



54th Annual Report 2010-2011

Talbro's Automotive Components Ltd.

Gaskets • Forgings • Sheet Metal & Rubber Components

**TALBROS AUTOMOTIVE COMPONENTS LIMITED**

Registered Office: 14/1, Delhi-Mathura Road  
Faridabad-121 003

**NOTICE**

**NOTICE** is hereby given that the 54th Annual General Meeting of the members of **Talbros Automotive Components Limited** will be held on Wednesday the 7th day of the September 2011 at 10.30 a.m. at **Hotel ATRIUM, Shooting Range Road, Suraj Kund, Faridabad –121 001 (Haryana)** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on paid-up Equity Share Capital for the financial year ended on 31st March 2011.
3. To appoint a Director in place of Mr. Brian Williams, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amit Burman, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting i.e. for the financial year 2011-2012 on such remuneration to each firm as may be mutually agreed upon between the Board of Directors and the Auditors, plus service tax, out of pocket, traveling and living expenses etc. M/s. S.N. Dhawan & Co., Chartered Accountants, New Delhi, the retiring Auditors of the Company are eligible and offer themselves for re-appointment. M/s. R. Sundaraman & Co., Chartered Accountants, Chennai and M/s. Chandrakant G. Doshi & Co., Chartered Accountants, Pune also the retiring Auditors of the company's Chennai & Pune Branches respectively, are eligible and offer themselves for re-appointment.

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution  
  
RESOLVED THAT Mr. Navin Juneja, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 by the Board of directors and whose term of office as an Additional Director of the company expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing from a Member proposing candidature of Mr. Navin Juneja for the office of director, be and is hereby appointed as a director of the Company liable to retire by rotation.

By Order of the Board  
For **Talbros Automotive Components Limited**

Place : New Delhi  
Date : 26th May, 2011

**Seema Narang**  
Company Secretary

**NOTES:**

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY STAMPED, COMPLETED AND SIGNED SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING. THE PROXY FORM IS ENCLOSED HEREWITH.**
- 2) The Register of Members and Share Transfer Books will remain closed from 1st September 2011 to 7th September 2011 (both days inclusive) for payment of dividend on equity shares.
- 3) Consequent upon amendment in Section 205-A of the Companies Act, 1956 and introduction of Section 205-C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years, will be transferred to Investor Education and Protection Fund set up by Government of India and no payment shall be made in respect of any such claim by the fund.  
  
Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2004 or any subsequent dividend payment(s) are requested to make their claim to the Company. Members who have so far not claimed the unpaid dividend for the year 2003-2004 & 2004-2005 (Interim) are being notified in this connection.
- 4) The dividend on the Equity Shares as recommended by the Board of Directors when declared at the Annual General Meeting will be paid to those shareholders whose names stand on the Register of Members of the Company as on 7th September 2011.
- 5) **Queries, if any, regarding accounts may please be sent to the Company Secretary at least 10 days before the date of the Annual General Meeting so as to enable the Company to keep the information ready.**
- 6) All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Meeting and also at the Meeting.
- 7) Please bring your Attendance Slip along with Annual Report to the Meeting.
- 8) Members are requested to please send their requests for transfer, demat, issue of duplicate share certificates, transmission of their shares and correspondence relating to all other matters directly to Karvy Computershare Pvt Ltd, Registrars and Share Transfer Agent of the Company at their address at Plot No.17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081.
- 9) Members holding shares in physical form are requested to notify any change in address, bank mandates, if any, to the

## Talbro Automotive Components Limited

Registrar and Transfer Agent by mail or to their respective depository participants if the shares are held in electronic form.

- 10) As per the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of the shares held by them.
- 11) Members/Proxies may also please note that only Tea/Coffee will be served and no Gift will be distributed at the venue of Annual General Meeting or elsewhere.
- 12) Children who are not members of the company would not be allowed to attend the Annual General Meeting.

By Order of the Board  
For **Talbro Automotive Components Limited**

Place : New Delhi  
Date : 26th May, 2011

**Seema Narang**  
Company Secretary

### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT 1956**

#### **Item No 6**

Mr. Navin Juneja was appointed as an Additional Director by the Board of directors in the meeting held on 12th November 2010. According to the provisions of section 260 of the Companies Act, 1956, the tenure of directorship of Mr. Navin Juneja is upto the date of the ensuing Annual General Meeting. The Company has under section 257 of the Act, received a notice from a member signifying his intention to propose appointment of Mr. Navin Juneja as a Director along with a deposit of ₹ 500.

Mr. Navin Juneja, aged 53 years is a bachelor in Science – Mathematics (Hons.) from Delhi University and a fellow member of the Institute of Chartered Accountants of India. Presently he is also on the Board of several companies. He has over 22 years of rich experience in the Auto Components Industry and in Financial and Corporate planning. The Board considers it desirable that company should continue to avail itself of his services.

Except, Mr. Navin Juneja no other Director of the Company is concerned or interested in the proposed resolution

By Order of the Board  
For **Talbro Automotive Components Limited**

Place : New Delhi  
Date : 26th May, 2011

**Seema Narang**  
Company Secretary

## **IMPORTANT COMMUNICATION TO MEMBERS GREEN INITIATIVE IN THE CORPORATE GOVERNANCE**

The Ministry of Corporate affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circular stating that service of notice / documents including Annual Report can be sent by e-mail to its members.

We therefore propose to send documents including Annual Reports in electronic form to the members on the email address provided by them to the Company/Share Transfer Agents/ the Depositories.

Members holding shares in demat form are requested to register/update their e-mail addresses, in respect of electronic holdings with the depository through their concerned Depository Participants.

The Members who hold shares in physical form are requested to register their e-mail address to the company/Share Transfer Agents, Karvy Computershare Private Limited at the address given above at note (8).

Members are requested to further note that they will be entitled to be furnished, free of cost, the physical copy of documents sent by e-mail, upon receipt of requisition from them, any time, as a member of the Company.

**Details of Directors Seeking Appointment / Reappointment at the forthcoming Annual General Meeting (pursuant To Clause 49 of the Listing Agreement)**

<b>Name of the Director</b>	<b>Mr. Amit Burman</b>	<b>Mr. Brian Williams</b>	<b>Mr. Navin Juneja</b>
Date of Birth	16.07.1969	28.04.1947	30.09.1957
Date of Appointment	25.06.2008	30.04.2008	12.11.2010
Qualifications	MBA from University of Cambridge, UK and MSC in Industrial Engineering from Columbia University	Mechanical Engineering	B.Sc.(Mathematics); Chartered Accountant (FCA)
Nature of expertise in specific Functional areas	21 years of rich experience in the processed Food Industry and Health & Care Industry and is responsible for driving Business Strategy, Development and Communication at various companies	Acts as a Corporate Advisor for many Companies and has more than 42 years of rich experience and exposure in Auto Component industry.	Working as Finance Head of Talbros Group. Advises various companies on financial management and corporate planning
Directorship and Trusteeship in other Companies	<ol style="list-style-type: none"> <li>1. QH Talbros Limited</li> <li>2. Dabur India Limited</li> <li>3. Jetage Infrastructure Limited</li> <li>4. H &amp; B Stores Limited</li> <li>5. Micromax Informatics Limited</li> <li>6. Angel Softech Pvt. Ltd.</li> <li>7. Wrapster Foods Pvt. Ltd.</li> <li>8. Chowdry Associates</li> <li>9. Ratna Commercial Enterprises Pvt. Ltd.</li> <li>10. Gyan Enterprises Pvt. Ltd.</li> <li>11. Welltime Gold &amp; Investment Pvt. Ltd</li> <li>12. Dabur Nepal Pvt. Ltd.</li> <li>13. Azure Infotech Pvt. Ltd.</li> <li>14. Natures Bounty Wines and Allied Products Pvt. Ltd.</li> <li>15. Sunrise Medicare Pvt. Ltd.</li> <li>16. Consortium Consumercare Pvt. Ltd.</li> <li>17. Lite Eat Out Foods Pvt. Ltd.</li> <li>18. A.B. Propmart Pvt. Ltd.</li> <li>19. Oriental Structural Engineers Pvt. Ltd.</li> <li>20. Lite Bite Foods Pvt. Ltd.</li> <li>21. Dabur Securities Pvt. Ltd.</li> <li>22. Shree Investment Pvt. Ltd.</li> <li>23. Dermoviva Skin Essential Inc.</li> <li>24. Hobi Kosmetik</li> </ol>	None	<ol style="list-style-type: none"> <li>1. Talbros International Ltd.</li> <li>2. Beacon Sales Pvt. Ltd.</li> <li>3. Blaustern India Sales Pvt. Ltd.</li> <li>4. Sunrise Medicare Pvt. Ltd.</li> <li>5. Talbros Forge Pvt. Ltd.</li> </ol>
Members of Committees of other Companies	1	N.A.	None
No. of share held	2627	Nil	505

## DIRECTORS' REPORT

Dear Members,

The Board of Directors are pleased to present the 54th Annual Report together with the audited accounts of the Company for the year ended 31st March 2011.

### Financial Highlights:

(₹ in lacs)

Particulars	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Revenue from Operations (Gross)	32,447.01	24,701.69
Profit before Interest and Depreciation	3,681.05	2,915.49
Less : Interest	1,663.16	1,455.44
Depreciation	1,038.86	918.19
<b>Profit before Tax</b>	<b>979.03</b>	<b>541.86</b>
Less : Provision for Taxation	143.50	65.00
Provision for Deferred Tax	25.91	21.79
MAT Credit Entitlement	(141.50)	(65.00)
Short provision of tax for earlier years provided	0.01	86.36
<b>Profit after Tax</b>	<b>951.11</b>	<b>606.42</b>
Add : Balance Brought forward from last year	1,282.46	870.00
<b>Profit available for appropriations</b>	<b>2,233.57</b>	<b>1,476.42</b>
<b>Appropriations:</b>		
Proposed Dividend	148.15	123.46
Tax on Dividend	24.03	20.50
Transfer to General Reserve	50.00	50.00
Balance carried forward	2011.39	1282.46
<b>Total</b>	<b>2223.57</b>	<b>1476.42</b>

### FINANCIAL REVIEW

Indian economy maintained its buoyancy achieved after 2008 global turmoil in almost all sectors. The fundamentals of Indian economy continued to be strong. In the year 2010-11 GDP grew at 8.6% as against 7.4% in 2009-10.

The automotive industry in India is one of the fastest growing largest in the world. A significant portion of vehicles manufactured in India is exported to other countries every year. It is world's second largest manufacturer of two wheelers. The adoption of new technology supported with well developed supply chain, consistently increasing local demand and availability of skilled manpower are some of the major elements contributing to its growth.

The commercial vehicle makers have had a dream run with year on year volumes growing by 41% and 30% in the year 2009-10 and 2010-11 respectively as per the data published by SIAM. A pick up in demand for cargo movement following the industrial recovery, easy availability of finance and the increasing penetration of the upcountry markets have chiefly contributed to this resurgence. After the two successive years of lackluster growth, it is anticipated that the overall industry volume (inclusive of cars, two wheelers and commercial vehicles) to settle down at 12-15% in the year 2011-12.

The rising farm economy is driving Tractor sales to new heights going by a conservative estimate. It is set to cross half million unit sales this financial year. The Tractor industry foresees a 10% to 15% increase in growth over the last fiscal.

After witnessing the boom in 2010-11, the passenger vehicle segment is expected to touch the three million unit sales milestone

in the current fiscal. This is one year ahead of the industry's original target of 2012-13. If the three million target is achieved this fiscal, the passenger vehicle market would have doubled in just three years from 2008-09 when the sales stood at 1.51 million units.

Your company kept pace with the changing market conditions and the growing expectations of vehicles manufacturers and was able to clock a gross turnover of ₹ 324.47 Crores being 31.4% higher than the previous year turnover of ₹ 247.02 crores. Accordingly, the net profits before tax of the company went up by 81% from ₹ 5.41 crores in the previous year to ₹ 9.79 crores.

Inspite of these encouraging statistics, there is a gloomy side because of recent earthquake in Japan. Domestic auto companies are bracing for the impact of the crisis in Japan on their production because supply of certain critical components from Japan may be adversely affected and it may take some time to come back to normalcy. Still the overall outlook for the current year is quite positive and encouraging.

### DIVIDEND

Your Directors are pleased to recommend 12% dividend for the year 2010-11 as against 10% declared last year. This would amount to ₹ 1.20 per share, aggregating to ₹ 172.18 lacs (including tax on dividend) on the paid up share capital of the company.

### TRANSFER OF UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company, in compliance with the provisions of Section 205C of the Companies Act, 1956, shall transfer the unclaimed dividends for the year 2003-04 and 2004-05 (Interim) to Investor Education and Protection Fund on or before October 23, 2011 and December



8, 2011 respectively, as these would be unpaid for a period of seven years.

The shareholders who have not encashed the dividend warrant(s) for the financial year 2003-04, 2004-05 (Interim) or any subsequent year are requested to lodge their claims to the Company. The Company is specifically intimating those members who have so far not claimed the unpaid dividend for the year 2003-04 and 2004-05 (Interim).

#### **FIXED DEPOSIT**

The Fixed Deposits accepted from the public amounted to ₹ 1813.11 lacs on March 31, 2011. Your Company is complying with the "Residuary Non-Banking Companies (Reserve Bank) Directions, 1987" issued by the Reserve Bank of India.

Out of the total Fixed Deposits 50 fixed deposits aggregating to ₹ 16.22 lacs matured for payment, which were neither claimed nor renewed by the depositors.

#### **OPERATIONS AND BUSINESS PERFORMANCE**

Kindly refer to Management Discussion and Analysis covered under Report on Corporate Governance which forms part of this Report.

#### **NEW INITIATIVES**

##### **MANUFACTURING:**

Your company in quest of increasing productivity thereby becoming more cost competitive in the market place participated in the Advance Cluster Program of ACT (ACMA Center for Technology), which focuses on adopting latest techniques in manufacturing. Your company also associated with other consultants including Eicher Technologies for re-lay outting of its Faridabad Gasket Plant for reducing (1) throughput time (2) work in progress and (3) material movement.

The Gasket Division at Faridabad is already certified for TS16949 for Quality Systems; ISO 14001 for Environment matters; OHSAS for Health & Safety. In addition to this, your company also acquired TS 16949 system certification for the Stamping & Rubber Division at Faridabad.

In the Stamping & Rubber Division Robotic Welding Machines were commissioned to improve the quality of production and productivity.

##### **NEW BUSIENSS:**

Your company has successfully added new customers of repute in the Gasket Division during the last Financial Year, like Daimler Chrysler, Kirloskar Oil Engines, Mahle and Volvo Eicher (new truck platform).

In the Stamping & Rubber Division, new OEM customers added were Denso India, John Deere, Endurance Tecologies & Rane TRW.

#### **BOARD OF DIRECTORS**

During the financial year 2010-11, in the 53rd Annual General Meeting of the Company held on July 21, 2010, Mr. Nikhil Talwar retired by rotation and was not reappointed.

Mr. Navin Juneja was co-opted as an Additional Director with effect from November 12, 2010 on the Board of Directors of your Company, to hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director, liable to retire by rotation.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Brian Williams and Mr. Amit Burman, directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The details of Mr. Brian Williams and Mr. Amit Burman are given else where in the Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to sub section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm that:

- a. All the applicable accounting standards have been followed in the preparation of the annual accounts and there has been no material departure from them.
- b. The Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;
- c. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- d. The annual accounts for the financial year ended 31st March 2011 have been prepared on a 'going concern' basis.

#### **CORPORATE GOVERNANCE**

Adoption of good Corporate Governance and disclosure practices has been an earnest endeavor on the part of the Company.

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objectives of enhancing shareholder value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization i.e. Board of Directors, Senior Management team and middle management employees.

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. The Company continuously strives to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements and developing human resources to take the Company forward.

A report on Corporate Governance along with a Certificate from Auditors of the Company and a Certificate from Vice Chairman and Managing Director and CFO, have been included in the annual report, detailing the compliances of Corporate Governance norms as enumerated in clause 49 of the Listing Agreement.

#### **LITIGATION**

Some minority shareholders have initiated a company petition before the Hon'ble Company Law Board, New Delhi under Sections 397 & 398 of the Companies Act, 1956 against the Company and the same is pending adjudication. In the opinion of the Board, this litigation will not have any adverse financial impact on the operations or performance of the Company.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed chapter on "Management Discussion and Analysis" (MDA) pursuant to Clause 49 of the Listing Agreement is annexed

to the Annual Report and forms integral part of this Report.

## AUDITORS

M/s. S.N. Dhawan & Co., Chartered Accountants and Statutory Auditors of the company, M/s. R. Sundaraman & Co. Chartered Accountants & Auditors for the Chennai Plant and M/s. Chandrakant G. Doshi & Co., Chartered Accountants & Auditors for the Pune Plant hold office till the conclusion of the forthcoming Annual General Meeting and being eligible for re-appointment, have confirmed that their re-appointment if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. S.N. Dhawan & Co. as Statutory Auditors of the company and M/s. R. Sundaraman & Co. as auditors for the Chennai Plant and M/s. Chandrakant G. Doshi & Co., as auditors for the Pune Plant of the Company.

The Auditor's observations and the relevant notes on the accounts are self-explanatory and therefore, do not call for further comments.

## JOINT VENTURE COMPANY (JV Co)

In line with the Accounting Standard 27 (AS 27), "Financial Reporting of interests in Joint Ventures" the Consolidated Financial Statements comprise of the operating results of your company and 40% share in the operating results of the Joint Venture company. Consolidated Revenue from Operations (Gross sales) grew by 30.6% to ₹ 351.33 Crores as compared to ₹ 269.04 Crores in the previous year. The consolidated net profit after tax for the year has been ₹ 12.59 crores as compared to ₹ 8.76 Crores in the previous year.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to sub-section 1(e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure-I to this Report.

## PERSONNEL & PARTICULARS OF EMPLOYEES

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. It is the collective spirit of partnership across all sections of employees and their sense of ownership and commitment that has helped the Company to grow.

A statement u/s 217(2A) containing list of employees drawing remuneration exceeding ₹ 60.00 lacs per annum or ₹ 5.00 lacs per month is attached with this report as Annexure II.

## ACKNOWLEDGEMENT

The Directors would like to express gratitude towards shareholders, customers, suppliers, collaborators, bankers, financial institutions and all other business associates and various departments of Central Government and State Government for the incessant support provided by them to the company and their confidence in its management.

For and on behalf of the Board

Place : New Delhi  
Date : May 26, 2011

**NARESH TALWAR**  
Chairman

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## ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under section 217(1) of the Companies Act, 1956 read with Rules therein, forming part of the Directors' Report for the year ended 31st March, 2011.

### ANNEXURE –1

#### A. CONSERVATION OF ENERGY

1. Installed Energy saving gadgets on 14 Mechanical & Hydraulic presses at the main gasket manufacturing facility at Faridabad which is expected to result in 10% energy saving.
2. Energy saving during dwell period of hydraulic presses (4 Nos.) by installation of decompression valve at the Faridabad Plant.
3. Synchronizing of production activities and machines loading in such a manner that the captive power plant is optionally utilized at the Forging Plant.

#### B. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION.

##### 1. RESEARCH & DEVELOPEMNT (R&D).

###### (a) Specific areas where R&D is being carried out by the Company.

###### i. Gasket Division

- Identifying/developing Non-asbestos substitutes for currently used asbestos materials.
- Assessment of new/import substitute materials for cost reduction.
- Development of gaskets for new generation engines.

###### ii. Forging Division

- Development of new products based on drawings/specifications provided by the customer.

###### iii. Rubber and Stamping Division

- Identifying/developing new rubber compounds in order to save cost and reduce dependence on natural rubber.
- Developing test equipments to carry out dynamic testing and durability tests on rubber components.

###### (b) Benefits derived as a result of the R&D.

- Contribution towards safe and healthy environment by reducing usage of asbestos material.
- Indigenization of material resulting in favorable trade balances.
- Reducing cost of production ultimately resulting in cost competitiveness.
- Introduction of new products.

###### (c) Future Plan of Action.

- Improving product quality for enhanced customer satisfaction.
- Up-gradation/adoption of new R&D facilities, wherever required.
- Introduction of Cost effective solutions meeting customers expectations.

**(d) Expenditure on R&D (Gasket & Forging Division)**

• Salaries & Allowances	₹ 77.47 lacs
• Other recurring expenses	₹ 19.51 lacs
<b>Total</b>	<b>₹ 96.98. lacs</b>

Total as percentage of Revenue from operations 0.33 %

**2. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION**

**(a) Efforts in brief towards technology absorption, adaptation and innovation.**

**i) Gasket Division**

- Introduction of MLS Gaskets and Steel Elastomer Gaskets, Elastomer gaskets and Heat Shields for new generation engines/new applications.
- Continuous up gradation of technical capabilities with the help of our technical partner.
- Development of Non Asbestos Grade materials – a step towards contribution to green and safe environment.
- Development of test equipments for MLS and Steel Gaskets.
- Introduction of Finite Element Analysis for gasket design.

**ii) Forging Division**

- Continuous upgradation of technical capabilities with the help of our technical partner and as per the specification required by the customers.

**iii) Rubber and Stamping Division:**

- New progressive stamping line added to improve the production and capacity.
- Injection Molding with Cold runner system to reduce the wastage was installed.

**(b) Benefits derived as a result of the above efforts:**

**(i) Gasket Division**

- Continuous up gradation of technical capabilities to global standards with the help of technical partners helps in maintaining competitiveness.
- Up-gradation of manufacturing technology & processes to meet global standards of quality &

productivity and eventually reduce the cost of production.

- Reduction in Product Development time and improved productivity

**(ii) Forging Division & Rubber and Stamping Division**

- Reduction in Product Development time and improved productivity.

**(c) Foreign Exchange Earnings & Outgo**

- a) Activities relating to exports and initiatives taken to increase exports:

The Company participated in overseas Automotive Trade Fairs to display its products and to tap new overseas customers.

- b) Total foreign Exchange used and earned

Earning	₹ 3989.96 Lacs
Outgo	₹ 5740.17 Lacs

**Particulars as per Form A (Applicable for Forging Division only)**

	<u>Current Year</u>	<u>Previous Year</u>
	₹ In Lacs	₹ In Lacs
Power & Fuel Consumption		
1. Electricity		
(a) Purchased		
Unit	NIL	NIL
Total Amount	NIL	NIL
Rate/Unit	NIL	NIL
(b) Own Generation		
Through Captive power Plant (HFO based)		
Furnance Oil Rs./liter	26.46	24.21
Unit (KHW in lacs)	112.98	93.36
Total amount (Rs. In lacs)	823.10	637.35
Cost/Unit	7.29	6.83

For and on behalf of the Board

Place : New Delhi  
Date : May 26, 2011

**NARESH TALWAR**  
Chairman

**ANNEXURE - II**

**A STATEMENT OF PARTICULARS UNDER SCETION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRTECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2011**

Employed throughout the year and were in receipt of remuneration for the year in aggregate not less than ₹ 60,00,000 per annum or ₹ 5,00,000 per month if employed part of the year

Name	Designation & Nature of Duties	Remuneration (In ₹)	Nature of Employment whether Contractual or otherwise	Qualification	Experience (in years)	Date of Commencement	Age (Year)	Particulars of last Employment
Mr. K. Sairam	Group COO Overall Operations & Management	67,71,912	otherwise	BE, PGDBM (MBA)	37	05.04.2001	61	Associate Vice President Goetze India Limited

For and on behalf of the Board

Place : New Delhi  
Date : May 26, 2011

**NARESH TALWAR**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A part of the Directors' Report)

Indian Auto Industry showed commendable resilience after the global set back during 2008-09 and continued its growth trajectory during 2010-11. Keeping pace with the changing market conditions, your company tried its best to convert challenges into opportunities.

Some of the Highlights of the company's operations during the year on a consolidated basis are:

- The Consolidated Revenue from Operations (Gross) went up by 30.6 % from ₹ 269.04 crores in the previous year to ₹ 351.33 crores.
- Consolidated earning before Interest, Depreciation and Taxes (EBIDTA) went up from ₹ 33.76 crores during 2009-10 to ₹ 41.42 crores in the year 2010-11 registering a growth of about 22.7 %.
- The consolidated net profits after tax jumped by 43.6% to reach at ₹ 12.59 crore as against ₹ 8.76 crores last year.

### INDUSTRIAL STRUCTURE AND DEVELOPMENT

With the increased focus on infrastructure by the Govt. of India and the latest estimates of economic growth, the Indian auto industry is expected to maintain or even improve its global positioning.

Consistently increasing domestic demand for vehicles, adoption of new technologies sufficient availability of skilled manpower and entrepreneurship continue to be the driving factors of growth.

### OPPORTUNITIES AND THREATS

#### Opportunities:

- (a) Government initiatives of assigning high priority to infrastructure development, specially roads and greater realization on the part of policy planners of industry specific reforms will provide necessary impetus for future growth.
- (b) Rising middle class population with increasing purchasing power will boost the demand for two wheelers & passenger cars. Low average age of Indian population will be an additional advantage.
- (c) Availability of CNG in more and more cities/towns will lead to affordability of vehicles.
- (d) Availability of technically qualified and skilled workforce at comparatively lower cost continues to be an attraction to global vehicle manufacturers to India for their global requirements.

#### Threats:

- (a) Steep increase in fuel prices may have dampening effect on the rising demand for vehicles.
- (b) Increasing interest rates are making vehicle finance expensive & may have adverse impact on vehicle demand.
- (c) Disruption in supply of certain components from Japan because of recent natural calamity is resulting in lower production volumes of some of the OEMs. Though, these are expected to be restored shortly.
- (d) Stringent emission norms and safety regulations could bring new complexities and cost increases for automotive industry.
- (e) Introduction of rapid mass transport systems in metro cities may adversely affect the domestic passenger vehicle demand.
- (f) With the entry of giant global manufacturers in the Indian market, the benchmarks in terms of quality and services have gone up.

### CURRENT YEAR OUTLOOK

Indian Automobile Industry is one of the largest in world particularly in case of small cars and two wheelers. Almost all vehicle manufacturers are increasing their installed capacities. India's strong engineering base and expertise in manufacturing low cost, fuel efficient vehicles has attracted global OEMs to have manufacturing facilities in India.

### RISKS AND CONCERNS

India is largely an agriculture based country. The earnings of farmers and other agriculture based communities are directly related to weather conditions particularly monsoons which in turn may significantly affect the demand for tractors and two wheelers.

Increasing interest rates, increase in the prices of various production inputs particularly metals & fuel etc. may create pressure on operating margins.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company has institutionalized proper and adequate systems to ensure that company's assets are safeguarded and protected and all transactions are authorised, recorded and reported correctly. Qualified and experienced personnel have been positioned appropriately in the organization to ensure internal control compliance.

A well defined programme of internal audits and management reviews commensurate with the size and nature of the business supplement the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The company has continued its efforts to align all its processes and controls with the best practices in the industry.

The Company has an Audit Committee comprising of Independent, Non-Executive and professionally qualified Directors which interacts with the Statutory Auditors and Internal Auditors, wherever required. The Committee mainly deals with accounting matters, financial reporting and internal controls. During the year under review, the Committee met 4 times.

### FINANCIAL AND OPERATIONAL PERFORMANCE

During the financial year 2010-11, your company achieved total revenue from operations of ₹ 324.47 crores being 31.4% higher than the previous year figure of ₹ 247.02 crores on stand-alone basis. Earning before Interest, Depreciation, Taxes and Amortization (EBIDTA) registered a growth of 26.3% over the previous year and reached to ₹ 36.83 crores as against ₹ 29.15 crores in the previous year.

A summary of the financial figures for the year are given in the Directors' Report.

### HEALTH, SAFETY, SECURITY ENVIRONMENT

Your company is committed to ensure continual improvement in the occupational health and safety of its workers and staff. Regular training is imparted at all levels. Company's main plant at Faridabad is ISO 14001 certified for Environmental matters and OHSAS for Health & Safety issues.

### HUMAN RESOURCES / INDUSTRIAL RELATIONS

The management is pleased to mention that the employer-employee relations have been very cordial during the year and the management has been successful in keeping the employees motivated and committed towards achievement of company goals. The company has regular programs for up-skilling and development of employees; the employees have contributed significantly towards various cost saving schemes.

## CORPORATE GOVERNANCE REPORT

Corporate Governance is the mechanism by which the values, principles, policies and procedures of a Corporation are inculcated and manifested. The Board believes that Good Governance is voluntary and self-disciplining with the strongest impetus coming from Directors and the Management itself and ultimately leads to enhancement of value for all stakeholders. The Board lays significant emphasis on integrity, transparency and accountability.

### 1. COMPANY'S PHILOSOPHY

The Company endeavors to inculcate supreme standards of Corporate Governance, so as to deliver paramount satisfaction to all within its realm of operations. This is reflected in the following key areas:

#### Composition of the Board of Directors

The Company's Board consists of enlightened and professionally qualified individuals having multidisciplinary knowledge and experience. In addition, they are also popular within social circles and some of them are associated with CII, FICCI, and ACMA etc.

#### Company's values

- To achieve Customer satisfaction;
- Wealth maximization for shareholders;
- Recognizing and managing business risks;
- Highest importance to Investor Relations;
- Legal and statutory compliance in its true spirit;
- Adherence to Corporate ethics and Code of Conduct;
- Fulfill social responsibilities;
- Overall Development of the employees;
- Healthy and safe environment;

#### Business Strategy

The company strives to:

- Remain leading manufacturer of gaskets in India and supply to all OEMs, Overseas and Replacement market
- Emerge as a major contributor in the Indian Forging industry, Rubber Products and Sheet Metal industry

#### Veracity of Financial Reporting

The Company has installed an adequate internal control system to ensure authentic and timely financial statements. The Internal Auditors and the Audit committee keep evaluating the system to detect and redress any deficiency in the system.

#### Disclosure of information to investors

The Company ensures timely disclosure of information to the investors through stock exchanges or news papers announcements to keep the stakeholders abreast with all the information as may be required under law.

#### Insider Trading Policy

The Company has implemented an Insider Trading policy in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

### 2. BOARD OF DIRECTORS

#### Composition of the Board

The Company has an appropriate mix of Executive, Non-Executives and Independent Directors on the Board for the effective management of the Company.

The Board comprises of 9 Directors – 2 Executive Directors and 7 Non-Executive Directors, out of which 5 Directors are Independent.

The Chairman of the Board is Non-Executive Promoter Director and the number of independent directors is not less than half of the total number of directors of the Company. The Composition of the Board is in conformity with clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49) across all the companies in which he is a Director.

The necessary disclosures regarding other directorships and committee positions have been made by the Directors.

#### Background of directors:

##### i) Mr. Naresh Talwar, Promoter and Non-executive Chairman

Mr. Naresh Talwar, aged 70 years, is a Graduate from St. Stephen College, Delhi University, having wide experience in the Automotive Components Industry for more than 44 years. Mr. Naresh Talwar has set-up QH Talbros Limited in 1986 for manufacturing of suspension, tie-rods, and ball joints etc. He has also co-promoted T & T Motors Limited, the authorized dealers for Mercedes Benz cars. In the year 1996, he co-promoted XO Infotech Limited to manufacture mother board for computers. He has also co-promoted Sunrise Medicare Private Limited to provide healthcare services.

##### ii) Mr. Umesh Talwar, Promoter and Vice Chairman and Managing Director

Mr. Umesh Talwar, aged 60 years, has done B.Com (Hons.) from Hindu College, Delhi University and MBA from XLRI, Jamshedpur. He has more than 34 years of varied experience in the Automotive Components and other Industries. Mr. Umesh Talwar is also a promoter director of QH Talbros Limited and Sunrise Medicare Private Limited. Under leadership of Mr. Umesh Talwar your Company has achieved various milestones including receiving of Quality System Certification ISO/TS 16949 and Certification ISO 14001 Environmental Management System.

Mr. Umesh Talwar is a member of CII, Haryana State Council and also a member of Executive Committee of Automotive Components Manufacturers Association of India (ACMA).

##### iii) Mr. Varun Talwar, Joint Managing Director and CEO-Forging Division

Mr. Varun Talwar aged 42 years, has done BS in Business Administration from Drexel University,

## Talbro Automotive Components Limited

Philadelphia USA. He has worked overseas with Stoffel Seals Corporation i.e. a New York based Company besides American Express Bank, New York. He has more than 15 years of rich experience in the IT Sector, Auto Components and Healthcare Industry.

**iv) Mr. Navin Juneja, Non Executive and Non-Independent Director**

Mr. Navin Juneja, aged 53 years, is a Bachelor in Science – Mathematics (Hons.) from Delhi University and a Fellow Member of the Institute of Chartered Accountant of India. Presently he is also on the Board of several companies. He has over 22 years of rich experience in the Auto Components industry and in financial and corporate planning.

**v) Mr. Anil Kumar Mehra, Non-Executive & Independent Director**

Mr. Anil Kumar Mehra, aged 66 years, is a Bachelor in Commerce (Hons.) from Sri Ram College of Commerce, Delhi University. Mr. Anil Kumar Mehra is Fellow Member of the Institute of Chartered Accountants of England and Wales and the Institute of Chartered Accountants of India. He has over 36 years of experience in statutory audit, internal audit, management audit and special investigative audits. Mr. Anil Kumar Mehra has been advising various companies on financial management and corporate planning.

Presently Mr. Anil Kumar Mehra is serving as Managing Director of Living Media India Limited and also holds directorships in companies inter-alia TV Today Network Limited, Integrated Databases India Limited and Radio Today Broadcasting Limited etc.

**vi) Mr. Rajive Sawhney, Non-Executive & Independent Director**

Mr. Rajive Sawhney, aged 64 years is a Bachelor in Arts from St. Stephen College, Delhi and an LLB from the Delhi University. He has more than 39 years of experience as a corporate law expert and he is designated Senior Advocate of the Supreme Court of India. Mr. Rajive Sawhney holds directorships in companies inter alia Win Medicare Limited, Thermo Plastic India Private Limited, D D Fincap Private Limited etc.

**vii) Mr. V. Mohan, Non-Executive & Independent Director**

Mr. V. Mohan, aged 60 years, is a Bachelor in Commerce from the Madras University and is a Fellow Member of the Institute of Chartered Accountants of India. He is partner of M/s. V Sankar Aiyar & Co., a Chartered Accountants firm and is presently on the board of several companies. Mr. V. Mohan has also been a Corporate Advisor to many companies. Mr. V. Mohan inter-alia holds directorship in companies like Lloyd Insulations (India) Limited, Champion Industries Limited, Lakhanpal Private Limited, QH Talbro Limited, Vascon Engineer Limited etc.

**viii) Mr. Amit Burman, Non-Executive & Independent Director**

Mr. Amit Burman aged 42 years, has done MBA from University of Cambridge, UK and MSC in Industrial Engineering from Columbia University. Mr. Amit Burman has started his carrier 1990 and he has 21 years of rich experience to his credit. He has worked with Colgate Palmolive, Tishcon Corporation, New York, USA before he joined Dabur India Limited. Presently Mr. Amit Burman is serving as Vice Chairman of Dabur India Limited and he is responsible for driving business strategy, Development and Communication for various companies of the Dabur Group.

**ix) Mr. Brian Williams, Non-Executive & Independent Director**

Mr. Brian Williams, aged 64 years, is a Mechanical Engineering by qualification and besides this he has done Management and Finance courses from UK. Mr. Brian Williams has more than 42 years of rich experience and exposure in the Auto Component Industry. Mr. Brian Williams has also been associated with the Company as director from 01.08.1997 to 29.08.2003 as a nominee of Federal Mogul Sealing System (Slough) UK.

**Board Meetings**

During the year under review there have been four Board meetings on 31st May 2010, 11th August 2010, 12th November 2010 and 11th February, 2011. The maximum gap between any two meetings did not exceed four months as stipulated under clause 49 of the listing agreements.

The table below sets out the names of directors, status and number of directorship held in other companies.

Name of the Director, Designation	Category	Number of other Directorships <sup>1</sup>	Number of Committee <sup>2</sup> Memberships and Chairmanship in all Companies including Talbro Automotive Components Limited		No. of Board Meetings attended during the year.	Attendance at the last AGM held on July 21 2010.
			Memberships	Chairmanship		
Naresh Talwar, Chairman	Promoter, Non Executive	4	2	1	3	Yes
Umesh Talwar, Vice Chairman and Managing Director	Promoter, Executive	4	–	–	4	Yes
Varun Talwar, Joint Managing Director and CEO – Forging Division	Executive	2	–	–	4	Yes
Anil K. Mehra	Independent	7	2	–	4	No

Name of the Director, Designation	Category	Number of other Directorships <sup>1</sup>	Number of Committee <sup>2</sup> Memberships and Chairmanship in all Companies including Talbros Automotive Components Limited		No. of Board Meetings attended during the year.	Attendance at the last AGM held on July 21 2010.
			Memberships	Chairmanship		
Rajive Sawhney	Independent	1	2	–	3	No
V. Mohan	Independent	4	2	1	1	Yes
Amit Burman	Independent	5	3	–	4	No
Brian Williams	Independent	–	–	–	1	No
Nikhil Talwar *	Promoter, Non Executive	–	–	–	1	Yes
Navin Juneja **	Non Executive	1	–	–	1	–

\* Retired by rotation and was not reappointed in the 53rd Annual General Meeting held on 21st July, 2010.

\*\* Appointed as an Additional Director on the Board w.e.f. 12th November, 2010.

- The directorships held by the directors, as mentioned above, do not include the directorships held in foreign companies, private limited companies and companies under Section 25 of the Companies Act.
- The committees considered for the purpose are those prescribed under Clause 49(1)(C)(ii) of the Listing Agreement(s) viz. Audit Committee and Investor Grievance Committee of Indian Public Limited Companies.

#### Directors retiring and seeking re-appointment

Mr. Brian Williams and Mr. Amit Burman, directors of the Company, shall be retiring by rotation on the forthcoming Annual General Meeting of the Company and they being eligible have offered themselves for the re-appointment.

The details of Directors seeking appointment/reappointment are given elsewhere in the Annual Report.

#### Disclosure of Director's interest in Transactions with the Company;

None of the non-executive directors had any pecuniary transaction with the Company pursuant to provisions of Clause 49 of the Listing Agreement.

#### Relationship between Directors;

Mr. Naresh Talwar and Mr. Umesh Talwar are brothers and Mr. Naresh Talwar is father of Mr. Varun Talwar. None of the other directors is related to each other.

#### Information available to the Board

All the relevant information within the Company is accessible to the Board all the times. Moreover the Board has been provided with various information on regular basis for the effective discussion and contribution of the Board. The information so provide includes the following:

- Annual operating plans, budgets and any updates therein;
- Capital budgets and any updates therein;
- Quarterly results for the Company and its operating divisions or business segments;
- Minutes of meetings of audit committee and other committees of the Board;
- Information on recruitment/remuneration of senior officers just below the Board level;
- Material show cause, demand, prosecution notices and penalty notices, if any ;
- Fatal or serious accidents, dangerous occurrences;

- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, if any
- Details of any joint venture or collaboration agreement;
- Transactions involving substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Material non-compliance of any regulatory, statutory listing requirement and shareholders services such as non-payment of dividend, delay in share transfer etc.
- Details of investment of surplus funds available with the Company

The above information is generally provided as part of the agenda papers of the Board meeting and /or is placed at the table during the course of the meeting and / or is placed at the table during the course of the meeting.

The Company in consultation with the Chairman, prepares the agenda. All Board members are at liberty to suggest agenda items for inclusion. The detailed agenda is sent to the members a week before the Board meeting date.

#### Compliance to various laws

The compliance certificates duly signed by the Business Heads of the respective divisions, Mangers of the factories, CFO and Company Secretary, ensuring the compliance with various laws as applicable to the Company are placed before the Board on quarterly basis. Board reviews the compliance certificates as well as steps taken by the company to rectify instances of non-compliances, if any.

#### Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company, which is



also available on the website of the Company [www.talbro.com](http://www.talbro.com). All Board members and senior management, that includes company executives who report directly to the Chairman and executive directors, have affirmed their compliance with the said Code. A declaration signed by Mr. Umesh Talwar, Vice Chairman and Managing Director, to this effect is provided elsewhere in the Annual Report.

### 3. COMMITTEES OF THE BOARD

#### (i) Audit Committee

##### Terms of reference

The Audit Committee of the Company was constituted pursuant to Section 292A of the Companies Act 1956 read with Clause 49 of the Listing Agreement.

The Terms of reference of the Audit committee are inter alia as follows:

- a. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing, with the management, the annual financial statements before submission to the board for approval.
- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- g. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- h. Discussion with internal auditors regarding any significant findings and follow up there on.
- i. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- j. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

##### Composition and attendance

The Audit Committee comprises of 5 members all being non-executive directors and out of which 4 members are independent directors. The Chairman of the Committee Mr. V. Mohan, an independent director, is a Chartered Accountant with rich and relevant experience. Chief Financial Officer, the Internal Auditor and Statutory Auditors are permanent

invitees. The Company Secretary acts as Secretary to the committee.

There have been four meetings of the Audit Committee during the year under review, held on 31st May 2010, 11th August 2010, 12th November 2010 and 11th February 2011.

Name of Director	No. of meetings attended
Mr. V. Mohan	1
Mr. Naresh Talwar	3
Mr. Anil Kumar Mehra	4
Mr. Rajive Sawhney	3
Mr. Amit Burman	4

#### (ii) Remuneration Committee

##### Terms of reference

The Remuneration Committee of the directors reviews and recommends the remuneration of executive directors. The recommendations of the Remuneration Committee are based on the following:

- Overall financial performance and profitability of the company;
- Evaluation of personal contribution of the individual director;
- Prevailing general economic conditions and emoluments being offered by other companies in the industry.

##### Composition and attendance

The Remuneration committee is comprised of three members all being Non-Executive Independent Directors i.e. Mr. A. K. Mehra, Mr. Rajive Sawhney and Mr. V. Mohan. The Chairman of the Committee is Mr. A. K. Mehra.

During the year one meeting of Remuneration Committee was held on 12th November 2010.

Name of Director	No. of meetings attended
Mr. Anil Kumar Mehra	1
Mr. Rajive Sawhney	1
Mr. V. Mohan	0

##### Remuneration policy

The Remuneration policy of the Company is to ensure that executive directors of the Company are rewarded in a fair and responsible manner, for their individual contributions to the success of the Company and are provided with appropriate incentives to encourage enhanced performance. The remuneration paid to the Executive Director is recommended by the Remuneration Committee and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities as and when required.

Non-executive Independent Directors are paid sitting fees pursuant to Section 309(2) of the Companies Act, 1956 for attending Board meetings and the Audit Committee meetings plus reimbursement of related actual travel and out of pocket expenses if any.



## Remuneration of Directors Executive Directors

Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Varun Talwar, Joint Managing Director and CEO – Forging Division of the company were paid remuneration and perquisites during the year under review as per the details given hereunder:

	Mr. Umesh Talwar ₹	Mr. Varun Talwar ₹
Basic Salary	19,80,000/-	16,50,000/-
Perquisites	19,57,596/-	17,11,000/-
<b>Total</b>	<b>39,37,596/-</b>	<b>33,61,000/-</b>

Perquisites include Company leased accommodation/HRA, Company maintained car, telephone facility at home, Employer's contribution to the Provident Fund, Superannuation fund and Gratuity.

### Other terms and conditions:

	Mr. Umesh Talwar	Mr. Varun Talwar
Term of Appointment	Five years, from 01.04.2007 to 31.03.2012	Five years, from 01.09.2008 to 31.08.2013
Performance linked incentive, Stock Options, Severance Pay	Nil	Nil

## Non Executive Directors

The Non-Executive Independent Directors are entitled for sitting fee of Rs.10,000/- for every Board Meeting of the Board and Rs. 5,000/- for every Audit Committee Meeting. They are also reimbursed all travelling and other expenses incurred by them in connection with attending meetings of the Board of directors or of Committee thereof or which they may otherwise incur in the performance of their duties as Director.

The company does not have any material pecuniary relationship/transaction with any of its Non Executive Directors

### (iii) Shareholders Grievance Committee

#### Terms of reference

The Shareholders Grievance Committee of the Company was constituted pursuant to Clause 49 of the Listing Agreement. The committee focuses on strengthening investor relations and ensuring quick redressal of investor concerns.

#### Composition and attendance

The Shareholders Grievance Committee comprises of 4 non-executive directors, of which 3 are independent directors.

There have been four committee meeting during the year under review held on 31st May 2010, 11th August 2010, 12th November 2010 and 11th February 2011.

S. No.	Name of Director	No. of meetings attended
1.	Mr. Naresh Talwar	3
2.	Mr. V. Mohan	1
3.	Mr. Anil Kumar Mehra	4
4.	Mr. Rajive Sawhney	3

The Chairman of the Committee is Mr. Naresh Talwar who is a non-executive and non-independent director.

### Name and designation of Compliance Officer

Mrs. Seema Narang, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India. The Company has provided an exclusive Email ID i.e. memberservice@talbros.com, for the members to send their queries/grievances to the concerned department.

### Status of Queries/Complaints received and resolved during the year

Number of Shareholders' Queries/Complaints received during the period 01.04.2010 to 31.03.2011	33
Number of Shareholders Complaints resolved to the satisfaction of Shareholders	33
Number of Shareholders Complaints pending as on 31.03.2011	Nil

### (iv) Share Transfer Committee

Terms of Reference of the Share Transfer Committee are as per the guidelines set out in the listing agreement with the Stock Exchanges that inter alia include approval and registration of transfers and/or transmission of equity shares of the Company and do all other acts and deeds as may be necessary or incidental to the above.

#### Composition and Attendance

Name of the Members	No. of meetings attended
Mr. Umesh Talwar	25
Mr. Naresh Talwar	09
Mrs. Seema Narang	25

The Committee holds its meeting at least once in every fortnight to consider all matters concerning transfer and transmission of shares. During the year ended March 31, 2011, Twenty five meetings of the Share Transfer Committee were held.

### (v) Share Issue Committee

#### Terms of reference

Pursuant to Article No. 71 of the Article of Association of the Company, the Share Issue committee of the Company was constituted to deal with all the matters concerning Bonus Issue of shares and Public Issue under Book Building Process and to do all other acts including appointment of all concerned Intermediaries.

#### Composition

The Share Issue Committee comprises of one executive director, Mr. Umesh Talwar besides Mr. Naresh Talwar, Mr. Navin Juneja and other officials as Members i.e. Mr. R. P. Grover and Mrs. Seema Narang.

#### Meetings and attendance during the year

No meeting of the Share Issue Committee was held during the year.

## 4. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings (AGMs) of the Company

Financial Year	2007-08	2008-09	2009-10
Location	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad
Date and Time	29th September, 2008 (Monday), 10:30 A.M	29th September, 2009 (Tuesday), 10:30 A.M	21st July, 2010 (Wednesday), 10:30 A.M
Type of resolutions passed	O.R: 8 S.R: 1	O.R: 5 S.R: 0	O.R: 5 S.R: 0
Special Resolution Passed	i) Appointment of Mr. Varun Talwar as Joint Managing Director and CEO – Forging Division		

O.R. stands for Ordinary Resolution  
S.R. stands for Special Resolution

During the year under review one Special Resolution was passed through Postal Ballot on 8th March, 2011 in respect of increase in remuneration of Mr. Anuj Talwar, son of Mr. Umesh Talwar, Vice Chairman & Managing Director of the Company.

## 5. DISCLOSURES

### Related Party Transactions

There has been no materially significant related party transaction with the Company's promoters, directors, management or their relatives, which may have a potential conflict with the interests of the Company. Members may refer to the notes to the accounts for details of other related party transactions.

### Compliance with Rules and Regulations

Your Company has complied with the all requirements of the concerned regulatory authorities on capital markets. During the year under review, there have been no instances of non-compliance by the Company on any matters related to the capital markets nor has any penalty or stricture been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements entered into with the stock exchanges.

### Accounting Standards

The Company follows the Accounting Standards laid down by the Institute of Chartered Accountants of India and there has been no deviation in the accounting treatment during the year.

### Risk Management

The Board of Directors constituted a Risk Assessment Committee for inter alia laying down and periodically reviewing risk assessment and minimization procedures. Mr. K. Sairam-Group COO, Mr. R.P. Grover, CFO and Mrs. Seema Narang, Company Secretary are members of the Committee.

## Management

The Managements' Discussion and Analysis Report is given separately and forms part of this Annual Report

## Shareholders- Disclosures Regarding appointment / re-appointment of Directors

The information as required under clause 49 (G) of the Listing agreement with respect to the appointment / re-appointment of the directors forms part of the explanatory statement annexed with the Notice of the ensuing Annual General Meeting and the same is attached with this report.

## CEO/CFO certificate

The certificate from Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. R.P. Grover, Chief Financial Officer as placed before the Board in terms of Clause 49(v) of the Listing Agreement is enclosed at the end of this report.

## 6. MEANS OF COMMUNICATION

The Company's financial results are published in English daily and vernacular Hindi newspapers as under:

News Paper Name	Language
Business Standard / Financial Express	English
Business Standard/ Jansatta (Hindi)	Hindi

Company's financial results are also available on the Company's website [www.talbro.com](http://www.talbro.com).

The financial results and all material information about the Company is promptly sent through facsimile and/or e-mail to the Stock Exchanges where the shares of the Company are listed.

## 7. GENERAL SHAREHOLDER INFORMATION

### 54th Annual General Meeting

The 54th Annual General Meeting will be held on 7th September 2011 at 10.30 A.M at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad – 121001 (Haryana).

### Financial Year

The Financial year of the Company starts from 1st April and ends on 31st March.

### Book Closure

The date of book closure is from 1st September, 2011 to 7th September, 2011 (both days inclusive).

### Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2011	2nd week of August 2011
July – September 2011	2nd week of November 2011
October – December 2011	2nd week of February 2012
January – March 2012	4th week of May 2012

### Dividend Payment

The Board has recommended a dividend of 12% on the paid up share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend if declared by the shareholders shall be paid to

all the members as on the date of Annual General Meeting within the statutory limit of 30 days from the date of declaration.

### Stock Exchange Listing

The Company's shares are currently listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fee for the year 2011-12 has been duly paid.

### Stock Code:

BSE Script code : 505160,  
NSE symbol : TALBROAUTO  
ISIN : INE187D01011

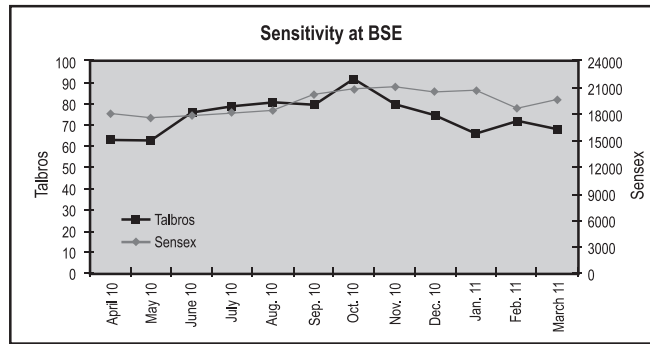
### Market Price Data

Monthly High Low for the year under review

Month	Share Price at BSE		Share Price at NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2010	63.45	52.00	63.90	52.70
May 2010	62.95	54.50	63.25	54.20
June 2010	75.60	59.30	76.00	59.15
July 2010	78.80	68.20	78.25	68.00
August 2010	80.95	72.00	80.90	71.15
September 2010	80.00	71.00	78.95	71.15
October 2010	91.80	73.55	91.70	73.00
November 2010	79.85	65.00	79.00	63.95
December 2010	75.00	64.65	75.85	62.10
January 2011	66.00	55.15	66.00	55.25
February 2011	72.00	53.80	72.00	54.05
March 2011	68.50	63.00	68.40	62.00

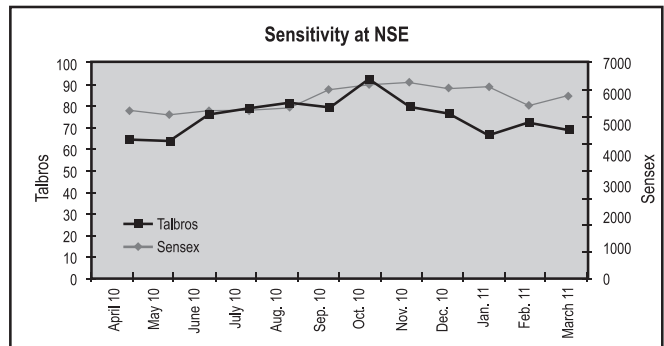
### Performance of TALBROS Share price in comparison to: BSE SENSEX

Month	Share Price		Sensex	
	High (₹)	Low (₹)	High	Low
April 2010	63.45	52.00	18,047.86	17,276.80
May 2010	62.95	54.50	17,536.86	15,960.15
June 2010	75.60	59.30	17,919.62	16,318.39
July 2010	78.80	68.20	18,237.56	17,395.58
August 2010	80.95	72.00	18,475.27	17,819.99
September 2010	80.00	71.00	20,267.98	18,027.12
October 2010	91.80	73.55	20,854.55	19,768.96
November 2010	79.85	65.00	21,108.64	18,954.82
December 2010	75.00	64.65	20,552.03	19,074.57
January 2011	66.00	55.15	20,664.80	18,038.48
February 2011	72.00	53.80	18,690.97	17,295.62
March 2011	68.50	63.00	19,575.16	17,792.17



### NSE NIFTY

Month	Share Price		Nifty	
	High (₹)	Low (₹)	High	Low
April 2010	63.90	52.70	5399.65	5160.90
May 2010	63.25	54.20	5278.70	4786.45
June 2010	76.00	59.15	5366.75	4961.05
July 2010	78.25	68.00	5477.50	5225.60
August 2010	80.90	71.15	5549.80	5348.90
September 2010	78.95	71.15	6073.50	5403.05
October 2010	91.70	73.00	6284.10	5937.10
November 2010	79.00	63.95	6338.50	5690.35
December 2010	75.85	62.10	6147.30	5721.15
January 2011	66.00	55.25	6181.05	5416.65
February 2011	72.00	54.05	5599.25	5177.70
March 2011	68.40	62.00	5872.00	5348.20



### Registrar and Transfer (R&T) Agent

M/s Karvy Computershare Private Limited,  
Unit: Talbros Automotive Components Limited,  
Plot No.17-24, Vithal Rao Nagar,  
Madhapur, Hyderabad - 500 081.  
Tel: 040-23420815-825, Fax: 040-23420814  
Email: ksreddy@karvy.com

### Share Transfer System

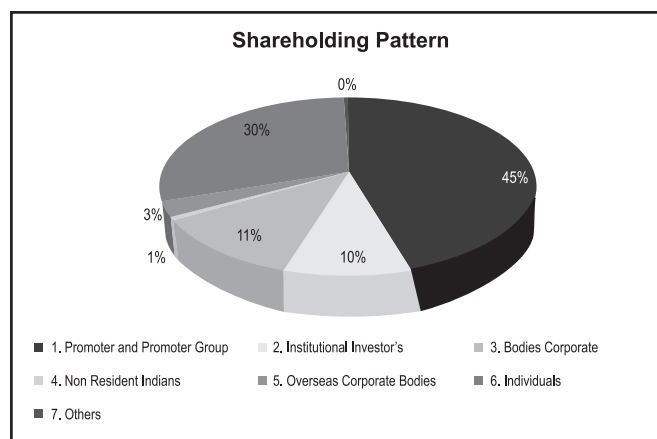
Shares to be transferred physically may be submitted with the Company at its registered office or directly with the R&T Agent M/s Karvy Computershare Private Limited at the address mentioned above. The company holds fortnightly Share Transfer Meetings in which all the shares received for transfer/transmission etc are transferred /dealt with.

# Talbro Automotive Components Limited

## Shareholding Pattern

Distribution Schedule as on March 31, 2011				
Shareholding of Nominal Value (₹)	Number of Shareholders	% of Total	Number of shares	% of Total
Upto 5000	17415	94.70	15236490	12.34
5,001 to 10,000	506	2.75	3931950	3.18
10,001 to 20,000	235	1.28	3418820	2.77
20,001 to 30,000	67	0.36	1651490	1.34
30,001 to 40,000	28	0.15	965430	0.78
40,001 to 50,000	24	0.13	1139110	0.92
50,001 to 1,00,000	33	0.18	2397260	1.94
1,00,001 and above	81	0.44	94715750	76.72
<b>Total</b>	<b>18389</b>	<b>100.00</b>	<b>123456300</b>	<b>100.00</b>

Shareholding Pattern as on March 31, 2011		
Category	No. of shares held	Percentage
Promoter and Promoter Group	54,89,857	44.47
Institutional Investors	12,65,809	10.25
Non Institutions:		
Bodies Corporate	14,21,597	11.51
Non Resident Indians	75,982	0.62
Overseas Corporate Bodies	3,26,827	2.65
Individuals	37,11,309	30.06
others	54,249	0.44
<b>Grand Total</b>	<b>1,23,45,630</b>	<b>100.00</b>

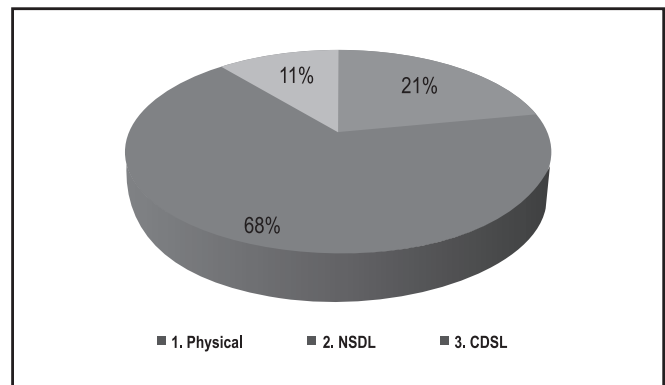


### Dematerialization of Shares and Liquidity

Shares of the Company can be held and traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialized form only, by all investors. The Company has entered into agreements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate trading in dematerialized form in India.

The breakup of Equity Share capital held with depositories and in physical form as on 31st March, 2011 is as follows:

Category	No. of shareholders	No. of equity shares	% of Capital
Physical	4,233	26,49,612	21.46
NSDL	10,907	83,36,264	67.52
CDSL	3,249	13,59,754	11.01
<b>Total</b>	<b>18,389</b>	<b>1,23,45,630</b>	<b>100.00</b>



### Plant Locations

The Company has four Gasket Manufacturing Facilities besides Forging plant, IT Division, Stamping & Rubber Division and one Material Division. The addresses are as given below:

Particulars	Address
Gasket Plant I, Stamping & Rubber Division and Registered Office	14/1, Delhi- Mathura Road, Faridabad –121003
Gasket Plant II	22-B, SIDCO Industrial Estate, Ambattur, Chennai-600098
Gasket Plant III	Plot No 68, F-11, MIDC, Pimpri, Pune – 411018
Gasket Plant IV	Plot No. B-177, Phase-I, Eldeco-Sidcul Industrial Park Ltd, Sitarganj, Uttrakhand -262405
Forging Division	Plot No.39 to 46, Sector-6, Industrial Growth Centre, Bawal-123501 Distt. Rewari (Haryana)
IT Division	28, Electronic City, Sector-18, Gurgaon-122016
Material Division	Mandkola Road, Village Atta Sohna-122103 Distt. Gurgaon (Haryana)

**Address for Correspondence**

**For change of address:**

- Shareholders holding shares in dematerialized form may contact their respective depository participant.
- Shareholders holding shares in physical form may contact the Share Transfer Agents M/s Karvy Computershare Pvt. Ltd.

**For all matters relating to investor relations please contact:**

Company Secretary & Compliance Officer  
 Talbros Automotive Components Limited  
 14/1, Delhi Mathura Road,  
 Faridabad –121003  
 Tel: +91-129- 4294189 / 4294182 / 4047694  
 Fax: +91-129-2277240  
 Email: seema\_narang@ talbros.com  
 memberservice@talbros.com

**Unclaimed Dividends**

By virtue of Section 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid/ unclaimed for seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The date of declaration of dividend and corresponding dates when the unpaid/ unclaimed dividend is due for transfer to the IEPF are given below:

Year	Date of Declaration	Due date for transfer
2003-04	25.09.2004	23.10.2011
2004-05 (Interim)	10.11.2004	08.12.2011
2004-05 (Final)	05.08.2005	03.09.2012
2005-06	04.07.2006	02.08.2013
2006-07	26.09.2007	24.10.2014
2007-08	29.09.2008	01.11.2015
2008-09	29.09.2009	01.11.2016
2009-10	21.07.2010	24.08.2017

Members who have not encashed their dividend warrants so far are requested to have the same revalidated to encash and avoid transfer to IEPF as already requested by the Company vide its letter dated 24th May 2011 and 2004-05 (Interim) are being requested separately by the Company.

**Nomination**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder. The nomination facility in respect of shares held in electronic form is also available with the depository participants as per the byelaws of NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Transfer Agents.

**DECLARATION FOR CODE OF CONDUCT**

As provided under clause 49 of the Listing Agreement with the Stock Exchanges the Board Members and the senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2011.

For **Talbros Automotive Components Limited**

Place: New Delhi  
 Date : May 26, 2011

**Umesh Talwar**  
 Vice Chairman & Managing Director



# Talbro Automotive Components Limited

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## CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Umesh Talwar, Vice Chairman & Managing Director and R.P. Grover, Chief Financial Officer, of Talbro Automotive Components Limited to the best of our knowledge and belief, certify that

1. We have reviewed the financial statements and cash flow statements for the year and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
  - a) There were no deficiencies in the design or operation of internal controls which came to our notice ;
  - b) There were no significant changes in internal control over financial reporting during the year;
  - c) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
  - d) There were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi  
Date : May 26, 2011

**Umesh Talwar**  
Vice Chairman and Managing Director

**R P Grover**  
Chief Financial Officer

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## AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the members of  
**Talbro Automotive Components Limited**

We have examined the compliance of the conditions of Corporate Governance by Talbro Automotive Components Limited for the period ended March 31, 2011 as stipulated in clause 49 of the Listing agreement of the said company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of Investor grievances received during the year ended March 31, 2011, no investor grievance are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **S.N. DHAWAN & CO.**  
Chartered Accountants  
Firm Reg. No. 000050N

Place : New Delhi  
Date : May 26, 2011

**(Suresh Seth)**  
Partner  
M. No. 10577

**Auditors' Report**

**To**  
**The Members of**  
**TALBROS AUTOMOTIVE COMPONENTS LIMITED**

1. We have audited the attached Balance Sheet of **Talbros Automotive Components Limited** as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred in paragraph 3 above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - iii) The Branch Auditor's Reports have been furnished to us and have been appropriately dealt with while preparing our report.
  - iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
  - v) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - vi) On the basis of written representations received from the directors as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vii) In our opinion and to the best of our information and according to the explanations given to us, the said

accounts, read together with the Significant Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For S.N. DHAWAN & CO.**  
 Chartered Accountants  
 Firm Reg. No. 000050N

**(Suresh Seth)**  
 Partner  
 M. No.10577

Place: New Delhi  
 Date : May 26, 2011

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED FOR THE YEAR ENDED MARCH 31, 2011**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. Discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- ii) (a) As explained to us, the inventories of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year, except for materials lying with third parties for which certificates confirming stocks held by them have been obtained.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) (a) The Company has granted inter corporate deposit to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end

## Talbro Automotive Components Limited

balance of inter corporate deposit was ₹ 190 Lacs and ₹ 100 lacs respectively.

- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such inter corporate deposit are not prima facie prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the Inter Corporate Deposits are repayable on demand and during the year the Company has not made any demand for repayment. The repayment of interest is regular except for overdue interest recoverable from these companies as on March 31, 2011 amounting to ₹ 13.17 Lacs. The same has since been recovered.
- (d) According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956. Therefore provisions of clause (iii) (f) & (g) of paragraph 4 of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time, except for items stated to be of a specialized nature where no comparison is possible.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other material statutory dues applicable to it. Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were in arrears, as at March 31, 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the details of statutory dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty which have not been deposited on account of any dispute are given below:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (₹)	Forum where dispute is pending
Central Excise Act, 1944	Classification of paper gasket	1998-2002	14,17,866	The Assistant Commissioner, Faridabad
Central Sales Tax	Central Sales Tax	2006-07 & 2007-08	1,19,180	The Sales Tax Authorities Mumbai
Employee State Insurance Act, 1948	ESI Demand	1995-99	8,01,587	Civil Judge, Gurgaon
Employee State Insurance Act, 1948	ESI Demand	2007-2009	33,27,524	Civil Judge, Gurgaon
Income Tax Act, 1961	Income Tax Demand	2004-05	4,47,739	CIT - Appeal, Chandigarh, Camp at Gurgaon
Central Excise Act, 1944	Demand on assessable value	2006-07	9,45,837	The Deputy Commissioner, Faridabad

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (₹)	Forum where dispute is pending
Central excise Act, 1944	Demand on assessable value	2008-09	28,93,658	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Demand on assessable value	2010-11	4,56,407	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Cenvat Credit disallowed	2009-10	32,50,898	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Cenvat Credit disallowed	2009-10	2,54,536	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Cenvat Credit disallowed	2010-11	2,41,518	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Cenvat Credit disallowed	2010-11	23,71,233	The Deputy Commissioner, Gurgaon
Haryana Value Added Tax Act, 2003	Input tax disallowed	2006-07	2,73,548	The Deputy Commissioner Gurgaon

x) In our opinion, the Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, banks or debenture holders.

xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.

xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.

xv) The Company has given corporate guarantee for term borrowing by one of its Associate Company. According to the information and explanations given to us, we are of the opinion that terms and conditions thereof are not prima-facie prejudicial to the interest of the Company.

xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans

availed by the Company were applied for the purposes for which they were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company has not issued any debentures. Therefore, the provisions of clause (xix) of paragraph 4 of the Order are not applicable to the Company

xx) The Company has not raised any money by public issue during the year under review.

xxi) To the best of our knowledge and belief and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.N. DHAWAN & CO.**  
Chartered Accountants  
Firm Reg. No. 000050N

**(Suresh Seth)**  
Partner  
M. No.10577

Place: New Delhi  
Date : May 26, 2011

# Talbros Automotive Components Limited

## BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011		As at March 31, 2010	
		₹	₹	₹	₹
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	1	12,34,56,300		12,34,56,300	
Reserves and Surplus	2	70,06,14,472	82,40,70,772	62,28,17,489	74,62,73,789
<b>Loan Funds:</b>					
Secured Loans	3	86,29,99,972		89,33,21,764	
Unsecured Loans	4	22,25,88,522	1,08,55,88,494	21,93,34,399	1,11,26,56,163
<b>Deferred Tax Liabilities (Net)</b> (Refer note 4 of Schedule 13B)					
			6,85,36,510		6,59,44,935
<b>TOTAL</b>			<b>1,97,81,95,776</b>	<b>1,92,48,74,887</b>	
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets:</b>					
Gross Block	5	1,81,63,09,187		1,71,56,53,492	
Less: Depreciation		81,85,44,633		73,02,58,177	
		99,77,64,554		98,53,95,315	
Capital Work in Progress including advances		3,01,53,606	1,02,79,18,160	5,70,60,650	1,04,24,55,965
<b>Investments:</b>	6		5,36,20,670		5,36,20,670
<b>Current Assets, Loans and Advances:</b>					
Interest accrued on Investments and Deposits	7	85,12,344		1,65,91,051	
Inventories		81,97,01,456		60,07,25,085	
Sundry Debtors		62,26,34,088		50,24,80,473	
Cash and Bank Balances		3,38,65,833		3,03,80,173	
Loans and Advances		30,33,27,467		30,89,09,639	
		1,78,80,41,188		1,45,90,86,421	
<b>Less: Current Liabilities &amp; Provisions:</b>					
Current Liabilities	8	83,53,31,329		58,37,60,282	
Provisions		5,60,52,913		4,65,27,887	
		89,13,84,242		63,02,88,169	
<b>Net Current Assets</b>			89,66,56,946		82,87,98,252
<b>TOTAL</b>			<b>1,97,81,95,776</b>	<b>1,92,48,74,887</b>	

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

13

(SEEMA NARANG)  
Company Secretary

(R.P. GROVER)  
CFO

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

(NARESH TALWAR)  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For **S.N. DHAWAN & CO.**  
Chartered Accountants  
Firm Regn. No.: 000050N

Place : New Delhi  
Dated : 26.05.2011

(SURESH SETH)  
Partner  
M. NO. F-10577



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	Year Ended March 31, 2011		Year Ended March 31, 2010	
		₹	₹	₹	₹
<b>INCOME:</b>					
Revenue from Operations (Gross)		3,24,47,01,043		2,47,01,69,052	
Less: Excise Duty		<u>27,37,79,832</u>		<u>17,87,34,507</u>	
Revenue from Operations (Net)			2,97,09,21,211		2,29,14,34,545
Other Income	9	3,85,11,351		4,17,16,620	
Increase /(Decrease) in Stock of Finished Goods and Work-in-Progress	10	<u>11,92,43,794</u>	<u>15,77,55,145</u>	<u>5,41,71,984</u>	<u>9,58,88,604</u>
			3,12,86,76,356		2,38,73,23,149
<b>EXPENDITURE:</b>					
Raw Materials Consumed		1,49,55,89,023		1,10,37,45,509	
Purchases-Other Components		20,76,47,045		16,22,53,754	
Manufacturing, Selling, Administrative and Other Expenses	11	1,05,73,34,641		82,97,75,081	
Interest & Finance Charges	12	<u>16,63,16,082</u>	<u>2,92,68,86,791</u>	<u>14,55,44,317</u>	<u>2,24,13,18,661</u>
<b>Profit before Depreciation/Amortisation</b>			20,17,89,565		14,60,04,488
Depreciation/Amortisation		10,39,81,728		9,19,24,870	
Less : Transfer of Depreciation from Revaluation Reserve		<u>95,460</u>	<u>10,38,86,268</u>	<u>1,06,067</u>	<u>9,18,18,803</u>
<b>Profit for the Year Before Tax</b>			9,79,03,297		5,41,85,685
<b>Less: Provision for Taxation :</b>					
Current Tax / MAT (including Wealth Tax)		1,43,50,000		65,00,000	
Deferred Tax (Refer note 4 of Schedule 13B)		25,91,575		21,79,210	
MAT Credit Entitlement (Refer note 21 of Schedule 13B)		(1,41,50,000)		(65,00,000)	
(Excess) / Short Provision for Tax for Earlier Years Written Back / Provided		<u>1,199</u>	<u>27,92,774</u>	<u>(86,36,168)</u>	<u>(64,56,958)</u>
<b>Net Profit /(Loss) for the Year After Tax</b>			9,51,10,523		6,06,42,643
Add:					
Balance Brought Forward from Last Year			12,82,46,332		8,69,99,774
<b>Balance Available for Appropriation</b>			<u>22,33,56,855</u>		<u>14,76,42,417</u>
<b>APPROPRIATIONS:</b>					
Proposed Dividend		1,48,14,756		1,23,45,630	
Corporate Dividend Tax		<u>24,03,324</u>	1,72,18,080	<u>20,50,455</u>	1,43,96,085
Transfer to General Reserve			50,00,000		50,00,000
Surplus carried to Balance Sheet			<u>20,11,38,775</u>		<u>12,82,46,332</u>
<b>Total</b>			<u>22,33,56,855</u>		<u>14,76,42,417</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>					
	13				
<b>EARNINGS PER SHARE (Face Value ₹ 10)</b>					
Basic Earnings per Share (₹)			7.70		4.91
Diluted Earnings per Share (₹)			7.70		4.91

(SEEMA NARANG)  
Company Secretary

(R.P. GROVER)  
CFO

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

(NARESH TALWAR)  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For **S.N. DHAWAN & CO.**  
Chartered Accountants  
Firm Regn. No.: 000050N

Place : New Delhi  
Dated : 26.05.2011

(SURESH SETH)  
Partner  
M. NO. F-10577

# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 1 - SHARE CAPITAL</b>				
<b>Authorised:</b>				
2,00,00,000 Equity Shares of ₹ 10/- each		20,00,00,000		20,00,00,000
<b>Issued, Subscribed and Paid-up:</b>				
1,23,45,630 Equity Shares of ₹ 10/- each fully paid up.*		12,34,56,300		12,34,56,300
(1,23,45,630 Equity Shares of ₹ 10/- each fully paid up.)				
These include:*				
a) 47,37,145 Equity Shares allotted as fully paid up Bonus Shares by capitalisation of the General Reserve /Share Premium and Capital Reserve Account				
b) 75,358 Equity Shares allotted as fully paid up on 22.8.1978 to erstwhile shareholders of AEW Janson Limited, pursuant to the sanction of the Hon'ble High Court of Delhi, to a scheme of amalgamation of the said Company with the Company under Section 391 read with Section 394 of the Companies Act, 1956.				
c) 49,01,963 Equity Shares allotted as fully paid up by way of Public Issue during 2005-06.				
d) 5,24,349 Equity Shares allotted as fully paid up on 16.08.2007 to erstwhile shareholders of XO Stampings Limited, pursuant to the sanction of the Hon'ble High Court of Punjab & Haryana, to a scheme of arrangement of the said Company with the Company under Section 391 read with Section 394 of the Companies Act, 1956 for consideration other than cash.				
e) 2,03,315 Equity Shares allotted as fully paid up on 16.08.2007 to the shareholders of XO Infotech Limited, pursuant to the sanction of the Hon'ble High Court of Punjab & Haryana to a scheme of arrangement of the said Company with the Company under Section 391 read with Section 394 of the Companies Act, 1956 for consideration other than cash.				
		<u>12,34,56,300</u>		<u>12,34,56,300</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS:</b>				
a) <b>Securities Premium Account:</b>		46,78,30,274		46,78,30,274
b) <b>Revaluation Reserve:</b>				
As per last Balance Sheet	53,97,168		55,03,235	
Less: Transferred to Profit & Loss Account	95,460	53,01,708	1,06,067	53,97,168
c) <b>Capital Reserve:</b>		15,21,000		15,21,000
d) <b>General Reserve:</b>				
As per last Balance Sheet	1,98,22,715		1,48,22,715	
Add: Transferred from Profit & Loss Account	50,00,000	2,48,22,715	50,00,000	1,98,22,715
e) <b>Profit &amp; Loss Account</b>				
Surplus, being balance as per Profit & Loss Account		20,11,38,775		12,82,46,332
<b>TOTAL</b>		<u>70,06,14,472</u>		<u>62,28,17,489</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 3 - SECURED LOANS:</b>				
<b>From Banks</b>				
<b>a) Working Capital Loans:</b>				
i) State Bank of India *	20,01,60,313		23,09,69,699	
ii) ICICI Bank *	2,31,94,462		1,36,84,954	
iii) Standard Chartered Bank	-		6,99,48,109	
iv) State Bank of Patiala *	12,56,82,391		10,08,20,115	
v) Barclays Bank Plc	-		5,00,00,000	
vi) Punjab National Bank*	14,82,58,469		-	
vi) Interest accrued & due on above	1,30,731		4,45,890	
		49,74,26,366		46,58,68,767
<b>b) Term Loans:</b>				
i) State Bank of India **	27,00,07,000		31,71,07,000	
ii) ICICI Bank - ECB Loan***	2,62,31,417		5,25,09,572	
iii) IDBI	-		1,45,46,800	
iv) Punjab National Bank #	88,38,810		-	
v) Yes Bank ##	1,54,91,293		-	
vi) Interest accrued & due on above	31,11,799		31,97,679	
vii) Against security of movable fixed assets on Hire Purchase basis	2,38,28,977		1,50,58,927	
		34,75,09,296		40,24,19,978
<b>From Others</b>				
Against security of movable fixed assets on Hire Purchase basis		1,80,64,310		2,50,33,019
<b>TOTAL</b>		<b>86,29,99,972</b>		<b>89,33,21,764</b>

**NOTES:**

\* Working Capital Loans from State Bank of India , ICICI Bank, State Bank of Patiala & Punjab National Bank are secured by way of first pari-passu charge of hypothecation on the Company's entire current assets, both present & future. Further, secured by second charge on all the fixed assets of the Company, both present & future, ranking pari-passu and personal guarantee of two directors.

\*\* Term Loans from SBI are secured by first charge on fixed assets of the Company, excluding specific fixed assets on which other lenders are holding first charge and equitable mortgage over land & building at Faridabad, Chennai, Pune, Sitarganj & Sohna Plants of the Company and second pari-passu charge on current assets of the Company with other term lenders. Further secured by personal guarantee of two directors and equitable mortgage over the Land and Building at Plot no.28, Electronic city, Gurgaon, once the existing term loan of IDBI is repaid and its charges are satisfied.

\*\*\* ECB Loan from ICICI Bank is secured by way of first charge on the specific fixed assets including movable fixed assets and movable properties financed out of this loan. Further, secured by second pari-passu charge over all the existing fixed assets of the Company situated at Faridabad, Chennai, Pune, Sohna & Bawal plants and personal guarantee of two directors.

# Term Loan from Punjab National Bank is secured by way of first charge on the specific fixed assets financed out of this loan. Further, secured by second pari-passu charge on entire current assets, present & future and personal guarantee of two directors.

## Term loan from Yes Bank is secured by way of subservient charge on current assets and movable fixed assets and personal guarantee of three directors.

**SCHEDULE 4 - UNSECURED LOANS:**
**Fixed Deposits:**

i) From Directors	-		5,50,000	
ii) From Others	18,13,11,220	18,13,11,220	12,86,87,220	12,92,37,220

**Inter Corporate Deposit**

		1,00,00,000		4,30,00,000
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**Short Term Loans:**

i) From DBS Bank Ltd.	3,12,67,644		4,68,88,960	
ii) Interest accrued & due on above	9,658	3,12,77,302	2,08,219	4,70,97,179

<b>TOTAL</b>		<b>22,25,88,522</b>		<b>21,93,34,399</b>
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# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

### SCHEDULE 5 - FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01.04.2010 (₹)	Additions during the year (₹)	Deductions during the year (₹)	Cost as at 31.03.2011 (₹)	As at 01.04.2010 (₹)	For the year (₹)	Deductions during the year (₹)	Upto 31.03.2011 (₹)	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>Tangible Assets</b>										
Land										
– Freehold	3,45,76,335	-	-	3,45,76,335*	-	-	-	-	3,45,76,335	3,45,76,335
– Leasehold	4,13,98,978	-	-	4,13,98,978	7,55,867	4,59,801	-	12,15,668	4,01,83,310	4,06,43,111
Buildings	30,29,54,123	1,41,90,177	-	31,71,44,300	6,83,83,990	1,01,99,084	-	7,85,83,074	23,85,61,226	23,45,70,133
Plant, Machinery & Equipments	1,11,24,63,560	6,83,21,327	47,70,149	1,17,60,14,738@	55,61,98,798	6,65,23,774	45,26,269	61,81,96,303	55,78,18,435	55,62,64,762
Motor Vehicles	6,84,55,272	2,26,90,835	1,71,85,650	7,39,60,457**	3,54,10,488	1,05,87,659	1,11,06,346	3,48,91,801	3,90,68,656	3,30,44,784
Furniture, Fixtures & Office Equipments	4,71,76,163	93,92,410	2,53,893	5,63,14,680	2,84,77,996	34,34,343	62,657	3,18,49,682	2,44,64,998	1,86,98,167
Electrical Installations	5,74,37,977	12,82,062	-	5,87,20,039	1,28,71,910	27,82,989	-	1,56,54,899	4,30,65,140	4,45,66,067
Air-Conditioning Plant	67,10,214	9,75,105	-	76,85,319	16,24,754	3,30,816	-	19,55,570	57,29,749	50,85,460
Tube-Well	10,51,423	-	-	10,51,423	3,66,958	30,074	-	3,97,032	6,54,391	6,84,465
<b>Intangible Assets</b>										
Technical Know-How	3,10,49,926	29,64,912	-	3,40,14,838	17,4,81,195	64,36,420	-	2,39,17,615	1,00,97,223	135,68,731
Software	1,23,79,521	30,48,559	-	1,54,28,080	86,86,221	31,96,768	-	1,18,82,989	35,45,091	36,93,300
	<b>1,71,56,53,492</b>	<b>12,28,65,387</b>	<b>2,22,09,692</b>	<b>1,81,63,09,187</b>	<b>73,02,58,177</b>	<b>10,39,81,728</b>	<b>1,56,95,272</b>	<b>81,85,44,633</b>	<b>99,77,64,554</b>	<b>98,53,95,315</b>
Capital Work in Progress including advances									3,01,53,606	5,70,60,650
<b>TOTAL</b>	<b>1,71,56,53,492</b>	<b>12,28,65,387</b>	<b>2,22,09,692</b>	<b>1,81,63,09,187</b>	<b>73,02,58,177</b>	<b>10,39,81,728</b>	<b>1,56,95,272</b>	<b>81,85,44,633</b>	<b>1,02,79,18,160</b>	<b>1,04,24,55,965</b>
<b>Previous Year</b>	<b>1,56,90,22,111</b>	<b>15,76,19,705</b>	<b>1,09,88,324</b>	<b>1,71,56,53,492</b>	<b>64,26,41,648</b>	<b>9,19,24,870</b>	<b>43,08,341</b>	<b>73,02,58,177</b>	<b>1,04,24,55,965</b>	

\* Includes Land valuing ₹ 2,55,59,804 (Previous Year ₹ 2,55,59,804) for which the title is yet to be registered in the Company's name.

\*\* Includes cost of Vehicles ₹ 4,15,60,938 (Previous Year ₹ 3,41,19,314) acquired under hire purchase arrangement,

@ Includes cost of Machinerics ₹ 3,91,64,513 (Previous Year ₹ 3,91,64,513) acquired under hire purchase arrangement,

### SCHEDULE 6 - INVESTMENTS: LONG TERM AT COST

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>UNQUOTED :</b>				
<b>a) Trade Investments:</b>				
(Fully paid Equity Shares of ₹ 10/- each)				
<b>Joint Ventures:</b>				
48,00,000 Equity Shares of Nippon Leakless Talbro Pvt.Ltd.	4,80,00,000		4,80,00,000	
<b>Others:</b>				
1,77,962 Equity Shares of QH Talbro Ltd., a Company under the same management	32,45,680	5,12,45,680	32,45,680	5,12,45,680
<b>b) Non-Trade Investments:</b>				
<b>Mutual Funds:</b>				
1,00,000 Units of ₹ 10/- of SBI Infrastructure Fund-1-Growth	10,00,000		10,00,000	
<b>Equity Shares:</b>				
83,333 Equity Shares of T & T Motors Ltd.,	13,74,990	23,74,990	13,74,990	23,74,990
<b>TOTAL</b>		<b>5,36,20,670</b>		<b>5,36,20,670</b>

#### Notes:

- i) In Mutual Funds-Net Asset Value 9,37,000 10,34,000  
ii) In Unquoted Equity Shares-Book Value 5,26,20,670 5,26,20,670

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE - 7 - CURRENT ASSETS, LOANS AND ADVANCES :</b>				
<b>CURRENT ASSETS:</b>				
Interest accrued on Investments and Deposits		85,12,344		1,65,91,051
<b>Inventories:</b>				
(Taken, valued and certified by the Management at lower of cost or net realisable value unless otherwise stated)				
Stores & Spare Parts (including loose tools) at cost or under Stock-in-Trade (including Goods in Transit)		15,16,81,216		15,23,35,147
– Finished Goods	18,36,14,176		10,68,50,108	
– Work-in-Progress	21,66,39,554		17,41,59,827	
– Raw Materials	26,77,66,510	66,80,20,240	16,73,80,003	44,83,89,938
		<u>81,97,01,456</u>		<u>60,07,25,085</u>
<b>Sundry Debtors :</b>				
Unsecured:				
Debts outstanding for a period exceeding six months				
– Considered Good	3,11,39,232		2,53,55,695	
– Considered Doubtful	57,49,356	3,68,88,588	57,49,356	3,11,05,051
Other Debts-Considered Good*		59,14,94,856		47,71,24,778
		62,83,83,444		50,82,29,829
Less:Provision for Doubtful Debts		57,49,356		57,49,356
		<u>62,26,34,088</u>		<u>50,24,80,473</u>
<b>Cash and Bank Balances:</b>				
Cash in Hand (including imprest)		16,88,059		15,57,912
Balances with Scheduled Banks:				
– Current Accounts	1,16,46,987		1,57,16,651	
– Margin Money (Pledged with Banks)	1,31,20,178		1,13,63,276	
– Deposit Accounts	74,10,609	3,21,77,774	17,42,334	2,88,22,261
		3,38,65,833		3,03,80,173
<b>LOANS AND ADVANCES:</b>				
Unsecured:Considered Good:				
Inter-Corporate Deposits				
Advances recoverable in cash or in kind or for value to be received**		7,35,50,000		7,34,50,000
– Considered Good	7,59,61,664		8,87,71,755	
– Considered Doubtful	37,50,000		37,50,000	
	7,97,11,664		9,25,21,755	
Less:Provision for Doubtful Advances	37,50,000	7,59,61,664	37,50,000	8,87,71,755
Advance Tax	1,87,73,213		3,18,39,895	
Less:Provision for Taxation	1,43,50,000	44,23,213	1,63,15,000	1,55,24,895
MAT Credit Entitlement (Refer note 21 of schedule 13B)		4,47,34,626		3,07,65,000
Balance with Central Excise & Custom Authorities		9,57,35,332		9,15,75,498
Security Deposits		73,31,639		71,81,110
Claims Receivable		15,90,993		16,41,381
		<u>30,33,27,467</u>		<u>30,89,09,639</u>
<b>TOTAL</b>		<b><u>1,78,80,41,188</u></b>		<b><u>1,45,90,86,421</u></b>

\*Includes balance due from

– a Company under the same Management  
QH Talbros Ltd.

17,29,71,343

13,48,53,240

\*\*Includes balance due from

– Companies under the same Management

Maximum

Maximum

balance

balance

outstanding

outstanding

at any time

at any time

As at  
31.03.2011

during the Year

As at

31.03.2010

during the Year

QH Talbros Ltd.

1,07,53,357

1,11,82,413

71,06,993

73,10,380



# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE - 8 : CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Current Liabilities:</b>				
Acceptances		31,23,39,074		16,88,31,061
Sundry Creditors (Refer note 11 of Schedule 13B)				
– Micro and small enterprises	3,01,37,707		2,72,13,503	
– Others	45,09,39,095	48,10,76,802	35,66,61,644	38,38,75,147
Statutory Liabilities		2,77,74,768		2,28,63,453
Interest accrued but not due				
– on Secured Loans		11,35,718		22,95,621
– on Unsecured Loans		94,58,674		38,34,486
Liability towards Investors Education and Protection Fund*				
i) Unclaimed Dividend	16,93,792		15,65,179	
ii) Unclaimed Fixed Deposits	16,22,000		3,85,000	
iii) Unclaimed Fractional Shares	3,087		3,087	
iv) Interest Accrued on above	2,27,414	35,46,293	1,07,248	20,60,514
<b>TOTAL</b>		<b>83,53,31,329</b>		<b>58,37,60,282</b>
* There are no amounts due for payment to Investor-Education Protection Fund				
<b>Provisions For:</b>				
Proposed Dividend		1,48,14,756		1,23,45,630
Corporate Dividend Tax		24,03,324		20,50,455
Leave Encashment		75,57,872		66,07,920
Gratuity		3,12,76,961		2,55,23,882
<b>TOTAL</b>		<b>5,60,52,913</b>		<b>4,65,27,887</b>
<b>TOTAL</b>		<b>89,13,84,242</b>		<b>63,02,88,169</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE - 9 : OTHER INCOME</b>				
a) Interest (Gross)				
– Term Deposits with Banks	12,33,302		7,79,397	
– Others	1,06,56,098	1,18,89,400	76,11,967	83,91,364
(Tax Deducted at Source ₹ 10,36,988, Previous Year ₹ 9,54,899)				
b) Dividend from :				
– Long Term (Trade Investments)		2,44,86,572		242,19,629
c) Profit on sale of Fixed Assets(net)		11,35,638		3,03,819
d) Profit on sale of Investment(net)		-		23,800
e) Exchange Fluctuation (net)		-		75,15,607
f) Miscellaneous Income		9,99,741		12,62,401
<b>TOTAL</b>		<b>3,85,11,351</b>		<b>4,17,16,620</b>

**SCHEDULE - 10 : INCREASE/(DECREASE) IN STOCK OF  
FINISHED GOODS AND WORK-IN-PROGRESS**
**Closing Stock:**

– Finished Goods	18,36,14,176		10,68,50,108	
– Work-in-Progress	21,66,39,554	40,02,53,730	17,41,59,828	28,10,09,936

**Less: Opening Stock:**

– Finished Goods	10,68,50,108		9,74,16,009	
– Work-in-Progress	17,41,59,828	28,10,09,936	12,94,21,943	22,68,37,952

<b>TOTAL</b>		<b>11,92,43,794</b>		<b>5,41,71,984</b>
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# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 11 - MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>				
Stores & Spares Consumed		19,45,42,054		12,81,55,882
Fuel, Light and Power		13,41,68,544		10,71,63,230
Labour and Processing Charges		4,37,83,091		4,47,20,967
Royalty		55,40,549		46,36,818
Salaries, Wages and Other Benefits:				
– Salaries, Wages, Allowances and Bonus	29,76,34,546		24,06,93,498	
– Workmen and Staff Welfare Expenses	2,44,84,699		1,95,50,586	
– Contribution to:				
Provident Fund (including Family Pension Schemes)	1,41,13,244		1,23,38,751	
Employees State Insurance Fund	30,89,523		14,47,587	
Employees Group Gratuity-Cum-Life Assurance Fund	1,14,08,414		1,01,19,888	
Super Annuation Fund	31,49,335		27,87,456	
Leave Encashment	44,86,153	35,83,65,914	27,56,313	28,96,94,079
Repairs and Maintenance:				
– Buildings	73,82,886		42,44,708	
– Plant and Machinery	3,58,40,474		2,42,31,881	
– Other Assets	53,53,909	4,85,77,269	50,72,108	3,35,48,697
Rent		28,81,693		18,22,104
Rates and Taxes		15,99,024		24,60,685
Insurance		46,56,828		56,04,035
Commission on exports		42,58,247		27,59,030
Travelling, Tour and Conveyance		4,77,90,448		3,72,61,243
Brokerage and Discount on Sales		4,26,65,944		4,19,62,917
Sales Promotion Expenses		3,08,57,505		2,40,22,120
Packing, Freight and Forwarding		7,66,09,794		5,07,79,295
Printing, Stationery, Postage, Telegrams				
Telephones and Telex		1,79,31,210		1,65,01,618
Advertisement and Publicity		3,20,263		1,77,137
Remuneration to Auditors		9,24,750		11,44,214
Directors' Fee		2,00,000		2,80,000
Donations		2,33,504		1,09,236
Provision for Excise Duty on Finished Goods		56,24,175		19,96,150
Provision for doubtful debts / advances		-		50,94,417
Amounts written off (net) (Refer note 17 of Schedule 13B)		24,017		1,80,380
Exchange Fluctuation (net)		15,04,237		-
Miscellaneous Expenditure Written off		-		3,37,508
Other Miscellaneous Expenses		3,42,75,581		2,93,63,319
<b>TOTAL</b>		<b>1,05,73,34,641</b>		<b>82,97,75,081</b>
<b>SCHEDULE 12 - INTEREST AND FINANCE CHARGES:</b>				
<b>A Interest</b>				
a) On Fixed Deposits:				
i) Directors	36,316		55,001	
ii) Others	2,10,68,963	2,11,05,279	77,45,485	78,00,486
b) On Inter Corporate Deposit		17,22,740		43,89,041
c) On Term loans		3,94,99,610		3,73,90,473
d) Others		8,35,73,281		7,51,28,350
<b>B. Finance Charges</b>				
Bank & Finance Charges		2,04,15,172		2,08,35,967
<b>TOTAL</b>		<b>16,63,16,082</b>		<b>14,55,44,317</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.**

**SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Accounting Convention:**

The financial statements are prepared on accrual basis, under the historical cost convention in accordance with applicable Accounting principles in India, applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of Companies Act, 1956.

**2. Investments:**

Long term investments are stated at cost, less any provision for diminution other than temporary in nature.

**3. Inventory Valuation:**

Raw Materials and Stores & spare parts are valued at lower of cost or net realizable value. Cost represents landed cost and is determined on First in First Out (FIFO) basis. Tools are amortised over their expected useful life.

Finished Goods & Work-in-Progress are valued at lower of cost or net realizable value. Cost for this purpose includes materials, labour and appropriate allocation of overheads. Excise duty on stock lying with Company is added to the cost of finished goods inventory.

**4. Fixed Assets**

**Tangible**

4.1 Fixed Assets are stated at cost of acquisition or construction and include amounts added on revaluation, less accumulated depreciation.

**Intangible**

4.2 Technical know-how fee is recognized as an Intangible Asset in accordance with Accounting Standard 26 (AS-26) "Intangible Assets". Amortization of the asset is being done over the period of the Agreement.

4.3 Expenditure on Major Software Products is written off over a period of three years excepting Forging Division where the Software products are written off over a period of five years.

**5. Depreciation / Amortisation**

Depreciation in Gasket plants situated at Faridabad, Chennai, Pune and Sohna is charged on straight line method on assets comprising plant, machinery and equipments (except on items acquired prior to 1.9.1978 at the Chennai plant and prior to 31.12.1985 at Faridabad plant which are depreciated on written down value method) and on written value method on all other depreciable assets, as per the rates prescribed in schedule XIV to the Companies Act 1956.

In IT Division, plant, machinery and equipments are depreciated at a rate arrived at on the basis of their useful life and on all other assets depreciation is charged on written value method as per the rates prescribed in schedule XIV to the Companies Act 1956.

Depreciation in Sitarganj Gasket Plant, Forging Plant and Stamping Plant is charged on straight line method on all fixed assets other than vehicles as per the rates prescribed in schedule XIV to the Companies Act 1956. Depreciation on vehicles is provided on written down value method.

In respect of additions to/deductions from fixed assets during the year, depreciation is charged on pro-rata basis. Assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition.

**6. Revenue Recognition:**

6.1 Revenue from Operations includes excise duty and is net of returns and trade discounts. Excise duty relating to sales is adjusted against Revenue from Operation. Excise duty on the increase/decrease in the stock of finished goods is recognized as part of the manufacturing expenses.

6.2 Dividend is accounted for on accrual basis when the right to receive the dividend is established.

6.3 Export incentives are accounted on accrual basis.

**7. Foreign Currency Transactions:**

Transactions in foreign currency are accounted at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates, if any, on settlement are recognized in the Profit and Loss Account except in the case of long term monetary items relating to acquisition of fixed assets where such gains/losses are adjusted to the cost of fixed assets.

Foreign currency monetary items are converted at the exchange rate prevailing as at the year end and resultant gain/loss is charged to Profit and Loss Account, except in case of long term monetary items representing liabilities relating to acquisition of fixed assets which are adjusted to the cost of the respective assets. In respect of transactions covered by foreign exchange forward contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

# Talbro Automotive Components Limited

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## SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

### SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

#### 8. Employee Benefits:

- i) Provident Fund is a defined contribution scheme (Government scheme) and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- ii) Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the fund are due.
- iii) Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- iv) Long Term compensated absences are provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- v) Actuarial gains/losses are immediately taken to the Profit & Loss Account and are not deferred.

#### 9. Borrowing Costs:

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets upto the date the assets are ready for its intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

#### 10. Leases

Financial leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at an amount equal to Present value of future lease payments and corresponding amount is recognized as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs, if any, are capitalized.

#### 11. Deferred Tax

Deferred tax is recognized, subject to the consideration of prudence on timing differences, representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets viz, unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### 12. Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Profit & Loss Account to the extent the carrying amount exceeds recoverable amount.

#### 13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision are recognized only when it is virtually certain that the reimbursements will be received.

Contingent Liability is disclosed in the case of

- a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) A possible obligation, of which the probability of outflow of resources is remote.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date. Contingent Assets are neither recognized nor disclosed.

#### 14. Financial Instruments

The Company uses derivatives and other instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments as and when required.



**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.**

**SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):**

**B NOTES ON FINANCIAL STATEMENTS :**

**1 Estimated Amount of Contracts:**

Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances) - ₹ 1,07,92,476 (Previous Year ₹ 2,57,73,970).

**2 Contingent Liabilities :**

**2.1** Bills discounted with Banks ₹ 2,65,96,629 ( Previous year ₹ 2,08,31,448 ).

**2.2** Demands disputed by the Company and not provided for :-

(Amount in ₹)

	<u>NATURE OF DUES</u>	<u>As at March 31, 2011</u>	<u>As at March 31, 2010</u>
(a) Central Excise	Classification of paper gasket	14,17,866	14,17,866
(b) Central Excise	Cenvat credit	-	1,64,496
(c) Service Tax	Cenvat credit	61,18,185	39,51,811
(d) Central Sales Tax	Central Sales Tax	1,19,180	1,19,180
(e) Haryana Value Added Tax	Disallowing input tax	2,73,548	-
(f) Central Excise	Demand on Assessable value (Ex.)	42,95,902	38,39,495
(g) E.S.I	ESI Demand (Includes Rs.4,34,130 paid under protest)	45,63,241	12,35,717
(h) Income Tax	Disallowances	4,47,739	4,47,739
(i) Demand from HSIIDC	Demands for enhancement of land cost by HSIIDC	1,29,47,554	86,88,515
(j) High Court, Mumbai	Fees for building work	2,05,000	2,05,000
(k) Demand from building contractor	Disputed amount for building work	-	14,08,880
Total		3,03,88,215	2,14,78,699

**2.3** Guarantees executed in favour of Customs / Excise / Sales Tax / Customers amounting to ₹ 36,47,945 (Previous Year ₹ 23,75,445)

**2.4** Corporate Guarantee executed in favour of ICICI Bank Ltd. amounting to ₹ 8.64 Crore (USD 1.91 Millions) {Previous Year ₹ 8.73 Crores (USD 1.91 Millions)} against term borrowing of QH Talbros Ltd., an Associate Company.

# Talbro Automotive Components Limited

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

## SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

	Year Ended March 31, 2011 (₹)	Year Ended March 31, 2010 (₹)
<b>3 REMUNERATION TO DIRECTORS :</b>		
a) Salaries	36,30,000	28,20,000
b) Other Perquisites	36,68,596	31,18,400
<b>TOTAL</b>	<b>72,98,596</b>	<b>59,38,400</b>

The Managing Director of the Company was paid remuneration (without any commission) in accordance with the provisions of Schedule XIII to the Companies Act, 1956. Therefore computation of net profit under section 198 of the Companies Act, 1956 is not applicable.

### 4 DEFERRED TAX ASSETS / LIABILITIES ( NET )

The deferred tax assets / liabilities as at 31st March 2011 comprise of the following :

Particulars	Deferred Tax Assets/ (Liabilities)	(Charge)/ Credit during the year	Deferred Tax Assets/ (Liabilities)
	As at <u>31.03.2010</u>		As at <u>31.03.2011</u>
Depreciation	(7,49,60,905)	(37,21,507)	(7,86,82,412)
Disallowable u/s 43B	58,26,875	12,03,874	70,30,749
Provision for doubtful debts/advances	31,89,095	(73,942)	31,15,153
<b>Total</b>	<b>(6,59,44,935)</b>	<b>(25,91,575)</b>	<b>(6,85,36,510)</b>

### 5 COMPOSITION OF RAW MATERIALS AND COMPONENTS CONSUMED:-

IMPORTED & INDIGENOUS (as certified by the management)

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	%	Value (₹)	%	Value (₹)
Imported	29.31%	43,83,94,282	30.01%	33,11,84,958
Indigenous	70.69%	1,05,71,94,741	69.99%	77,25,60,551
<b>TOTAL</b>	<b>100.00%</b>	<b>1,49,55,89,023</b>	<b>100.00%</b>	<b>1,10,37,45,509</b>

### 6 COMPOSITION OF STORES AND SPARES CONSUMED: -

IMPORTED & INDIGENOUS (as certified by the management)

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	%	Value (₹)	%	Value (₹)
Imported	5.26%	1,02,32,398	12.43%	1,59,29,084
Indigenous	94.74%	18,43,09,656	87.57%	11,22,26,798
<b>TOTAL</b>	<b>100.00%</b>	<b>19,45,42,054</b>	<b>100.00%</b>	<b>12,81,55,882</b>

### 7 REMUNERATION TO AUDITORS:

This comprises the following:

Audit Fee (includes ₹ 70,000 (Previous year ₹ 60,000) to Branch Auditors)	5,20,000	5,35,000
Tax Audit Fee (includes ₹ 16,000 (Previous year ₹ 16,000 ) to Branch Auditors)	1,16,000	2,16,000
For Limited Review	1,50,000	2,07,500
For Other certification	1,38,750	1,85,714
Service Tax	95,249	1,17,854
<b>TOTAL</b>	<b>10,19,999</b>	<b>12,62,068</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.**

**SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):**

**8 LICENSED/INSTALLED CAPACITY ETC:\***

	<b>Auto Components &amp; Parts</b>	<b>IT Activities</b>
<b>8.1</b> Licensed Capacity	Not Applicable	Not Applicable
<b>8.2</b> Installed Capacity (As certified by the Management and on which Auditors have placed reliance, this being a technical matter)	Not ascertainable due to the nature & varieties of the end product	Not ascertainable due to the nature & varieties of the end product
<b>8.3</b> Actual Production (Completed)	14,06,75,503 (11,39,49,280)	-

\* (Note:Corresponding figures for the previous year, wherever applicable, appear in brackets)

**9 FOREIGN CURRENCY TRANSACTIONS:**

	<u>Year Ended March 31, 2011</u>	<u>Year Ended March 31, 2010</u>
	(₹)	(₹)
<b>9.1 Value of Imports Calculated on C.I.F.basis:</b>		
a) Raw Materials, Stores & spares	48,67,47,749	33,01,18,955
b) Plant and Machinery	3,16,65,547	121,48,188
c) Tools & Dies	50,40,186	60,43,668
<b>9.2 Expenditure etc:</b>		
a) Selling Agency Commission remitted	28,15,324	12,72,410
b) Foreign Travel (Foreign Exchange utilised)	95,33,903	83,92,647
c) Foreign Subscription, Newspaper & Periodicals	-	99,348
d) Royalty remitted (Net of Tax ₹ 5,73,575 (Previous year ₹ 4,75,479))	49,13,877	40,73,641
e) Technical Know how fees remitted (Net of Tax ₹ 2,51,262 (Previous year ₹ 3,19,695))	21,39,864	26,83,804
f) Export Promotion Expenses	9,11,671	6,53,881
g) Exhibits & Shows	6,03,128	7,04,474
h) Interest on ECB Loans	30,00,435	62,72,565
i) ECB Loans Repayments	2,62,78,156	2,71,22,547

**9.3 Remittance in Foreign Currency on account of Dividend**

Year	Nos. of Shares held	Nos. of non-resident Shareholders		
2009-10	3,66,752	26	3,66,752	1,83,381

**9.4 Earnings in Foreign Exchange:**

- Value of Exports on F.O.B. basis	39,89,95,783	24,70,90,993
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**10 EXCISE DUTY:**

The finished goods at Sohna plant (Material Division), Gurgaon is considered as raw material for the company because the same is used for manufacturing gaskets at Faridabad and other plants. Accordingly the excise duty liability on excisable goods manufactured at Sohna, but pending removal / clearance from the factory premises as at 31.03.2011, estimated at ₹ 2,33,666 (Previous year ₹ 3,84,600) is not accounted for. If the said liability would have been accounted, it would have resulted in a higher charge of excise duty with corresponding adjustment of liability and a higher inventory by ₹ 2,33,666 (Previous year ₹ 3,84,600). However, this would have no effect on the net profit of the Company for the accounting year or on the net current assets as at 31.03.2011.

# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

### SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

- 11 The Micro & Small Enterprises have been identified by the Company from the available information. According to such identification, the disclosure in respect of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is as under:

	Year Ended March 31, 2011	Year Ended March 31, 2010
	(₹)	(₹)
a. The principal amount remaining unpaid to such suppliers	3,01,37,707	2,72,13,503
b. The interest due thereon remaining unpaid to such suppliers	Nil	Nil
c. The amount of interest paid in terms of Section 16 of the MSMED Act along with the amount of the payment made to the suppliers beyond the appointed date	Nil	Nil
d. The amount of interest due and payable for the period of delay in making payment	Nil	Nil
e. The amount of interest due and payable and remaining unpaid	Nil	Nil
f. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	Nil	Nil

- 12 Small Industries Development Bank of India (SIDBI) has sanctioned a limit of ₹ 900 lacs for discounting hundies of SSI vendors. This facility is secured by way of second pari-passu charge in favour of SIDBI on all the current assets of the Company including stock, raw material, stock in process, finished & semifinished goods, consumable stores, etc. both present and future and is further secured by personal guarantee of two directors. The hundies accepted by the Company and outstanding balance as at 31st March, 2011 amounted to ₹ 8,20,49,976 (Previous Year ₹ 4,55,12,851). These amounts have already been provided in the books of accounts.

- 13 Pursuant to the notification dated March 31, 2009 issued by the Ministry of Corporate affairs, the Company has exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS -11 "The Effect of Changes in Foreign Exchange Rates" to add or deduct the foreign Exchange fluctuation to capital cost of the Assets. As a result, the exchange gain of ₹ 0.23 lacs (Previous Year ₹ 32.73 lacs) during the year has been deducted from the cost of fixed assets.

#### 14 SEGMENT REPORTING - AS-17 :

##### a) Primary Segment :

The Company's operations comprise of two segments viz , "Auto Components & Parts" and "IT Activities". In terms of the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", IT Activities segment does not fall within the purview of Reportable Segments.

##### b) Secondary Segment :

The company caters to the needs of the Indian as well as foreign market. The risk and returns vary from country to country and export to none of the countries exceeds 10% of the sales turnover of the Company. Hence it is not reportable

#### 15 RELATED PARTY DISCLOSURE

As per the Accounting Standard (AS-18) Related Party Disclosures issued by the Institute of Chartered Accountants of India, the Company's related parties are as follows :-

##### a) Relationship

###### i) Joint Ventures

Nippon Leakless Talbro Pvt. Ltd.

###### ii) Associates

QH Talbro Ltd.,  
Talbro International Ltd.

###### iii) Key Management personnel (Whole time Directors)

Mr. Umesh Talwar, Mr. Varun Talwar

###### iv) Relatives of Key Management Personnel

Mr. Anuj Talwar, Son of Mr. Umesh Talwar

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.**

**SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):**

b) The following transactions were carried out with related parties during the year in the ordinary course of business.

Nature of Transactions	Joint Venture	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	₹	₹	₹	₹	₹
Sale of goods	-	58,94,14,646	-	-	58,94,14,646
	(676)	(40,42,15,757)			(40,42,16,433)
Receivables/Debtors	42,78,904	17,29,41,155	-	-	17,72,20,059
	-	(13,48,53,240)			(13,48,53,240)
Receivables/Others	-	1,07,53,357	-	-	1,07,53,357
		(71,06,993)			(71,06,993)
Payables/Creditors	-	-	-	-	-
	(78,40,956)				(78,40,956)
Rendering of services (Income)	1,64,78,645	-	-	-	1,64,78,645
	(1,61,03,487)				(1,61,03,487)
Purchase of goods	23,29,275	2,12,33,840	-	-	2,35,63,115
	(3,76,06,807)	(73,48,559)			(4,49,55,366)
Dividend	2,40,00,000	4,44,905	-	-	2,44,44,905
	(2,40,00,000)	(1,77,962)			(2,41,77,962)
Remuneration	-	-	72,98,596	23,76,544	96,75,140
			(59,38,400)	(22,58,800)	(81,97,200)

(Note: Details of remuneration to whole time directors are given under Point No. 3 above. Corresponding figures for the previous year, wherever applicable, appear in brackets).

**16 Employee Benefits**

**16.1 Defined Contribution Plans:**

	2010-11 (₹)	2009-10 (₹)
a) Employer's Contribution to Superannuation Fund	31,49,335	27,87,456
b) Employer's Contribution to Provident Fund	1,41,13,244	1,23,38,751

**16.2 Defined Benefit Plans:**

**a) Gratuity Fund / Compensated Absences**

**i) Change in the Present Value of the Obligation:**

	GRATUITY		COMPENSATED ABSENCES	
	2010-11	2009-10	2010-11	2009-10
- Obligation at the beginning of the year	4,96,51,672	4,34,00,538	66,07,920	61,27,649
- Current Service Cost	40,73,575	36,97,119	35,77,247	32,70,690
- Interest Cost	39,72,134	34,72,043	4,11,342	4,18,356
- Actuarial Gains/ Loss	37,07,863	23,62,854	4,98,564	(7,97,150)
- Benefits paid during the year	(41,24,134)	(32,80,882)	(35,37,201)	(24,11,625)
- Obligation at the end of the year	<b>5,72,81,110</b>	<b>4,96,51,672</b>	<b>75,57,872</b>	<b>66,07,920</b>

**ii) Change in the Fair Value of the Plan Assets**

- Plan Assets at the beginning of the year	2,73,53,073	2,17,47,416	-	-
- Expected return on Plan Assets	24,88,424	21,38,691	-	-
- Contributions by employer	43,60,361	67,47,848	-	-
- Actuarial Gains/ Loss	-	-	-	-
- Benefits Paid during the year	(41,24,134)	(32,80,882)	(35,37,201)	(24,11,625)
- Plan Assets at the end of the year	<b>3,00,77,724</b>	<b>2,73,53,073</b>	<b>(35,37,201)</b>	<b>(24,11,625)</b>

**iii) Amount of Obligations & Assets recognized in the Balance Sheet**

- Present Value of Obligations at the end of the year	5,72,81,110	4,96,51,672	75,57,872	66,07,920
- Fair Value of Assets at the end of the year	3,00,77,724	2,73,53,073	-	-
- Net Obligation recognized in the Balance Sheet	<b>2,72,03,386</b>	<b>2,22,98,599</b>	<b>75,57,872</b>	<b>66,07,920</b>



# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

### SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

	GRATUITY		COMPENSATED ABSENCES	
	2010-11	2009-10	2010-11	2009-10
<b>iv) Expenses Recognized in the Profit and Loss Account</b>				
- Current Service Cost	(40,73,575)	(36,97,119)	(35,77,247)	(32,70,690)
- Interest Cost	(39,72,134)	(34,72,043)	(4,11,342)	(4,18,356)
- Expected return on Plan Assets	-	(1,82,126)	-	-
- Actuarial Gains/ Loss	(37,07,863)	(23,62,854)	(4,98,564)	7,97,150
- Excess provided earlier years	-	-	-	-
<b>Total</b>	<b>(1,17,53,572)</b>	<b>(97,14,142)</b>	<b>(44,87,153)</b>	<b>(28,91,896)</b>
<b>v) Actuarial Assumptions</b>				
- Mortality Rate	LIC (1994-96) ULTIMATE			
- Withdrawal Rate	1% to 3% depending on age			
- Discount Rate	8.00%	8.00%	8.50%	8.50%
- Salary Escalation	6.00%	6.00%	6%	6%
- Expected Rate of return on Plan Assets	9.25%	9.25%	-	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

17 Amounts written off (net) include advances of ₹ 8,58,124 that are not recoverable and have been written off and ₹ 8,82,141 being amounts due to different parties that are no more payable and have been written back.

18 Letters seeking confirmation of outstanding balances at year end have been sent to all the customers / suppliers / recoverables. Confirmations have been received in few cases. Adjustments, if any, will be made in the current year on receipt / reconciliation of remaining confirmations.

#### 19 Interest in Joint Venture

The Company has a joint venture in M/s. Nippon Leakless Talbro Private Limited, a Company incorporated in India engaged in manufacturing Gaskets, wherein Company holds 40% ownership interest. The proportionate assets, liabilities, expenses and incomes have been disclosed in the Consolidated Financial Statements.

#### 20 Earnings Per Share :

Basic Earnings		2010-11	2009-10
a)	Calculation of weighted average number of equity shares		
	Number of equity shares at the beginning of the year	1,23,45,630	1,23,45,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,23,45,630
b)	Net Profit after tax available for equity share holders	9,51,10,523	6,06,42,643
c)	Basic earning per share (Face value of ₹ 10 each)	7.70	4.91
Diluted Earnings			
a)	Calculation of weighted average number of equity shares		
	Number of equity shares at the beginning of the year	1,23,45,630	1,23,45,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,23,45,630
b)	Net Profit after tax available for equity share holders	9,51,10,523	6,06,42,643
c)	Diluted earning per share (Face value of ₹ 10 each)	7.70	4.91

21. The Company has provided Minimum Alternate Tax (MAT) due to carrying forward of unabsorbed accumulated losses and unabsorbed depreciation of the amalgamating Companies, and further, the Company is entitled for MAT Credit amounting to ₹ 4,47,34,626 (Previous Year ₹ 3,07,65,000) as per provisions of Income Tax Act, 1961.

22 Previous year figures have been regrouped/rearranged wherever necessary.

Schedules 1 to 13 are annexed to and form an integral part of the Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended on that date.

(SEEMA NARANG) (R.P. GROVER) (UMESH TALWAR) (NARESH TALWAR) AS PER OUR REPORT OF EVEN DATE  
Company Secretary CFO Vice Chairman & Chairman For S.N. DHAWAN & CO.  
Chartered Accountants  
Firm Regn. No.: 000050N

(SURESH SETH)  
Partner  
M. NO. F-10577

Place : New Delhi  
Dated : 26.05.2011

**PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	2010-11		2009-10	
	₹	₹	₹	₹
<b>A. Cash flows from Operating Activities</b>				
<b>a. Net Profit before tax</b>		9,79,03,297		5,41,85,685
Adjustments for:				
Depreciation/Amortisation	10,38,86,268		9,18,18,803	
Misc. Expenses Written off	-		3,37,508	
Interest Expense	16,63,16,082		14,55,44,317	
Foreign Exchange Fluctuation	15,04,237		(7,24,938)	
Interest Income	(1,18,89,400)		(83,91,364)	
Dividend Income	(2,44,86,572)		(2,42,19,629)	
Profit on Sale of Assets	(11,35,638)		(3,03,819)	
Profit on sale of Investments	-		(23,800)	
Provision for doubtful debts	-		50,94,417	
		<u>23,41,94,977</u>		<u>20,91,31,495</u>
<b>b. Operating profit before Working Capital changes</b>		<b>33,20,98,274</b>		<b>26,33,17,180</b>
Adjustments for:				
Current Assets, Loans and advances	(13,82,73,125)		(5,72,77,741)	
Inventories	(21,89,76,371)		(12,05,41,857)	
Current Liabilities	25,08,19,777	(10,64,29,719)	4,38,94,145	(13,39,25,453)
<b>c. Cash generated from Operations</b>		<b>22,56,68,555</b>		<b>12,93,91,727</b>
Direct Taxes (paid) / refund	2,12,00,483	2,12,00,483	(12,15,383)	(12,15,383)
<b>Net Cash from Operating Activities</b>		<b>24,68,69,038</b>		<b>12,81,76,344</b>
<b>B. Cash flows from Investing Activities</b>				
Proceeds from sale of Fixed Assets	76,50,058		69,83,802	
Movement in Inter-Corporate Deposits	(1,00,000)		(52,00,000)	
Interest Received	1,99,68,107		75,63,882	
Dividends Received	2,68,86,572		1,22,19,629	
Purchase of Fixed Assets	(9,59,58,343)		(14,99,85,332)	
Proceeds from sale of Investments	-		23,900	
<b>Net Cash flow from investing activities</b>		<b>(4,15,53,606)</b>		<b>(12,83,94,119)</b>
<b>C. Cash flows from Financing Activities</b>				
Interest Paid		(16,23,31,231)		(14,14,86,547)
Margin Money - Release (Increase)	(17,56,902)		(43,24,188)	
Proceeds from Borrowings	9,52,83,301		23,01,80,418	
Repayment of Borrowings	(12,05,14,370)		(7,97,52,463)	
Dividends Paid	(1,22,17,017)		(63,87,537)	
Dividend Tax Paid	(20,50,455)		(10,49,070)	
<b>Net Cash flow from Financing Activities</b>		<b>(20,35,86,674)</b>		<b>(28,19,387)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>		<b>17,28,758</b>		<b>(30,37,162)</b>
<b>Cash and Cash Equivalents as at</b>				
-the beginning of the year		<b>1,90,16,897</b>		<b>2,20,54,059</b>
-the end of the year		<b>2,07,45,655</b>		<b>1,90,16,897</b>

**Note :-**

1. Margin money pledged with banks has not been included in cash & cash equivalents.
2. The effect of revaluation of assets has been deleted both from the value of assets and movement of reserves.
3. Cash & cash equivalents include cash in hand, demand deposits with Banks and short term highly liquid investments.
4. Previous year figures have been regrouped wherever necessary.

<b>(SEEMA NARANG)</b> Company Secretary	<b>(R.P. GROVER)</b> CFO	<b>(UMESH TALWAR)</b> Vice Chairman & Managing Director	<b>(NARESH TALWAR)</b> Chairman	AS PER OUR REPORT OF EVEN DATE For <b>S.N. DHAWAN &amp; CO.</b> Chartered Accountants Firm Regn. No.: 000050N
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**(SURESH SETH)**  
Partner  
M. NO. F-10577

Place : New Delhi  
Dated : 26.05.2011

# Talbro Automotive Components Limited

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED MARCH 31, 2011.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.

3 3 1 0 7

State code

0 5

Balance Sheet

3 1 0 3 2 0 1 1

Date Month Year

### II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue

- - - N I L - - -

Right Issue

- - - N I L - - -

Bonus Issue

- - - N I L - - -

Private Placement

- - - N I L - - -

### III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities

1 9 7 8 1 9 6

Total Assets

1 9 7 8 1 9 6

#### Source of Funds

Paid up Capital

1 2 3 4 5 6

Reserves & Surplus

7 0 0 6 1 4

Secured Loans

8 6 3 0 0 0

Unsecured Loans

2 2 2 5 8 9

Deferred Tax Liabilities (Net)

6 8 5 3 7

#### Application of Funds

Net Fixed Assets

1 0 2 7 9 1 8

Investments

5 3 6 2 1

Net Current Assets

8 9 6 6 5 7

Misc. Expenditure

- - - N I L - - -

Accumulated Losses

- - - N I L - - -

### IV. Performance of Company (Amount in ₹ Thousands)

Turnover (Gross)

3 2 8 3 2 1 2

Total Expenditure

3 1 8 5 3 0 9

Profit Before Tax

9 7 9 0 3

Profit After Tax

9 5 1 1 1

Earning per Share in Rs.

7 . 7 0

Dividend Rate %

1 2

### V. Generic Name of Principal Products of the Company (as per monetary terms)

Item Code No.

8 4 8 4 1 0

Product Description

A U T O C O M P O N E N T S

(SEEMA NARANG)  
Company Secretary

(R.P. GROVER)  
CFO

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

(NARESH TALWAR)  
Chairman

Place : New Delhi  
Dated : 26.05.2011

**CONSOLIDATED  
BALANCE SHEET  
AND  
PROFIT & LOSS ACCOUNT**

## Auditors' Report

To

The Board of Directors

**TALBROS AUTOMOTIVE COMPONENTS LIMITED**

1. We have audited the attached consolidated Balance Sheet of TALBROS AUTOMOTIVE COMPONENTS LIMITED as at March 31, 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding component. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statement have been prepared by the Company in accordance with the requirement of Accounting Standard (AS)-21 "Consolidated Financial Statements" and AS-27 "Financial Reporting of interests in joint ventures" issued by The Institute of Chartered Accountants of India.

In our opinion and to the best of information and explanations given to us the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) In case of Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2011.
- ii) In cases of Consolidated Profit and Loss Account, of the profit of the Company for the year ended on that date: and
- iii) In case of Consolidated Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

**For S.N. DHAWAN & CO.**  
Chartered Accountants  
Firm Reg. No. 000050N

**(Suresh Seth)**  
Partner  
M. No.10577

Place : New Delhi  
Date : May 26, 2011



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Schedule	As at March 31, 2011		As at March 31, 2010	
		₹	₹	₹	₹
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	1	12,34,56,300		12,34,56,300	
Reserves and Surplus	2	74,92,37,578	87,26,93,878	66,86,50,376	79,21,06,676
<b>Loan Funds:</b>					
Secured Loans	3	86,29,99,972		89,33,21,764	
Unsecured Loans	4	22,25,88,522	1,08,55,88,494	21,93,34,399	1,11,26,56,163
<b>Deferred Tax Liabilities (Net)</b> (Refer note 4 of Schedule 13B)		7,20,93,956	7,20,93,956	6,93,61,353	6,93,61,353
<b>TOTAL</b>			<b>2,03,03,76,328</b>	<b>1,97,41,24,192</b>	
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets:</b>					
Gross Block	5	1,89,39,33,435		1,78,79,33,812	
Less: Depreciation		83,36,13,652		74,11,66,595	
		1,06,03,19,783		1,04,67,67,217	
Capital Work in Progress including advances		3,13,17,043	1,09,16,36,826	5,72,91,645	1,10,40,58,862
Investments:	6	6,24,77,659		6,20,25,442	
Proportionate consolidation eliminations		(4,80,00,000)		(4,80,00,000)	
<b>Investments:</b>			1,44,77,659		1,40,25,442
<b>Current Assets, Loans and Advances:</b>					
Interest accrued on Investments and Deposits	7	87,60,173		1,66,25,527	
Inventories		85,68,47,373		63,60,81,456	
Sundry Debtors		65,79,08,956		52,99,81,107	
Cash and Bank Balances		5,72,54,295		5,37,24,443	
Loans and Advances		30,77,70,435		31,30,97,823	
		1,88,85,41,232		1,55,26,46,738	
<b>Less: Current Liabilities &amp; Provisions:</b>	8				
Current Liabilities		89,67,83,066		63,27,67,041	
Provisions		6,74,96,323		6,07,03,427	
		96,42,79,389		69,66,06,850	
<b>Net Current Assets</b>			92,42,61,843		85,60,39,888
<b>TOTAL</b>			<b>2,03,03,76,328</b>	<b>1,97,41,24,192</b>	
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>					
	13				

(SEEMA NARANG)  
Company Secretary

(R.P. GROVER)  
CFO

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

(NARESH TALWAR)  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For **S.N. DHAWAN & CO.**  
Chartered Accountants  
Firm Regn. No.: 000050N

(SURESH SETH)  
Partner  
M. NO. F-10577

Place : New Delhi  
Dated : 26.05.2011

# Talbro Automotive Components Limited

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year Ended March 31, 2011		Year Ended March 31, 2010	
		₹	₹	₹	₹
<b>INCOME:</b>					
Turnover (Gross)		3,51,32,82,547		2,69,04,14,355	
Less: Excise Duty		<u>29,38,24,031</u>		<u>19,65,44,366</u>	
Turnover (Net)			3,21,94,58,516		2,49,38,69,989
Proportionate consolidation eliminations			<u>(1,58,19,093)</u>		<u>(2,86,73,545)</u>
			3,20,36,39,423		2,46,51,96,443
Other Income	9	3,96,13,651		4,38,76,602	
Increase /(decrease) in Stock of Finished Goods and Work-in-Progress	10	<u>12,17,00,663</u>	<u>16,13,14,314</u>	<u>5,77,51,034</u>	<u>10,16,27,636</u>
			3,36,49,53,737		2,56,68,24,079
<b>EXPENDITURE:</b>					
Raw Materials Consumed		1,64,72,85,515		1,22,13,86,866	
Purchases-Other Components		21,23,52,524		16,69,89,176	
Manufacturing, Selling, Administrative and other Expenses	11	1,10,69,42,858		86,95,27,600	
Interest & Finance Charges	12	<u>16,63,66,287</u>	<u>3,13,29,47,184</u>	<u>14,60,68,763</u>	<u>2,40,39,72,406</u>
Proportionate consolidation eliminations			<u>(1,58,19,093)</u>		<u>(2,86,73,545)</u>
			3,11,71,28,091		2,37,52,98,861
<b>Profit before Depreciation/Amortisation</b>			24,78,25,646		19,15,25,219
Depreciation/Amortisation		10,81,86,255		9,55,11,798	
Less Transfer of depreciation from Revaluation Reserve		<u>95,460</u>	<u>10,80,90,795</u>	<u>1,06,067</u>	<u>9,54,05,731</u>
<b>Profit for the year before Tax</b>			13,97,34,851		9,61,19,488
<b>Less: Provision for Taxation :</b>					
Current Tax / MAT (including Wealth Tax)		2,53,30,962		2,09,60,000	
Deferred Tax (Refer note 4 of Schedule 13B )		27,32,603		26,54,006	
MAT Credit Entitlement (Refer note 12 of Schedule 13B)		(1,41,50,000)		(65,00,000)	
(Excess)/Short provision for Tax for earlier years Written back/Provided		<u>(65,556)</u>	<u>1,38,48,009</u>	<u>(86,36,168)</u>	<u>84,77,838</u>
<b>Net Profit for the year after Tax</b>			12,58,86,842		8,76,41,650
Add: Balance Brought forward from last Year		<u>16,91,10,459</u>	<u>16,91,10,459</u>	<u>13,15,97,245</u>	<u>13,15,97,245</u>
<b>Balance Available for Appropriation</b>			<u><b>29,49,97,301</b></u>		<u><b>21,92,38,894</b></u>
<b>APPROPRIATIONS:</b>					
Interim Dividend Paid		1,44,00,000		1,20,00,000	
Corporate Dividend Tax Paid on Interim Dividend		23,91,660		20,39,400	
Proposed Dividend		2,44,14,756		2,43,45,630	
Corporate Dividend Tax		<u>39,97,764</u>	<u>4,52,04,180</u>	<u>40,43,505</u>	<u>4,24,28,535</u>
Transfer to General Reserve			80,77,632		76,99,900
Surplus carried to Balance Sheet			<u>24,17,15,490</u>		<u>16,91,10,459</u>
<b>TOTAL</b>			<u><b>29,49,97,301</b></u>		<u><b>21,92,38,894</b></u>

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

13

### EARNINGS PER SHARE(Face Value ₹ 10)

Basic Earnings per Share (₹)		<b>10.20</b>	<b>7.10</b>
Diluted Earnings per Share (₹)		<b>10.20</b>	<b>7.10</b>

<b>(SEEMA NARANG)</b> Company Secretary	<b>(R.P. GROVER)</b> CFO	<b>(UMESH TALWAR)</b> Vice Chairman & Managing Director	<b>(NARESH TALWAR)</b> Chairman	AS PER OUR REPORT OF EVEN DATE For <b>S.N. DHAWAN &amp; CO.</b> Chartered Accountants Firm Regn. No.: 000050N
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**(SURESH SETH)**  
Partner  
M. NO. F-10577

Place : New Delhi  
Dated : 26.05.2011

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 1 - SHARE CAPITAL</b>				
<b>Authorised:</b>				
2,00,00,000 Equity Shares of ₹ 10 each		20,00,00,000		20,00,00,000
<b>Issued, Subscribed and Paid-up Capital:</b>				
1,23,45,630 Equity Shares of ₹ 10 each		17,14,56,300		17,14,56,300
(1,23,45,630) Equity Shares of ₹ 10 each				
Proportionate consolidation eliminations		(4,80,00,000)		(4,80,00,000)
		<b>12,34,56,300</b>		<b>12,34,56,300</b>

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**SCHEDULE 2 - RESERVES AND SURPLUS:**

<b>a) Securities Premium Account:</b>		46,78,30,274		46,78,30,274
<b>b) Revaluation Reserve:</b>				
As per last Balance Sheet	53,97,168		55,03,235	
Less: Transferred to Profit & Loss Account	95,460	53,01,708	1,06,067	53,97,168
<b>c) General Reserve:</b>				
As per last Balance Sheet	2,47,91,475		1,70,91,574	
Add: Transferred from Profit & Loss Account	80,77,632	3,28,69,107	76,99,901	2,47,91,475
<b>d) Capital Reserve</b>		15,21,000		15,21,000
<b>e) Profit &amp; Loss Account</b>				
Surplus, being balance as per Profit & Loss Account		24,17,15,490		16,91,10,459
<b>TOTAL</b>		<b>74,92,37,578</b>		<b>66,86,50,376</b>

# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 3 - SECURED LOANS:</b>				
<b>From Banks</b>				
<b>a) Working Capital Loans:*</b>				
i) State Bank of India	20,01,60,313		23,09,69,699	
ii) ICICI Bank	2,31,94,462		1,36,84,954	
iii) Standard Chartered Bank	-		6,99,48,109	
iv) State Bank of Patiala	12,56,82,391		10,08,20,115	
v) Barclays Bank Plc	-		5,00,00,000	
vi) Punjab National Bank	14,82,58,469		-	
vii) Interest accrued & due on above	1,30,731		4,45,890	
		49,74,26,366		46,58,68,767
<b>b) Term Loans:*</b>				
i) State Bank of India	27,00,07,000		31,71,07,000	
ii) ICICI Bank - ECB Loan	2,62,31,417		5,25,09,572	
iii) IDBI	-		1,45,46,800	
iv) Punjab National Bank	88,38,810		-	
v) Yes Bank	1,54,91,293		-	
vi) Interest accrued & due on above	31,11,799		31,97,679	
vii) Against security of movable fixed assets on Hire Purchase basis	2,38,28,977		1,50,58,927	
		34,75,09,296		40,24,19,978
<b>From Others</b>				
i) Against security of movable fixed assets on Hire Purchase basis	1,80,64,310	1,80,64,310	2,50,33,019	2,50,33,019
<b>TOTAL</b>		<b>86,29,99,972</b>		<b>89,33,21,764</b>

### NOTES:

\* Loans under different categories are secured against certain assets, properties, equipments and other immovable properties, inventories and receivables.

## SCHEDULE 4 - UNSECURED LOANS:

### Fixed Deposits:

i) From Directors	-		5,50,000	
ii) From Others	18,13,11,220	18,13,11,220	12,86,87,220	12,92,37,220

### Inter Corporate Deposit:

		1,00,00,000		4,30,00,000
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### Short Term Loans:

i) From DBS Bank Ltd.	3,12,67,644		4,68,88,960	
ii) Interest accrued & due on above	9,658	3,12,77,302	2,08,219	4,70,97,179

### TOTAL

		<b>22,25,88,522</b>		<b>21,93,34,399</b>
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**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE 5 - FIXED ASSETS : TALBROS AUTOMOTIVE COMPONENTS LIMITED**

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01.04.2010 (₹)	Additions during the year (₹)	Deductions during the year (₹)	Cost as at 31.03.2011 (₹)	As at 01.04.2010 (₹)	For the year (₹)	Deductions during the year (₹)	Upto 31.03.2011 (₹)	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>Tangible Assets</b>										
Land										
- Freehold	3,45,76,335	-	-	3,45,76,335	-	-	-	-	3,45,76,335	3,45,76,335
- Leasehold	4,13,98,978	-	-	4,13,98,978	7,55,867	4,59,801	-	12,15,668	4,01,83,310	4,06,43,111
Buildings	30,29,54,123	1,41,90,177	-	31,71,44,300	6,83,83,990	1,01,99,084	-	7,85,83,074	23,85,61,226	23,45,70,133
Plant, Machinery & Equipments	1,11,24,63,560	6,83,21,327	47,70,149	1,17,60,14,738	55,61,98,798	6,65,23,774	45,26,269	61,81,96,303	55,78,18,435	55,62,64,762
Motor Vehicles	6,84,55,272	2,26,90,835	1,71,85,650	7,39,60,457	3,54,10,488	1,05,87,659	1,11,06,346	3,48,91,801	3,90,68,656	3,30,44,784
Furniture, Fixtures & Office Equipments	4,71,76,163	93,92,410	2,53,893	5,63,14,680	2,84,77,996	34,34,343	62,657	3,18,49,682	2,44,64,998	1,86,98,167
Elect. Installations	5,74,37,977	12,82,062	-	5,87,20,039	1,28,71,910	27,82,989	-	1,56,54,899	4,30,65,140	4,45,66,067
Air-Conditioning Plant	67,10,214	9,75,105	-	76,85,319	16,24,754	3,30,816	-	19,55,570	57,29,749	50,85,460
Tube-Well	10,51,423	-	-	10,51,423	3,66,958	30,074	-	3,97,032	6,54,391	6,84,465
<b>Intangible Assets</b>										
Technical Know-How	3,10,49,926	29,64,912	-	3,40,14,838	1,74,81,195	64,36,420	-	2,39,17,615	1,00,97,223	1,35,68,731
Software	1,23,79,521	30,48,559	-	1,54,28,080	86,86,221	31,96,768	-	1,18,82,989	35,45,091	36,93,300
Capital Work in Progress including advances									<b>99,77,64,554</b>	<b>98,53,95,315</b>
<b>TOTAL</b>	<b>1,71,56,53,492</b>	<b>12,28,65,387</b>	<b>2,22,09,692</b>	<b>1,81,63,09,187</b>	<b>73,02,58,177</b>	<b>10,39,81,728</b>	<b>1,56,95,272</b>	<b>81,85,44,633</b>	<b>1,02,79,18,160</b>	<b>1,04,24,55,965</b>
Previous Year	1,56,90,22,111	15,76,19,705	1,09,88,324	1,71,56,53,492	64,26,41,648	9,19,24,870	43,08,341	73,02,58,177	1,04,24,55,965	

**SCHEDULE 5 - FIXED ASSETS - JOINT VENTURE**

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01.04.2010 (₹)	Additions during the year (₹)	Deductions during the year (₹)	Cost as at 31.03.2011 (₹)	As at 01.04.2010 (₹)	For the year (₹)	Deductions during the year (₹)	Upto 31.03.2011 (₹)	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>Tangible Assets</b>										
Land										
- Freehold	1,15,54,050	1,87,320*	-	1,17,41,370	-	-	-	-	1,17,41,370	1,15,54,050
- Leasehold	-	-	-	-	-	-	-	-	-	-
Buildings	2,42,54,982	-	-	2,42,54,982	39,98,882	20,25,663	527	60,24,018	1,82,30,964	2,02,56,100
Plant, Machinery & Equipments	3,19,64,194	52,41,538	1,63,259	3,70,42,473	46,31,619	17,02,790	26,650	63,07,759	3,07,34,714	2,73,32,575
Motor Vehicles	12,66,877	-	-	12,66,877**	6,30,809	1,64,678	-	7,95,487	4,71,390	6,36,068
Furniture, Fixtures & Office Equipments	28,49,467	1,00,730	22,401	29,27,795	12,90,267	2,94,441	16,748	15,67,960	13,59,835	15,59,200
Elect. Installations	-	-	-	-	-	-	-	-	-	-
Air-Conditioning Plant	-	-	-	-	-	-	-	-	-	-
Tube-Well	-	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>										
Technical Know-How	-	-	-	-	-	-	-	-	-	-
Software	3,90,751	-	-	3,90,751	3,56,842	16,954	-	3,73,797	16,954	33,909
Capital Work in Progress including advances									<b>6,25,55,228</b>	<b>6,13,71,902</b>
<b>TOTAL</b>	<b>7,22,80,320</b>	<b>55,29,588</b>	<b>1,85,660</b>	<b>7,76,24,248</b>	<b>1,09,08,418</b>	<b>42,04,527</b>	<b>43,925</b>	<b>1,50,69,020</b>	<b>6,37,18,666</b>	<b>6,16,02,898</b>
Previous Year	6,10,13,878	1,41,86,362	29,19,920	7,22,80,320	79,84,703	35,86,928	6,63,213	1,09,08,418	6,16,02,898	

**SCHEDULE 5 - FIXED ASSETS- CONSOLIDATED**

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01.04.2010 (₹)	Additions during the year (₹)	Deductions during the year (₹)	Cost as at 31.03.2011 (₹)	As at 01.04.2010 (₹)	For the year (₹)	Deductions during the year (₹)	Upto 31.03.2011 (₹)	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>Tangible Assets</b>										
Land										
- Freehold	4,61,30,385	1,87,320*	-	4,63,17,705	-	-	-	-	4,63,17,705	4,61,30,385
- Leasehold	4,13,98,978	-	-	4,13,98,978	7,55,867	4,59,801	-	12,15,668	4,01,83,310	4,06,43,111
Buildings	32,72,09,105	1,41,90,177	-	34,13,99,282	7,23,82,872	1,22,24,747	527	8,46,07,091	25,67,92,190	25,48,26,233
Plant, Machinery & Equipments	1,14,44,27,754	7,35,62,865	49,33,408	1,21,30,57,211	56,08,30,417	6,82,26,564	45,52,919	62,45,04,062	58,85,53,149	58,35,97,337
Motor Vehicles	6,97,22,149	2,26,90,835	1,71,85,650	7,52,27,334**	360,41,297	1,07,52,337	1,11,06,346	3,56,87,288	3,95,40,046	3,36,80,852
Furniture, Fixtures & Office Equipments	5,00,25,630	94,93,140	2,76,294	5,92,42,475	2,97,68,263	37,28,784	79,405	3,34,17,642	2,58,24,833	2,02,57,367
Elect. Installations	5,74,37,977	12,82,062	-	5,87,20,039	1,28,71,910	27,82,989	-	1,56,54,899	4,30,65,140	4,45,66,067
Air-Conditioning Plant	67,10,214	9,75,105	-	76,85,319	16,24,754	3,30,816	-	19,55,570	57,29,749	50,85,460
Tube-Well	10,51,423	-	-	10,51,423	3,66,958	30,074	-	3,97,032	6,54,391	6,84,465
<b>Intangible Assets</b>										
Technical Know-How	3,10,49,926	29,64,912	-	3,40,14,838	1,74,81,195	64,36,420	-	2,39,17,615	1,00,97,223	1,35,68,731
Software	1,27,70,272	30,48,559	-	1,58,18,831	90,43,063	32,13,722	-	1,22,56,785	35,62,045	37,27,209
Capital Work in Progress including advances									<b>1,06,03,19,783</b>	<b>1,04,67,67,217</b>
<b>TOTAL</b>	<b>1,78,79,33,811</b>	<b>12,83,94,975</b>	<b>2,23,95,352</b>	<b>1,89,39,33,435</b>	<b>74,11,66,595</b>	<b>10,81,86,255</b>	<b>1,57,39,197</b>	<b>83,36,13,652</b>	<b>1,09,16,36,826</b>	<b>1,10,40,58,862</b>
Previous Year	1,63,00,35,989	17,18,06,067	1,39,08,244	1,78,79,33,812	65,06,26,351	9,55,11,798	49,71,554	74,11,66,595	1,10,40,58,863	



# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 6 - INVESTMENTS:</b>				
<b>LONG TERM (AT COST)</b>				
<b>UNQUOTED :</b>				
<b>a) Trade Investments:</b>				
(Fully paid Equity Shares of ₹ 10/- each)				
<b>Joint Ventures:</b>				
48,00,000 Equity Shares of Nippon Leakless Talbro Pvt.Ltd.	4,80,00,000		4,80,00,000	
<b>Others :</b>				
1,77,962 Equity Shares of QH Talbro Ltd., a Company under the same management	32,45,680	5,12,45,680	32,45,680	5,12,45,680
<b>b) Non-Trade Investments:</b>				
<b>Mutual Funds :</b>				
1,00,000 Units of ₹ 10/- of SBI Infrastructure Fund-I-Growth	10,00,000		10,00,000	
<b>Equity Shares :</b>				
83,333 Equity Shares of T & T Motors Ltd.	13,74,990	23,74,990	13,74,990	23,74,990
<b>c) CURRENT INVESTMENTS:</b>				
<b>Quoted:</b>				
a) 10,16,607.8955 SBI-SHF-Ultra Short Fund-Institutional @ of ₹ 10.005 each Unit				
Add : 19,98,920.583 @ ₹ 10.0054 each Unit				
Add: 54,971.3143 @ ₹ 10.005 each				
-Div. Recd. Reinvested	1,22,88,460		1,22,88,460	
Less ; Sold during the year	1,22,88,460	-	1,22,88,460	-
b) 20,94,595.145 HDFC CMF-Treasuruy Advantage Plan-Wholesale-Dividend Reinvest @ of ₹ 10.0315 each Unit				
Add : 112,699.053 @ ₹ 10.0315 each -Div. Recd. Reinvested	4,52,216	88,56,989	3,31,641	84,04,772
<b>SUB-TOTAL</b>				
Proportionate consolidation eliminations		<b>6,24,77,659</b> <b>(4,80,00,000)</b>		<b>6,20,25,442</b> <b>(4,80,00,000)</b>
<b>TOTAL</b>				
		<b>1,44,77,659</b>		<b>1,40,25,442</b>
<b>Notes:</b> Aggregate market value of quoted investments				
		94,38,772		1,26,83,596

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES:</b>				
<b>CURRENT ASSETS:</b>				
<b>Interest accrued on Investments and Deposits</b>		87,60,174		1,66,25,527
<b>Inventories:</b>				
(Taken, valued and certified by the Management at lower of cost or net realisable value or as otherwise stated)				
Stores & Spare Parts (including loose tools) at cost or under Stock-in-Trade (including goods in transit)		15,56,63,234		15,57,35,404
- Finished Goods	19,09,46,745		11,23,51,807	
- Work-in-Progress	22,26,52,863		17,95,47,138	
- Raw Materials	28,75,84,531	70,11,84,139	18,84,47,107	48,03,46,052
		<u>85,68,47,373</u>		<u>63,60,81,456</u>
<b>Sundry Debtors :</b>				
Unsecured:				
Debts outstanding for a period exceeding six months				
- Considered good	3,11,43,224		2,53,55,695	
- Considered doubtful	57,49,356	3,68,92,580	57,49,356	3,11,05,051
- Other Debts		<u>62,67,65,732</u>		<u>50,77,61,794</u>
		66,36,58,312		53,88,66,845
Less:Provision for doubtful debts		<u>57,49,356</u>		<u>57,49,356</u>
		65,79,08,956		53,31,17,489
Proportionate consolidation eliminations		-		31,36,382
		<u>65,79,08,956</u>		<u>52,99,81,107</u>
<b>Cash and Bank Balances:</b>				
Cash in hand (including imprest)		16,96,970		15,68,960
Balances with Scheduled Banks:				
- Current Accounts	2,29,36,537		3,50,39,873	
- Margin Money (Pledged with Banks)	1,31,20,178		1,13,63,276	
- Deposit Accounts	1,95,00,609	5,55,57,324	57,52,334	5,21,55,483
		<u>5,72,54,295</u>		<u>5,37,24,443</u>
<b>LOANS AND ADVANCES:</b>				
Unsecured:Considered Good:				
Inter - Corporate Deposits		7,35,50,000		7,34,50,000
Advances recoverable in cash or in kind or for value to be received				
- Considered good	7,79,22,106		9,02,47,946	
- Considered doubtful	37,50,000		37,50,000	
	<u>7,97,11,664</u>		<u>9,39,97,946</u>	
Less:Provision for doubtful advances	<u>37,50,000</u>	7,79,22,106	<u>37,50,000</u>	9,02,47,946
Advance Tax	4,42,03,656		5,72,70,338	
Less:Provision for Taxation	<u>(3,97,00,709)</u>	45,02,947	<u>(4,21,12,272)</u>	1,51,58,066
MAT Credit Entitlement (Refer note 12 of Schedule 13B)		4,47,34,626		3,07,65,000
Balance with Central Excise & Custom Authorities		9,78,54,823		9,43,45,820
Security Deposits		76,14,939		74,89,610
Claims Receivable		15,90,993		16,41,381
		<u>30,77,70,435</u>		<u>31,30,97,823</u>
<b>TOTAL</b>		<u><b>1,88,85,41,232</b></u>		<u><b>1,54,95,10,356</b></u>

# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011		As at March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE -8 - CURRENT LIABILITIES AND PROVISIONS:</b>				
<b>Current Liabilities:</b>				
Acceptances		31,23,39,074		16,88,31,061
Sundry Creditors				
- Micro and small enterprises	3,01,39,589		2,73,63,468	
- Others	<u>50,93,43,370</u>	53,94,82,959	<u>40,65,96,399</u>	43,39,59,867
Proportionate consolidation eliminations		31,36,382		31,36,382
		<u>53,63,46,577</u>		<u>43,08,23,485</u>
Statutory Liabilities		3,08,20,348		2,49,21,874
Interest accrued but not due on Secured Loans		11,35,718		22,95,621
Interest accrued but not due on Unsecured Loans		94,58,674		38,34,486
Liability towards Investors Education And Protection Fund				
I) Unclaimed Dividend	16,93,792		15,65,179	
ii) Unclaimed Fixed Deposits	16,22,000		3,85,000	
iii) Unclaimed Fractional Shares	3,087		3,087	
iv) Interest Accrued on above	<u>2,27,414</u>	35,46,293	<u>1,07,248</u>	20,60,514
<b>TOTAL</b>		<b><u>89,36,46,684</u></b>		<b><u>63,27,67,041</u></b>
<b>Provisions For:</b>				
Proposed Dividend		2,44,14,756		2,43,45,630
Corporate Dividend Tax		39,97,764		40,43,505
Leave Encashment		77,23,424		67,27,548
Gratuity		3,13,60,379		2,55,86,744
<b>TOTAL</b>		<b><u>6,74,96,322</u></b>		<b><u>6,07,03,427</u></b>
<b>TOTAL</b>		<b><u>96,11,43,006</u></b>		<b><u>69,34,70,468</u></b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE - 9 : OTHER INCOME</b>				
a) Interest (Gross)				
- Term Deposits with Banks	17,50,145		15,34,294	
- Others	1,06,56,098	1,24,06,243	76,11,967	91,46,261
(Tax deducted at source ₹ 10,36,988; Previous Year ₹ 9,54,899 )				
b) Dividend from:				
- Long Term (Trade Investments)	2,44,86,572		2,42,19,629	
- Current Investments	4,52,216	2,49,38,788	5,51,636	2,47,71,265
c) Profit on sale of fixed assets (net)		10,91,198		18,441
d) Profit on sale of Investment		-		23,800
e) Exchange Fluctuation (net)		-		84,01,426
f) Miscellaneous Income		11,77,422		15,15,409
<b>TOTAL</b>		<b>3,96,13,651</b>		<b>438,76,602</b>

**SCHEDULE - 10 : INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND WORK-IN-PROGRESS**

Closing Stock:				
- Finished Goods	19,09,46,744		11,23,51,807	
- Work-in-progress	22,26,52,864	41,35,99,608	17,95,47,139	29,18,98,946
Less: Opening Stock:				
- Finished Goods	11,23,51,807		10,23,30,269	
- Work-in-progress	17,95,47,139	29,18,98,946	13,18,17,643	23,41,47,912
<b>TOTAL</b>		<b>12,17,00,662</b>		<b>5,77,51,034</b>

# Talbro Automotive Components Limited

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	₹	₹	₹	₹
<b>SCHEDULE 11 : MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES</b>				
Stores & Spares Consumed		20,09,33,052		13,25,88,045
Fuel, Light and Power		13,56,97,971		10,79,91,563
Labour and Processing Charges		4,37,83,091		4,47,20,967
Royalty		92,32,260		74,99,892
Salaries, Wages and Other Benefits:				
- Salaries, Wages, Allowances and Bonus	30,64,39,204		24,70,13,913	
- Workmen and Staff Welfare Expenses	2,60,62,220		2,07,61,077	
- Contribution to:				
Provident Fund (including Family Pension Schemes)	1,46,06,118		1,27,18,618	
Employees State Insurance Fund	31,48,735		14,92,544	
Employees Group Gratuity-Cum-Life Assurance Fund	1,15,53,414		1,03,10,164	
Super Annuation Fund	31,49,335		27,87,456	
Leave Encashment	45,65,451	36,95,24,477	28,20,395	29,79,04,167
Repairs and Maintenance:				
- Buildings	75,05,723		43,81,360	
- Plant and Machinery	3,66,57,584		2,45,07,503	
- Other Assets	56,37,406	4,98,00,713	53,75,607	3,42,64,469
Rent		34,49,367		25,01,604
Rates and Taxes		16,86,184		25,40,699
Insurance		48,81,737		58,26,496
Commission on exports		42,58,247		27,59,030
Travelling, Tour and Conveyance		4,82,11,426		3,79,04,873
Brokerage and Discount on Sales		4,26,65,944		4,19,62,917
Sales Promotion Expenses		3,09,63,128		2,40,31,200
Packing, Freight and Forwarding		7,74,77,750		5,15,37,790
Printing, Stationery, Postage, Telegrams, Telephones and Telex		1,83,27,448		1,68,61,451
Advertisement and Publicity		3,20,263		1,77,137
Remuneration to Auditors		11,42,750		12,32,214
Directors' Fee		2,00,000		2,80,000
Donations		2,33,504		1,09,236
Provision of Excise Duty on Finished Goods		57,25,671		20,05,901
Provision for doubtful debts / advances		-		50,94,417
Balances Written off (Refer note 9 of Schedule 14B)		24,017		1,80,380
Exchange Fluctuation(net)		37,49,665		-
Management consultancy fees		1,79,27,809		1,79,71,630
Miscellaneous Expenditure Written off		-		3,37,508
Other Miscellaneous Expenses		3,67,26,384		3,12,44,013
<b>TOTAL</b>		<b>1,10,69,42,858</b>		<b>86,95,27,600</b>
<b>SCHEDULE 12 - INTEREST AND FINANCE CHARGES:</b>				
<b>A. Interest</b>				
a) On Fixed Deposits:				
i) Directors	36,316		55,001	
ii) Others	2,10,68,963	2,11,05,279	77,45,485	78,00,486
b) On Inter Corporate Deposit		17,22,740		43,89,041
c) On Term loans		3,94,99,610		3,73,90,473
d) Others		8,35,73,281		7,55,62,802
<b>B Finance Charges</b>				
Bank and Finance Charges		2,04,65,377		2,09,25,961
<b>TOTAL</b>		<b>16,63,66,287</b>		<b>14,60,68,763</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.**

**SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Accounting Convention:**

The financial statements are prepared on accrual basis, under the historical cost convention in accordance with applicable Accounting principles in India, applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of Companies Act, 1956.

**2. Investments:**

Long term investments are stated at cost, less any provision for diminution other than temporary in nature.

**3. Inventory Valuation:**

Raw Materials and Stores & spare parts are valued at lower of cost or net realizable value. Cost represents landed cost and is determined on First in First Out (FIFO) basis. Tools are amortised over their expected useful life.

Finished Goods & Work-in-Progress are valued at lower of cost or net realizable value. Cost for this purpose includes materials, labour and appropriate allocation of overheads. Excise duty on stock lying with Company is added to the cost of finished goods inventory.

**4. Fixed Assets**

**Tangible**

4.1 Fixed Assets are stated at cost of acquisition or construction and include amounts added on revaluation, less accumulated depreciation.

**Intangible**

4.2 Technical know-how fee is recognized as an Intangible Asset in accordance with Accounting Standard 26 (AS-26) "Intangible Assets". Amortization of the asset is being done over the period of the Agreement.

4.3 Expenditure on Major Software Products is written off over a period of three years excepting Forging Division where the Software products are written off over a period of five years.

**5. Depreciation / Amortisation**

Depreciation in Gasket plants situated at Faridabad, Chennai, Pune and Sohna is charged on straight line method on assets comprising plant, machinery and equipments (except on items acquired prior to 1.9.1978 at the Chennai plant and prior to 31.12.1985 at Faridabad plant which are depreciated on written down value method) and on written value method on all other depreciable assets, as per the rates prescribed in schedule XIV to the Companies Act 1956.

In IT Division, plant, machinery and equipments are depreciated at a rate arrived at on the basis of their useful life and on all other assets depreciation is charged on written value method as per the rates prescribed in schedule XIV to the Companies Act 1956.

Depreciation in Sitarganj Gasket Plant, Forging Plant and Stamping Plant is charged on straight line method on all fixed assets other than vehicles as per the rates prescribed in schedule XIV to the Companies Act 1956. Depreciation on vehicles is provided on written down value method.

In respect of additions to/deductions from fixed assets during the year, depreciation is charged on pro-rata basis. Assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition.

**6. Revenue Recognition:**

6.1 Revenue from Operations includes excise duty and is net of returns and trade discounts. Excise duty relating to sales is adjusted against Revenue from Operation. Excise duty on the increase/decrease in the stock of finished goods is recognized as part of the manufacturing expenses.

6.2 Dividend is accounted for on accrual basis when the right to receive the dividend is established.

6.3 Export incentives are accounted on accrual basis.

**7. Foreign Currency Transactions:**

Transactions in foreign currency are accounted at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates, if any, on settlement are recognized in the Profit and Loss Account except in the case of long term monetary items relating to acquisition of fixed assets where such gains/losses are adjusted to the cost of fixed assets.

Foreign currency monetary items are converted at the exchange rate prevailing as at the year end and resultant gain/loss is charged to Profit and Loss Account, except in case of long term monetary items representing liabilities relating to acquisition of fixed assets which are adjusted to the cost of the respective assets. In respect of transactions covered by foreign exchange forward contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.



# Talbro Automotive Components Limited

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## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011. SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

### 8. Employee Benefits:

- i) Provident Fund is a defined contribution scheme (Government scheme) and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- ii) Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the fund are due.
- iii) Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- iv) Long Term compensated absences are provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- v) Actuarial gains/losses are immediately taken to the Profit & Loss Account and are not deferred.

### 9. Borrowing Costs:

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets upto the date the assets are ready for its intended use. All other borrowing costs are recognized as an expense in the year in which they are incurred.

### 10. Leases

Financial leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at an amount equal to Present value of future lease payments and corresponding amount is recognized as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs, if any, are capitalized.

### 11. Deferred Tax

Deferred tax is recognized, subject to the consideration of prudence on timing differences, representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets viz, unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### 12. Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Profit & Loss Account to the extent the carrying amount exceeds recoverable amount.

### 13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision are recognized only when it is virtually certain that the reimbursements will be received.

Contingent Liability is disclosed in the case of

- a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) A possible obligation, of which the probability of outflow of resources is remote.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date. Contingent Assets are neither recognized nor disclosed.

### 14. Financial Instruments

The Company uses derivatives and other instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments as and when required.

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.**  
**SCHEDULE 13 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**

**B. NOTES ON CONSOLIDATED FINANCIAL STATEMENTS :**

**1 Principles of Consolidation :**

- a) The Consolidation of accounts is prepared in accordance with the requirement of Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Venture" issued by 'The Institute of Chartered Accountants of India .

The Consolidated Financial Statements (CFS) comprise the financial statements of Talbros Automotive Components Ltd. and its interest in Joint Venture as on 31.03.2011, using proportionate consolidation method as per AS-27

**Joint Venture**

Name of the Company	Nippon Leakless Talbros Pvt. Ltd.
Status	Audited
Country of Incorporation	India
Ownership Interest	40%
Financial Statements As on	31.03.2011

- b) The consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.

**2 Estimated Amount of Contracts:**

Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances)

Amount in ₹

Talbros Automotive Components Ltd	Joint Venture	Total
1,07,92,476	10,72,219	118,64,695
(2,57,73,970)	(24,000)	(2,57,97,970)

**3 Contingent Liabilities :**

**3.1 Bills discounted with Banks**

Amount in ₹

Talbros Automotive Components Ltd	Joint Venture	Total
2,65,96,629	-	2,65,96,629
(2,08,31,448)	-	(2,08,31,448)

**Note :** Figures in bracket are previous years figures.

**3.2 Direct & Indirect taxes, ESI & HSIIDC demands disputed by the Company and not provided for -**

Amount in ₹

NATURE OF DUES		As at March 31, 2011			As at March 31, 2010
		Talbros Automotive Components Ltd	Joint Venture	Total	
(a) Central Excise	Classification of paper gasket	14,17,866	NIL	14,17,866	14,17,866
(b) Central Excise	Cenvat credit	-	NIL	-	1,64,496
(c) Service Tax	Cenvat credit	61,18,185	NIL	61,18,185	39,51,811
(d) Central Sales Tax	Central Sales Tax	1,19,180	NIL	1,19,180	1,19,180
(e) Haryana Value Added Tax	Disallowing input tax	2,73,548	NIL	2,73,548	-
(f) Central Excise	Demand on Assessable value (Ex)	42,95,902	NIL	42,95,902	38,39,495
(g) E.S.I	ESI Demand (Includes ₹ 4,34,130 paid under protest)	45,63,241	NIL	45,63,241	12,35,717
(h) Income Tax	Disallowances	4,47,739	NIL	4,47,739	4,47,739
(i) Demand from HSIDC	Demands for enhancement of by land cost by HSIDC	1,29,47,554	NIL	1,29,47,554	86,88,515
(j) High Court, Mumbai	Fees for building work	2,05,000	NIL	2,05,000	2,05,000
(k) Demand from building contractor	Disputed amount for building work	-	NIL	-	14,08,880
Total		3,03,88,215	NIL	3,03,88,215	2,14,78,699

# Talbro Automotive Components Limited

## 3.3 Guarantees executed in favour of Customs /Excise/Sales Tax /Customers

Amount in ₹

Talbro Automotive Components Ltd	Joint Venture	Total
36,47,945	-	36,47,945
(23,75,445)	-	(23,75,445)

Note : Figures in bracket are previous years figures.

## 4 DEFERRED TAX ASSETS / LIABILITIES (NET)

The deferred tax assets / liabilities as at 31st March 2011 comprise of the following:

Amount in ₹

	Talbro Automotive Components Ltd.	Joint Venture	Total	Talbro Automotive Components Ltd.	Joint Venture	Total	Talbro Automotive Components Ltd.	Joint Venture	Total
Depreciation	(7,49,60,905)	(34,56,156)	(7,84,17,061)	(37,21,507)	(1,56,282)	(38,77,789)	(7,86,82,412)	(36,12,438)	(8,22,94,850)
Disallowable u/s 43B	58,26,875	39,738	58,66,613	12,03,874	15,254	12,19,128	70,30,749	54,992	70,85,741
Preliminary Expenses	-	-	-	-	-	-	-	-	-
Provision for doubtful debts/advances	31,89,095	-	31,89,095	(73,942)	-	(73,942)	31,15,153	-	31,15,153
<b>Total</b>	<b>(6,59,44,935)</b>	<b>(34,16,418)</b>	<b>(6,93,61,353)</b>	<b>(25,91,575)</b>	<b>(1,41,028)</b>	<b>(27,32,603)</b>	<b>(6,85,36,510)</b>	<b>(35,57,446)</b>	<b>(7,20,93,956)</b>

## 5 REMUNERATION TO DIRECTORS:\*

The total remuneration of the directors included in the Profit and Loss Account is as under:

Amount in ₹

	Year Ended March 31, 2011		Year Ended March 31, 2010	
	₹		₹	
a) Salaries	70,11,000		56,02,387	
b) Contribution to Provident Fund & Super Annuation Fund	7,36,396		6,35,406	
c) Other Perquisites	6,42,000		8,66,026	
<b>TOTAL</b>	<b>83,89,396</b>		<b>71,03,820</b>	

\*The Managing Director of the Company was paid remuneration (without any commission) in accordance with the provisions of Schedule XIII to the Companies Act, 1956 . Therefore computation of net profit under section 198 of the Companies Act, 1956 is not applicable.

- 6 Pursuant to the notification dated March 31, 2009 issued by the Ministry of Corporate affairs, the Company has exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS - 11 "The Effect of Changes in Foreign Exchange Rates" to add or deduct the foreign Exchange fluctuation to Capital cost of the Assets . As a result, the exchange gain of ₹ 0.23 lacs (Previous Year ₹ 32.73 lacs) during the year has been deducted from the cost of the fixed assets

## 7 SEGMENT REPORTING - AS-17:

### a) Primary Segment :

The Company's operations comprise of two segments viz, "Auto Components & Parts" and "IT Activities". In terms of the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", IT Activities segment does not fall within the purview of Reportable Segments.

### b) Secondary Segment :

The company caters to the needs of the Indian as well as foreign market. The risk and returns vary from country to country and export to none of the countries exceeds 10% of the sales turnover of the Company. Hence it is not reportable.

## 8 RELATED PARTY DISCLOSURE

As per the Accounting Standard (AS-18) Related Party Disclosures issued by the Institute of Chartered Accountants of India, the Company's related parties are as follows :-

### a) Relationship

#### i) Associates

QH Talbro Ltd.,  
Talbro International Ltd.

#### ii) Holding Company of Joint Venture

Nippon Leakless Corporation, Japan

#### iii) Key Management personnel (Whole time Directors)

- of Talbro Automotive Components Ltd.  
Mr. Umesh Talwar , Mr. Varun Talwar
- of Joint Venture Company  
Mr. Kiyoyuki Saito

#### iv) Relatives of Key Management Personnel

Mr. Anuj Talwar, Son of Mr. Umesh Talwar

b) The following transactions were carried out with related parties during the year in the ordinary course of business.

Nature of Transactions	Associates (QH Talbros Ltd.)	Key Management Personnel	Relatives of Key Management	Total
Sale of goods	58,94,14,646 (40,42,15,757)	-	-	58,94,14,646 (40,42,15,757)
Receivables/Debtors	17,29,41,155 (13,48,53,240)	-	-	17,29,41,155 (13,48,53,240)
Receivables/Others	1,07,53,357 (71,06,993)	-	-	1,07,53,357 (71,06,993)
Payables/Creditors	-	-	-	-
Purchase of goods	2,12,33,840 (73,48,559)	-	-	2,12,33,840 (73,48,559)
Dividend	4,44,905 (1,77,962)	-	-	4,44,905 (1,77,962)
Remuneration	-	-	23,76,544 (22,58,800)	23,76,544 (22,58,800)

Remuneration to whole time directors is given under Note No.5

- 9 Amounts written off (net) include advances of ₹ 8,58,124 that are not recoverable and have been written off and ₹ 8,82,141 being amounts due to different parties that are no more payable and have been written back.
- 10 Letters seeking confirmation of outstanding balances at year end have been sent to all the customers / suppliers / recoverables. Confirmations have been received in few cases. Adjustments, if any, will be made in the current year on receipt / reconciliation of remaining confirmations.

#### 11 Earnings Per Share :

Basic Earnings		2010-11	2009-10
a)	Calculation of weighted average number of equity shares		
	Number of equity shares at the beginning of the year	1,23,45,630	1,23,45,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,23,45,630
b)	Net Profit after tax available for equity share holders	12,58,86,842	8,76,41,651
c)	Basic earning per share (Face value of ₹ 10 each)	10.20	7.10
Diluted Earnings			
a)	Calculation of weighted average number of equity shares		
	Number of equity shares at the beginning of the year	1,23,45,630	1,23,45,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,23,45,630
b)	Net Profit after tax available for equity share holders	12,58,86,842	8,76,41,651
c)	Diluted earning per share (Face value of ₹ 10 each)	10.20	7.10

- 12 The Company has provided Minimum Alternate Tax (MAT) due to carrying forward of unabsorbed accumulated losses and unabsorbed depreciation of the amalgamating Companies, and further, the Company is entitled for MAT Credit amounting to ₹ 4,47,34,626 (Previous Year ₹ 3,07,65,000) as per provisions of Income Tax Act, 1961.
- 13 Previous year figures have been regrouped/rearranged wherever necessary.

Schedules 1 to 13 are annexed to and form an integral part of the Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended on that date.

(SEEMA NARANG)  
Company Secretary

(R.P. GROVER)  
CFO

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

(NARESH TALWAR)  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For S.N. DHAWAN & CO.  
Chartered Accountants  
Firm Regn. No.: 000050N

(SURESH SETH)  
Partner  
M. NO. F-10577

Place : New Delhi  
Dated : 26.05.2011

# Talbro Automotive Components Limited

## PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11		209-10	
	₹	₹	₹	₹
<b>A. Cash flows from Operating Activities</b>				
<b>a. Net Profit before tax</b>		13,97,34,851		9,61,19,489
Adjustments for:				
Depreciation/Amortisation	10,80,90,794		9,54,05,731	
Misc. Expenses Written off	-		3,37,508	
Interest Expense	16,63,66,287		14,60,68,763	
Foreign Exchange Fluctuation	14,83,765		(13,22,956)	
Interest Income	(1,24,06,243)		(91,46,261)	
Dividend Income	(2,49,38,788)		(2,47,71,266)	
Profit on Sale of Assets	(10,91,198)		(18,441)	
Profit on Sale of Long Term Investments	-		(23,800)	
Provision for doubtful debts	-	23,75,04,617	50,94,417	21,16,23,696
<b>b. Operating profit before Working Capital changes</b>		<b>37,72,39,468</b>		<b>30,77,43,184</b>
Adjustments for:				
Current Assets,Loans and advances	(14,30,92,285)		(6,42,03,736)	
Inventories	(22,07,65,917)		(13,72,77,468)	
Current Liabilities	26,02,15,325		7,09,93,463	
Misc. Expenditure	-	(10,36,42,878)	-	(13,04,87,741)
<b>c. Cash generated from Operations</b>		<b>27,35,96,590</b>		<b>17,72,55,444</b>
Direct Taxes paid	99,19,447	99,19,447	(1,54,27,493)	(1,54,27,493)
<b>Net Cash from Operating Activities</b>		<b>28,35,16,038</b>		<b>16,18,27,950</b>
<b>B. Cash flows from Investing Activities</b>				
Proceeds from sale of Fixed Assets	77,47,353		1,08,02,866	
Movement in Loans & Advances	(1,00,000)		(52,00,000)	
Movement in Investments	-		42,88,460	
Interest Received	2,04,84,950		83,18,779	
Dividends Received	2,68,86,572		1,22,19,629	
Purchase of Fixed Assets	(10,24,20,373)		(16,62,50,424)	
Proceeds from sale of Investments	-		23,900	
<b>Net Cash flow from investing activities</b>		<b>(4,74,01,498)</b>		<b>(13,57,96,790)</b>
<b>C. Cash flows from Financing Activities</b>				
Interest Paid		(16,23,81,436)		(14,20,10,993)
Margin Money - Release (Increase)	(17,56,902)		(43,24,188)	
Proceeds from Borrowings	9,52,83,301		23,01,80,418	
Repayment of Borrowings	(12,05,14,370)		(8,01,87,189)	
Dividends Paid	(3,86,17,017)		(2,79,87,537)	
Dividend Tax Paid	(64,35,165)		(47,19,990)	
<b>Net Cash flow from Financing Activities</b>		<b>(23,44,21,589)</b>		<b>(2,90,49,479)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>		<b>16,92,950</b>		<b>(30,18,319)</b>
<b>Cash and Cash Equivalents as at:</b>				
-the beginning of the year		<b>4,23,61,167</b>		<b>4,53,79,486</b>
-the end of the year		<b>4,40,54,117</b>		<b>4,23,61,167</b>

### Note :-

- Margin money pledged with banks has not been included in cash & cash equivalents.
- The effect of revaluation of assets has been deleted both from the value of assets and movement of reserves.
- Cash & cash equivalents include cash in hand ,demand deposits with Banks and short term highly liquid investments.
- Previous year figures have been regrouped wherever necessary.

(SEEMA NARANG)  
Company Secretary

(R.P. GROVER)  
CFO

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

(NARESH TALWAR)  
Chairman

AS PER OUR REPORT OF EVEN DATE  
For **S.N. DHAWAN & CO.**  
Chartered Accountants  
Firm Regn. No.: 000050N

(SURESH SETH)  
Partner  
M. NO. F-10577

Place : New Delhi  
Dated : 26.05.2011

# TALBROS AUTOMOTIVE COMPONENTS LIMITED

Registered Office: 14/1, Delhi Mathura Road,  
Faridabad - 121 003 (Haryana)

## PROXY FORM

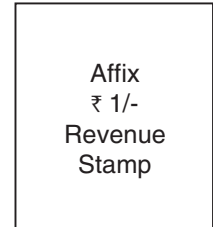
I/We.....being member(s) of TALBROS AUTOMOTIVE COMPONENTS LIMITED hereby appoint Mr./Miss/Mrs.....of failing him/her Mr./Miss/Mrs.....as my/our Proxy to attend and vote for me/us and on my/our behalf, at the 54th Annual General Meeting of the Company, to be held on Wednesday the 7th September, 2011 and at any adjournment thereof.

Signed.....of.....2011

Member(s) Name(s).....  
(in BLOCK LETTERS)

Folio No..... No. of Shares.....

DPID No..... Client ID No.....



### Note :

1. The Proxy Form must be deposited at the Registered Office of the company not less than 48 hours before the time fixed for holding the meeting.
2. A proxy need not be a Member of the Company.

---

### FOR OFFICE USE ONLY

S.No..... Date of Receipt..... Time of Receipt.....

---

# TALBROS AUTOMOTIVE COMPONENTS LIMITED

Registered Office: 14/1, Delhi Mathura Road,  
Faridabad - 121 003 (Haryana)

## 54TH ANNUAL GENERAL MEETING ADMISSION SLIP

Folio No.....

DPID No.....

No. Of Shares.....

Client No.....

Name of the Member (in BLOCK LETTERS).....

I declare that I am Registered Shareholder/Proxy/Representative. I hereby record my presence at the 54th Annual General Meeting of the company at Hotel ATRIUM, Shooting Range Road, Suraj Kund, Faridabad - 121 001 (Haryana) at 10.30 A.M. on Wednesday 7th September, 2011.

Member's Signature

Name of Proxy/Representative  
(in Block Letters)

Proxy/Representative  
Signature

**Note :** A Member/Proxy/Representative attending the meeting must fill this Admission Slip and hand it over at the entrance.



# BOOK POST

If undelivered, return to:



Talbro's Automotive  
Components Ltd.

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Faridabad - 121 003  
Haryana, India  
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Fax: +91-129-227 7240, 227 2263  
E-mail: talbros@talbros.com  
Website: www.talbros.com