

talbro's Automotive Components Ltd

Investor Presentation
June 2015



Safe Harbour

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➤ Corporate Overview

➤ Diversification – Products , Customers & Markets for Creating Value

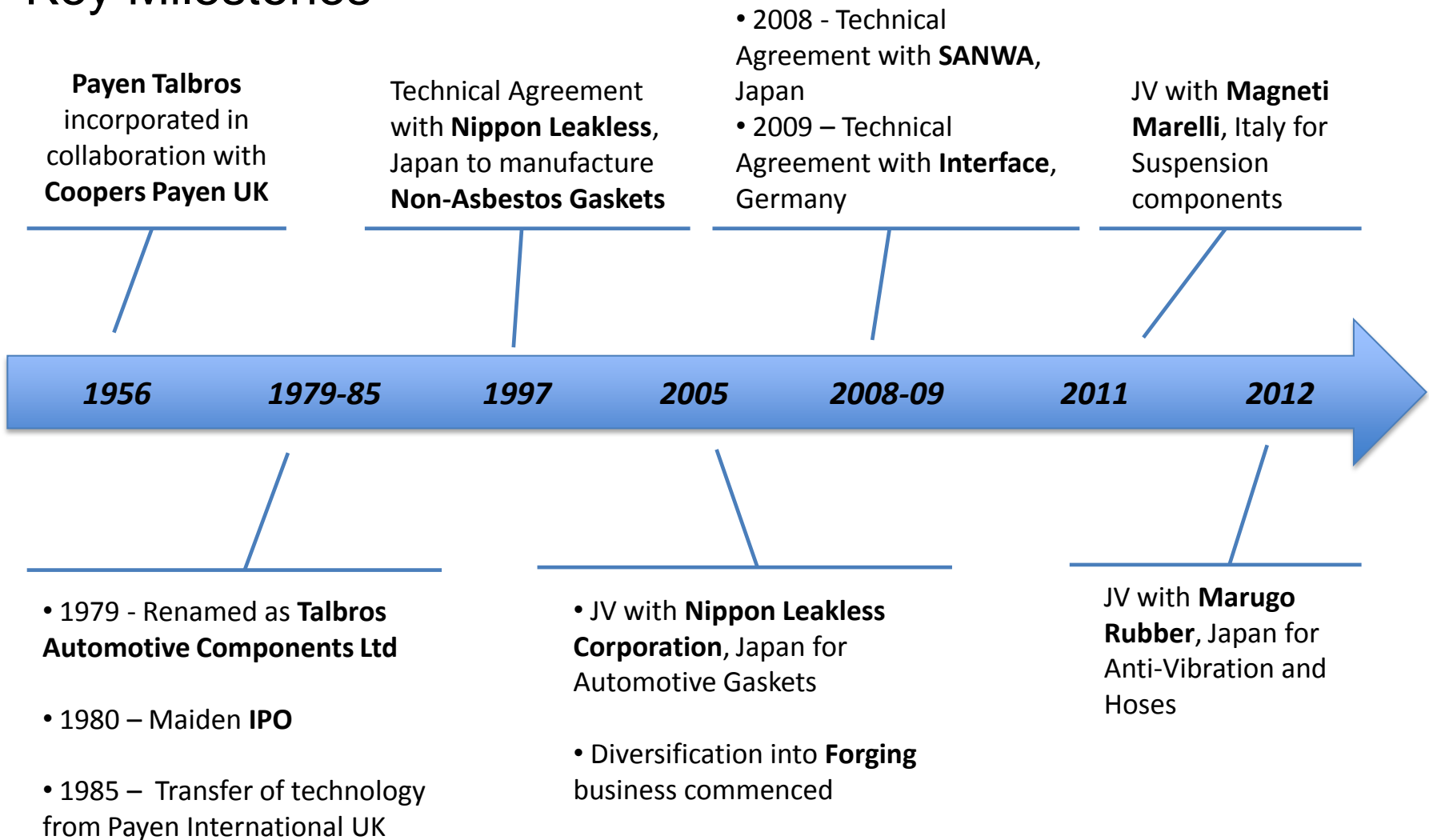
➤ Financials Q4 & FY15

Corporate Overview

- Over **58 years** 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. R. P. Gupta

CEO

Mr. M. S. Ajmani

CFO

Mrs. Seema Narang

Company Secretary

Mr. S. T. Hebber

President,
Gasket Division

Mr. Sarvesh K. Vijay

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 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 ICFAI 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

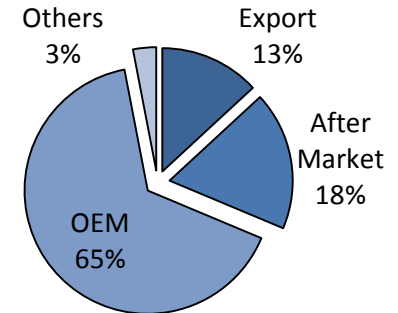
* Talbro's share in JV

Above data excludes other non operating income

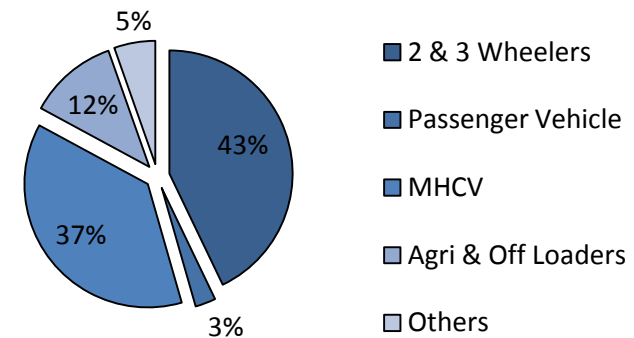
Gaskets

- 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% of Sales compliant with Asbestos Free material
- Started exports of Heat Shields

FY15 Revenue Rs 244 Crores



FY15 OEM Breakup



Multi Layer Steel



Rubber Molded



Heat Shield



Exhaust Manifold



Edge Molded



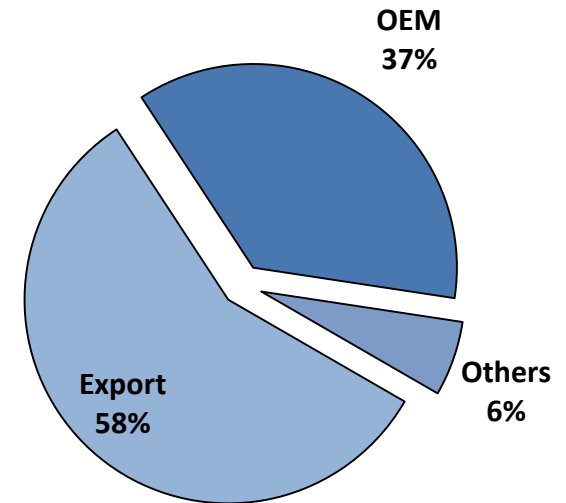
Cylinder Head



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 Carbohydizing)

FY15 Revenue Rs 70 Crores



King Pins



Gear Blanks



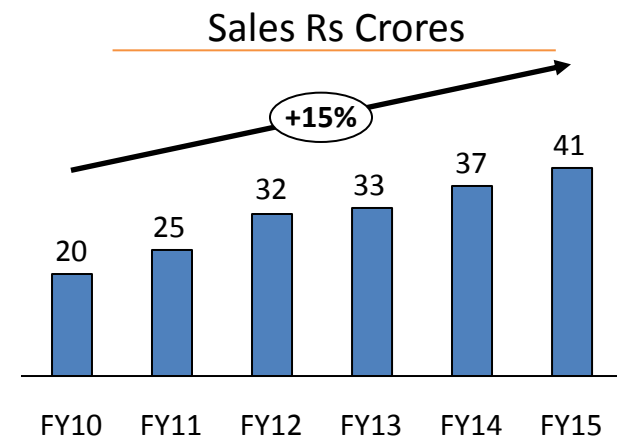
Housing and Yoke Shafts



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

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

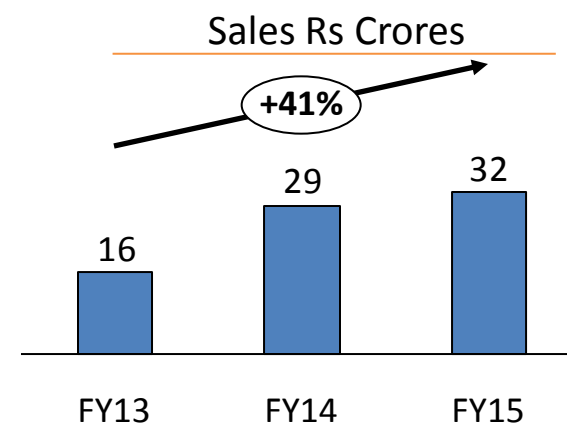
- A **Fiat Group company, Magneti Marelli** has a annual revenue of € 6 Billion. Suspension business line generate over € 470 Million revenue worldwide with advanced light weight technologies having diverse customer base
- 50:50 partnership began in 2011, production commenced in April 2012
- The JV has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

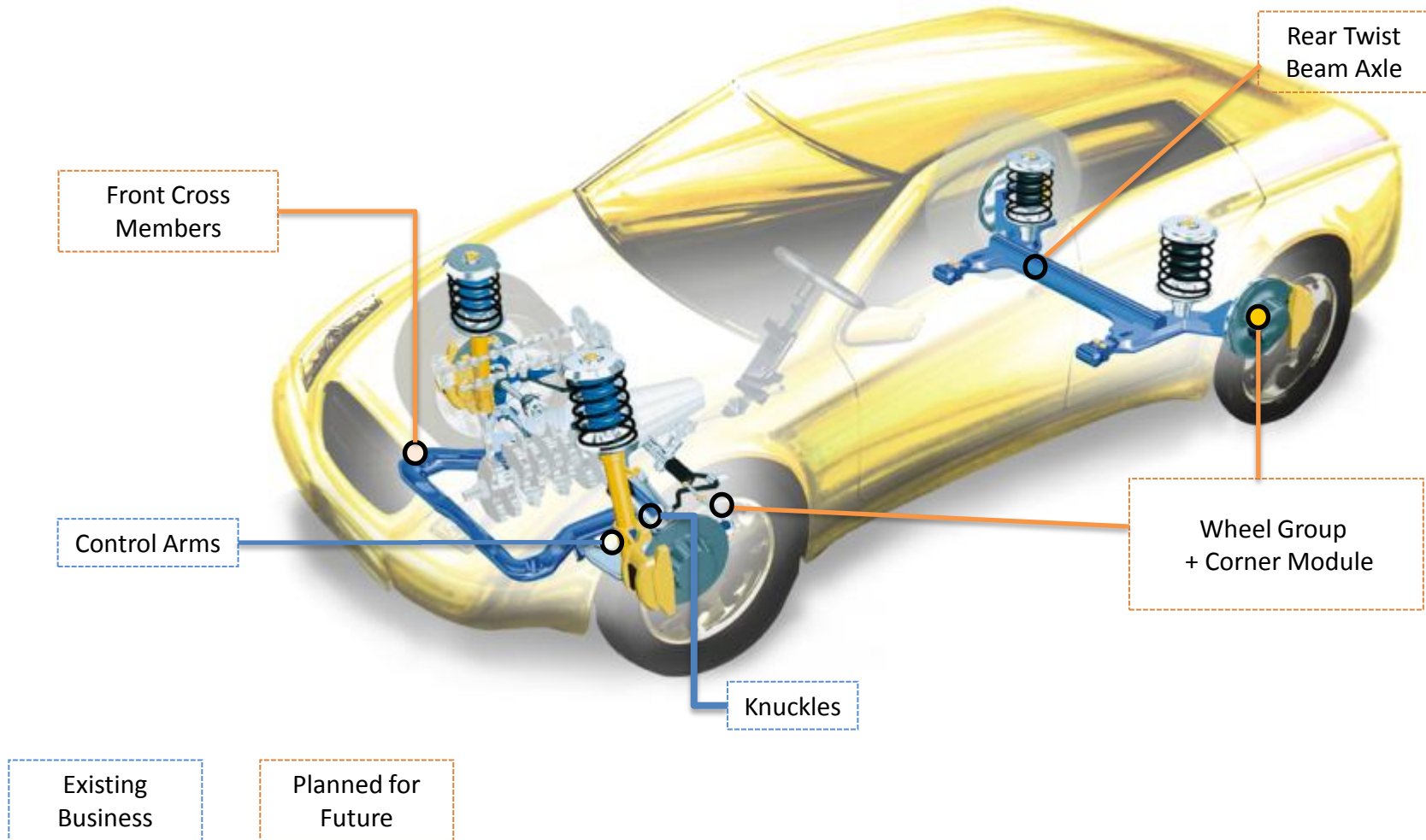
- Bajaj Auto, Mahindra & Mahindra, Maruti Suzuki India, Tata Motors
- Significant share of Control Arms business from Maruti

**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

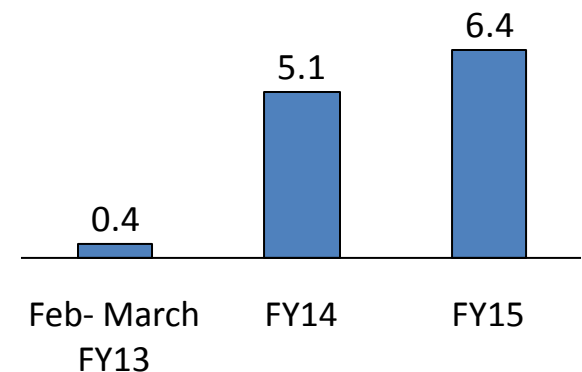
➤ 100% Sales to OEMs:

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

⑤ Marugo Rubber Industries, Ltd.

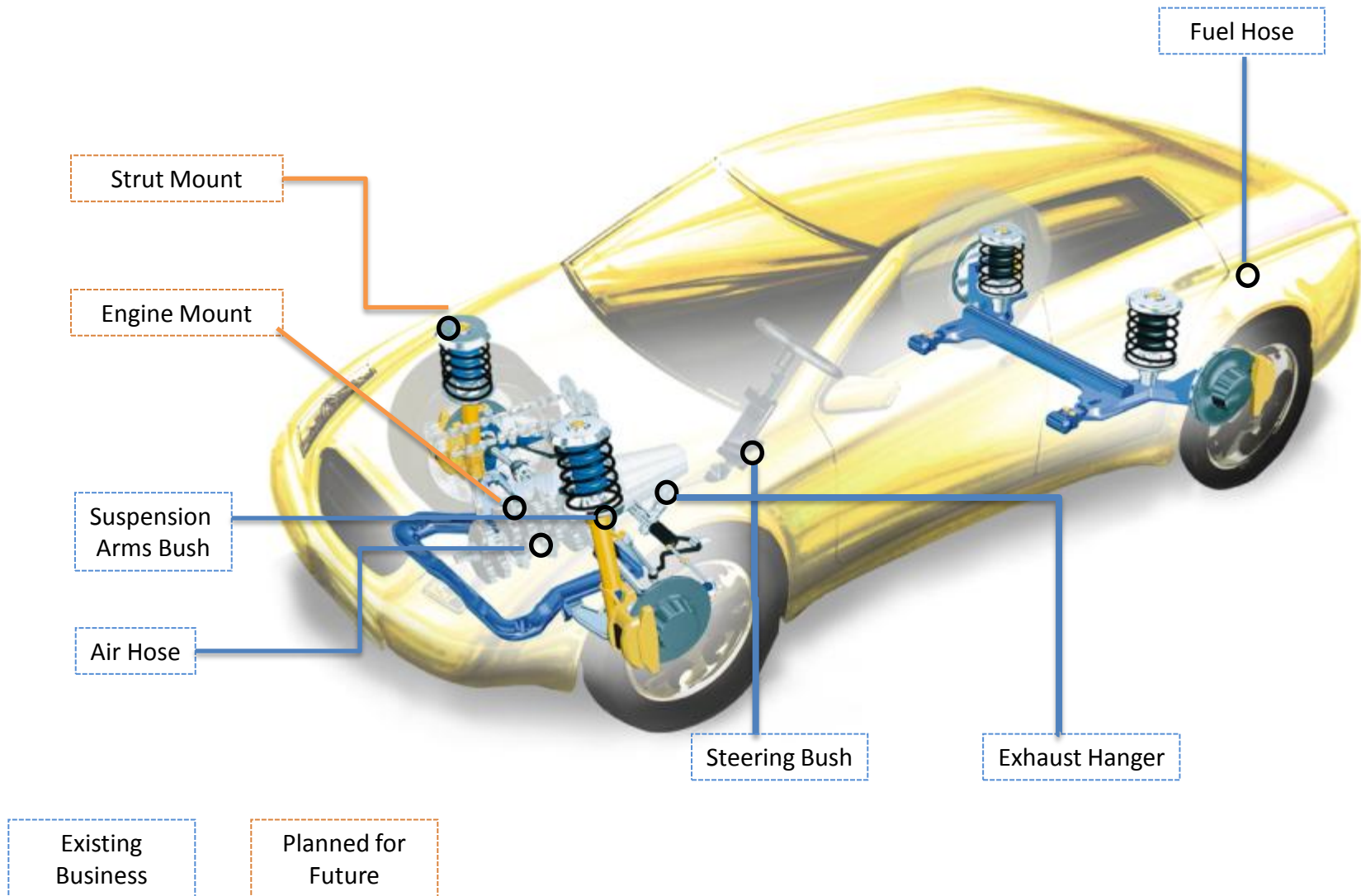


Sales Rs Crores



* 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

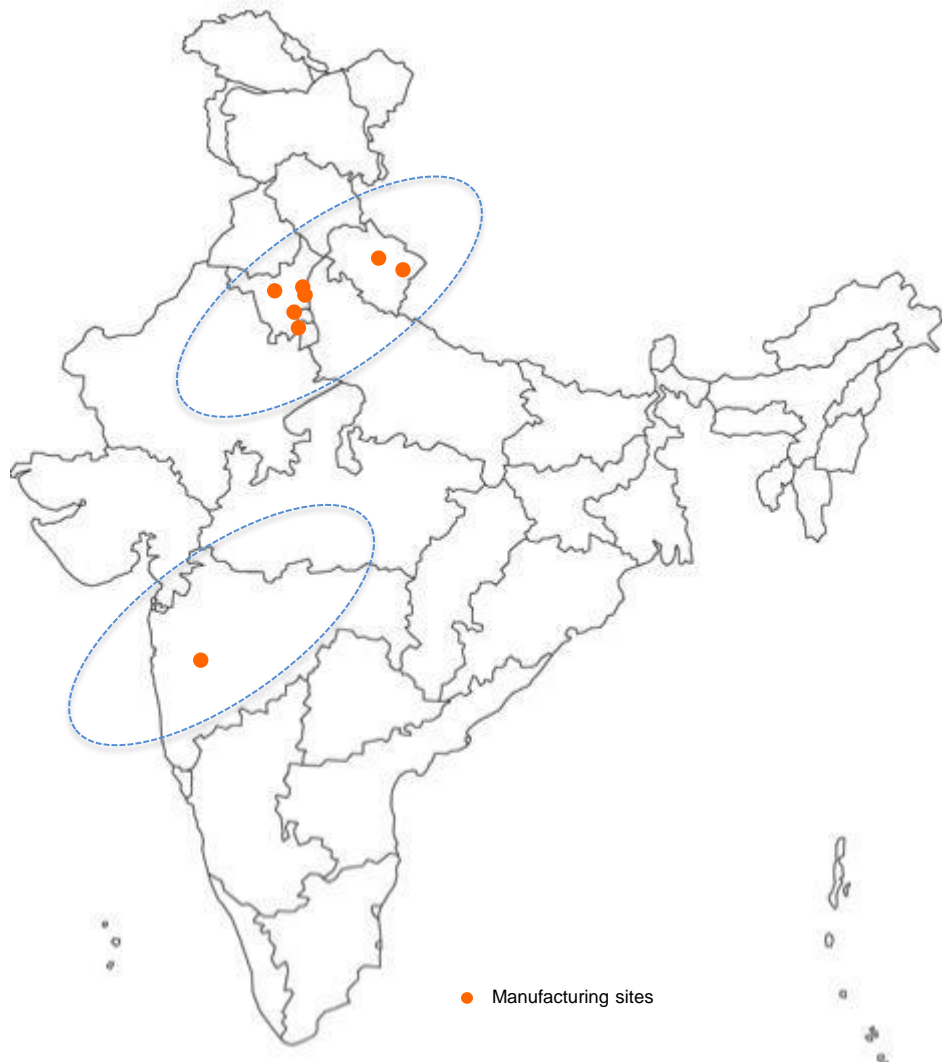
Agri & Off
Loader

Exports



Hedged customer base, 40 % revenue from top 5 customers

Strategic Manufacturing Locations

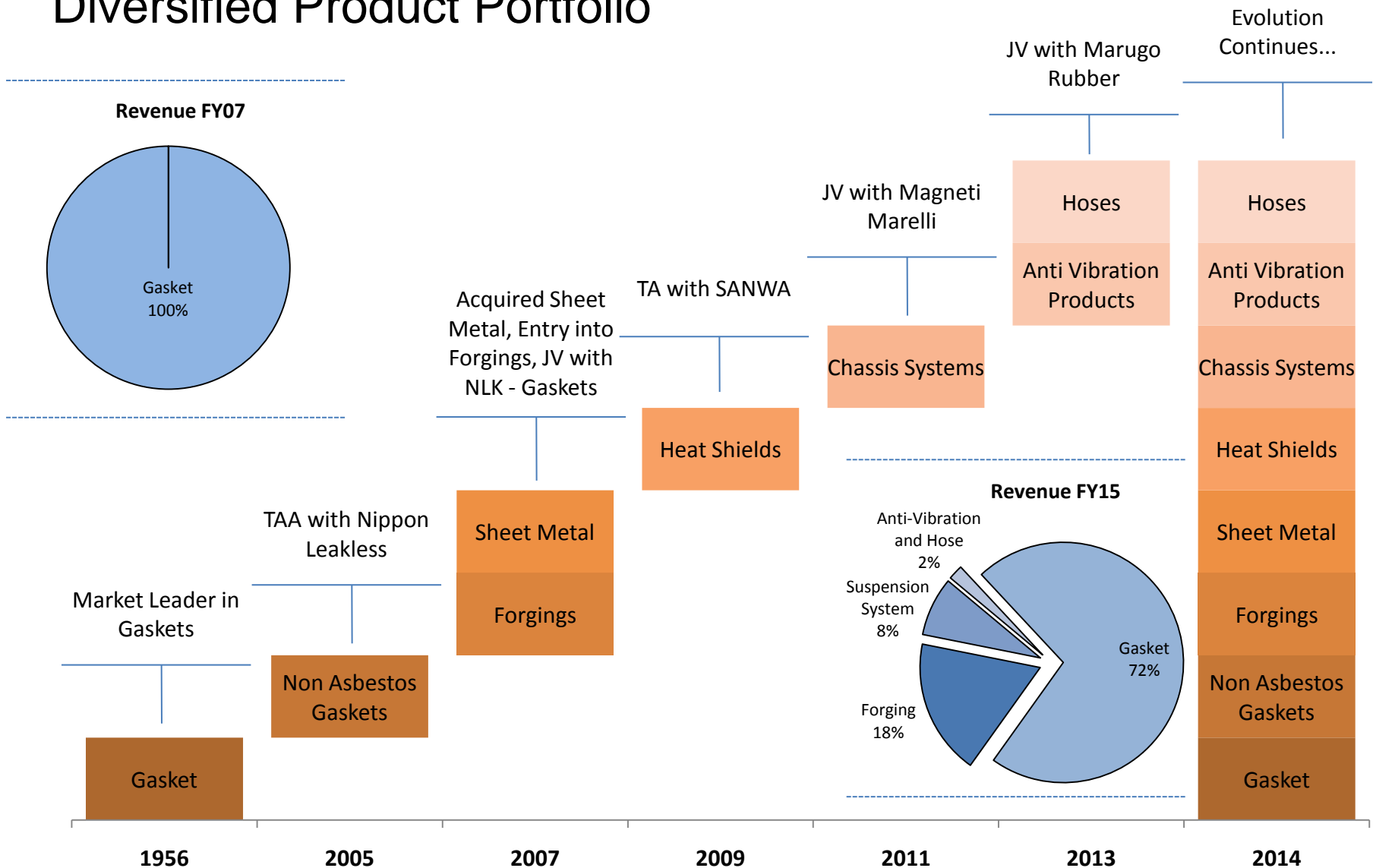


Plant	Location
Gasket	Faridabad - Haryana Pune – Maharashtra Sitarganj – Uttarakhand
Forging	Bawal – Haryana
Nippon Leakless Talbro's	Bawal – Haryana Haridwar – Uttarakhand
Talbro's Marugo Rubber	Manesar – Gurgaon
Magneti Marelli Talbro's	Faridabad - Haryana
Material Division	Sohna – Gurgaon
R&D Centres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

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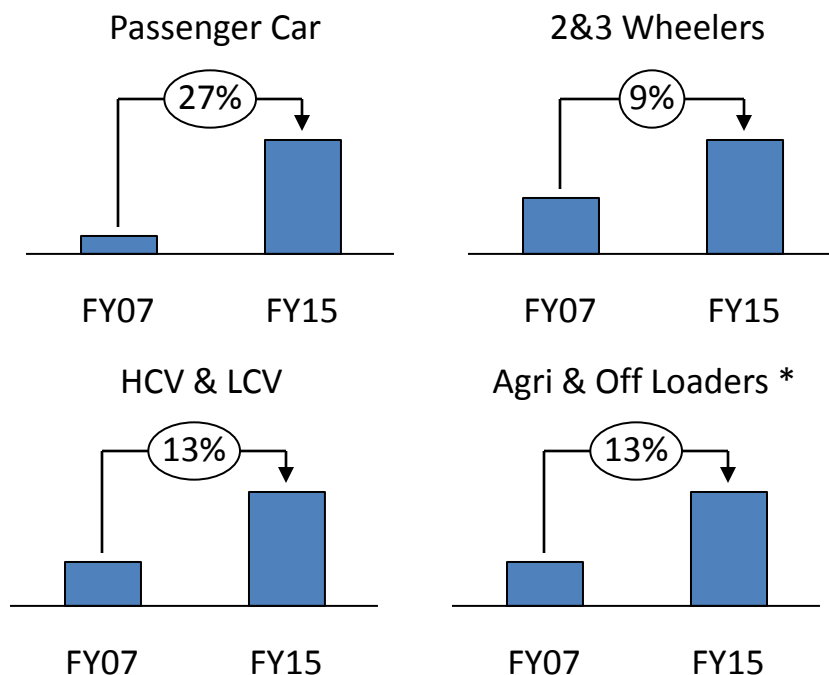
- Corporate Overview
- Diversification – Products , Customers & Markets for Creating Value
- Financials Q4 & FY15

Diversified Product Portfolio

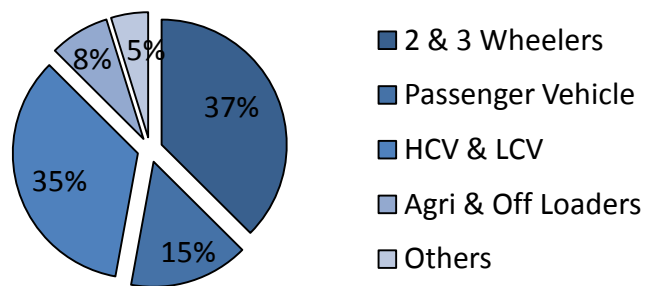


Diversified End Users

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

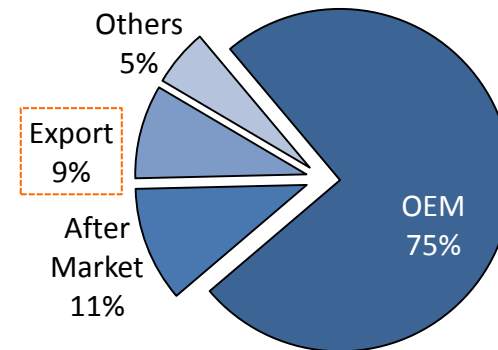
■ International Contracts

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

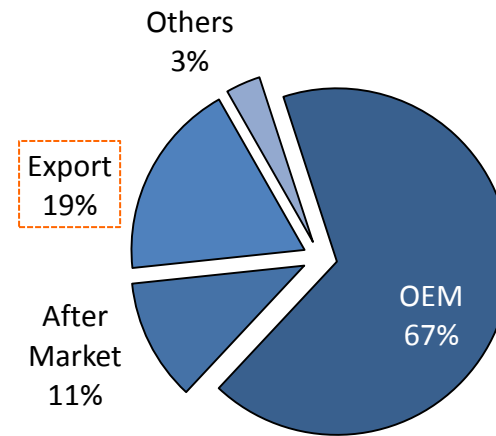
➤ Forging :

- 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
Magneti Marelli Talbros	Front Cross member	FY 16-17
	Rear Twist Beam Axle	FY 16-17
	Wheel group assembly	FY 16-17
Talbros Marugo Rubber	Engine Mount	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 FY15

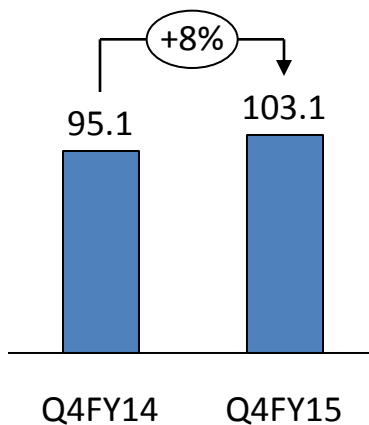
- Auto Sector growth was below expectations at 8% YoY impacted by
 - Disappointing festive sales in the second half
 - Reversal of Excise duty cuts on Cars and 2-wheelers
- Passenger Vehicle maintained a slow pace at 4% growth YoY
 - Growth driven by Utility Vehicle which grew by 10.8%
- Medium & Heavy CV segment continued steady growth at 17.4% YoY
 - Light CV segment de-grew by 9.9% YoY while overall CV segment de-grew by 1.3%
- Two-wheeler segment grew by 9.3% YoY; led by scooters growth at 27%

Source: SIAM

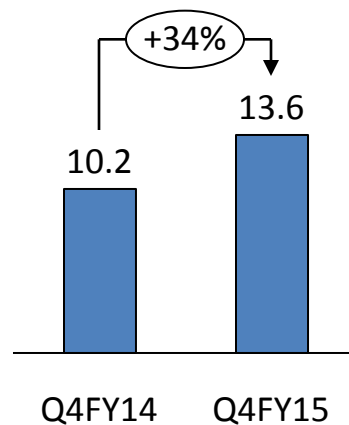
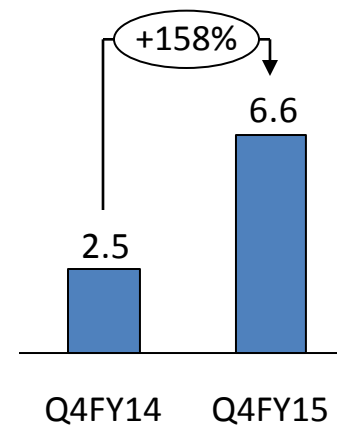
Talbros grew in line with the market

Financial Highlights

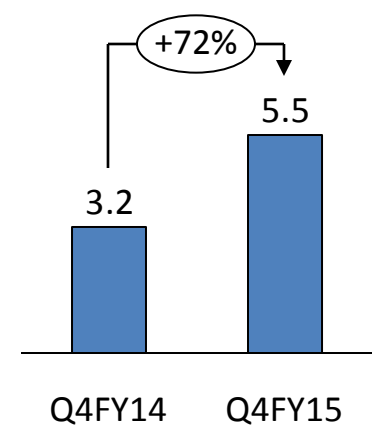
Revenue



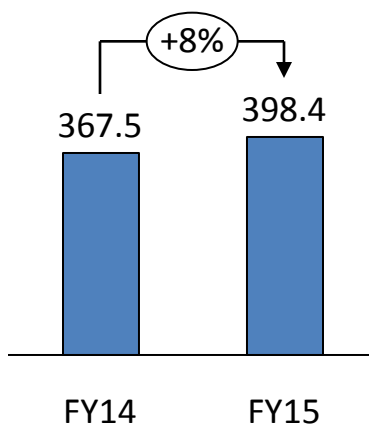
EBIDTA

PBT
(Before Exceptional Items)

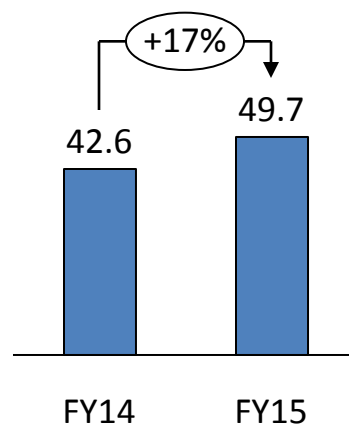
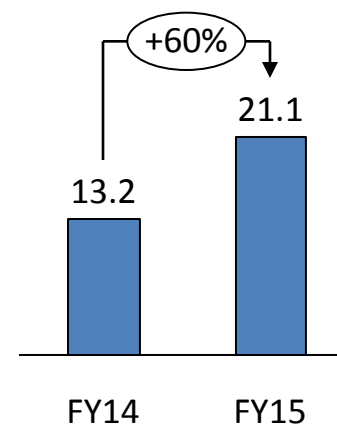
Adj PAT



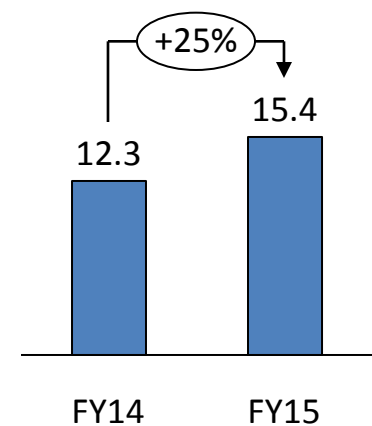
Revenue



EBIDTA

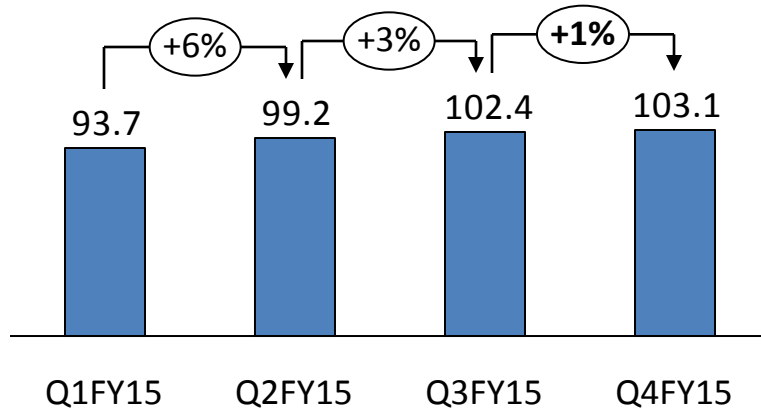
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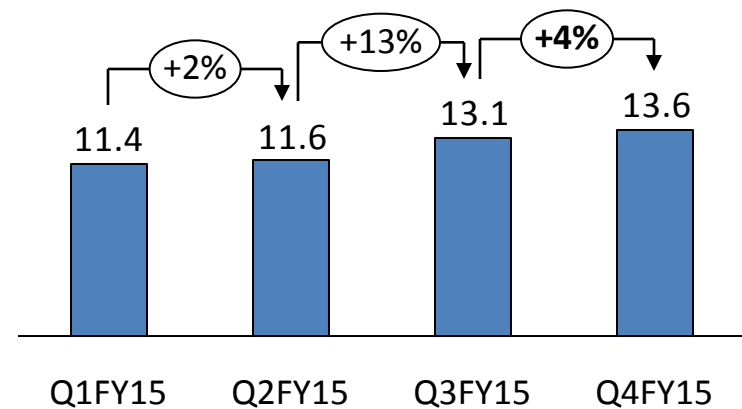


Consistent Sequential Growth

Revenue

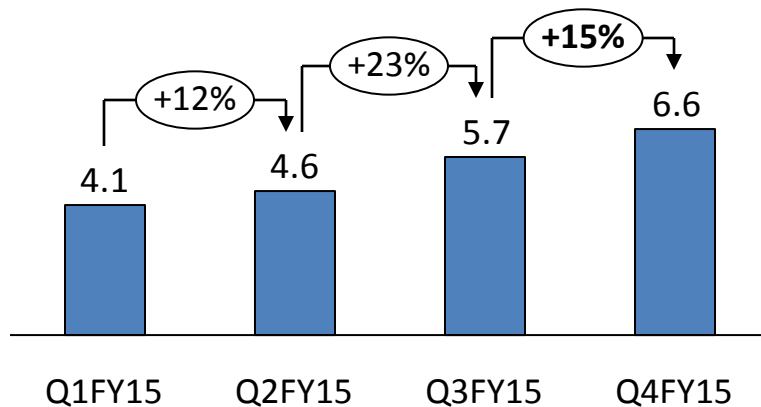


EBIDTA

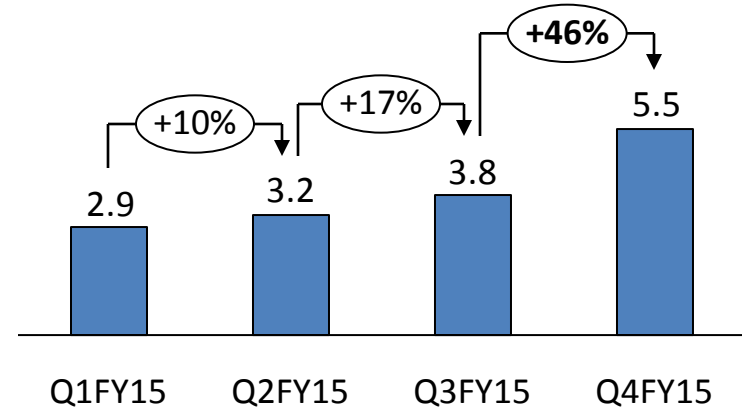


PBT

(Before Exceptional Items)



Adj PAT



FY15 Highlights

- Sales of Rs 398.4 Crores; Growth of 8%
 - Led by strong performance of Gaskets Division
- EBIDTA of Rs 49.7 Crores; Growth of 17%
- EBIDTA Margin improved by 90 bps to 12.5%
 - Led by material cost savings and lower overheads
- Lower finance cost on the back of interest rate optimization
- PBT prior to exceptional items of Rs 21.1 Crores; Growth of 60%
- Adj PAT of Rs 15.4 Crores: Growth of 25%
 - Tax exemption have reduced from 100% to 30% at our Sitarganj & Haridwar facilities in Uttarakhand this year
- Exceptional Items for the year of Rs 1.9 Crores, pertains to the terminal benefits payable to the erstwhile employees of the Chennai Plant
 - The Chennai plant was closed in Q2FY15

Segmental Performance

Gaskets Division:

- Sales growth was in line with the industry growth supported by healthy volumes from OE – SPD (Spare Parts Division) demand
- Sale to Commercial Vehicles segment outperformed the industry where as motorcycles industry faced weakness
- Margin improvements driven by Localization and Material Yield Improvement Measures

Forgings Division:

- Sales impacted due to the slowdown in Europe and weakening Euro
- Prudent hedging in exports helped in cushioning the impact
- Exploring new customers in the USA

Joint Venture Performance

Nippon Leakless Talbros (LTL) :

- Steady Performance driven by strong growth in scooters segment

Magneti Marelli Talbros Chassis Systems (MMT) :

- Our share in the material requirement of MSIL increased
- Received first order from Bajaj for the RE60 Quadricycle
- Strong order visibility

Talbros Marugo Rubber (TMR):

- Started Supply of Intercooler Hoses to Maruti Suzuki India Ltd
- Started exports to our JV partner Marugo Rubber in Japan
- TMR nearly achieved cash break even in 2HFY15

Consolidated P & L Statement

Rs. Cr	Q4FY15	Q4FY14	YoY %	Q3FY15	QoQ %	FY15	FY14	YoY %
Revenue	97.6	93.9	4%	100.8	-3%	388.8	361.9	7%
Other Income	5.5	1.2	354%	1.6	237%	9.6	5.6	72%
Total Income from Operations	103.1	95.1	8%	102.4	1%	398.4	367.5	8.4%
Raw Material	52.9	49.0	8%	57.0	-7%	215.5	205.0	5%
Employee Cost	13.6	10.3	32%	12.3	10%	49.5	42.4	17%
Other Expenses	23.0	25.6	-10%	20.0	15%	83.7	77.6	8%
EBITDA	13.6	10.2	34%	13.1	4%	49.7	42.6	17%
EBITDA Margin	13.19%	10.71%		12.82%		12.48%	11.59%	
Interest	5.1	5.1	0%	4.6	10%	18.7	19.0	-2%
Depreciation	1.9	2.6	-24%	2.8	-31%	10.0	10.5	-4%
PBT (Before Exceptional Items)	6.6	2.5	158%	5.7	15%	21.1	13.2	60%
Exceptional Item *	-1.9	8.8		0.0		-1.9	8.8	
Tax	0.5	1.1	-59%	2.0	-77%	5.1	2.7	89%
PAT	4.3	10.2	-58%	3.8	13%	14.1	19.3	-27%
PAT Excl Exceptions	5.5	3.2	72%	3.8	53%	15.4	12.3	25%
PAT Excl Exceptions Margin %	5.34%	3.37%		3.67%		3.86%	3.34%	

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

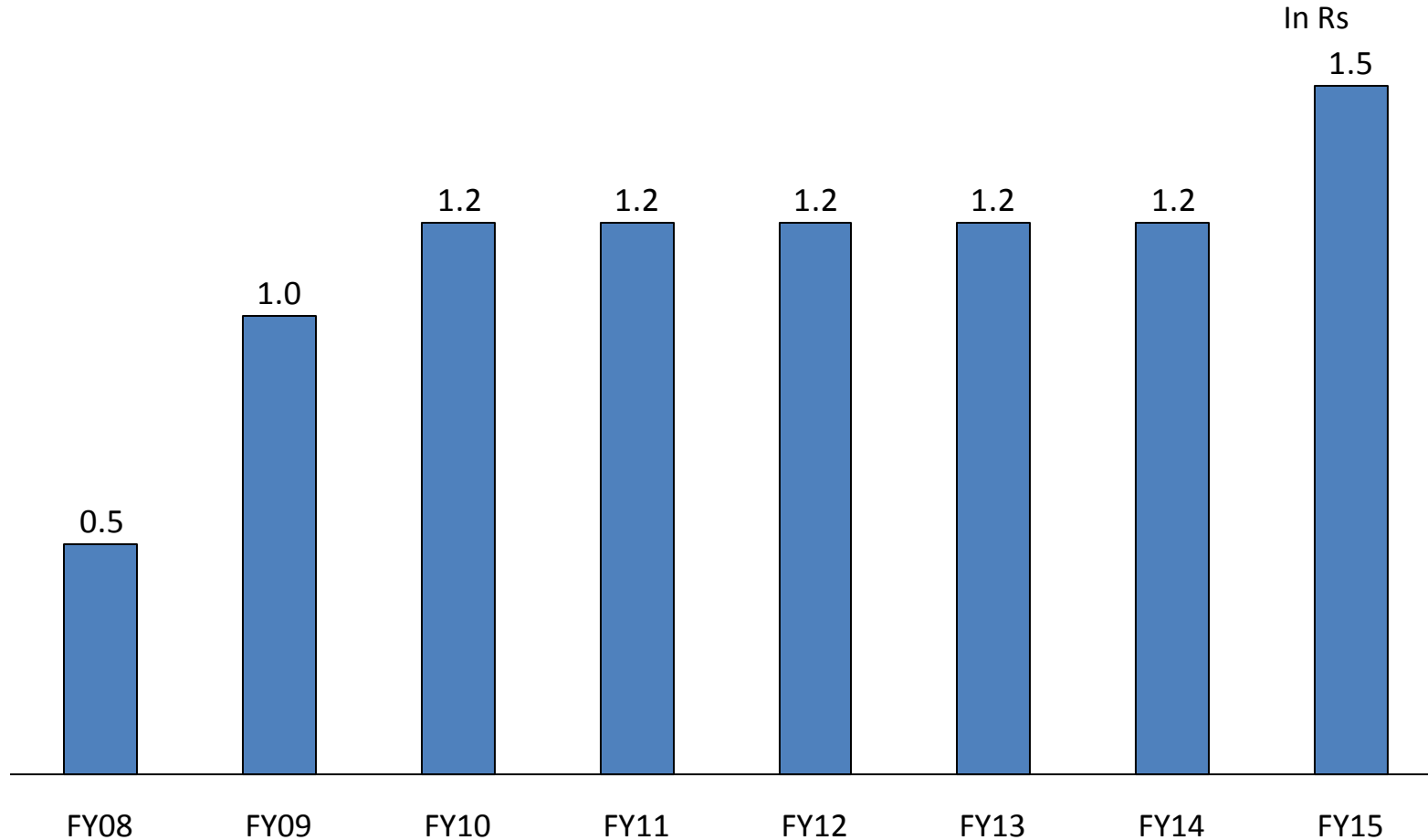
*Q4FY14 Income from Sale of Land

Consolidated Balance Sheet

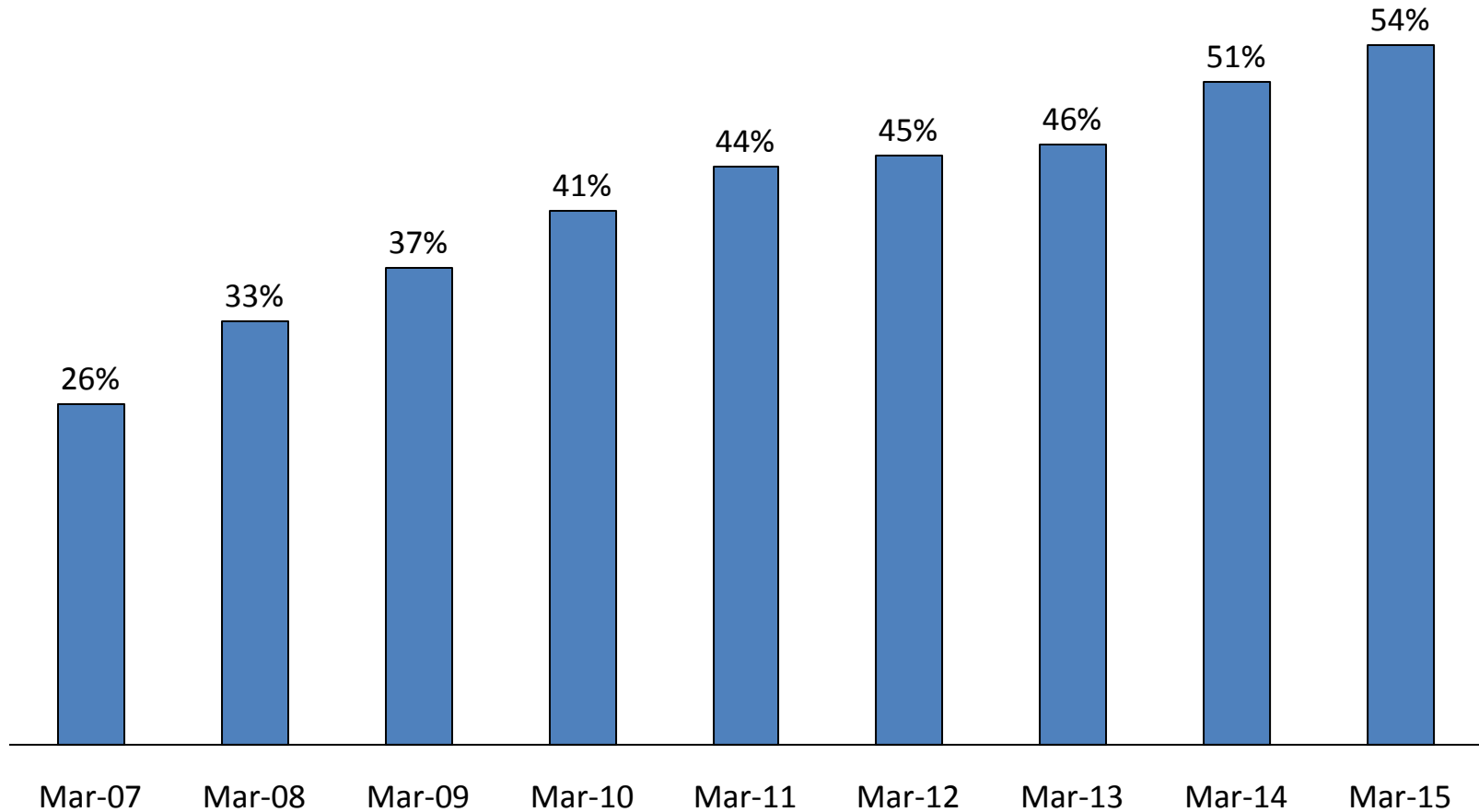
Rs. Cr	Mar15	Mar14
Shareholders Fund	127.1	119.3
Share Capital	12.3	12.3
Reserves & Surplus	114.8	106.9
Total Non Current Liabilities	40.8	40.8
Long Term Borrowings	31.8	30.9
Other Long Term Liabilities	9.0	9.8
Total Current Liabilities	215.6	186.0
Short Term Borrowings	85.1	77.2
Trade Payables	92.4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

Rs. Cr	Mar15	Mar 14
Total Non Current Assets	142.4	134.1
Fixed Assets	123.4	118.2
Long Term loans & Advances	12.7	11.4
Other Non Current Assets	6.2	4.5
Total Current Assets	241.2	211.9
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
TOTAL ASSETS	383.6	346.0

Consistently paying Dividend for the last 50 years



Promoter Shareholding



For further information, please contact:

Company :

Talbros Automotive Components Ltd.
CIN: L29199HR1956PLC033107
Mr. Navin Juneja – Director & Group CFO
Email: navinjuneja@qhtalbros.com

www.talbros.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285
Ms. Ruchi Rudra/ Ms. Neha Shroff
rruchi@sgapl.net / sneha@sgapl.net

www.sgapl.net