

INVESTOR PRESENTATION

February 2017

Driving Future Leadership





Safe Harbor

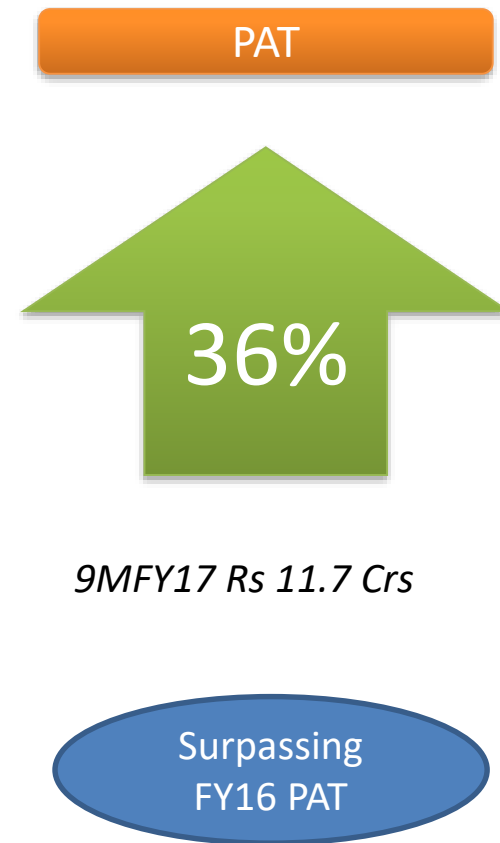
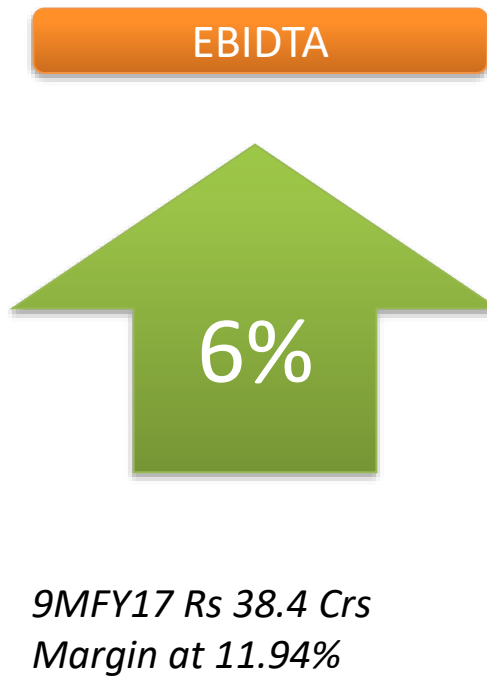
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9M FY17 Performance





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:

9 Months FY17

- Total Income:
 - FY16 : Rs 398 Crs
 - FY17 Growth Expectations : 10-12%
- EBIDTA Margins
 - FY16 : 12.4%
 - FY17 Expectations : 12.00 % – 12.50%

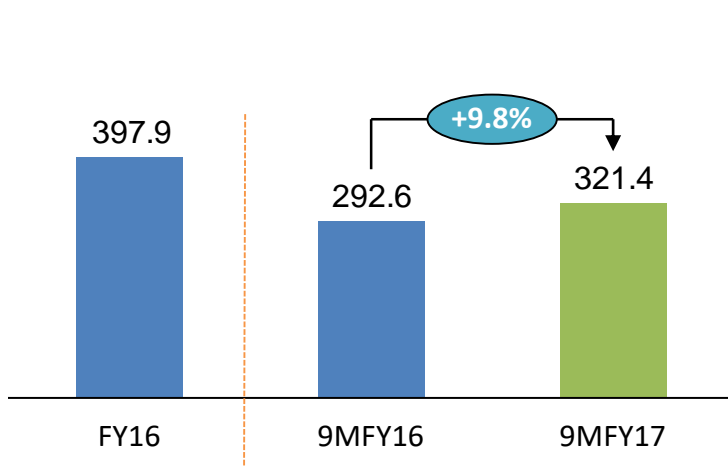
- Total Income:
 - 9M FY17 : Rs 321 Crs
 - 9M FY17 growth 10%
- EBIDTA Margins
 - 9M FY17: 11.94%

Performance in line with our guidance

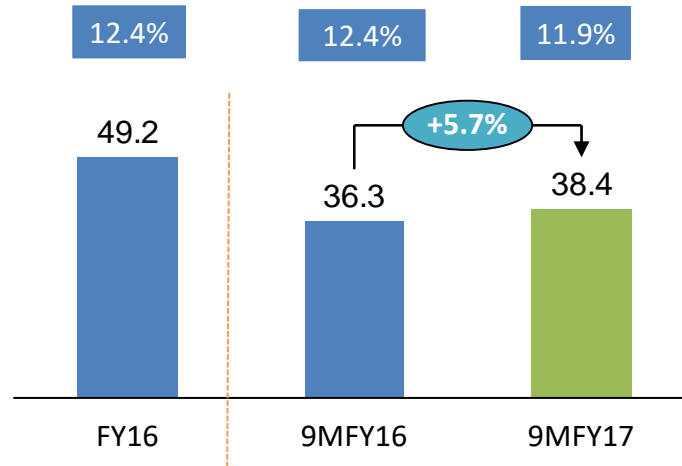


9M FY17 performance

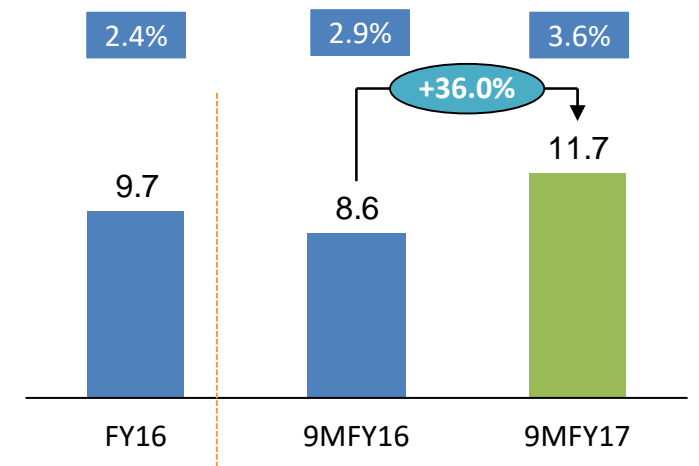
Total Income from Operations Rs Crs



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**

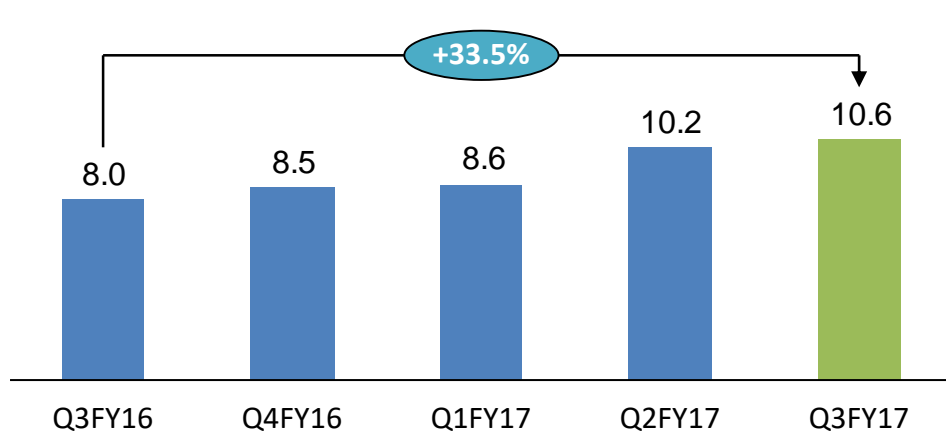
Better Working Capital and lower Bank Charges
Continuous Turnaround in **Joint Venture Companies**

Margins %



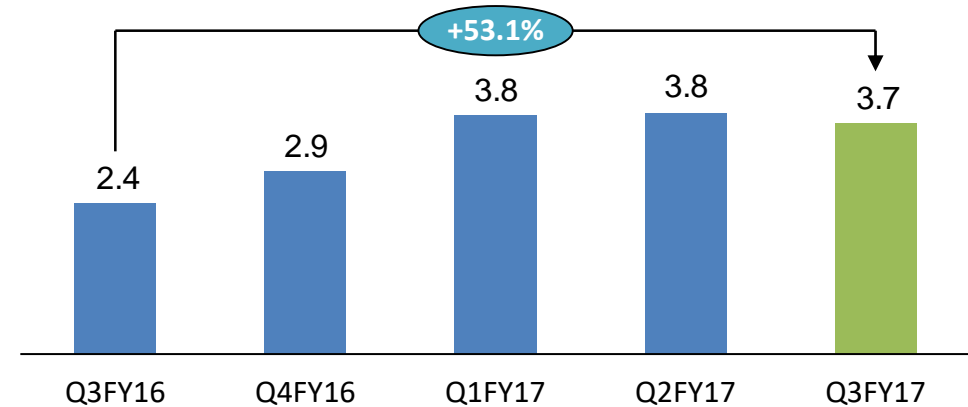
Turnaround in New Joint Ventures

Magnetti Marelli Talbro's Chassis Systems Pvt Ltd Revenue (Rs Crs)



- Positive PAT for 9MFY17
- Peak margins in Q3FY17 led by increasing volumes
- Pass on of increase in minimum wage

Talbro's Marugo Rubber Pvt Ltd (TMR) Revenue (Rs Crs)



- Secured new orders from Daimler for Commercial vehicles
- Increase in buyback of product by the JV partner – Marugo Rubber
- Profitability improved in Antivibration Business
- Hoses in the period of stabilisation

* Talbro's Share of JV Revenue



Q3FY17 Performance

Gaskets:

- Gaskets sales grew ahead of the industry led by increase in export sales
 - Two wheeler segment sales in line with industry
- Gasket margins impacted due to Rupee Depreciation and increased manpower costs due to Increase in Minimum Wages in Haryana and Payment of Bonus Act
- New Orders from Maruti Suzuki, Ashok Leyland, Kubota, Caterpillar and Ducati

Forgings:

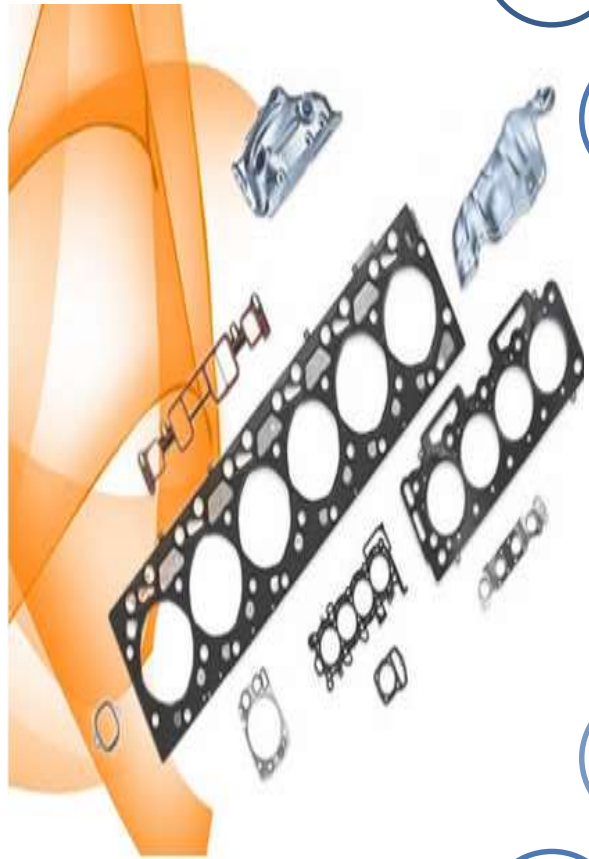
- Forging sales growth of 46% led by increase in volumes
- New orders from Amul Industries, Volvo Eicher, Carraro
- Improved margins and profitability led by increase in volume, favourable RM and lower fuel charges



Growth Strategy



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

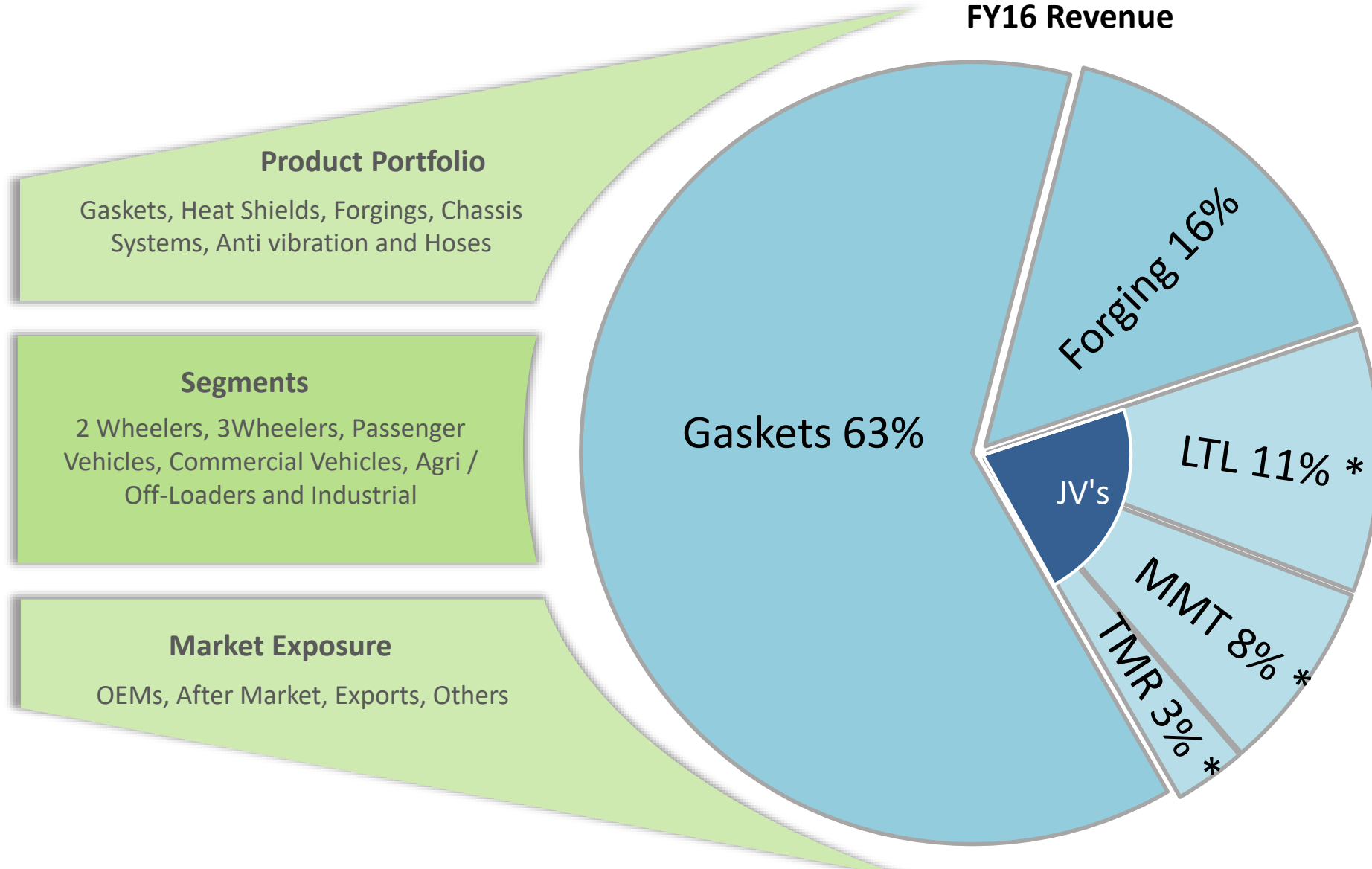
Diversified Portfolio - *Gaskets, Forgings, Suspension Systems, Anti-vibration Products & Hoses*

Consistent *Dividend Pay-out over 50 years*

One of the Most Hedged Auto Component Players



Diversified Portfolio





Strong Global Partnerships - Joint Ventures



Nippon Leakless Talbros Pvt Ltd (NLK)

*Magnetti 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

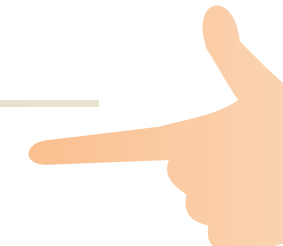
- BS-VI expected implementation by 2020
- Developing new products such as **Heat Shields** under Technical Licensing Agreement with **SANWA Packaging**



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

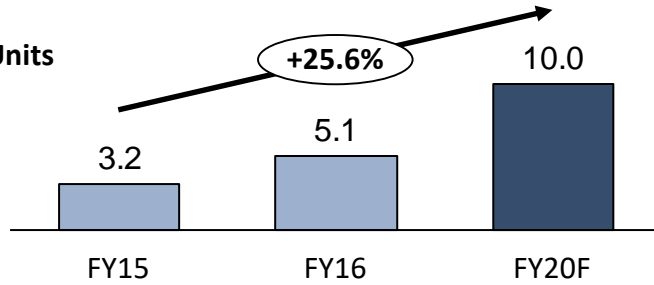


Exports

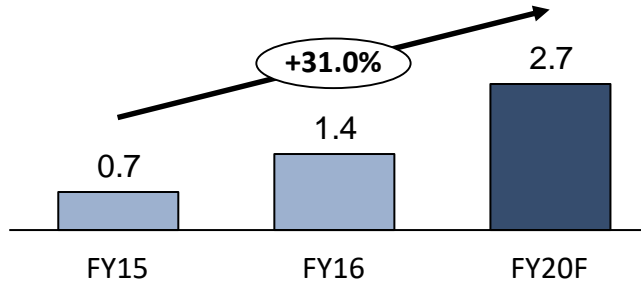


The Automotive Opportunities

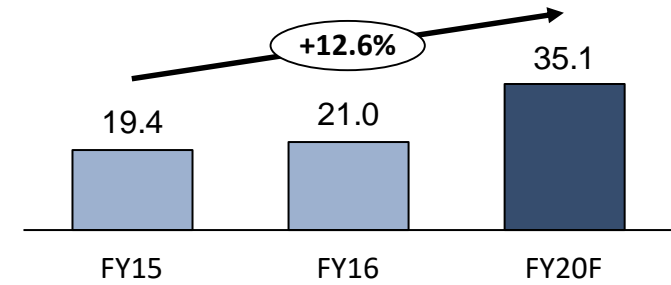
Million Units



Passenger Vehicles



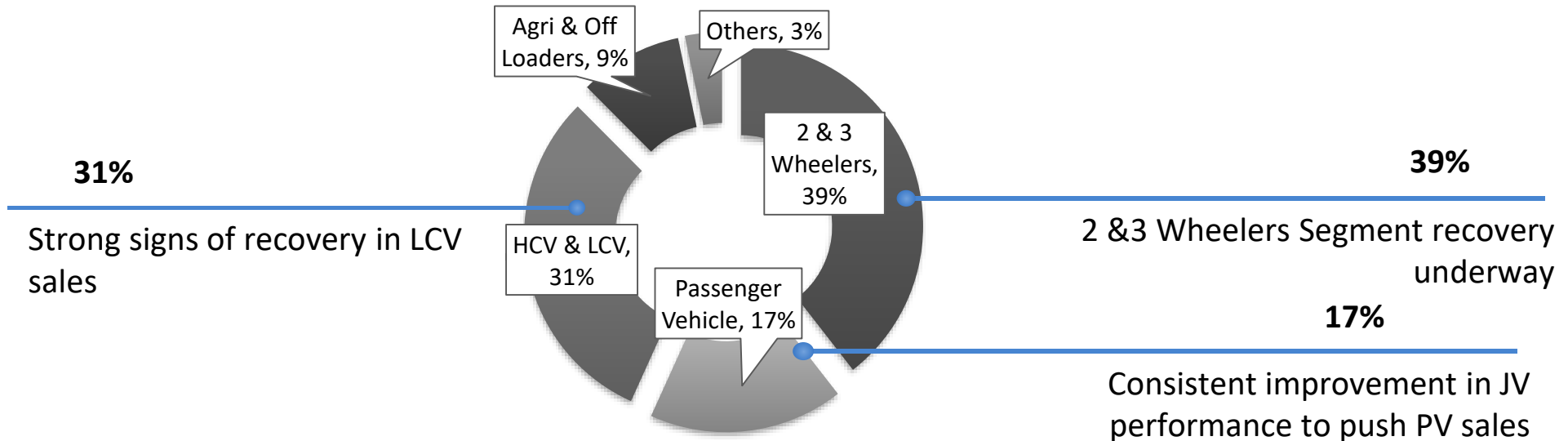
Commercial Vehicles



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 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.

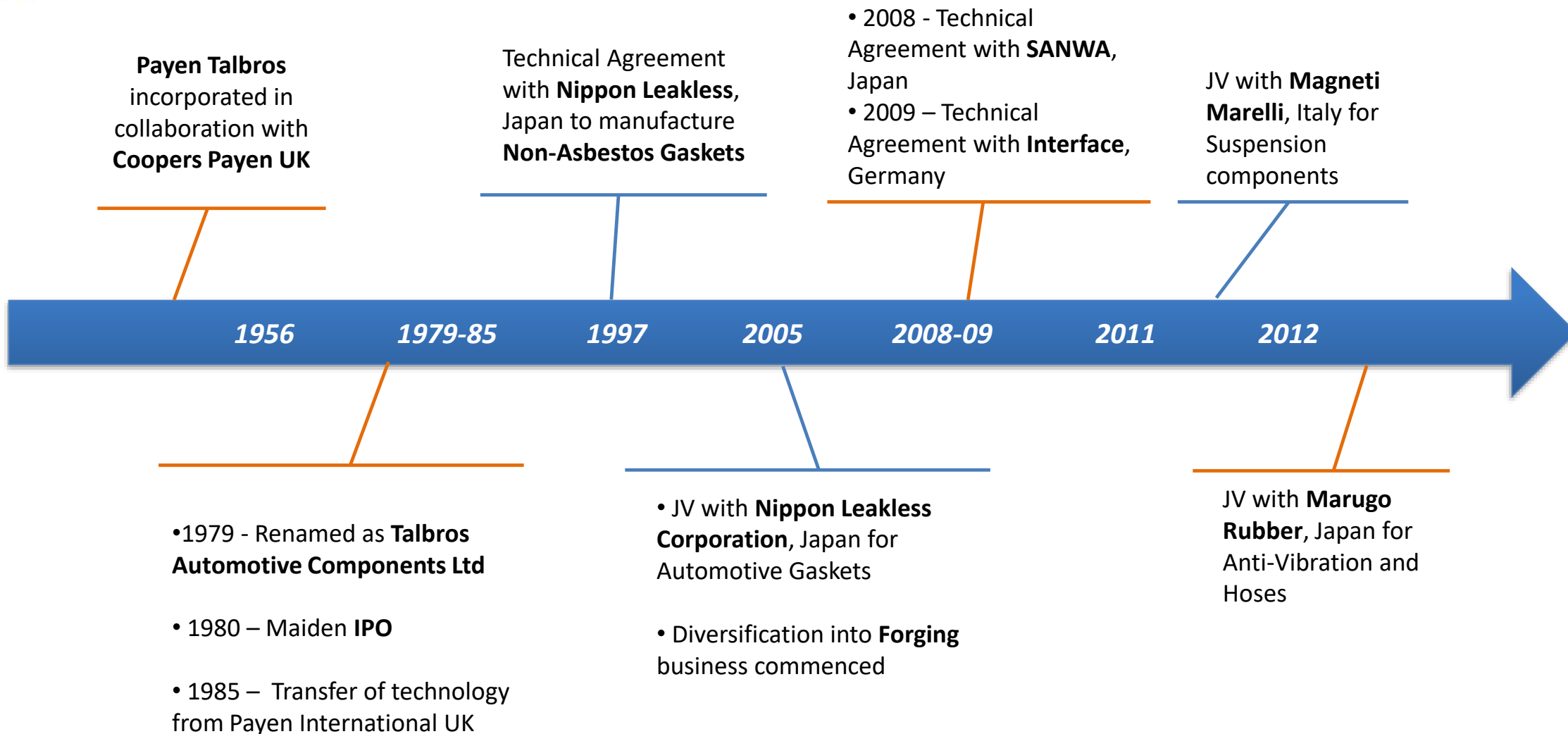
Business Overview



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

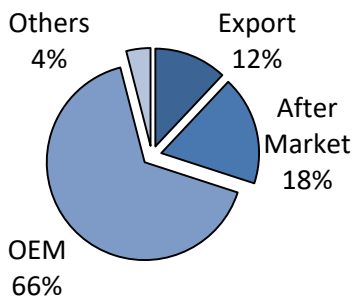


Standalone

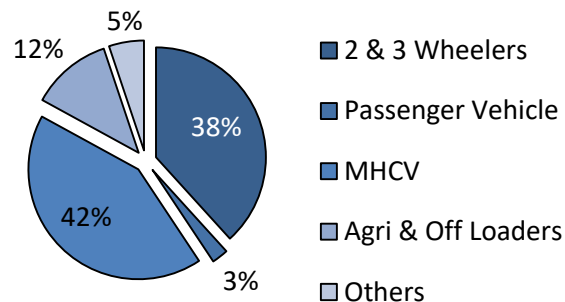
Gaskets

- 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 **9MFY17 stood at Rs 198 Cr**

FY16 Revenue Rs 248 Crores



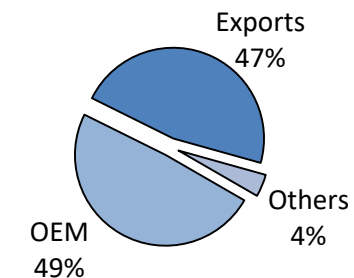
FY16 OEM Breakup



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 **9MFY17 stood at Rs 53 Cr**

FY16 Revenue Rs 62 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

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

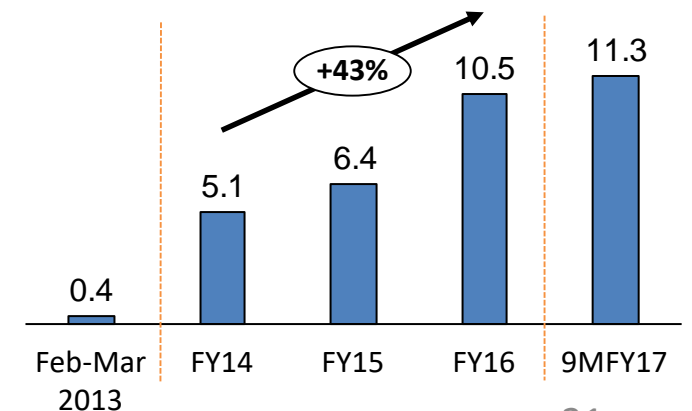
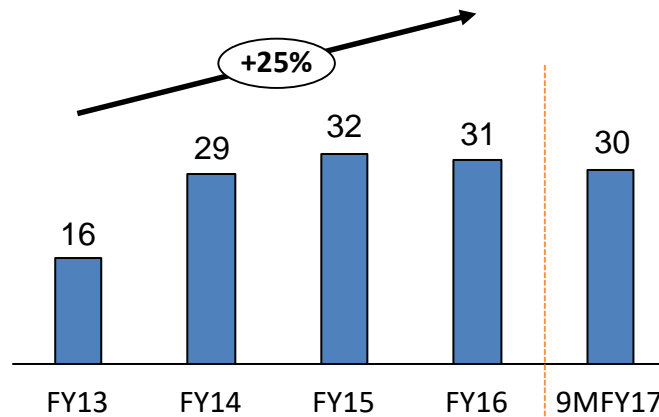
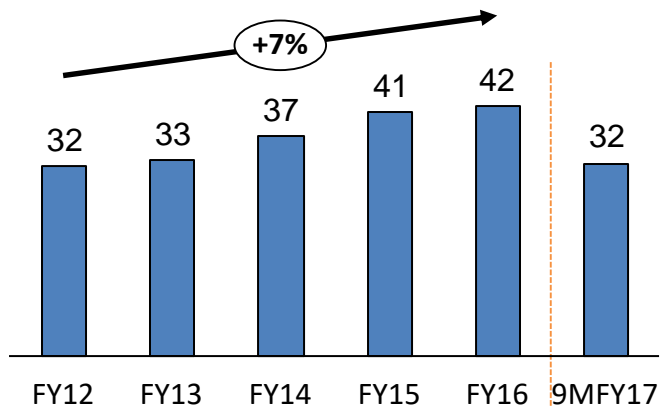
Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

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

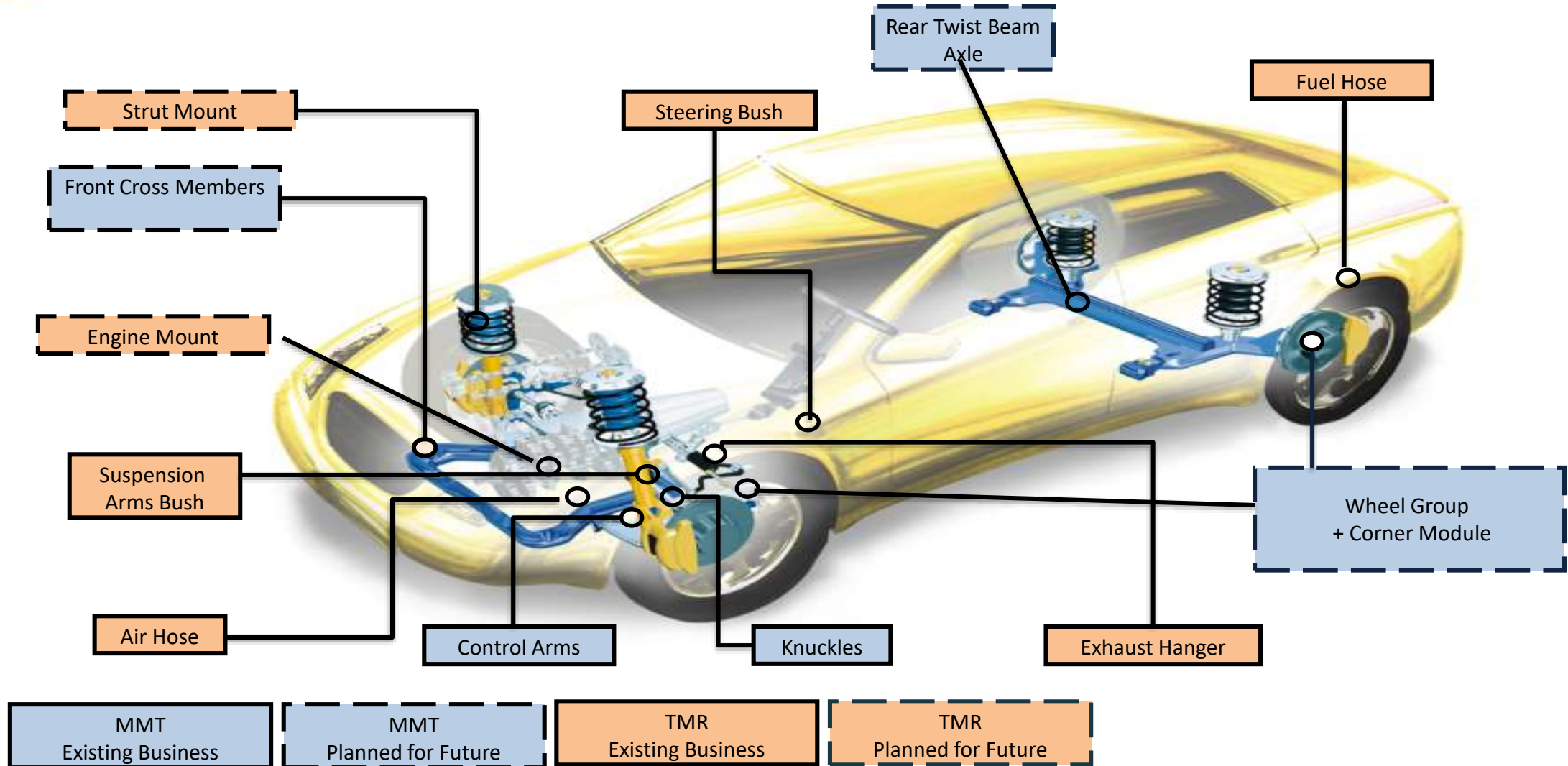
Maruti Suzuki, QH Talbros, Endurance Technologies, Rane (Madras) Ltd, Escort India, TATA



* Talbros Share of JV Revenue in Rs Crores

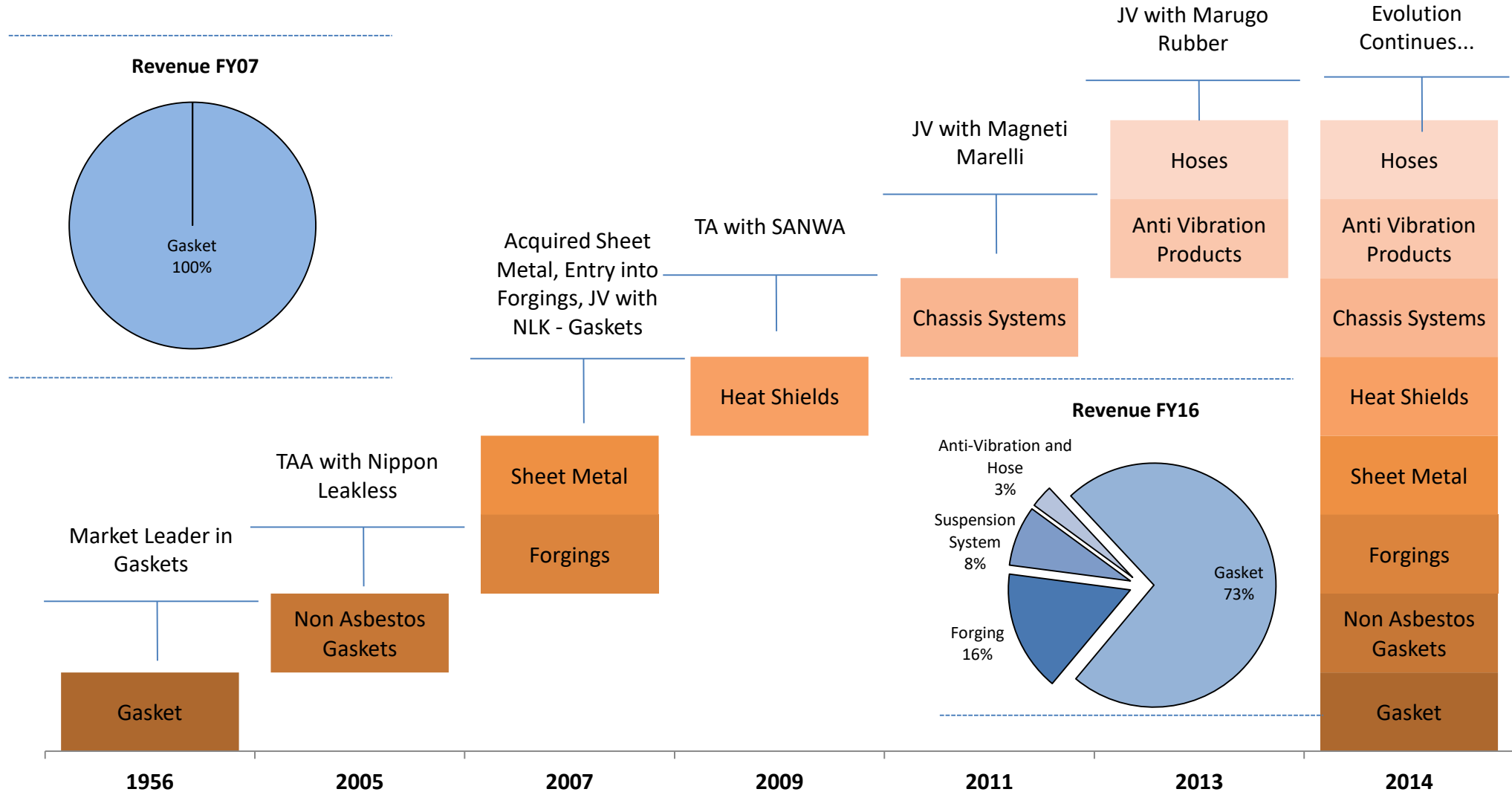


Scope of Joint Ventures





Evolving Product Portfolio





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



Talbros Marugo Rubber

Manesar – Gurgaon



Magneti Marelli Talbros

Faridabad - Haryana

Also houses a Material Division in Sohna – Gurgaon

Financial Highlights



Financial Highlights



Consolidated P & L Statement

Rs. Cr	Q3FY17	Q3FY16	YoY %	9MFY17	9MFY16	YoY%	FY16
Revenue	102.4	95.4		315.7	288.7		392.0
Other Income	2.2	3.1		5.7	3.9		5.9
Total Income from Operations	104.6	98.5	6%	321.4	292.6	10%	397.9
Raw Material	56.9	53.8		177.4	161.8		218.5
Employee Cost	14.1	12.6		42.6	37.6		51.6
Other Expenses	21.2	18.9		63.0	56.9		78.6
EBITDA	12.4	13.2	-6%	38.4	36.3	6%	49.2
EBITDA Margin	11.84%	13.41%		11.94%	12.40%		12.36%
Interest	4.1	4.3		12.5	13.2		17.7
Depreciation	3.6	3.8		11.3	10.7		15.4
Exceptional Item *	0.0	0.0		0.0	0.0		-1.9
PBT	4.7	5.1	-8%	14.6	12.4	18%	14.2
Tax	0.2	1.2	-83%	2.9	3.8	-23%	4.5
PAT	4.5	3.9	15%	11.7	8.6	36%	9.7
PAT Margin	4.29%	3.95%		3.63%	2.93%		2.44%

*Exceptional items:

FY16 Loss on sale of Machine in Magnetti Marelli Talbros Chassis Systems Pvt Ltd JV



Consolidated Balance Sheet

Rs. Cr	Sep 16	Mar 16
Shareholders Fund	137.4	131.7
Share Capital	12.3	12.3
Reserves & Surplus	125.0	119.4
Total Non Current Liabilities	25.4	33.7
Long Term Borrowings	18.3	22.9
Other Long Term Liabilities	7.2	10.8
Total Current Liabilities	235.7	230.3
Short Term Borrowings	92.2	90.6
Trade Payables	107.6	106.8
Other Current Liabilities	35.8	32.9
TOTAL EQUITY & LIABILITIES	398.6	395.7

Rs. Cr	Sep 16	Mar 16
Total Non Current Assets	163.0	164.7
Fixed Assets	142.8	143.0
Long Term loans & Advances	11.8	14.0
Other Non Current Assets	8.4	7.7
Total Current Assets	235.6	231.0
Inventories *	109.8	116.3
Trade Receivables	84.0	79.8
Cash & Cash Equivalents	13.9	8.1
Short Term loans & Advances	26.7	24.3
Other Current Assets	1.1	2.4
TOTAL ASSETS	398.6	395.7

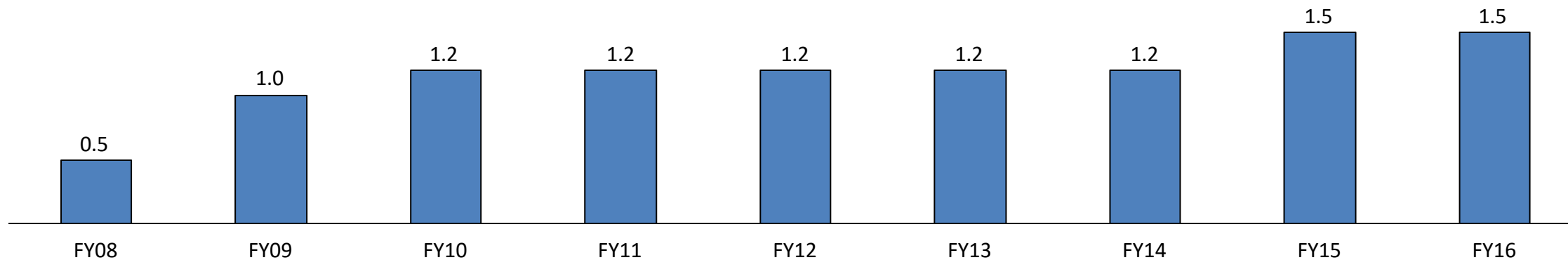
* Inventories include: Goods in Transit of Rs 4.8 Crs as of Sep 16 and Rs 7.7 Crs as of Mar 16



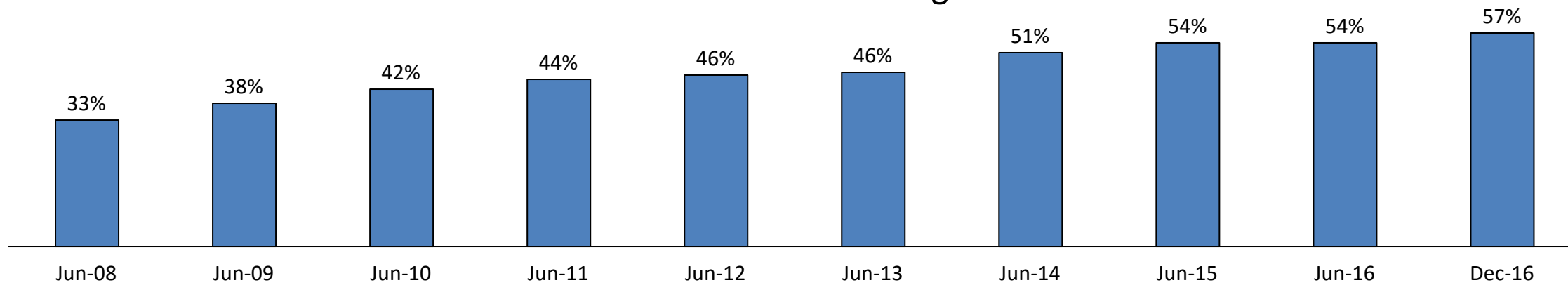
Equity

Consistently paying Dividend for the last 50 years

In Rs



Promoter Shareholding





For further information, please contact:

Company :

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Strategic Growth Advisors Pvt. Ltd.
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