

INVESTOR PRESENTATION

May 2017

Driving Future Leadership





Safe Harbor

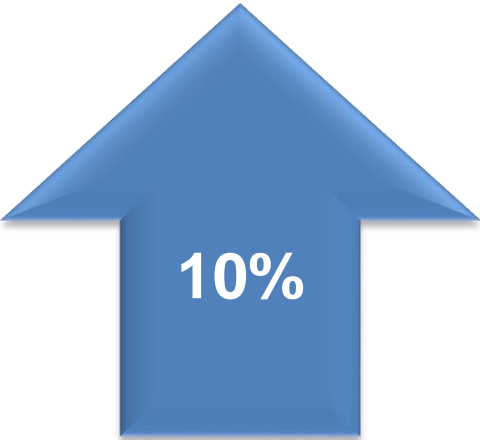
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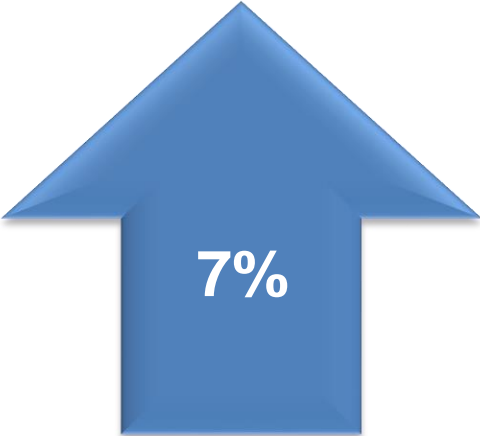


Total Income from Operations



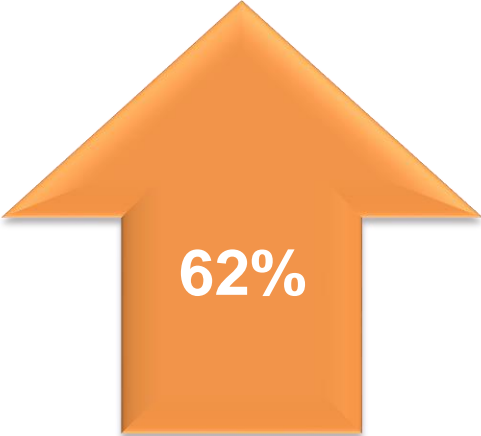
Rs. 436.8 Crs

EBITDA



Rs. 52.6 Crs

PAT

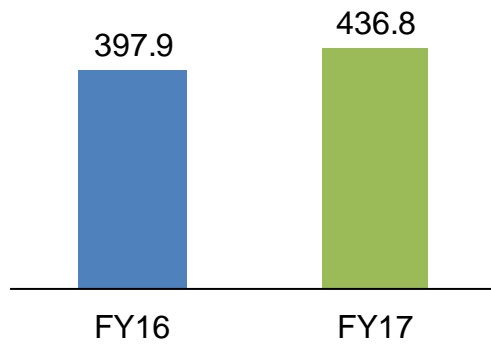


Rs. 15.7 Crs

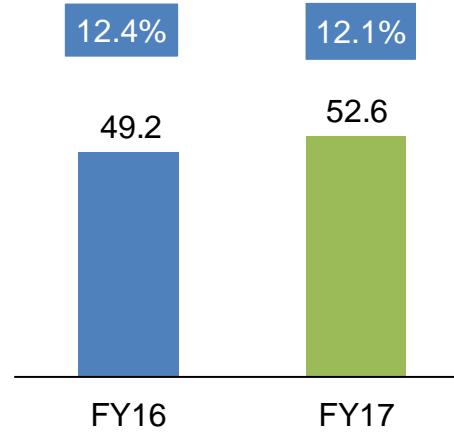


Consolidated FY17 performance

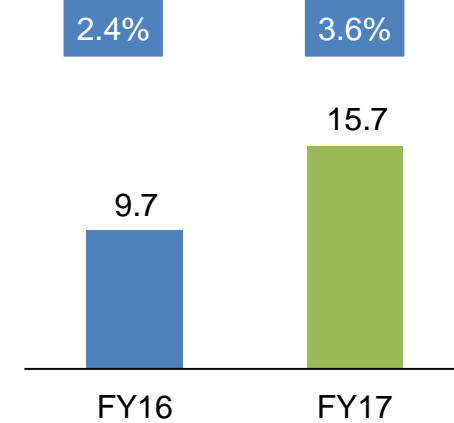
Total Income from Operations (Rs Crs)



EBIDTA (Rs Crs)



PAT (Rs Crs)



Strong performance from new JV's **Talbro's Marugo Rubber** and **Magnetti Marelli Talbro's Chassis Systems**

Turnaround of **Forgings Business** and **Magnetti Marelli Talbro's Chassis Systems**

Better Working Capital Management

Lower Interest Cost and Bank Charges

Margins %



Building the Path for Future Growth...

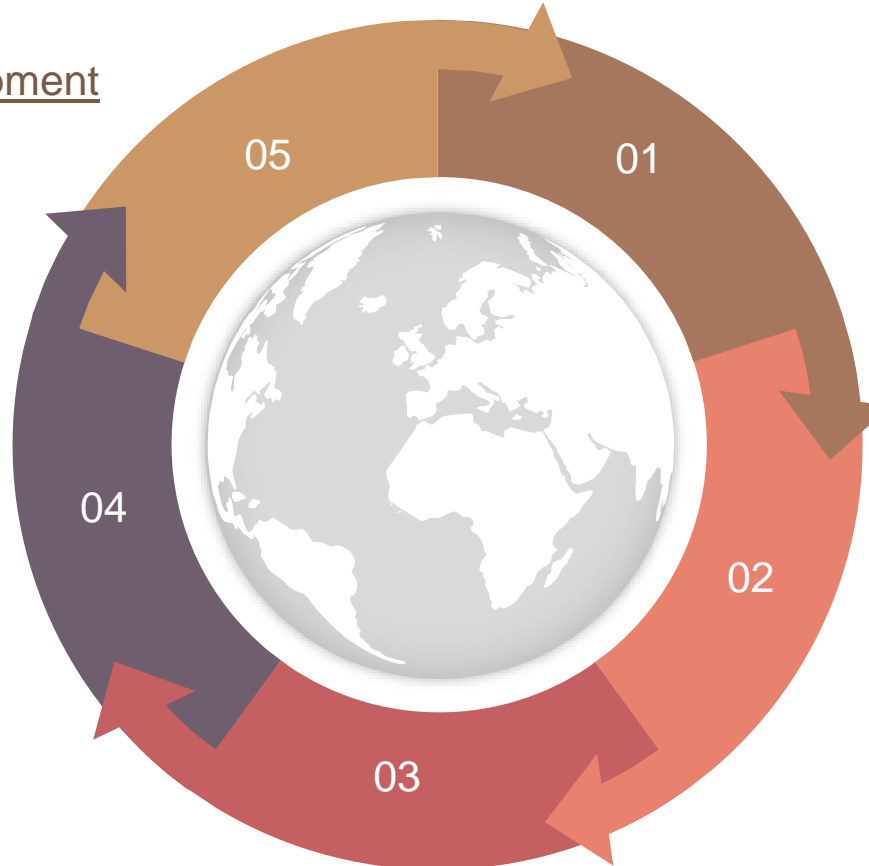
Overcoming Challenges

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

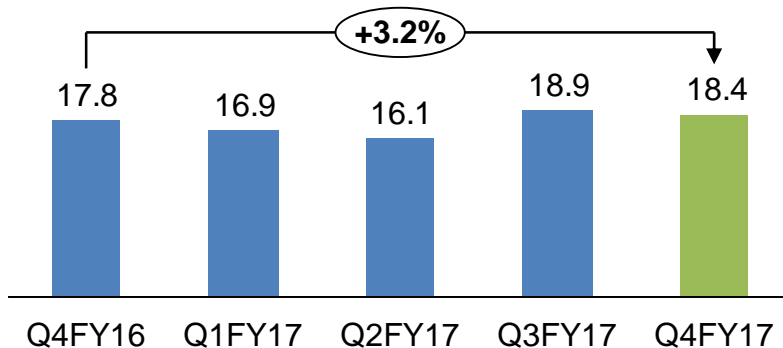
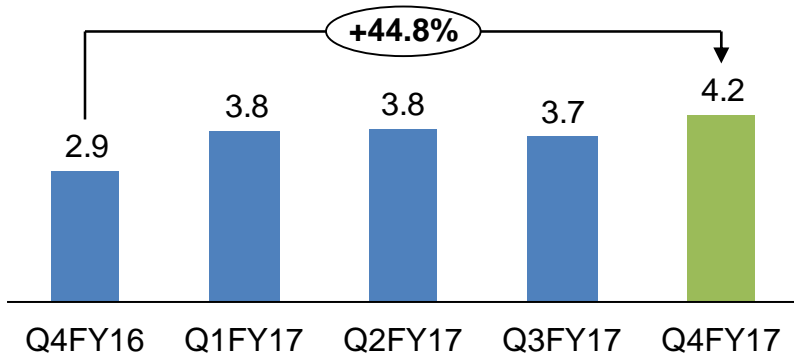
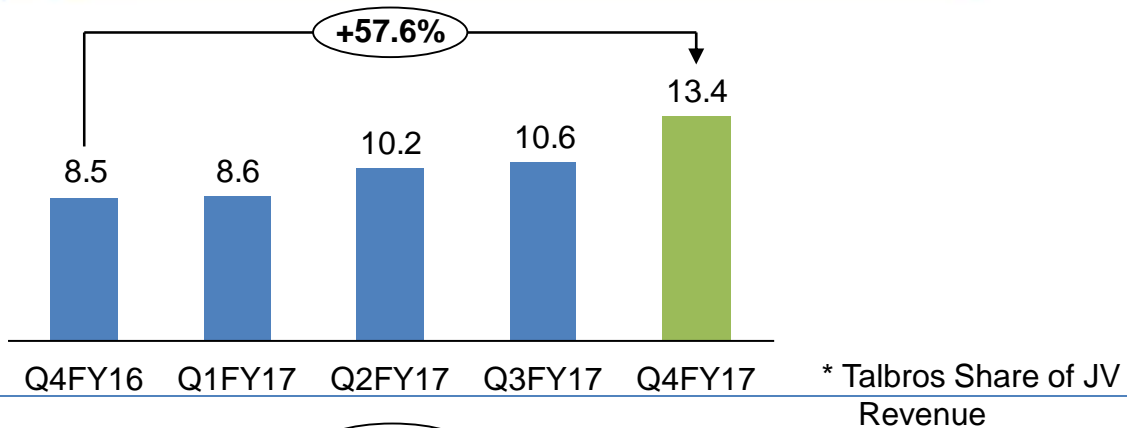
- From dependence on European market for Forging, now expanding its India network
- In the Gasket Business, exploring newer markets

...Changing Scenario...



...Turnaround in New Joint Ventures & Forgings Business

Revenue (in Rs. Crores)



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
- Positive PAT for FY17

Talbro's Marugo Rubber Pvt Ltd (TMR)

- Secured new orders from Maruti, Daimler and Honda
- Increase in buyback of product by the JV partner – Marugo Rubber
- Profitability improved in Antivibration Business
- Hoses in the period of stabilisation

Forgings Segment Revenue

- Increasing share of Domestic Customers
- New orders from Amul Industries, Volvo Eicher, GKN and reputed German 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

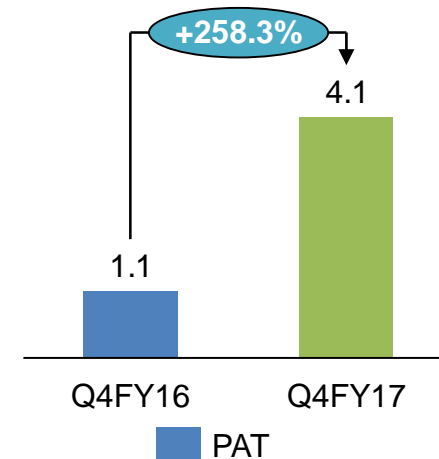
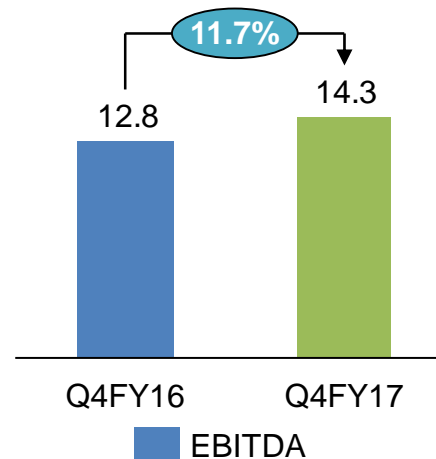
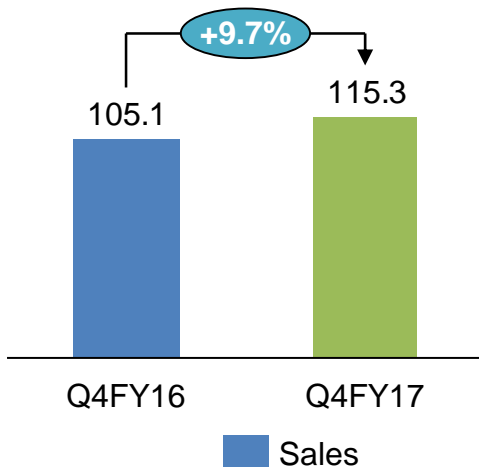
Fully Asbestos free manufacturing facilities – to provide opportunity for exports to the global OEM's



Focus Area:

- Leading to Performance
- Improvement higher sales growth
- Margin expansion
- Gain in market share

Performance Visibility





FY18: Looking up...

- Expectation of good monsoon and 7th pay commission to boost consumer demand
- Commencement of Shipment from recent order wins
- Increasing geographical presence in forging business
- Sales from recently commenced Hoses operations
- Improving scale of operations in Joint Ventures there by leading to improvement in profitability

We expect an even better performance in FY18:

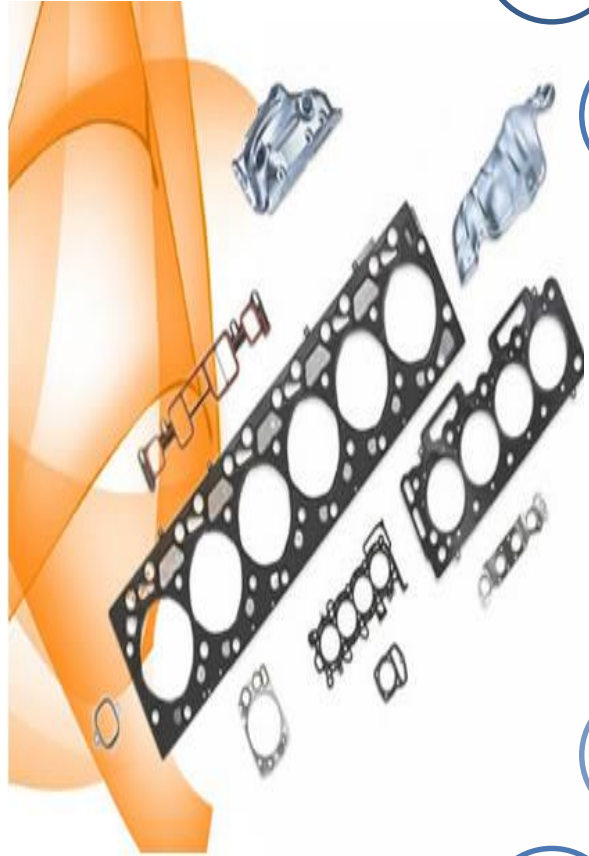
- Total Income:
 - FY17 : Rs 437 Crs
 - FY18 Growth Expectations : 10-12%
- EBIDTA Margins
 - FY17 : 12.1%
 - FY18 Expectations : 12% -12.50%

Recent Business Updates:

1. Large Order for supply of Forgings to a German Luxury Car Manufacturer; Expected Revenue – Rs. 1,750 million over 7 years
2. Partial Strategic Disinvestment on Non-Core Materials Business Assets; Expected Savings – Rs. 7 – 10 million per annum



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



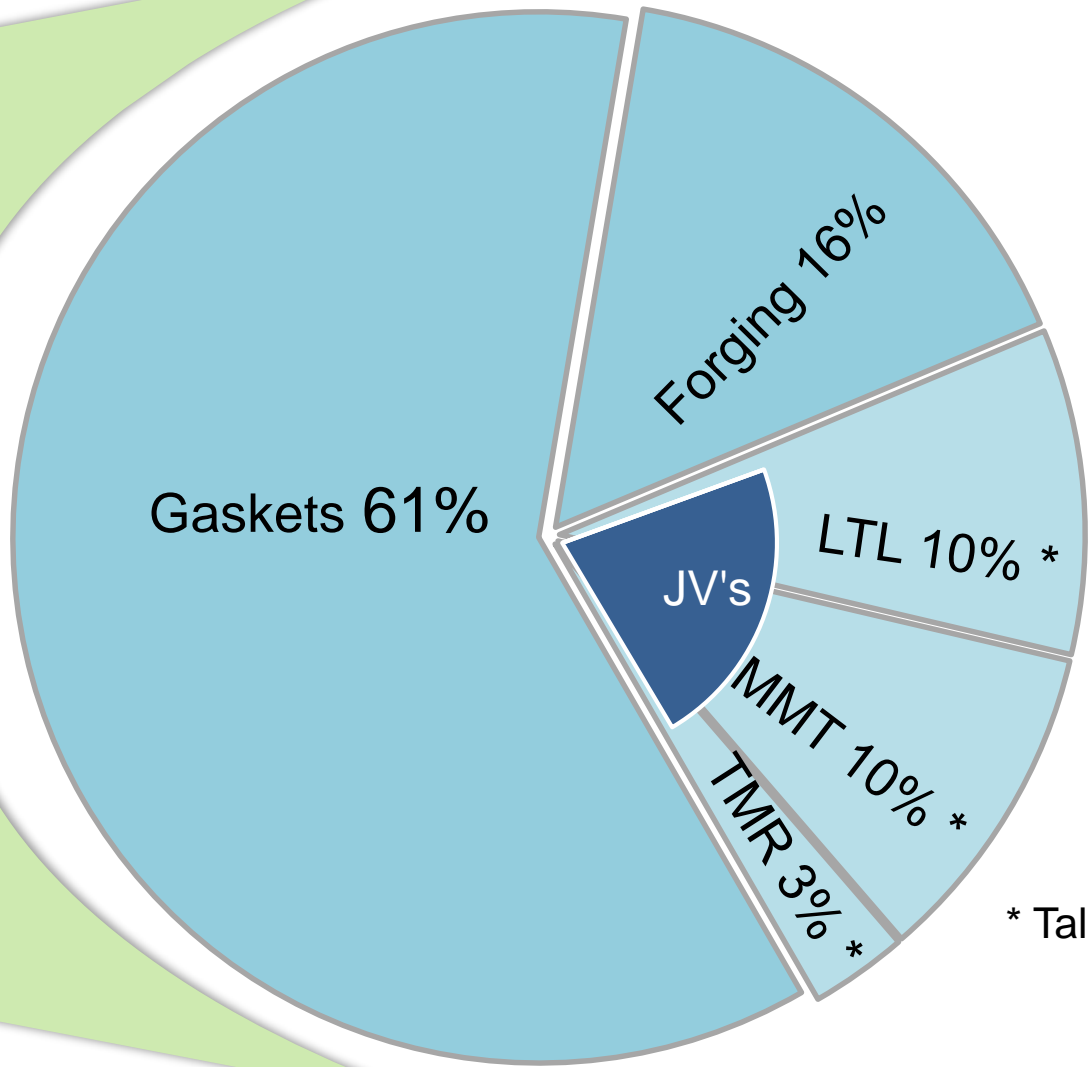
Diversified Portfolio

FY17 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



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

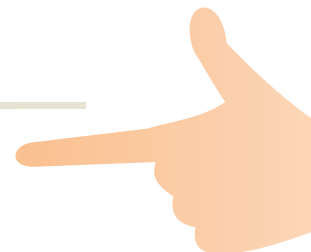
- BS-VI expected implementation by 2020
- Developing new products such as **Heat Shields** under Technical Licensing Agreement with **SANWA Packaging**



Jump towards BS VI

Huge Potential of Indian Passenger Vehicles Segment

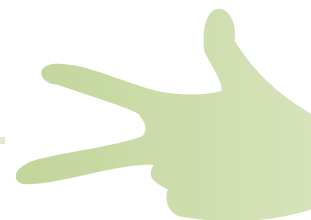
- India's low vehicle penetration (32 vehicles per 1000 people in 2015) making it one of the world's most attractive auto markets
- India's PV segment is expected to grow to > 48 mn vehicles by 2020



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

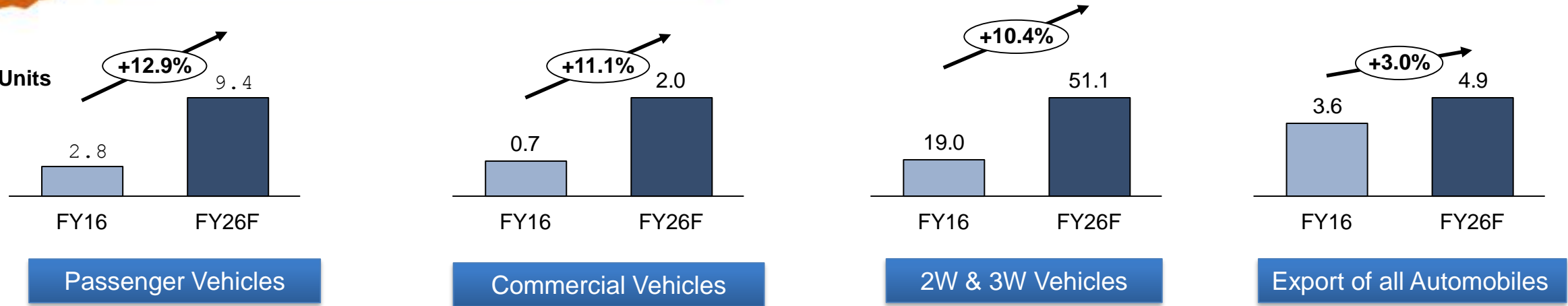


Exports



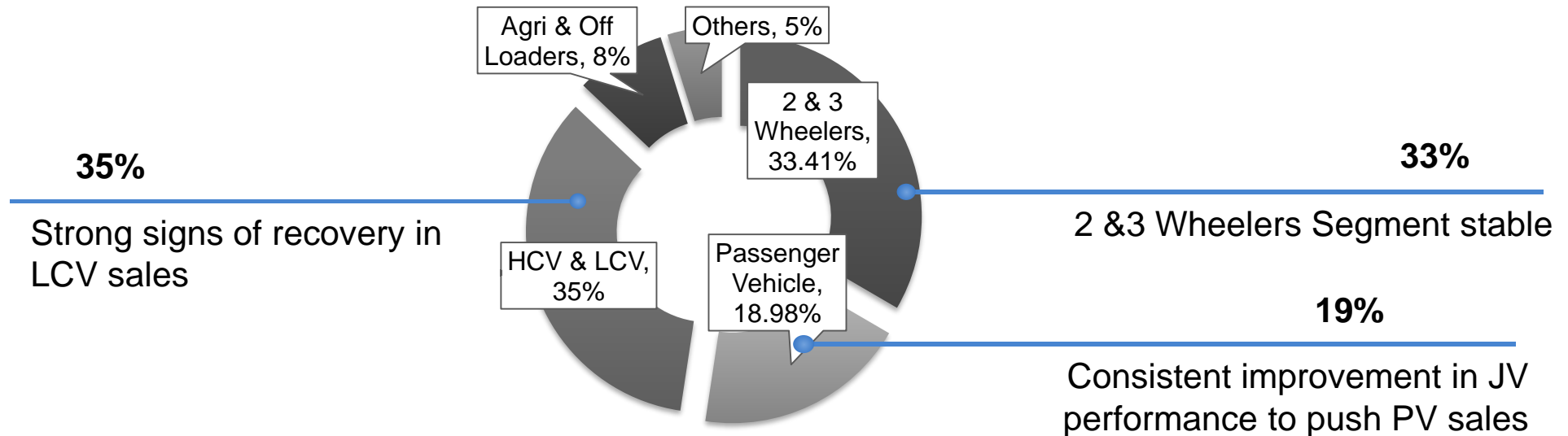
The Automotive Opportunities

Million Units



Source: IBEF, SIAM

TACL: Domestic Sales Break up FY17





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.

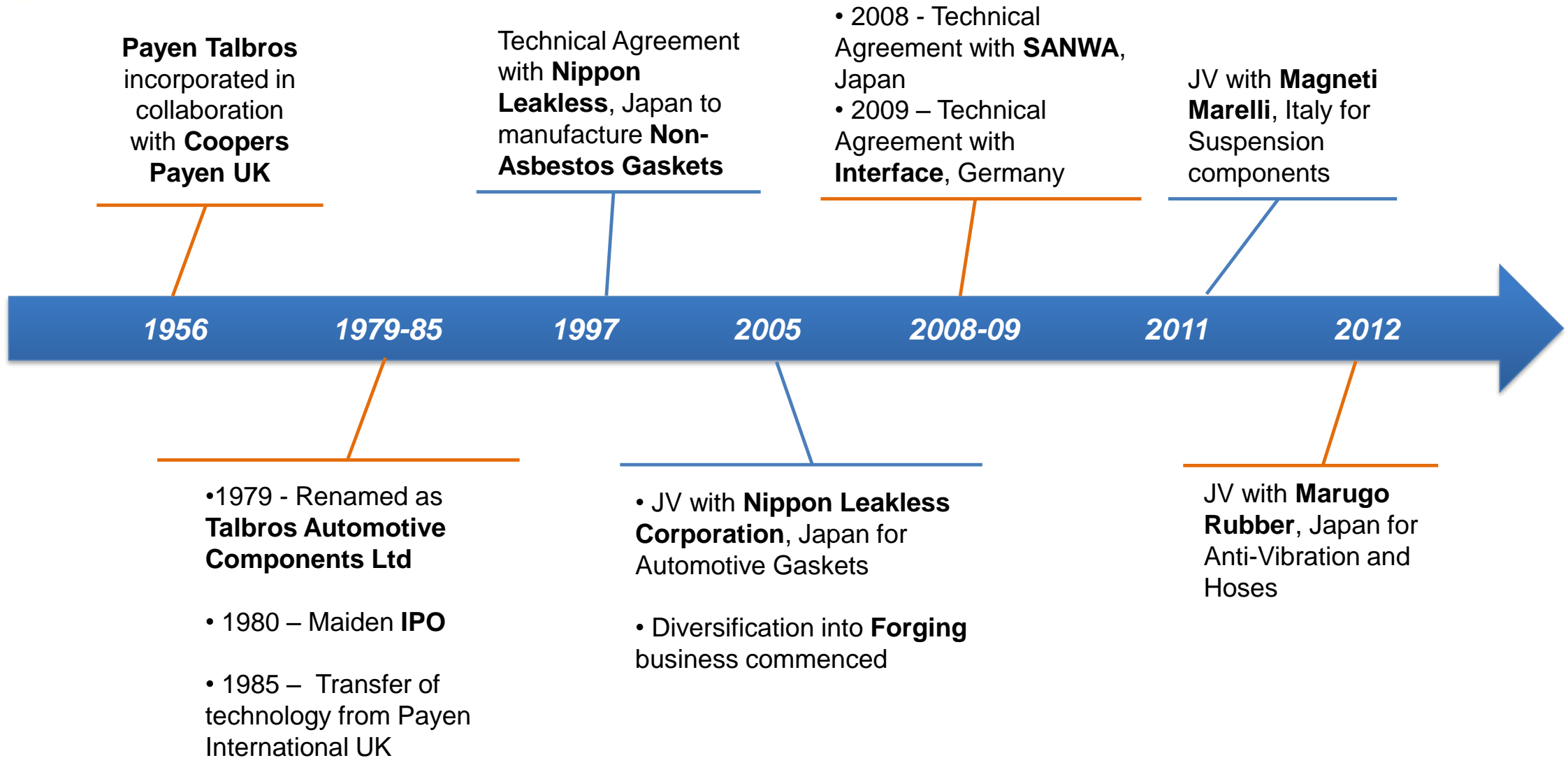
Business Overview



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

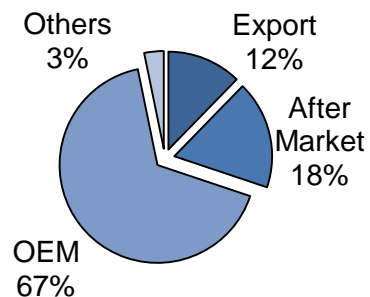
Gaskets

- 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 **FY17 stood at Rs 258 Cr**

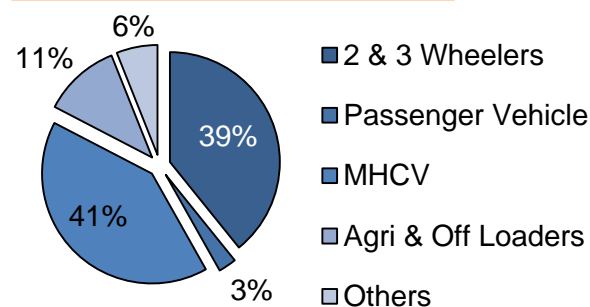
Forging

- 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 71 Cr**

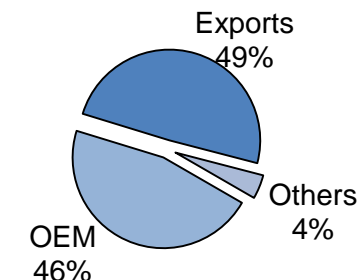
FY17 Revenue Rs 258 Crores



FY17 OEM Breakup



FY17 Revenue Rs 71 Crores





Products - Various Types and Shapes

Gaskets

Multi Layer Steel



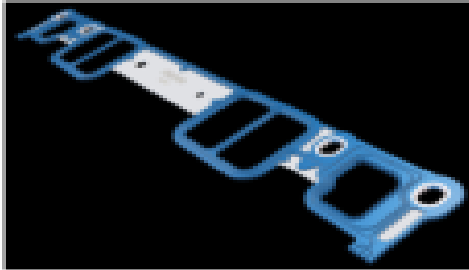
Rubber Molded



Exhaust Manifold



Edge Molded



Heat Shield



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

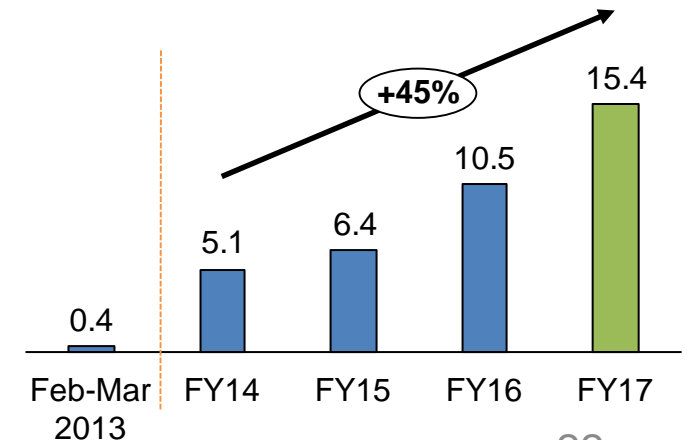
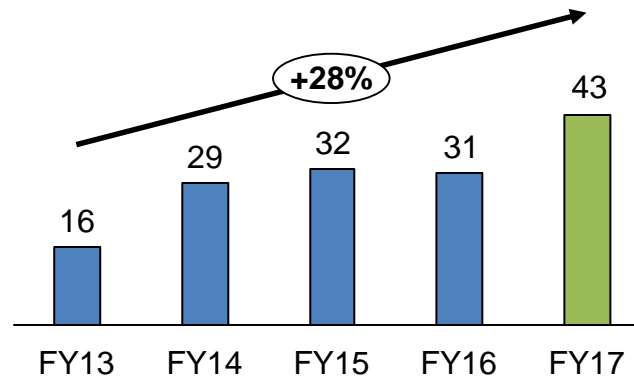
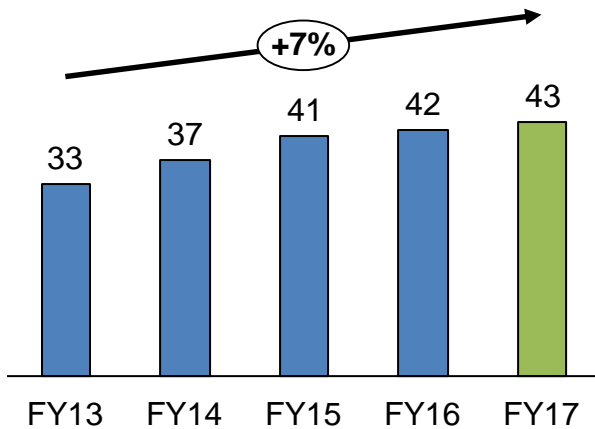
Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

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

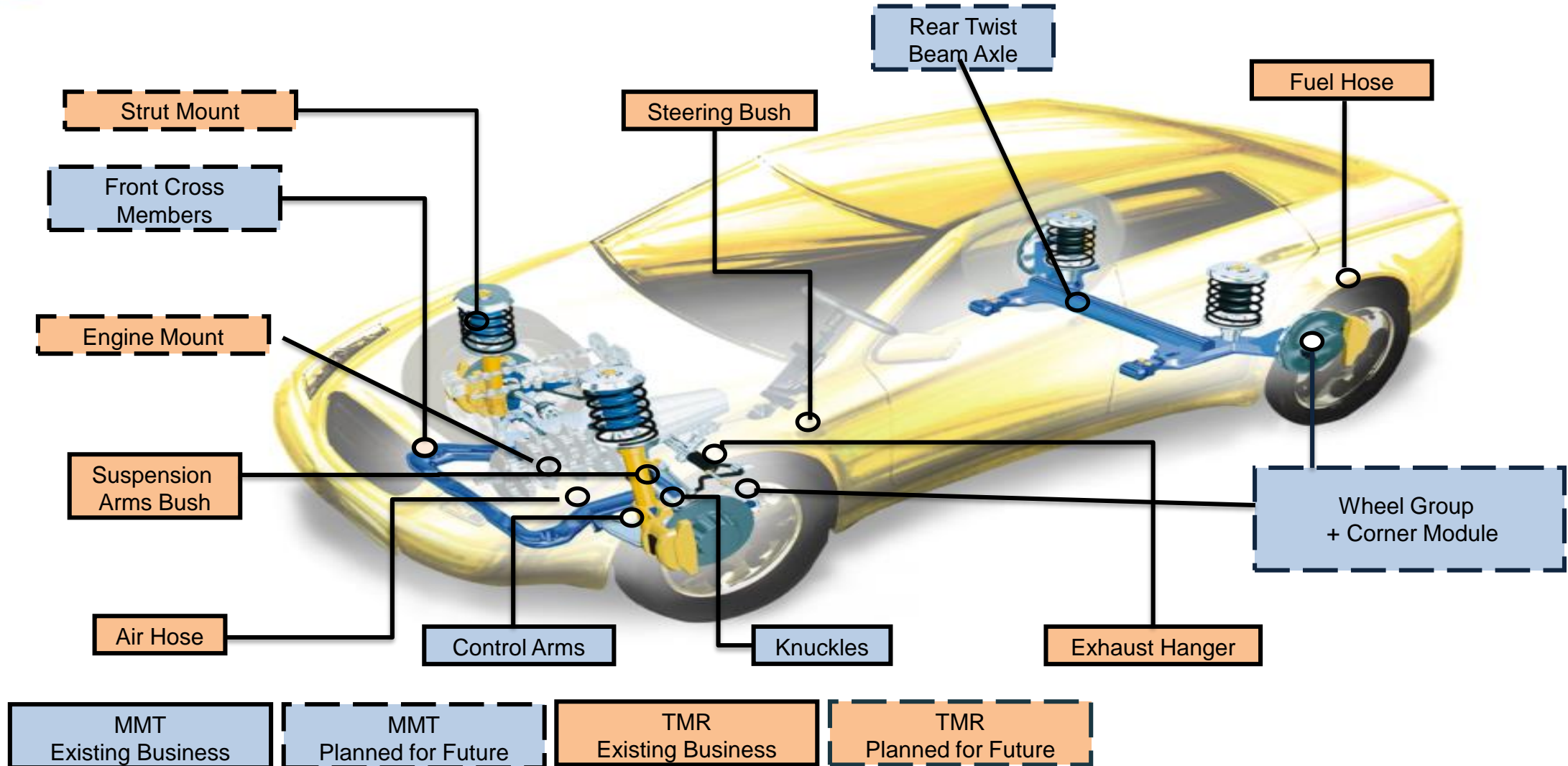
Maruti Suzuki, QH Talbros, Endurance Technologies, Rane (Madras) Ltd, Escort India, TATA



* Talbros Share of JV Revenue in Rs Crores



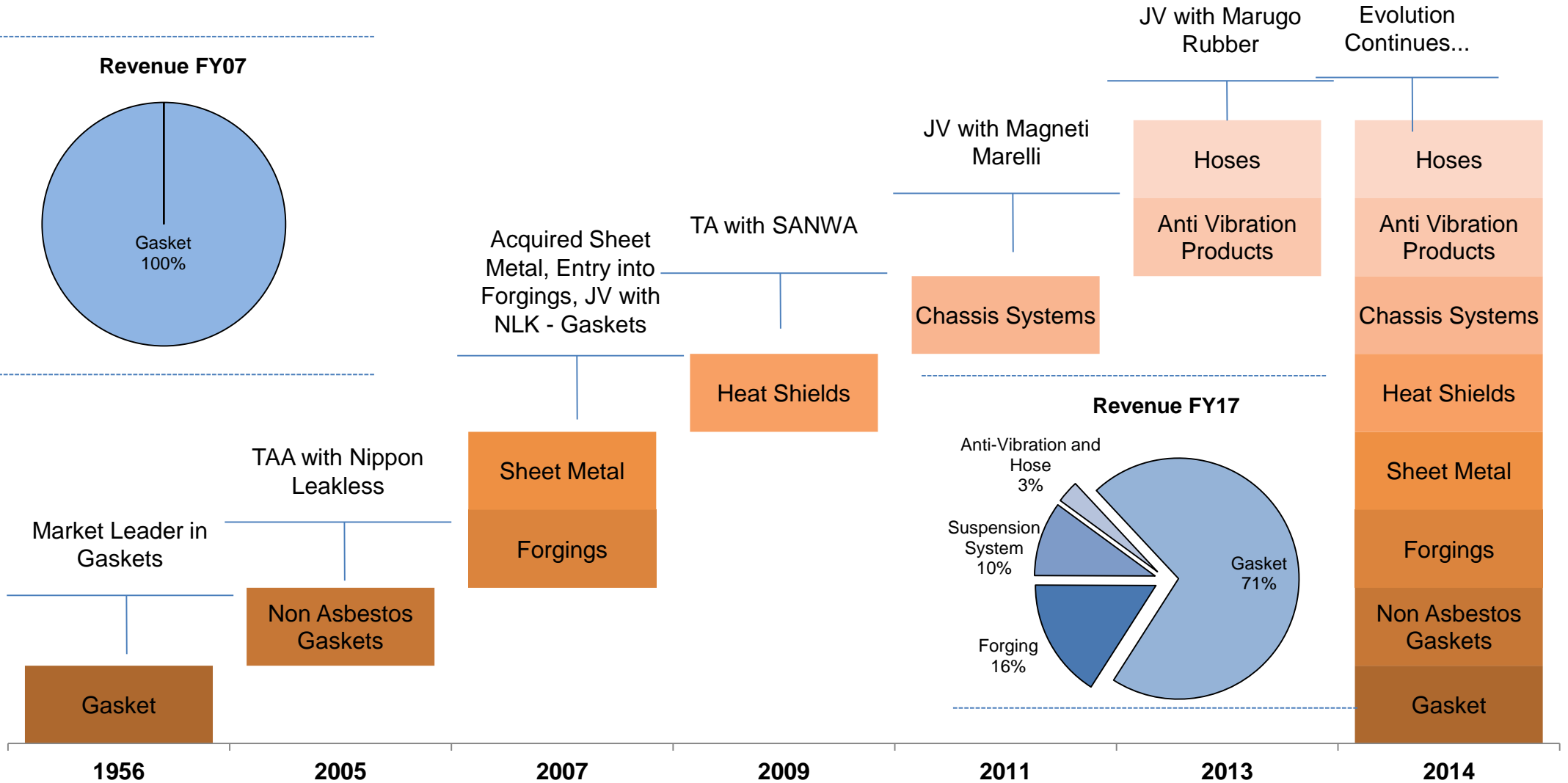
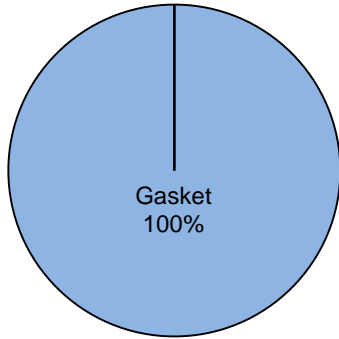
Scope of Joint Ventures





Evolving Product Portfolio

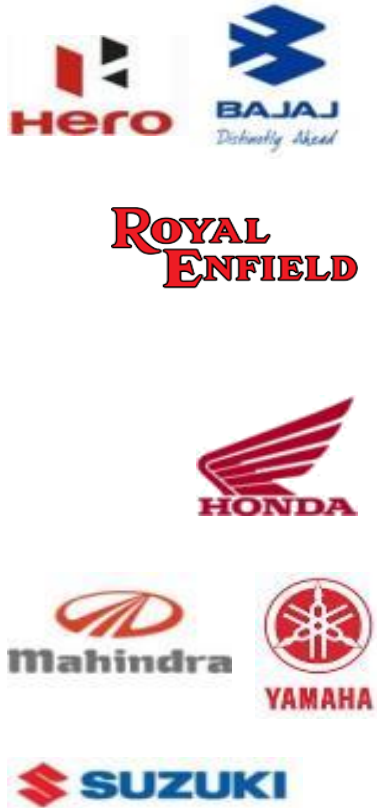
Revenue FY07





Diversified Customer - OEM

2 Wheeler



Passenger



HCV/LCV



Agri & Off Loader



Exports



Hedged customer base, 40% revenue from top 5 customers



Manufacturing Facilities



nc Highlights



Financial Highlights



Consolidated P & L Statement

Rs. Cr	Q4FY17	Q4FY16	YoY %	FY17	FY16*	YoY %
Revenue	112.4	103.1		428.1	391.9	
Other Income	2.9	2.0		8.6	5.9	
Total Income from Operations	115.3	105.1	10%	436.8	397.8	10%
Raw Material	65.3	56.7		242.7	218.5	
Employee Cost	13.5	14.0		56.2	51.6	
Other Expenses	22.2	21.6		85.3	78.5	
EBITDA	14.3	12.8	11%	52.6	49.1	7%
EBITDA Margin	12.36%	12.22%		12.05%	12.35%	
Interest	4.2	4.5		16.7	17.7	
Depreciation	4.0	4.6		15.3	15.3	
PBT (Before Exceptional Items)	6.1	3.8	63%	20.7	16.1	28%
Exceptional Item	0.0	-1.9		0.0	-1.9	
PBT (After Exceptional Items)	6.1	1.8	234%	20.7	14.2	46%
Tax	2.0	0.7	194%	4.9	4.5	10%
PAT	4.1	1.1	258%	15.7	9.7	62%
PAT Margin %	3.52%	1.08%		3.60%	2.44%	

*Exceptional items: FY16 Loss on sale of Machine in Magnetti Marelli Talbro's Chassis Systems Pvt Ltd JV



Consolidated Balance Sheet

Rs. Cr	FY17	FY16
Shareholders Fund	141.9	131.7
Share Capital	12.3	12.3
Reserves & Surplus	129.6	119.4
Total Non Current Liabilities	27.9	33.6
Long Term Borrowings	20.3	22.9
Other Long Term Liabilities	7.6	10.7
Total Current Liabilities	234.1	230.3
Short Term Borrowings	86.8	90.6
Trade Payables	114.4	106.8
Other Current Liabilities	32.9	33.0
TOTAL EQUITY & LIABILITIES	403.9	395.7

Rs. Cr	FY17	FY16
Total Non Current Assets	167.6	140.0
Fixed Assets	148.0	118.2
Long Term loans & Advances	11.0	14.0
Other Non Current Assets	8.6	7.7
Total Current Assets	236.3	255.7
Inventories*	111.4	141.1
Trade Receivables	90.3	79.8
Cash & Cash Equivalents	12.5	8.1
Short Term loans & Advances	20.8	24.3
Other Current Assets	1.3	2.4
TOTAL ASSETS	403.9	395.7

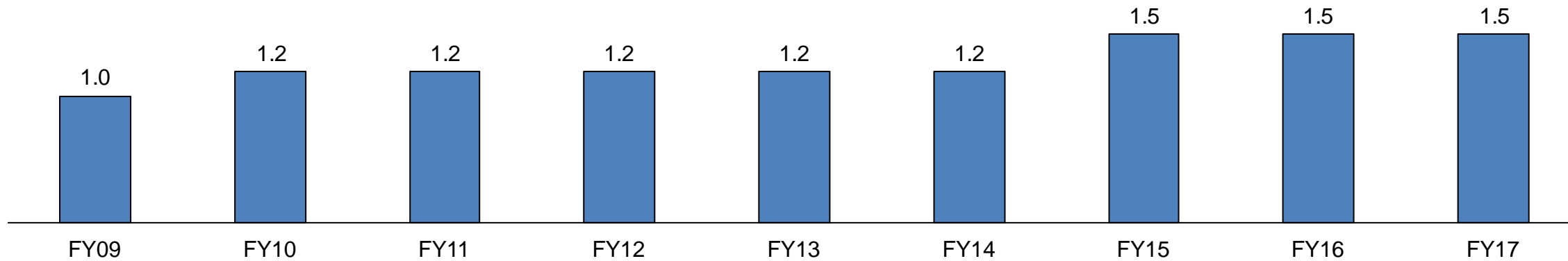
* Inventories include: Goods in Transit of Rs 6.9 Crs as of Mar 17 and Rs 7.7 Crs as of Mar 16



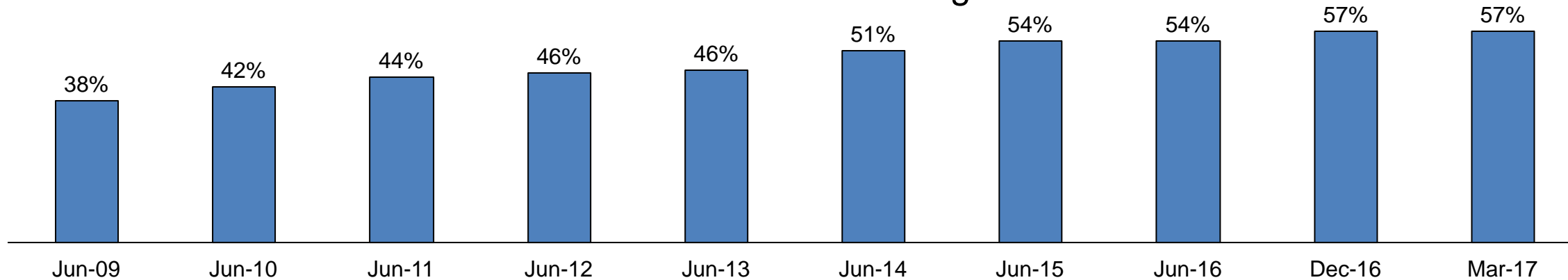
Equity

Consistently paying Dividend for the last 50 years

In Rs



Promoter Shareholding





For further information, please contact:

Company :

Investor Relations Advisors :

Talbro's Automotive Components Ltd.
CIN: L29199HR1956PLC033107

Strategic Growth Advisors Pvt. Ltd.
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