

Investor Presentation
Q1FY17
August 2016

DRIVING FUTURE LEADERSHIP

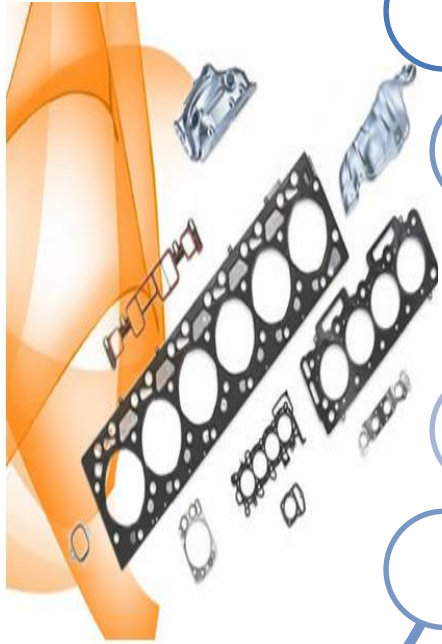
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About Us

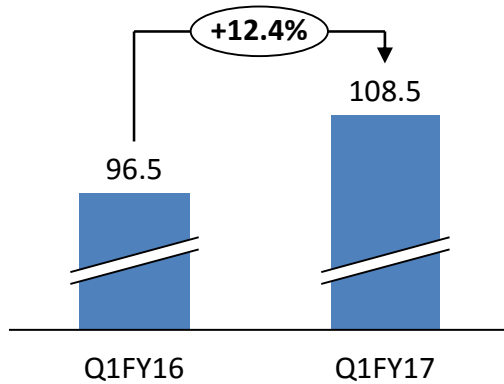


- Over **6 Decades** of experience in Auto Component manufacturing
- Diversified Auto Component player with presence *across Two Wheelers, Passenger, Commercial Vehicles and Farm Equipment's*
- Wide client base, *~40% revenue from top 5 clients*
- Businesses across *OEMs, Exports and After Market*
- 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*

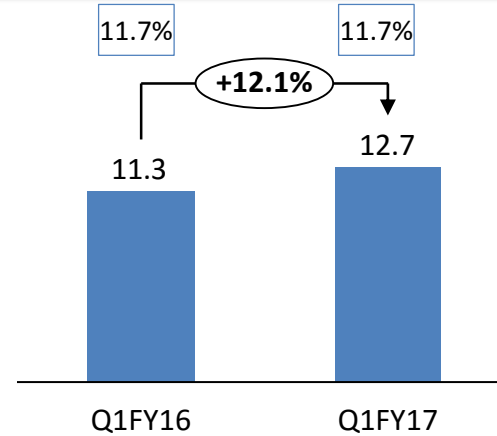
One of the Most Hedged Auto Component Player

Business performance back on track

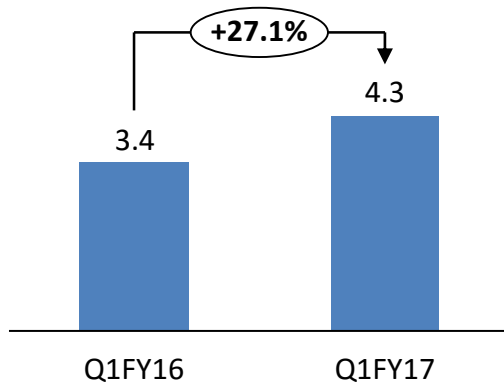
Total Income from Operations Rs Crs



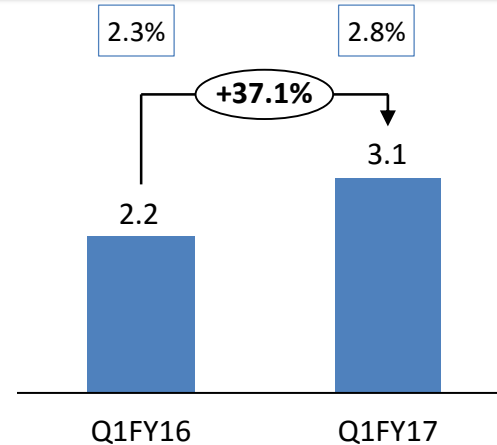
EBIDTA Rs Crs



PBT Rs Crs



PAT Rs Crs



Q1FY17 Highlights

- Revenue of Rs 108.5 Crores a growth of 12.4% led by
 - 15% growth in Standalone Gaskets
 - Strong performance in New Joint Ventures
- EBIDTA of Rs 12.7 Crores with a growth of 12.1%
 - All Joint Ventures providing cash profits
- EBIDTA margin at 11.7%
- Dividend received from Nippon Leakless Talbros Ltd (JV) of Rs 48 lacs against nil in Q1FY16
- PBT of Rs 4.3 Crores growth of 27.1%
- PAT of Rs 3.1 Crores growth of 37.1%

Q1FY17 Business Performance

Standalone:

- Gaskets saw a 15% YoY growth, mainly driven by OEM segment
- EBITDA saw an impact due to Rupee Depreciation and New Wages Act
- Forging Segment benefited by lower fuel costs
- 2W revenue growth was lower as segment had seen price cuts in August 2015
- New Orders for Gaskets from Basak Tractor Turkey, Khodro Iran, Volvo USA, Kubota Thailand
- New Orders for Forgings from Amul Industries Ltd

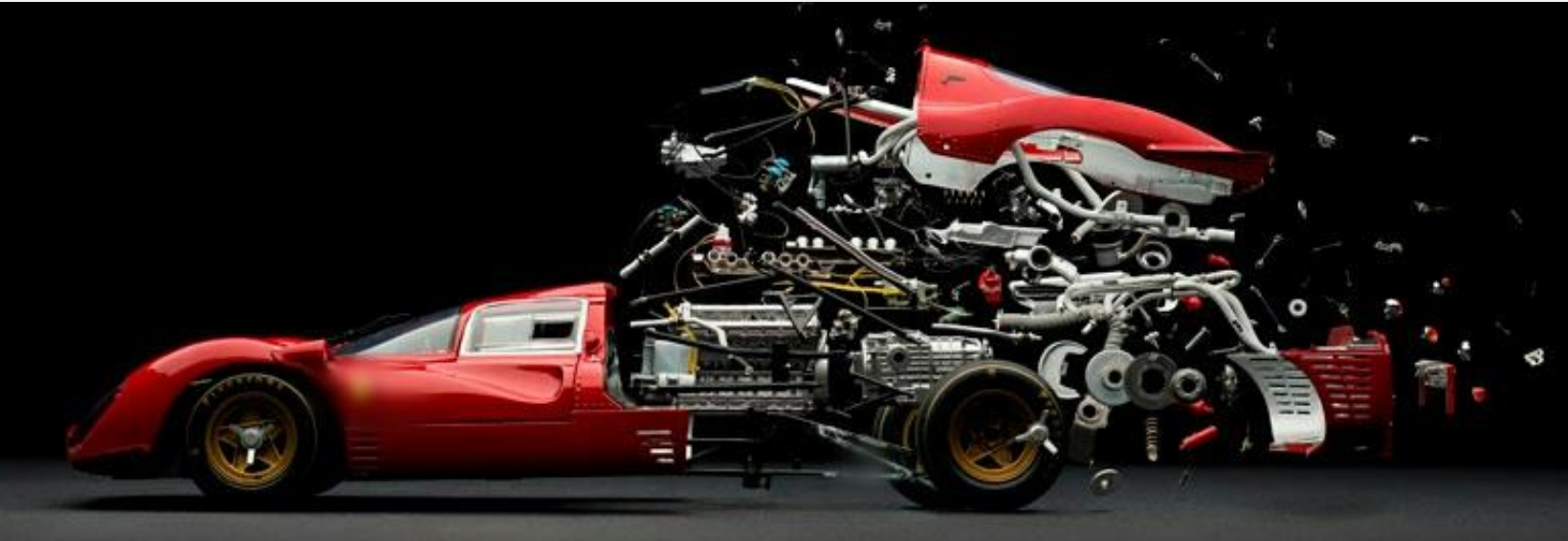
Magneti Marelli Talbros Chassis Systems (MMT) :

- Achieved cash profit in Q1FY17
- Sale growth 18%
- New business from Tata Motors

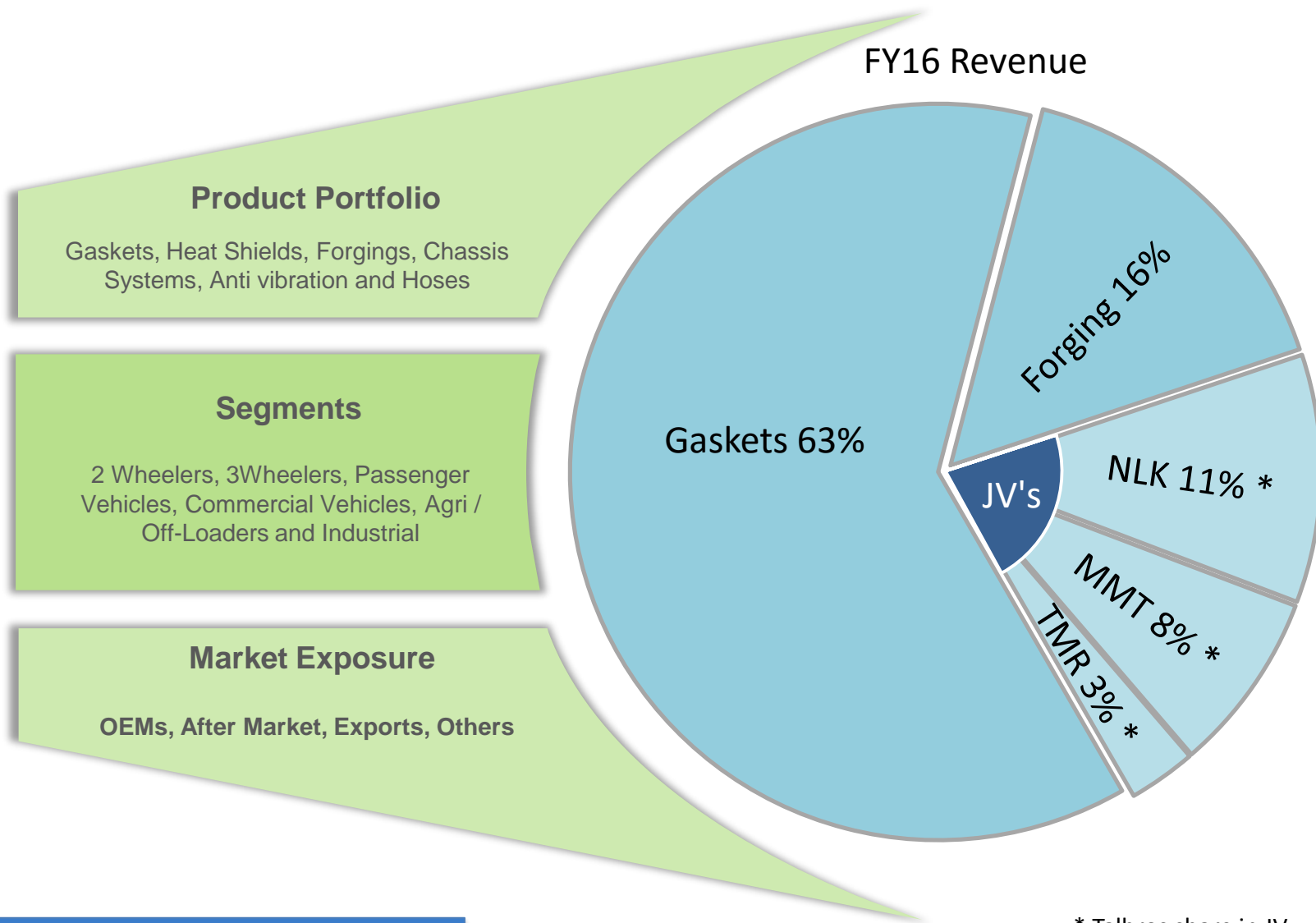
Talbros Marugo Rubber (TMR):

- Achieved cash profit in Q1FY17, sales growth 54%
- Hose plant is gaining traction
- New business from Honda Cars

Growth Strategy



Diversified Portfolio



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

Strong Global Partnerships - Joint Ventures



*Nippon Leakless Talbros 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

Magneti Marelli Talbros Chassis Systems 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 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**



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



Tie-ups with leading component suppliers of the Globe

- India becoming a hub for Global OEMs for sourcing and manufacturing



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



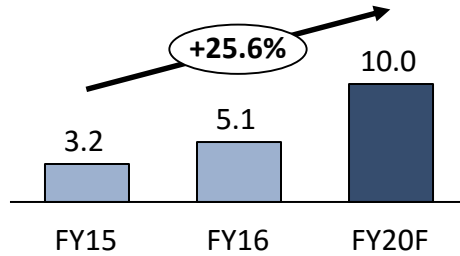
Increasing Investments by Global Manufacturers

- Global car manufacturers plan to leverage India's competitive advantage to set up export-oriented production hubs

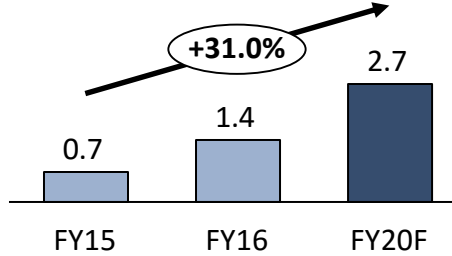


The Automotive Opportunities

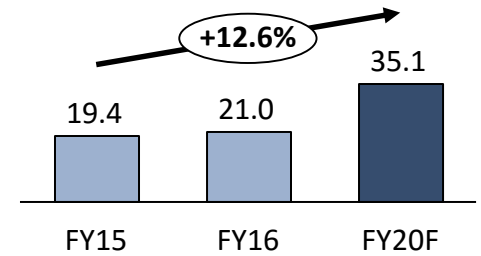
Million Units



Passenger Vehicles



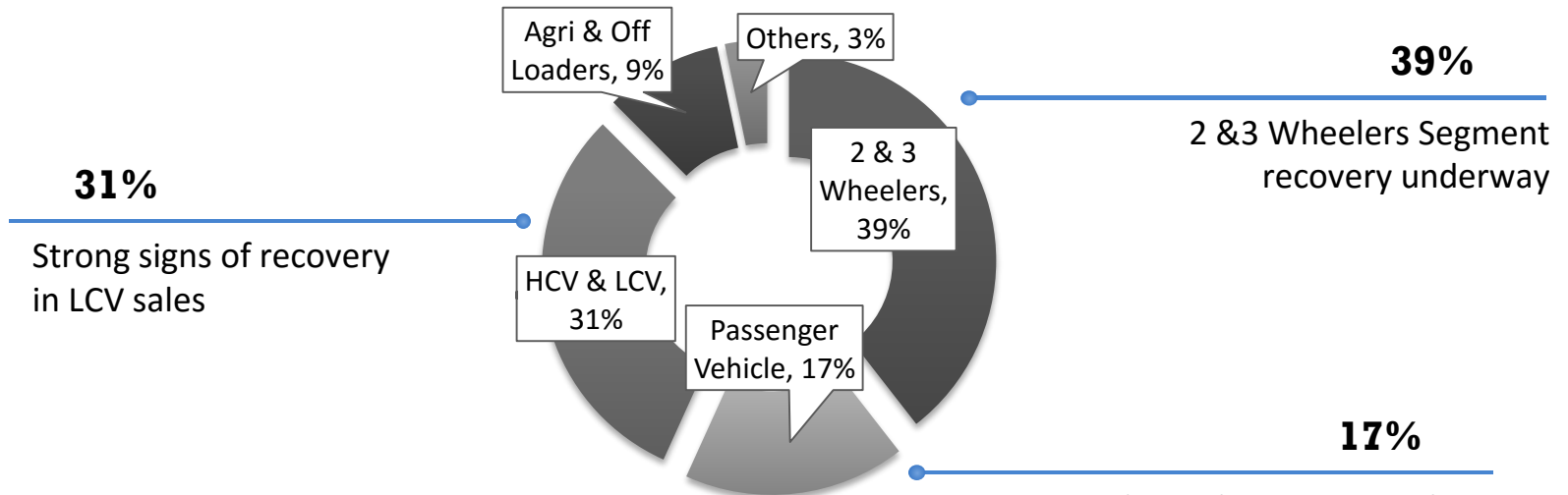
Commercial Vehicles



2W & 3W Vehicles

Source: IBEF, SIAM

TACL: Domestic Sales Break up FY16



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 had 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 Talbros Group as its Group CFO. He also advises various companies on financial management and corporate planning. He had more than 30 years of rich experience in Finance, Accounting and Strategic Planning.

... towards a Sustainable and Profitable FY17

- Recovery in LCV and 2Wheeler Sales
- 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

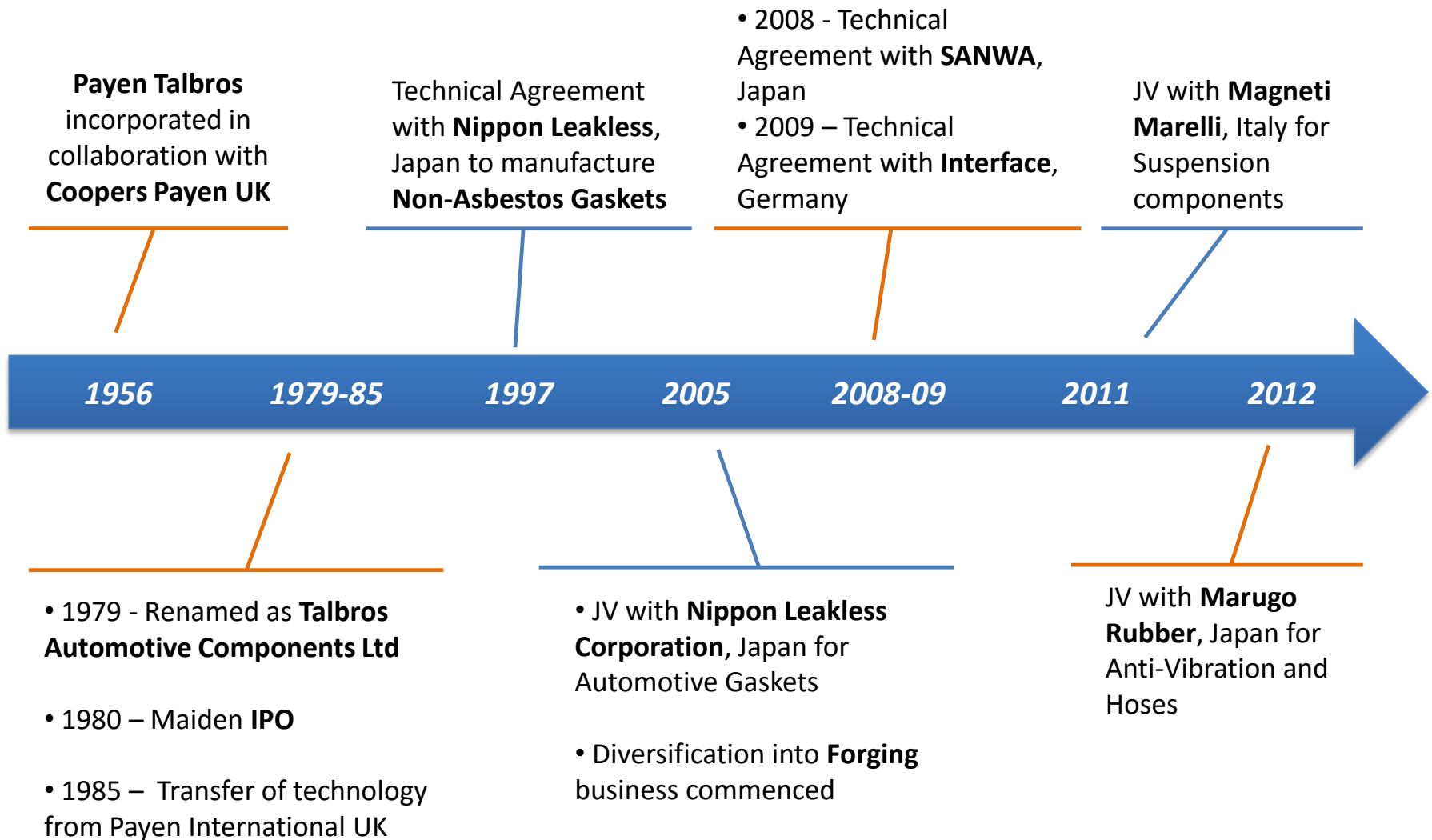
We expect better performance in FY17:

- Total Income:
 - FY16 : Rs 398 Crs
 - FY17 Growth Expectations : 10-12%
- EBIDTA Margins
 - FY16 : 11.1%
 - FY17 Expectations : 11.75 % – 12.25%

Business Overview



Key Milestones



Board of Directors



Mr Naresh Talwar
Chairman



Mr Navin Juneja
Director



Mr Amit Burman
Independent
Director



Mr Umesh Talwar
Vice Chairman &
MD



Mr Vidur Talwar
Non Executive



Mr R R Vederah
Independent
Director



Mr Varun Talwar
Joint Managing
Director



Mr Rajive Swahney
Independent
Director



**Mr Pallavi
Sadanand Poojan**
Independent
Director



Mr Anuj Talwar
Joint Managing
Director



Mr V Mohan
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, Excorts 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. 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. 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

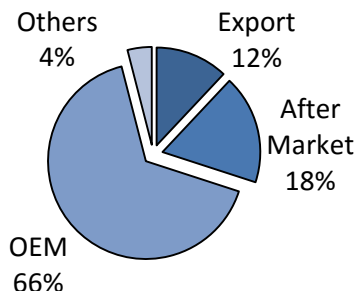
He is an Engineer and has an experience of over 30 years and has worked as DGM-Vibration Control Development Section with Marugo Rubber Industries Ltd

Standalone

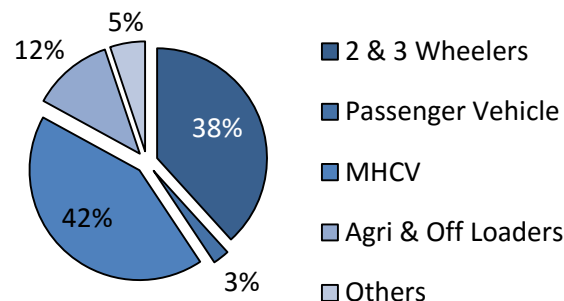
Gaskets

- 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 **Q1FY17 stood at 67 Cr**

FY16 Revenue Rs 248 Crores



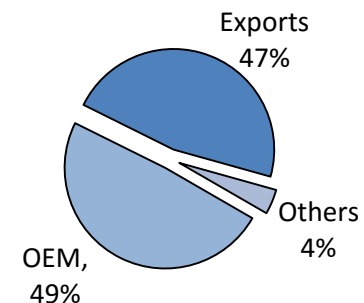
FY16 OEM Breakup



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 **Q1FY17 stood at 17 Cr**

FY16 Revenue Rs 62 Crores



Products - Various Types and Shapes

Gaskets

Multi Layer Steel



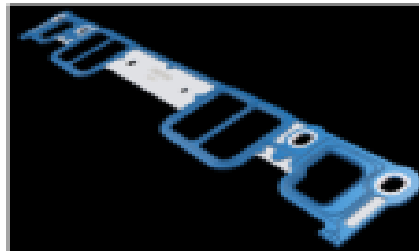
Rubber Molded



Exhaust Manifold



Edge Molded



Heat Shield



Cylinder Head



Forgings

King Pins



Gear Blanks



Housing and Yoke Shafts



Joint Ventures

Nippon Leakless Talbros Ltd

Magnetti Marelli Talbros Chassis Systems Ltd

Talbros Marugo Rubber Ltd

Products

Gaskets

Control Arms, Front Axle and Rear Axle

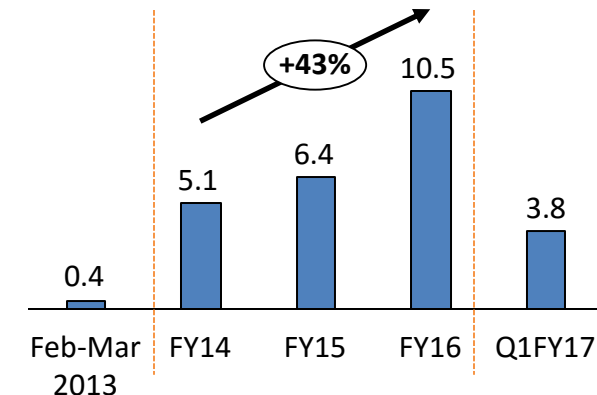
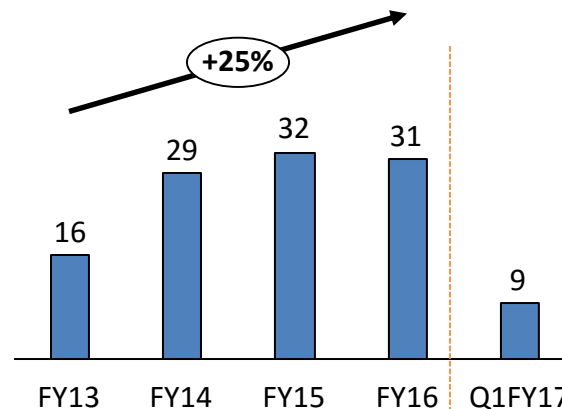
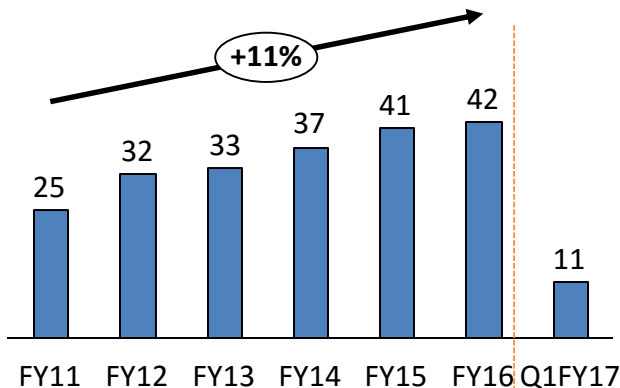
Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

Customers

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

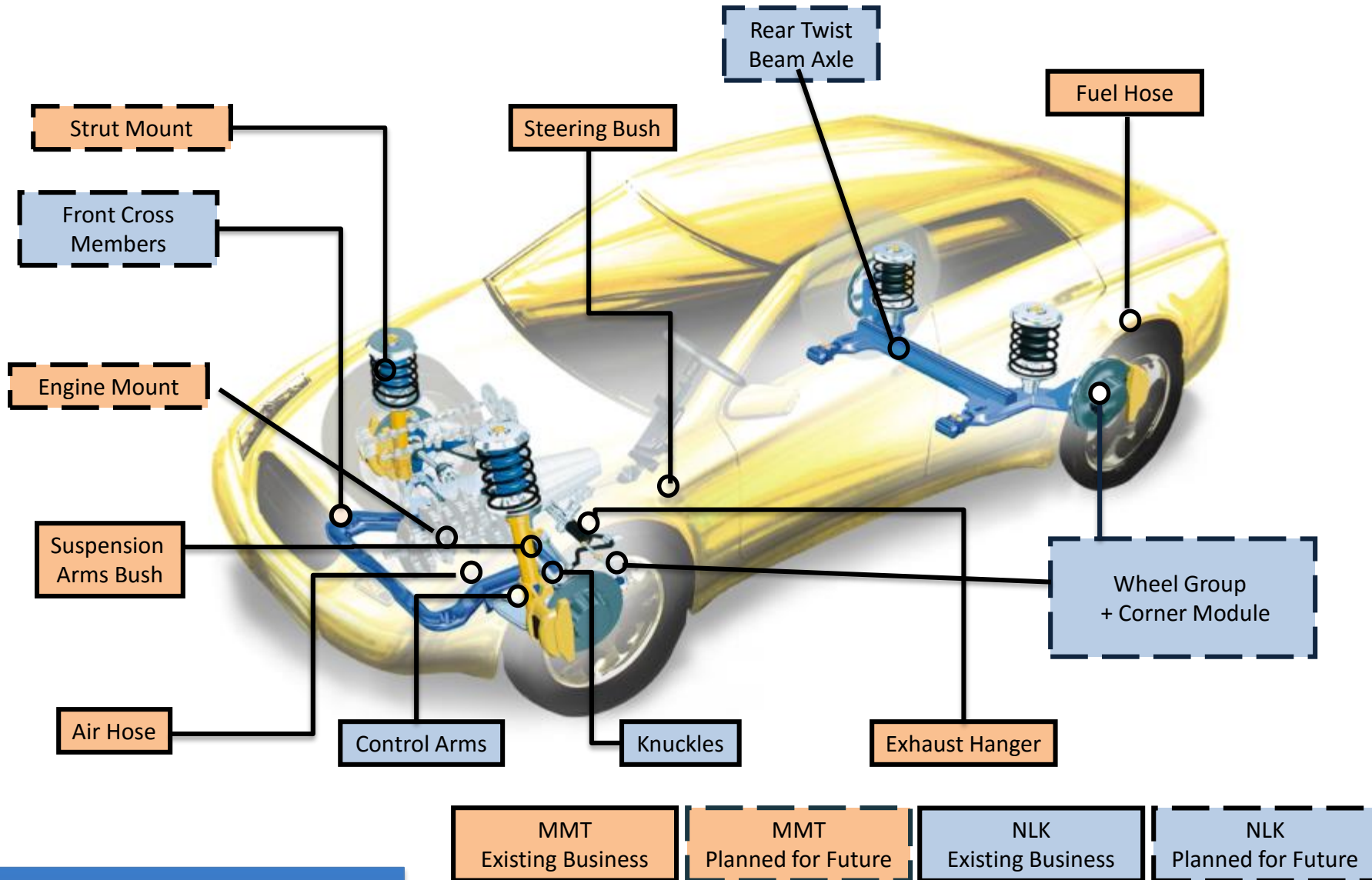
Bajaj Auto, Mahindra & Mahindra, Maruti Suzuki India, Tata Motors
Significant share of Control Arms business from Maruti

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

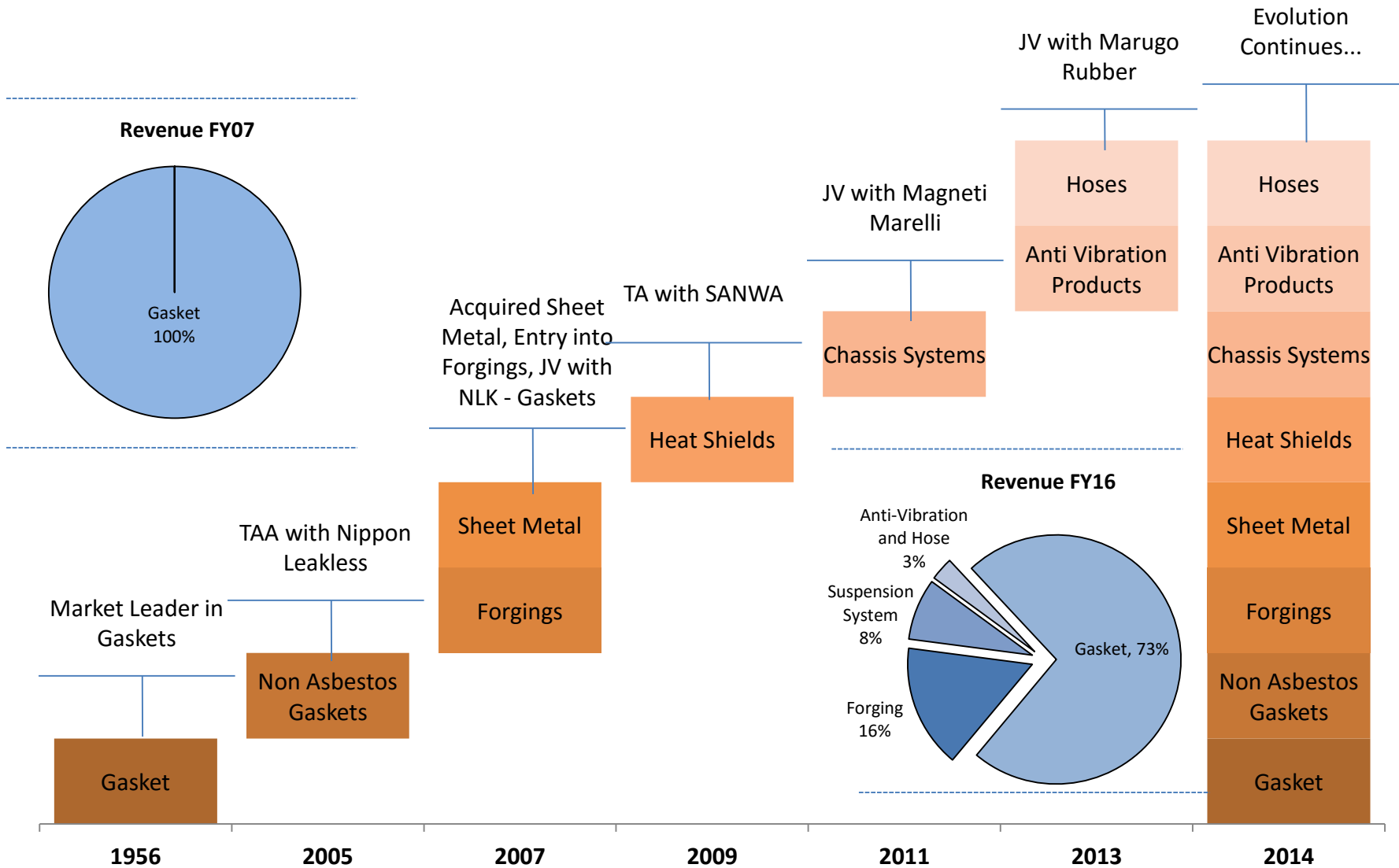


Driving Future Leadership

Scope of Joint Ventures



Evolving Product Portfolio



Diversified Customer - OEM

2 Wheeler

Passenger

HCV/LCV

Agri & Off Loader

Exports



Hedged customer base, **40%** revenue from top 5 customers

Manufacturing Facilities



Gasket

Faridabad, Haryana (2 plants & R&D Centre)
Pune, Maharashtra & Sitarganj, Uttarakhand



Nippon Leakless

Bawal – Haryana
Haridwar – Uttarakhand



Forging

Bawal – Haryana



Talbro Marugo Rubber

Manesar – Gurgaon



Magnet Marelli Talbro

Faridabad - Haryana

Also houses a Material Division in Sohna – Gurgaon

Financials Highlights



Consolidated P & L Statement

Rs. Cr	Q1FY17	Q1FY16	YoY %	Q4FY16	QoQ%	FY16
Revenue	107.2	95.9		103.3		392.0
Other Income	1.3	0.6		2.0		5.9
Total Income from Operations	108.5	96.5	12%	105.3	3%	397.9
Raw Material	60.8	54.5		56.7		218.5
Employee Cost	14.3	12.8		14.0		51.6
Other Expenses	20.7	17.9		21.6		78.6
EBITDA	12.7	11.3	12%	12.9	-2%	49.2
EBITDA Margin	11.7%	11.7%		12.3%		12.4%
Interest	4.4	4.5		4.5		17.7
Depreciation	3.9	3.4		4.7		15.4
Exceptional Item *	0.0	0.0		-1.9		-1.9
PBT	4.3	3.4	27%	1.8	137%	14.2
Tax	1.3	1.2		0.7		4.5
PAT	3.1	2.2	37%	1.1	170%	9.7

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

Consolidated Balance Sheet

Rs. Cr	Mar 16	Mar 15
Shareholders Fund	131.2	127.1
Share Capital	12.3	12.3
Reserves & Surplus	118.8	114.8
Total Non Current Liabilities	33.7	40.8
Long Term Borrowings	22.9	31.8
Other Long Term Liabilities	10.8	9.0
Total Current Liabilities	230.9	215.7
Short Term Borrowings	90.5	85.1
Trade Payables	106.8	92.2
Other Current Liabilities	33.5	38.4
TOTAL EQUITY & LIABILITIES	395.7	383.6

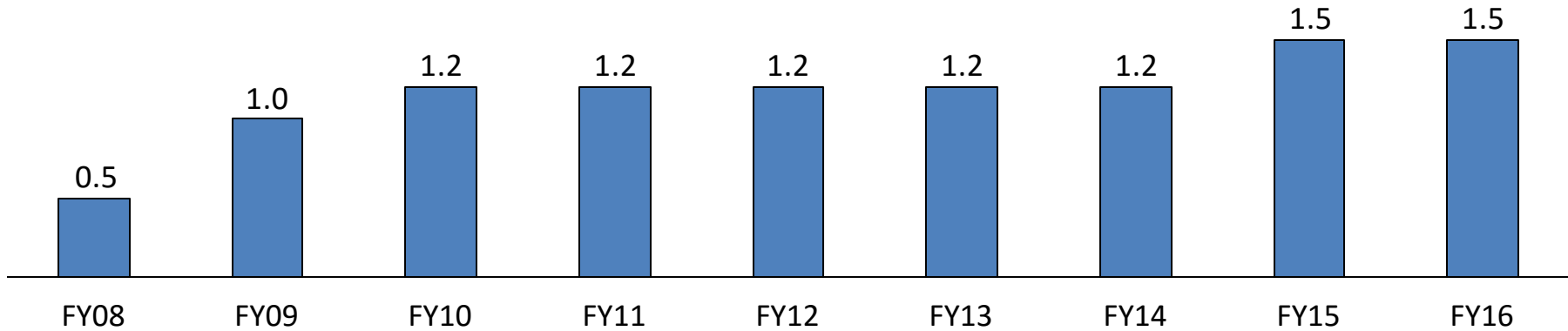
Rs. Cr	Mar 16	Mar 15
Total Non Current Assets	140.0	142.4
Fixed Assets	118.2	123.4
Long Term loans & Advances	14.0	12.7
Other Non Current Assets	7.7	6.2
Total Current Assets	255.7	241.2
Inventories *	141.1	127.6
Trade Receivables	81.4	73.7
Cash & Cash Equivalents	8.1	10.2
Short Term loans & Advances	24.3	28.8
Other Current Assets	0.8	1.0
TOTAL ASSETS	395.7	383.6

* Inventories include: Goods in Transit of Rs 7.4 Crs as of Mar 16 and Rs 9 Crs as of Mar 15
Tools of Rs 24.75 Crs as of Mar 16 and Rs 16.92 Crs as of Mar 15

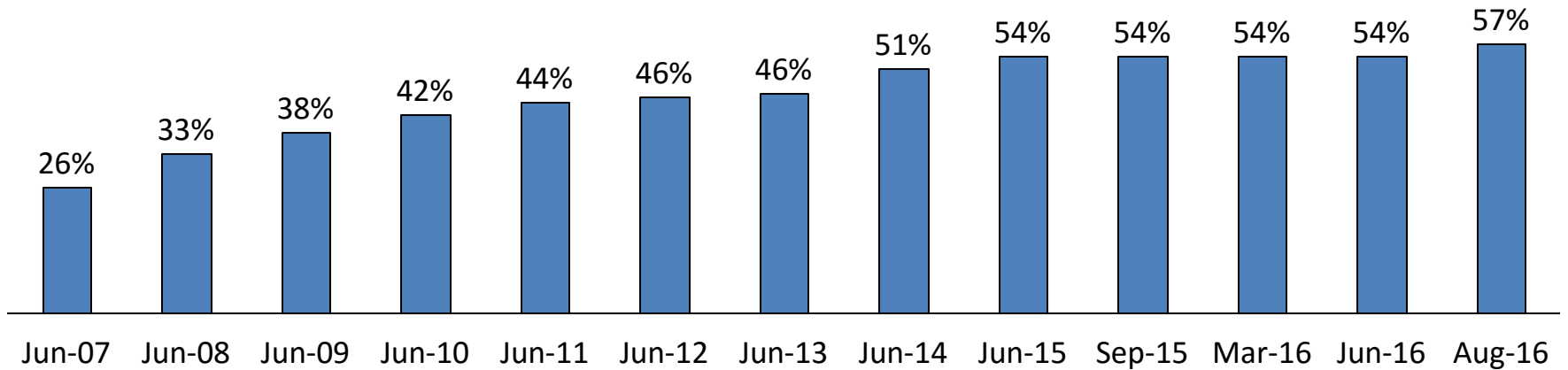
Equity

In Rs

Consistently paying Dividend for the last 50 years



Promoter Shareholding



For further information, please contact:

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