

talbro's Automotive Components Ltd

Investor Presentation
November 2014



Safe Harbour

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➤ Corporate Overview

➤ Diversification – Products , Customers & Markets for Creating Value

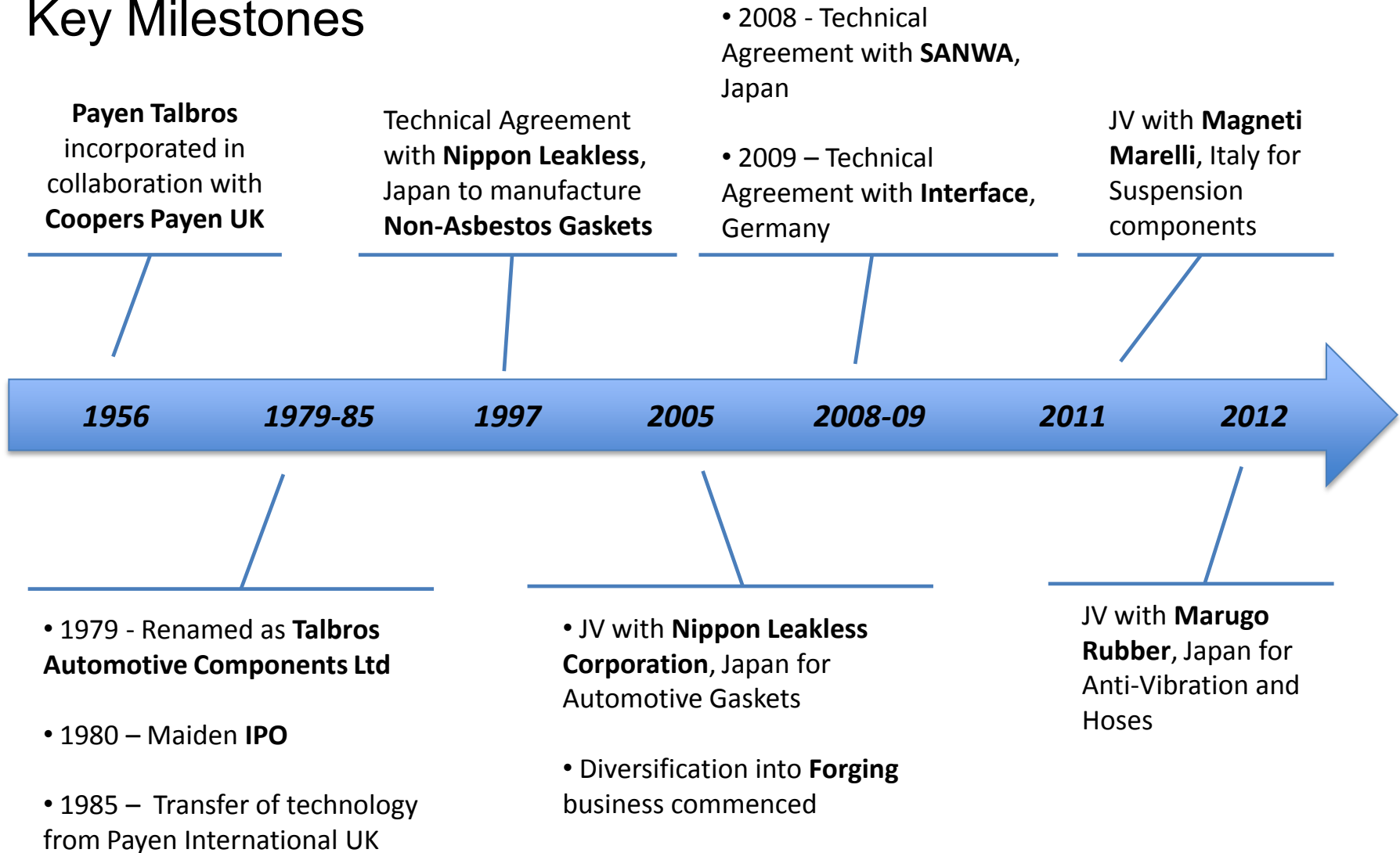
➤ Financials

Corporate Overview

- Over **58 years** of experience in Auto Component manufacturing
- Promoted by **Talwar Family** with **51.48%** 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**
- **Five 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

Promoter



Mr. Varun Talwar

JMD



Mr. Anuj Talwar

Executive Director



Mr. Navin Juneja

Director & Group CFO

Executive Management



Mr. R. P. Gupta

CEO



Mr. M. S. Ajmani

CFO



Mrs. Seema Narang

Company Secretary



Mr. S. T. Hebber

President,
Gasket Division



Mr. Prakash Khose

President,
Forging Division



Mr. Koji Homma

Managing Director,
Nippon Leakless Talbros



Mr. Ashish Gupta

CEO,
Magneti Marelli Talbros



Mr. Yoshiaki Yunoki

Managing Director,
Talbros Marugo Rubber

Executive Management

Mr. Rajeev Paal Gupta

CEO

He holds a Bachelors in Engineering and a PGDBA and has over 30 years of experience with BHEL, Modi Xerox, Timex Watches and Subros Ltd.

Mr. Manvinder Singh Ajmani

CFO

With experience spanning 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. Prakash Khose

President – Forging Division

He is a Mechanical Engineer with specialisation in Foundry and Forge Technology. His experience spans across Mahindra CIE, Varroc Engineering, Bharat Forge and DGP Hinoday

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*

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**



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

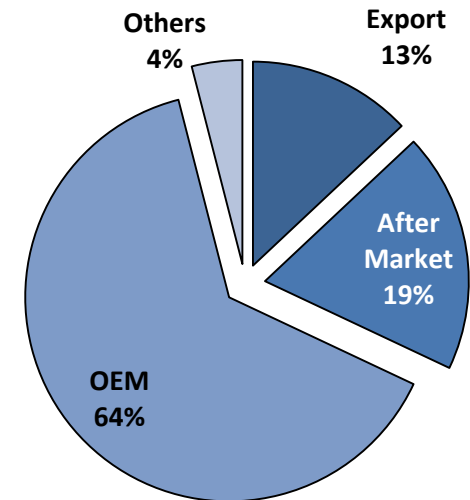
* Talbro's share in JV

Above data excludes other 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% of Sales compliant with Asbestos Free material

FY14 Revenue Rs 227 Crores



Multi Layer Steel



Rubber Molded



Heat Shield



Exhaust Manifold



Edge Molded



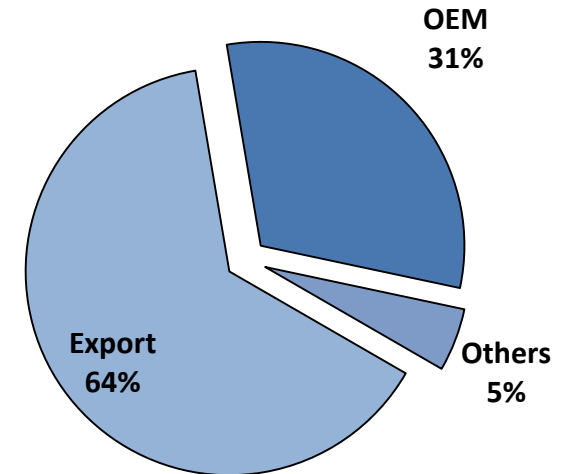
Cylinder Head



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)

FY14 Revenue Rs 67 Crores



King Pins



Gear Blanks

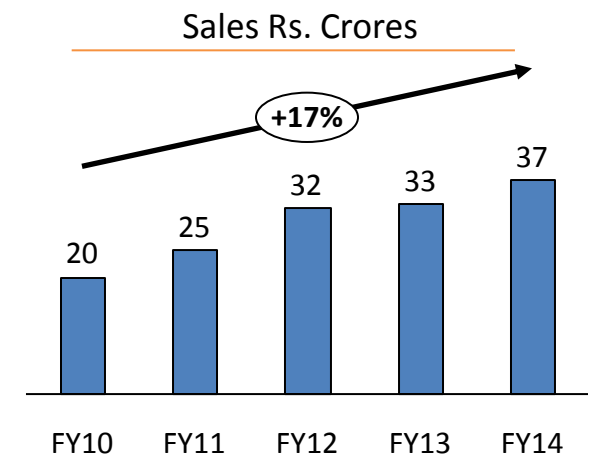


Housing and Yoke Shafts



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



* 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

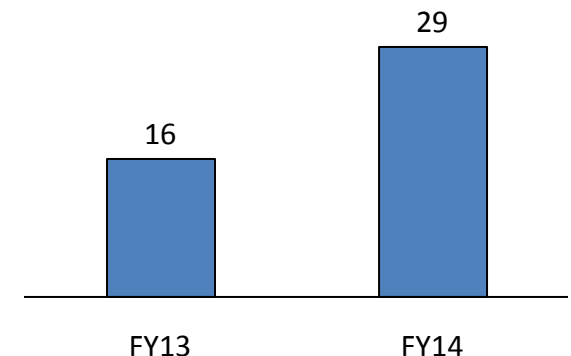
➤ **Suspension Systems** for Passenger Vehicles and Pick ups: Control Arms, Knuckles, Front Axle and Rear Axle

➤ 100% Sales to OEMs:

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

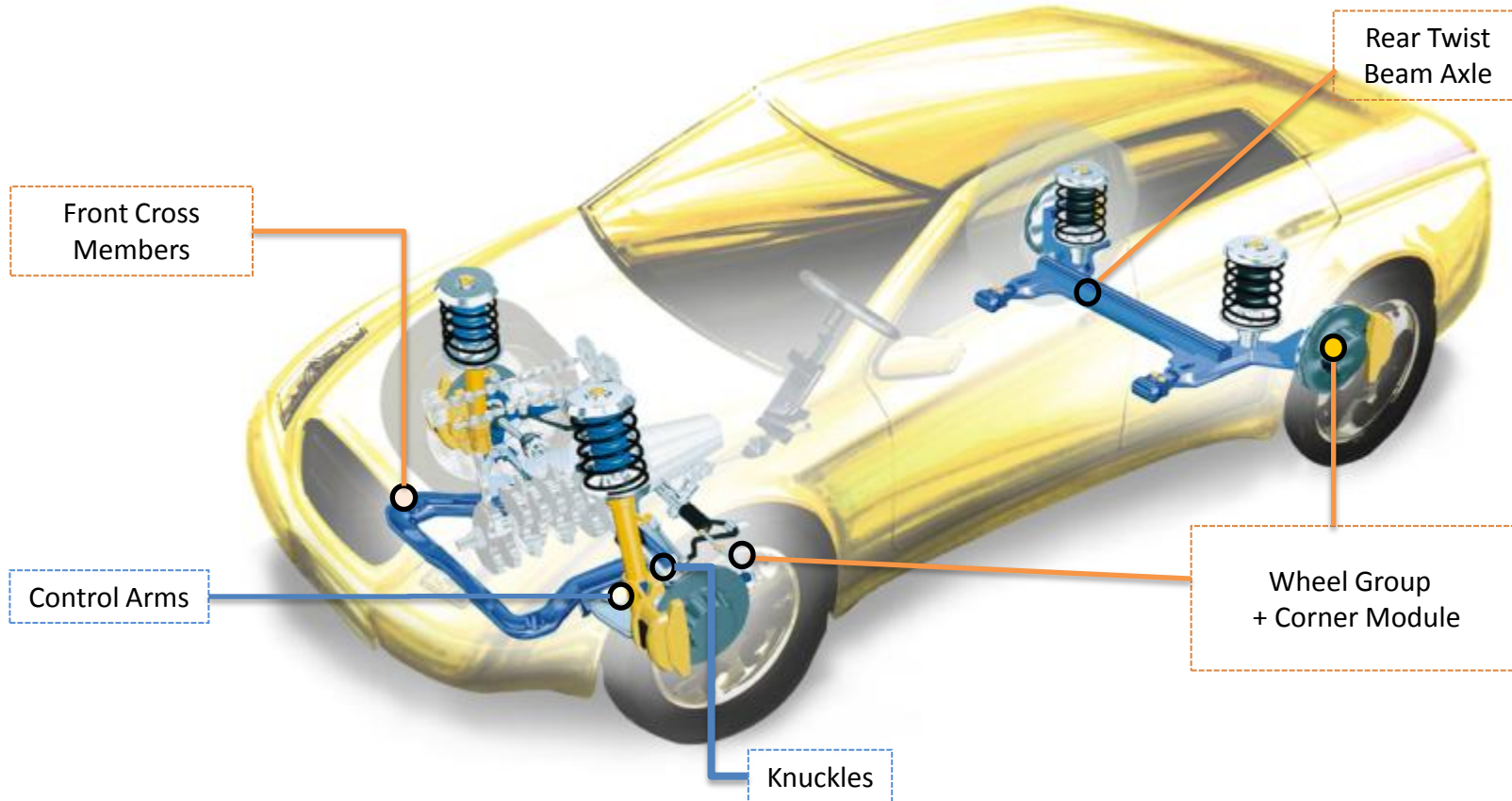
**MAGNETI
MARELLI**

Sales Rs. Crores



* Talbros share in JV

Scope of Chassis Systems



Talbros Marugo Rubber Pvt. Ltd.

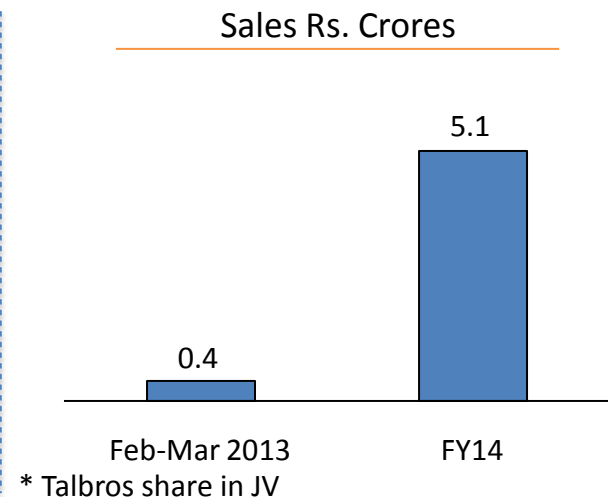
➤ Marugo Rubber Industries, Japan

- 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

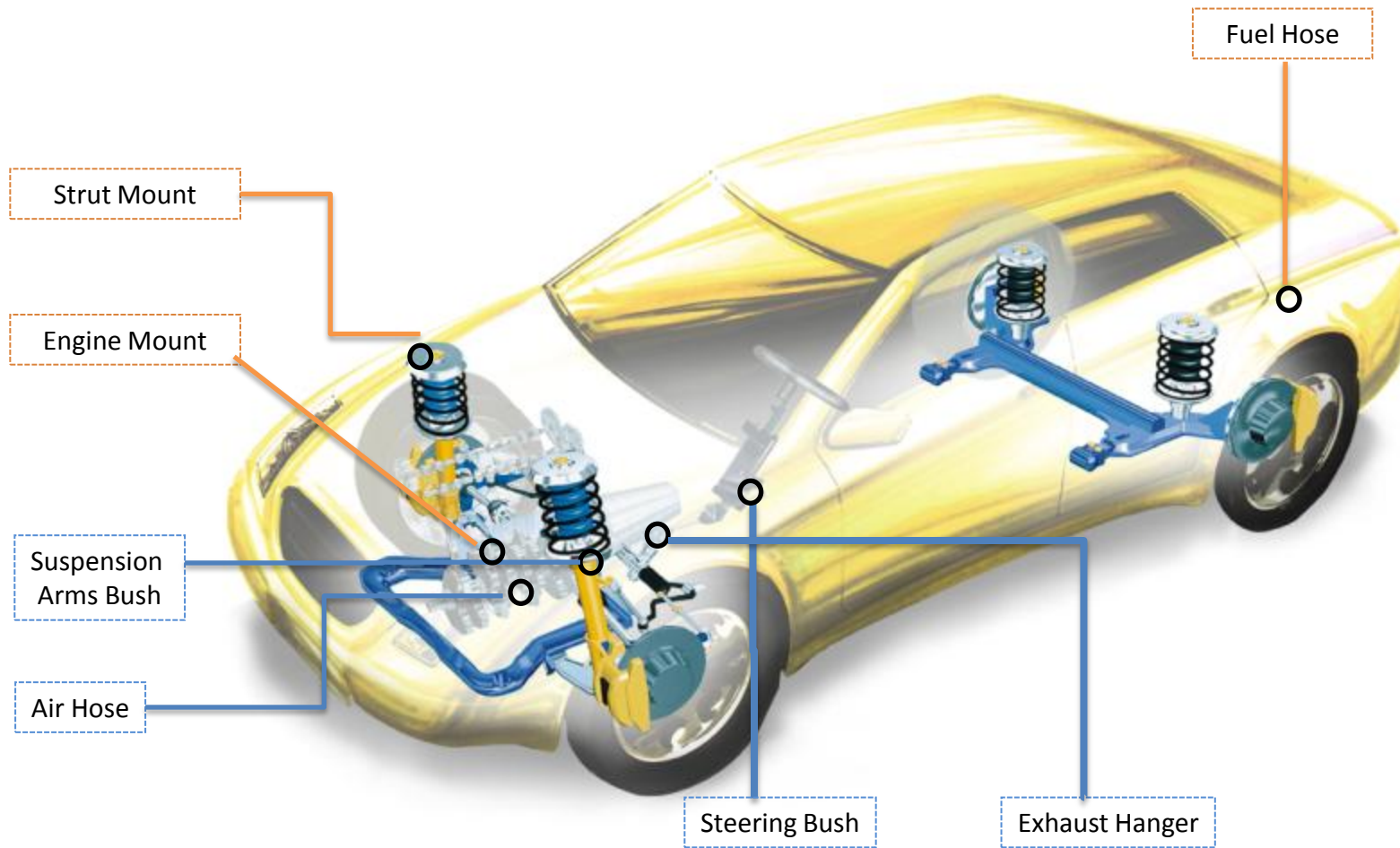
➤ Anti Vibration Products & Hoses: Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

➤ 100% Sales to OEMs:

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



Scope of Anti-Vibration & Hoses



Existing
Business

Planned for
Future

Technical Licensing Agreements

Interface Solutions Altenkirchen, Germany

- Year 2008 : Technical know how to manufacture Non-asbestos Beater Addition Jointing
- A key raw material required for manufacturing gaskets conforming to international standards
- 100% Asbestos free Sales

SANWA Packaging Co. Ltd, Japan

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

Diversified Customer - OEM

2 Wheeler

Passenger

HCV/LCV

Agri & Off
Loader

Exports



ROYAL
ENFIELD



HONDA

Mahindra

SUZUKI



SONALIKA
RHINO Rx

HYUNDAI

TATA

Mahindra

MARUTI
SUZUKI

FORCE MAN
MAN FORCE TRUCKS Pvt. Ltd.

FORCE TATA

DAIMLER

SWARAJ
MAZDA

ASHOK LEYLAND

VE COMMERCIAL VEHICLES
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE

Mahindra

TAFE

NEW HOLLAND

ESCORTS

EICHER



JOHN DEERE

CARRARO

DANA

KMP BRAND



GKN Driveline

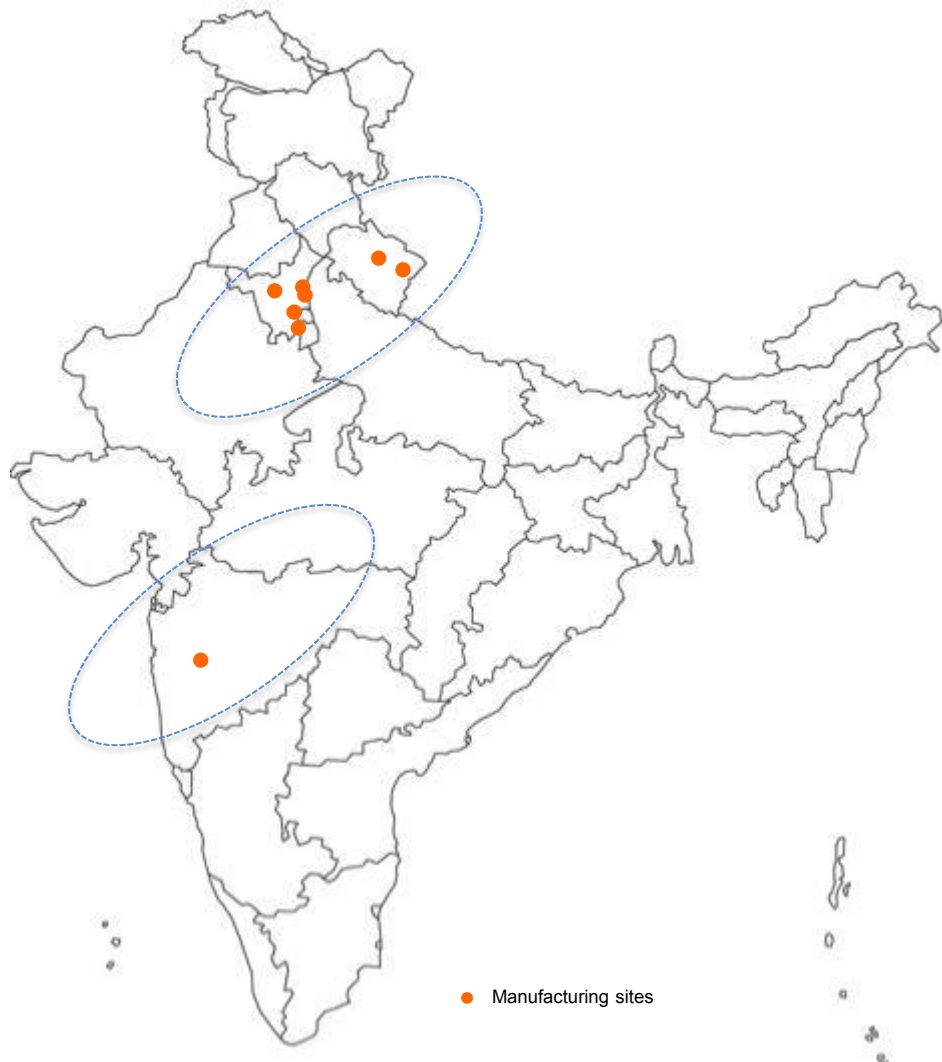
EMMARK UK Ltd

INTERSTATE-McBEE

MAXIFORCE

Hedged customer base, 40 % revenue from top 5 customers

Strategic Manufacturing Locations



Plant	Location
Gasket	Faridabad - Haryana 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

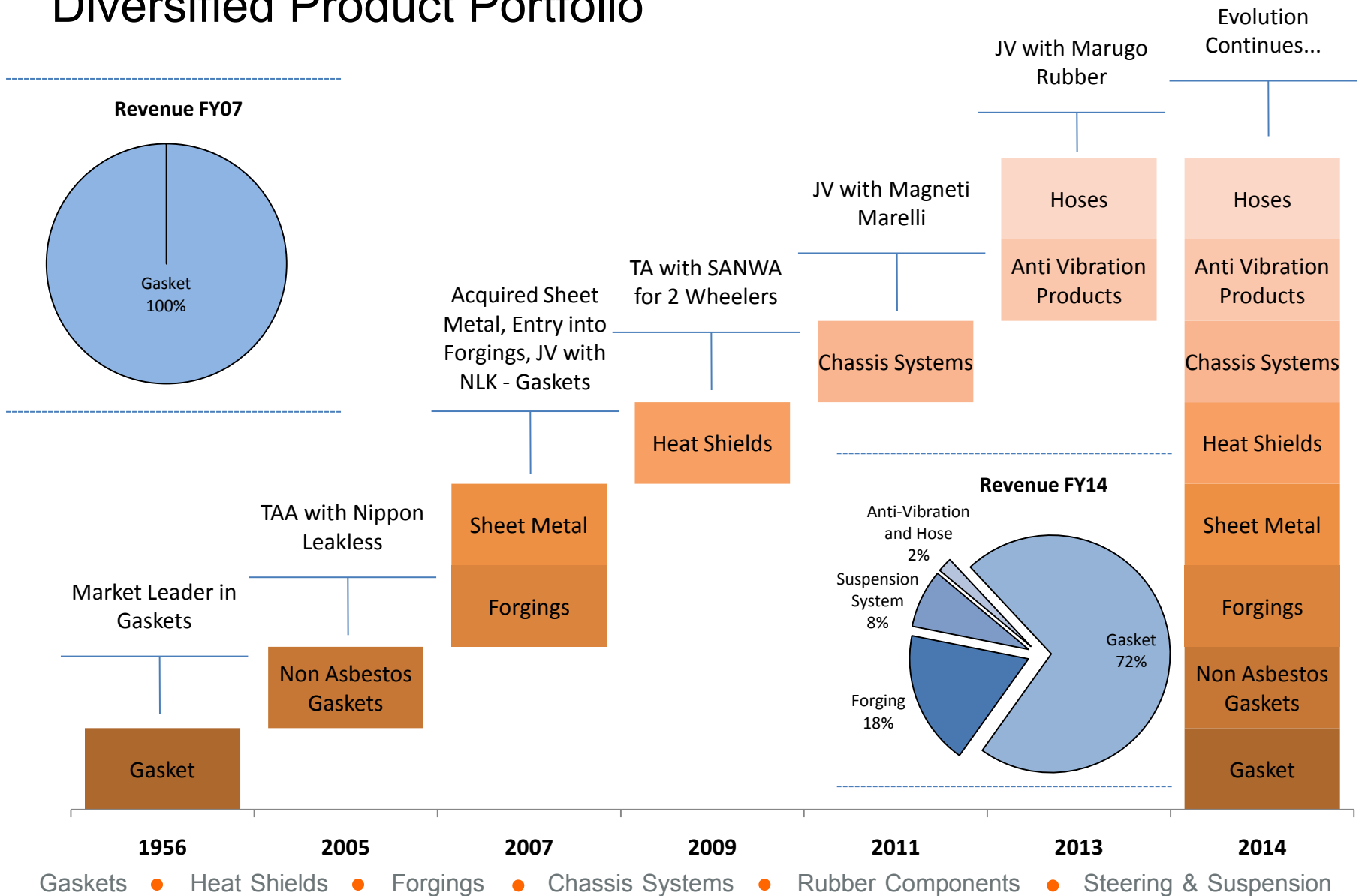
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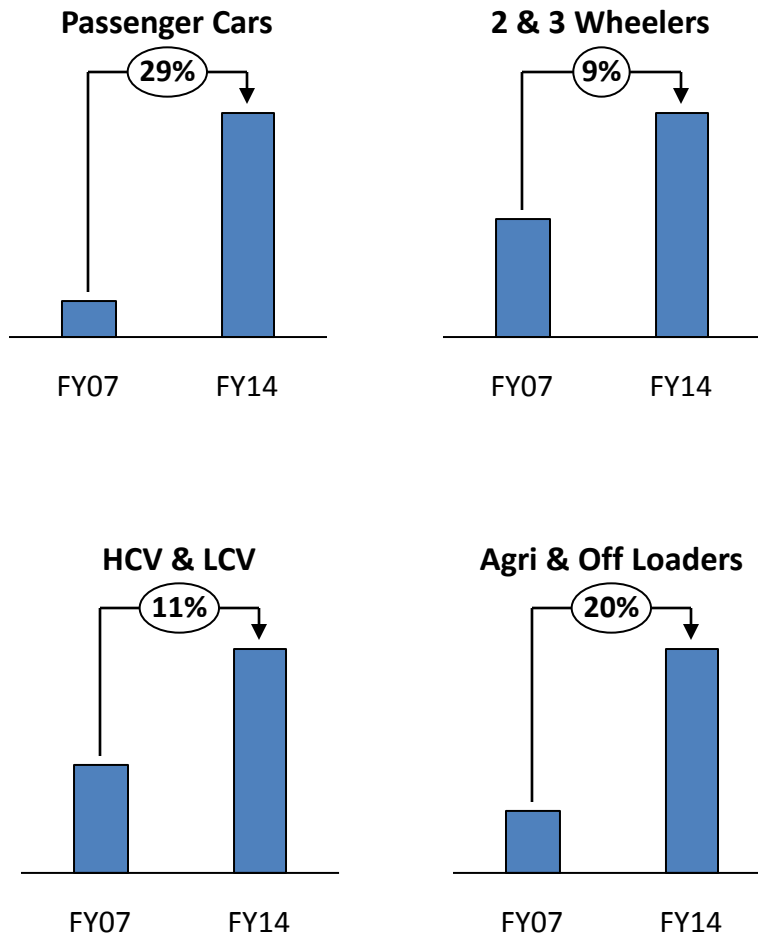
➤ Financials

Diversified Product Portfolio



Diversified End Users

Domestic Sales CAGR



➤ 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
- **Interface Solutions**: Control on Material Sourcing

Diversified Markets

➤ Gaskets :

■ Going Asbestos Free...

- Achieved 100% Asbestos free gasket production in FY14

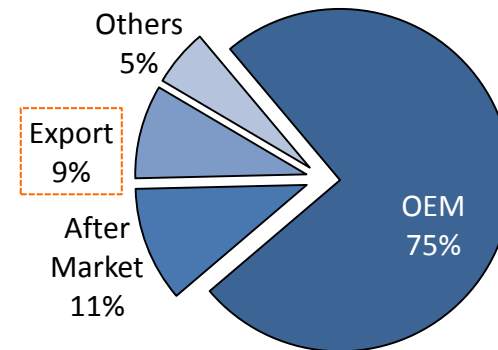
■ International Contracts

- In the process of signing export contracts with major OEMs to get potential international business
- Gasket exports growing at a 11% CAGR since FY07

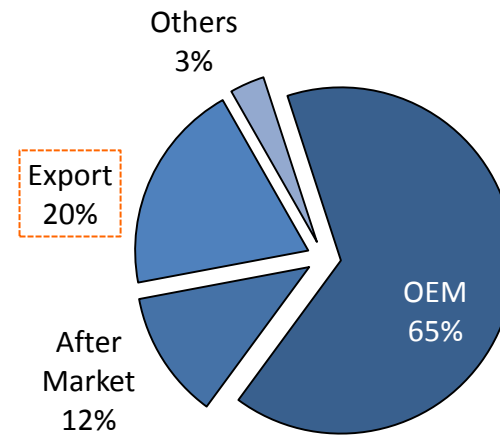
➤ Forging :

- Direct Export to Agri-major Tier-1 companies DANA Corp and Carraro increasing, end users being John Deere and Caterpillar
- Forging exports grew by 50% CAGR since FY10

FY07



FY14



Evolving Product Portfolio

Tie-Ups	Products	To be launched by
Talbro Automotive Components	Heat Shields for Passenger Car	FY15-16
	Post Coating MLS Gaskets	FY15-16
Magneti Marelli Talbro	Front Cross member	FY 15-16
	Rear Twist Beam Axle	FY 15-16
	Wheel group assembly	FY 16-17
Talbro Marugo Rubber	Engine Mount	FY 15-16

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



Magneti Marelli Talbros has design and manufacturing capability for Chassis Systems



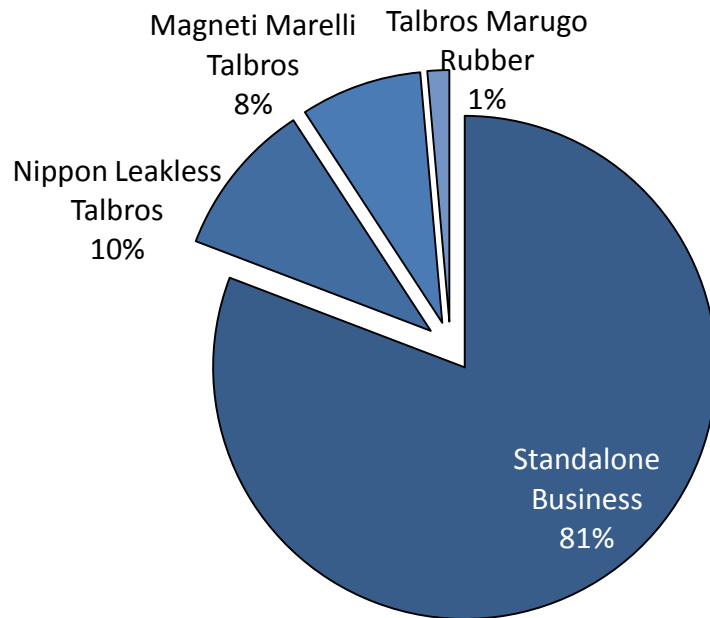
Unique combination for single point sourcing of Suspension Arm Assembly

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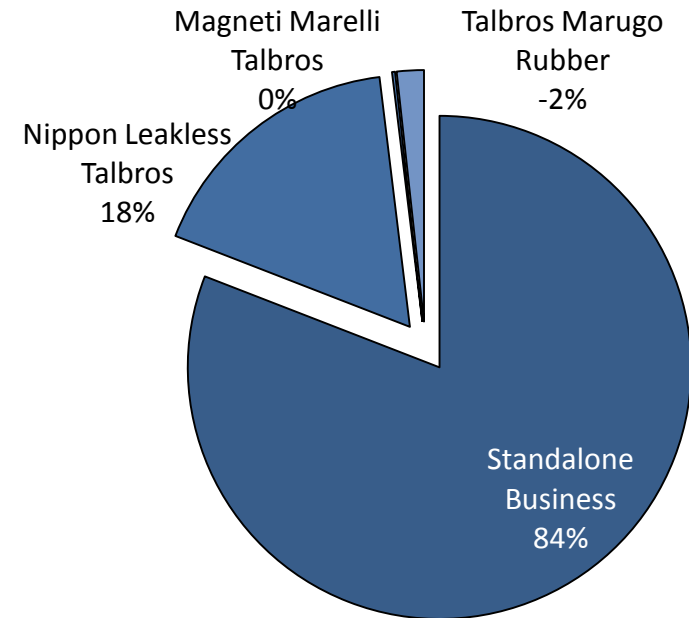
- Talbros – Corporate Overview
- Diversification – Products , Customers & Markets for Creating Value
- Financials

Business Divisions

Revenue FY14 Rs 368 Crores

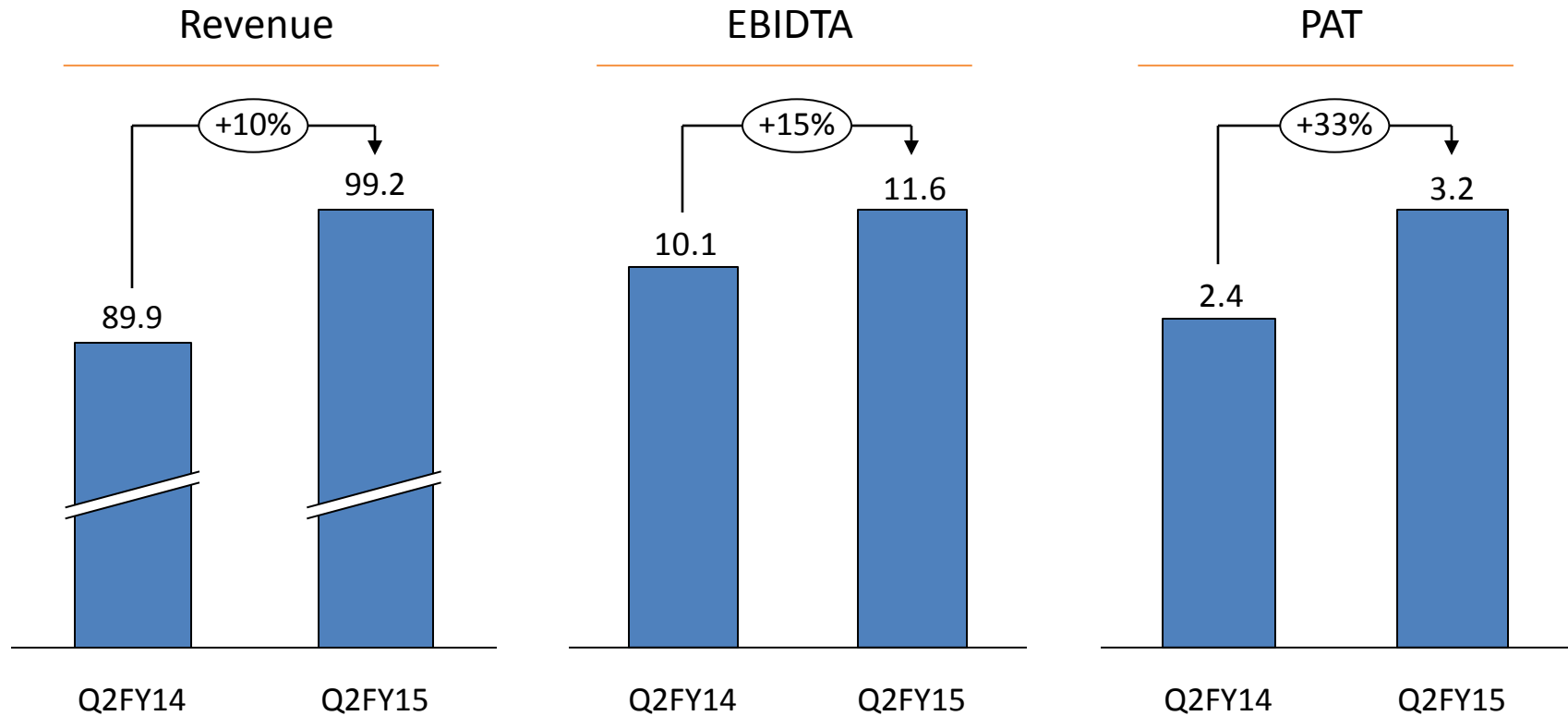


EBIDTA FY14 Rs 43 Crores



* Including other income

Q2FY15 highlights



* Rs Crores

Q2FY15 Business Highlights

- **Gaskets Division:** Strong order book built on excellent customer relationship with automakers and robust distribution network for the aftermarket is driving growth
- **Forgings Division:** Slowdown witnessed in Europe and Labour Issues resulted in lower turnover affecting margins. Effective October 2014, labour issues have been completely resolved

Joint Ventures

- **Nippon Leakless Talbros:** With excellent revenue growth in H1FY15 and expanding margins the company has improved bottom-line significantly
- **Magnetti Marelli Talbros:** The process of building a robust product line is progressing as per schedule. With securing relationships with Key OEMs, better performance is expected going forward
- **Talbros Marugo Rubber:** Besides Anti-vibration products, inter-cooler Hose Project is on schedule and is expected to get completed by Q3FY15. The company is expected to turn cash positive by Q4 FY15

Consolidated P & L Statement

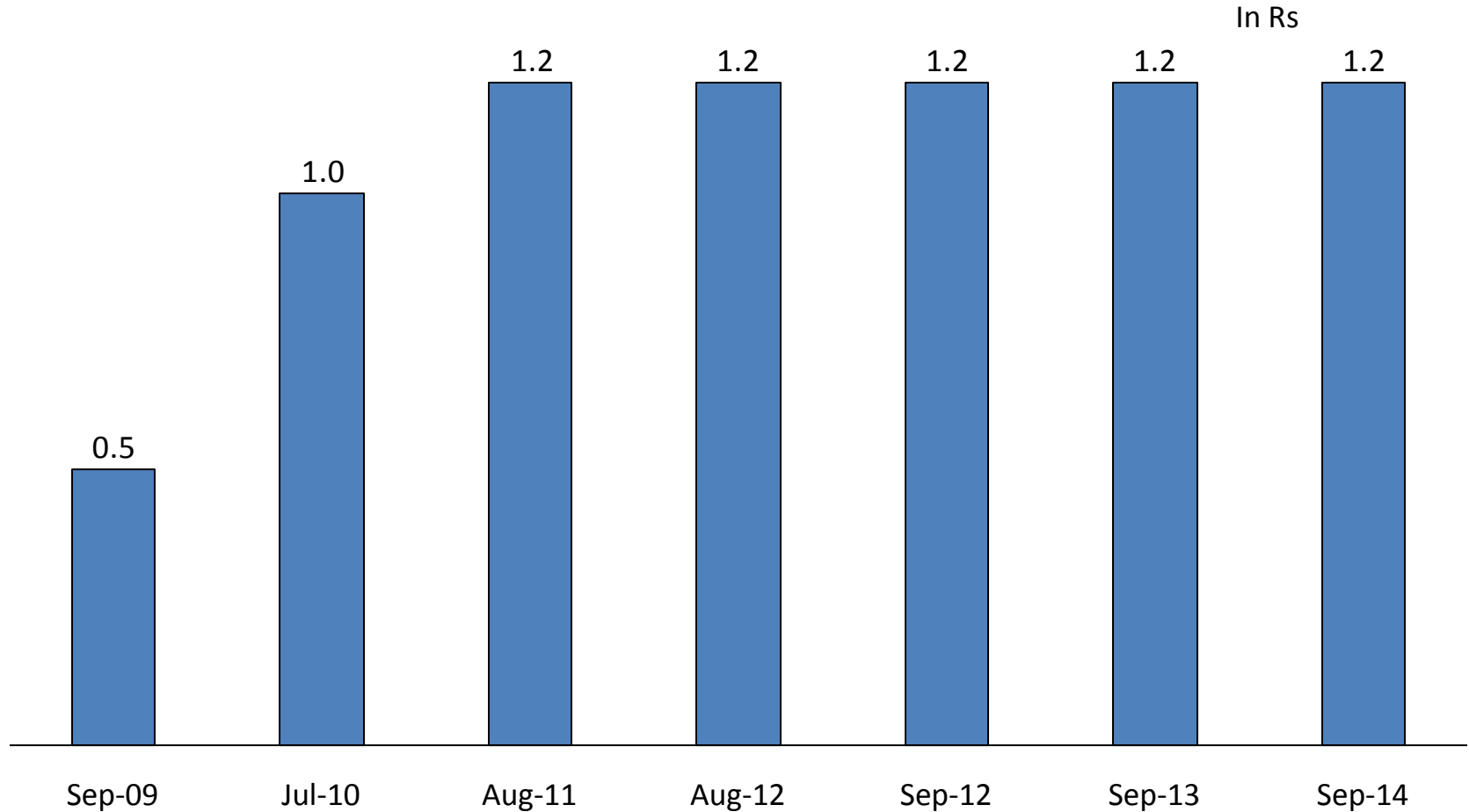
Rs. Cr	Q2FY15	Q2FY14	YoY %	1HFY15	1HFY14	YoY %	FY14
Revenue	98.1	88.4	11%	190.4	180.4	6%	363.0
Other Income	1.1	1.5	-30%	2.5	2.4	3%	5.9
Total Income from Operations	99.2	89.9	10%	192.9	182.8	6%	368.9
Raw Material	55.4	49.2	13%	105.6	101.2	4%	206.3
Employee Cost	11.4	11.0	3%	23.5	21.5	9%	42.4
Other Expenses	20.8	19.6	6%	40.8	38.7	5%	77.6
EBITDA	11.6	10.1	15%	23.0	21.4	8%	42.6
EBITDA Margin	11.69%	11.23%		11.93%	11.68%		11.55%
Interest	4.4	4.5	-3%	9.0	9.1	-1%	19.0
Depreciation	2.6	2.6	-1%	5.3	5.1	3%	10.5
Exceptional Item	0.0	0.0		0.0	0.0		8.8
PBT	4.6	3.0	56%	8.8	7.2	22%	22.0
Tax	1.4	0.6	160%	2.7	1.0	176%	2.7
PAT	3.2	2.4	33%	6.1	6.2	-2%	19.3
PAT Margin	3.23%	2.69%		3.17%	3.41%		5.24%

Consolidated Balance Sheet

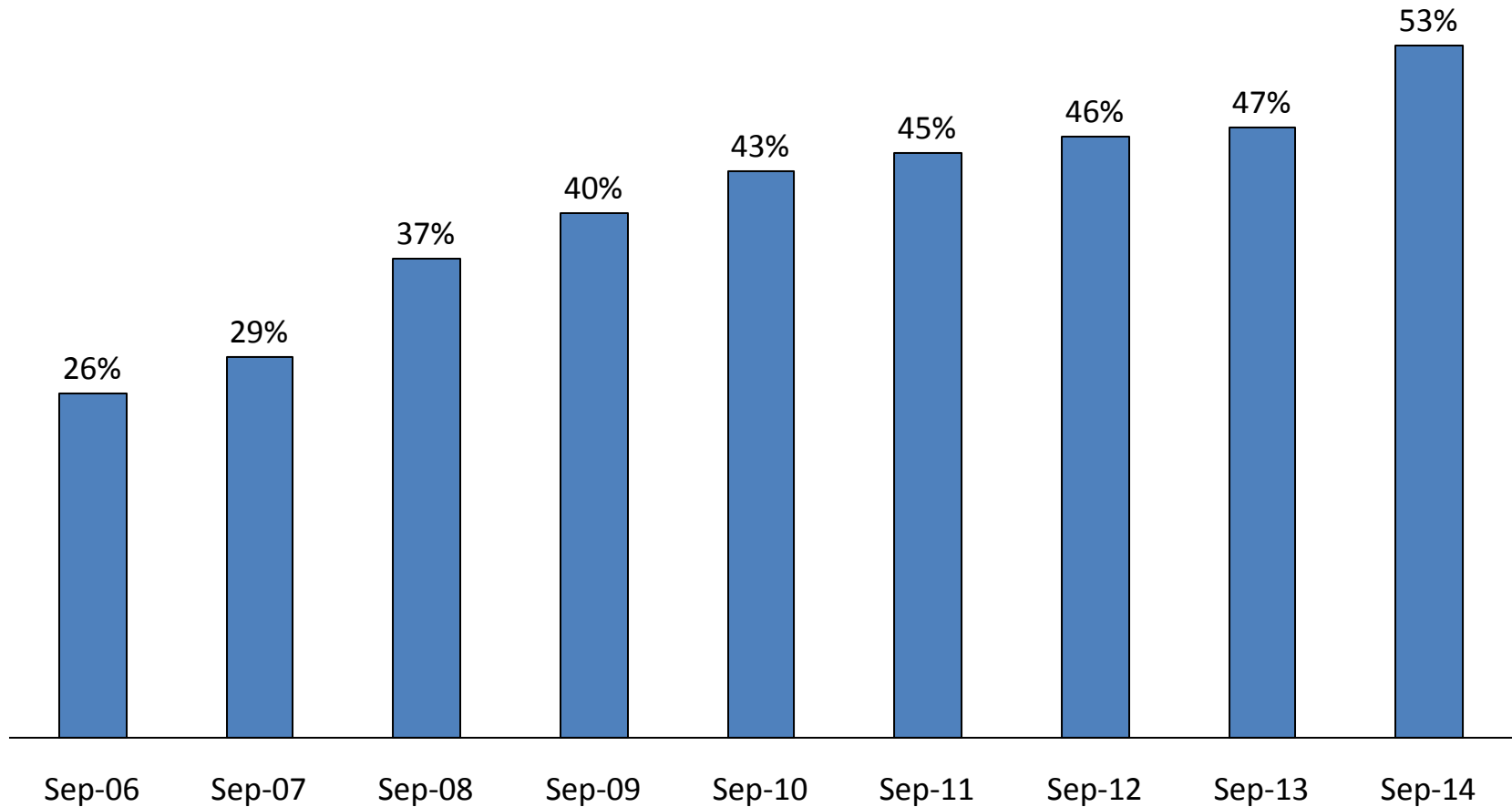
Rs. Cr	Sep14	Mar14
Shareholders Fund	125.4	119.3
Share Capital	12.3	12.3
Reserves & Surplus	113.0	106.9
Total Non Current Liabilities	40.5	40.8
Long Term Borrowings	30.7	30.9
Other Long Term Liabilities	9.7	9.8
Total Current Liabilities	195.7	186.0
Short Term Borrowings	80.4	77.2
Trade Payables	84.2	74.9
Other Current Liabilities	31.1	33.8
TOTAL EQUITY & LIABILITIES	361.6	346.0

Rs. Cr	Sep14	Mar14
Total Non Current Assets	139.3	134.1
Fixed Assets	118.7	118.2
Long Term loans & Advances	15.4	11.4
Other Non Current Assets	5.1	4.5
Total Current Assets	222.3	211.9
Inventories	110.7	106.8
Trade Receivables	68.4	69.7
Cash & Cash Equivalents	12.3	8.0
Short Term loans & Advances	30.2	26.4
Other Current Assets	0.7	0.9
TOTAL ASSETS	361.6	346.0

Consistently paying Dividend for the last 50 years



Promoter Shareholding



For further information, please contact:

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