



Investor Presentation May 2016

DRIVING FUTURE LEADERSHIP

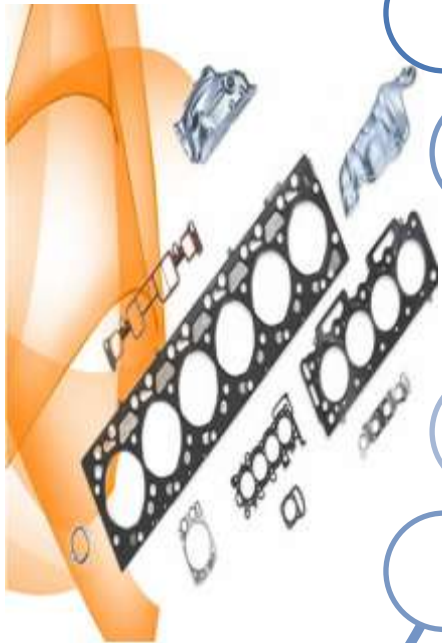
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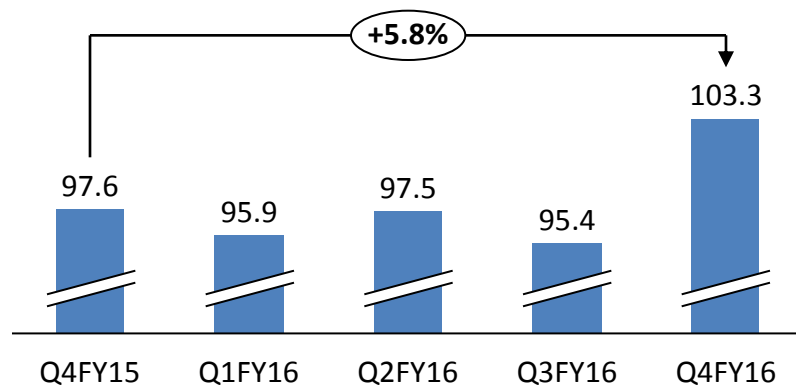
About Us



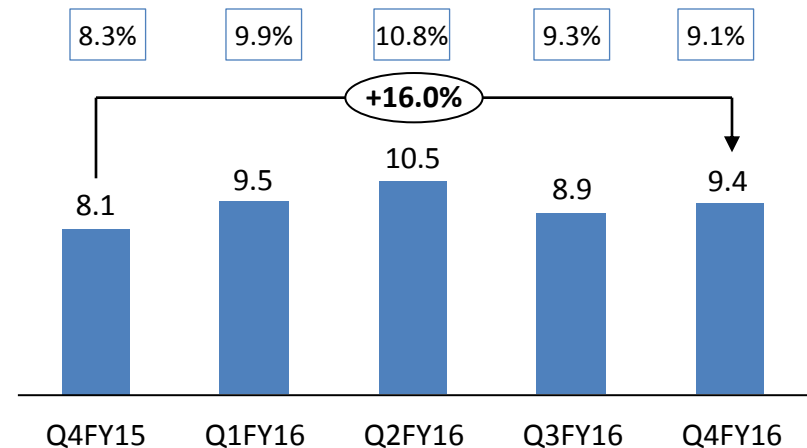
One of the Most Hedged Auto Component Player

Core Revenue Gaining Traction

Core Revenue* Rs Crs



Core EBIDTA* Rs Crs



Margins %

Core Revenue *

Core EBIDTA *

EBIDTA Margin

FY16

Rs 392 Crs

Rs 38.3 Crs

9.8%

FY15

Rs 389 Crs

Rs 40.1 Crs

10.3%

* Excludes Other Income

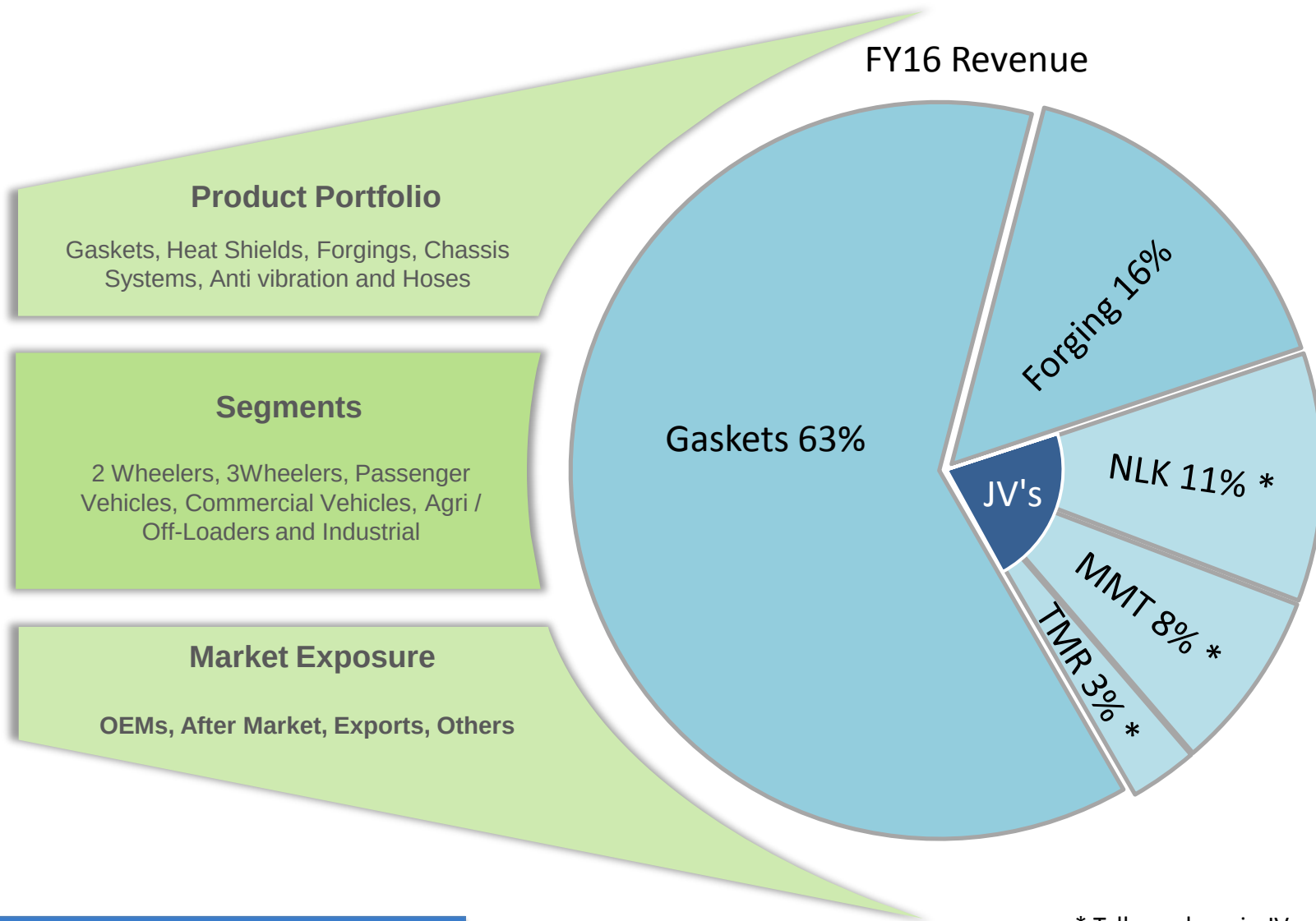
Driving Future Leadership

FY16 Highlights

- Core Revenue of Rs 392 Crores against Rs 389 Crores in FY15
 - Slow-down in European markets and weak demand from 2 wheeler and LCV segment
 - Change in Accounting method of in Magneti Marelli Talbros Chassis Systems JV had an impact of Rs 15 Crores on Revenue*
 - Method changed from sales to group company from booking sales to processing charges
 - Like-to-like growth excluding accounting adjustment 5%
- Core EBIDTA * of Rs 38.3 Crores against Rs 40.1 Crores in FY15
 - Employee Cost includes Rs 1.2 Crores under new Minimum Wages Act in Haryana effective from 1st November 2015 and Bonus payment of Rs 75 lacs
- Core EBIDTA margin* at 9.77% against 10.32% in FY15
- Dividend received from Nippon leakless of Rs 2.40 Crores against Rs 4.08 Crores received in FY15
- Reduction in Interest charges to Rs 17.7 Crores from Rs 18.7 Crores in FY15 led by reduction in Borrowings and refinancing of Debt
- FOREX Loss of Rs 0.88 Crores in FY16 against Gain of Rs 2.81 Crores in FY15
- PAT of Rs 9.7 Crores

* Excludes Other Income

Diversified Portfolio



* Talbros share in JV

Strong Global Partnerships - Joint Ventures



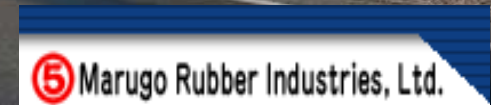
*Nippon Leakless Talbros Ltd
(NLK)*

- **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



*Magnetti 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

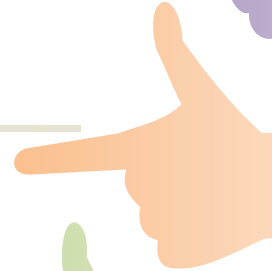
- BS-VI expected implementation by 2020
- Developing new products such as **Heat Shields** under Technical Licensing Agreement with **SANWA Packaging**



Jump towards BS VI

Huge Potential of Indian Passenger Vehicles Segment

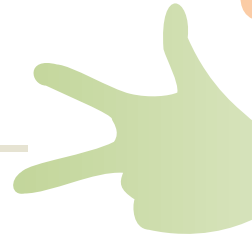
- India's low vehicle penetration (32 vehicles per 1000 people in 2015) making it one of the world's most attractive auto markets
- India's PV segment is expected to grow to > 48 mn vehicles by 2020



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

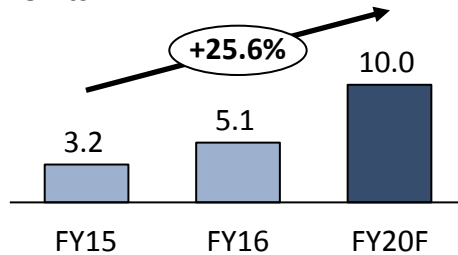
- Global car manufacturers plan to leverage India's competitive advantage to set up export-oriented production hubs



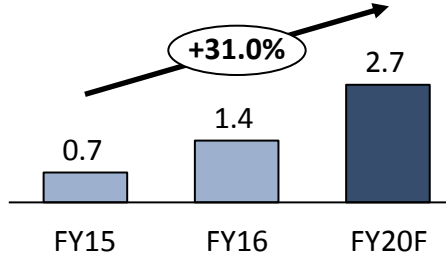
Exports

The Automotive Opportunities

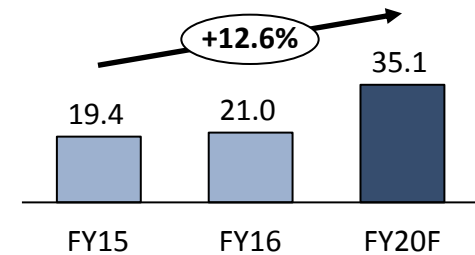
Million Units



Passenger Vehicles



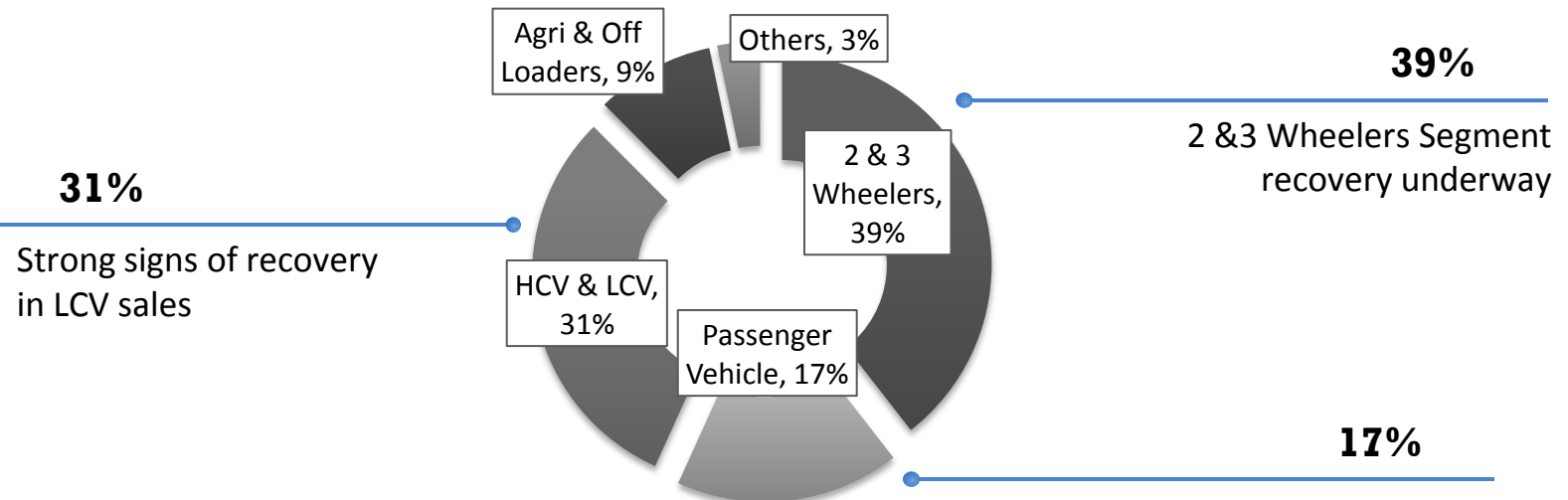
Commercial Vehicles



2W & 3W Vehicles

Source: IBEF, SIAM

TACL: Domestic Sales Break up FY16



Driving Future Leadership

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

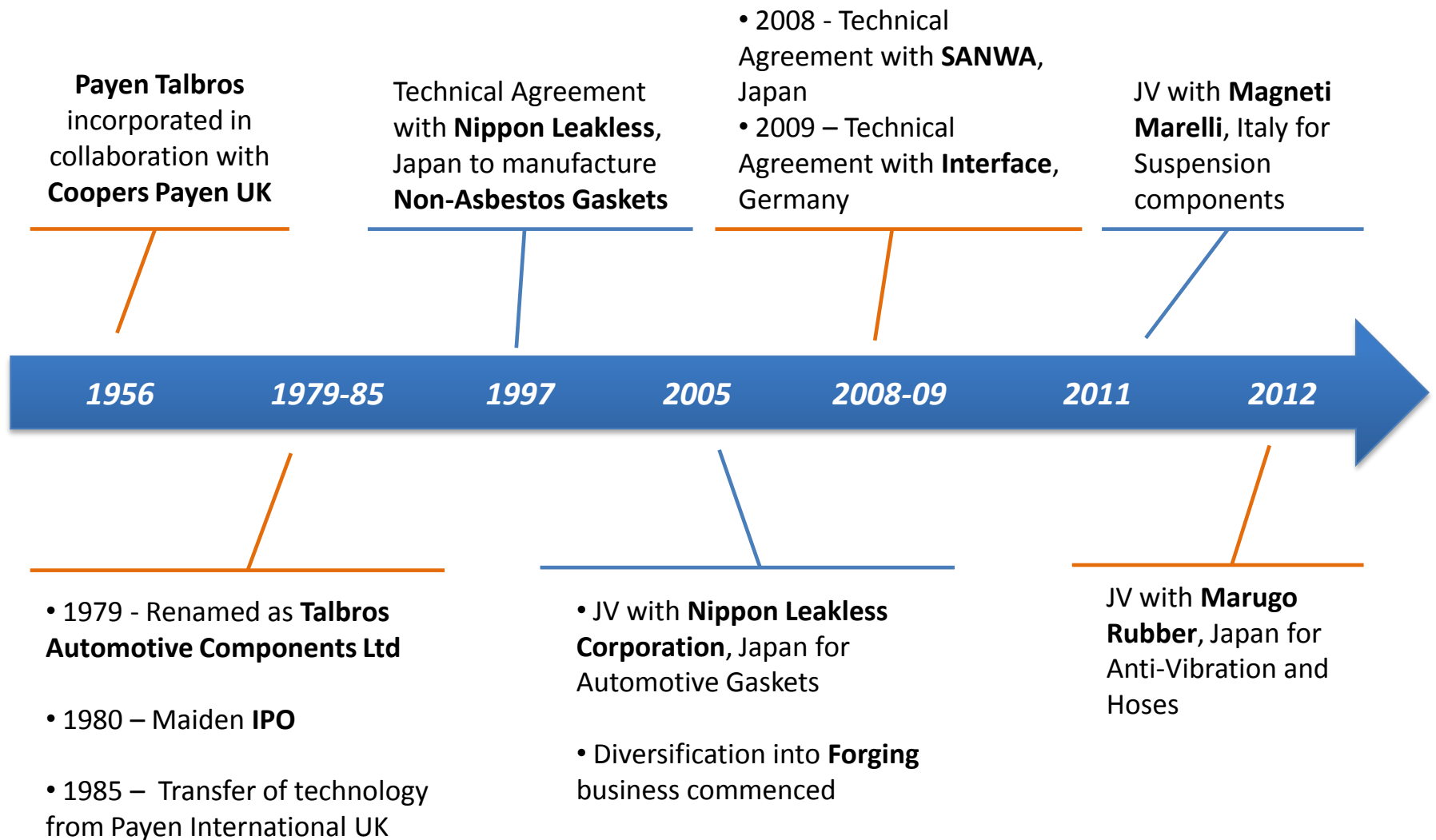
We expect better performance in FY17:

- 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 MD



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. 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

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. 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. Basavaraj R Patil

President – Forging Division

Has worked with Bharat Forge, Ramkrishna Forgings and CFT team at QH Talbros

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

Mr. Ashish Gupta

CEO – Magneti Marelli Talbros Pvt. Ltd

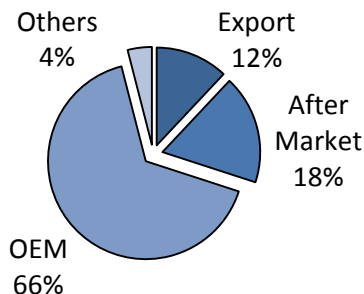
He holds a BE degree and has over 24 years of experience with manufacturing companies in India, Europe & CIS

Standalone

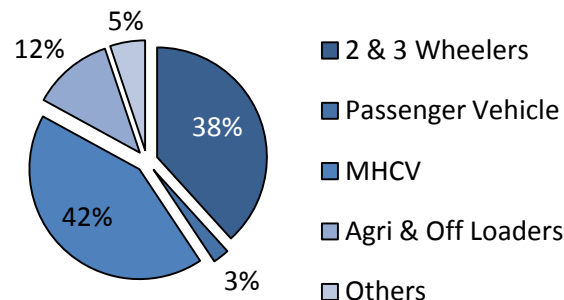
Gaskets

- 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

FY16 Revenue Rs 248 Crores



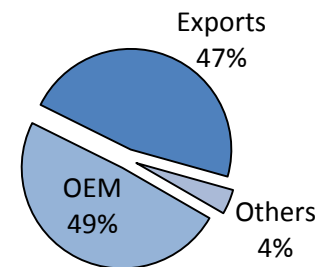
FY16 OEM Breakup



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

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

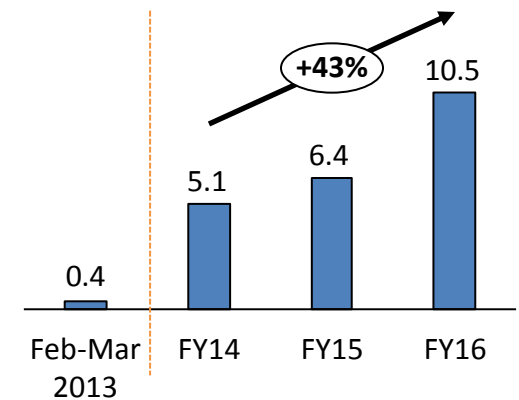
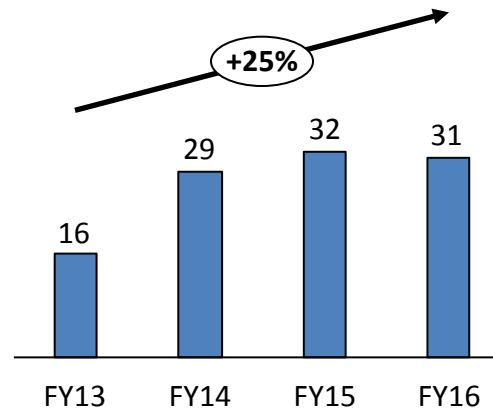
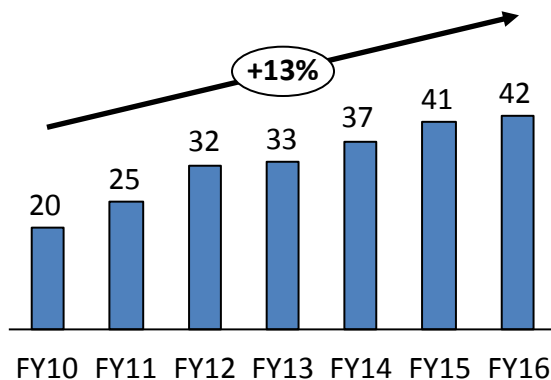
Engine Mounts, Strut Mounts, Mufflers & Hangers, Suspension Bushes, Rubber Bushes, Hoses

Customers

Hero Motor Corp, HMTI, India
Yamaha, Honda Car India, Maruti Suzuki, Honda Sael Power Products

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

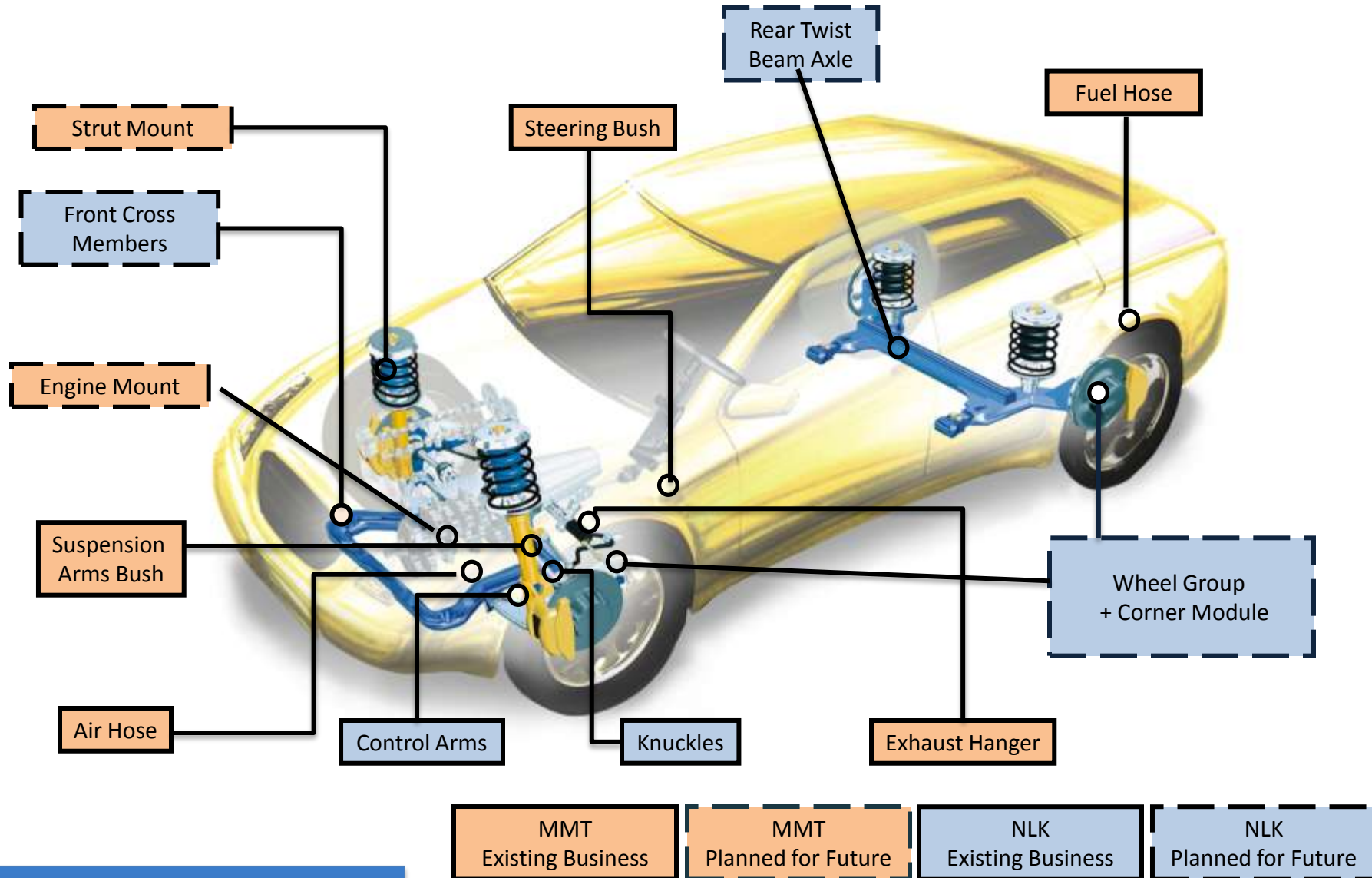
Maruti Suzuki, QH Talbros, Endurance Technologies, Rane (Madras) Ltd, Escort India, TATA



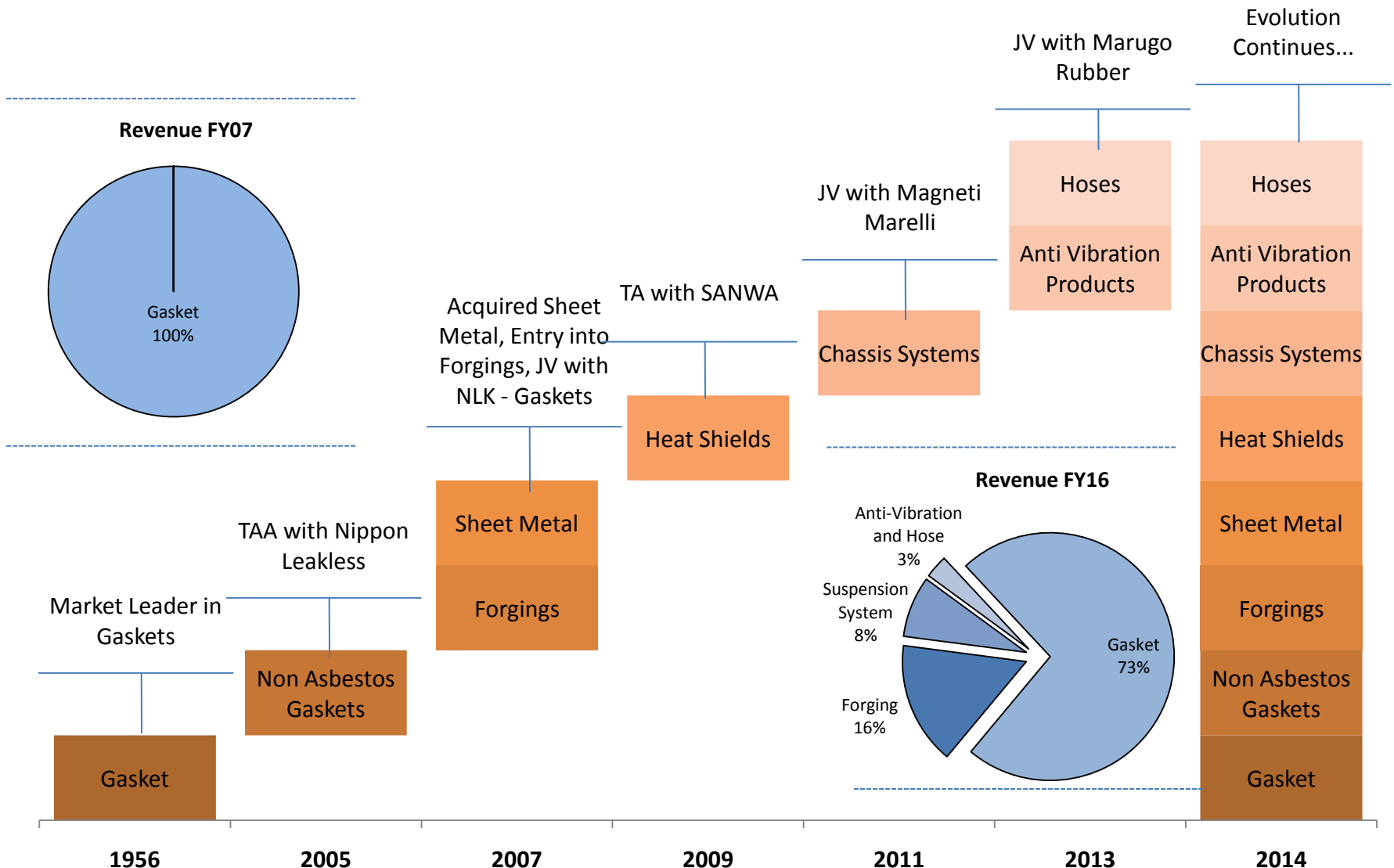
Driving Future Leadership

* Talbros Share of JV Revenue in Rs Crores 18

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

Financials Highlights



FY16 Standalone Performance

Gaskets:

- New Export orders from Volvo (US, Mexico), Basak Tractors (Turkey), Khuru (Iran)
- New OEM orders Tata Cummins, Tata Motors, Hero Moto Corp, Volvo Eicher, Mahindra
- Commenced production at the new Dedicated Heath Shield line at Faridabad

Forgings:

- Sales lagged for the year on slowdown in Europe Markets
- Recovery witnessed from Q4 FY16 onwards
- Building new orders in the domestic OEM segments

FY16 Joint Venture Performance

Nippon Leakless Talbros (LTL) :

- Fresh orders from new models of Yamaha and Maruti Suzuki India Ltd (MSIL)
- Revenue had an impact of pricing reduction due to competitive activity and slowdown in motor cycle sales in the quarter

Magneti Marelli Talbros Chassis Systems (MMT) :

- Received prestigious orders **from large OEMs in UK** to start supplies from FY18 onwards
- New orders received from MSIL and TATA
- Started supplying for Bajaj QUTE (RE60) for the exports markets
- Strong order book in pipeline for FY17 & FY18 – Exports and Domestic

Talbros Marugo Rubber (TMR):

- New businesses from MSIL and ISUZU motors
- Commence operations at New Hoses plant to have short term impact on profitability

Consolidated P & L Statement

Rs. Cr	Q4FY16	Q4FY15	YoY %	FY16	FY15	YoY %
Revenue	103.3	97.6	6%	392.0	388.8	1%
Other Income	2.0	5.5		5.9	9.6	
Total Income from Operations	105.3	103.1	2%	397.9	398.4	-0.1%
Raw Material	56.7	55.1	3%	218.5	215.5	1%
Employee Cost	14.0	13.3	5%	51.6	49.5	4%
Other Expenses	23.2	21.1	10%	83.6	83.7	0%
EBITDA	11.4	13.6	-16%	44.2	49.7	-11%
EBITDA Margin	10.82%	13.19%		11.11%	12.48%	
EBIDTA (Excl Other Income)	9.4	8.1	16%	38.3	40.1	-5%
EBITDA Margin (Excl Other Income)	9.09%	8.31%		9.77%	10.32%	
Interest	4.5	5.1	-12%	17.7	18.7	-5%
Depreciation	3.1	1.9	63%	10.4	10.0	4%
Exceptional Item *	-1.9	-1.9		-1.9	-1.9	
PBT	1.8	4.7		14.2	19.2	
Tax	0.7	0.5	54%	4.5	5.1	-12%
PAT	1.1	4.3	-73%	9.7	14.1	-31%

*Exceptional items: FY16 Loss on sale of Machine in Magnetti Marelli Talbros Chassis Systems Pvt Ltd JV
FY15 terminal benefits payable to the erstwhile employees of the Closed Chennai Plant

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

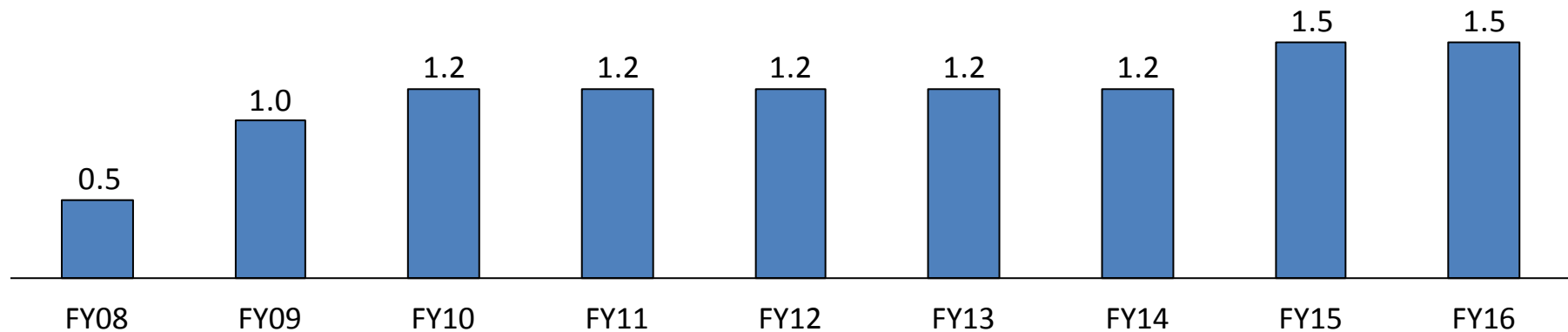
Rs. Cr	Mar 16	Mar 15
Total Non Current Assets	140.0	142.4
Fixed Assets	118.2	123.4
Long Term loans & Advances	14.0	12.7
Other Non Current Assets	7.7	6.2
Total Current Assets	255.7	241.2
Inventories *	141.1	127.6
Trade Receivables	81.4	73.7
Cash & Cash Equivalents	8.1	10.2
Short Term loans & Advances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

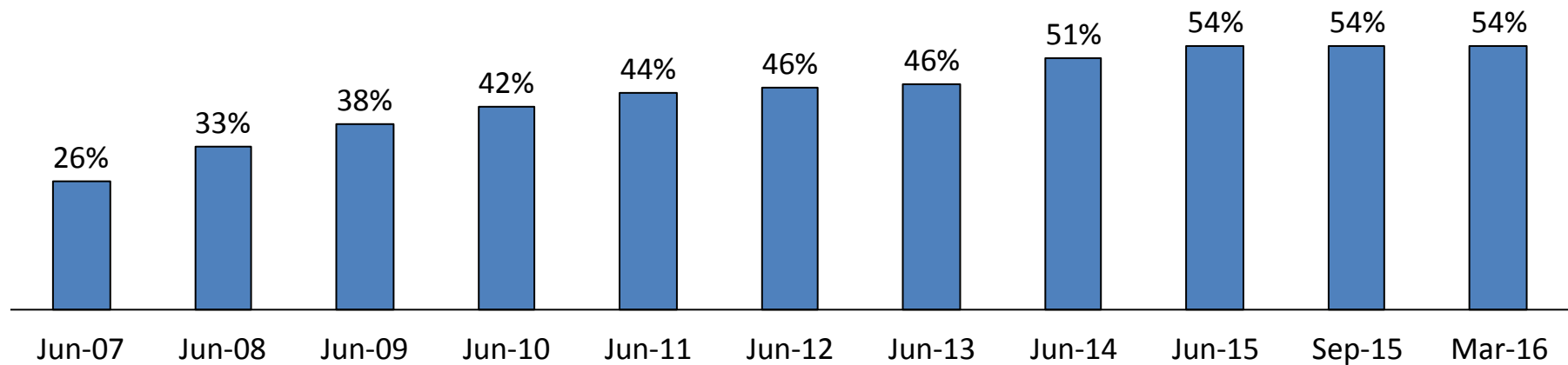
Equity

In Rs

Consistently paying Dividend for the last 50 years



Promoter Shareholding



For further information, please contact:

Company :

Talbros Automotive Components Ltd.
CIN: L29199HR1956PLC033107
Mr. Navin Juneja – Director & Group CFO
Email: navinjuneja@qhtalbros.com

www.talbros.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285
Ms. Ruchi Rudra/ Mr. Abhishek Bhatt
rruchi@sgapl.net / babhishek@sgapl.net

www.sgapl.net