

INVESTOR PRESENTATION

November 2017

*Driving Future Leadership*





## Safe Harbor

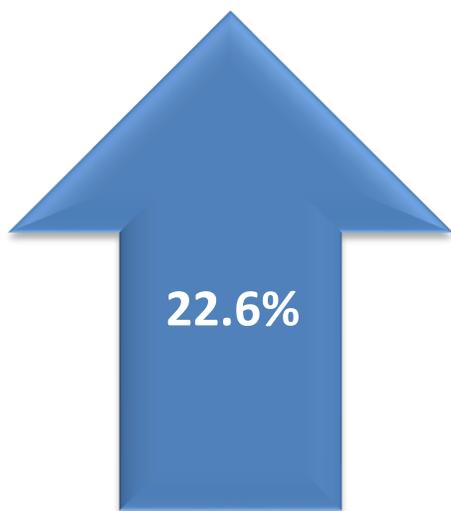
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## Q2 FY18 Performance Highlights



**Revenue**  
**Rs. 132.9 Cr**



**EBITDA**  
**Rs. 16.01 Cr**

**Margin – 12.0%**



**PAT<sup>^</sup>**  
**Rs. 5.8 Cr**

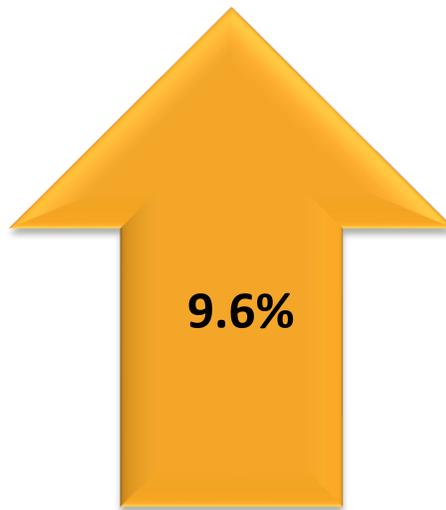
**Margin – 4.4%**



## H1 FY18 Performance Highlights

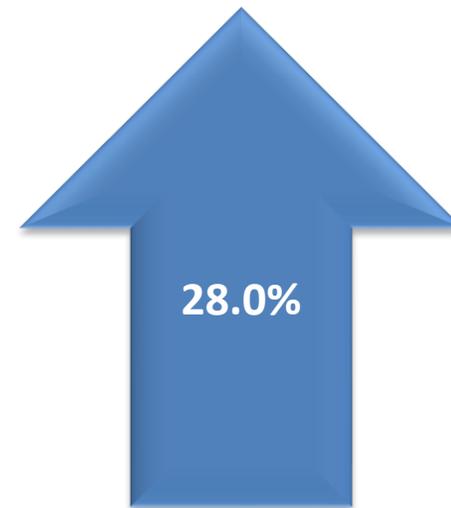


**Revenue**  
**Rs. 242.9 Cr**



**EBITDA**  
**Rs. 28.5 Cr**

**Margin – 11.7%**



**PAT<sup>^</sup>**  
**Rs. 9.2 Cr**

**Margin – 3.8%**



## Vision 2020

**Revenues\***  
**Rs. 675 - 725**  
**Crores**

**EBITDA**  
**Margin\***  
**13% - 14%**

**PAT\***  
**Rs. 35 - 38**  
**Crores**

**ROCE**  
**20%+**

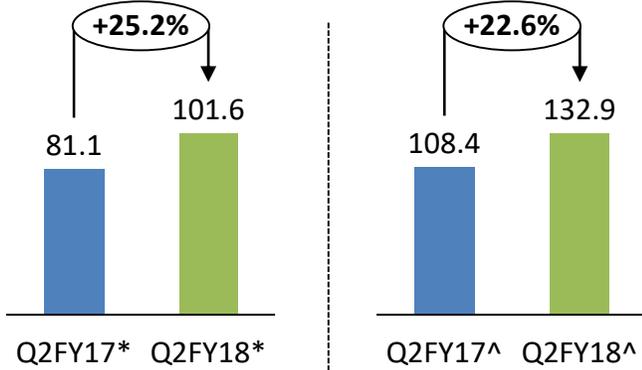
- Favourable macro economic conditions likely to lead to sustainable uptick in demand
- Gaskets will continue to lead growth – Successful BS IV implementation
- Commencement of Shipment from recent order wins to European car manufacturers and other global OEM's
- Substantial increase in After Markets 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 Talbro's JV, to increase scale and profitability
- Incremental growth to be supported without any major addition of Debt



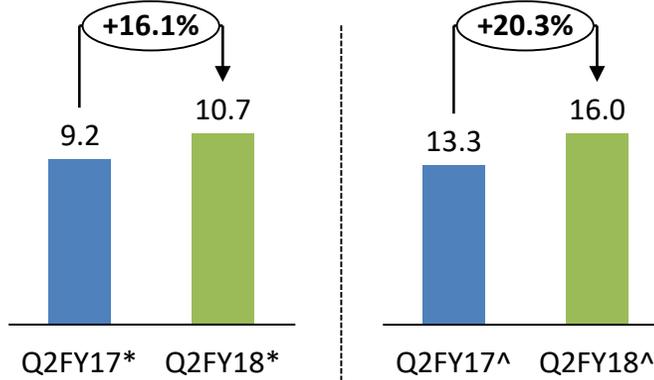
# Quarterly Highlights

Total Income from Operations (Rs Crs)

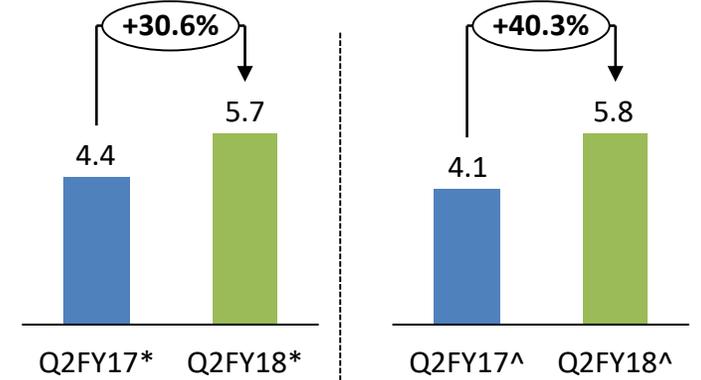
Y-O-Y



EBIDTA (Rs Crs)

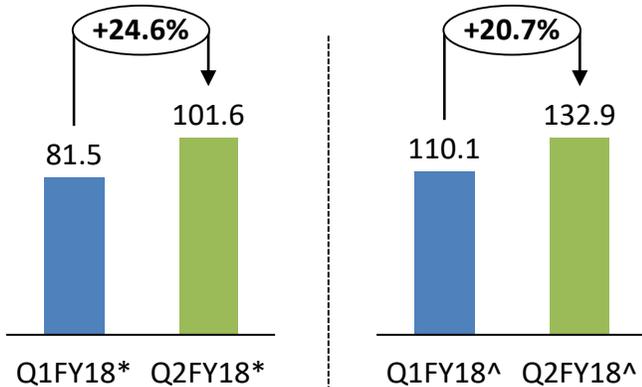


TCI / PAT# (Rs Crs)

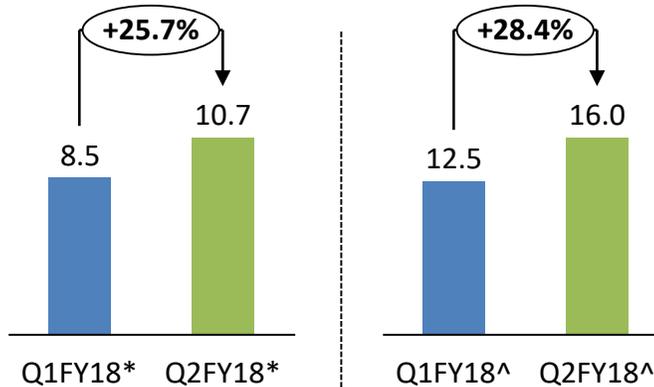


Total Income from Operations (Rs Crs)

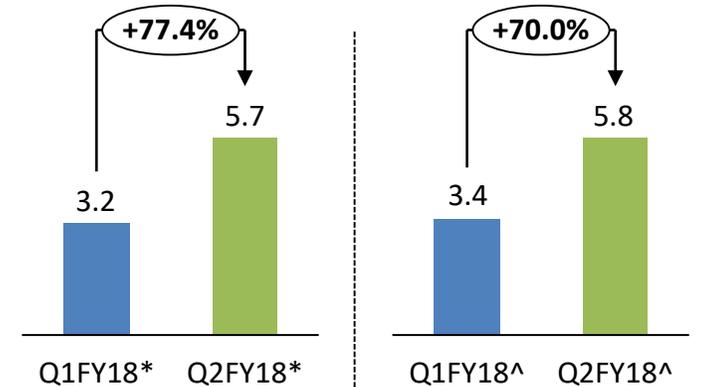
Q-O-Q



EBIDTA (Rs Crs)



TCI / PAT# (Rs Crs)



We are witnessing a strong recovery post GST implementation and are confident of achieving our targets for FY18

\* As per IND AS

^ As per Indian GAAP

# PAT adjusted for Exceptional Gain in Q2FY18



# Building the Path for Future Growth...

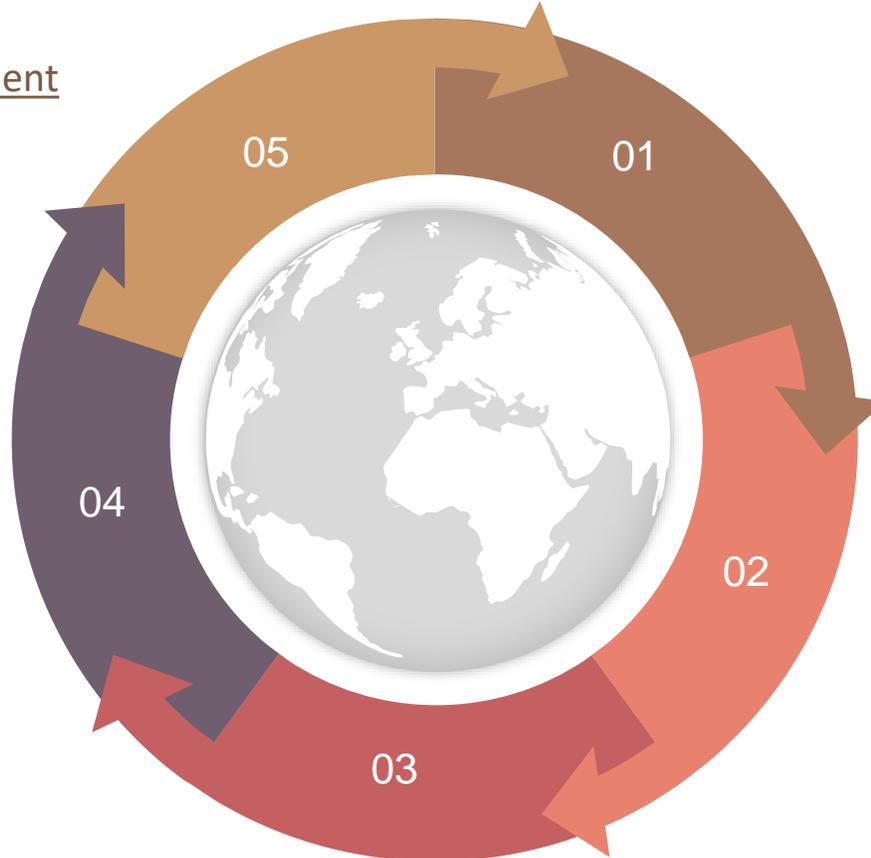
## Overcoming Challenges

### 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



### Power Cost

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

### 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

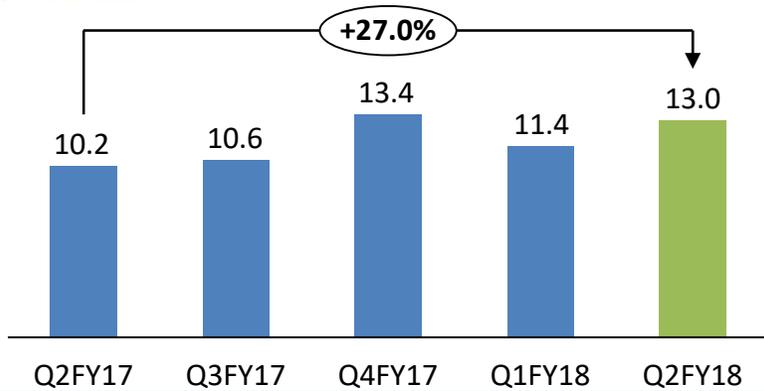
- From dependence on European market for Forging, now expanding its India network
- In the Gasket Business, exploring newer markets

## ...Changing Scenario...

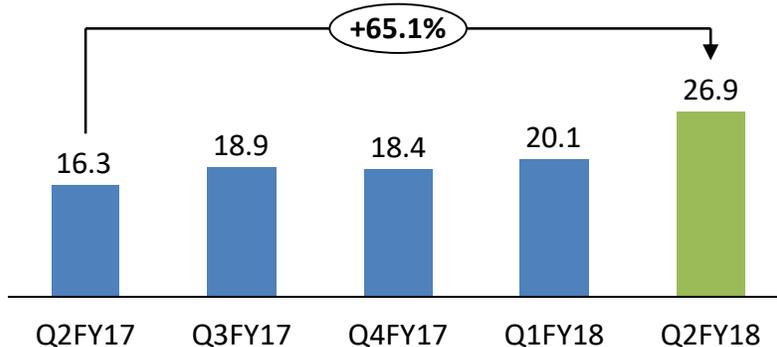
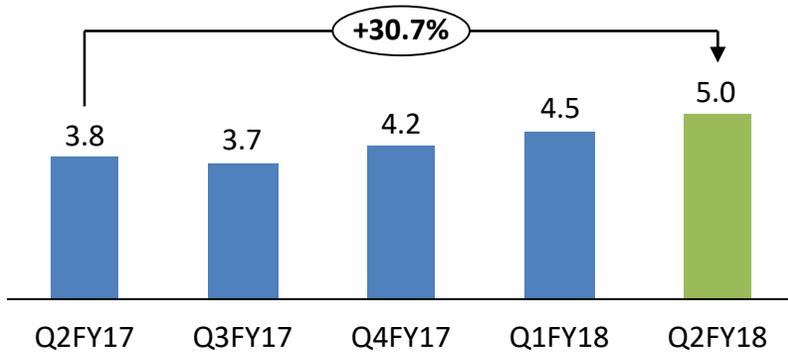


## ...Turnaround in New Joint Ventures & Forgings Business

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

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

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



Cost Optimization

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



Export Opportunities

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



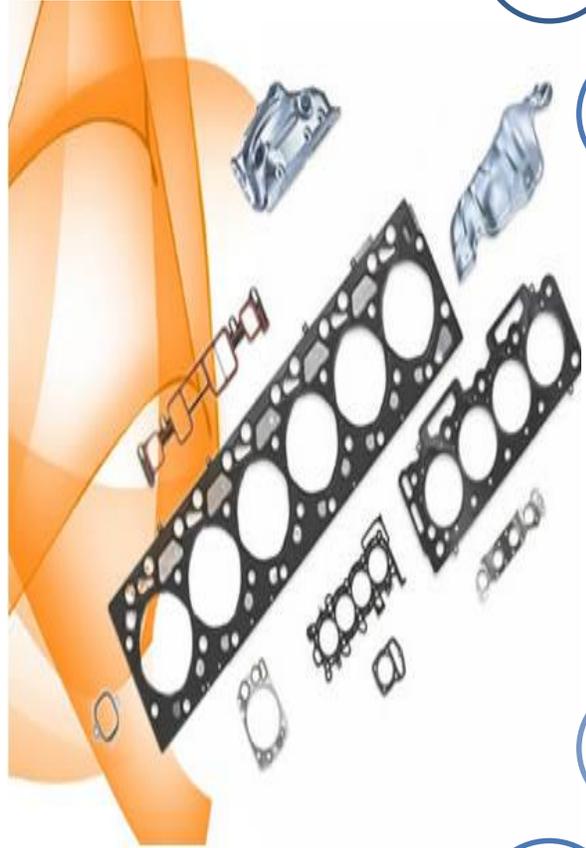
Focus Area:

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*



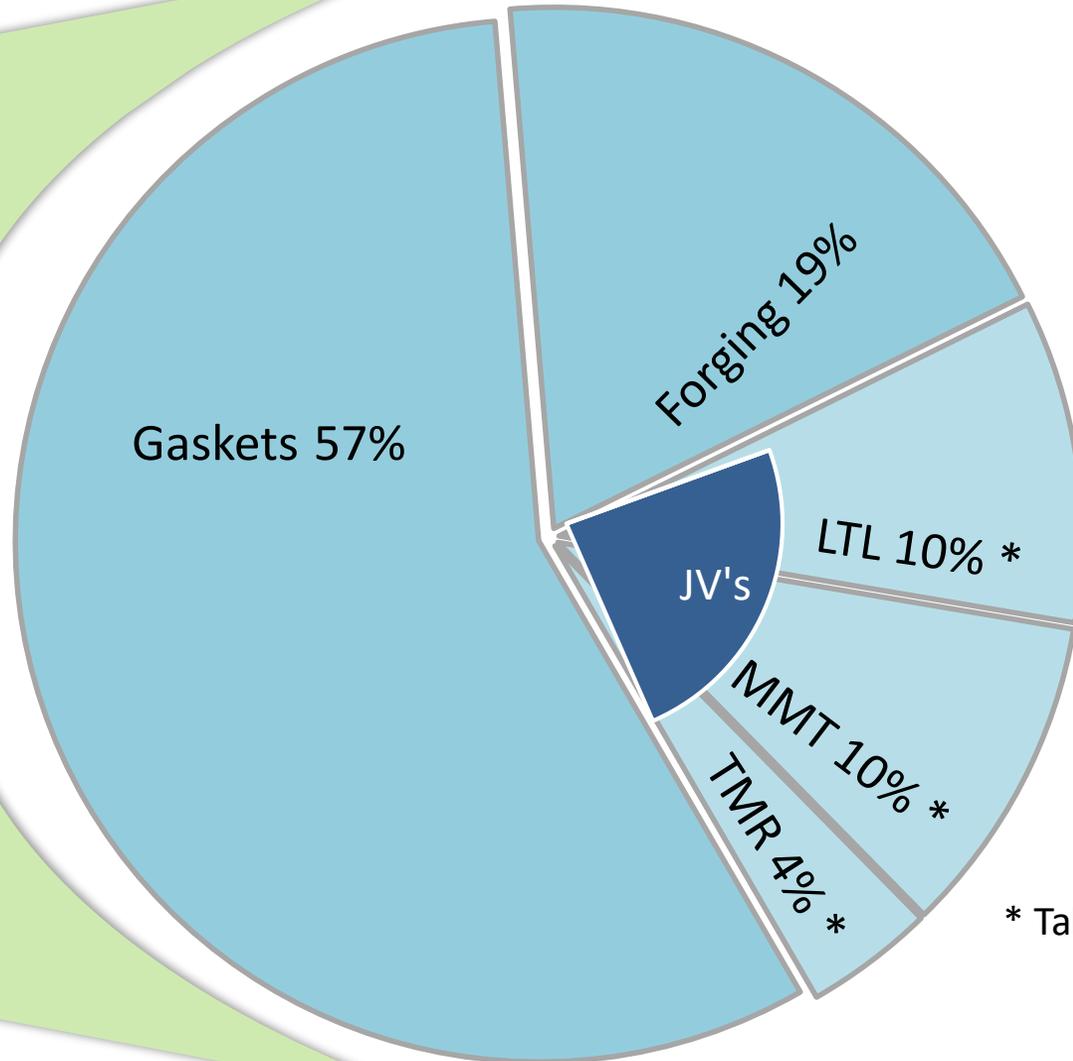
# Diversified Portfolio

## H1FY18 Revenue

**Product Portfolio**  
Gaskets, Heat Shields, Forgings, Chassis Systems, Anti vibration and Hoses

**Segments**  
2 Wheelers, 3Wheelers, Passenger Vehicles, Commercial Vehicles, Agri / Off-Loaders and Industrial

**Market Exposure**  
OEMs, After Market, Exports, Others



\* Talbros share in JV



## **Growth Strategy**



## Strong Global Partnerships - Joint Ventures



*Nippon Leakless Talbros Pvt Ltd (NLK)*

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

*Talbros Marugo Rubber Pvt Ltd (TMR)*

- **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

- **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

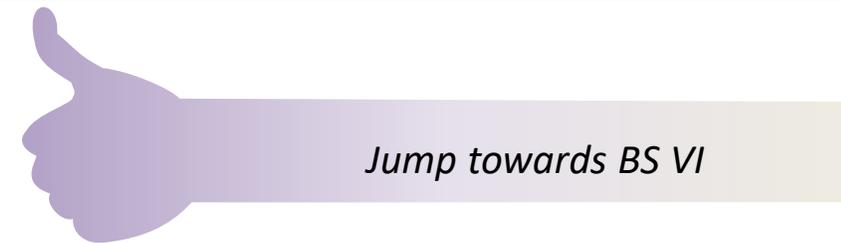
- **Marugo Rubber Industries Ltd** (Japan)
  - ✓ Global leader in supply of **Anti-Vibration Product and Hoses**
- **50:50** partnership commenced production in February 2013
- 100% Sales to OEMs predominantly Maruti Suzuki



## 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**



### 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



### Tie-ups with leading component suppliers of the Globe

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



### 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



### Increasing Investments by Global Manufacturers

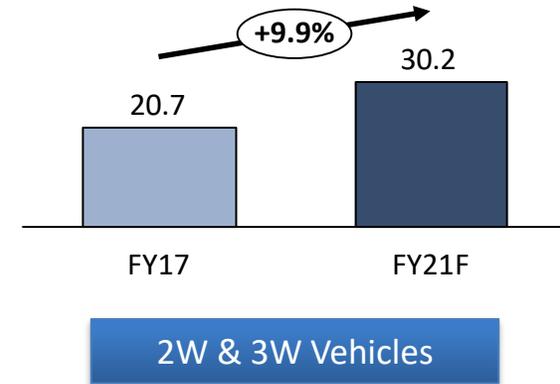
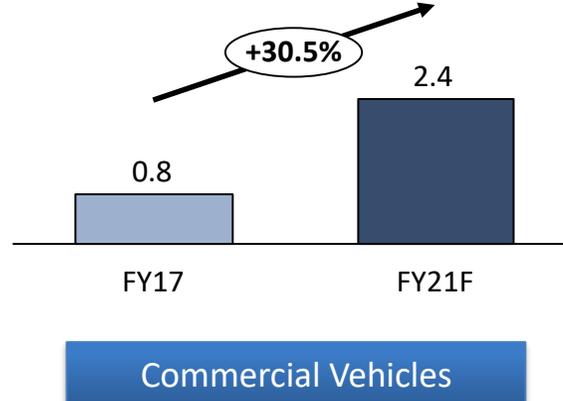
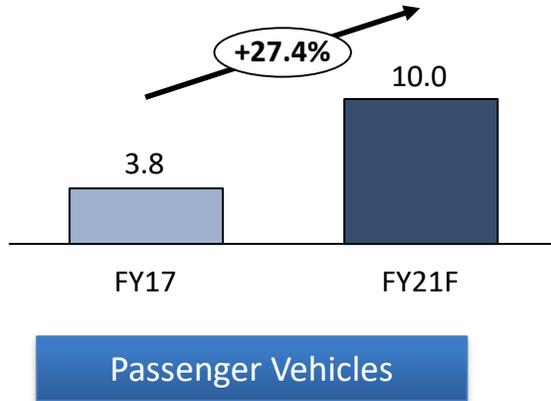
- Global car manufacturers plan to leverage India's competitive advantage to set up export-oriented production hubs





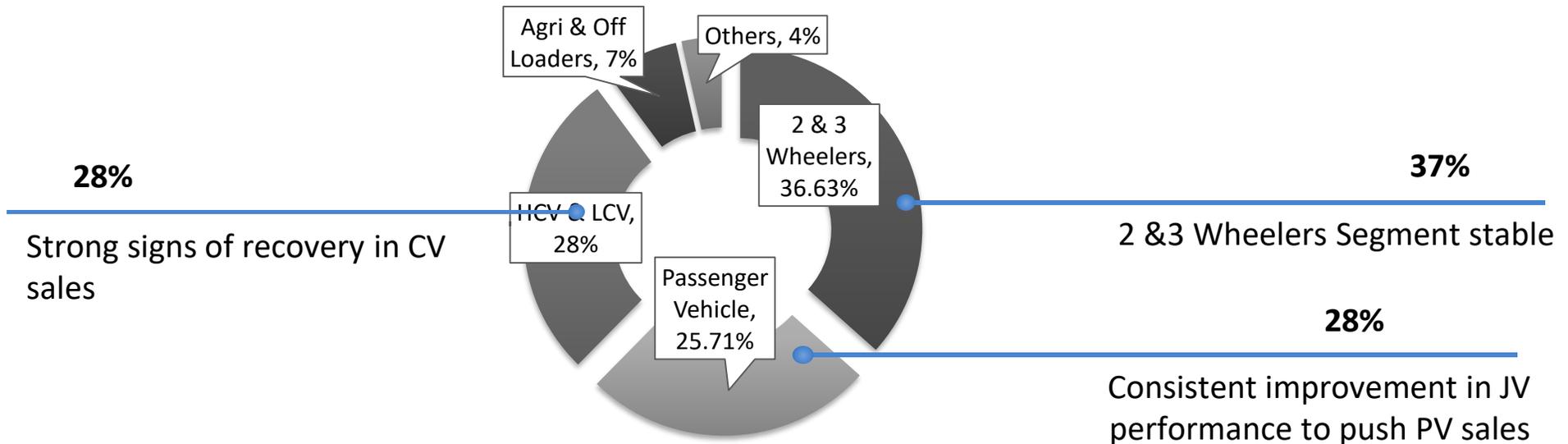
# The Automotive Opportunities

Million Units



Source: IBEF

## TACL: Domestic Sales Break up H1FY18





## 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.*

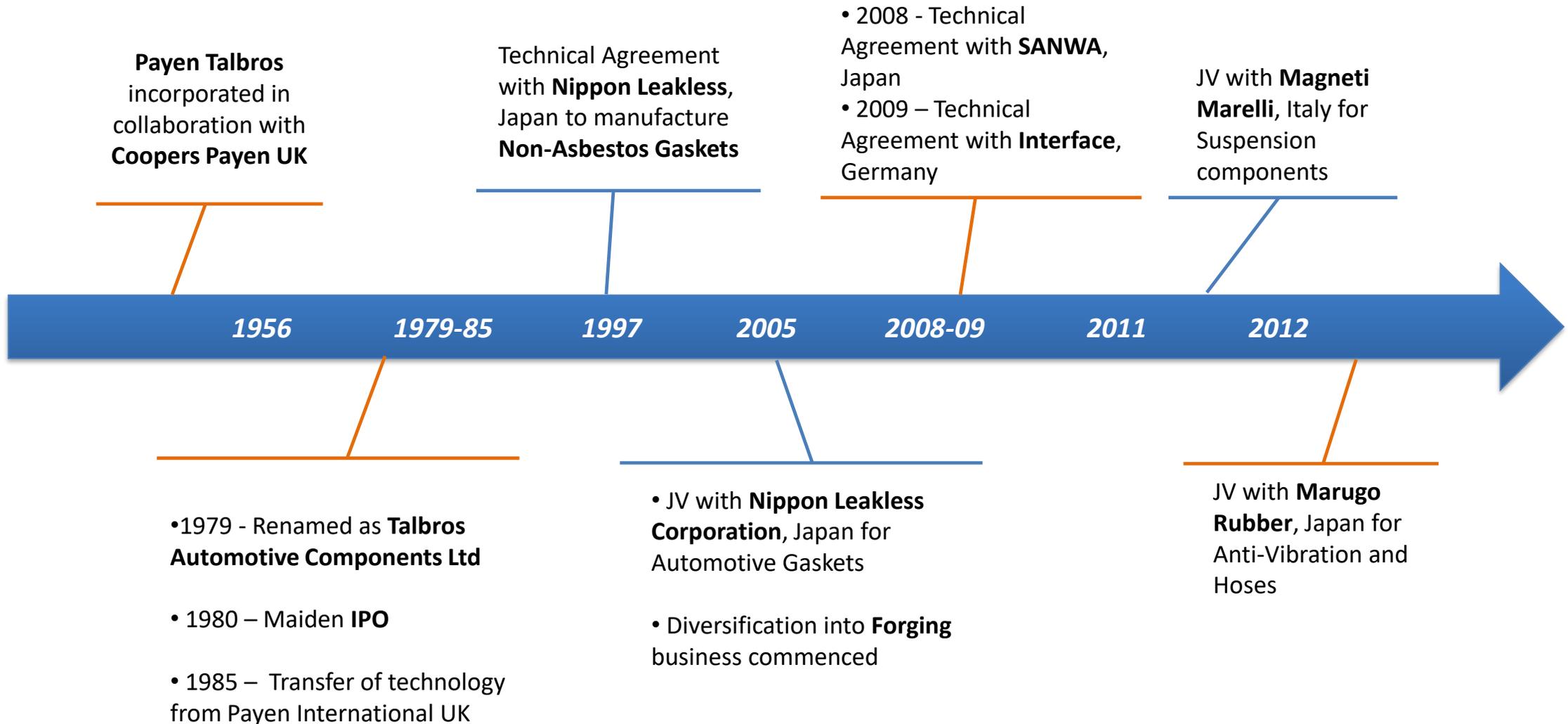
Business Overview



# 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



**Mr 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

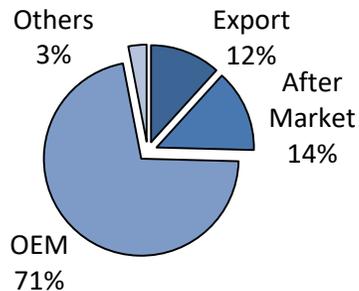


# Standalone

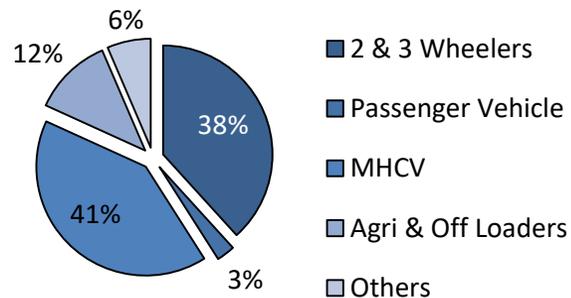
## Gaskets

- 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 **H1FY18 stood at Rs 136 Cr**

**H1FY18 Revenue Rs 136 Crores**



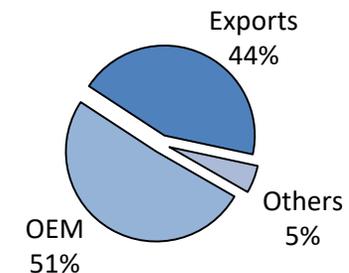
**H1FY18 OEM Breakup**



## 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 **FY17 stood at Rs 46 Cr**

**H1FY18 Revenue Rs 46 Crores**





# Products - Various Types and Shapes

## Gaskets

*Multi Layer Steel*



*Exhaust Manifold*



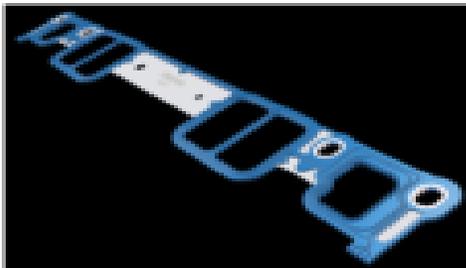
*Heat Shield*



*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

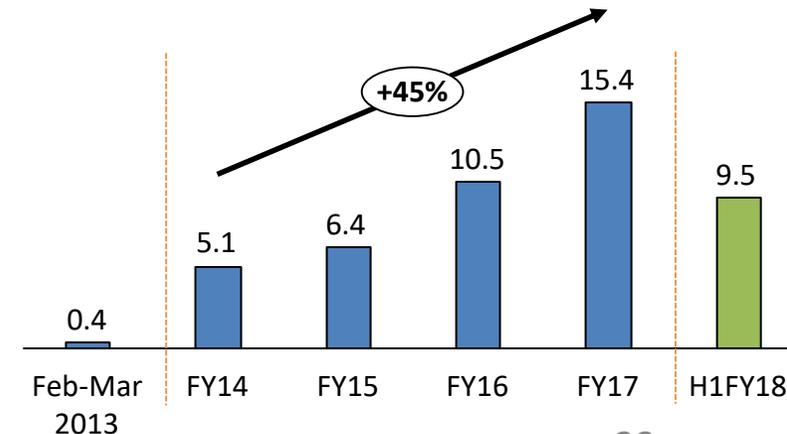
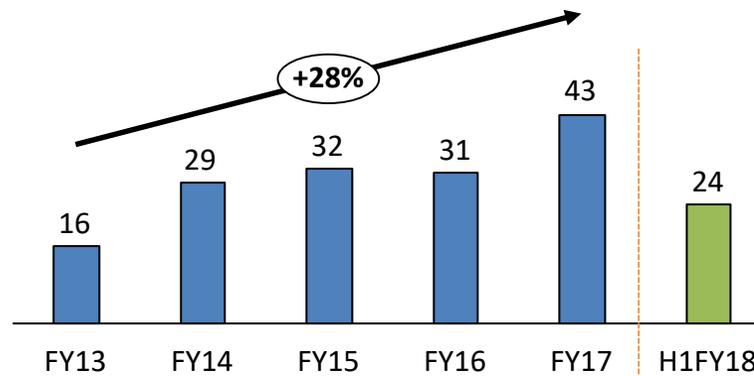
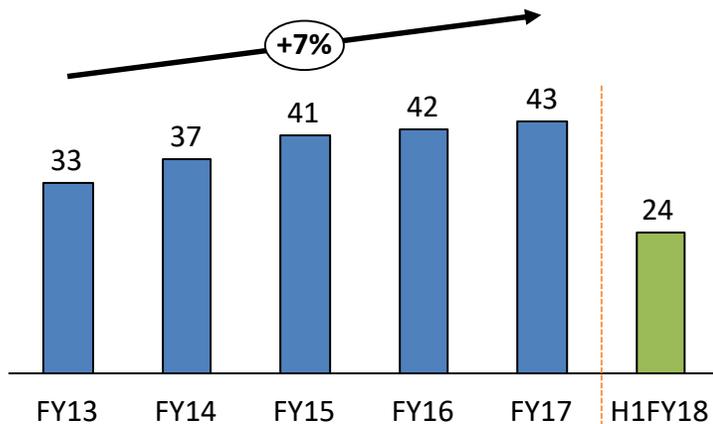
Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

## 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

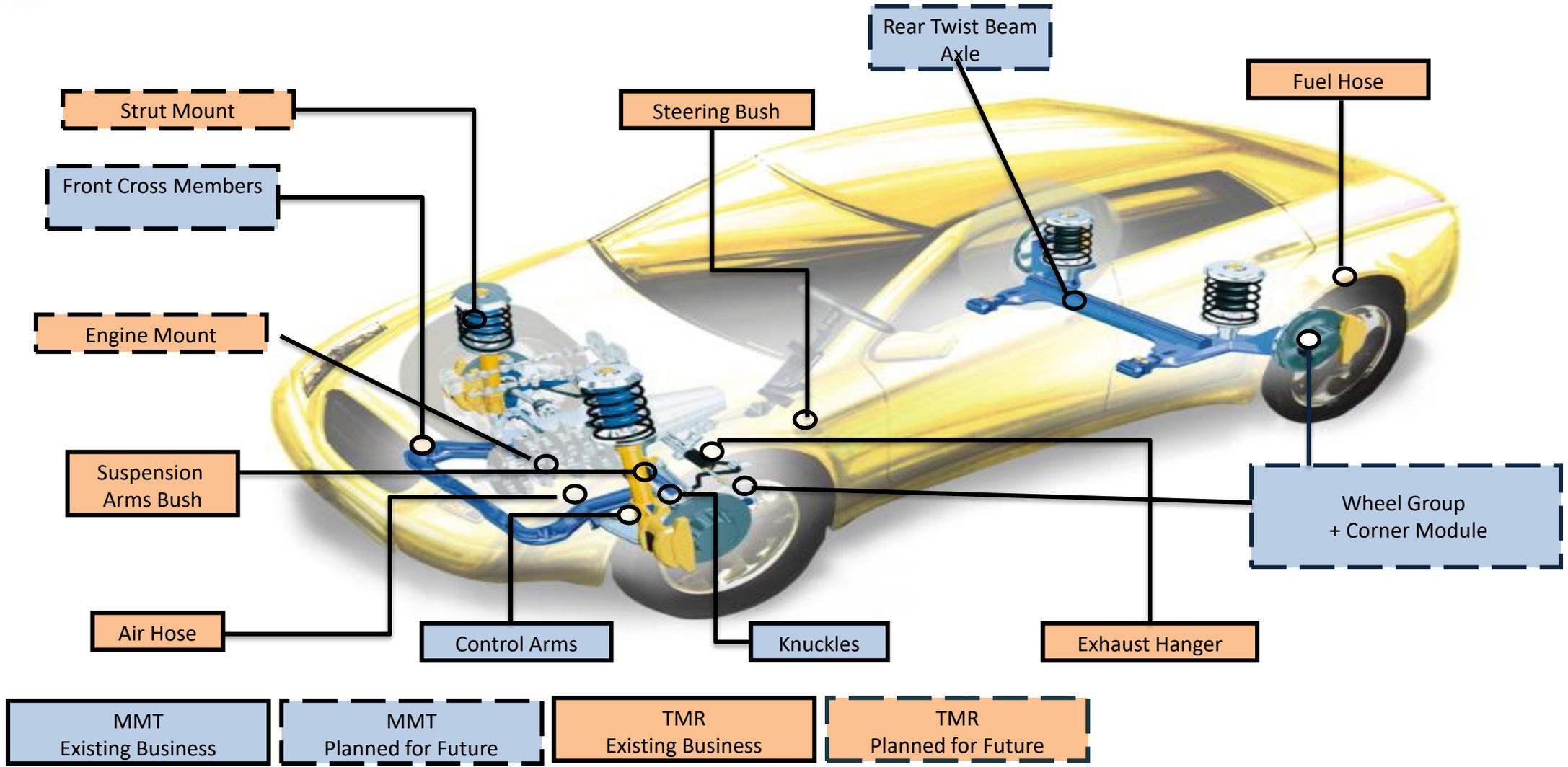


\* Talbros Share of JV Revenue in Rs Crores

\* As per Indian GAAP



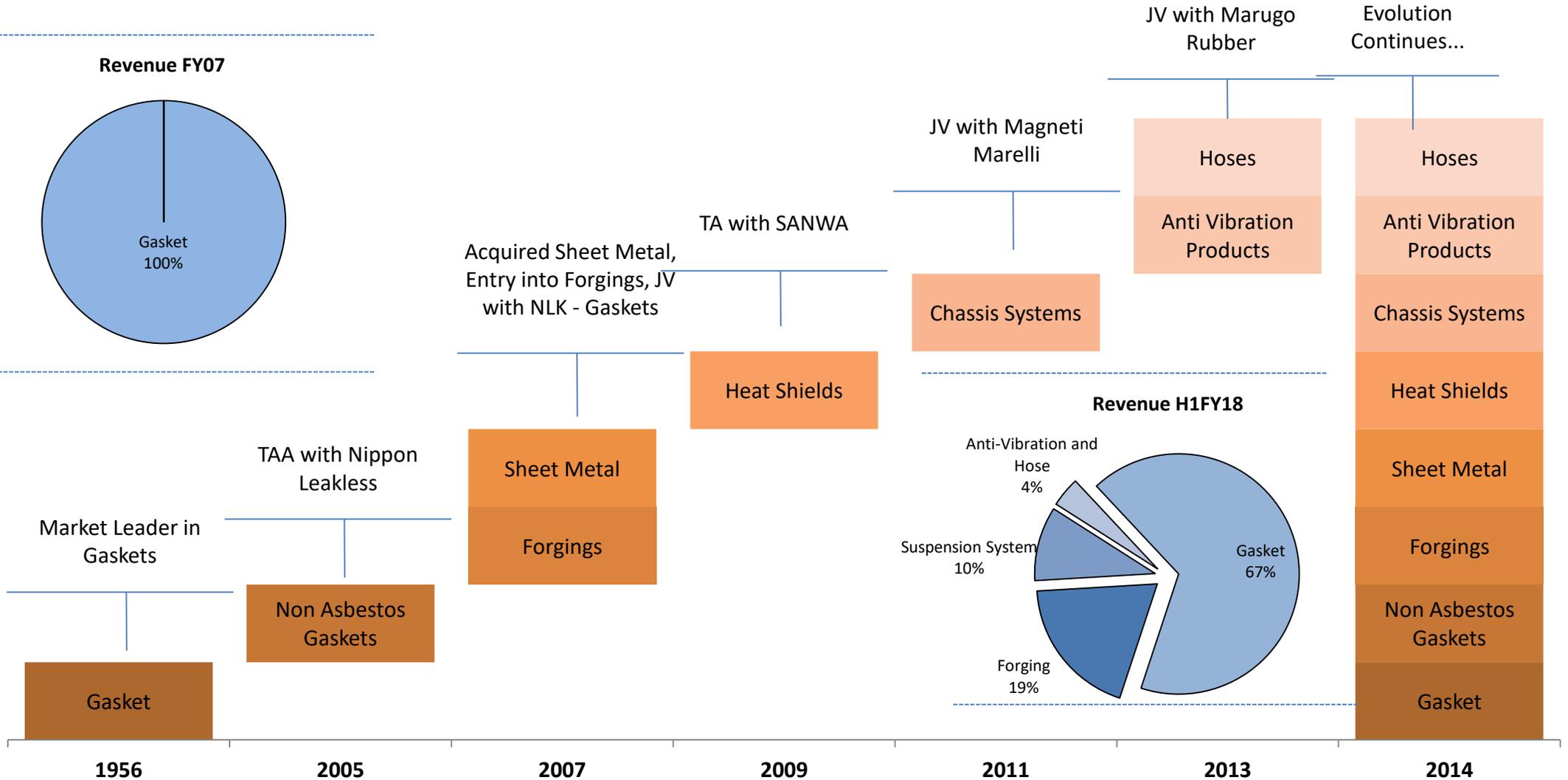
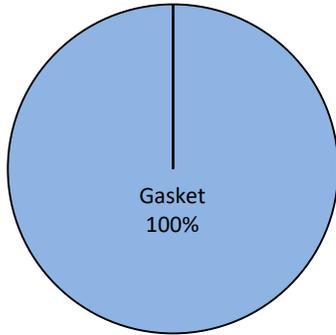
# Scope of Joint Ventures



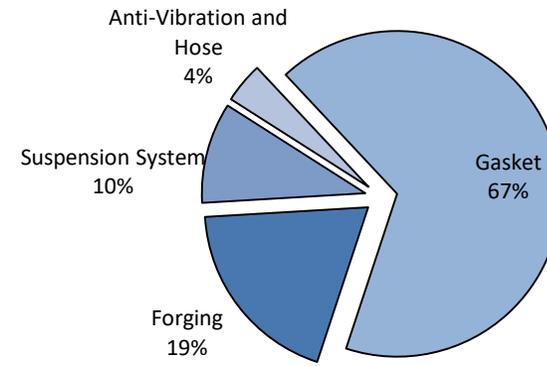


# Evolving Product Portfolio

Revenue FY07



Revenue H1FY18





# Diversified Customer - OEM

## 2 Wheeler



## Passenger



## HCV/LCV



## Agri & Off Loader



## Exports



Hedged customer base, 40% revenue from top 5 customers



## Manufacturing Facilities



### Gasket

Faridabad, Haryana (2 plants & R&D Centre) Pune, Maharashtra & Sitarganj, Uttarakhand



### Nippon Leakless

Bawal – Haryana  
Haridwar – Uttarakhand



### Forging

Bawal – Haryana



### Talbro's Marugo Rubber

Manesar – Gurgaon



### Magnetis Marelli Talbro's

Faridabad - Haryana

Financial Highlights



## Financial Highlights



## Consolidated P & L Statement

Rs. Cr	Q2FY18	Q2FY17	YoY %	Q1FY18	QoQ %	H1FY18	H1FY17	YoY %
Revenue	131.40	106.16		108.15		239.55	213.29	
Other Income	1.47	2.20		1.96		3.44	3.53	
<b>Total Income from Operations</b>	<b>132.87</b>	<b>108.36</b>	22.62%	<b>110.11</b>	20.67%	<b>242.98</b>	<b>216.82</b>	12.07%
Raw Material	77.83	59.70		59.99		137.82	120.53	
Employee Cost	15.37	14.19		14.97		30.34	28.49	
Other Expenses	23.67	21.15		22.68		46.35	41.82	
<b>EBITDA</b>	<b>16.01</b>	<b>13.31</b>	20.29%	<b>12.47</b>	28.39%	<b>28.48</b>	<b>25.98</b>	9.63%
<b>EBITDA Margin</b>	<b>12.05%</b>	<b>12.28%</b>		<b>11.32%</b>		<b>11.72%</b>	<b>11.98%</b>	
Interest	3.68	3.97		3.53		7.21	8.37	
Depreciation	4.23	3.82		4.08		8.31	7.74	
<b>PBT</b>	<b>8.11</b>	<b>5.52</b>	46.92%	<b>4.85</b>	67.22%	<b>12.96</b>	<b>9.86</b>	31.44%
Tax	2.32	1.40		1.45		3.77	2.69	
<b>Adjusted PAT</b>	<b>5.79</b>	<b>4.12</b>	40.53%	<b>3.40</b>	70.29%	<b>9.19</b>	<b>7.18</b>	27.99%
<b>Adjusted PAT Margin %</b>	<b>4.36%</b>	<b>3.80%</b>		<b>3.09%</b>		<b>3.78%</b>	<b>3.31%</b>	
Extraordinary Items (Net of Tax)	2.16	0.00		0.00		2.16	0.00	
<b>PAT</b>	<b>7.94</b>	<b>4.12</b>	92.72%	<b>3.40</b>	133.53%	<b>11.34</b>	<b>7.18</b>	58.02%
<b>PAT Margin %</b>	<b>5.98%</b>	<b>3.80%</b>		<b>3.09%</b>		<b>4.67%</b>	<b>3.31%</b>	



## Consolidated Balance Sheet

Rs. In Crs	Sep-17	Mar-17
<b>Total Shareholders' Fund</b>	<b>151.67</b>	<b>141.91</b>
Share Capital	12.35	12.35
Reserves and Surplus	139.32	129.57
<b>Total Non Current Liabilities</b>	<b>30.39</b>	<b>27.91</b>
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
<b>Total Current Liabilities</b>	<b>268.76</b>	<b>234.09</b>
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
<b>Total - Equity and Liabilities</b>	<b>450.82</b>	<b>403.91</b>

Rs. In Crs	Sep-17	Mar-17
<b>Total Non Current Assets</b>	<b>169.97</b>	<b>167.61</b>
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
<b>Total Current Assets</b>	<b>280.84</b>	<b>236.30</b>
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
<b>Total - Assets</b>	<b>450.82</b>	<b>403.91</b>



## Consolidated P & L Statement

Rs. Cr	Q2FY18	Q2FY17	YoY %	Q1FY18	QoQ %	H1FY18	H1FY17	YoY %
Revenue	100.80	80.01		80.02		180.82	163.35	
Other Income	0.76	1.10		1.46		2.22	1.91	
<b>Total Income from Operations</b>	<b>101.56</b>	<b>81.11</b>	25.21%	<b>81.48</b>	24.64%	<b>183.04</b>	<b>165.26</b>	10.76%
Raw Material	58.95	43.71		42.58		101.53	89.91	
Employee Cost	12.56	11.82		12.43		24.99	23.81	
Other Expenses	19.40	16.41		18.00		37.40	32.76	
<b>EBITDA</b>	<b>10.65</b>	<b>9.17</b>	16.11%	<b>8.47</b>	25.78%	<b>19.12</b>	<b>18.79</b>	1.77%
<b>EBITDA Margin</b>	<b>10.49%</b>	<b>11.31%</b>		<b>10.39%</b>		<b>10.45%</b>	<b>11.37%</b>	
Interest	3.52	3.71		3.35		6.87	7.79	
Depreciation	3.48	3.14		3.34		6.82	6.36	
Profit before share of profit / Loss of JV's	3.66	2.32		1.77		5.43	4.63	
Share of Profit from JV's	2.23	1.33		1.55		3.78	2.21	
<b>PBT excluding exceptional items</b>	<b>5.88</b>	<b>3.65</b>	60.98%	<b>3.32</b>	77.06%	<b>9.20</b>	<b>6.84</b>	34.45%
Tax	1.10	0.63		0.59		1.69	1.36	
<b>Adjusted PAT</b>	<b>4.79</b>	<b>3.02</b>	58.24%	<b>2.73</b>	75.35%	<b>7.51</b>	<b>5.49</b>	36.90%
<b>Adjusted PAT Margin %</b>	<b>4.71%</b>	<b>3.73%</b>		<b>3.35%</b>		<b>4.11%</b>	<b>3.32%</b>	
<b>Exceptional Items</b>	<b>2.16</b>	<b>0.00</b>		<b>0.00</b>		<b>2.16</b>	<b>0.00</b>	
Other Comprehensive Income	0.95	1.36		0.50		1.45	2.04	
<b>Total Comprehensive Income</b>	<b>7.89</b>	<b>4.39</b>	79.78%	<b>3.23</b>	144.29%	<b>11.12</b>	<b>7.53</b>	47.66%
<b>TCI margin %</b>	<b>7.77%</b>	<b>5.41%</b>		<b>3.96%</b>		<b>6.08%</b>	<b>4.56%</b>	



## Consolidated Balance Sheet

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

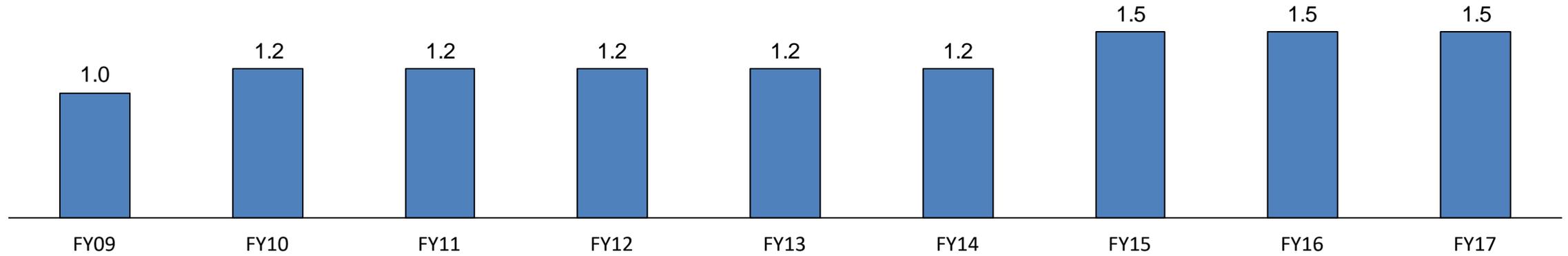
Rs. In Crs	Sep-17
<b>Total Non Current Assets</b>	<b>182.46</b>
Property Plant & Equipment	116.80
Capital Work in Progress	1.22
Investment Properties	3.02
Intangible Assets	0.44
Intangible Assets Under Development	0.66
Investments accounted using Equity Method	31.65
<b>Financial Assets</b>	
Investments	24.59
Loans	1.51
Other Financial Assets	0.65
Other Non Current Assets	1.90
<b>Total Current Assets</b>	<b>247.55</b>
Inventories	102.12
<b>Financial Assets</b>	
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
<b>Total - Assets</b>	<b>430.01</b>



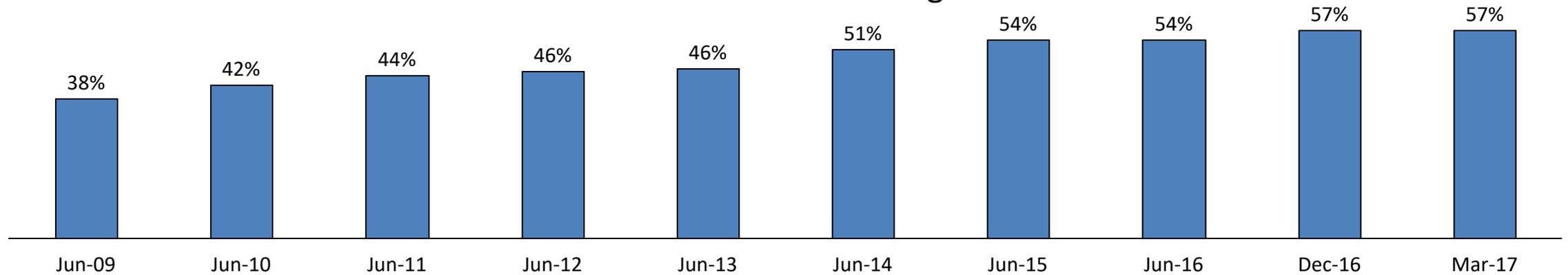
## Equity

Consistently paying Dividend for the last 50 years

In Rs



Promoter Shareholding





## For further information, please contact:

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