anti-vibration Products & Hoses*

Consistent *Dividend Pay-out over 50 years*

One of the Most Hedged Auto Component Players



Diversified Portfolio





Growth Strategy



Strong Global Partnerships - Joint Ventures



Nippon Leakless Talbros Pvt Ltd (NLK)

- **Nippon Leakless Corporation** (Japan)
 - ✓ One of the largest global manufacturers of gaskets and a major Supplier for **Honda**
- Established in 2005 with 40% Talbros Share
- 100% Sales to OEMs to Honda and Hero



*Magnetti Marelli Talbros Chassis
Systems Pvt Ltd (MMT)*

- **Magneti Marelli S.p.a** (Milano)
 - ✓ A Fiat group company with annual revenue of over € 6 Billion
- 50:50 partnership commenced production in April 2012
- 100% Sales to OEMs
- Significant share of Control Arms business from Maruti Suzuki and Tata



Talbros Marugo Rubber Pvt Ltd (TMR)

- **Marugo Rubber Industries Ltd** (Japan)
 - ✓ Global leader in supply of **Anti-Vibration Product and Hoses**
- **50:50** partnership commenced production in February 2013
- 100% Sales to OEMs predominantly Maruti Suzuki



Strong Tailwinds...

Stricter environmental Norms

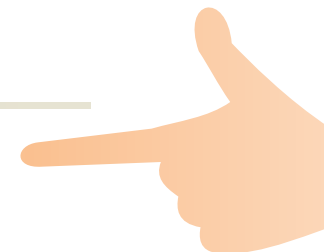
- BS-VI expected implementation by 2020
- Developing new products such as **Heat Shields** under Technical Licensing Agreement with **SANWA Packaging**



Jump towards BS VI

Huge Potential of Indian Passenger Vehicles Segment

- India's low vehicle penetration (32 vehicles per 1000 people in 2015) making it one of the world's most attractive auto markets
- India's PV segment is expected to grow to > 48 mn vehicles by 2020



Joint Ventures increasing exposure in PV Segment

Tie-ups with leading component suppliers of the Globe

- India becoming a hub for Global OEMs for sourcing and manufacturing



Access to Global Technology

Increasing Government Thrust

- India's projected production is ~8.7mn PVs per year by 2020
- MNC's including (**Ford**, Hyundai, Toyota, GM, and Honda) are in the process of building facilities in India



Make In India

Increasing Investments by Global Manufacturers

- Global car manufacturers plan to leverage India's competitive advantage to set up export-oriented production hubs

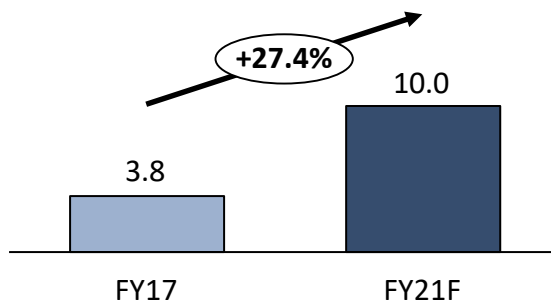


Exports

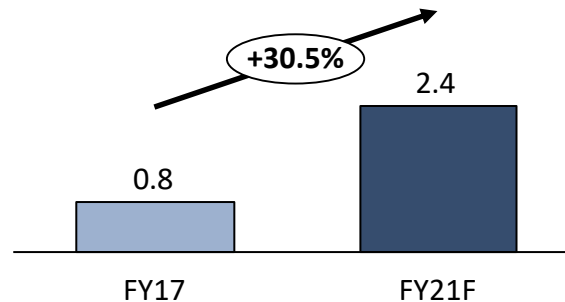


The Automotive Opportunities

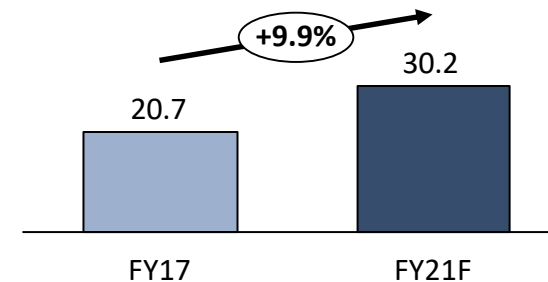
Million Units



Passenger Vehicles



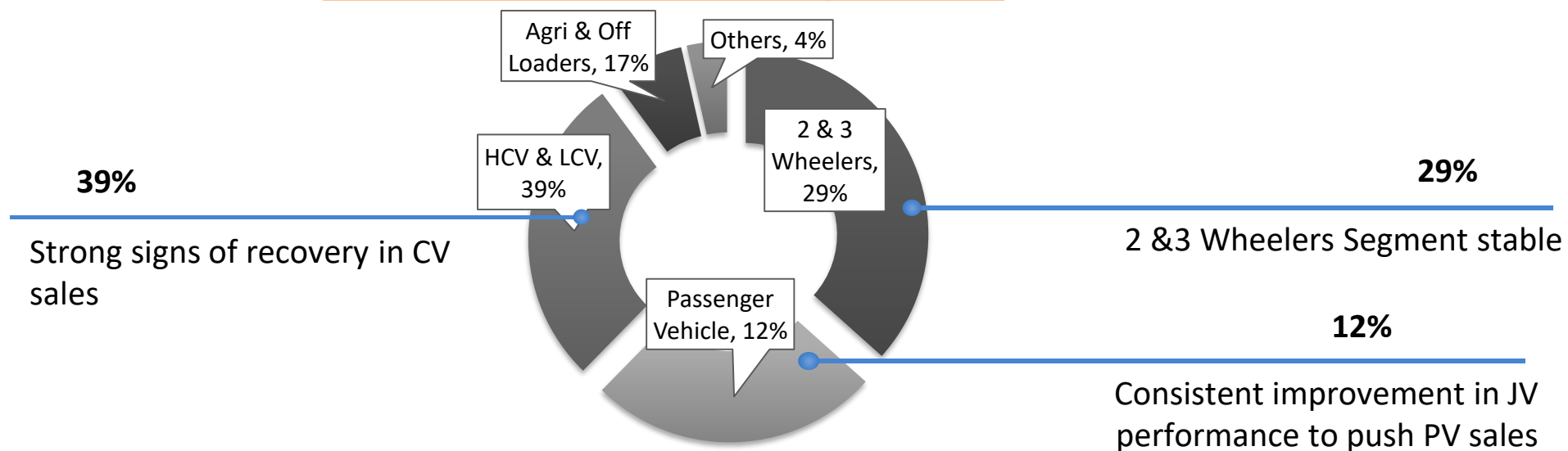
Commercial Vehicles



2W & 3W Vehicles

Source: IBEF

TACL: Domestic Sales Break up 9MFY18





Leadership Team to drive Growth



**Joint Managing
Director**

Anuj Talwar

Is a Bachelor in Business Administration from college of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management. He has been associated with the Company since 2008. He has over 10 years of rich experience in the Corporate Finance, Credit analysis ,Auto Industry and M&A.



**Director &
Group CFO**

Navin Juneja

Is a B.Sc. (Mathematics) and Chartered Accountant (FCA). He is working as Finance Head of Talbro's Group as its Group CFO. He also advises various companies on financial management and corporate planning. He has more than 30 years of rich experience in Finance, Accounting and Strategic Planning.

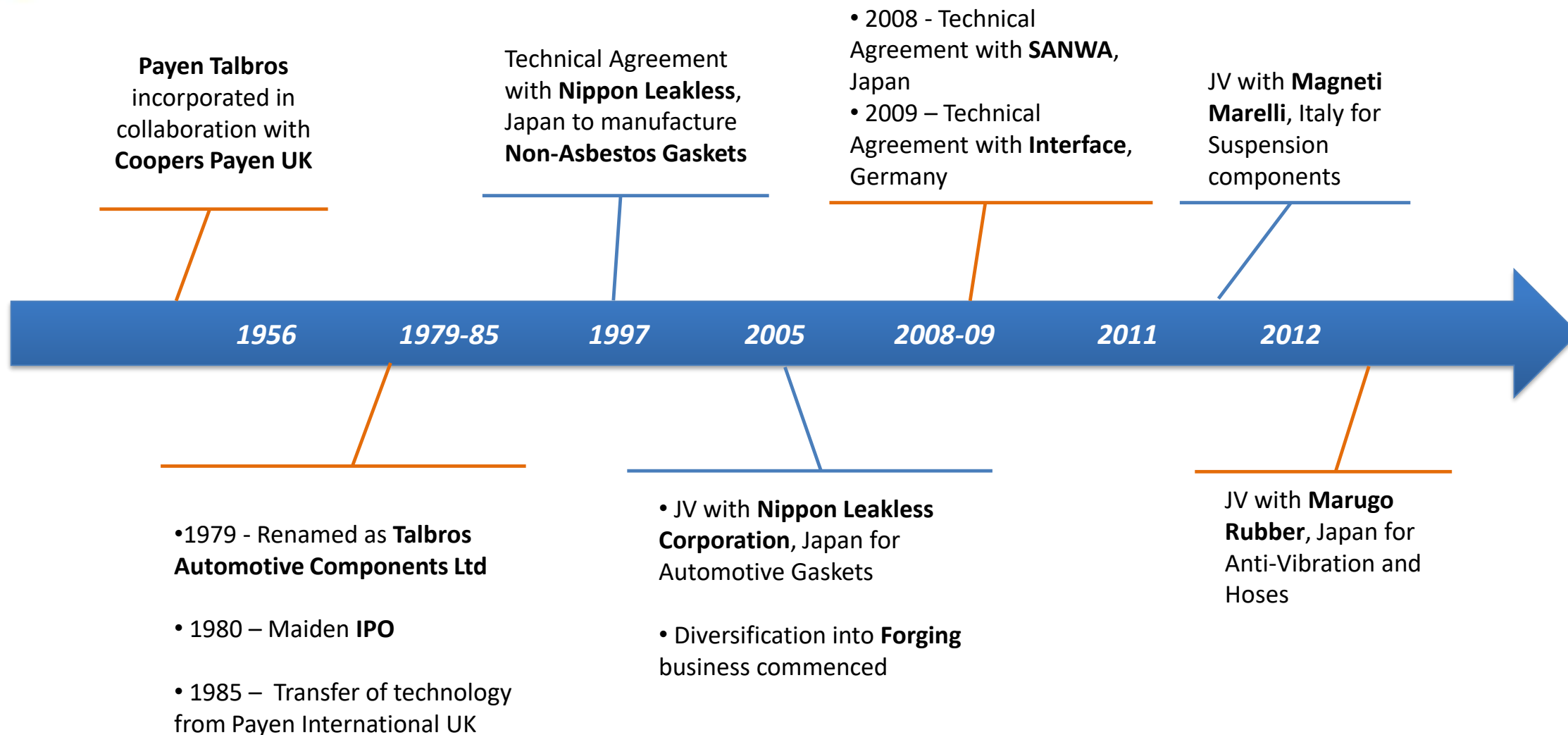
Business Overview



Business Overview



Key Milestones





Board of Directors



Mr Naresh Talwar
Chairman



Mr Umesh Talwar
Vice Chairman & MD



Mr Varun Talwar
Joint Managing
Director



Mr Anuj Talwar
Joint Managing
Director



Mr Navin Juneja
Director



Mr Vidur Talwar
Non Executive



Mr Rajive Swahney
Independent Director



Mr V Mohan
Independent Director



Mr Amit Burman
Independent Director



Mr R R Vederah
Independent Director



**Ms. Pallavi Sadanand
Poojan**
Independent Director



Mr Anil Kumar Mehra
Independent Director



Executive Management

Mr. Manish Khanna

Chief Financial Officer

A Qualified CA and MBA, he has over 17 years of experience with LeeBoy India Constructions, Doosan Infracore, Escorts Construction Equipment and Amforge Industries

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. Suresh Sharma

Vice President Operations – Gaskets Division

He is an engineer and MBA (Operations). He has over 25 years of experience in the Auto Components sector and has worked with Munjal Showa, Endurance, JBM Auto and Omax Auto

Mr. Basavaraj R Patil

President – Forging Division

Has worked with Bharat Forge, Ramkrishna Forgings and CFT team at QH Talbros

Mr. Yutaka Ota

Managing Director – Nippon Leakless Talbros Pvt. Ltd

He holds BE degree from Tokyo and has experience of 25 years working in the Gasket Industry

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. Inoue San

Managing Director – Talbros Marugo Rubber Pvt. Ltd

He is an Engineer and has an experience of over 30 years and has worked as DGM-Vibration Control Development Section with Marugo Rubber Industries Ltd

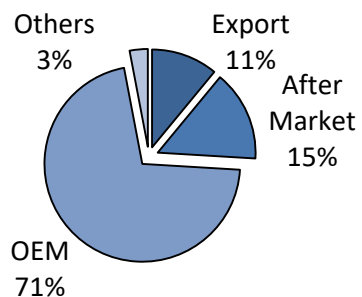


Standalone

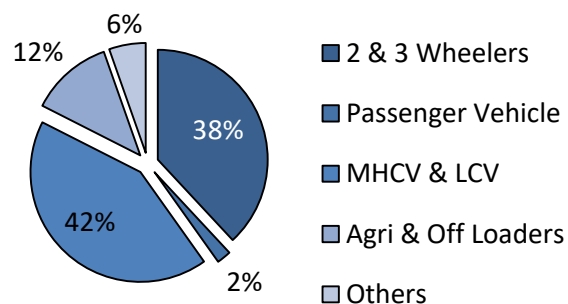
Gaskets

- 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
- Revenue for **9MFY18 stood at Rs 210 Cr**

9MFY18 Revenue Rs 210 Crores



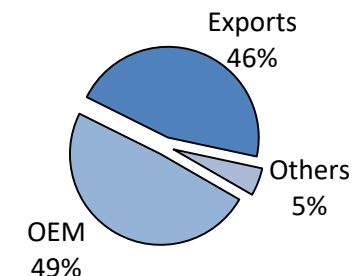
9MFY18 OEM Breakup



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
- **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
- Revenue for **9MFY18 stood at Rs 75 Cr**

9MFY18 Revenue Rs 75 Crores





Products - Various Types and Shapes

Gaskets

Multi Layer Steel



Exhaust Manifold



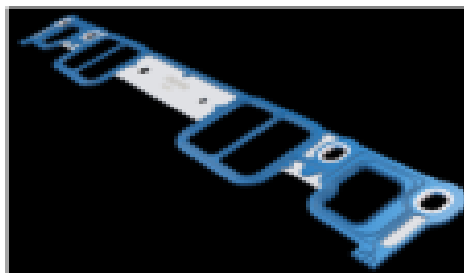
Heat Shield



Rubber Molded



Edge Molded



Cylinder Head



Forgings

King Pins



Gear Blanks



Housing and Yoke Shafts





Joint Ventures

Nippon Leakless Talbros Pvt Ltd

Magnetti Marelli Talbros Chassis Systems Pvt Ltd

Talbros Marugo Rubber Pvt Ltd

Products

Gaskets

Control Arms, Front Axle and Rear Axle

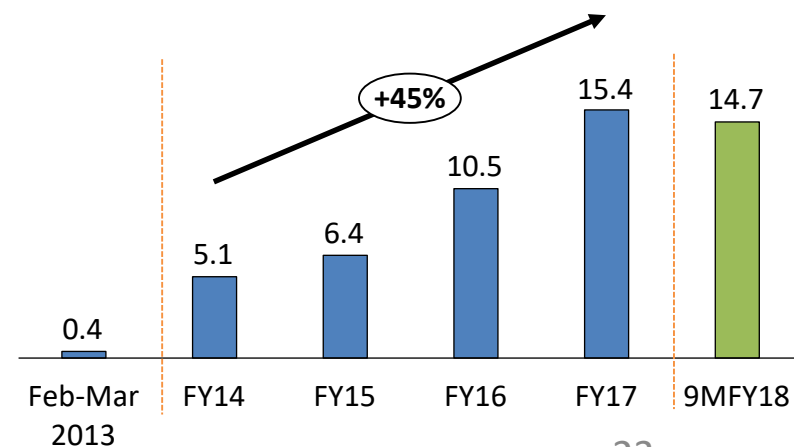
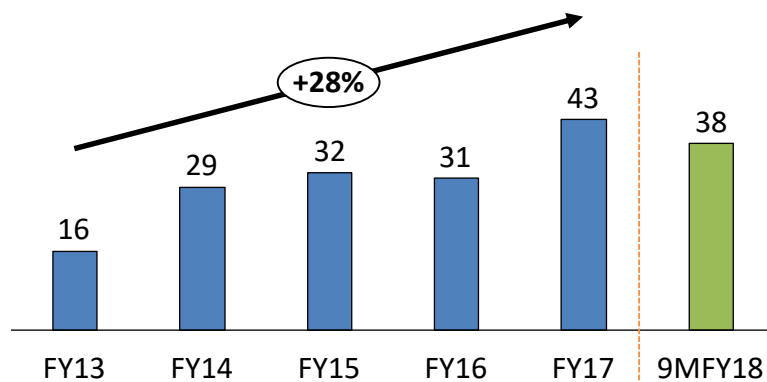
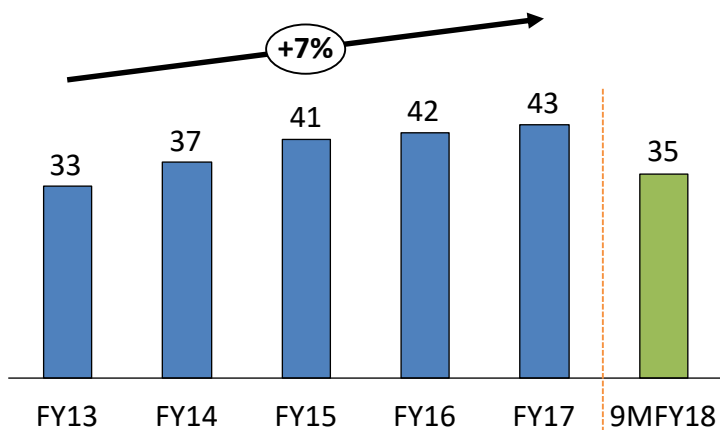
Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

Customers

Hero Motor Corp, HMSI, India Yamaha, Honda Car India, Maruti Suzuki, Honda Siel Power Products

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

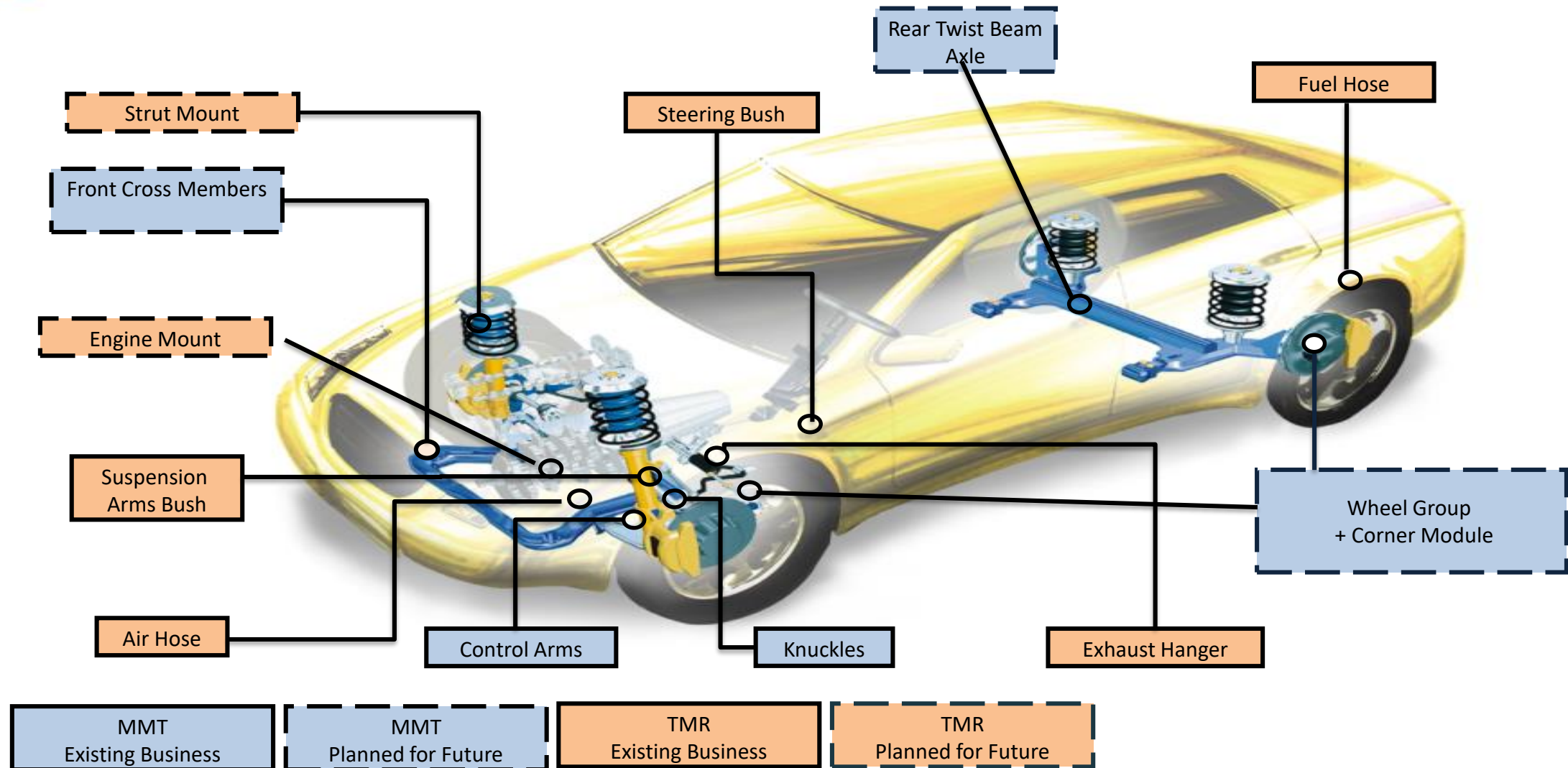
Maruti Suzuki, QH Talbros, Endurance Technologies, Rane (Madras) Ltd, Escort India, TATA



* Talbros Share of JV Revenue in Rs Crores

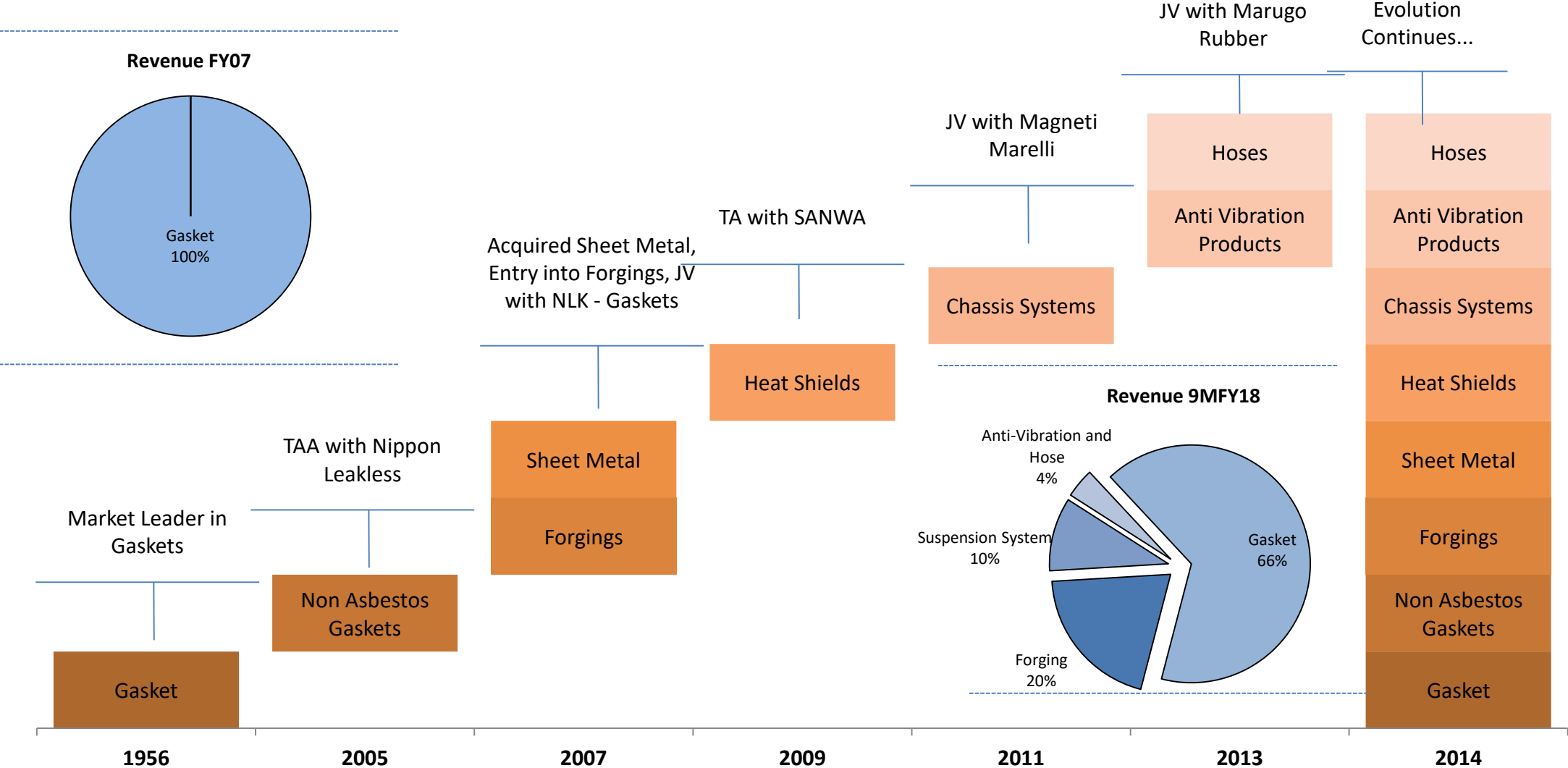


Scope of Joint Ventures





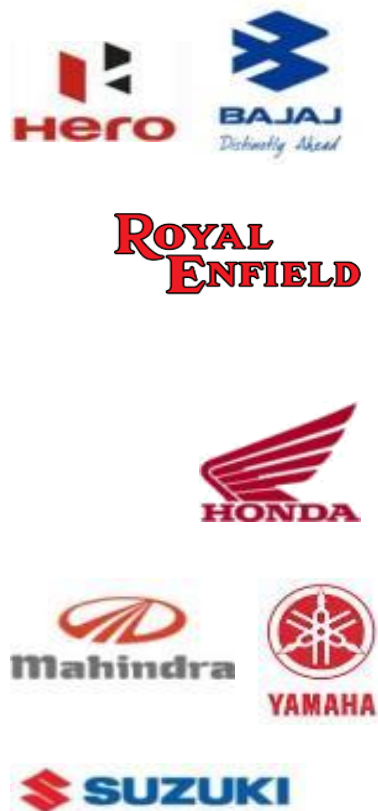
Evolving Product Portfolio





Diversified Customer - OEM

2 Wheeler



Passenger



HCV/LCV



Agri & Off Loader



Exports



Hedged customer base, 40% revenue from top 5 customers



Manufacturing Facilities



Financial Highlights



Financial Highlights



Consolidated P & L Statement

Particulars (Rs. In Crs)	Q3 FY18	Q3 FY17	Y-o-Y	9M FY18	9M FY17	Y-o-Y
Revenue (Net of Excise)	131.93	102.42	28.81%	371.48	315.71	17.66%
Other Income	3.28	2.18		6.30	5.70	
Total Income from Operations	135.22	104.60		377.78	321.42	
Raw Material	75.62	56.86		213.44	177.39	
Employee Cost	16.64	14.13		46.98	42.62	
Other Expenses	25.84	21.21		71.78	63.04	
EBITDA	17.10	12.39	38.08%	45.58	38.36	18.81%
EBITDA Margin	12.65%	11.84%		12.07%	11.94%	
Finance Cost	3.74	4.11		10.95	12.49	
Depreciation	4.02	3.58		12.33	11.32	
Profit before Tax	9.34	4.69	99.00%	22.30	14.56	53.17%
Tax	2.93	0.21		6.70	2.89	
Adjusted PAT	6.41	4.49	42.94%	15.60	11.66	33.73%
Adjusted PAT Margin %	4.74%	4.29%		4.13%	3.63%	
Exceptional Item (Gain) / Loss	0.00	0.00		2.16	0.00	
PAT	6.41	4.49	42.94%	17.75	11.66	52.23%
PAT Margin %	4.74%	4.29%		4.70%	3.63%	



Consolidated Balance Sheet

Rs. In Crs	Sep-17	Mar-17
Total Shareholders' Fund	151.67	141.91
Share Capital	12.35	12.35
Reserves and Surplus	139.32	129.57
Total Non Current Liabilities	30.39	27.91
Long Term Borrowings	22.19	20.34
Deferred Tax Liabilities (Net)	4.39	4.10
Other Long Term Liabilities	0.22	0.11
Long Term Provisions	3.59	3.36
Total Current Liabilities	268.76	234.09
Short Term Borrowings	94.62	86.78
Trade Payable	142.42	114.37
Other Current Liabilities	28.50	29.62
Short Term Provisions	3.22	3.32
Total - Equity and Liabilities	450.82	403.91

Rs. In Crs	Sep-17	Mar-17
Total Non Current Assets	169.97	167.61
Fixed Assets	150.37	147.96
Non Current Investments	7.96	8.06
Long Term Loans and Advances	10.99	11.01
Other Non Current Assets	0.65	0.57
Total Current Assets	280.84	236.30
Inventories	113.31	111.44
Trade Receivables	122.65	90.28
Cash and Bank Balances	17.26	12.50
Short Term Loans and Advances	26.75	20.80
Other Current Assets	0.88	1.28
Total - Assets	450.82	403.91



Consolidated P & L Statement

Particulars (Rs. In Crs)	Q3 FY18	Q3 FY17	Y-o-Y	9M FY18	9M FY17	Y-o-Y
Revenue (Net of Excise)	101.99	78.53	29.86%	282.81	241.89	16.92%
Other Income	1.99	1.77		4.21	3.68	
Total Income from Operations	103.98	80.30		287.02	245.56	
Raw Material	57.99	42.85		159.52	132.77	
Employee Cost	13.29	11.61		38.28	35.42	
Other Expenses	19.61	16.46		57.01	49.21	
EBITDA	13.09	9.38	39.55%	32.21	28.16	14.35%
EBITDA Margin	12.59%	11.68%		11.22%	11.47%	
Depreciation	3.32	2.84		10.14	9.20	
Finance Cost	3.53	3.97		10.41	11.77	
Profit before share of profit/loss from JVs	6.23	2.56		11.66	7.20	
Share of Profit from JVs	1.49	1.07		5.26	3.29	
Profit before Tax before Exceptional Items	7.72	3.64	112.11%	16.92	10.48	61.41%
Tax	2.05	-0.30		3.74	1.06	
Adjusted PAT	5.67	3.94	44.07%	13.19	9.43	39.89%
Adjusted PAT Margin %	5.45%	4.90%		4.59%	3.84%	
Exceptional Items	0.00	0.00		2.16	0.00	
Other Comprehensive Income	3.92	-0.36		5.36	1.68	
Total Comprehensive Income	9.59	3.58	167.74%	20.71	11.11	86.36%
TCI Margin %	9.22%	4.46%		7.21%	4.52%	



Consolidated Balance Sheet

Rs. In Crs	Sep-17
Total Shareholders' Fund	160.84
Equity Share Capital	12.35
Other Equity	148.49
Total Non Current Liabilities	26.40
Financial Liabilities	
Borrowings	18.09
Other Financial Liabilities	0.15
Provisions	3.19
Deferred Tax Liabilities (Net)	4.92
Other Non Current Liabilities	0.05
Total Current Liabilities	242.77
Financial Liabilities	
Borrowings	96.43
Trade Payables	118.85
Other Financial Liabilities	16.18
Other Current Liabilities	7.81
Provisions	3.19
Current Tax Liabilities	0.32
Total - Equity and Liabilities	430.01

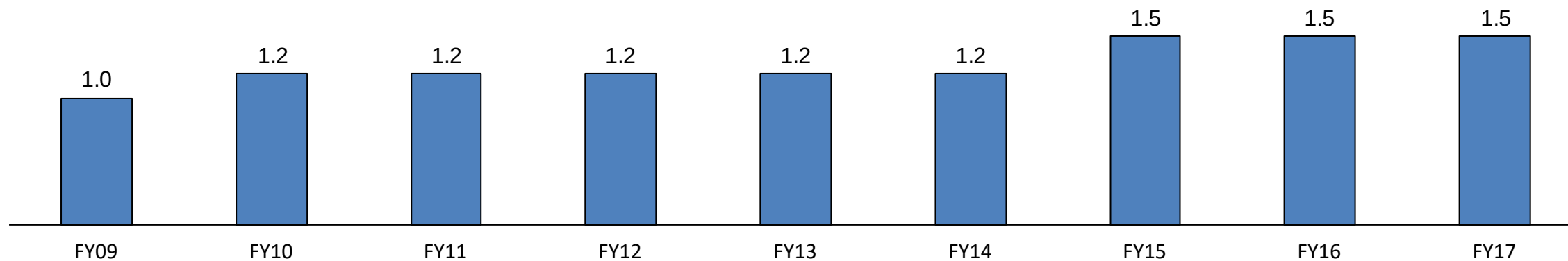
Rs. In Crs	Sep-17
Total Non Current Assets	182.46
Property Plant & Equipment	116.80
Capital Work in Progress	1.22
Investment Properties	3.02
Intangible Assets	0.44
Intangible Assets Under Development	0.66
Investments accounted using Equity Method	31.65
Financial Assets	
Investments	24.59
Loans	1.51
Other Financial Assets	0.65
Other Non Current Assets	1.90
Total Current Assets	247.55
Inventories	102.12
Financial Assets	
Trade Receivables	110.46
Cash and Cash Equivalents	4.66
Other Bank Balances	4.20
Loans	5.52
Other Financial Assets	1.51
Other Current Assets	19.08
Total - Assets	430.01



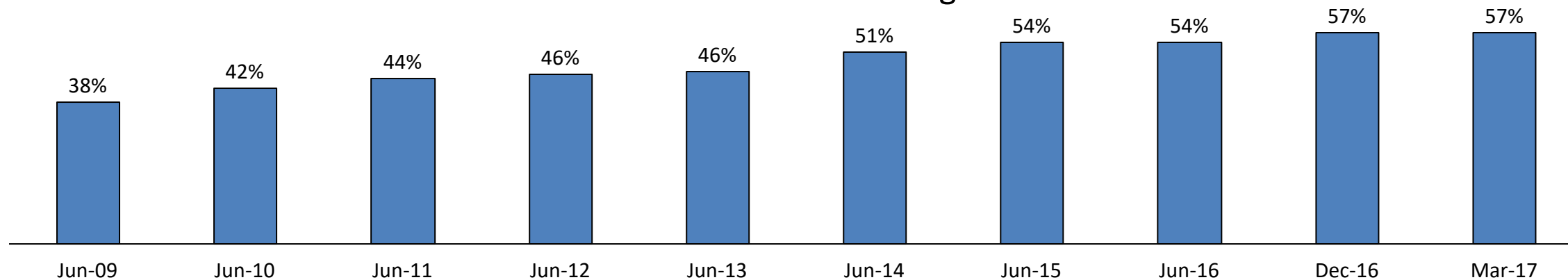
Equity

Consistently paying Dividend for the last 50 years

In Rs



Promoter Shareholding





For further information, please contact:

Company :

Investor Relations Advisors :

Talbro's Automotive Components Ltd.
CIN: L29199HR1956PLC033107

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285

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