

talbro's Automotive Components Ltd

Investor Presentation
September 2014



Safe Harbour

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➤ Corporate Overview

➤ Diversification – Products , Customers & Markets for Creating Value

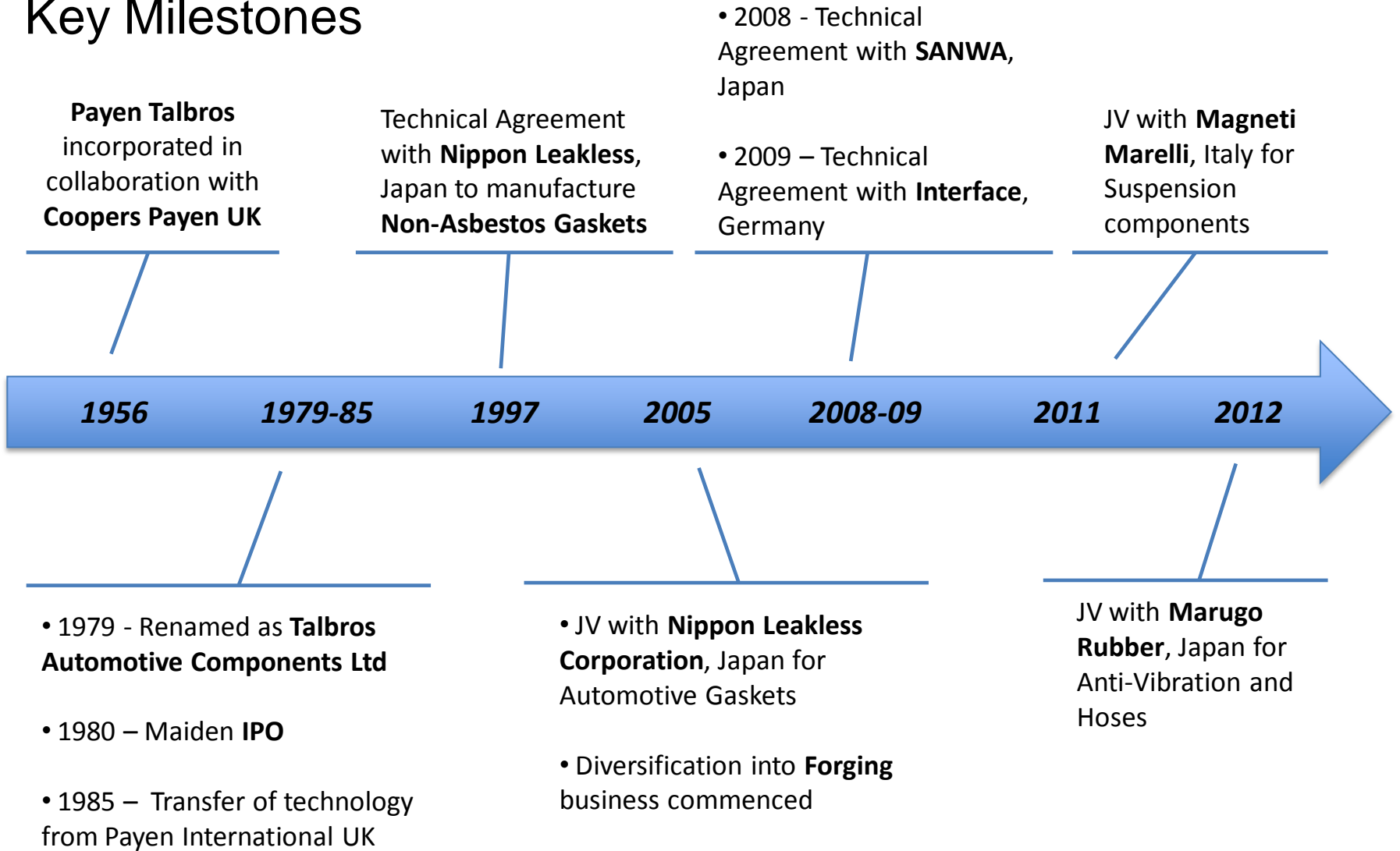
➤ Financials

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

		<i>Consolidated Revenue Contribution</i>	<i>Products</i>
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 Talbros		10%*	Automotive Gaskets for Honda and other Japanese OEMs
Magneti Marelli Talbros		8%*	Suspension Systems: Control Arms, Knuckles, Front Axle and Rear Axle
Talbros Marugo Rubber		2%*	Anti – Vibration parts such as : Bushes, Exhaust Hanger, Dust Cover, Hoses

Standalone

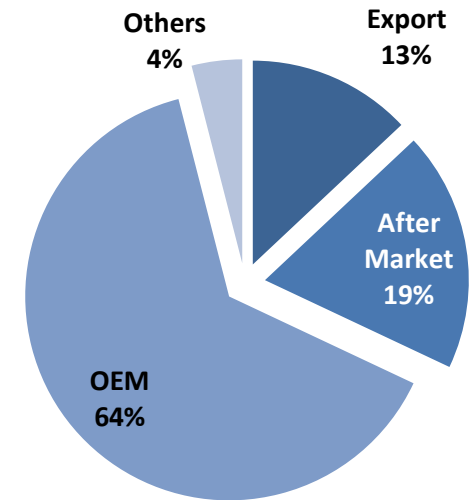
* Talbros share in JV

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



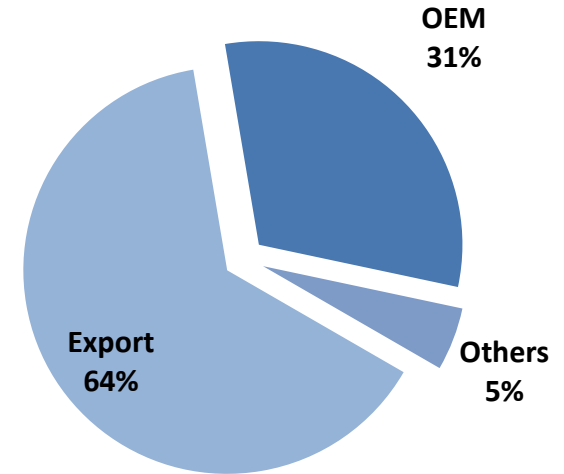
Cylinder Head



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

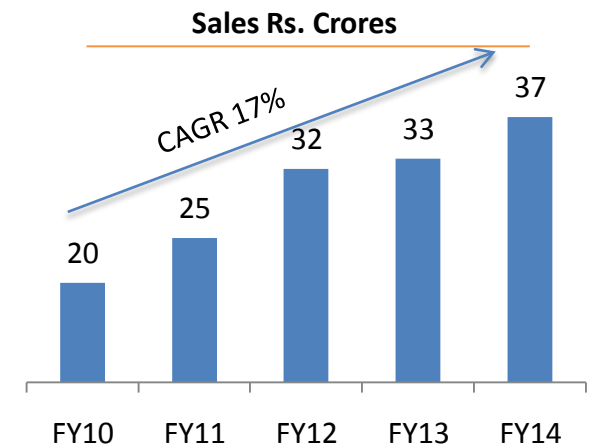


Nippon Leakless Talbros Pvt. Ltd

- **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

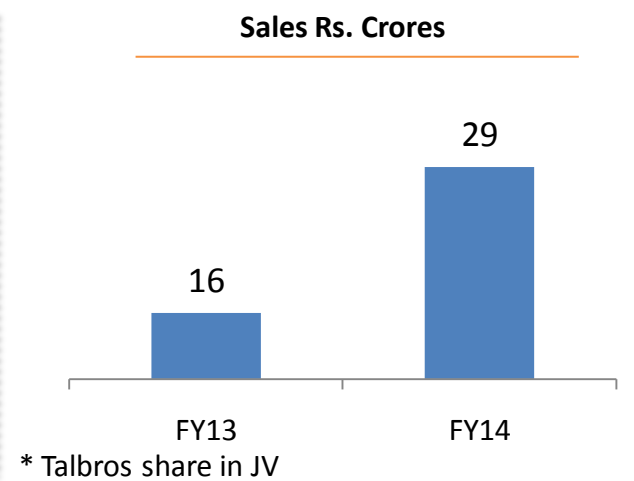
➤ **Magneti Marelli S.P.A, Milano**

- 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

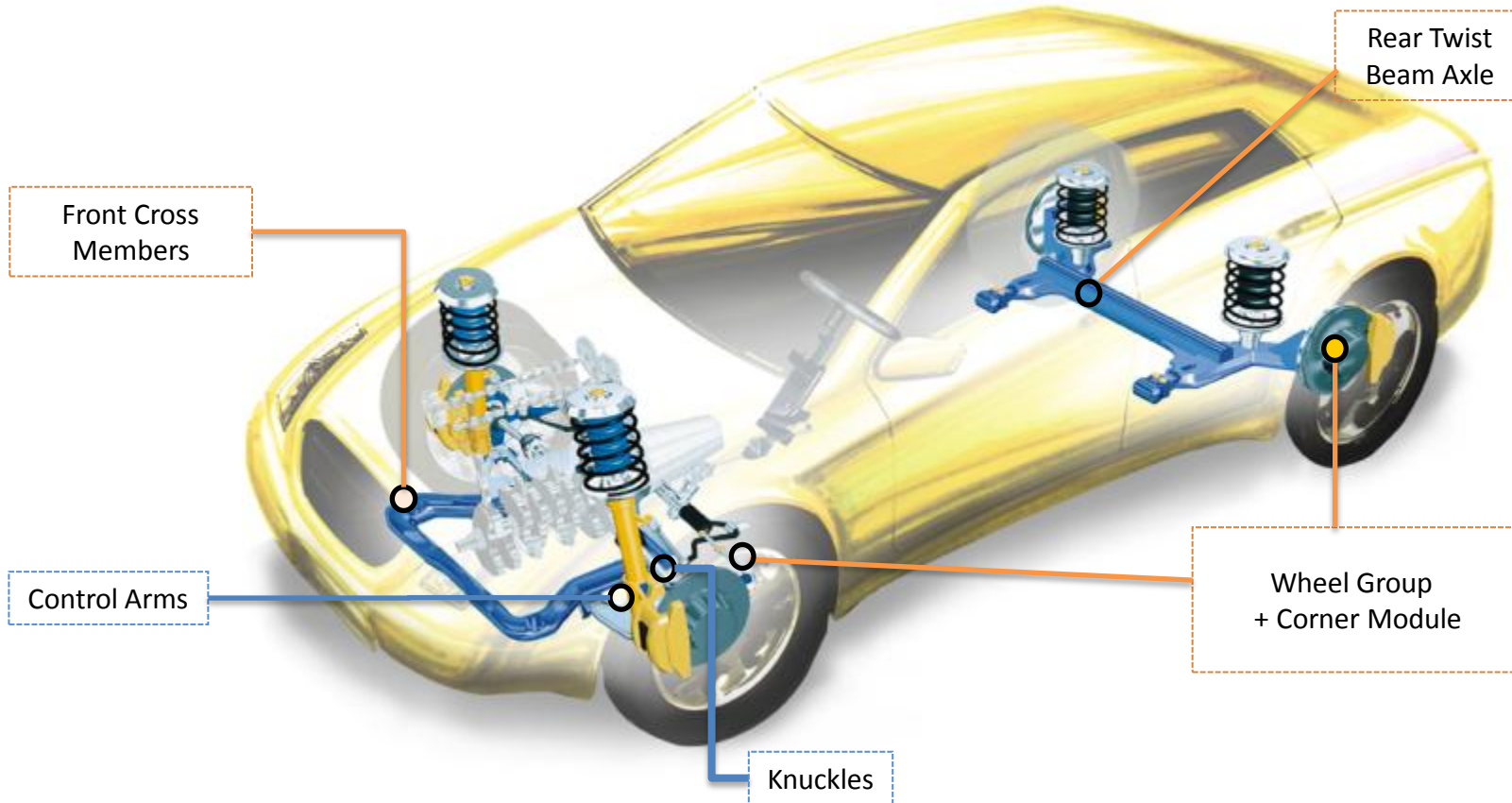
➤ **Suspension Systems** for Passenger Vehicles and Pick ups: Control Arms, Knuckles, Front Axle and Rear Axle

➤ 100% Sales to OEMs:

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



Scope of Chassis Systems



Existing Business

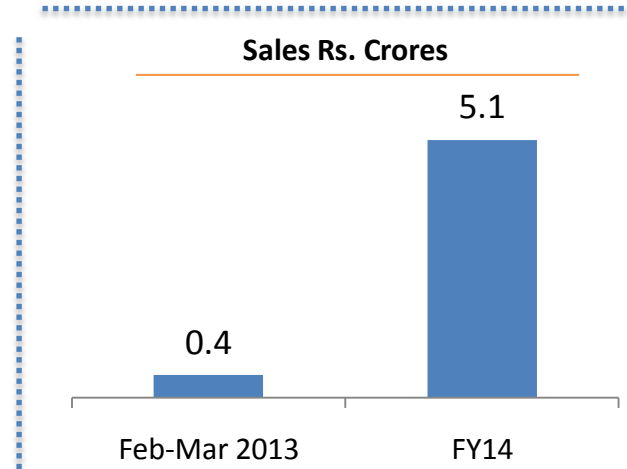
Planned for Future

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

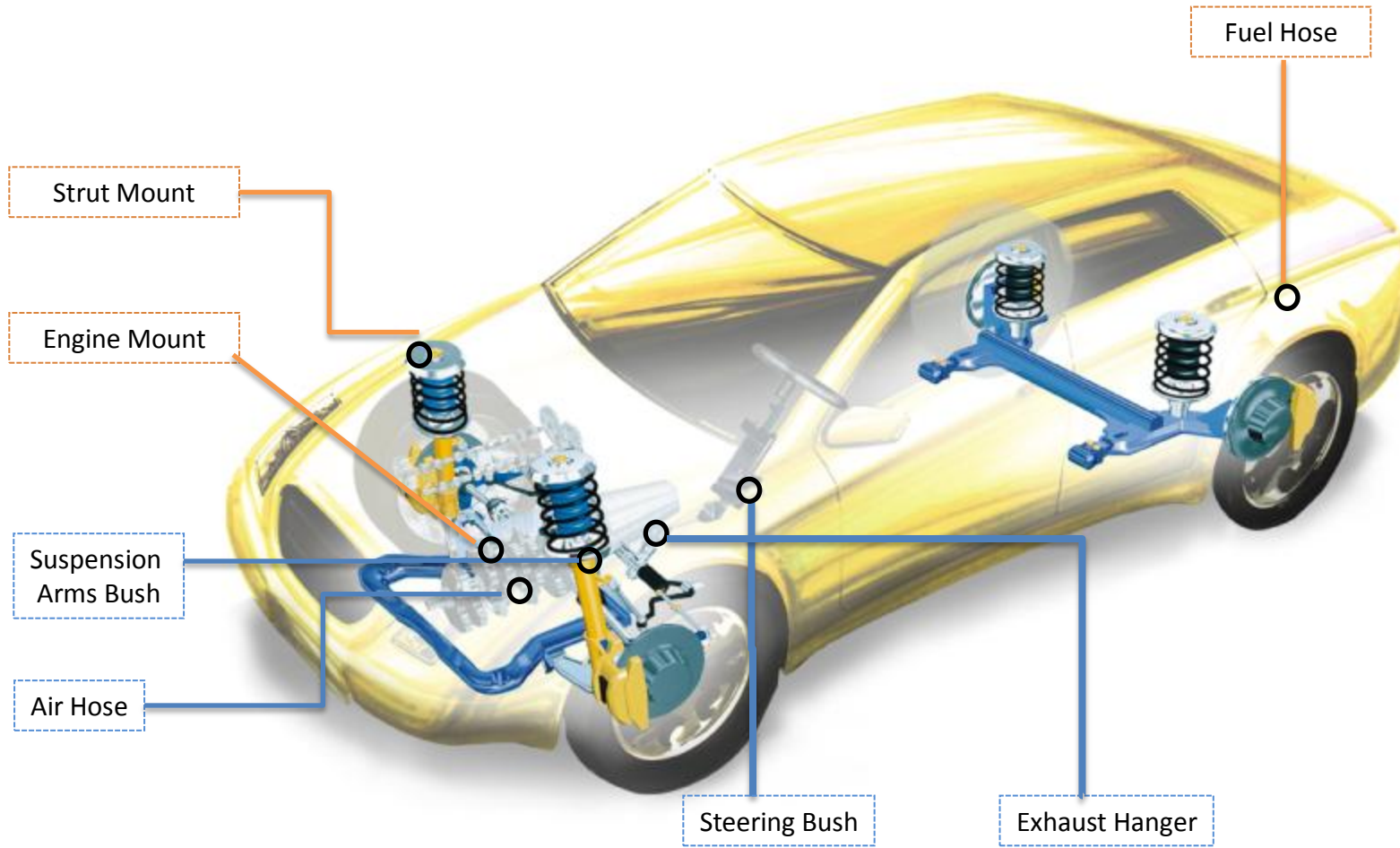
- **Anti Vibration Products & Hoses:** Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

- **100% Sales to OEMs:**
 - Maruti Suzuki, QH Talbros, Endurance Technologies, Rane (Madras) Ltd, Escort India, TATA



* Talbros share in JV

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

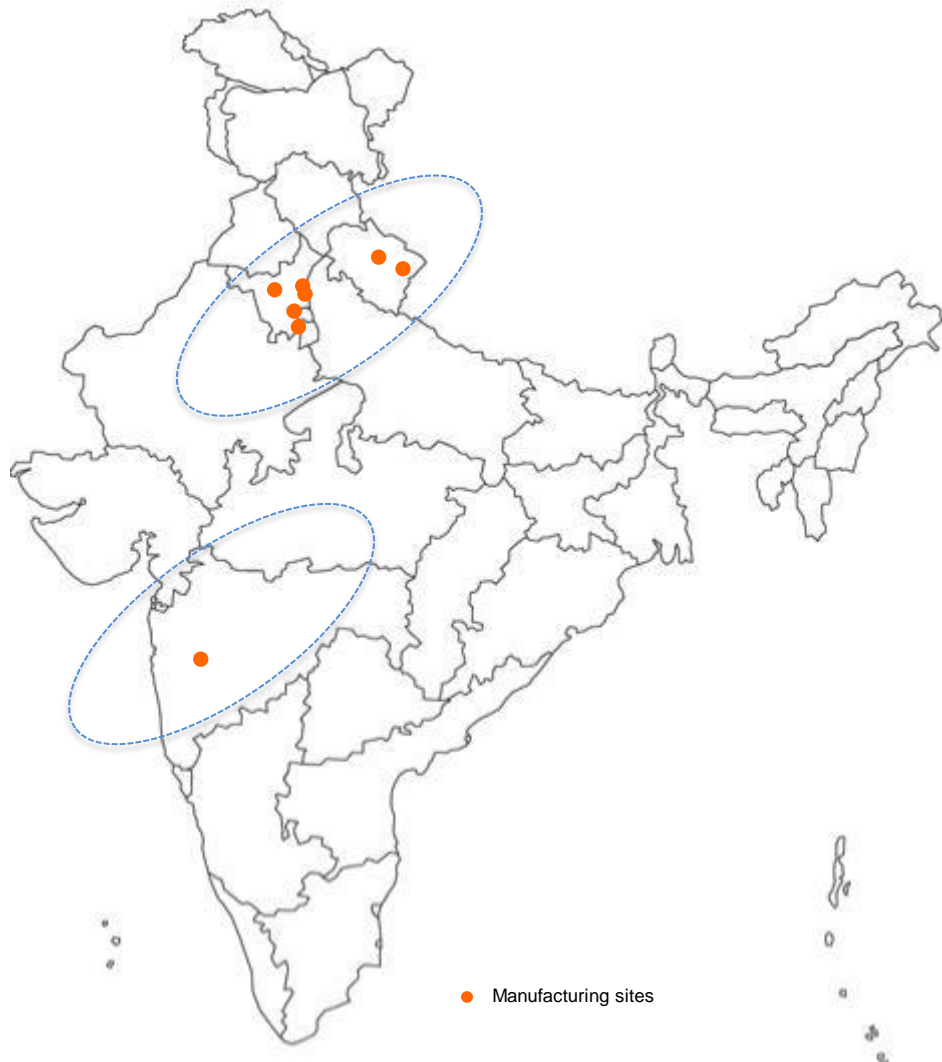
Agri & Off Loader

Exports



Hedged customer base, 40 % revenue from top 5 customers

Strategic Manufacturing Locations

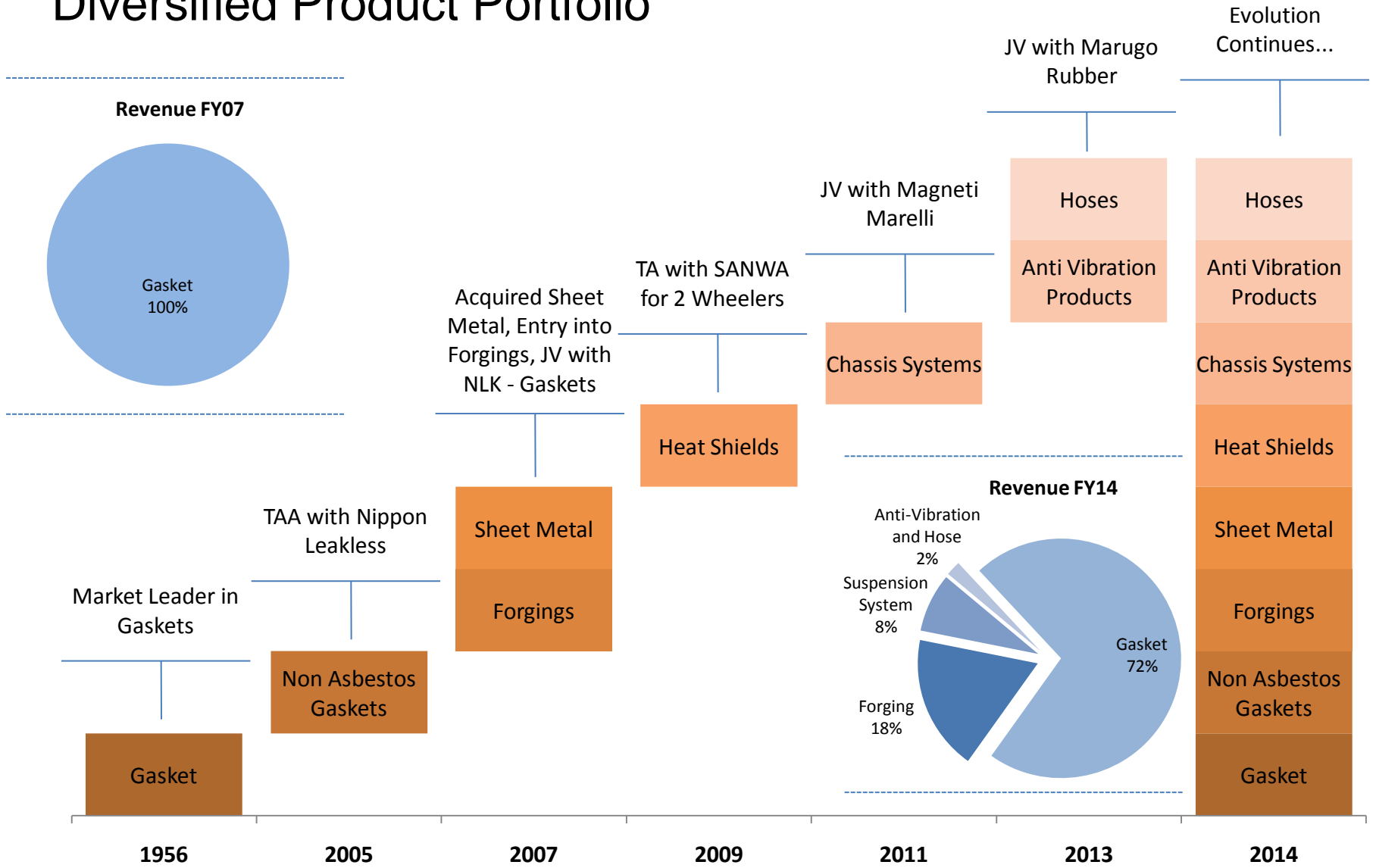


Plant	Location
Gasket	Faridabad - Haryana Pune – Maharashtra Sitarganj – Uttarakhand
Forging	Bawal – Haryana
Nippon Leakless Talbro	Bawal – Haryana Haridwar – Uttarakhand
Talbro Marugo Rubber	Manesar – Gurgaon
Magneti Marelli Talbro	Faridabad - Haryana
Material Division	Sohna – Gurgaon
R&D Centres	Faridabad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

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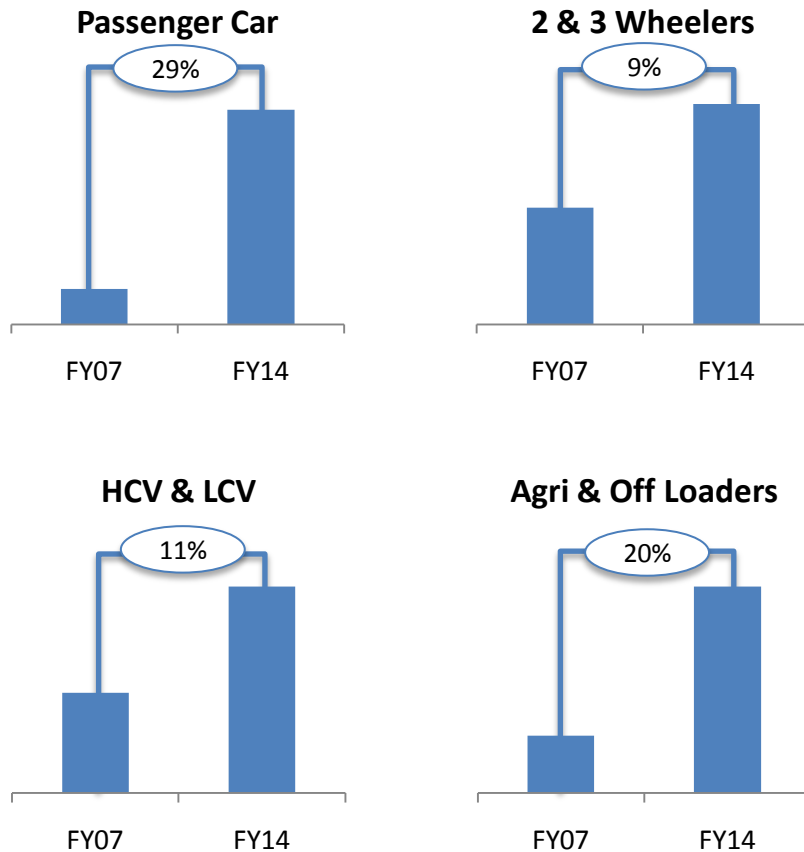
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- Diversification – Products , Customers & Markets for Creating Value
- Financials

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

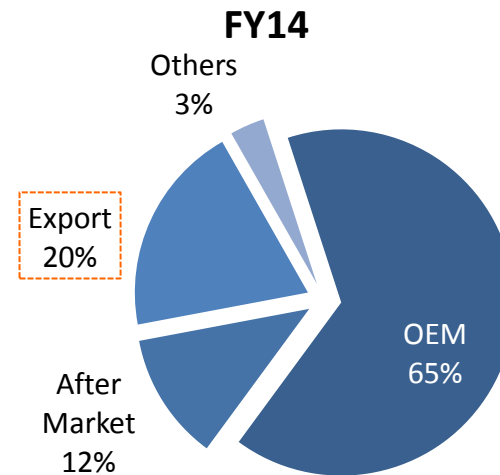
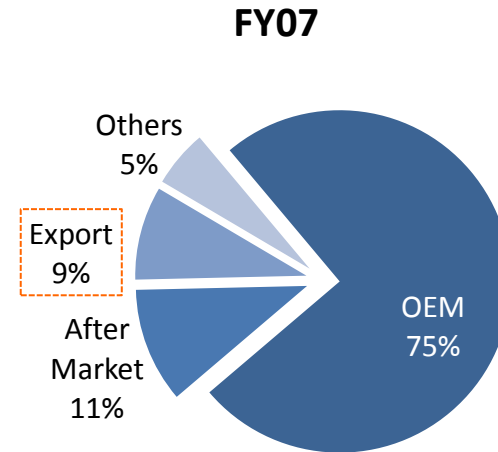
Diversified Markets

➤ **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



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

MUSASHI

Marugo Rubber Industries, Ltd.

MAGNETI MARELLI

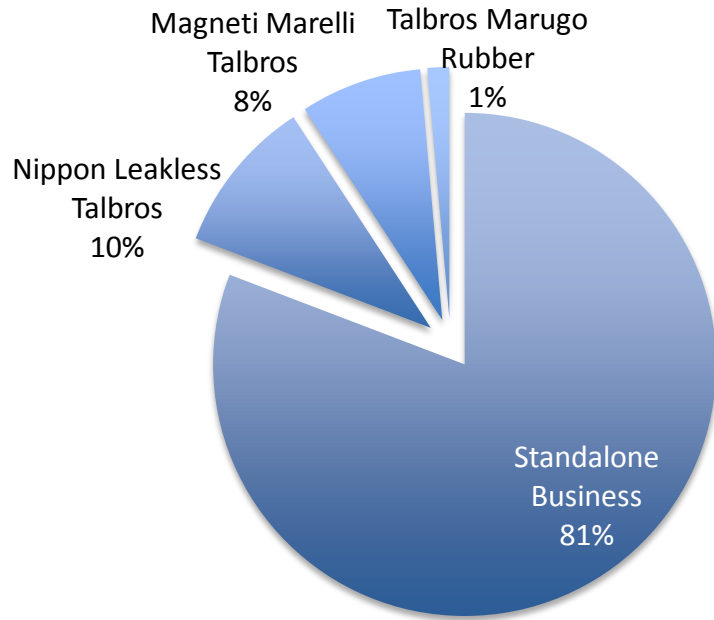
Unique combination for single point sourcing of Suspension Arm Assembly

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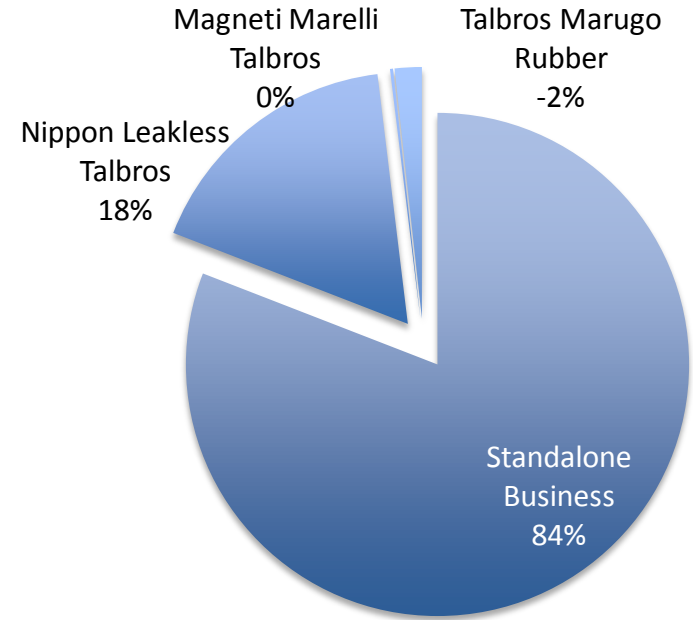
- Talbros – Corporate Overview
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Business Divisions

Revenue Rs 368 Crores



EBIDTA Rs 43 Crores



* Including other income

Consolidated P & L Statement

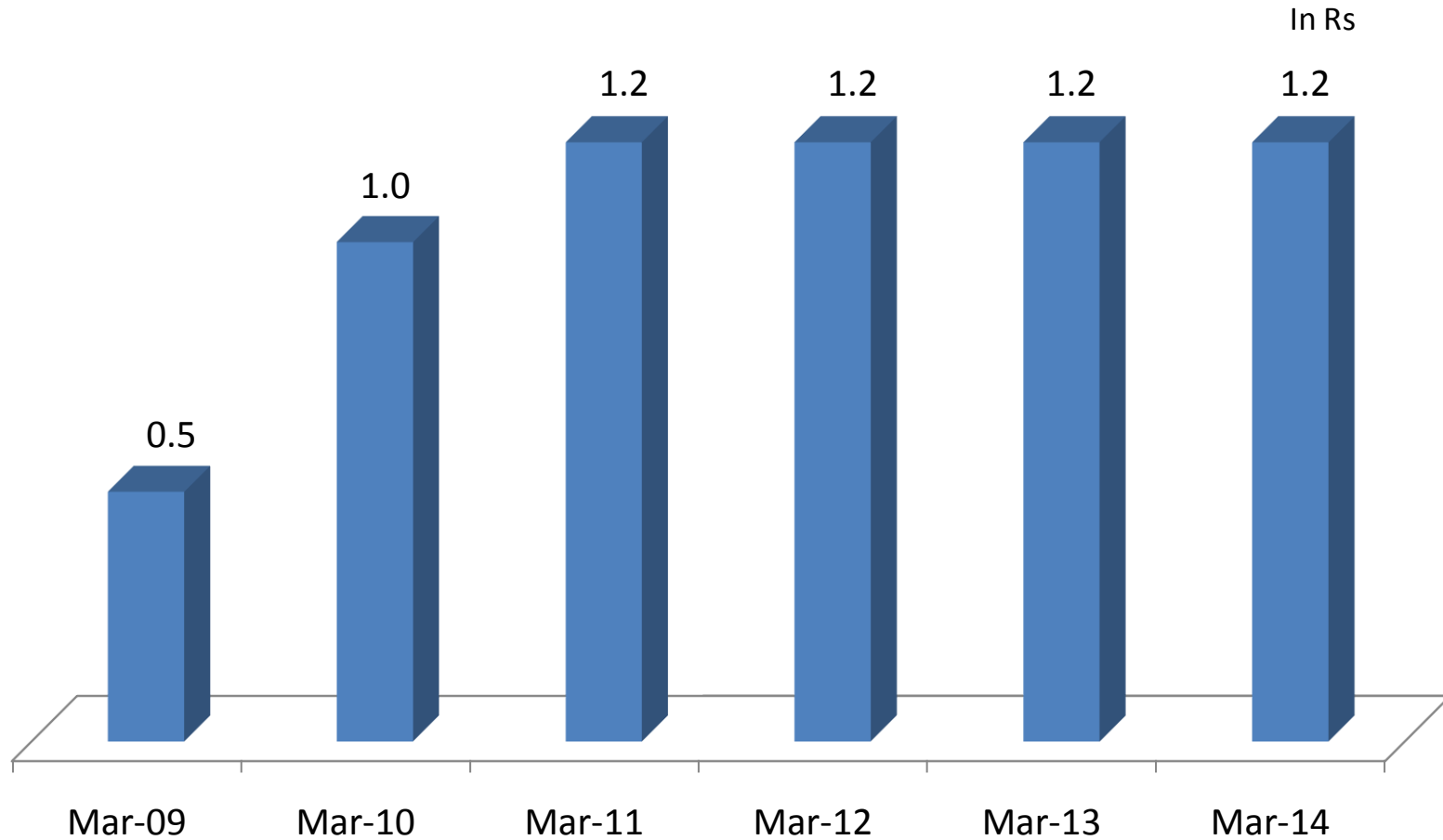
Rs. Cr	FY14	FY13
Revenue	361.8	343.3
Other Income	7.1	6.2
Total Income from Operations	368.9	349.5
Raw Material	209.0	193.2
Employee Cost	42.4	38.9
Other Expenses	74.8	72.0
EBITDA	42.7	45.3
EBITDA Margin	11.80%	13.20%
Interest	19.0	20.6
Depreciation	10.5	10.3
Exceptional Item	8.8	0.0
PBT	22.0	14.4
Tax	2.7	0.5
PAT	19.3	13.9
PAT Margin	5.24%	3.97%

Consolidated Balance Sheet

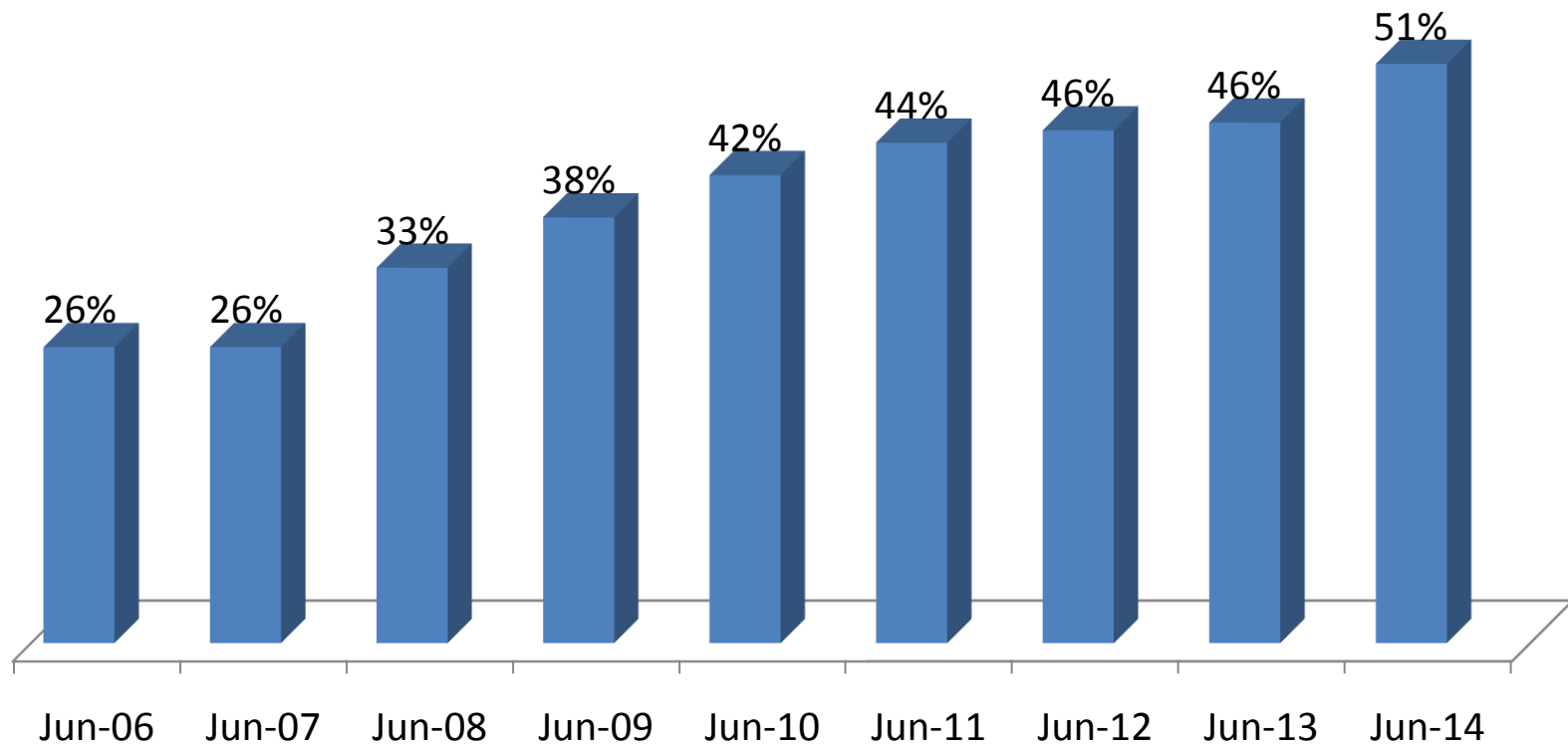
Rs. Cr	FY14	FY13
Shareholders Fund	119.3	105.9
Share Capital	12.3	12.3
Reserves & Surplus	106.9	93.6
Total Non Current Liabilities	40.8	37.3
Long Term Borrowings	30.9	25.7
Other Long Term Liabilities	9.8	11.6
Total Current Liabilities	186.0	186.9
Short Term Borrowings	77.2	75.7
Trade Payables	74.9	75.3
Other Current Liabilities	33.8	35.8
TOTAL EQUITY & LIABILITIES	346.0	330.1

Rs. Cr	FY14	FY13
Total Non Current Assets	134.1	123.8
Fixed Assets	118.2	109.1
Long Term loans & Advances	11.4	11.5
Other Non Current Assets	4.5	3.2
Total Current Assets	211.9	206.3
Inventories	106.8	106.5
Trade Receivables	69.7	64.4
Cash & Cash Equivalents	8.0	8.9
Short Term loans & Advances	26.4	25.5
Other Current Assets	0.9	1.0
TOTAL ASSETS	346.0	330.1

Consistently paying Dividend for the last 50 years



Promoter Shareholding



For further information, please contact:

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