

66th Annual Report
2022-23



EXPLORING OPPORTUNITIES.
EXPANDING SCALE.
ESCALATING GROWTH.

Talbros Automotive Components Limited

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Investor Information

Market Capitalisation (as on March 31, 2023)	: ₹ 506 Crores
CIN	: L29199HR1956PLC033107
BSE Code	: 505160
NSE Symbol	: TALBROAUTO
Bloomberg Code	: TALB:IN
Interim Dividend	: ₹ 1.00 per share
Final Dividend	: ₹ 2.00 per share
AGM Date	: September 25, 2023
AGM Mode	: Video Conferencing
AGM deemed Venue	: Registered Office of the Company

For more investor-related information, please visit:
<https://www.talbros.com/investor>

Scan this QR code for more investor related information



Disclaimer

This document contains statements about expected future events and financials of Talbros Automotive Components Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this annual report.

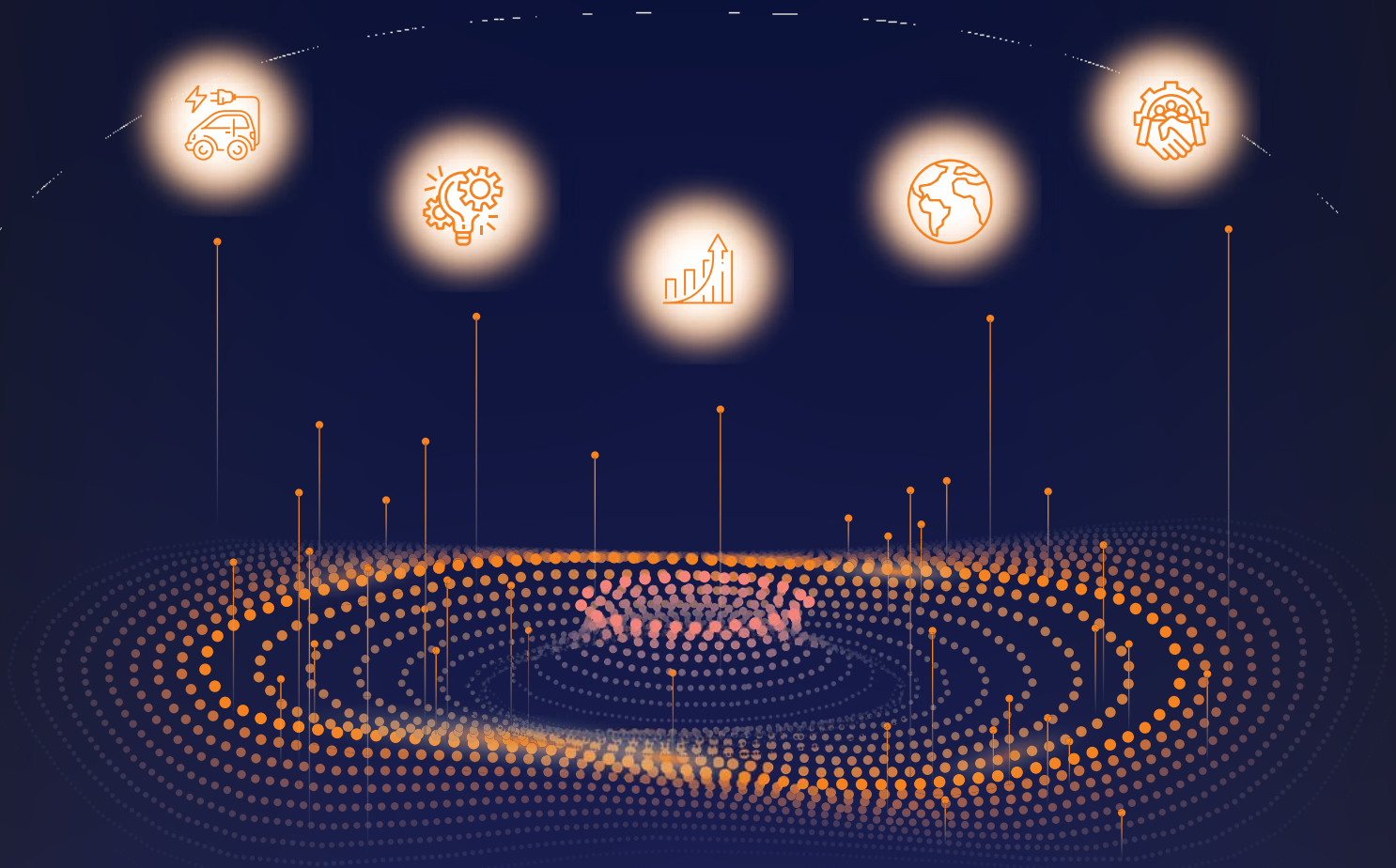
Exploring Opportunities. Expanding Scale. Escalating Growth.

Talbro Automotive Components Limited (Talbro), established in 1956, is recognised as one of the most diversified and reputable entities in the auto component industry, boasting an impressive track record. The Company has forged strong and mutually beneficial collaborations, as well as joint ventures, solidifying its position in the market. Armed with an extensive product portfolio, Talbro has successfully secured a strong order book from both domestic and international markets, leveraging its exceptional service-providing capabilities.

As the automotive landscape shifts towards the new-age EV industries, Talbro is dedicated to strengthening its business in this emerging sector. With a firm commitment to its vision

of becoming a global leader in automotive components manufacturing, the Company is continually celebrating its milestones, while relentlessly pursuing sustainable growth. Emphasising the importance of staying technologically ahead, Talbro demonstrates progress on a recurring basis.

Beyond the realm of EVs, the Company is actively seeking opportunities and orders from non-automotive segments, showing its readiness to adapt and diversify its offerings to meet evolving market demands. With a focus on relevant and future-oriented services, Talbro is poised to remain at the forefront of the automotive industry, embracing innovation and contributing to the transformation of the mobility landscape.



About the Company

Boasting an impressive 66-year history in automotive components manufacturing, Talbros Automotive Components Limited (hereinafter referred to as 'TACL' or 'the Company') holds a prominent position within the industry. TACL offers an extensive range of products covering Two-Wheelers, Passenger Vehicles, Commercial Vehicles, and Farm Equipment's Auto Components. The Company's diverse portfolio includes Forgings, Gaskets, Heat Shields, and Chassis, and its strategic alliances with global leaders have enabled the Company to further broaden its product offerings. This strategic approach allows TACL to effectively cater to a wide array of automotive segments, enhancing its standing in the market.

VISION

Talbros Group's endeavour is to be a significant global player in the auto industry by being a brand of choice for all our customers and continuously enhancing employee satisfaction and stakeholder value.

MISSION

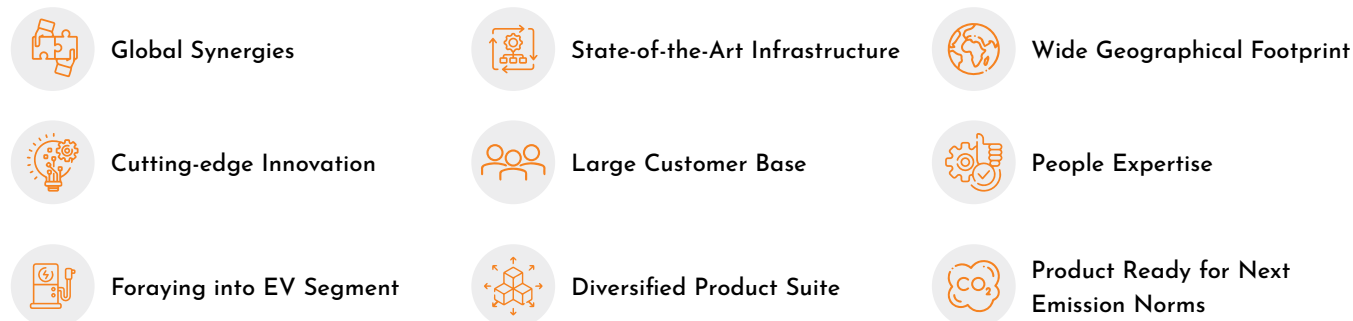
Gasket

To be committed to foster and uphold our leadership in providing comprehensive sealing solutions at economical price to our customers across all manufacturing sectors, while sustaining a rewarding work environment for our supreme assets, our employees, nurtured by strong brand image & pioneering narrations.

Forging

To develop wide range of market-driven products for auto/non-auto customer through timely delivery of quality products by having trained human resources and customer-oriented work culture.

Our Key Competencies



Corporate Highlights

66+ Years

of Experience in Auto Component Manufacturing

30+ Clientele

of Original Equipment Manufacturers across Globe

3 Joint Ventures

As International Technology Tie-ups

50+ Years

of Consistent Dividend Pay-out History

Plant Locations

Gaskets

- » Faridabad, Haryana (Plant and R&D Centre)
- » Pune, Maharashtra
- » Sitarganj, Uttarakhand

Forging

- » Bawal, Haryana

Nippon Leakless Talbros Private Limited

- » Bawal, Haryana
- » Haridwar, Uttarakhand

Marelli Talbros Chassis Systems Private Limited

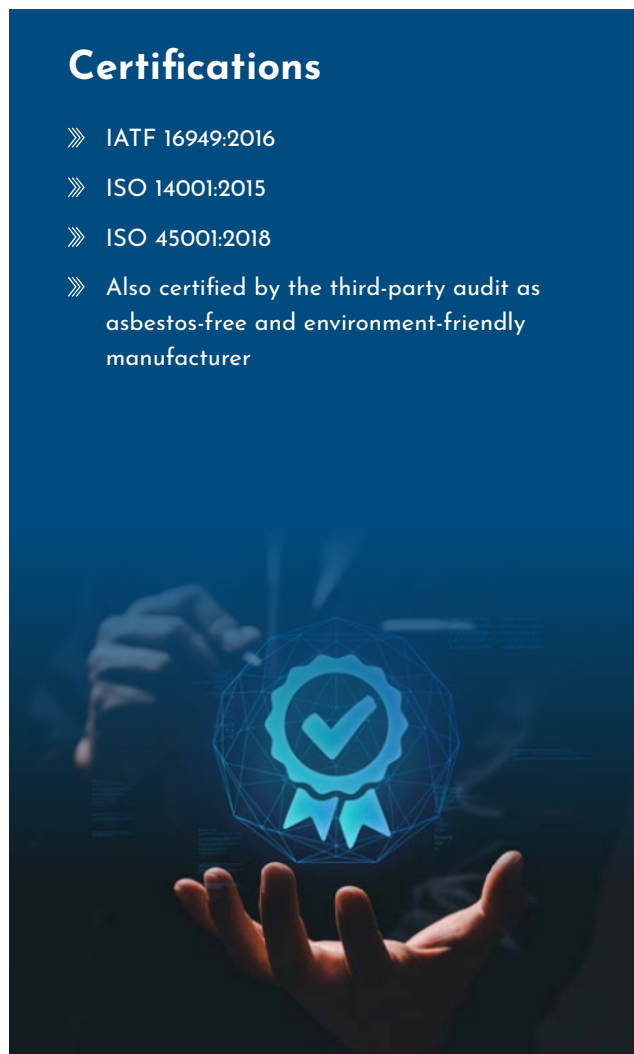
- » Faridabad, Haryana
- » Manesar, Haryana
- » Pune, Maharashtra

Talbros Marugo Rubber Private Limited

- » Bawal, Haryana

Certifications

- » IATF 16949:2016
- » ISO 14001:2015
- » ISO 45001:2018
- » Also certified by the third-party audit as asbestos-free and environment-friendly manufacturer



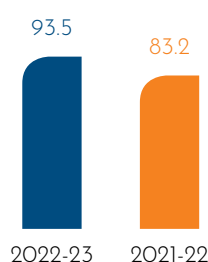
Financial Highlights

Consolidated Performance Highlights for 2022-23

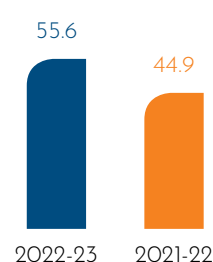
Total Income (₹ Crores)



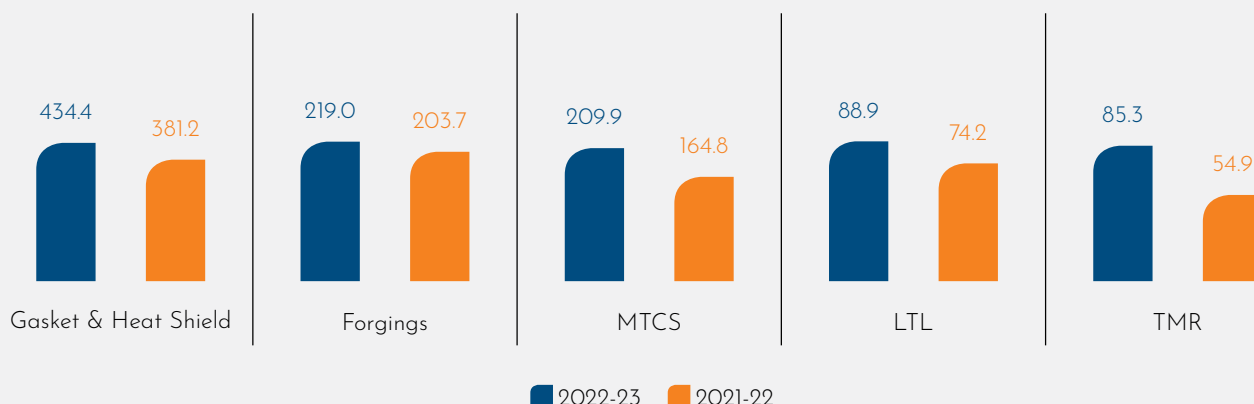
EBITDA (₹ in Crores)



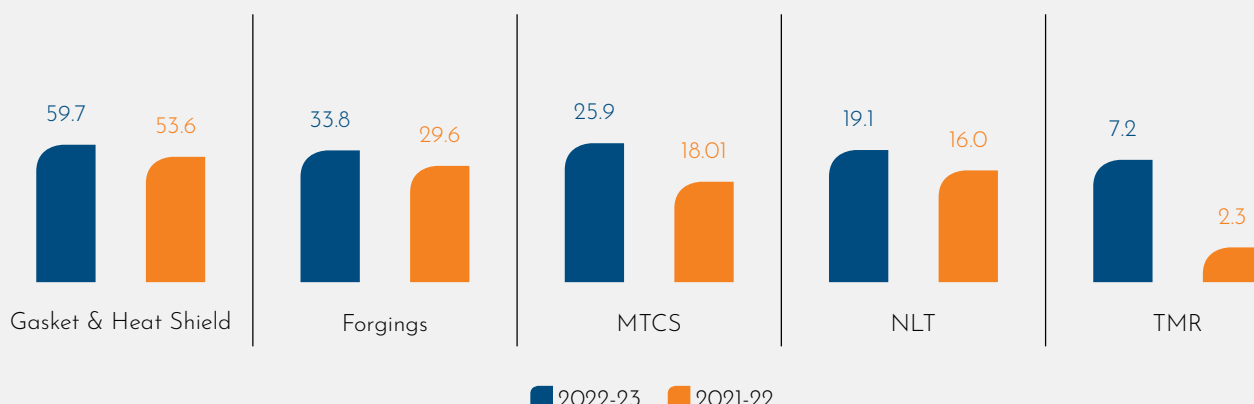
Profit After Tax (₹ in Crores)



Total Income (₹ in Crores)

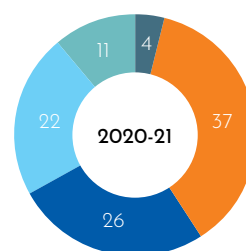
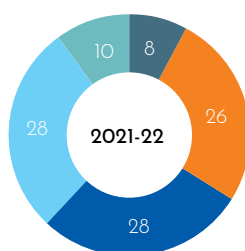
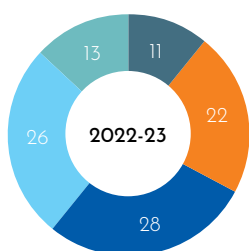


EBIDTA (₹ in Crores)



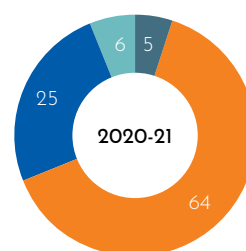
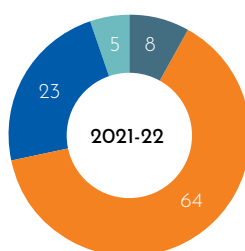
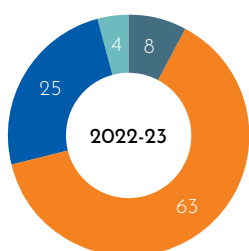
Across Varied Segments

Domestic Breakup



Two & Three-Wheelers Passenger Vehicles HCVs & LCVs Agri & Off Loaders Others

Type of Market



OEM Exports After Market Others

16.5%*

ROE

16.6%*

RoCE

0.24*

Debt Equity

Hedged Portfolio

Revenue Contribution - 2022-23

5%*

TMR

4%*

NLK

13%*

MTCS

26%*

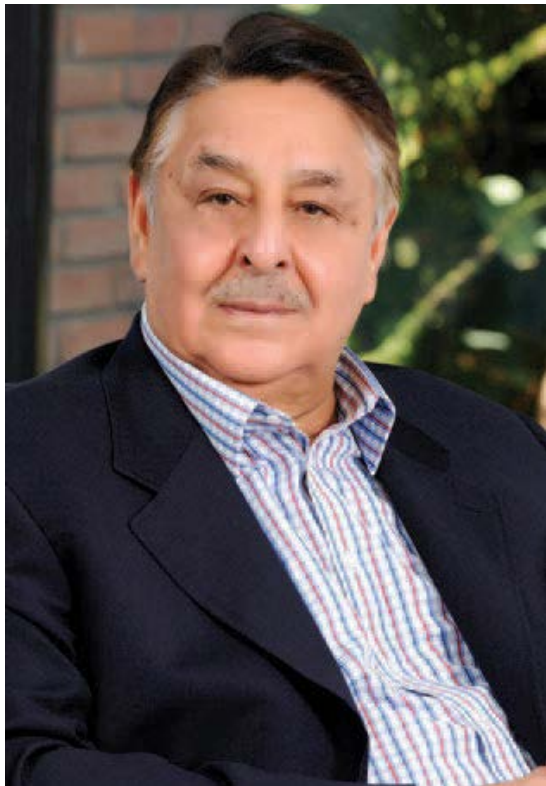
Forgings

52%*

Gaskets & Heat Shields

*Approximately

Chairman's Message



“Despite facing several challenges, including increased raw material prices, semiconductor shortages, and supply chain disruptions, we have successfully navigated the headwinds and achieved robust financial results.”

Dear Stakeholders,

I am delighted to present our annual report, encapsulating Talbros Automotive Components Limited's journey throughout 2022-23. It fills me with immense pride to share our Company's achievements and future outlook with you.

Macroeconomic Landscape

As we stand at the midpoint of 2023, the world continues to grapple with uncertain conditions, in contrast to the current favourable equilibrium being experienced in India's economic milieu. The recent substantial growth in GDP during the fourth quarter drove the overall growth to an impressive 7.2% in 2022-23, exceeding previous projections by 200 basis points as reported by the Ministry of Statistics and Programme Implementation (MoSPI). It is noteworthy that both consumption and investment trends have not only recovered from the aftermath of the Covid-19 pandemic but have also outperformed the levels seen before the pandemic, as emphasised in the May 2023 Annual Economic Review by the Department of Economic Affairs.

(Source: <https://www2.deloitte.com/in/en/pages/about-deloitte/articles/India-economic-outlook-april-2023.html>, https://www.mospi.gov.in/sites/default/files/press_release/PressNoteQ4_FY2022-23_31may23.pdf)

Industrial Overview

The automotive sector is undergoing a substantial shift driven by the significant transition from internal combustion engines to electronic vehicles (EVs). Concurrently, the Indian automobile industry is presently in a transformative phase, offering customers new powertrain technologies such as electrified, bio-fuel, and gaseous-fuel propelled vehicles. This evolution is facilitated by effective governmental policies. The industry has witnessed a notable upswing in both production and sales where the industry statistics revealed a total production of 25.9 mn vehicles from April 2022 to March 2023, in contrast to 23 mn units the previous year. Analysing sales data, the Society of Indian Automobile Manufacturers (SIAM) reported a 13.5% growth in vehicle sales in May 2023. Moreover, the emerging segment of electric vehicles exhibited remarkable growth in 2022-23. India achieved sales of over one million electric vehicles, encompassing e-buses, e-cars, e-three-wheelers, and e-two-wheelers. This surge has unleashed a plethora of opportunities for players in the auto component market.

Operational Highlights

Our focus on operational excellence is yielding exceptional results. We take immense pride in the introduction of a dedicated heat shield line, a critical component for heat, sound, and vibration insulation in engines. Moreover, our strategic collaboration with **Sanwa Packing**, a renowned Japanese company, has opened new avenues for us to develop lightweight aluminium heat shields used in cutting-edge automotive applications, particularly in the PV segment. This product holds significant promise for Original Equipment Manufacturers (OEMs) in building **BS-VI** compliant products, further reinforcing our position in the market. We have also embarked on a journey to develop components for **electric vehicles**, aligning ourselves with the industry's transition towards a **sustainable and eco-friendly future**.

Our Partnership with other Companies

Our Gasket business, in collaboration with our partner Sanwa Japan, proudly introduced the advanced Heat Shield line, catering to all vehicle categories, including Two Wheelers, Passenger Vehicles, LCVs, HCVs, Commercial Vehicles, off-road vehicles, and Agri Equipment. Holding single source status with major clients like Cummins, Bajaj Auto Limited, John Deere, Volvo-Eicher, Honda, and Hero MotoCorp, our Gasket and Heat Shield division is a crucial supplier. Exports have expanded to global OEMs and Tier 1 companies such as Cummins, Volvo, John Deere, and Mahle.

The Forgings division accounted for 26% of total revenue, achieving ₹ 219.00 Crores with 7% growth in the fiscal year. This segment thrives in international markets and serves as a reliable supplier to leading Tier 1 companies. The Forgings business offers comprehensive solutions, including Die Design, Machine parts, and Heat treatment. A strategic shift towards larger and intricate forged components is underway.

Nippon Leakless Talbros Private Limited (LTL), our JV company, achieved ₹ 88.9 Crores in total income for 2022-23, a 19% increase from the previous year. With strong partnerships with Honda and Hero Motors Corporation, LTL is a leader in two-wheeler automotive gasket manufacturing in India.

Marelli Talbros Chassis Systems showcased impressive financial performance, attaining ₹ 209.9 Crores in 2022-23, a 27% YoY growth. EBITDA reached ₹ 25.9 Crores, a

43% increase. The Company envisions a CAGR of about 35% by 2026-27, focussing on improved EBITDA margins and export expansion.

Talbros Marugo Rubber Private Limited (TMR) achieved total income of ₹ 85.3 Crores in 2022-23, growing by 55% from the previous year. TMR's capabilities have garnered more orders from domestic and overseas OEMs. Certified with IATF 16949, ISO 14001, and ISO 45001, TMR focusses on innovative anti-vibration products and hoses while maintaining operational excellence for sustained industry differentiation.

Consolidated Financial Performance

During the fiscal year 2022-23, the TALC Group achieved exceptional financial performance, attaining a record turnover exceeding ₹ 1,000 Crores for the first time. The significant contribution of around ₹ 90 Crores from the heat shield business was driven by strong market demand. Our exports also made substantial progress, comprising about 22% of total revenues, a substantial increase from previous years. We aim to raise this proportion to at least 35% by 2026-27, strengthening our global presence. The diversification of our segments is evident, with the PV segment projected to reach around 11% by 2026-27, demonstrating our adaptive approach. Looking ahead, the gasket and heat business anticipates a 13% CAGR in revenue over the next four years, while the forgings business foresees an impressive 23% CAGR by 2027, highlighting our strong market position and lasting customer trust.

Outlook

We're resolutely forward-looking, aiming for operational excellence, enhanced product quality, expanded customer reach, and global growth. Diversification will bolster us for evolving market demands. To our shareholders, customers, partners, and dedicated employees, we extend heartfelt gratitude for being the cornerstone of our success, showcasing unwavering support and resilience. With your ongoing backing, we're confident in achieving greater growth and value creation ahead.

With warm regards,

Naresh Talwar

Chairman, Talbros Automotive Components Limited

Business Review

Gasket Division

Talbro Automotive Components Limited has emerged as India's leading gasket manufacturer, in the country, in collaboration with JV partner Nippon Leakless. The Company has introduced the innovative heat shield product line in partnership with Sanwa Japan. With a presence across all automotive segments, including two-wheelers, passenger vehicles, LCVs, HCVs, commercial vehicles, off-road vehicles, and agri equipment, TACL's gasket and heat shield division serves as a key supplier to major customers like Cummins, Bajaj Auto Limited, John Deere, Volvo-Eicher, Honda, and Hero MotoCorp. The Company is actively

expanding into new geographies, targeting LCV, HCV, industrial, and EV segments, leveraging its technological prowess to meet evolving market needs. Additionally, TACL is developing new-generation heat shields to comply with thermal and NVH regulations, meeting the demands of post BS VI engines. The Company's commitment to quality, competitive pricing, and proactive product development has earned it the 'Category Partner' status and performance awards from esteemed customers like Cummins, Tata Motors, KOEL, and JLR.

