

INVESTOR PRESENTATION

May 2018

Driving Future Leadership





Safe Harbour

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Q4FY18 Highlights

31%

Total Revenue

Rs 112.20 Crs

54%

EBITDA

Rs 14.90 Crs

(Margin 13.5%)

171%

PAT

Rs 7.60 Crs

(Margin 6.9%)

Highest Ever Quarterly Profits at Rs. 7.60 Crores

Commenting on the performance Mr. Anuj Talwar, Jt. Managing Director, Talbro's Automotive Components Limited said:

"We are extremely pleased with performance of the company. During the year, we had focused on getting new orders which has helped us in turning around our Forgings division and the JV with Magnetti Marelli. Also our strategic decision to localize raw material sourcing shall reap benefits in the quarters to come.

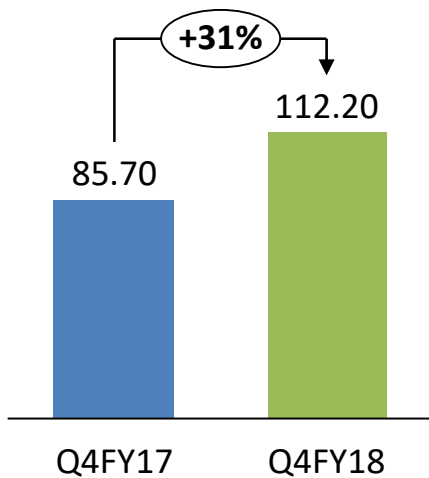
Benchmarking the Q4FY18 performance, we as an organization would strive to achieve the same in the coming quarters."



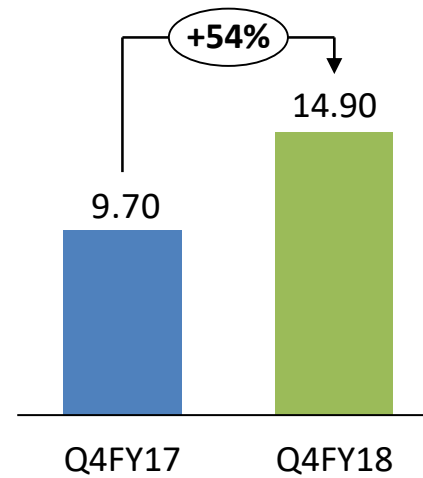
Q4 FY18 Performance Highlights

Total Income from Operations

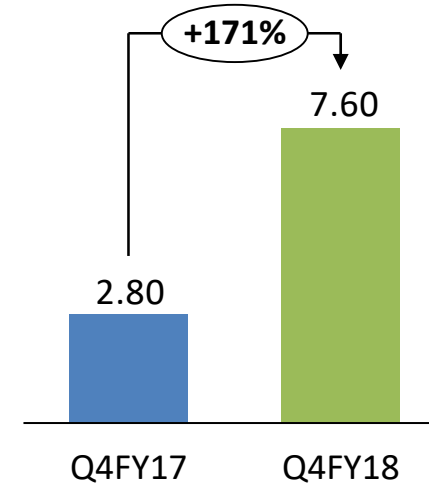
As per Ind AS



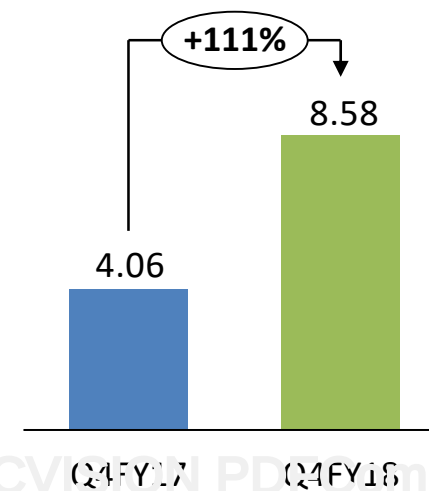
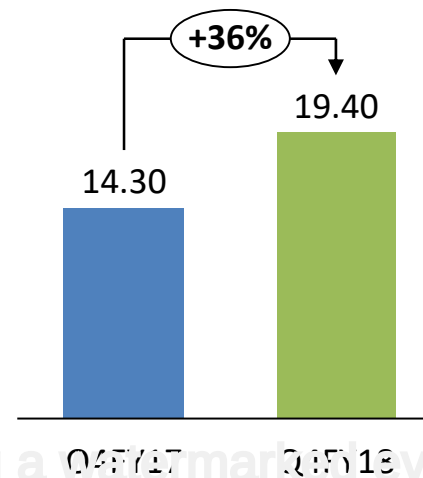
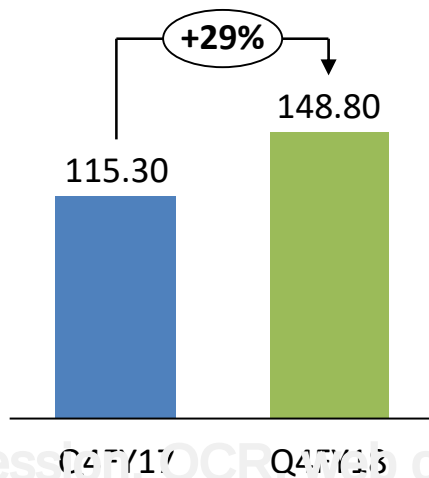
EBIDTA



PAT



As per Indian GAAP*



Rs. Crores

*Proportionate share of JV Revenue has been considered



FY18 Highlights

21%

Total Revenue
Rs 399.30 Crs

24%

EBITDA
Rs 47.10 Crs
(Margin 12.0%)

70%

PAT*
Rs 20.70 Crs
(Margin 5.3%)

Reported PAT

Rs. 22.90 Crs

EPS

Rs. 18.55

Consistently improving Performance

- Gaskets: Continue to be the leaders with ~40% market share
- Forgings: Healthy order book of Domestic and Global Auto majors
- Magnetti Marelli JV: Sustained turnaround in the business, leading to improved profitability
- Marugo Rubber JV: Steadily catching up the pace

Better Operating Leverage

- Improved contributions of other product divisions along with Gaskets, has led to a better product mix
- Consistent improvement in the bottom line

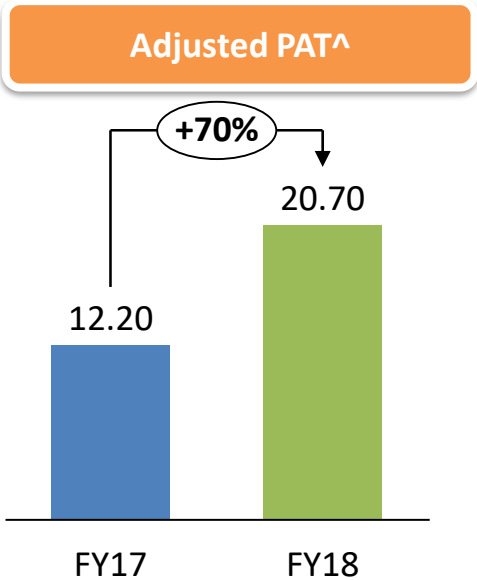
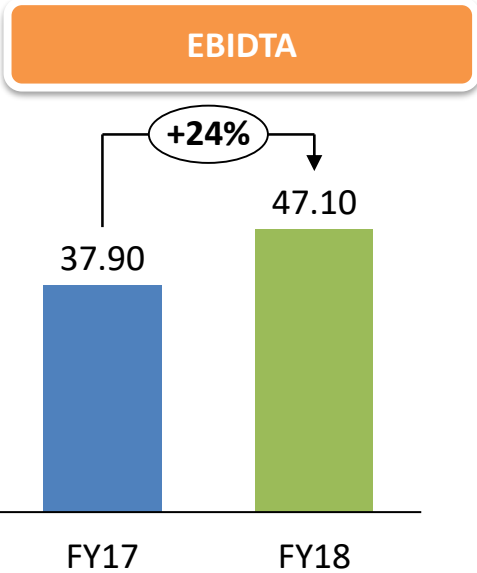
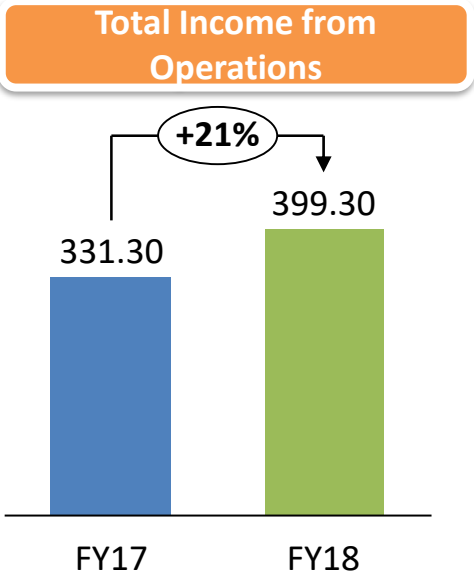
As per Ind AS

*PAT adjusted for Exceptional Gain on Sale of Asset

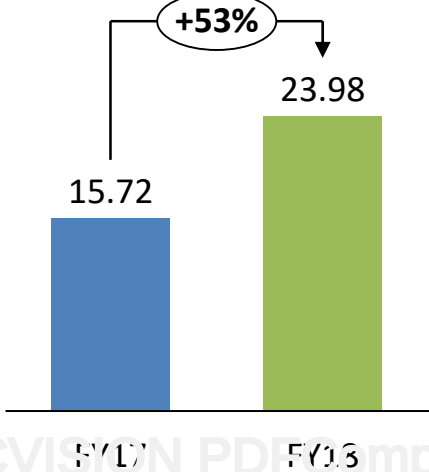
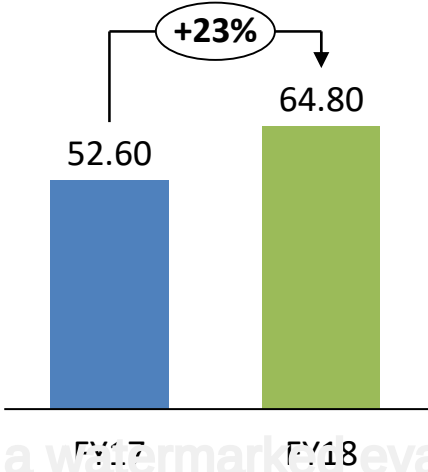
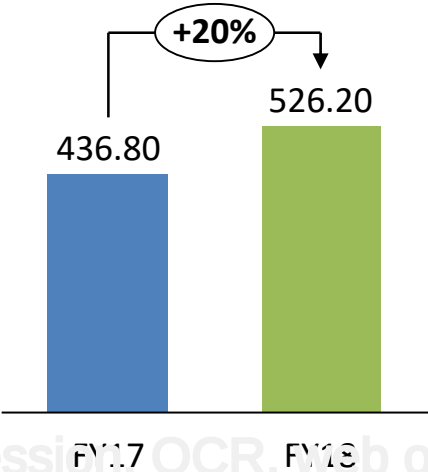


FY18 Performance Highlights

As per Ind AS



As per Indian GAAP*



*Proportionate share of JV Revenue has been considered

^PAT adjusted for Exceptional Gain on sale of Asset



Business Confirmations & Strategy

Gaskets Standalone

New Orders:

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

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 per annum

Started Supplies for the order received from large European Car Manufacturer

Strategic Initiatives

Gaskets:

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

Forgings Segment

Started supplies for the order received from German Luxury car manufacturer

Order from Large Auto Component manufacturer from USA to supply heavier forged parts, with an estimated Revenues of Rs. 35 Crores per annum

Recently won and order from JL Auto, with Estimated Revenues of Rs. 12 Crores per annum

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



Leadership Team driving Growth & Profitability



**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.



Vision 2020

Consolidated FY2018

Consolidated FY2020

As per Ind AS

Revenue	Rs.399 Crores	Rs. 525 – 575 Crores
EBITDA Margin	12.0%	12% - 13 %
Adjusted PAT^	Rs.21 Crores	Rs. 32 – 35 Crores
ROCE	13.1%	15%+

As per Indian GAAP*

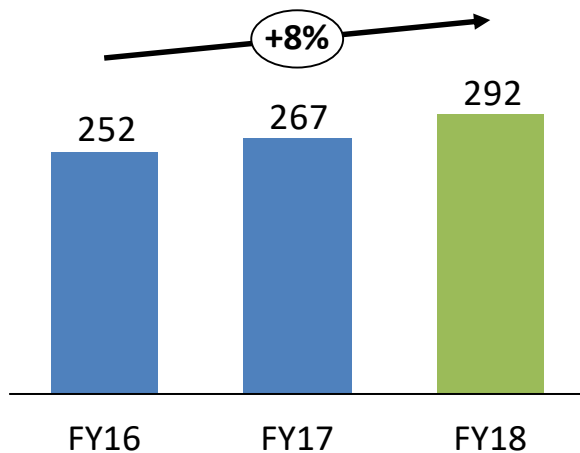
Revenue	Rs.526 Crores	Rs. 675 – 725 Crores
EBITDA Margin	12.4%	13% - 14%
Adjusted PAT^	Rs. 24 Crores	Rs. 35 – 38 Crores
ROCE	16.6%	20%+

- Favorable macro economic conditions likely to lead to sustainable uptick in demand
- Continue to be Market Leaders in Gaskets division
- Healthy Order Book for Forgings division
- Magnetti Marelli JV, continue to scale up the business and improve the profitability further
- Turn around in Hoses business
- Incremental growth to be supported without any major addition of debt

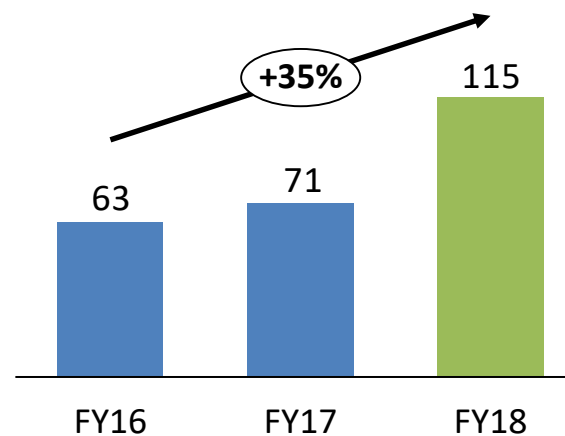


Growth Across Product Segments

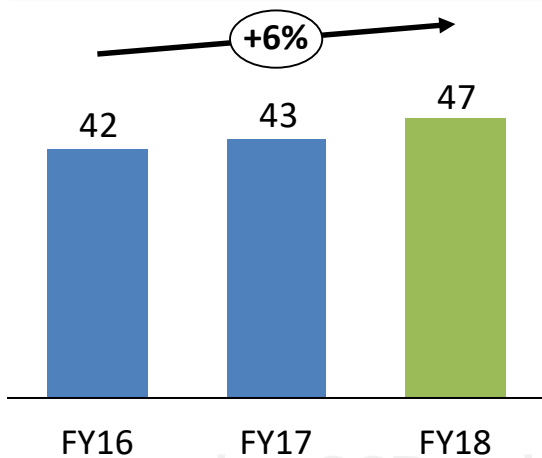
Gaskets (Standalone)



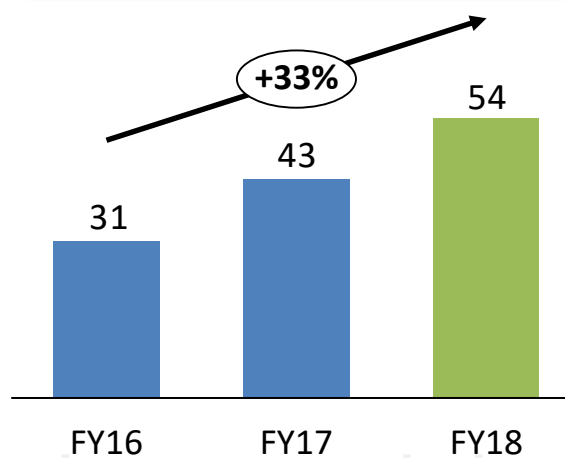
Forgings



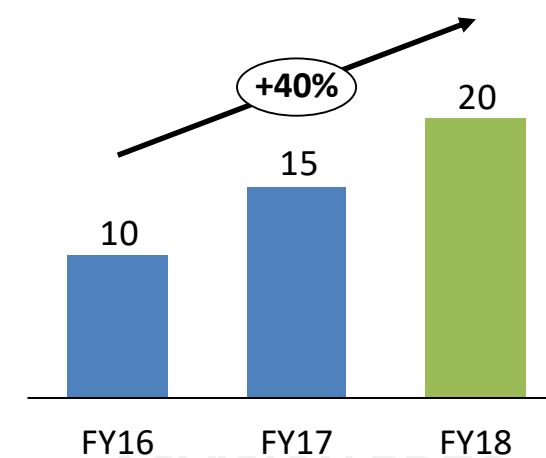
Nippon Leakless JV*



Magnetti Marelli JV*

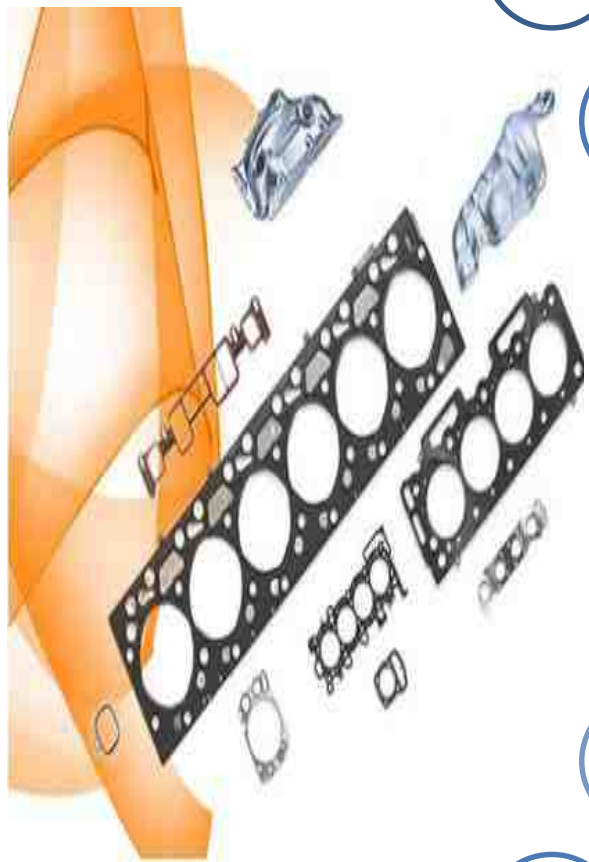


Marugo Rubber JV*





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**

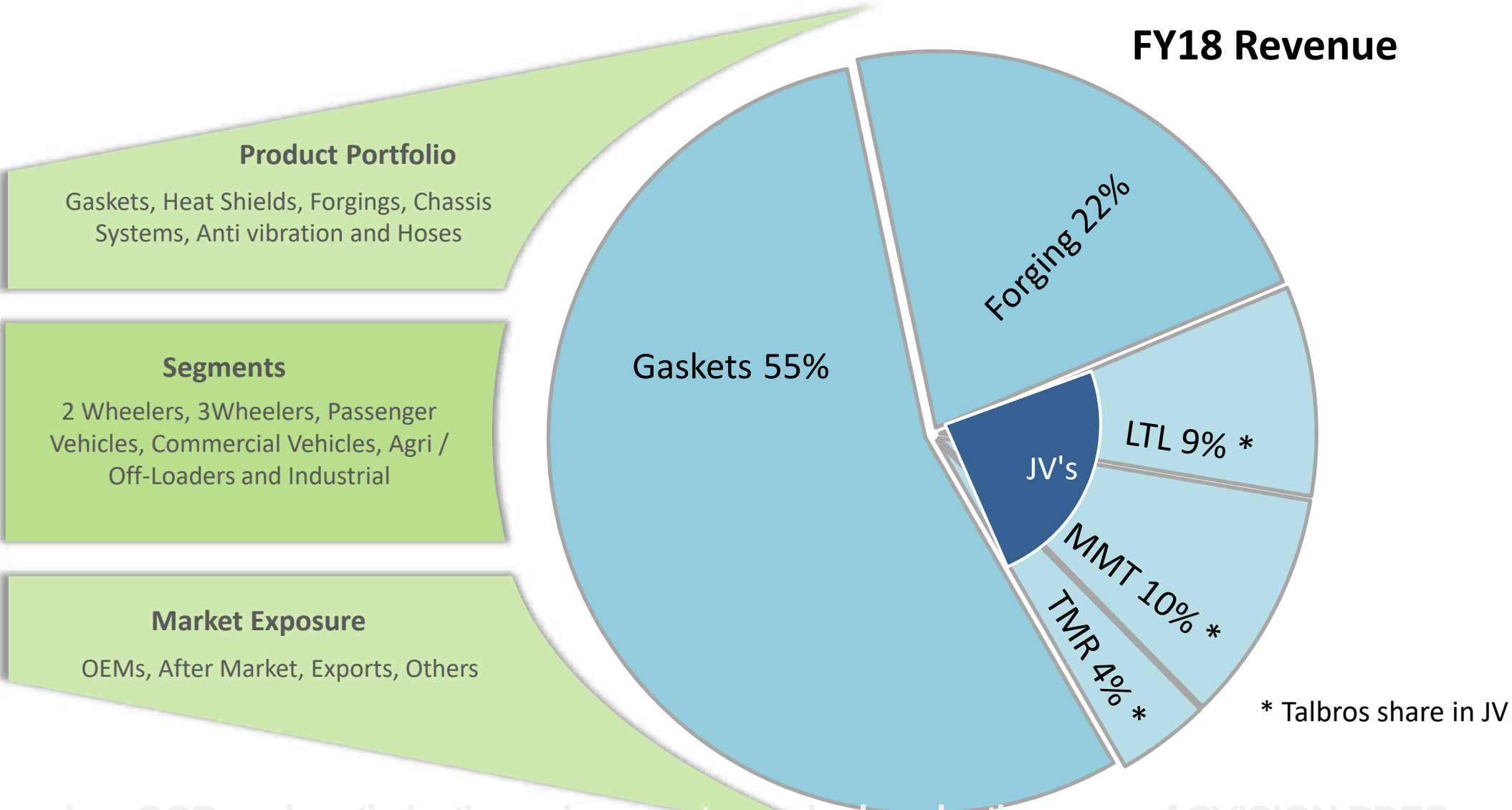
Four International Technology Tie-ups including 3 JVs for Best in Class Products

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

Consistent **Dividend Pay-out over 50 years**



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

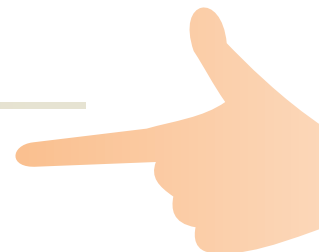
- BS-VI expected implementation by 2020
- Developing new products such as **Heat Shields** under Technical Licensing Agreement with **SANWA Packaging**



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

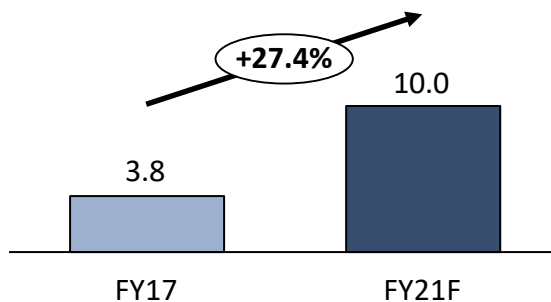


Exports

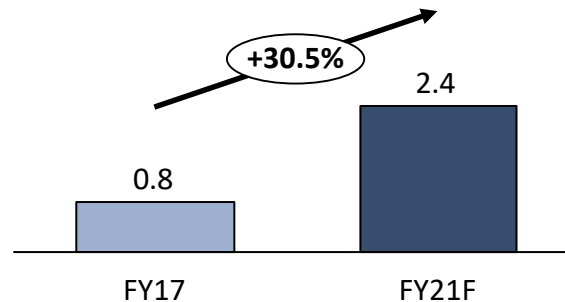


The Automotive Opportunities

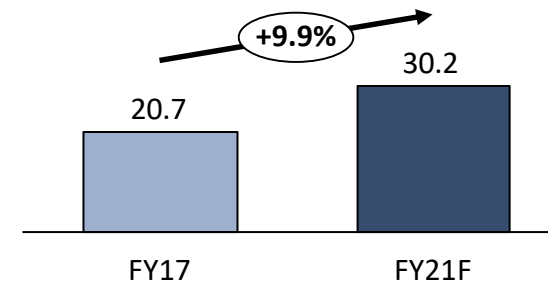
Million Units



Passenger Vehicles



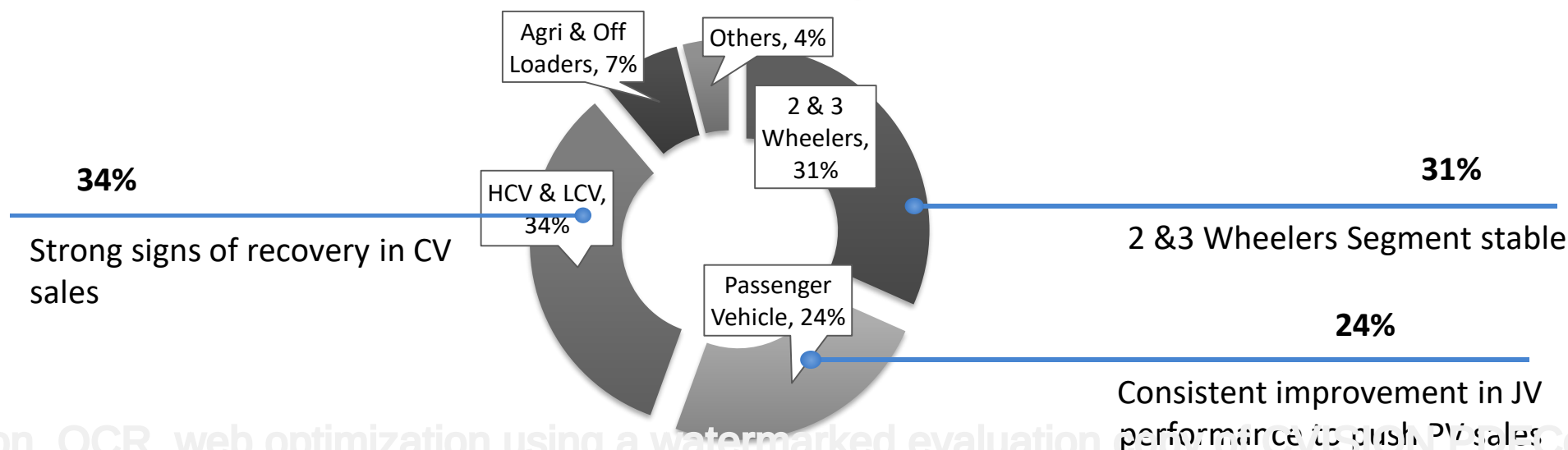
Commercial Vehicles



2W & 3W Vehicles

Source: IBEF

TACL: Domestic Sales Break up FY18



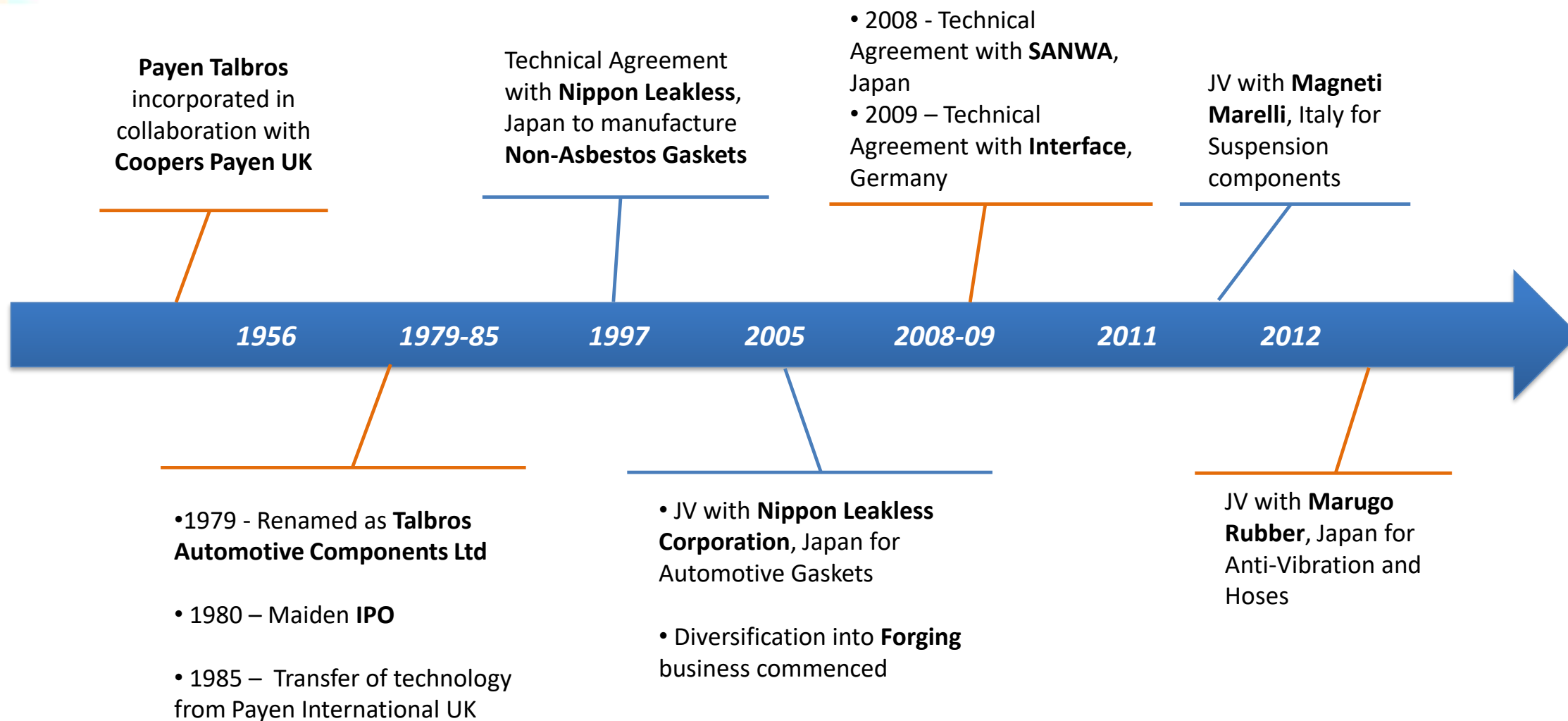
35 Business Overview



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



Mrs. Priyanka Gulati
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. Rajiv Mittal

President – Forging Division

Has been associated with QH talbros for past 10 years and has been a part of the CFT team at QH Talbros

Mr. Noriyuki Deguchi

Managing Director – Nippon Leakless Talbros Pvt. Ltd

He holds BE degree and has experience of 25 years working in the Gasket Industry. He has been associated with Nippon Leakless for over a decade

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. Toshiya Morimoto

Managing Director – Talbros Marugo Rubber Pvt. Ltd

He is an Engineer and has an experience of over 37 years and has worked with Sanyo Electric Co. Limited

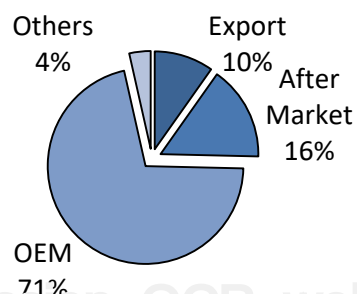


Standalone Business

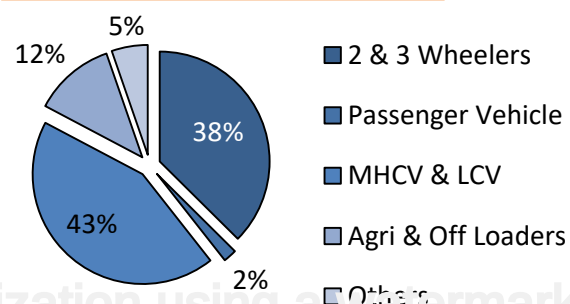
Gaskets

- In – House tool design and manufacturing
- ~**40%** 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 **FY18 stood at Rs 285 Cr**

FY18 Revenue Rs 285 Crores



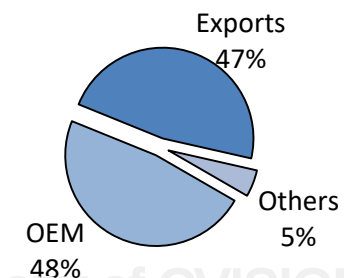
FY18 OEM Breakup



Forgings

- 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)
- Revenue for **FY18 stood at Rs 113 Cr**

FY18 Revenue Rs 113 Crores





Products - Various Types and Shapes

Gaskets

Multi Layer Steel



Exhaust Manifold



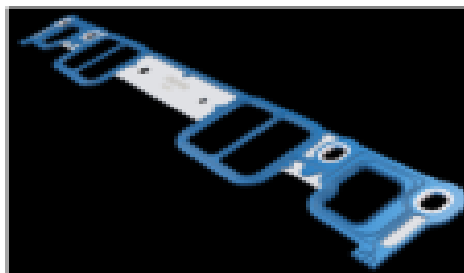
Heat Shield



Rubber Molded



Edge Molded



Cylinder Head



Forgings

King Pins



Gear Blanks



Housing and Yoke Shafts





Joint Ventures: Improving Performance

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

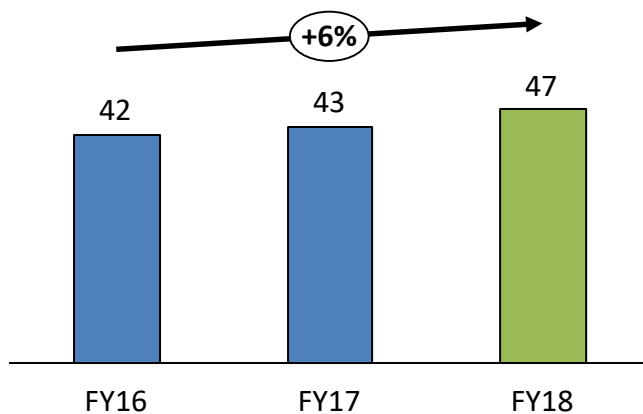
Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

Customers

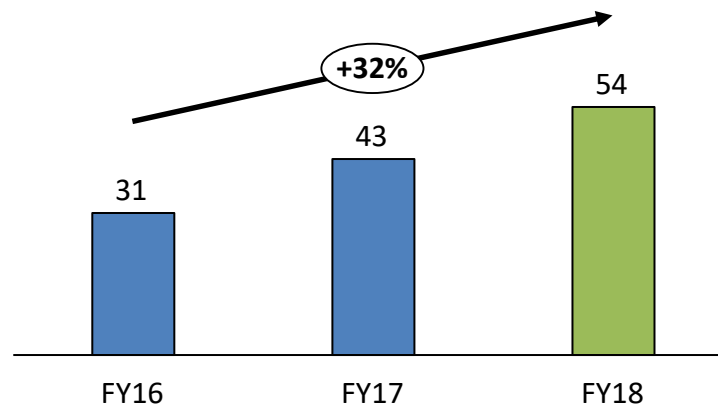
Hero Motor Corp, HMSI, India Yamaha, Honda Car India, Maruti Suzuki, Honda Siel Power Products

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

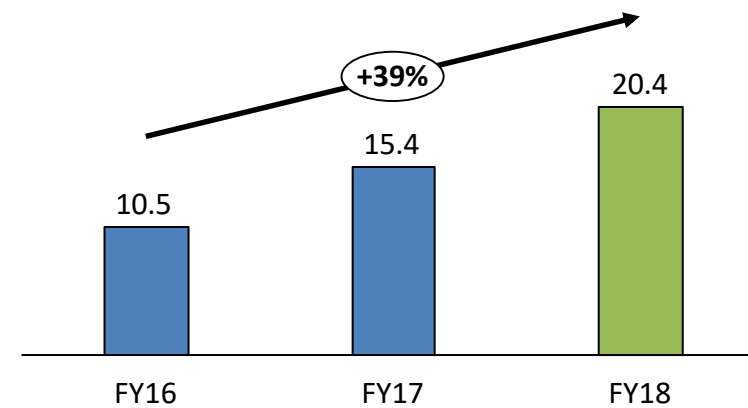
Maruti Suzuki, QH Talbros, Endurance Technologies, Rane (Madras) Ltd, Escort India, TATA



Talbros Share of JV Revenue in Rs Crores



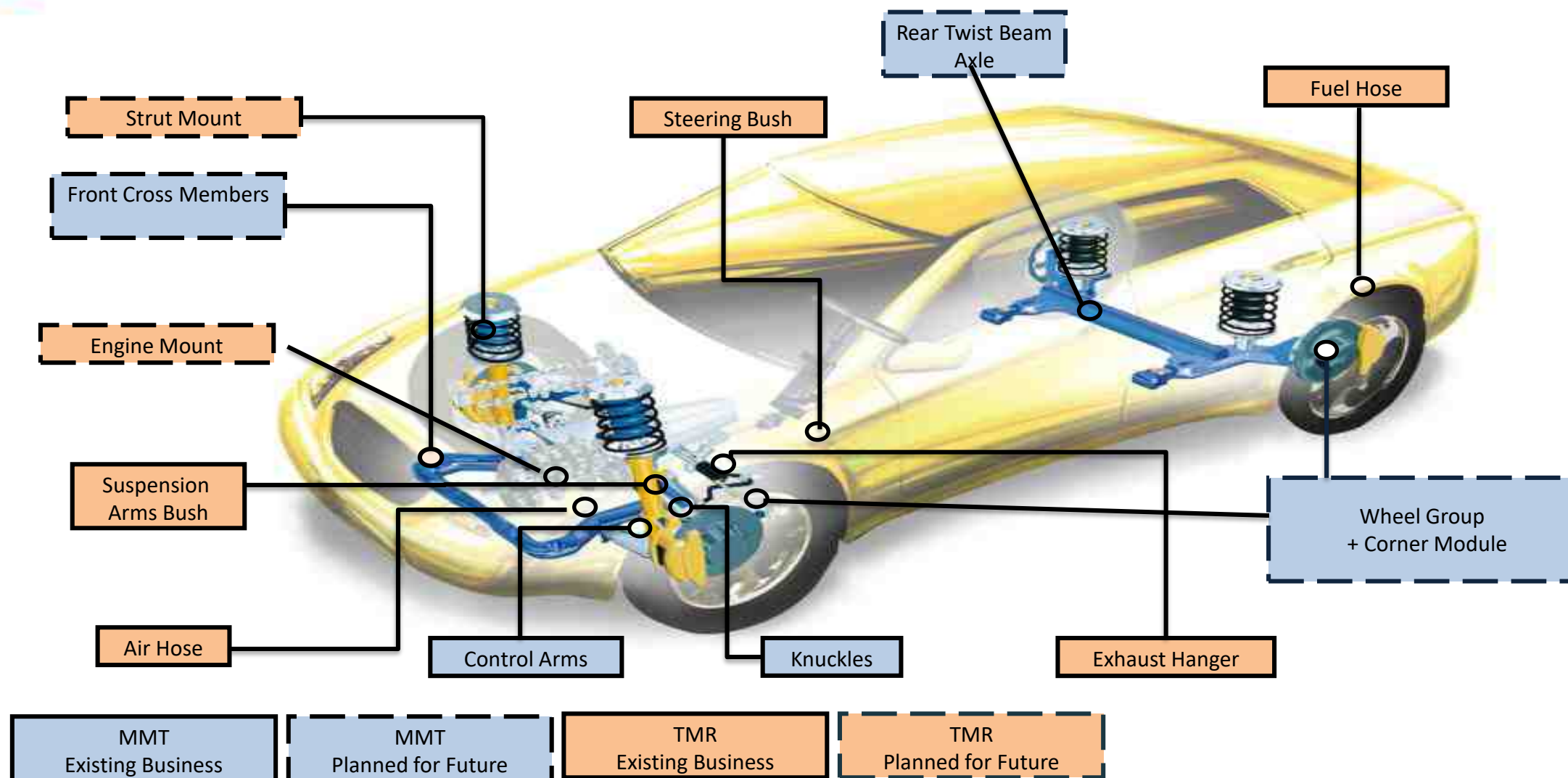
Talbros Share of JV Revenue in Rs Crores



Talbros Share of JV Revenue in Rs Crores

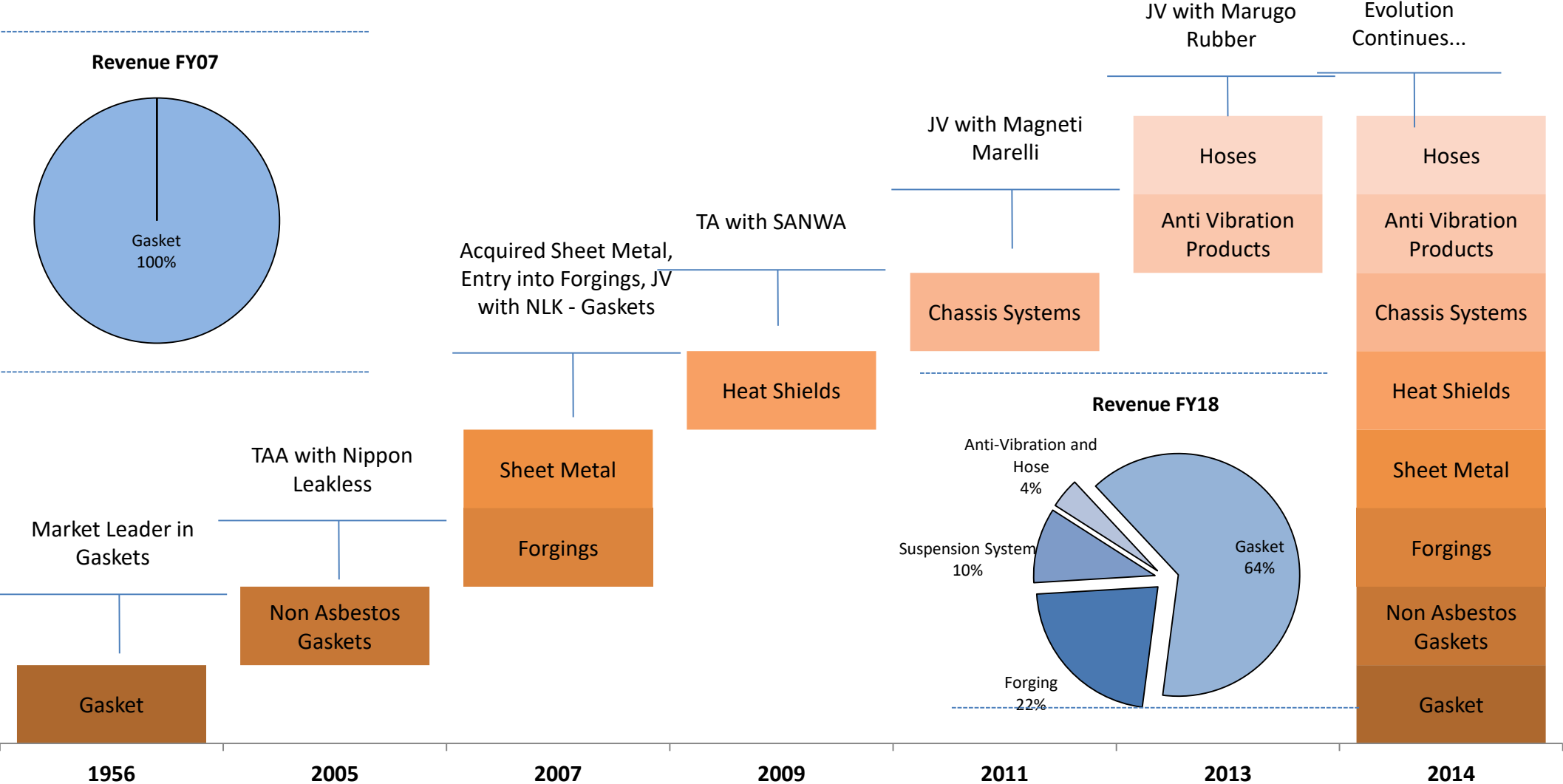


Scope of Joint Ventures





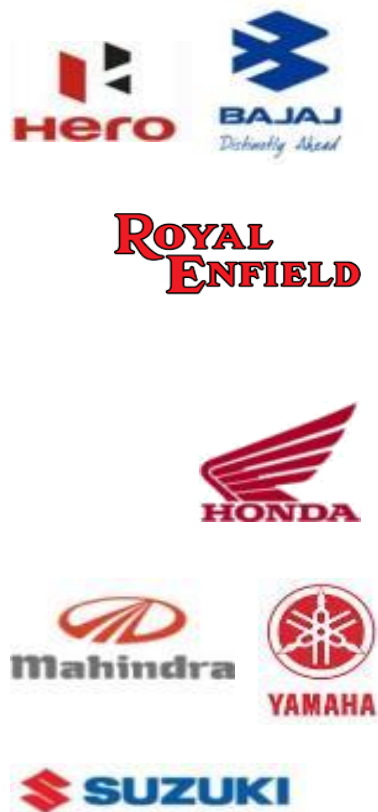
Evolving Product Portfolio





Diversified Customer - OEM

2 Wheeler



Passenger



HCV/LCV



Agri & Off Loader



Exports



Hedged Customer Base



Manufacturing Facilities



Financial Highlights



Financial Highlights



Consolidated P & L Statement

As per Ind AS

Particulars	Q4 FY18	Q4 FY17	Y-o-Y	Q3FY18	Q-o-Q	FY18	FY17	Y-o-Y
Revenue (Net of Excise)	110.2	83.0	32.7%	102.0	8.0%	393.0	324.9	21.0%
Other Income	2.1	2.7		2.0		6.3	6.4	
Total Income from Operations	112.2	85.7		104.0		399.3	331.3	
Raw Material	62.2	47.9		58.0		221.7	180.6	
Employee Cost	13.1	11.4		13.3		51.4	46.8	
Other Expenses	22.1	16.8		19.6		79.1	66.0	
EBITDA	14.9	9.7	53.8%	13.1	14.1%	47.1	37.9	24.5%
EBITDA Margin	13.5%	11.7%		12.8%		12.0%	11.7%	
Depreciation	4.1	3.1		3.3		14.2	12.3	
Finance Cost	3.5	4.1		3.5		13.9	15.9	
Profit before share of profit/loss from JVs	7.3	2.4		6.2		19.0	9.6	
Share of Profit from JVs	1.7	1.4		1.5		6.9	4.7	
Profit before Tax before Exceptional Items	9.0	3.9	131.1%	7.7	16.7%	25.9	14.4	80.3%
Tax	1.4	1.1		2.0		5.2	2.1	
Adjusted PAT	7.6	2.8	169.9%	5.7	33.6%	20.7	12.2	69.7%
Adjusted PAT Margin %	6.9%	3.4%		5.5%		5.3%	3.8%	
Exceptional Items	0.0	0.0		0.0		2.2	0.0	
Other Comprehensive Income for owners of the Company	-2.2	4.9		3.9		3.3	6.6	
Total Comprehensive Income for Owners of the Co	5.4	7.7	-29.1%	9.6	-43.0%	26.2	18.8	39.0%
TCI Margin %	4.9%	9.3%		9.4%		6.7%	5.8%	



Consolidated Balance Sheet

As per Ind AS

ASSETS	Mar-18	Mar-17
Non-current assets		
Property, plant and equipment	124.3	115.2
Capital work-in-progress	2.4	1.1
Other intangible assets	0.7	0.5
Intangible Assets Under Development	0.6	0.6
Investments accounted for using the equity method	36.0	31.2
Investment Property	3.0	3.1
Financial assets		
Investments	27.2	22.5
Loans	1.2	1.1
Trade Receivables		
Other financial assets	0.5	0.6
Other Tax assets (net)	0.3	0.2
Other non-current assets	1.2	1.3
Sub-total - Non-Current Assets	197.4	177.5
Current assets		
Inventories	109.2	98.8
Financial assets		
Investments		
Trade receivables	124.2	89.7
Cash and cash equivalents	3.2	3.5
Bank balances other than Cash and Cash equivalents	4.6	3.0
Loans	5.7	6.7
Other financial assets	1.4	0.5
Other current assets	19.2	13.7
Sub-total - Current Assets	267.6	215.8
Assets Classified as held for Sale	-	-
TOTAL - ASSETS	465.0	393.3

EQUITY AND LIABILITIES	Mar-18	Mar-17
Equity		
Equity Share capital	12.3	12.3
Non Controlling Interest		
Other equity	167.1	143.1
Sub-total - Shareholders' funds	179.4	155.5
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	15.5	16.6
Other financial liabilities	0.2	0.1
Provisions	3.2	3.0
Deferred tax liabilities (net)	4.2	2.7
Other non-current liabilities	0.0	0.1
Sub-total - Non-current liabilities	23.2	22.5
Current liabilities		
Financial liabilities		
Borrowings	101.8	96.7
Trade payables	137.2	93.1
Other financial liabilities	17.4	19.1
Other current liabilities	4.7	5.5
Provisions	1.3	0.9
Current tax liabilities (net)		
Sub-total - Current liabilities	262.4	215.3
TOTAL - EQUITY AND LIABILITIES	465.0	393.3



Consolidated P & L Statement

As per Indian GAAP

Particulars	Q4 FY18	Q4 FY17	Y-o-Y	Q3FY18	Q-o-Q	FY18	FY17	Y-o-Y
Revenue (Net of Excise)	146.0	112.4	29.9%	131.9	10.7%	517.1	428.1	20.8%
Other Income	2.8	2.9		3.3		9.1	8.6	
Total Income from Operations	148.8	115.3		135.2		526.2	436.8	
Raw Material	83.2	65.3		75.6		297.0	242.7	
Employee Cost	16.8	13.5		16.6		63.4	56.2	
Other Expenses	29.3	22.2		25.8		101.0	85.3	
EBITDA	19.4	14.3	36.1%	17.1	13.4%	64.8	52.6	23.2%
EBITDA Margin	13.3%	12.7%		13.0%		12.5%	12.3%	
Depreciation	4.8	4.0		4.0		17.2	15.3	
Finance Cost	3.7	4.2		3.7		14.7	16.7	
Profit before Tax before Exceptional Items	10.8	6.1	77.1%	9.3	15.9%	32.9	20.7	59.3%
Tax	2.2	2.0		2.9		8.9	4.9	
Adjusted PAT	8.6	4.1	111.2%	6.4	33.8%	24.0	15.7	52.5%
Exceptional Items	0.0	0.0		0.0		2.2	0.0	
PAT	8.6	4.1	111.2%	6.4	33.8%	26.1	15.7	66.2%
PAT Margins	5.9%	3.6%		4.9%		5.1%	3.7%	



Consolidated Balance Sheet

As per Indian GAAP

ASSETS	Mar-18	Mar-17
Non-Current Assets		
Property, plant and equipment	154.0	143.8
Intangible assets	2.1	2.2
Capital work in progress	4.0	1.3
Intangible assets under development	0.6	0.6
Non current investments	8.0	8.1
Long term loans and advances	11.6	11.0
Other non current assets	0.4	0.6
Current assets		
Inventories	123.9	111.4
Trade receivables	128.3	90.3
Cash and bank balances	15.4	12.5
Short term loans and advances	26.5	20.8
Other current assets	0.8	1.3
Total	475.6	403.9

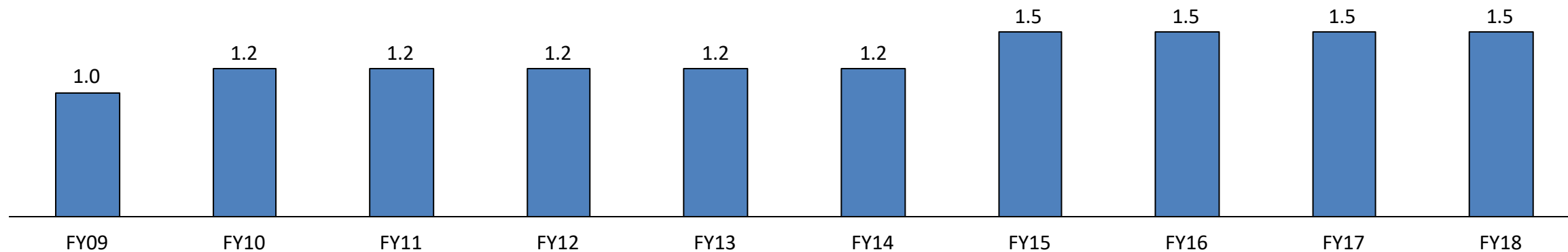
EQUITY AND LIABILITIES	Mar-18	Mar-17
Shareholders' funds:		
Share capital	12.3	12.3
Reserves and surplus	152.3	129.6
Non-current liabilities		
Long term borrowings	21.2	20.3
Deferred tax liabilities (net)	6.1	4.1
Other long term liabilities	0.2	0.1
Long term provisions	3.7	3.4
Current liabilities		
Short term borrowings	93.1	86.8
Trade payables	160.6	114.4
Other current liabilities	24.8	29.6
Short term provisions	1.3	3.3
Total	475.6	403.9



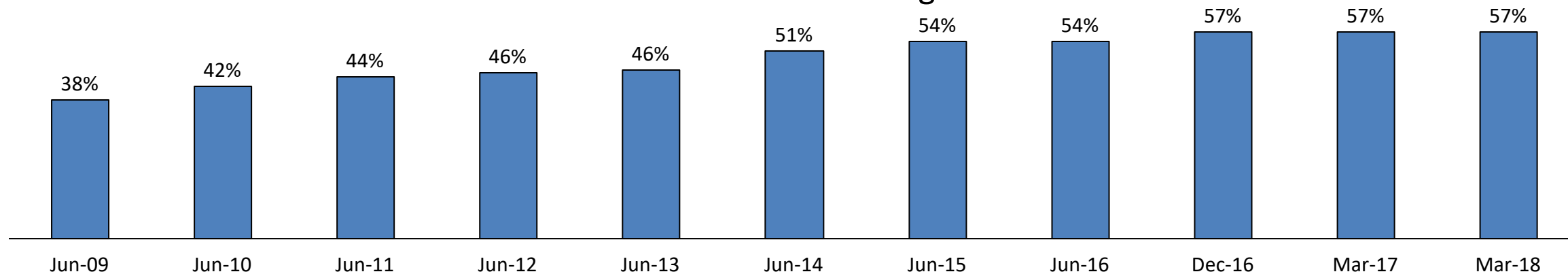
Equity

Consistently paying Dividend for the last 50 years

In Rs



Promoter Shareholding





For further information, please contact:

Company :

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