

TALBROS AUTOMOTIVE COMPONENTS LIMITED

TALBROS AUTOMOTIVE COMPONENTS LIMITED

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

NOTICE

Notice is hereby given that the 51st Annual General Meeting of the members of the Company will be held on Monday, the 29th September 2008 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 2008 and the Profit & Loss Accounts for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend on paid-up Equity Share Capital for the financial year ended on 31st March 2008.
3. To appoint a Director in place of Mr. V.Mohan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Naresh Talwar, who retires by rotation, and being eligible, offers himself for re-appointment, not liable to retire by rotation.
5. To appoint 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 2008-2009 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, travelling 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 an **Ordinary Resolution**.

RESOLVED THAT Mr. Brian Williams, 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 (along with a deposit of Rs. 500/-) under Section 257 of the Companies Act, 1956 in writing from a Member

proposing candidature of Mr. Brian Williams for the office of director, be and is hereby appointed as a director of the Company liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution** :

RESOLVED THAT Mr. Amit Burman, who was appointed as an additional director of the Company under Section 260 of the Companies Act, 1956 by the member of the Functional Committee 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 (along with a deposit of Rs. 500/-) under Section 257 of the Companies Act, 1956 in writing from a member proposing candidature of Mr. Amit Burman for the office of director, be and is hereby appointed as a director of the Company liable to retire by rotation.

8. To consider and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution** :

RESOLVED THAT Mr. Varun Talwar who was appointed as an additional director by the Members of the Functional Committee in the Meeting held on 14-08-2008 in accordance with the Articles of Association of the Company and who holds office as a Director under Section 260 of the Companies Act, 1956, up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956 (along with a deposit of Rs.500/-) from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director not liable to retire by rotation.

9. To consider and if thought fit, to pass with or without modification the following resolution as an **Special Resolution** :

“RESOLVED THAT in supersession to the resolution passed by the Members of the Company on 14.03.2006 and subject to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactments (s) thereof for the time being in force) and pursuant to Article No.52 of the Articles of Association of the Company, Mr. Varun Talwar be and is hereby appointed as Whole Time Director with the designation of the Joint Managing Director and CEO (Forging Division) of the Company

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not liable to retire by rotation and shall look after day today affairs of the Forging Division under the supervision and control of the Board of Directors / Committee of Directors/Vice Chairman and Managing Director of the Company, for a period of 5 years commencing from 01.09.2008, for which approval of the Company be and is hereby accorded, upon such terms and conditions and remuneration as per details given below subject to the total remuneration including Salary & Perquisites to be within the overall limits of 5% of the Net Profits of the Company calculated in accordance with the provisions of Section 350 the Companies Act,1956.

A. Remuneration:

- (i) Basic Salary of Rs.1,05,000/- per month.
- (ii) House Rent Allowance @ 70% of the Basic Salary i.e. Rs.73,500/- per month
- (iii) Perquisites such as Gas, Electricity, Water and Furnishing, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance aggregating to not exceeding Rs.21,500/- per month.

B. Perquisites in addition to the above:

- (i) Company's Contribution towards Provident Fund and Superannuation fund as per rules of the Company.
- (ii) Gratuity –As per rules of the Company.
- (iii) Earned/Privilege Leave-As per rules of the company. Leave accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- (iv) Car-Provision of a Chauffeur driven car for the business of the Company.
- (v) Telephone-Free telephone facility at residence, personal long distance calls to be paid by him.

C Other Benefits:

The Board of Directors is authorized to provide for reimbursement of entertainment expenses actually and properly incurred in course of the business of the company and such other benefits/amenities and other privileges as may from time to time be available to other executives of the Company.

RESOLVED FURTHER that notwithstanding anything contained herein above where in any financial year during the currency of the appointment of Mr. Varun Talwar, the Company has no profits or its profits are inadequate ,the remuneration payable to him as aforesaid shall be governed by and be subject to the ceilings provided under Section II of Part II of Schedule XIII

to the Companies Act ,1956 or such other limit as may be prescribed by the Government from time to time as minimum remuneration,unless permission from Central Government is obtained for paying more.

RESOLVED FURTHER that Board of Director of the Company be and is hereby authorised to alter the terms and conditions as to the remuneration and designation of Mr. Varun Talwar and to take such steps as may be necessary and desirable to give effect to the resolution.

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

Place: Faridabad
Dated: 30.08.2008.

Pankaj Dhawan
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. 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 24.09.2008 to 29.09.2008 (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.

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2001 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 2000-2001 have already been notified in this connection vide letter dated 20th May 2008.
- 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 29.09.2008.
- 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.**

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- 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, as the same will not be distributed in 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 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 and fixed deposit holders in respect of the shares or fixed deposits 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.**

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

Item No. 6

Mr. Brian Williams was appointed as an additional director by the Board of directors in the meeting held on 30.04.2008. According to the provisions of Section 260 of the Companies Act, 1956, the tenure of directorship of Mr. Brian Williams is upto the date of the ensuing Annual General Meeting. The Company has under Section 257 of the Act, received a notice along with a deposit of Rs. 500/- from a member signifying his intention to propose appointment of Mr. Brian Williams as a director on the Board of the Company.

Mr. Brian Williams is 61 years of age and has done Mechanical Engineering besides several Management and Finance courses from UK. Mr. Brian Williams has already served the Company as a director from 01.08.1997 to 29.08.2003 as a nominee of Federal Mogul Sealing System (Slough) UK. He has 40 years of rich experience and exposure in the Auto Component Industry.

The induction of Mr. Brian Williams due to his expertise and knowledge of the Auto Component Industry will help the Company to expand its overseas business in Europe and other parts of the world. The Board consider it desirable to avail itself of his services and recommend passing of resolution as an Ordinary Resolution.

Except, Mr. Brian Williams no other director of the company is concerned or interested in the proposed resolution.

Item No. 7

Mr. Amit Burman was appointed as an additional director by the Functional Committee in the meeting held on 25.06.2008. According to the provisions of Section 260 of the Companies Act, 1956, the tenure of directorship of Amit Burman is upto the date of the ensuing Annual General Meeting. The company has under Section 257 of the Act, received a notice along with a deposit of Rs. 500/- from a member signifying his intention to propose appointment of Amit Burman as a director on the Board of the Company.

Mr. Amit Burman is 39 years of age and has done MBA from University of Cambridge, UK and MSC in Industrial Engineering from Columbia University. He is responsible for driving Business Strategy, Development and Communication at various companies including Dabur India Ltd, a leading FMCG Company in India.

The induction of Mr. Amit Burman due to his expertise and knowledge of various Industries will help the Company to expand its business all over the world. The Board consider it desirable to avail itself of his services and recommend passing of necessary resolution as an Ordinary Resolution.

Except, Mr. Amit Burman no other director of the company is concerned or interested in the proposed resolution.

Item No. 8 and 9

Mr. Varun Talwar was appointed as an additional director by the Members of the Functional Committee in the meeting held on 14.08.2008. According to the provisions of Section 260 of the Companies Act, 1956, the tenure of directorship of Mr. Varun Talwar is upto the date of the ensuing Annual General Meeting. The Company has under section 257 of the Act, received a notice along with a deposit of Rs. 500/- from a member signifying his intention to propose the candidature for the appointment of Mr. Varun Talwar as a director on the Board of the Company.

Mr. Varun Talwar is 39 years of age and has done BS in Business Administration from Drexel University, 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 12 years of rich experience in the IT Sector, Auto Components and Health & Care Industry. Mr. Varun Talwar was working as a CEO Forging Division from 1st January 2006 at a remuneration of Rs 2.00 lacs per month.

The Forging Industry in general and the forging of the auto components in particular faces extremely bright prospectus. A revolution in the automobile industry over the last decade has stepped up the influx of advance technology and quality upgradation as well as opportunities for exports. India infact is amongst the most preferred destination for most of the global Auto OEMs. Hence it would be imperative to appoint Mr. Varun Talwar as director so that the Company under his able leadership can achieve new milestones.

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The Members of the Functional Committee in the meeting held on 14.08.2008 in supersession to the resolution passed by the Members of the Company on 14.03.2006 and approval of the Central Government under section 314 (1B) of the Companies Act, 1956 appointed Mr. Varun Talwar as a Whole Time Director with the designation of Joint Managing Director with effect from 01.09.2008 for a period of 5 years subject to the approval of the members of the Company in the forthcoming Annual General Meeting pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956.

The terms of appointment and payment of remuneration as per details given in the resolution are in accordance with the provisions of the Companies Act, 1956 and within the permissible limit of 5% of Net Profit of the Company as specified under Section I of Part II of Schedule XIII of the

Companies Act, 1956. The Board has ratified the payment of remuneration and appointment of Mr. Varun Talwar as Whole Time Director with the designation of Joint Managing Director and CEO (Forging Division) with effect from 01.09.2008 for a period of 5 years.

This may also be treated as memorandum pursuant to Section 302 of the Companies Act, 1956. The Board recommend the resolution for your approval. No other director of the Company except Mr. Varun Talwar himself and Mr. Naresh Talwar being related to him is concerned or interested in the proposed resolution.

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

Place: Faridabad
Dated: 30.08.2008.

Pankaj Dhawan
Company Secretary

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Details of the Directors Seeking Appointment/Re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mr. V.Mohan
Date of Birth	06.01.1951
Date of Appointment	31.01.2004
Qualifications	B. Com ,FCA
Nature of expertise in specific Functional areas	Acts as a Corporate Advisor for many Companies.
Directorship and Trusteeship in other Companies	Lloyd Insulations (India) Limited. Champion Industries Limited. Lakhanpal Private Ltd. Punj Sons Private Ltd. Vascon Engineers Ltd. Aaren Initiative Outdoor Advertising Private Limited QH Talbros Limited.
Members of Committees of other Companies	2
No. of share held	Nil

Name of the Director	Mr. Naresh Talwar
Date of Birth	10.12.1940
Date of Appointment	15.07.2001
Qualifications	Graduate from St. Stephen College
Nature of expertise in specific Functional areas	Wide experience in Automotive Component Industry for more than 41 years.
Directorship and Trusteeship in other Companies	QH Talbros Limited. Nippon Leakless Talbros Private Ltd. T & T Motors Ltd. T & T Multi Trading (P) Ltd. Sunrise Medicare (P) Ltd. XO Lite Ltd. XO Forge Ltd.
Members of Committees of other Companies	Nil
No. of share held	2,49,799

Name of the Director	Mr. Brian Williams
Date of Birth	28.04.1947
Date of Appointment	30.04.2008
Qualifications	Mechanical Engineering
Nature of expertise in specific Functional areas	Act as head of Marketing, R&D, Sales and Business Development activities.
Directorship and Trusteeship in other Companies	Nil
Members of Committees of other Companies	Nil
No. of share held	Nil

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Name of the Director	Mr. Amit Burman
Date of Birth	16.07.1969
Date of Appointment	25.06.2008
Qualifications	MBA from University of Cambridge, UK and MSC in Industrial Engineering from Columbia University.
Nature of expertise in specific Functional areas	Responsible for driving all Business Strategy, Development and Communication at various companies.
Directorship and Trusteeship in other Companies	Dabur India Ltd. Dabur Pharma Ltd. H & B Stores Ltd. QH Talbros Ltd. Dabur Liberty General Insurance Co. Ltd. Radico Khaitan Ltd. Burmans Finvest Ltd. Angel Softtech (P) Ltd. Wrapster Foods (P) Ltd. Ratna Commercial Enterprises (P) Ltd. Gyan Enterprises (P) Ltd. Well Time Gold & Investment (P) Ltd. Dabur Nepal (P) Ltd. Lite Vite Foods (P) Ltd. Azure Infotech (P) Ltd. Marg Darshak (P) Ltd. Miracle Commercial (P) Ltd. Wakarusa Laboratories (P) Ltd. KBC India (P) Ltd. Sunrise Medicare (P) Ltd. Consortium Consumer Care (P) Ltd. Lite Eat Out Foods (P) Ltd. AB Propmart (P) Ltd. Oriental Structural Engineers (P) Ltd. Chowdry Associates Euro Motors Pvt. Ltd.
Members of Committees of other Companies	2
No. of share held	2,627

Name of the Director	Mr. Varun Talwar
Date of Birth	28.06.1969
Date of Appointment	14.08.2008
Qualifications	BS in Business Administration from Drexel University, Philadelphia USA.
Nature of expertise in specific Functional areas	Worked overseas with large Multinationals and responsible for overall day to day affairs of Company's Forging Division.
Directorship and Trusteeship in other Companies	Sunrise Medicare (P) Ltd. XO Lite Ltd. XO Forge Ltd.
Members of Committees of other Companies	Nil
No. of share held	17,985

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Directors' Report

To,

The Members,

Your Directors have pleasure in presenting their 51st Annual Report on the business and operations of the company together with Audited Accounts of the company for the year ended 31st March 2008.

(Rs. in lacs)

Financial Results:	Year Ended 31st March, 2008	Year Ended 31st March, 2007
Revenue from Operations (Gross)	19,985.94	18,146.39
Profit before Interest and Depreciation	2,263.28	1,718.14
Less : Interest	717.81	466.48
Depreciation	697.74	539.38
Profit before Tax	847.73	712.28
Less : Provision for Taxation	96.00	75.00
Provision for Deferred Tax	122.50	106.28
Provision for Fringe Benefit Tax	50.00	51.72
MAT Credit Entitlement	(96.00)	(144.50)
Add: Excess provision of tax for earlier years written back	2.18	178.50
Profit after Tax	677.41	802.28
Add : Balance Brought forward from last year	986.78	924.39
Profit/Loss Account Balance on account of		
Amalgamation of erstwhile XO Stampings Ltd.	-	51.38
Profit available for appropriations	1,664.19	1,778.05
Appropriations:		
Proposed Dividend	179.03	227.59
Tax on Dividend	30.43	38.68
Transfer to General Reserve	350.00	525.00
Balance carried forward	1,104.73	986.78
Total	1,664.19	1,778.05

DIVIDEND

Your Directors are pleased to recommend dividend of 15% aggregating to Rs. 179.03 lacs for the year ended 31st March 2008 on the enhanced share capital of Rs. 1,193.56 lacs.

OPERATIONS AND BUSINESS PERFORMANCE

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

CHANGE IN CAPITAL STRUCTURE

Pursuant to the order of the Hon'ble High Court at Chandigarh, XO Stampings Ltd. and IT Division of XO Infotech Ltd. were merged into your company and 7,27,664 Equity Shares of the Company were allotted on 16.08.2007 to the members of

the aforesaid two companies. The said shares were listed for trading on Bombay Stock Exchange and National Stock Exchange on 7th November 2007 and 23rd November 2007 respectively.

On 31.03.2008, the company allotted 5,56,000 Equity Shares, post conversion of warrants to promoters @ Rs 65.00 per Share including premium of Rs 55.00 per Share aggregating to Rs 361.00 lacs. The said shares have been listed for trading on National Stock Exchange and Bombay Stock Exchange on 10.07.2008 & 15.07.2008 respectively. The listing fee to the aforesaid Stock Exchange has been paid till date.

CORPORATE GOVERNANCE

Talbro Automotive Components Limited (TACL) has always been committed to benchmark itself with the prevailing Indian

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Standard in all areas for good Corporate Governance.

A separate section on Corporate Governance and a certificate from Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange forms part of this Annual Report.

Certificates of the CEO/CFO, inter alia, confirming the compliance with the provisions of the Code of Conduct by the Members of the Board and Senior Management and the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the audit committee in terms of the clause 49 of the Listing Agreement with the Stock Exchanges, are also enclosed as a part of Annual Report.

BOARD OF DIRECTORS

Mr. Brian Williams, Mr. Amit Burman and Mr. Varun Talwar were appointed as additional Directors on the Board of the Company with effect from 30.04.2008, 25.06.2008 and 14.08.2008 respectively. Further in accordance with the provisions of the Articles of Association of the company, Mr. V.Mohan and Mr. Naresh Talwar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. However in addition to Mr. Umesh Talwar being Whole Time Director, Mr. Naresh Talwar and Mr. Varun Talwar will also not be retiring by rotation and will be Non rotational Directors.

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. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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. the Directors have taken proper and sufficient care 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 fraud and other irregularities;
- d. the Directors have prepared the annual accounts for the financial year ended 31 March 2008 on a 'going concern' basis.

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 will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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

AWARDS AND CERTIFICATIONS

During the year the company received ISO 14001 for Environmental Management System from Bureau Veritas Centre for Faridabad Gasket Plant. The Company already has Quality System Certification ISO/TS 16949 besides Best CRE Performance from Mahindra Tractors for the year 2006-07. The Company has received award from Automobile Component Manufacturer Association of India (ACMA) in the first National six sigma Competition held in New Delhi on 05.07.2008 for Stamping and Rubber Division at Faridabad.

INTERNAL CONTROL SYSTEMS

The Company has a proper and adequate system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly.

An extensive programme of internal audits and management reviews supplement the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed so as to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

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

FIXED DEPOSIT

As at 31st March 2008, out of the total fixed deposits of Rs.270.87 lacs, 15 fixed deposits aggregating to Rs 4.86 lacs matured for payment, which were neither claimed nor renewed by the depositors.

JOINT VENTURE COMPANY (JV Co.)

In line with the Accounting Standard - 27(AS-27) relating to 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 (Net) grew by 13% to Rs.184.12 crores as compared to Rs. 162.81 crores in the previous year. Consolidated net profit after tax for the year at Rs. 8.84 crores is marginally lower as compared to Rs.9.47 crores in the previous year.

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During the year, the operations of Nippon Leakless Talbros Pvt. Ltd i.e. the Joint Venture Company were shifted from Manesar to its owned Industrial premises at Bawal. The JV Company has applied & paid for allotment of Industrial Land at Industrial Park –IV, Haridwar, primarily to cater to the demands of Hero Honda Group of Companies and other OEMs located in the State of Utrakhand. Allotment of the said Industrial Land is awaited and possession of the same is expected in the last quarter of 2008.

FOREIGN COLLABORATION

The Board wishes to place on record the decision of Foreign Investment Promotion Board in favour of the Company by disallowing Federal Mogul Corporation, USA to set up their Gasket manufacturing and Sealing Plant in India. Federal Mogul Corporation, USA has referred the matter for Arbitration before International Court of Arbitration as per Rules of ICC.

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 industrial relations with the workers and staff of the company remained cordial throughout the year. There was unity of purpose among all levels of employees, continuously striving for improvement in work practices and productivity. Training and development of employees continue to be an

area of prime importance. A Statement u/s 217(2A) containing list of employees drawing remuneration exceeding Rs.24.00 lacs per annum or Rs.2.00 lacs per month is attached with this report as Annexure II.

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

The Company shall transfer dividend standing unpaid for a period of seven years in accordance with Section 205C of the Companies Act, 1956 on or before 25th October 2008 to IEPF.

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.

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. Your Directors also wish to place on record their sincere appreciation for the devotion and dedicated efforts put in by the employees at all levels.

For and on behalf of the Board

Place: Faridabad
Date : 30.08.2008

NARESH TALWAR
Chairman

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 2008.

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

(i) Gasket and Forging Division:

- Our Heating equipments are most energy efficient and Pollution free.
- We have installed Turbo Ventilator for Shop Floor temperature reduction. Our Shop Floor Roof is such that we get natural light and do not require any other light in the day time.

(ii) Stamping and Rubber Division:

- New Trolleys were designed for post curing of rubber parts for optimum utilization of oven.
- Installation of turbo Ventilator for shop Floor temperature reduction with zero power consumption.
- Shop floor was designed to get the natural light from the roof during the day time.
- ETP (Plant for Waste Treatment)water after treatment will be used for horticulture.

(b) Gasket Division additional investment and proposal, if any, being implemented for reduction of consumption of energy:

- Replaced shop floor lights with low wattage energy efficient lights.
- All lights in shop floor are controlled by linere and put off during idle time.
- Replaced street lights with low wattage energy efficient lights.
- For further energy conservation, order has been placed to M/s. PCRA for energy audit of Faridabad Plant (Gasket Division).

(c) Impact of measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods:

- With these measures in place approximately 5 % energy will be saved as compared to last year. This will reduce cost of manufacturing accordingly.

(d) Total Energy Consumption and Energy

- Consumption per unit of production as per prescribed Form A.
- Annexure A applicable only for Forging Plant of the Company at Bawal.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.**1. RESEARCH & DEVELOPMENT (R&D)**

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

(i) Gasket Division

- Development of gasket technologies for new generation engines.
- Development of gaskets for new engines.
- Development of Non Asbestos grade materials with an objective to phase out asbestos.

(ii) Forging Division

- Presently we are not carrying out any R & D activities in Forging Plant. Limited R&D is carried out to achieve the specifications required by the customers.

(iii) Stamping and Rubber Division:

- Complete physical testing facilities developed inhouse to establish the required specification for the export customers.
- New lab for rubber compound Testing set up to support in house compounding and to check the specification of imported compound.

(b) Benefits derived as a result of the R&D (Gasket Division)

- Indigenisation of imported material (Import substitute).
- Introduction of alternate Cost effective raw materials & other inputs.
- Development of products & product technologies for new application
- R & D efforts has resulted in achieving cost competitiveness under current price

(c) Future plan of Action (Gasket Division)

- Introduction of multilayer steel gaskets & steel elastomer gaskets for new applications.

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- Upgradation of R & D facilities.

Forging Division

- In general, R & D is not required in Forging Division as we do not design any product, but manufacture Products as per Customers' specifications

(d) Expenditure on R&D (Gasket & Forging Division)		
- Capital Expenditure	Rs.7.23 lacs	
- Salaries and Allowances	Rs.51.28 lacs	
- Other recurring expenses	Rs.19.13 lacs	
Total	Rs.77.64 lacs	
Total as percentage of Revenue from Operations		0.44 %

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Gasket Division

- Introduction of MLS gaskets & Steel Elastomer for new generation engines/new applications.
- Continuous upgradation of technical capabilities with the help of our technical partner.

Forging Division

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

Stamping and Rubber Division:

- New progressive stamping line added to improve the production and capacity.
- Injection Moulding with Cold runner system to reduce the wastage was installed.
- ERP under development to control the Inventory, Accounts, Production ,Planning & Control etc, to reduce the inventory cost, and improve efficiency.

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

(i) Gasket Division

- Continuous upgradation of technical capabilities to global standards with the help of technical partners.
- Upgradation of manufacturing technology & processes to meet global standards of quality & productivity.
- Reduction in Product Development time and improved productivity

(ii) Forging Division and Stamping & Rubber Division

- Reduction in Product Development time and improved productivity.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

(b) Total Foreign Exchange used and earned

Earning	Rs. 2,511.48 lacs
Outgo	Rs. 3,285.91 lacs

For and on behalf of the Board

Place: Faridabad
Date : 30.08.2008.

NARESH TALWAR
Chairman

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

	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Power & Fuel Consumption		
1. Electricity		
(a) Purchased Unit	Average	NIL
Total Amount	0.05	NIL
Rate/Unit	Average	NIL
(b) Own Generation		
Through Diesel generator		
Unit KWH		
Unit(KWH in lacs)	46.40	8.63
Total amount (Rs. In lacs)	333.46	75.46
Cost/Unit	7.19	8.74

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ANNEXURE -II

Statement of Particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March 2008

Employed throughout the year and were in receipt of remuneration for the year in aggregate not less than Rs. 24,00,000 per annum								
Name	Designation and Nature of Duties	Remuneration (in Rs)	Nature of Employment whether Contractual or otherwise	Qualifications	Experience (in Years)	Date of Commencement	Age (Yrs)	Particulars of last Employment
Mr. Umesh Talwar	Vice Chairman & Managing Director Overall Management	34,78,363/-	Contractual	B.Com (Hons), MBA	31	18.04.2000	57	Vice Chairman & Managing Director, QH Talbros Ltd.
Mr. K.Sairam	Group COO Overall Operation & Management	45,06,540/-	Otherwise	BE, PGDBM (MBA)	34	05.04.2001	57	Associate Vice President, Goetze India Ltd.
Mr. Varun Talwar	CEO Forging Division Overall operation of Forging Division	29,58,276/-	Otherwise	BS in Business Administration from Drexel University Philadelphia, USA	12	01.01.2006	38	Joint Managing Director, Sunrise Medicare (P) Ltd.

Notes:

- Mr. Varun Talwar is related to Mr. Naresh Talwar, chairman of the Company. The appointment of Mr. Varun Talwar was made pursuant to Section 314 (1B) of the Companies Act ,1956
- Remuneration includes Salary, House rent allowance, Company's Contribution to Provident Fund, Medical Reimbursement, Gratuity and other Perquisites.

Place: Faridabad
Date: 30.08.2008

For and on behalf of the Board

NARESH TALWAR
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

While there have been symptoms of slowdown in the Auto Industry in India in the last quarter due to high Interest costs, inflation and high crude oil prices, however your directors are of the opinion that in view of an annual real GDP growth of 8.7% in 2007-08, as well as receding crude oil prices, the Auto Component Industry is expected to perform moderately in the Current financial year.

The Highlights of the company performance on a consolidated basis in 2007-08 are:

- Increase in Consolidated Revenue from Operations (Gross) by 11.2 % from Rs. 193.30 crores in 2006-07 to Rs. 214.89 crores in 2007-08.
- Growth in Consolidated Earning before Interest, Depreciation, Taxes and Amortization (EBIDTA) by 33.60% from Rs. 19.48 crores in 2006-07 to Rs. 26.02 crores in 2007- 08.
- Consolidated Net Profits After Tax (PAT) appears to be lower than the previous year as there had been one time tax adjustments in the previous year. Hence, these figures are not directly comparable.

The company has been achieving consistent growth year on year. The Consolidated Revenue from Operations of the company has grown at a CAGR of 21.88% over last three years.

Although the economy has been growing rapidly over the last five years, recently we have experienced slight slow down in some of the segments of auto industry. There are several complex challenges facing the industry. On the revenue side there are periods of industry wide slump in demand, pressure on margins due to competition and rising input costs.

INDUSTRIAL STRUCTURE AND DEVELOPMENT

India is emerging as one of the World's fastest growing vehicle markets. The growth of Indian middle class with increasing purchasing power along with strong growth of economy over a past few years have attracted the major Auto Manufacturers to Indian Market. Further the constant pressure for cost reduction on global OEMs is compelling them to outsource more and more from Low Cost Countries including India.

Auto component industry has similarly been under pressure mainly because of increased Customer expectations for better quality product at lower price.

Your Directors believe that small and medium cars market as well as the two wheeler demand would remain dominant. Your directors also expect the domestic growth to be marginally up in the current year and export to provide boost to the bottomlines as sourcing of automotive components from India is likely to accelerate particularly in case of forged items as developed countries are slowly moving away from the forging industry.

Though, there has been certain deterrents in the industrial growth like hike in the input costs, abnormal increase in the crude oil prices in the International markets and soaring interest rates for financing the vehicles, the infrastructural development in the country has been at a higher pace than before and it is a very significant positive sign. The Government of India has announced certain excise cuts for vehicles particularly small cars, bus chassis and two wheelers that will provide impetus for the overall growth of the Auto Industry.

OPPORTUNITIES AND THREATS

Opportunities:

The Indian auto industry is expected to witness a major change in the coming years with the introduction of Tata's low cost small car, "Nano". A couple of other OEMs have also expressed their intentions to produce small cars in India not only for the Indian Market but also for other countries of South East Asia and Latin America. This will be a big boost for auto component industry including our business.

Your company, having a well established brand image coupled with access to latest global technologies through its technical collaborations and offering a diversified product range, stands an excellent growth opportunity.

Threats:

Following main factors threatening the growth are worth mentioning:

- Opening up of the economy and falling trade barriers will further intensify the competition.
- Most of the OEMs are working on plans to rationalize their supplier base .They have also become more open to switching suppliers and subjecting them to higher price competition.
- Some global auto component manufacturers are in the process of setting up their plant in India. In view of their huge global requirements they may have the benefits of high volumes.

CURRENT YEAR OUTLOOK

As per survey conducted by ACMA through Mckinsey & Co., the Indian Automobile market will continue to grow at a fast pace, given the continuing robust performance of economy, increasing disposable incomes, rising aspirations and thrust on improvement in road infrastructure. The growing presence of multinational OEMs in India and their demands for high quality standards has already improved suppliers' capabilities. A number of major overseas players have entered the Indian market after it was opened to foreign investment. Further Global outsourcing of automotive components is likely to accelerate because of cost pressures on OEMs in developed countries.

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During the year, your company developed a number of parts to the satisfaction of proposed customers at its newly set up forging Plant in Bawal (Haryana). These parts will generate significant business in the current year. Your Company has also set up a new State of the Art rubber components manufacturing plant and shifted its stamping operations at Faridabad in order to synergise manufacturing operations and to reduce cost of production. These plants commenced commercial production only from April 2008 and are expected to achieve significant growth in the current year.

The Uttarakhand Government offers number of incentives to new Industrial units in the State. Your company is coming up with a new gasket plant in Uttarakhand and is expected to commence commercial production by next year. This will not only add to the Sales Volumes but will generate better profitability in view of no excise duty on products, lower CST and various other Tax Incentives.

The company has recently been allotted 3 acres land in the Renault and Nissan Supplier's Park, SIPCOT Industrial Growth Centre, Chennai which will be used for expanding operations in Chennai.

RISKS AND CONCERNS

The increase in input costs particularly of steel and fuel oil coupled with resistance/delay from OEMs in agreeing to compensate the increased input costs is resulting in pressure on the margins.

Steep increase in the interest rates has pushed up operating costs on one hand and has adversely impacted the demand for vehicles on the other hand.

Increasing attrition rate and scarcity of skilled and efficient manpower is also a cause of concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Talbro's has a proper and adequate system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly. The internal control system has been designed so as to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

An extensive programme of internal audits and management reviews supplement the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose.

The Company has an Audit Committee comprising of three 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 five times.

FINANCIAL AND OPERATIONAL PERFORMANCE

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

Your Company has during the financial year ended 31st March 2008 achieved a Revenue from Operations of Rs. 199.86 crores as against Rs. 181.46 crores in the previous year on stand alone basis. Earning Before Interest, Depreciation, Taxes and Amortization has been Rs. 22.63 crores being 31.70% higher than the previous year figure of Rs. 17.18 crores. Profit before tax for the year stood at Rs. 8.48 crores as against Rs. 7.12 crores in the previous year. The newly started forging plant was still to achieve break even levels and incurred a loss of Rs. 4.92 crores (previous period loss Rs. 1.48 Crores).

Net profit after tax has been lower than the previous year as there had been an exceptional situation last year due to adjustment of higher tax provisions of earlier years.

HEALTH, SAFETY, SECURITY ENVIRONMENT

The Company already has in place its own Safety System. Regular training is imparted to the workers and staff at all levels. The increased focus on safety has resulted in improved safety records at all our Plants and thus has improved the working environment.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Employer – employee relations continued to remain cordial during the year. Training and development of employees continue to be an area of prime importance. The devotion and commitment of our employees has enabled the Company to fulfill its targets and deadlines in time. The total number of people employed in the Company as on 31st March 2008 was 1,440.

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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:

I. 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, ACMA etc.

II. Company's Mission

The company strives to:

- Maintain its position as leading manufacturer of gaskets in India and successfully run Forgings, IT and Sheet Metal businesses.
- Become industry leader to bring laurels to its stakeholders.

III. Company's Values

- Consistently high performance
- Continuous progress
- Customer satisfaction
- Wealth maximization for shareholders
- Teamwork
- Development of employees
- Fulfill social responsibilities
- Healthy and safe environment

IV. Business Strategy

The company strives to:

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

V. 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.

VI. Disclosure of information to investors

The Company ensures timely disclosure of information in compliance with the laws in force.

VII. 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

I. Composition of the Board as on 31st March, 2008

The board comprises of 6 members – 1 Executive Director and 5 Non-Executive Directors, out of which 3 are independent. The Chairman of the Board is Non-Executive Promoter Director of the Company. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement which stipulates that 50% of the Board should comprise of Non Executive Directors, and if the Chairman is Non Executive, one third of the Board should be Independent. The above has been depicted in the table below:

Category	No. of directors	Percentage of total no.
Promoter		
- Executive	1	16.67%
- Non-executive	2	33.33%
Non-executive & independent directors	3	50.00%
Total	6	100.00%

II. Background of Directors:

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

Mr. Naresh Talwar, aged 67 years, is a Graduate from St. Stephen College, Delhi University, having wide experience in the Automotive Components Industry for more than 41 years. Mr. Naresh Talwar has set-up QH Talbros Limited in 1986 for manufacturing of suspension, tie-rods, and ball pins 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.

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

Mr. Umesh Talwar, aged 57 years, has done B.Com (Hons) from Hindu College, Delhi University and MBA from XLRI, Jamshedpur. He has more than 31 years of experience in the Automotive Components Industry. He is also a promoter director of QH Talbros Limited, XO Infotech Limited and Sunrise Medicare Private Limited. Under his leadership our Company has received 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). He has attended various seminars and workshops organized by CII, ACMA, FICCI and PHD Chamber of Commerce and Industry.

(iii) Mr. Nikhil Talwar, Promoter and Non Executive Director

Mr. Nikhil Talwar, aged 37 years, has done B. Com (Hons) from Delhi University and MBA from Durham University of Business School, U.K. He has worked overseas with internationally renowned companies such as Coopers Payen Limited, UK. He has also worked with A.E. Clevite at Ann Arbor in USA on several projects. He has more than 13 years experience in the auto components industry.

(iv) Mr. Anil Kumar Mehra, Non-Executive & Independent Director

Mr. Anil Kumar Mehra, aged 63 years, is a Bachelor in Commerce (Hons) from Sri Ram College of Commerce, Delhi University. Mr. Mehra is a Fellow Member of the Institute of Chartered Accountants of England and Wales and the Institute of Chartered Accountants of India. He has over 33 years of experience in statutory audit, internal audit, management audit and special investigative audits. He has been advising various companies on financial management and corporate planning.

He is 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.

(v) Mr. Rajive Sawhney, Non-Executive & Independent Director

Mr. Rajive Sawhney, aged 60 years is a Bachelor in Arts from St. Stephen College,

Delhi University and LLB from the Delhi University. He has more than 36 years of experience as a corporate law expert. Presently, he is on the board of 5 companies. He is a designated Senior Advocate of the Supreme Court of India and the High Court of Delhi. He inter-alia holds directorships in companies like Win Medicare Pvt. Ltd., Thermo Plastic India Pvt. Ltd., D D Fincap Private Ltd. etc.

(vi) Mr. V.Mohan, Non-Executive & Independent Director

Mr. V. Mohan, aged 56 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 firm of Chartered Accountants and is presently on the board of several companies. He is Corporate Advisor for many companies. He inter-alia holds directorship in companies like Lloyd Insulations (India) Limited, Champion Industries Limited, Lakhanpal Private Limited and QH Talbros Ltd. etc.

III. Board Meetings

A total of five Board meetings were held during the financial year on 30th April 2007, 24th July 2007, 20th August 2007, 31st October 2007 and 30th January 2008.

Name of Director	No. of Meeting attended	% of total Meetings attended	Attendance at the last AGM held on 29.09.07
Mr. Naresh Talwar	5	100%	Yes
Mr. Umesh Talwar	5	100%	Yes
Mr. Nikhil Talwar	2	40%	No
Mr. Anil Kumar Mehra	4	80%	No
Mr. Rajive Sawhney	5	100%	No
Mr. V.Mohan	1	20%	Yes

IV. Board Memberships

Name of Director	Boards (excluding TACL)	No of committee position held in companies excluding TACL	
		Chairman	Member
Mr. Naresh Talwar	7	One	One
Mr. Umesh Talwar	7	None	None
Mr. Nikhil Talwar	1	None	None
Mr. Anil Kumar Mehra	12	One	Two
Mr. Rajive Sawhney	5	None	Two
Mr. V.Mohan	7	One	One

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Further, as regards Membership and Chairmanship in Board Committees, none of the Directors exceed the prescribed limits.

V. Directors retiring and seeking re-appointment;

This year, Mr. V. Mohan and Mr. Naresh Talwar retire by rotation and being eligible they seek their re-appointment.

VI. 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.

VII Relationship between Directors;

Mr. Naresh Talwar is a brother of Mr. Umesh Talwar. None of the other directors are related to each other.

3. AUDIT COMMITTEE

I. 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 functions of the committee are to review with management and the statutory and the internal auditors all aspects of financial results, adequacy and effectiveness of the internal control system and internal audit processes, taxation matters and company's risk management strategies.

II. Composition

The Audit Committee as on 31st March 2008 comprises of 4 non-executive directors, out of which 3 are independent directors –Mr. V.Mohan, Mr. A.K.Mehra and Mr. Rajive Sawhney. Mr. Naresh Talwar is non-executive director. The Chairman of the Committee Mr. V. Mohan is a Chartered Accountant with rich and relevant experience. CFO, Sr. Vice President (Finance), the Internal Auditor and Statutory Auditors are permanent invitees. The Company Secretary acts as Secretary to the Committee.

III. Meetings and attendance during the year

The Meetings of the Audit Committee were held on 30th April 2007, 24th July 2007, 20th August 2007, 31st October 2007 and 30th January 2008.

Name of Director	No. of Meetings attended	% of total Meetings attended
Mr. V.Mohan	2	40%
Mr. Naresh Talwar	5	100%
Mr. Anil Kumar Mehra	4	80%
Mr. Rajive Sawhney	5	100%

The Chairman of the Audit Committee was present at the Last AGM.

4. REMUNERATION COMMITTEE

I. Terms of reference

The Remuneration Committee reviews and recommends the remuneration of executive directors. Such recommendations are based on the overall financial performance and profitability of the company during the financial year and on the evaluation of personal contribution of the individual directors.

II. Composition

The Remuneration committee is comprised of 3 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.

III. Meetings and attendance during the year

No meeting of the Remuneration Committee was held during the year.

IV. Remuneration policy

The remuneration paid to the executive directors is recommended by Remuneration Committee, if required in accordance with Schedule XIII to the Companies Act, 1956 which comprises of fixed component consisting of salary and perquisites.

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

V. Details of remuneration to all Directors

(a) Whole-Time Directors

During the financial year 2007-08, the total remuneration paid to Mr. Umesh Talwar Vice – Chairman & Managing Director is as follows:

(Amount in Rs.)

Name	Basic Salary	Perquisite	Total
Mr. Umesh Talwar	15,60,000	19,18,363	34,78,363

The tenure of appointment of Vice Chairman and Managing Director is for a period of 5 years i.e. w.e.f. 01.04.2007 to 31.03.2012.

(b) Non-executive Directors

During the year 2007-08, no sitting fee was paid for attending Committee meetings except for attending Audit Committee Meetings.

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However, the Company has paid sitting fees to only non-executive & non promoter directors for attending Board Meeting as well as Audit Committee Meetings as given below:

Director	Sitting fees (Rs.)		
	Board Meeting	Audit Committee	Total
A.K.Mehra	40,000	20,000	60,000
Rajive Sawhney	50,000	25,000	75,000
V.Mohan	10,000	10,000	20,000

None of the non executive directors hold any shares in the Company except Mr. Naresh Talwar, Chairman and Mr. Nikhil Talwar who hold 2,49,799 & 6,99,866 Shares respectively.

There was no other pecuniary relationship or transaction by the Non Executive Directors vis-à-vis the company.

5. SHAREHOLDERS GRIEVANCE COMMITTEE

I. 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.

II. Composition

The Shareholders Grievance Committee comprises of 4 non-executive directors, of which 3 are independent directors i.e. Mr. V.Mohan, Mr. A.K.Mehra and Mr. Rajive Sawhney. The Chairman of the Committee is Mr. Naresh Talwar who is non-executive and non-independent director.

III. Name and designation of Compliance Officer

Mr. Pankaj Dhawan, 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 ie memberservice@talbros.com for the convenience of Shareholders.

IV. Meetings and attendance during the year

The Meetings of the Shareholders Grievance Committee was held on 30th April 2007

Number of Shareholders Complaints received during the period 01.04.2007 to 31.03.2008	261
Number of Shareholders Complaints not solved to the satisfaction of Shareholders	Nil
Number of Shareholders Complaints pending as on 31.03.2008	Nil

6. SHARE ISSUE COMMITTEE

I. 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.

II. Composition

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

III. Meetings and attendance during the year

The meeting of the Share Issue Committee was held on 31st March 2008 in the presence of all the members.

7. FUNCTIONAL COMMITTEE

I. Terms of reference

Pursuant to Clause 41 of the Listing Agreement, the Functional Committee of the Company was constituted to ensure compliance with various Corporate Laws, to review corporate and financial matters and to take note of unaudited quarterly results besides Limited Purpose Review Report from time to time.

II. Composition

The Functional Committee comprises of Mr. Naresh Talwar as its Chairman, Mr. Umesh Talwar, Mr. Rajive Sawhney, Mr. V.Mohan and includes other officials i.e. Mr. Navin Juneja, Mr. R.P.Grover and Mr. Pankaj Dhawan as the other members of the Committee.

III. Meetings and attendance during the year

The meetings of the Functional Committee were held on 13th November, 2007, 27th February 2008 and 18th March 2008.

Name of Director/ Members	No. of Meetings attended	% of total Meetings attended
Mr. Naresh Talwar	3	100%
Mr. Umesh Talwar	3	100%
Mr. Rajive Sawhney	3	100%
Mr. V.Mohan	Nil	Nil
Mr. Navin Juneja	3	100%
Mr. R.P.Grover	3	100%
Mr. Pankaj Dhawan	3	100%

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8. GENERAL BODY MEETINGS

I. Meeting Details

Financial Year	2004-05	2005-06	2006-07
Location	Hotel Hill View, Shooting Range road, Suraj Kund, Faridabad, Haryana	Hotel Atrium, Shooting Range road, Suraj Kund, Faridabad, Haryana	Hotel Atrium, Shooting Range road, Suraj Kund, Faridabad, Haryana
Date and Time	5 th August, 2005 (Friday), 10:30 A.M	4 th July, 2006 (Friday), 10:30 A.M	26 th September 2007 (Wednesday) 10:30 A.M
Type of resolutions passed	O.R: 5 S.R: 2	O.R: 6 S.R: 2	O.R: 5 S.R: 2

II. Resolutions

The details of resolutions passed in the last AGMs are shown in the last row of the above table. O.R and S.R stands for Ordinary and Special Resolution respectively. No resolution was passed through Postal Ballot during the last year.

9. DISCLOSURES

I. Related Party Transactions

There have been no materially significant related party transactions 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.

II. 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.

III. Compliance with Rules and Regulations

During the year, your Company has complied fully with the 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.

IV. 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-Sr. VP (Finance) and Mr. Pankaj Dhawan Company Secretary are members of the Committee.

V. CEO/CFO certificate

In terms of Clause 49(v) of the Listing Agreement the Vice Chairman, CEO and Managing Director, Mr. Umesh Talwar and Sr. Vice President (Finance), Mr. R.P. Grover have furnished the requisite certificates to the Board of Directors confirming that the financial statements present the true and fair view of Company's Affairs and are in compliance with existing Accounting Standards are enclosed at the end of this report.

VI. Declaration by CEO with regard to Code of Conduct

The Vice Chairman and Managing Director, Mr. Umesh Talwar has furnished as follows a declaration affirming compliance of Code of Conduct by the Board of Directors and the Senior Management Personnel.

"All the Board Members and Senior Management Personnel of the Company have fully complied with the provisions of the Code of Conduct for Board Members and Senior Management during the financial year ended 31st March 2008".

VII. Management Discussion and Analysis Report

Annual Report has a detailed Chapter on Management Discussion and Analysis which forms part of this report.

VIII. Review of Directors' Responsibility Statement

The Board in its report has confirmed that the financial accounts for the period ended 31st March 2008 has been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

10. MEANS OF COMMUNICATION

The Company's financial results are published in English daily and vernacular Hindi newspapers namely the Economic Times, Navbharat Times, Business Standard and Veer Arjun. Company's financial results are also available on the Company's website www.talbro.com. All the relevant corporate filings have been filed through SEBI Edifar website www.sebiedifar.nic.in in accordance with Clause 51 of the Listing Agreement.

11. GENERAL SHAREHOLDER INFORMATION

I. 51st Annual General Meeting

The 51st Annual General Meeting will be held on 29th September 2008 at 10.30 A.M at Royal Room in Hotel Atrium, Shooting Range Road, Surajkund, Faridabad-121001 (Haryana)

TALBROS AUTOMOTIVE COMPONENTS LIMITED

II. Financial Year

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

III. Book Closure

The date of book closure is from 24.09.2008 to 29.09.2008 (both days inclusive).

IV. Financial Reporting Calendar in respect of Unaudited quarterly results

Quarters	Date of Board Meeting	Date of Publishing in Newspaper
April-June	24.07.2007	25.07.2007
July-September	31.10.2007	02.11.2007
October-December	30.01.2008	31.01.2008
January-March	30.04.2008	01.05.2008

V. Dividend Payment

Dividend, if any, declared in the 51st AGM will be paid on or after 29.09.2008 but before the statutory limit of 30 days from the date of declaration.

VI. Stock Exchange Listing

The Company is currently listed with BSE and NSE. The annual listing fee has been duly paid.

Scrip Code at BSE: 505160

Scrip Code at NSE: TALBROAUTO

ISIN: INE187D01011

VII. Share Price

The Company's high and low prices recorded on The Stock Exchange, Mumbai during the financial year 2007-08 are:

Month	Share Price		Sensex	
	High (Rs)	Low (Rs)	High	Low
April	53.95	44.15	14383.72	12425.52
May	56.90	46.70	14576.37	13554.34
June	76.75	48.85	14683.36	13946.99
July	80.90	64.30	15868.85	14638.88
August	76.00	61.25	15542.40	13779.88
September	71.50	61.60	17361.47	15323.05
October	65.00	50.00	20238.16	17144.58
November	67.50	46.60	20204.21	18182.83
December	76.20	57.00	20498.11	18886.40
January	79.90	45.00	21206.77	15332.42
February	58.10	45.25	18895.34	16457.74
March	49.00	32.00	17227.56	14677.24

VIII. Registrar and Transfer Agent

The Company's Registrar and Share Transfer Agent are M/s Karvy Computershare Pvt. Ltd., 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

IX. Share Transfer System

Share Transfer Agent of the Company holds fortnightly Share Transfer Meetings in which all the shares received in physical form are transferred / dealt with.

X. Shareholding Pattern

The shareholding distribution as at 31st March 2008 is as follows:

Shareholding of Nominal Value (Rs)	Number of Shareholders	%of Total	Number of shares	%of Total
Upto 5000	21,597	93.70	20,53,204	17.20
5,001 to 10,000	734	3.18	5,81,624	4.87
10,001 to 20,000	363	1.57	5,32,450	4.47
20,001 to 30,000	106	0.46	2,66,229	2.23
30,001 to 40,000	51	0.22	1,79,134	1.50
40,001 to 50,000	40	0.17	1,86,588	1.56
50,001 to 1,00,000	59	0.26	4,31,997	3.62
1,00,001 and above	102	0.44	77,04,404	64.55
Total	23,052	100.00	1,19,35,630	100.00

The shareholding pattern as at 31st March 2008 is as below:

Category	No. of shares held	Percentage
Promoter and Promoter Group	38,96,003	32.64
Institutional Investors	12,63,441	10.59
Non Institutions; Bodies Corporate	16,08,195	13.46
Non Resident Indians	1,69,419	1.42
Overseas Corporate Bodies	3,26,827	2.74
Individuals	46,48,125	38.95
Others	23,620	0.20
Grand Total	1,19,35,630	100.00

XI. Unclaimed Dividends

By virtue of Section 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid/ unclaimed for the period of 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

TALBROS AUTOMOTIVE COMPONENTS LIMITED

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
2000-01	27.09.2001	25.10.2008
2001-02	18.09.2002	16.10.2009
2002-03	26.09.2003	24.10.2010
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

Members who have not encashed their dividend warrants are requested to have the same revalidated to encash and avoid transfer to IEPF as already requested by the Company vide its letters dated 20th May 2008.

XII. 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.

XIII. 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.

Category	No. of shareholders	No of equity shares	% of Capital
Physical	4,338	35,32,319	29.59
NSDL	14,861	74,54,261	62.46
CDSL	3,853	9,49,050	7.95
	23,052	1,19,35,630	100

XIV. Outstanding warrants, conversion date and likely impact on equity

Number of outstanding warrants to be converted into equal number of equity shares	6,44,000
Last date for exercise of Conversion option attached to warrants	28.09.2008
Expected Paid Up Capital of the Company after such allotment (in Rs.)	12,57,96,300
Post Conversion of balance 6,44,000 warrants ,the holding of promoters may increase to	46,26,249 Shares i.e. 36.86% of enhanced Capital.

XV. Plant Locations

The Company has three 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
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	Village Atta, Sohna, Gurgaon -122001

The Company has purchased Industrial Land at Uttrakhand to cater supply of Gasket to the local OEM Customers. The construction work for setting up of 4th Gasket Plant shall commence shortly.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

Address for Correspondence

For change of address:

- Shareholders holding shares in dematerialised 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. See item no. 11 (VIII) for further details.

For all matters relating to investor relations please contact:

Company Secretary & Compliance officer
Talbro Automotive Components Ltd.
14/1, Delhi -Mathura Road,
Faridabad-121003
Tel: +91-129-4047694
Fax: +91-129-2277240
Email: pankajdhawan@talbros.com
memberservice@talbros.com

12. AUDITOR'S CORPORATE GOVERNANCE CERTIFICATE

The Company has obtained a certificate from S.N.Dhawan & Co., Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated in the Listing Agreement with Stock Exchanges. This is annexed to the Directors' Report 2008.

13. SECRETARIAL AUDIT REPORT

The Company has obtained Secretarial Audit Report dated 21.04.2008 from M/s K.K. Malhotra & Co., a firm of Practising Company Secretary.

Certification by Chief Executive Officer and Chief Financial Officer of the Company

We, Umesh Talwar, Vice Chairman, Chief Executive Officer & Managing Director and R.P. Grover Sr. VP (Finance), of Talbros Automotive Components Limited certify to the best of our knowledge and belief, that

- a) We have reviewed the Balance-Sheet and Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements and the Directors' Report;
- b) These Statements do not contain any materially untrue statements or omit any material fact nor do they contain statements that might be misleading;
- c) These Statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and / or applicable laws / regulations;
- d) We are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal controls systems of the company and we have not noticed any deficiencies in the design or operation of Internal controls;
- e) We have not noticed any fraud that involves management or employees having a significant role in the company's Internal control systems;
- f) We have indicated to the Auditors, Audit Committee and in the notes on accounts that there has not been any significant change in Internal Control and/or accounting policies during the year.

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Talbros Automotive Components Limited

We have examined the compliance of the conditions of Corporate Governance by **Talbros Automotive Components Limited** for the period ended March 31st, 2008 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 31st, 2008, 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

Place: New Delhi
Date : 30.08.2008.

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

Auditors' Report

To the Members of

TALBROS AUTOMOTIVE COMPONENTS LIMITED

1. We have audited the attached Balance Sheet of **Talbro Automotive Components Limited** as at March 31, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of Gasket Plant-II at Chennai and Gasket Plant-III at Pune audited by Branch Auditors. 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 to 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. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with;
 - iii) 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;
 - iv) 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;
 - v) On the basis of written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) 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 notes thereon, 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, 2008;
- (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

Place: New Delhi
Date : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

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, 2008

- 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 one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount

TALBROS AUTOMOTIVE COMPONENTS LIMITED

involved during the year and the year-end balance of inter corporate deposit was Rs.90 Lacs.

- (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) The party had repaid the principal amount as stipulated and had also been regular in the payment of interest to the Company.
 - (d) There is no overdue amount in excess of Rs. One Lac of inter corporate deposit granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (e) 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 except 4 fixed deposits from directors and their relatives. The maximum amount involved during the year and the year-end balance of such fixed deposits were Rs.137.40 Lacs.
 - (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such deposits are not, prima-facie, prejudicial to the interest of the Company.
 - (g) The principal amounts were renewed and interest was paid during the year.
- 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 aforesaid 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 relating to material, labour and other items of cost 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 31st, 2008 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:

TALBROS AUTOMOTIVE COMPONENTS LIMITED

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount(Rs.)	Forum where dispute is pending
The Central Excise Act, 1944	Classification of Paper Gaskets	1998-2002	14,17,866	The Asstt. Commissioner, Faridabad.
The Central Excise Act, 1944	AdditionalDemand	2003-2007	4,74,878	Appellate Tribunal Custom, Excise & Service Tax
Service Tax Act, 1994	Service Tax On Royalty	2004-2006	10,19,431	The Asstt. Commissioner, Faridabad
Central Sales Tax Act, 1961	Central Sales-tax	1994-1995	11,67,568	High Court of Chennai
Employee State Insurance Act, 1948	AdditionalDemand	1995-1999	8,01,587	Civil Judge, Senior Division 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 of USD 3.82 Millions in favour of ICICI Bank for term borrowing by one of its Associates Company. According to the information and explanations given to us by the management, 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 preferentially issued shares against convertible warrants issued last year to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- 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

Place: New Delhi
Date : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at March 31, 2008		As at March 31, 2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	1	12,35,42,300		12,15,96,300	
Reserves and Surplus	2	58,71,27,429	71,06,69,729	53,10,82,354	65,26,78,654
Loan Funds:					
Secured Loans	3	70,61,10,005		59,70,70,743	
Unsecured Loans	4	13,10,45,127	83,71,55,132	2,86,42,000	62,57,12,743
Deferred Tax Liabilities (Net) (Refer note no. 5 of Schedule 14)			5,28,90,722		5,04,60,783
TOTAL			1,60,07,15,583		1,32,88,52,180
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block	5	1,33,13,96,179		1,21,69,78,607	
Less: Depreciation		56,43,72,273		50,95,81,687	
		76,70,23,906		70,73,96,920	
Capital Work in Progress		15,92,17,588	92,62,41,494	5,56,13,052	76,30,09,972
Investments:	6		5,40,26,770		5,52,83,400
Current Assets, Loans and Advances:					
Interest accrued on Investments and Deposits		1,27,28,745		76,33,274	
Inventories		44,97,39,127		30,31,67,368	
Sundry Debtors		46,76,54,388		34,86,52,738	
Cash and Bank Balances		5,15,43,894		1,67,79,904	
Loans and Advances		30,26,78,285		23,08,08,265	
		1,28,43,44,439		90,70,41,549	
Less: Current Liabilities & Provisions	8				
Current Liabilities		62,18,14,799		34,93,03,080	
Provisions		4,27,19,498		4,85,47,320	
		66,45,34,297		39,78,50,400	
Net Current Assets			61,98,10,142		50,91,91,149
Miscellaneous Expenditure: (To the extent not written off or adjusted)	9		6,37,177		13,67,659
TOTAL			1,60,07,15,583		1,32,88,52,180
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
	14				

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	Year Ended March 31,2008		Year Ended March 31,2007	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Revenue from Operations (Gross)		1,99,85,93,570		1,81,46,39,422	
Less: Excise Duty		<u>25,13,52,166</u>		<u>23,16,34,335</u>	
Revenue from Operations (Net)			1,74,72,41,404		1,58,30,05,087
Other Income	10	3,30,67,339		1,56,13,975	
Increase /(decrease) in Stock of Finished Goods and Work-in-Progress	11	<u>5,24,89,801</u>	<u>8,55,57,140</u>	<u>1,98,95,766</u>	<u>3,55,09,741</u>
			1,83,27,98,544		1,61,85,14,828
EXPENDITURE:					
Raw Materials Consumed		86,45,80,627		79,28,83,660	
Purchases-Other Components		11,60,41,967		11,90,58,392	
ManufacturingSellingAdministrative and other Expenses.	12	62,58,47,391		53,47,58,020	
Interest	13	<u>7,17,80,870</u>	<u>1,67,82,50,855</u>	<u>4,66,48,039</u>	<u>1,49,33,48,111</u>
Profit before Depreciation/Amortisation			15,45,47,689		12,51,66,717
Depreciation/Amortisation		6,99,05,434		5,40,83,888	
Less : Transfer of depreciation from Revaluation Reserve		<u>1,30,947</u>	<u>6,97,74,487</u>	<u>1,45,496</u>	<u>5,39,38,392</u>
Profit for the year before Tax			8,47,73,202		7,12,28,325
Less: Provision for Taxation :					
Current Tax / MAT		96,00,000		75,00,000	
Fringe Benefit Tax		50,00,000		51,72,408	
Deferred Tax (Refer note no. 5 of Schedule 14)		1,22,49,668		1,06,28,080	
MAT Credit Entitlement (Refer note no. 18 of Schedule 14)		(96,00,000)		(1,44,50,000)	
Excess / (Short) provision for Tax for earlier years provided / written back		<u>(2,17,542)</u>	<u>1,70,32,126</u>	<u>(1,78,50,286)</u>	<u>(89,99,798)</u>
Net Profit for the year after Tax			6,77,41,076		8,02,28,123
Add:					
a) Balance Brought forward from last Year			9,86,78,006		9,24,38,576
b) Profit & Loss Account balance on Account of Amalgamation of erstwhile XO Stampings Limited			-		51,38,504
Balance Available for Appropriation			<u>16,64,19,082</u>		<u>17,78,05,203</u>
APPROPRIATIONS:					
Proposed Dividend		1,79,03,445		2,27,59,260	
Tax on Proposed Dividend		<u>30,42,691</u>	2,09,46,136	<u>38,67,937</u>	2,66,27,197
Transfer to General Reserve			3,50,00,000		5,25,00,000
Surplus carried to Balance Sheet			11,04,72,946		9,86,78,006
Total			<u>16,64,19,082</u>		<u>17,78,05,203</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

14

EARNINGS PER SHARE (FACE VALUE RS. 10)

Basic Earnings Per Share (Rs.)	5.95	7.05
Diluted Earnings Per Share (Rs.)	5.68	7.05

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31,2008		As at March 31,2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 1-SHARE CAPITAL:				
Authorised :				
2,00,00,000 Equity Shares of Rs. 10 each		20,00,00,000		20,00,00,000
Issued, Subscribed and Paid-up :				
1,19,35,630 Equity Shares of Rs.10 each fully paid up* (1,13,79,630 Equity Shares of Rs.10 each fully paid up)		11,93,56,300		11,37,96,300
Fully Convertible Warrants				
6,44,000 Zero Coupon Warrants of Rs.65 each issued to the promoters, each warrants convertible into one Equity Share of Rs.10 each at a premium of Rs.55 per Share		41,86,000		78,00,000
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.				
f) 5,56,000 Equity Shares issued to promoters on conversion of 5,56,000 Zero Coupon fully convertible Warrants.				
		12,35,42,300		12,15,96,300
SCHEDULE 2 - RESERVES AND SURPLUS :				
a) Securities Premium Account:				
As per last Balance Sheet	41,47,00,274		41,47,00,274	
Add: Received during the year	3,05,80,000	44,52,80,274	-	41,47,00,274
b) Revaluation Reserve:				
As per last Balance Sheet	57,52,034		58,97,530	
Less: Transfer to Profit & Loss Account	1,30,947	56,21,087	1,45,496	57,52,034
c) General Reserve:				
As per last Balance Sheet	1,19,52,040		4,84,20,829	
Add: General reserve from erstwhile XO Stamping Ltd.	-		1,13,31,912	
Add: Transferred from Profit & Loss Account	3,50,00,000		5,25,00,000	
Add: Deferred Tax Assets due to change in the method of depreciation	-		51,14,651	
Less: Adjustment due to Scheme of Arrangement	-		(8,38,53,310)	
Less: Merger/Demerger related costs	(21,28,594)		(65,14,525)	
Less: Depreciation of earlier years	-	4,48,23,446	(1,50,47,517)	1,19,52,040
d) Unrealised Loss / Gain on Financial Instruments (refer note no. 16 of Schedule 14)(Net of Deferred Tax of Rs. 98,19,729)		(1,90,70,324)		-
e) Profit & Loss Account				
Surplus being balance as per Profit & Loss Account		11,04,72,946		9,86,78,006
TOTAL		58,71,27,429		53,10,82,354

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31,2008

	As at March 31,2008		As at March 31,2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 3 - SECURED LOANS:				
From Banks				
a) Working Capital Loans:				
i) State Bank of india*#	21,93,17,121		16,16,78,630	
ii) ICICI Bank*	9,16,21,696		9,88,84,998	
iii) Lord Krishna Bank	-		2,72,83,018	
iv) State Bank of Patiala*	3,02,81,124		-	
v) Interest accrued & due on above	6,69,256		-	
		34,18,89,197		28,78,46,646
b) Term Loans:				
i) State Bank of India - Corporate Loans**	18,00,00,000		11,75,00,000	
ii) ICICI Bank - ECB***	9,51,94,400		11,68,65,900	
iii) IDBI****	4,36,39,000		4,36,39,000	
iv) Interest accrued & due on above	18,16,422		12,60,224	
v) Against security of movable fixed assets on Hire Purchase basis	2,15,84,764		2,17,16,837	
		34,22,34,586		30,09,81,961
c) From Other				
i) HSIIDC		-		82,42,136
ii) Against security of movable fixed assets on Hire Purchase basis		2,19,86,222		-
TOTAL		70,61,10,005		59,70,70,743

NOTES:

- * Working Capital Loans from SBI, ICICI & State Bank of Patiala are secured by way of first pari-passu charge by way of hypothecation of 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 .
- ** Corporate 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 & Sohna Plants of the Company and second pari-passu charge on current assets of the Company with other term lenders. Further secured by equitable mortgage over the following properties once the existing term loans of other banks/FI are repaid and their charges are satisfied :
- a) Plot No.28, Electronic City, Sector-18, Gurgaon, Haryana
- b) Plot No.280-281, Udyog Vihar, Phase -VI, Sector-37, Gurgaon, Haryana
- *** 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.
- **** Term Loan from IDBI is taken over as part of the merger of demerged IT Business undertaking of XO Infotech Limited and is secured by first charge on immovable properties both present & future and further secured by way of hypothecation of whole of movable plant & machinery spares tools and accessories and other movables both present & future all ranking pari-passu of the demerged IT Business undertaking of XO Infotech Limited.
- # Includes FCNR-B Loan equivalent to USD 25,00,000 (previous year USD Nil)

SCHEDULE 4 - UNSECURED LOANS:

Fixed Deposits :

i) From Directors	5,50,000		5,50,000	
ii) From Others	2,60,51,220	2,66,01,220	2,80,92,000	2,86,42,000
Others:				
i) From Barclays Bank Plc		10,00,00,000		-
ii) From DBS Bank Ltd.		44,43,907		-
TOTAL		13,10,45,127		2,86,42,000

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31,2008

SCHEDULE 5 - FIXED ASSETS:

DESCRIPTION	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	Cost or valuation as at 1.4.2007 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Cost as at 31.03.2008 (Rs.)	As at 01.04.2007 (Rs.)	Deductions during the year (Rs.)	For the year (Rs.)	Upto 31.03.2008 (Rs.)	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
Tangible Assets										
Land										
-Freehold	3,61,69,941	7,68,000	23,57,075	3,45,80,866*	-	-	-	-	3,45,80,866	3,61,69,941
-Leasehold	3,22,564	-	-	3,22,564	65,361	-	3,395	68,756	2,53,808	257,203
Buildings	19,29,99,413	26,05,468	1,46,96,586	18,09,08,295	5,17,13,741	77,26,961	74,55,951	5,14,42,731	12,94,65,564	14,12,85,672
Plant Machinery & Equipments	82,08,00,453	11,76,15,273	9,18,235	93,74,97,491 [@]	40,02,76,826	7,00,810	4,20,50,607	44,16,26,623	49,58,70,868	42,05,23,627
Motor Vehicles	5,44,52,655	1,68,19,497	97,67,094	6,15,05,058**	1,79,54,168	51,31,425	1,07,92,084	2,36,14,827	3,78,90,231	3,64,98,487
Furniture Fixtures & Office Equipments	3,49,06,826	28,61,929	68,495	3,77,00,260	2,00,29,543	34,795	28,48,475	2,28,43,223	1,48,57,037	1,48,77,283
Elect.Installations	4,26,68,974	21,88,656	28,23,489	4,20,34,141	72,54,717	14,44,221	22,05,520	80,16,016	3,40,18,125	3,54,14,257
Air-Conditioning Plant	14,60,263	-	-	14,60,263	10,64,490	-	55,052	11,19,542	3,40,721	3,95,773
Tube-Well	12,27,272	-	1,75,849	10,51,423	3,34,021	76,636	42,439	2,99,824	7,51,599	8,93,251
Intangible Assets										
Technical Know-How	2,54,97,346	-	-	2,54,97,346	88,27,183	-	25,79,674	1,14,06,857	140,90,489	1,66,70,163
Software	64,72,900	23,65,572	-	88,38,472	20,61,637	-	18,72,237	39,33,874	49,04,598	44,11,263
									76,70,23,906	70,73,96,920
Capital Work in Progress									15,92,17,588	5,56,13,052
TOTAL	1,21,69,78,607	14,52,24,395	3,08,06,823	1,33,13,96,179	50,95,81,687	1,51,14,848	6,99,05,434	56,43,72,273	92,62,41,494	76,30,09,972
Previous Year	40,78,51,558	83,42,91,498	2,51,64,449	1,21,69,78,607	47,43,44,805	1,88,47,006	5,40,83,888	50,95,81,687	76,30,09,972	

*Includes Land valuing Rs.2,55,59,804 for which the title is yet to be registered in the Company's name.

** Includes cost of Vehicles Rs.4,82,88,898 (Previous Year Rs.4,27,41,808) acquired under hire purchase arrangement,

@ Includes cost of Machineries Rs.1,97,55,770 (Previous Year Rs.Nil) acquired under hire purchase arrangement,

SCHEDULE 6 - INVESTMENTS : LONG TERM (AT COST)

	As at March 31,2008		As at March 31,2007	
	Rs.	Rs.	Rs.	Rs.
A. QUOTED				
Trade Investments:				
a) Nil(96,900) Equity Shares of XO Infotech Limited of Rs.10 each fully paid up	-	-	9,69,000	
Less:Provision for diminution in value of investment	-	-	7,07,370	2,61,630
Other Investments:				
b) 4,060 6.75% Tax free US-64 Bonds of Rs.100 each	4,06,000		4,06,000	
c) Nil(3,800) Equity Shares of ICICI Bank Limited of Rs.10 each fully paid up at a premium of Rs.515/-each	-		19,95,000	
d) 1,00,000 Units of Rs.10/-of SBI Infrastructure Fund-1-Growth	10,00,000	14,06,000	-	24,01,000
B. UNQUOTED :				
Trade Investments:				
Joint Ventures:				
i) 48,00,000 Equity Shares of Nippon Leakless Talbros Pvt.Ltd. at Rs. 10/- each	4,80,00,000		4,80,00,000	
Others:				
i) 2,390 Equity Shares of Talbros International Ltd. (Includes 2380 Bonus Shares)	100		100	
ii) 1,77,962 Equity Shares of Q H Talbros Ltd. a Company under the same management	32,45,680		32,45,680	
iii) 83,333 Equity Shares of T & T Motors Ltd.	13,74,990	5,26,20,770	13,74,990	5,26,20,770
TOTAL	5,40,26,770		5,52,83,400	
Notes:				
1) Aggregate market value of quoted investments		14,37,000		39,09,410

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31,2008

	As at March 31,2008		As at March 31,2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES:				
CURRENT ASSETS:				
Interest accrued on Investments and Deposits		1,27,28,745		76,33,274
Inventories:				
(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		9,90,45,768		5,85,56,270
Stock-in-Trade (including goods in transit)				
- Finished Goods	9,97,99,211		9,02,57,565	
- Work-in-Progress	9,29,95,505		5,00,47,350	
- Raw Materials	15,78,98,643	35,06,93,359	10,43,06,183	24,46,11,098
		44,97,39,127		30,31,67,368
Sundry Debtors :				
Unsecured:				
Debts outstanding for a period exceeding six months				
- Considered good	2,79,70,970		1,92,41,444	
- Considered doubtful	28,44,377	3,08,15,347	28,44,377	2,20,85,821
Other Debts-Considered good*		43,96,83,418		32,94,11,294
		47,04,98,765		35,14,97,115
Less: Provision for doubtful debts		28,44,377		28,44,377
		46,76,54,388		34,86,52,738
Cash and Bank Balances:				
Cash in hand (including imprest)		23,70,466		16,49,730
Cheques in hand		1,95,00,000		-
Balances with Scheduled Banks:				
-Current / Cash Credit Accounts	1,44,85,806		83,90,563	
-Margin Money (pledged with Banks)	1,12,64,344		36,32,692	
-Deposit Accounts	39,23,278	2,96,73,428	31,06,919	1,51,30,174
		5,15,43,894		1,67,79,904
LOANS AND ADVANCES:				
Unsecured:Considered Good:				
Inter - Corporate Deposits		7,91,50,000		7,62,50,000
Advances recoverable in cash or in kind or for value to be received**		9,92,79,431		7,9507,807
Advance Tax	6,24,23,856		5,10,44,609	
Less: Provision for Taxation	3,09,00,000	3,15,23,856	2,34,00,000	2,76,44,609
MAT Credit Entitlement (refer note no. 18 of schedule 14)		2,40,50,000		1,44,50,000
Balance with Central Excise & Custom Authorities		6,14,47,898		2,55,44,032
Security Deposits		69,56,107		73,20,340
Claims Receivable		2,70,993		91,477
		30,26,78,285		23,08,08,265
TOTAL		1,28,43,44,439		90,70,41,549

*Includes balances due from

- a Company under the same Management
QH Talbros Ltd.

11,73,82,627

5,23,15,643

**Includes balance due from:

- Companies under the same Management

As at
31.03.2008

Maximum balance
outstanding at any
time during the Year

As at
31.03.2007

Maximum balance
outstanding at any
time during the Year

Nippon Leakless Talbros Pvt. Ltd.
QH Talbros Ltd.

-
60,34,964

-
60,34,964

-
20,84,482

1,52,92,199
21,83,398

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31, 2008		As at March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS:				
Current Liabilities:				
Acceptances		18,89,70,483		2,21,54,584
Sundry Creditors(Refer note no.11a)		37,42,37,176		29,73,11,259
Statutory Liabilities		2,32,30,570		2,35,20,536
Interest accrued but not due				
-on Secured Loans		38,34,025		36,28,693
-on Unsecured Loans		8,51,939		16,15,229
Unrealized Loss/Gain on Financial Instruments (Refer note no. 16 of Schedule 14)		2,88,90,053		-
Liability towards Investors Education and Protection Fund *				
i) Unclaimed Dividend	11,42,159		7,41,942	
ii) Unclaimed Fixed Deposits	4,86,000		3,02,000	
iii) Interest Accrued on above	1,72,394	18,00,553	28,837	10,72,779
Total		62,18,14,799		34,93,03,080
* There are no amounts due for payment to Investors - Education and Protection Fund				
Provisions For:				
Proposed Dividend		1,79,03,445		2,27,59,260
Tax on Proposed Dividend		30,42,691		38,67,937
Leave Encashment		48,54,178		62,76,655
Gratuity		1,69,19,184		1,56,43,468
Total		4,27,19,498		4,85,47,320
Total		66,45,34,297		39,78,50,400

SCHEDULE 9 - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

Voluntary Retirement Compensation		6,37,177		13,67,659
TOTAL		6,37,177		13,67,659

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10- OTHER INCOME:				
a) Interest (Gross)				
– Term Deposits with Banks	10,67,026		16,70,087	
– Others	<u>91,84,454</u>	1,02,51,480	<u>83,16,230</u>	99,86,317
(Tax deducted at source Rs. 22,60,569; Previous Year Rs. 23,91,176)				
b) Dividends from:				
– Long Term (Trade Investments)		4,18,424		3,29,443
– Long Term (Non-Trade Investments)		65,405		59,705
c) Profit on sale of fixed assets (Net)		1,96,04,952		22,69,356
d) Profit on sale of Investments (Net)		16,11,680		-
e) Exchange Fluctuation (Net)		-		12,78,523
f) Miscellaneous Income		11,15,398		16,90,631
TOTAL		<u>3,30,67,339</u>		<u>1,56,13,975</u>

SCHEDULE 11 - INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND WORK-IN-PROGRESS

Closing Stock:				
– Finished Goods	9,97,99,211		9,02,57,565	
– Work-in-progress	<u>9,29,95,505</u>	19,27,94,716	<u>5,00,47,350</u>	14,03,04,915
Less : Opening Stock:				
– Finished Goods	9,02,57,565		8,24,99,433	
– Work-in-progress	<u>5,00,47,350</u>	14,03,04,915	<u>3,79,09,716</u>	12,04,09,149
TOTAL		<u>5,24,89,801</u>		<u>1,98,95,766</u>

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12 - MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES:				
Stores & Spares Consumed		8,63,36,733		7,64,37,137
Fuel, Light and Power		7,54,79,351		5,74,12,203
Labour and Processing Charges		3,97,09,525		2,87,23,284
Royalty		1,23,95,130		1,13,69,606
Salaries, Wages and Other Benefits:				
- Salaries, Wages, Allowances and Bonus	18,49,41,846		15,73,78,831	
- Workmen and Staff Welfare Expenses	1,64,66,063		1,35,38,342	
- Contribution to:				
Provident Fund (including Family Pension Schemes)	1,01,84,032		92,61,774	
Employees State Insurance Fund	23,56,124		17,59,140	
Employees Group Gratuity-Cum-Life Assurance Fund	46,59,855		48,51,909	
Super Annuation Fund	19,49,122		16,54,963	
Leave Encashment	14,58,604	22,20,15,646	34,18,000	19,18,62,959
Repairs and Maintenance:				
- Buildings	22,40,906		30,74,410	
- Plant and Machinery	1,47,67,781		1,25,57,838	
- Other Assets	62,83,072	2,32,91,759	57,16,861	2,13,49,109
Rent		14,44,456		35,44,620
Rates and Taxes		7,19,326		14,91,215
Insurance		66,20,366		61,50,379
Commission (Foreign Agents)		24,21,019		33,49,990
Travelling, Tour and Conveyance		3,27,17,351		3,05,43,828
Brokerage and Discount on Sales		1,91,99,766		1,83,01,538
Sales Promotion Expenses		1,78,57,229		1,70,22,630
Packing, Freight and Forwarding		3,82,20,826		2,69,13,492
Printing, Stationery, Postage, Telegrams, Telephones and Telex		1,38,06,641		1,38,23,556
Advertisement and Publicity		4,01,225		3,94,405
Remuneration to Auditors		7,27,000		6,77,618
Directors' Fee		1,55,000		91,250
Donations		1,18,755		42,957
Excise Duty on increase/(decrease) in the stock of finished goods		24,35,775		(3,77,957)
Provision for doubtful debts		-		28,44,377
Provision for diminution in value of investment		-		7,07,370
Exchange Fluctuation (Net)		45,11,508		-
Miscellaneous Expenditure Written off		7,30,482		31,05,482
Other Miscellaneous Expenses		2,45,32,522		1,89,76,972
TOTAL		62,58,47,391		53,47,58,020

SCHEDULE 13 - INTEREST:

a) On Fixed Deposits:				
i) Directors	58,631		60,499	
ii) Others	28,60,390	29,19,021	40,02,332	40,62,831
b) On Term loans		1,92,44,401		90,54,481
c) Others - Net (including Bank Charges)		4,96,17,448		3,35,30,727
TOTAL		7,17,80,870		4,66,48,039

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A. SIGNIFICANT ACCOUNTING POLICIES:

1 Accounting Convention:

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards and the relevant presentational requirements of the Companies Act, 1956.

2 Investments:

Long term investments are stated at cost, less any provision for permanent diminution in value.

3 Inventory Valuation:

Raw materials, work-in-progress and finished goods are valued at lower of cost or net realisable value.

Stores, spare parts and tools are valued at cost or under.

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 being recognised as an Intangible Asset in accordance with Accounting Standard - 26 "Intangible Assets". Amortisation 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 being new plant.

5 Depreciation:

Depreciation in Gasket Division, Stamping Division & IT Division is charged on the straight-line-method on assets comprising plant, machinery and equipment (except on items acquired prior to 1.9.1978 at the Chennai Unit of Gasket Division) and on written down value method on other depreciable assets, as per rates specified in Schedule XIV to the Companies Act, 1956. Depreciation in Forging Division is charged on Straight Line Method on all fixed assets other than vehicles at 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 Rs.5,000 or less each are fully depreciated in the year of acquisition.

6 Accounting of Sales :

Revenue from Operations includes excise duty and is net of returns and trade discounts. Excise Duty relating to sales is adjusted against Revenue from Operations . Other duty represents the difference between excise duty on opening and closing stock of finished goods.

7 Revenue Recognition:

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

8 Export Incentives:

Export incentives are accounted on accrual basis.

9 Foreign Currency Transactions:

9.1 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 on settlement are recognised in the Profit and Loss Account except in the case of fixed assets where such gains / losses are adjusted to the cost of fixed assets till the installation of the fixed assets.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

9.2 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 monetary items representing liabilities relating to acquisition of fixed assets which are adjusted to the cost of the respective assets provided the fixed assets are not installed as at the year end. 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.

10 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 are defined benefit obligations and are provided for on the basis of an 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.
- vi)** Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss Account over a five years period.

11 Borrowing Costs:

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

12 Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at an amount equal to Present value of future lease payments and corresponding amount is recognised 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 capitalised.

13 Deferred Tax

Deferred tax is recognised, 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 recognised if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

14 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 recognised in the Profit & Loss Account to the extent the carrying amount exceeds recoverable amount .

15 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 is recognised only when it is virtually certain that the reimbursement will be received.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

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 recognised nor disclosed.

16 Financial Instruments

The Company uses derivative and other financial instruments such as foreign currency forward contracts to swap financing costs on rupee term borrowings with foreign currency borrowings and to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments.

In respect of derivatives that qualify for hedge accounting and / or other financial assets and liabilities being derivatives not qualifying for hedge accounting, the company has pre-adopted an accounting policy in line with the Accounting Standard (AS-30) with effect from 31.03.2008. In view of this, derivatives have been initially measured at fair value of resultant gain or loss has been recognized directly in shareholders' funds as per transitional provisions to the extent considered highly effective.

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) - Rs.2,10,77,651 (Previous Year Rs.2,01,11,787).

2 Contingent Liabilities:

2.1 Bills discounted with Banks Rs.2,69,54,036 (Previous year Rs. 1,24,64,319).

2.2 Excise Duty/Sales-Tax / Service Tax demands disputed by the Company and not provided for - Rs.48,81,330 (Previous year Rs.63,15,170).

			(Amount in Rs.)	
<u>NATURE OF DUES</u>			<u>As at March</u>	<u>As at March</u>
			<u>31, 2008</u>	<u>31, 2007</u>
(a)	Central Excise	Classification of paper gasket	14,17,866	14,17,866
(b)	Central Excise	Modvat Credit	4,74,878	30,120
(c)	Central Sales Tax	Central Sales Tax	11,67,568	17,26,166
(d)	A. C. Service Tax	Service Tax on Royalty	10,19,431	10,19,431
(e)	Demand from HSIIDC	Demands for enhancement of land cost by HSIIDC	-	13,20,000
(f)	E.S.I	ESI Demand	8,01,587	8,01,587
Total			<u>48,81,330</u>	<u>63,15,170</u>

In respect of items (a) to (f), above future cash flow are determinable only on outcome of judgements and decisions pending at various forum / authorities.

2.3 Guarantees executed in favour of Customs / Excise / Sales Tax / Customers amounting to Rs.45,96,955 (Previous Year Rs.48,04,878)

2.4 Corporate Guarantee executed in favour of ICICI Bank Ltd. amounting to USD 3.82 Millions (Previous year Nil) against term borrowing of QH Talbros Ltd., an Associate Company.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

	Year Ended March 31,2008 Rs.	Year Ended March 31,2007 Rs.
3 REMUNERATION TO DIRECTORS:		
The total remuneration of the directors included in the Profit and Loss Account is as under:		
a) Salaries	15,60,000	28,20,000
b) Other Perquisites	19,18,363	34,67,478
TOTAL	<u>34,78,363</u>	<u>62,87,478</u>

The Managing Director of the Company was paid remuneration (without any commission) in accordance with the provision 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 FIXED ASSETS ACQUIRED UNDER FINANCE LEASES

- i) Addition to Gross Block of Fixed Assets include Rs.3,44,76,648 being the assets acquired between 1st April 2007 and 31st March 2008 under finance lease and capitalised in line with the requirement of Accounting Standards-19 "Leases". Depreciation for the year includes an amount of Rs.25,53,964 being depreciation charged on these assets.
- ii) The yearwise break-up of outstanding lease obligations as at Balance Sheet date.

	<u>2007-08</u> (Rs.)	<u>2006-07</u> (Rs.)
Vehicles /Machines taken on lease		
Total minimum lease payment at the year end	5,52,57,162	2,37,83,557
Present value of minimum lease payments	4,35,71,286	2,17,16,837
Not later than one year		
Minimum lease payment	2,01,18,301	1,29,64,381
Present value as on 31.03.2008	1,58,36,696	1,16,88,135
Later than one year but not later than five years		
Minimum Lease Payment	3,51,38,861	1,08,19,176
Present value as on 31.03.2008	2,77,34,590	1,00,28,702

5 DEFERRED TAX ASSETS / LIABILITIES (NET)

The deferred tax assets / liabilities as at 31st, March 2008 comprise the following:

	Deferred Tax Assets/(Liabilities) As at <u>01.04.2007</u>	(Charge)/ Credit during the year	Deferred Tax Assets/(Liabilities) As at <u>31.03.2008</u>
Depreciation	(4,66,55,759)	(1,18,66,964)	(5,85,22,723)
Disallowable u/s 43B	6,03,267	(1,37,022)	4,66,245
Research & Development Expenditure	(44,08,291)	(2,45,682)	(46,53,973)
Unrealised Loss / Gain on Financial Instruments	-	-	98,19,729
Total	<u>(5,04,60,783)</u>	<u>(1,22,49,668)</u>	<u>(5,28,90,722)</u>

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

6 TURNOVER, PURCHASES, OPENING AND CLOSING STOCK OF GOODS: CONSUMPTION ETC (as certified by the management)

	<u>Year Ended March 31,2008</u>		<u>Year Ended March 31,2007</u>	
	<u>Quantity</u>	<u>Value (Rs.)</u>	<u>Quantity</u>	<u>Value (Rs.)</u>
6.1 TURNOVER:				
a) Finished Goods:				
Auto Components & Parts	13,87,55,904 Nos	1,91,52,02,267	14,55,05,154 Nos	1,72,65,72,454
	10,99,493 Sets		6,68,475 Sets	
Hardware , Software & Leasing		3,10,29,906		2,70,92,701
b) Other Raw Material & Scrap/Waste		5,23,61,397		6,09,74,267
TOTAL		1,99,85,93,570		1,81,46,39,422
6.2 PURCHASES (Other Components):				
Auto Components & Parts	8,41,78,155 Nos	11,60,41,967	5,67,53,914 Nos	11,90,58,392
	9,67,285 Sets		- Sets	
		11,60,41,967		11,90,58,392
STOCK OF GOODS (Finished Goods):				
6.3 a) Produced:				
Auto Components & Parts	3,98,25,226 Nos.	9,02,57,101	69,60,631 Nos.	8,20,80,190
	83,695 Sets		99,616 Sets	
b) Purchased:				
Other Components	32,17,063 Nos.	95,42,110	27,37,500 Nos.	81,77,375
	41,719 Sets		- Sets	
TOTAL		9,97,99,211		9,02,57,565

	<u>Year Ended March 31,2008</u>		<u>Year Ended March 31,2007</u>	
	<u>Quantity</u>	<u>Value (Rs.)</u>	<u>Quantity</u>	<u>Value (Rs.)</u>
6.4 CONSUMPTION OF RAW MATERIALS AND COMPONENTS:				
Copper	66,398.99 Kg	2,99,51,665	59,678.14 Kg	1,76,63,152
Tinplate/P.C.R.C.A/Steel	21,46,857.78 Kg	21,50,25,784	21,27,049.83 Kg	20,09,32,093
	8,802.50 Mtrs.		25,07.50 Mtrs.	
Cork/Cork composition	69,832.50 Sh.	1,85,62,102	48,366.00 Sh.	1,70,21,355
	- Nos.		12,774 Nos	
	44,605.05 Kg		54,671.70 Kg	
Jointing Products	1,91,195.00 Sh.	22,55,83,709	1,68,815.35 Sh.	30,57,44,020
	6,38,658.53 Kg.		7,19,644.71 Kg.	
	3,46,785.32 Mtrs.		2,37,134.00 Mtrs.	
Raw Asbestos Fibre	2,41,772.50 Kgs.	50,68,147	1,96,952.00 Kgs.	49,99,063
Latex	84,967.00 Kgs.	63,85,469	84,298.00 Kgs.	46,85,257
Vegetable Fibre	5,25,161.75 Mtrs.	5,62,00,793	3,10,750.04 Mtrs.	4,48,92,149
	49,610.00 Kgs.		21,569.00 Kgs.	
Chemicals	1,20,626.89 Kgs.	3,36,72,137	1,09,308.83 Kgs.	3,87,02,869
	37,168.10 Ltrs.		50,257.15 Ltrs.	
Forging Steels	27,12,078.00 Kgs.	12,63,90,909	3,02,146.00 Kgs.	93,92,852
Iron CRC & HRC Sheet	23,67,256.00 Kgs.	8,47,16,898	23,73,362.00 Kgs.	7,80,44,284
Forgings	16,08,350 No.	2,35,12,403	12,10,345 No.	1,78,03,781
Components	27,39,937 No.	2,29,10,330	24,72,099 No.	2,25,06,194
Steels Tubes,Bright Bar etc.	-	67,23,393	-	65,23,249
IC's			82,269	20,93,299
Transister			1,50,846	8,65,245
Other Items		3,22,89,434		2,91,01,483
Duty Drawback / DEPB Entitlement		(2,24,12,546)		(80,86,685)
TOTAL		86,45,80,627		79,28,83,660

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

6.5 COMPOSITION OF RAW MATERIALS AND COMPONENTS CONSUMED: - IMPORTED & INDIGENOUS

	Year Ended March 31,2008		Year Ended March 31,2007	
	%	Value (Rs.)	%	Value (Rs.)
Imported	33.44%	28,90,73,843	35.88%	28,44,98,926
Indigenous	66.56%	57,55,06,784	64.12%	50,83,84,734
TOTAL	100.00%	86,45,80,627	100.00%	79,28,83,660

6.6 COMPOSITION OF STORES AND SPARES CONSUMED: - IMPORTED & INDIGENOUS

Imported	9.67%	83,46,711	16.36%	1,25,05,166
Indigenous	90.33%	7,79,90,022	83.64%	6,39,31,971
TOTAL	100.00%	8,63,36,733	100.00%	7,64,37,137

7 REMUNERATION TO AUDITORS:

Audit Fee (includes Rs.60,000 (Previous year Rs.86,021) to Branch Auditors)	2,25,000	2,51,021
Tax Audit Fee (includes Rs. 16,000 (Previous year Rs.29,808) to Branch Auditors)	93,000	89,808
For Other certification Payment of Service Tax	4,09,000 89,857	3,36,789 83,754
TOTAL	8,16,857	7,61,372

8 LICENSED/INSTALLED CAPACITY ETC:

	Auto Components & Parts (Nos.)	Hardware Software & related Services	Beater Addition Jointing (M.Tons)
8.1 Licensed Capacity	Not Applicable	Not Applicable	Not Applicable
8.2 Installed Capacity (As certified by the Management and on which Auditors have placed reliance, this being a a technical matter)	Not ascertainable due to the nature & varities of the end product	Not ascertainable due to the nature varities of the end product	500.000 (500.000)
8.3 Actual Production (Completed)	10,39,23,971 (10,38,06,760)	- (3,103)	312.609 (309.677)

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

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

	Year Ended March 31,2008 Rs.	Year Ended March 31,2007 Rs.
9 FOREIGN CURRENCY TRANSACTIONS:		
9.1 Value of Imports Calculated on C.I.F. basis:		
a) Raw Materials, Stores & spares	27,16,78,683	24,60,24,772
b) Plant and Machinery	3,46,72,034	7,79,11,665
9.2 Expenditure etc:		
a) Selling Agency Commission remitted	22,20,921	18,66,954
b) Foreign Travel (Foreign Exchange utilised)	93,58,692	95,96,670
c) Foreign Subscription, Newspaper & Periodicals	62,593	23,483
d) Royalty remitted (Net of Tax Rs.15,32,041: Previous year Rs. 19,10,012)	96,95,512	90,00,722
e) Export Promotion Expenses	3,29,428	5,62,997
f) Exhibits & Shows	-	8,99,991
9.3 Remittance in Foreign Currency on account of Dividend		
Year	Nos. of Shares held	Nos. of non-resident Shareholders
2007-08	2,87,000	2
		5,74,000
		5,74,000
9.4 Earnings in Foreign Exchange:		
- Value of Exports on F.O.B. basis	25,11,48,507	13,64,85,155

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 31.03.2008, estimated at Rs.3,13,440 (Previous year Rs. 3,04,367) 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 Rs.3,13,440 (Previous year Rs.3,04,367). 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 31.03.2008.

- 11 (a) The Company has not received information from Vendors/Suppliers regarding their status under the "Micro,Small and Medium Enterprises Development Act,2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.
- (b) Small Industries Development Bank of India (SIDBI) has sanctioned a limit of Rs. 300.00 lacs for discounting hundies of SSI vendors. This facility is secured by way of second 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 . The hundies accepted by the Company and outstanding balance as at 31st March , 2008 amounted to Rs.1,82,23,730 (Previous Year Rs. 96,94,529)

12 SEGMENT REPORTING - AS-17 :

a) **Primary Segment :**

The Company's operations comprise of four segments viz , "Auto Components & Parts" , " Hardware" , "Software" and "Leasing". In terms of the disclosure requirements of Accounting Standard (AS - 17) "Segment Reporting" , none of the segments other than "Auto Components & Parts" 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.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

13 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 Talbros Pvt. Ltd.

ii) Associates

QH Talbros Ltd.,
Talbros International Ltd.

iii) Key Management personnel (Whole Time Director)

Mr. Umesh Talwar

iv) Relatives of Key Management Personnel

Mrs. Bimpi Talwar, Wife
Mr. Anuj Talwar, Son
Mr. Naresh Talwar, Brother
Mrs. Asha Burman, Sister
Mrs. Anchal Talwar, Daughter -in- law

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

Nature Of Transactions	Joint Venture (Nippon Leak Less Talbros Pvt Ltd.) Rs.	Associates (QH Talbros Ltd.) Rs.	Key Management Personnel Rs.	Relatives of Key Manage- ment Personnel Rs.	Total Rs.
Sale of goods	16,56,234	31,28,88,479	-	-	31,45,44,713
Receivables/Debtors	-	12,25,72,605	-	-	12,25,72,605
Payables/Creditors	8,24,762	-	-	-	8,24,762
Rendering of services (Income)	1,38,73,000	-	-	-	1,38,73,000
Purchase of goods	5,82,90,086	1,51,85,649	-	-	7,34,75,735

Note: Details of remuneration to Whole Time Directors are given under Point No. 3 above.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

14 Employee Benefits

14.1 Defined Contribution Plans:

	<u>2007-08 (Rs.)</u>
a) Employer's Contribution to Superannuation Fund	19,49,122
b) Employer's Contribution to Provident Fund	1,01,84,032

14.2 Defined Benefit Plans:

a) Gratuity Fund / Compensated Absences

i) Change in the Present Value of the Obligation:

	Gratuity	Compensated Absences
- Obligation at the beginning of the year	2,91,36,649	46,02,223
- Current Service Cost	6,55,282	24,33,696
- Interest Cost	21,85,248	2,32,827
- Actuarial Gains/ Loss	85,97,977	(33,83,773)
- Benefits paid during the year	(29,68,762)	9,69,205
- Obligation at the end of the year	<u>3,76,06,394</u>	<u>48,54,178</u>

ii) Change in the Fair Value of the Plan Assets

- Plan Assets at the beginning of the year	1,57,05,556	-
- Expected return on Plan Assets	14,13,500	-
- Contributions by Employer	34,46,210	-
- Actuarial Gains/ Loss	41,84,396	(33,83,773)
- Benefits Paid during the year	(29,68,762)	-
- Plan Assets at the end of the year	<u>2,17,80,900</u>	<u>33,83,773</u>

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

- Present Value of Obligations at the end of the year	3,76,06,394	48,54,178
- Fair Value of Assets at the end of the year	2,17,80,900	-
- Net Obligation recognized in the Balance Sheet	<u>1,58,25,494</u>	<u>48,54,178</u>

iv) Expenses Recognized in the Profit and Loss Account

- Current Service Cost	(6,55,282)	(24,33,696)
- Interest Cost	(21,85,248)	(2,32,827)
- Expected return on Plan Assets	14,13,500	-
- Actuarial Gains/ Loss	(44,13,581)	(9,69,205)
- Excess provided earlier years	-	21,37,319
- Total	<u>(58,40,611)</u>	<u>(14,98,409)</u>

v) Actuarial Assumptions

- Mortality Rate	LIC(1994-96) ULTIMATE	LIC(1994-96) ULTIMATE
- Withdrawal Rate	1%to 3% depending on age	1%to 3% depending on age
- Discount Rate	8.00%	8.00%
- Salary Escalation	5.00%	5.00%
- Expected Rate of return on Plan Assets	9.00%	-

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.

Previous year figures are not available as revised AS-15 has been adopted with effect from 01.04.2007.

15 Interest in Joint Venture

The Company has a joint venture in M/s. Nippon Leakless Talbros 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.

16 Derivatives

The Company has entered into the following derivatives :-

Transaction Date	Currency	Type	CHF Equivalent	INR Equivalent			
				As on Transaction date	As on 31st March,2008	Gain / (Loss)	
22.06.2007	CHF	BUY	28,84,011.77	9,50,00,000	11,78,19,821	(2,28,19,821)	
26.10.2007	CHF	BUY	11,87,973.72	4,00,00,000	4,73,53,447	(73,53,447)	
				13,50,00,000	16,51,73,268	(3,01,73,268)	
						12,83,215	
						98,19,729	
				Unrealised Loss / Gain on Financial Instruments	13,50,00,000	16,51,73,268	(1,90,70,324)

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

	<u>2007-08</u>	<u>2006-07</u>
17 Earnings Per Share :		
Profit attributable to equity share holders (in Rs.)	6,77,41,076	8,02,28,123
No. of Shares	1,13,81,153	1,13,79,630
Nominal value of shares (Rs.)	10	10
Basic Earnings Per Share (Rs.)	5.95	7.05
Diluted Earnings Per Share (Rs.)	5.68	7.05

The Earnings Per Share for 2007-08 has been calculated on the basis of weighted average capital of Rs.1138.12 lacs (ie 1,13,81,153 no. of shares) as per the Accounting Standard - 20 " Earnings Per Share".

18 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 Rs. 2,40,50,000 (Previous Year Rs. 1,44,50,000) as per provisions of Income Tax Act, 1961.

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

Schedules 1 to 14 are annexed to and form an integral part of the Balance Sheet as at March 31,2008 and the Profit & Loss Account for the year ended on that date.

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	<u>2007-2008 (Rs.)</u>	<u>2006-2007 (Rs.)</u>
A. Cash flows from Operating Activities		
a. Net Profit before tax	8,47,73,202	7,12,28,325
Adjustments for:		
Depreciation/Amortisation	6,97,74,487	5,39,38,392
Misc. Expenses Written off	7,30,482	31,05,482
Interest Expense	7,17,80,870	4,66,48,039
Foreign Exchange Fluctuation	45,11,508	(12,78,523)
Interest Income	(1,02,51,480)	(99,86,317)
Dividend Income	(4,83,829)	(3,89,148)
Profit on Sale of Assets	(1,96,04,952)	(22,69,356)
Profit on sale of Investments	(16,11,680)	-
Provision for diminution in value of investment	-	7,07,370
Provision for doubtful debts	-	-
	<u>11,48,45,406</u>	<u>28,44,377</u>
b. Operating profit before Working Capital changes	19,96,18,608	16,45,48,641
Adjustments for:		
Current Assets Loans and advances	(18,91,87,894)	(12,22,88,907)
Inventories	(14,65,71,759)	(8,05,76,302)
Current Liabilities	24,33,05,089	14,25,34,210
Misc. Expenditure	-	(5,76,858)
	<u>(9,24,54,564)</u>	<u>(6,09,07,857)</u>
c. Cash generated from Operations	10,71,64,044	10,36,40,784
Direct Taxes paid	(86,61,705)	(3,54,59,466)
Net Cash from Operating Activities	<u>9,85,02,339</u>	<u>6,81,81,318</u>
B. Cash flows from Investing Activities		
Proceeds from sale of Fixed Assets	3,52,96,927	85,86,799
Movement in Loans & Advances	(29,00,000)	(30,00,000)
Movement in Investments	(10,00,000)	(1,83,43,990)
Interest Received	1,02,51,480	99,86,317
Dividends Received	4,83,829	3,89,148
Purchase of Fixed Assets	(24,88,28,931)	(49,45,27,207)
Foreign Exchange Fluctuation	(45,11,508)	12,78,523
Proceeds from sale of Investments	38,68,310	-
Net Cash flow from investing activities	<u>(20,73,39,893)</u>	<u>(49,56,30,410)</u>
C. Cash flows from Financing Activities		
Interest Paid	(7,11,13,374)	(4,30,79,496)
Margin Money - Release (Increase)	(76,31,652)	1,56,11,381
Payments against conversion of Warrants	3,25,26,000	78,00,000
Merger/Demerger expenses	(21,28,594)	(65,14,525)
Consideration for Amalgamation	-	(4,63,64,928)
Proceeds from Borrowings	30,73,75,120	64,65,01,352
Repayment of Borrowings	(9,71,58,185)	(15,75,99,695)
Dividends Paid	(2,20,31,486)	(2,10,77,450)
Dividend Tax Paid	(38,67,937)	(29,87,876)
Net Cash flow from Financing Activities	<u>13,59,69,892</u>	<u>39,22,88,763</u>
D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	2,71,32,338	(3,51,60,329)
Cash and Cash Equivalents as at:		
-the beginning of the year	1,31,47,212	4,83,07,541
-the end of the year	4,02,79,550	1,31,47,212

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.

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS 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, 2008.

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	0	8
---	---	---	---

Date Month Year

II. **Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Right Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

III. **Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities

		1	6	0	0	7	1	5
--	--	---	---	---	---	---	---	---

Total Assets

		1	6	0	0	7	1	5
--	--	---	---	---	---	---	---	---

Source of Funds

Paid up Capital

		1	2	3	5	4	2
--	--	---	---	---	---	---	---

Secured Loans

		7	0	6	1	1	0
--	--	---	---	---	---	---	---

Deferred Tax Liabilities (Net)

		5	2	8	9	1
--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

		9	2	6	2	4	1
--	--	---	---	---	---	---	---

Net Current Assets

		6	1	9	8	1	0
--	--	---	---	---	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV. **Performance of Company (Amount in Rs. thousands)**

Turnover (Gross)

		2	0	3	1	6	6	1
--	--	---	---	---	---	---	---	---

Profit Before Tax

		8	4	7	7	3
--	--	---	---	---	---	---

Earning Per Share in Rs.

		5	•	9	5
--	--	---	---	---	---

Total Expenditure

		1	9	4	6	8	8	8
--	--	---	---	---	---	---	---	---

Profit After Tax

		6	7	7	4	1
--	--	---	---	---	---	---

Dividend Rate %

						1	5
--	--	--	--	--	--	---	---

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
---	---	---	---	---	---	---	---	---	---	---	---	---	---

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

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

TALBROS AUTOMOTIVE COMPONENTS LIMITED

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED

To

The Board of Directors

TALBROS AUTOMOTIVE COMPONENTS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Talbro Automotive Components Limited** as at March 31, 2008, 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. 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. We report that Consolidated Financial Statements have been prepared by the management of Talbro

Automotive Components Limited in accordance with the requirements of Accounting Standard AS-21 "Consolidated Financial Statements" and AS-27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
- (b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Date : 30.08.2008

(Vijay Dhawan)
Partner
Membership No.F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at March 31, 2008		As at March 31, 2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	1	12,35,42,300		12,15,96,300	
Reserves and Surplus	2	62,25,36,689	74,60,78,989	54,58,16,770	66,74,13,070
Loan Funds:					
Secured Loans	3	70,70,51,338		59,72,52,437	
Unsecured Loans	4	13,10,45,127	83,80,96,465	2,86,42,000	62,58,94,437
Deferred Tax Liabilities (Net) (Refer note no. 4 of Schedule 14)			5,53,57,025		5,16,37,212
TOTAL			1,63,95,32,479		1,34,49,44,719
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block	5	1,38,36,00,602		1,24,02,69,750	
Less: Depreciation		56,88,56,722		51,15,88,254	
		81,47,43,880		72,86,81,496	
Capital Work in Progress		15,92,17,588	97,39,61,468	5,93,15,001	78,79,96,497
Investments:	6		78,65,008		1,14,60,748
Current Assets, Loans and Advances:					
Interest accrued on Investments and Deposits	7	1,27,28,745		76,33,274	
Inventories		46,96,77,319		32,13,46,540	
Sundry Debtors		48,79,14,183		37,23,07,564	
Cash and Bank Balances		6,93,23,450		1,86,44,866	
Loans and Advances		31,38,68,969		24,00,75,042	
		1,35,35,12,666		96,00,07,286	
Less: Current Liabilities & Provisions	8				
Current Liabilities		65,36,40,437		36,71,90,993	
Provisions		4,28,03,403		4,86,96,478	
		69,64,43,840		41,58,87,471	
Net Current Assets			65,70,68,826		54,41,19,815
Miscellaneous Expenditure: (To the extent not written off or adjusted)	9		6,37,177		13,67,659
TOTAL			1,63,95,32,479		1,34,49,44,719
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	14				

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30-08-2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	Year Ended March 31,2008		Year Ended March 31,2007	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Revenue from Operations (Gross)		2,14,89,17,915		1,93,30,52,121	
Less: Excise Duty		<u>27,29,47,034</u>		<u>24,86,00,416</u>	
Revenue from Operations (Net)			1,87,59,70,881		1,68,44,51,705
Proportionate consolidation eliminations			<u>(3,47,65,402)</u>		<u>(5,63,20,688)</u>
			1,84,12,05,479		1,62,81,31,017
Other Income	10	3,35,44,461		1,63,70,172	
Increase /(decrease) in Stock of Finished Goods and Work-in-Progress	11	<u>5,08,97,637</u>	<u>8,44,42,098</u>	<u>2,86,47,520</u>	<u>4,50,17,692</u>
			1,92,56,47,577		1,67,31,48,709
EXPENDITURE:					
Raw Materials Consumed		92,37,29,382		86,28,46,444	
Purchases-Other Components		11,94,08,519		12,44,15,979	
ManufacturingSellingAdministrative and other Expenses	12	65,69,88,228		54,74,02,373	
Interest	13	<u>7,19,11,216</u>	1,77,20,37,345	<u>4,68,05,551</u>	1,58,14,70,347
Proportionate consolidation eliminations			<u>(3,47,65,402)</u>		<u>(5,63,20,688)</u>
			1,73,72,71,943		152,51,49,659
			18,83,75,634		14,79,99,050
Profit before Depreciation/Amortisation				5,52,76,159	
Depreciation/Amortisation		7,24,09,304			
Less Transfer of depreciation from Revaluation Reserve		<u>1,30,947</u>	<u>7,22,78,357</u>	<u>1,45,496</u>	<u>5,51,30,663</u>
Profit for the year before Tax			11,60,97,277		9,28,68,387
Less: Provision for Taxation :					
Current Tax / MAT		1,88,40,692		1,33,79,540	
Fringe Benefit Tax		51,18,665		52,30,008	
Deferred Tax(Refer note no. 4 of Schedule 14)		1,35,39,542		1,18,51,264	
MAT Credit Entitlement (Refer note no. 10 of Schedule 14)		<u>(96,00,000)</u>		<u>(1,44,50,000)</u>	
Excess / (Short) provision for Tax for earlier years provided / written back		<u>(2,17,542)</u>	<u>2,76,81,357</u>	<u>(1,78,50,286)</u>	<u>(18,39,474)</u>
Net Profit for the year after Tax			8,84,15,920		9,47,07,861
Add:					
a) Balance Brought forward from last Year			11,34,12,422		9,26,93,254
b) Profit & Loss Account balance on account of amalgamation of erstwhile XO Stampings Limited			-		51,38,504
Balance Available for Appropriation			<u>20,18,28,342</u>		<u>19,25,39,619</u>
APPROPRIATIONS:					
Proposed Dividend		1,79,03,445		2,27,59,260	
Tax on Proposed Dividend		<u>30,42,691</u>	2,09,46,136	<u>38,67,937</u>	2,66,27,197
Transfer to General Reserve			3,50,00,000		5,25,00,000
Surplus carried to Balance Sheet			14,58,82,206		11,34,12,422
Total			<u>20,18,28,342</u>		<u>19,25,39,619</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

14

EARNINGS PER SHARE (FACE VALUE RS. 10)

Basic Earnings per Share (RS.)		7.77		8.32
Diluted Earnings per Share (RS.)		7.41		8.32

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30-08-2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31, 2008		As at March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 1-SHARE CAPITAL:				
Authorised :				
2,00,00,000 Equity Share of Rs. 10 Each		20,00,00,000		20,00,00,000
Issued, Subscribed and Paid-up :				
1,19,35,630 Equity Shares of Rs.10 each (1,13,79,630 Equity Shares of Rs.10 each)		11,93,56,300		11,37,96,300
6,44,000 Zero Coupon Warrants of Rs.65 each (12,00,000) Zero Coupon Warrants of Rs. 65 each		41,86,000		78,00,000
		<u>12,35,42,300</u>		<u>12,15,96,300</u>
SCHEDULE 2 - RESERVES AND SURPLUS :				
a) Securities Premium Account:				
As per last Balance Sheet	41,47,00,274		41,47,00,274	
Add: Received during the year	<u>3,05,80,000</u>	44,52,80,274	-	41,47,00,274
b) Revaluation Reserve:				
As per last Balance Sheet	57,52,034		58,97,530	
Less: Transferred to Profit & Loss Account	<u>1,30,947</u>	56,21,087	<u>1,45,496</u>	57,52,034
c) General Reserve:				
As per last Balance Sheet	1,19,52,040		4,84,20,829	
Add: General reserve from erstwhile XO Stampings Ltd.	-		1,13,31,912	
Add: Transferred from Profit & Loss Account	3,50,00,000		5,25,00,000	
Add: Deferred Tax Assets due to change in the method of depreciation	-		51,14,651	
Less: Adjustment due to Scheme of Arrangement	-		(8,38,53,310)	
Less: Merger/Demerger related costs	(21,28,594)		(65,14,525)	
Less: Depreciation of earlier years	-	4,48,23,446	<u>(1,50,47,517)</u>	1,19,52,040
d) Unrealised Loss / Gain on Financial Instruments				
(Refer note no. 8 of schedule 14) (Net of deferred tax of Rs. 98,19,729)		(1,90,70,324)		-
e) Profit & Loss Account				
Surplus, being balance as per Profit & Loss Account		<u>14,58,82,206</u>		<u>11,34,12,422</u>
TOTAL		<u>62,25,36,689</u>		<u>54,58,16,770</u>

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31,2008		As at March 31,2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 3 - SECURED LOANS:				
From Banks				
a) Working Capital Loans:*				
i) State Bank of India	21,93,17,121		16,16,78,630	
ii) ICICI Bank	9,16,21,696		9,88,84,998	
iii) Lord Krishna Bank	-		2,72,83,018	
iv) State Bank of Patiala	3,02,81,124		-	
v) Interest accrued & due on above	6,69,256		-	
		34,18,89,197		28,78,46,646
b) Term Loans:*				
i) State Bank of India - Corporate Loans	18,00,00,000		11,75,00,000	
ii) ICICI Bank - ECB Loan	9,51,94,400		11,68,65,900	
iii) IDBI	4,36,39,000		4,36,39,000	
iv) Interest accrued & due on above	18,16,422		12,60,224	
v) Against security of movable fixed assets on Hire Purchase basis	2,15,99,733	34,22,49,555	2,18,98,531	30,11,63,655
c) From Other				
i) HSIIDC	9,26,364		82,42,136	
ii) Against security of movable fixed assets on Hire Purchase basis	2,19,86,222	2,29,12,586	-	82,42,136
TOTAL		70,70,51,338		59,72,52,437

NOTES:

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

SCHEDULE 4 - UNSECURED LOANS:

Fixed Deposits

i) From Directors	5,50,000		5,50,000	
ii) From Others	2,60,51,220	2,66,01,220	2,80,92,000	2,86,42,000
Others:				
i) From Barclays Bank Plc	10,00,00,000		-	
ii) From DBS Bank Ltd.	44,43,907	10,44,43,907	-	-
TOTAL		13,10,45,127		2,86,42,000

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE 5 - FIXED ASSETS - TALBROS AUTOMOTIVE COMPONENTS LIMITED

DESCRIPTION	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK	
	Cost or valuation as at 1.4.07 (Rs.)	Additions due to merger (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Cost or Valuation as at 31.03.2008 (Rs.)	As at 01.04.2007 (Rs.)	Additions due to merger (Rs.)	Deductions during the year (Rs.)	For the 31.03.2008 (Rs.)	Up to 31.03.2008 (Rs.)	As at 31.03.2008	As at 31.3.2007
Tangible Assets												
Land												
-Freehold	3,61,69,941	-	7,68,000	23,57,075	3,45,80,866	-	-	-	-	-	3,45,80,866	3,61,69,941
-Leasehold	3,22,564	-	-	-	3,22,564	65,361	-	-	3,395	68,756	2,53,808	2,57,203
Buildings	19,29,99,413	-	26,05,468	1,46,96,586	18,09,08,295	5,17,13,741	-	77,26,961	74,55,951	5,14,42,731	12,94,65,564	14,12,85,672
Plant Machinery & Equipments	82,08,00,453	-	11,76,15,273	9,18,235	93,74,97,491	40,02,76,826	-	7,00,810	4,20,50,607	44,16,26,623	49,58,70,868	42,05,23,627
Motor Vehicles	5,44,52,655	-	1,68,19,497	97,67,094	6,15,05,058	1,79,54,168	-	51,31,425	1,07,82,084	2,36,14,827	3,78,90,231	3,64,98,487
Furniture Fixtures & Office Equipments	3,49,06,825	-	28,61,929	68,495	3,77,00,260	200,29,543	-	34,795	28,48,475	2,28,43,223	1,48,57,037	1,48,77,283
Elect. Installations	4,26,68,974	-	21,88,656	28,23,489	4,20,34,141	72,54,717	-	14,44,221	22,05,520	80,16,016	3,40,18,125	3,54,14,257
Air-Conditioning Plant	14,60,263	-	-	-	14,60,263	10,64,490	-	-	55,052	11,19,542	3,40,721	3,95,773
Tube-Well	12,27,272	-	-	1,75,849	10,51,423	3,34,021	-	76,636	42,439	2,99,624	7,51,599	8,93,251
Intangible Assets												
Technical Know-How	2,54,97,346	-	-	-	2,54,97,346	88,27,183	-	-	25,79,674	1,14,06,857	1,40,90,489	1,66,70,163
Software	64,72,900	-	23,65,572	-	88,38,472	20,61,637	-	-	18,72,237	39,33,674	49,04,598	44,11,263
											76,70,23,906	70,73,96,920
Capital Work in Progress											15,92,17,588	5,56,13,052
TOTAL	1,21,69,78,607	-	14,52,24,395	3,08,06,823	1,33,13,96,179	50,95,81,687	-	1,51,14,848	6,99,05,434	56,43,72,273	92,62,41,494	76,30,09,972
Previous Year	40,78,51,558		83,42,91,498	2,51,64,449	1,21,69,78,607	47,43,44,805		1,88,47,006	5,40,83,888	50,95,81,687	76,30,09,972	

SCHEDULE 5 - FIXED ASSETS - JOINT VENTURE

DESCRIPTION	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK	
	Cost or valuation as at 1.4.07 (Rs.)	Additions due to merger (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Cost or Valuation as at 31.03.2008 (Rs.)	As at 01.04.2007 (Rs.)	Additions due to merger (Rs.)	Deductions during the year (Rs.)	For the 31.03.2008 (Rs.)	Up to 31.03.2008 (Rs.)	As at 31.03.2008	As at 31.3.2007
Tangible Assets												
Land												
-Freehold	28,21,657	-	11,63,852	-	39,85,509	-	-	-	-	-	39,85,509	28,21,657
-Leasehold	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	1,64,13,275	-	1,64,13,275	-	-	-	8,20,664	8,20,664	1,55,92,611	-
Plant Machinery & Equipments	1,83,19,994	-	1,02,73,825	96,400	2,84,97,419	10,95,306	-	8,587	11,55,843	22,42,562	2,62,54,857	1,72,24,688
Motor Vehicles	7,34,603	-	-	-	7,34,603	3,02,111	-	-	1,11,972	4,14,083	3,20,520	4,32,492
Furniture Fixtures & Office Equipments	10,84,235	-	11,72,570	23,075	22,33,730	3,91,265	-	17,401	3,02,095	6,75,959	15,57,771	6,92,970
Elect. Installations	-	-	-	-	-	-	-	-	-	-	-	-
Air-Conditioning Plant	-	-	-	-	-	-	-	-	-	-	-	-
Tube-Well	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets												
Technical Know-How	-	-	-	-	-	-	-	-	-	-	-	-
Software	3,30,654	-	9,233	-	3,39,887	2,17,885	-	-	1,13,296	3,31,181	8,706	1,12,770
											4,77,19,974	2,12,84,576
Capital Work in Progress											-	37,01,949
TOTAL	2,32,91,143	-	2,90,32,755	1,19,475	5,22,04,423	20,06,567	-	25,988	25,03,870	44,84,449	4,77,19,974	2,49,86,525
Previous Year	1,70,07,723		1,08,51,883	45,68,463	2,32,91,143	8,19,048		4,752	11,92,271	20,06,567	2,49,86,525	

SCHEDULE 5 - FIXED ASSETS - CONSOLIDATED

DESCRIPTION	GROSS BLOCK					DEPRECIATION/ AMORTISATION					NET BLOCK	
	Cost or valuation as at 1.4.07 (Rs.)	Additions due to merger (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Cost or Valuation as at 31.03.2008 (Rs.)	As at 01.04.2007 (Rs.)	Additions due to merger (Rs.)	Deductions during the year (Rs.)	For the 31.03.2008 (Rs.)	Up to 31.03.2008 (Rs.)	As at 31.03.2008	As at 31.3.2007
Tangible Assets												
Land												
-Freehold	3,89,91,598	-	19,31,852*	23,57,075	3,85,66,375	-	-	-	-	-	3,85,66,375	3,96,80,726
-Leasehold	3,22,564	-	-	-	3,22,564	65,361	-	-	3,395	68,756	2,53,808	2,53,808
Buildings	19,29,99,413	-	1,90,18,743	1,46,96,586	19,73,21,570	5,17,13,741	-	77,26,961	82,76,615	5,22,63,395	14,50,58,175	27,05,67,787
Plant Machinery & Equipments	83,91,20,447	-	12,78,89,098	10,14,635	96,59,94,910	40,13,72,132	-	7,09,397	4,32,06,450	44,38,69,185	52,21,25,725	73,34,61,036
Motor Vehicles	5,51,87,268	-	1,68,19,497	97,67,094	6,22,39,661	1,82,56,279	-	51,31,425	1,09,04,056	2,40,28,910	3,82,10,751	4,59,35,924
Furniture Fixtures & Office Equipments	3,59,91,061	-	40,34,499	91,570	3,99,33,990	2,04,20,808	-	52,196	31,50,570	2,35,19,182	1,64,14,808	1,96,68,458
Elect. Installations	4,26,68,974	-	21,88,656	28,23,489	4,20,34,141	72,54,717	-	14,44,221	22,05,520	80,16,016	3,40,18,125	6,81,94,436
Air-Conditioning Plant	14,60,263	-	-	-	14,60,263	10,64,490	-	-	55,052	11,19,542	3,40,721	3,31,826
Tube-Well	12,27,272	-	-	1,75,849	10,51,423	3,34,021	-	76,636	42,439	2,99,624	7,51,599	11,07,644
Intangible Assets												
Technical Know-How	2,54,97,346	-	-	-	2,54,97,346	88,27,183	-	-	25,79,674	1,14,06,857	1,40,90,489	1,39,27,352
Software	68,03,554	-	23,74,805	-	91,78,359	22,79,522	-	-	19,85,533	42,65,055	49,13,304	63,72,920
											81,47,43,880	72,86,81,486
Capital Work in Progress											15,92,17,588	5,93,15,001
TOTAL	1,24,02,69,750	-	17,42,57,150	3,09,26,298	1,38,36,00,602	51,15,88,254	-	1,51,40,836	7,24,09,304	56,88,56,722	97,39,61,488	78,79,96,497
Previous Year	42,48,59,261		1,27,19,47,816	2,97,32,912	1,24,02,69,750	47,51,63,853		1,88,51,758	5,52,76,159	51,15,88,254	78,79,96,497	

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	<u>As at March 31, 2008</u>		<u>As at March 31, 2007</u>	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 6 - INVESTMENTS : LONG TERM (AT COST)				
A. QUOTED INVESTMENTS :				
Trade Investments:				
a) Nil(96,900) Equity Shares of XO Infotech Limited of Rs.10 each fully paid up	-		9,69,000	
Less:Provision for diminution in value of investment	<u>-</u>	-	<u>7,07,370</u>	2,61,630
Other Investments:				
b) 4,060 6.75% Tax free US-64 Bonds of Rs.100 each	4,06,000		4,06,000	
c) Nil(3,800) Equity Shares of ICICI Bank Limited of Rs.10 each fully paid up at a premium of Rs.515/-each	-		19,95,000	
d) 1,00,000 Units of Rs.10/-of SBI Infrastructure Fund-I-Growth	<u>10,00,000</u>	14,06,000	<u>-</u>	24,01,000
B. UNQUOTED INVESTMENTS :				
Trade Investments:				
i) 48,00,000 Equity Shares of Nippon Leakless Talbros Pvt.Ltd. at Rs. 10/- each	4,80,00,000		4,80,00,000	
Others:				
i) 2,390 Equity Shares of Talbros International Ltd. (Includes 2,380 Bonus Shares)	100		100	
ii) 1,77,962 Equity Shares of Q H Talbros Ltd. a Company under the same management	32,45,680		32,45,680	
iii) 83,333 Equity Shares of T & T Motors Ltd.	<u>13,74,990</u>	5,26,20,770	<u>13,74,990</u>	5,26,20,770
C. CURRENT INVESTMENTS:				
QUOTED :				
a) Nil(12,56,844) SBI Magnum Institutional Income Fund Saving - Growth of Rs.10.7599 each unit	-		54,09,405	
Less : Nil(12,56,844) units sold during the year	<u>-</u>	-	<u>54,09,405</u>	-
b) 10,87,455.66(10,44,336.90) JM Financial Mutual Funds Liquidity Fund-Premium Plan of Rs.10 each unit	43,49,822		81,77,348	
Less: 6,27,896 units sold during the year	<u>25,11,584</u>	18,38,238	<u>40,00,000</u>	41,77,348
SUB-TOTAL		5,58,65,008		5,94,60,748
Proportionate consolidation eliminations		(4,80,00,000)		(4,80,00,000)
TOTAL		<u>78,65,008</u>		<u>1,14,60,748</u>
Notes:				
1) Aggregate market value of quoted investments		32,75,238		80,86,758

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	<u>As at March 31,2008</u>		<u>As at March 31,2007</u>	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES:				
CURRENT ASSETS:				
Interest accrued on Investments and Deposits		1,27,28,745		76,33,274
Inventories: (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		10,24,60,200		6,16,51,144
Stock-in-Trade (including goods in transit)				
- Finished Goods	10,58,35,175		10,03,35,086	
- Work-in-Progress	9,64,40,657		5,10,43,108	
- Raw Materials	16,49,41,287		10,83,17,202	
		<u>36,72,17,119</u>		<u>25,96,95,396</u>
		<u>46,96,77,319</u>		<u>32,13,46,540</u>
Sundry Debtors :				
Unsecured:				
Debts outstanding for a period exceeding six months				
-Considered good	2,79,70,970		1,92,41,444	
-Considered doubtful	28,44,377		28,44,377	
-Other Debts		<u>3,08,15,347</u>		<u>2,20,85,811</u>
		<u>45,99,43,213</u>		<u>35,30,66,120</u>
		<u>49,07,58,560</u>		<u>37,51,51,941</u>
Less:Provision for doubtful debts		<u>28,44,377</u>		<u>28,44,377</u>
		<u>48,79,14,183</u>		<u>37,23,07,564</u>
Cash and Bank Balances:				
Cash in hand (including imprest)		23,73,189		16,63,832
Cheques in hand		1,95,00,000		-
Balances with Scheduled Banks:				
-Current / Cash Credit Accounts	3,22,62,639		1,02,41,423	
-Margin Money (Pledged with Banks)	1,12,64,344		36,32,692	
-Deposit Accounts	39,23,278		31,06,919	
		<u>4,74,50,261</u>		<u>1,69,81,034</u>
		<u>6,93,23,450</u>		<u>1,86,44,866</u>
LOANS AND ADVANCES:				
Unsecured:Considered Good:				
Inter - Corporate Deposits		7,91,50,000		7,62,50,000
Advances recoverable in cash or in kind or for value to be received		10,54,87,155		8,59,47,679
Advance Tax	7,79,31,752		5,72,05,905	
Less:Provision for Taxation	4,65,46,972		2,96,87,615	
MAT Credit Entitlement(refer note no. 10 of schedule 14)		2,40,50,000		1,44,50,000
Balance with Central Excise & Custom Authorities		6,62,36,174		2,80,36,296
Security Deposits		72,89,867		77,81,300
Claims Receivable		2,70,993		91,477
		<u>31,38,68,969</u>		<u>24,00,75,042</u>
TOTAL		<u><u>1,35,35,12,666</u></u>		<u><u>96,00,07,286</u></u>

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	As at March 31,2008		As at March 31,2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS:				
Current Liabilities:				
Acceptances		18,89,70,483		2,21,54,584
Sundry Creditors		40,28,17,667		31,39,01,214
Statutory Liabilities		2,64,75,717		2,48,18,494
Interest accrued but not due on Secured Loans		38,34,025		36,28,693
Interest accrued but not due on Unsecured Loans		8,51,939		16,15,229
Unrealised Loss / Gain on Financial Instruments (Refer note no. 8 of Schedule 14)		2,88,90,053		-
Liability towards Investors Education And Protection Fund				
I) Unclaimed Dividend	11,42,159		7,41,942	
ii) Unclaimed Fixed Deposits	4,86,000		3,02,000	
iii) Interest Accrued on above	1,72,394	18,00,553	28,837	10,72,779
Total		<u>65,36,40,437</u>		<u>36,71,90,993</u>
Provisions For:				
Proposed Dividend		1,79,03,445		2,27,59,260
Tax on Proposed Dividend		30,42,691		38,67,937
Leave Encashment		49,21,638		63,19,810
Gratuity		1,69,35,629		1,57,49,471
Total		<u>4,28,03,403</u>		<u>4,86,96,478</u>
TOTAL		<u>69,64,43,840</u>		<u>41,58,87,471</u>

SCHEDULE 9 - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

Voluntary Retirement Compensation		6,37,177		13,67,659
TOTAL		<u>6,37,177</u>		<u>13,67,659</u>

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Year Ended March 31, 2008		Year Ended March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10- OTHER INCOME:				
a) Interest (Gross)				
- Term Deposits with Banks	10,67,695		16,82,932	
- Others	91,84,454	1,02,52,149	83,16,230	99,99,162
(Tax deducted at source Rs.22,60,569; Previous Year Rs. 23,91,176)				
b) Dividend from :				
- Long Term (Trade Investments)		4,18,424		3,29,443
- Long Term (Non-Trade Investments)		65,405		59,705
- Current Investments		1,72,475		1,77,348
c) Profit on sale of fixed assets(net)		1,96,08,278		22,74,108
d) Profit on sale of Investment (net)		16,11,680		2,90,082
e) Exchange Fluctuation (net)		-		9,73,521
f) Miscellaneous Income		14,16,050		22,96,784
SUB TOTAL		3,35,44,461		1,64,00,153
Proportionate consolidation eliminations		-		29,981
TOTAL		3,35,44,461		1,63,70,172

SCHEDULE 11 - INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS AND WORK-IN-PROGRESS

Closing Stock:				
- Finished Goods	10,58,35,175		10,03,35,087	
- Work-in-progress	9,64,40,657	20,22,75,832	5,10,43,108	15,13,78,195
Less: Opening Stock:				
- Finished Goods	10,03,35,087		8,46,34,892	
- Work-in-progress	5,10,43,108	15,13,78,195	3,80,95,783	12,27,30,675
TOTAL		5,08,97,637		2,86,47,520

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Year Ended March 31,2008		Year Ended March 31,2007	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12 - MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES:				
Stores & Spares Consumed		8,91,43,058		7,87,39,384
Fuel, Light and Power		7,63,17,963		5,78,38,440
Labour and Processing Charges		4,10,95,869		2,92,56,947
Royalty		1,41,08,320		1,19,75,336
Salaries, Wages and Other Benefits:				
- Salaries, Wages, Allowances and Bonus	18,85,02,873		15,93,68,542	
- Workmen and Staff Welfare Expenses	1,72,75,713		1,39,04,425	
-Contribution to:				
Provident Fund (including Family Pension Schemes)	1,03,86,935		93,80,638	
Employees State Insurance Fund	23,98,274		17,79,168	
Employees Group Gratuity-Cum-Life Assurance Fund	46,85,247		49,57,912	
Super Annuation Fund	19,49,122		16,54,963	
Leave Encashment	14,94,484	22,66,92,648	34,54,500	19,45,00,148
Repairs and Maintenance:				
-Buildings	22,64,705		30,80,763	
-Plant and Machinery	1,50,20,364		1,29,86,152	
-Other Assets	65,43,422	2,38,28,491	58,63,697	2,19,30,612
Rent		25,26,856		50,71,020
Rates and Taxes		8,18,038		15,42,159
Insurance		68,15,368		63,51,071
Commission (Foreign Agents)		24,21,019		33,49,990
Travelling, Tour and Conveyance		3,29,07,813		3,07,79,682
Brokerage and Discount on Sales		1,91,99,766		1,83,01,538
Sales Promotion Expenses		1,83,38,327		1,70,38,105
Packing, Freight and Forwarding		3,87,15,360		2,72,63,909
Printing, Stationery, Postage, Telegrams				
Telephones and Telex		1,40,61,212		1,40,43,044
Advertisement and Publicity		4,01,225		3,94,405
Remuneration to Auditors		7,99,000		7,49,618
Directors' Fee		1,55,000		91,250
Donations		1,18,755		42,957
Excise Duty on increase/(decrease) in the stock of finished goods		24,21,272		(76,602)
Provision for doubtful debts		-		28,44,377
Provision for diminution in value of Investment		-		7,07,370
Exchange Fluctuation(net)		46,02,684		-
Management consultancy fees		1,38,32,714		17,40,000
Miscellaneous Expenditure Written off		7,30,482		31,05,482
Other Miscellaneous Expenses		2,69,36,988		1,98,52,112
SUB TOTAL		65,69,88,228		54,74,32,354
Proportionate consolidation eliminations		-		29,981
TOTAL		65,69,88,228		54,74,02,373
SCHEDULE 13 - INTEREST:				
a) On Fixed Deposits:				
i) Directors	58,631		60,499	
ii) Others	28,60,390	29,19,021	40,02,332	40,62,831
b) On Term loans		1,92,44,401		90,54,481
c) Others - Net (including Bank Charges)		4,97,47,794		3,36,88,239
TOTAL		7,19,11,216		4,68,05,551

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

A. SIGNIFICANT ACCOUNTING POLICIES:

1 Accounting Convention:

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards and the relevant presentational requirements of the Companies Act, 1956.

2 Investments:

Long term investments are stated at cost, less any provision for permanent diminution in value.

3 Inventory Valuation:

Raw materials, work-in-progress and finished goods are valued at lower of cost or net realisable value. Stores, spare parts and tools are valued at cost or under.

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 being recognised as an Intangible Asset in accordance with Accounting Standard 26 - "Intangible Assets". Amortisation 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 being new plant .

5 Depreciation:

Depreciation in Gasket Division, Stamping Division & IT Division is charged on the straight-line-method on assets comprising plant, machinery and equipment (except on items acquired prior to 1.9.1978 at the Chennai Unit of Gasket Division) and on written down value method on other depreciable assets, as per rates specified in Schedule XIV to the Companies Act, 1956. Depreciation in Forging Division is charged on Straight Line Method on all fixed assets other than vehicles at 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 Rs.5,000 or less each are fully depreciated in the year of acquisition.

6 Accounting of Sales :

Revenue from Operations includes excise duty and is net of returns and trade discounts. Excise Duty relating to sales is adjusted against Revenue from Operations. Other duty represents the difference between excise duty on opening and closing stock of finished goods .

7 Revenue Recognition:

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

8 Export Incentives:

Export incentives are accounted on accrual basis.

9 Foreign Currency Transactions:

9.1 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 on settlement are recognised in the Profit and Loss Account except in the case of fixed assets where such gains / losses are adjusted to the cost of fixed assets till the installation of the fixed assets.

9.2 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 monetary items representing liabilities relating to acquisition of fixed assets which are adjusted to the cost of the respective assets provided the fixed assets are not installed as at the year end. 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.

10 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 are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year based on the projected unit cost method.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

- 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.
- vi) Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss Account over a five years period.

11 Borrowing Costs:

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

12 Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at an amount equal to Present value of future lease payments and corresponding amount is recognised 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 capitalised.

13 Deferred Tax

Deferred tax is recognised , 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 recognised if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

14 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 recognised in the Profit & Loss Account to the extent the carrying amount exceeds recoverable amount .

15 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 is recognised only when it is virtually certain that the reimbursement 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 recognised nor disclosed.

16 Financial Instruments

The Company uses derivative and other financial instruments such as foreign currency forward contracts to swap financing costs on rupee term borrowings with foreign currency borrowings and to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments.

In respect of derivatives that qualify for hedge accounting and / or other financial assets and liabilities being derivatives not qualifying for hedge accounting, the company has pre-adopted an accounting policy in line with the Accounting Standard (AS-30) with effect from 31.03.2008. In view of this, derivatives have been initially measured at fair value and resultant gain or loss has been recognized directly in shareholders' funds as per transitional provisions to the extent considered highly effective.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - 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 31.03.2008 , 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	31.03.2008

- 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)- Rs.2,11,54,225 (Previous Year Rs. 3,56,59,571)

3 Contingent Liabilities :

3.1 Bills discounted with Banks Rs. 2,69,54,036 (Previous Year Rs. 1,24,64,319).

3.2 Excise Duty / Sales Tax / Service Tax demands disputed by the Company and not provided for - Rs.48,81,330 (Previous year Rs.63,15,170).

		Amount in Rs.	
		As at March 31,2008	As at March 31,2007
<u>NATURE OF DUES</u>			
(a) Central Excise	Classification of paper gasket	14,17,866	14,17,866
(b) Central Excise	Modvat Credit	4,74,878	30,120
(c) Central Sales Tax	Central Sales Tax	11,67,568	17,26,166
(d) A. C. Service Tax	Service Tax on Royalty	10,19,431	10,19,431
(e) Demand from HSIIDC	Demands for enhancement of land cost by HSIIDC	-	13,20,000
(f) E.S.I.	ESI Demand	8,01,587	8,01,587
Total		<u>48,81,330</u>	<u>63,15,170</u>

In respect of items (a) to (f) above future cashflow are determinable only on outcome of judgements and decisions pending at various forum / authorities.

3.3 Guarantees executed in favour of Customs /Excise/Sales Tax /Customers amounting to Rs. 45,96,955 (Previous Year Rs. 48,04,878).

3.4 Corporate Guarantee executed in favour of ICICI Bank Ltd. amounting to USD 3.82 million (Previous year USD Nil) against term borrowing of QH Talbros Ltd., in Associate Company.

4 DEFERRED TAX ASSETS / LIABILITIES (NET)

The deferred tax assets / liabilities as at 31st, March 2008 comprise the following:

	Deferred Tax Assets/(Liabilities) As at <u>01.04.2007</u>	(Charge)/ Credit during the year	Deferred Tax Assets/(Liabilities) As at <u>31.03.2008</u>
Depreciation	(4,79,66,460)	(1,31,95,415)	(6,11,61,875)
Disallowable u/s 43B	6,03,267	(1,37,022)	466,245
Research & Development Expenditure	(44,08,290)	(2,45,682)	(46,53,972)
Preliminary Expenses	1,34,271	38,577	1,72,848
Unrealised Loss / Gain on Financial Instruments			98,19,729
Total	<u>(5,16,37,213)</u>	<u>(1,35,39,542)</u>	<u>(5,53,57,025)</u>

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008
SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

5 REMUNERATION TO DIRECTORS: *

Amount in Rs.

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

	<u>Year Ended March 31,2008</u>	<u>Year Ended March 31,2007</u>
Salaries	24,00,000	32,40,000
Other Perquisites	20,24,363	35,34,600
TOTAL	<u>44,24,363</u>	<u>67,74,600</u>

* 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 SEGMENT REPORTING - AS-17 :

a) Primary Segment :

The Company's operations comprise of four segments viz , "Auto Components & Parts" , " Hardware" , "Software" and " Leasing" . In terms of the disclosure requirements of Accounting Standard (AS - 17) "Segment Reporting" , none of the segments other than " Auto Components & Parts" 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.

7 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 Talbros Ltd.
Talbros International Ltd.
- ii) Holding Company of Joint Venture
Nippon Leakless Corporation, Japan
- iii) Key Management personnel (Whole Time Directors)
- of Talbros Automotive Components Ltd.
Mr. Umesh Talwar

- of Joint Venture Company
Mr. Koji Homma
- iv) Relatives of Key Management Personnel
Mrs. Bimpi Talwar, Wife
Mr. Anuj Talwar, Son
Mr. Naresh Talwar, Brother
Mrs. Asha Burman, Sister
Mrs. Anchal Talwar, Daughter -in- law

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

Nature Of Transactions	Associates	Key Management	Relatives of	Total
	(QH Talbros Ltd.)	Personnel	Key Management Personnel	
	Rs.	Rs.	Rs.	Rs.
Sale of goods	31,28,88,479	-	-	31,28,88,479
Receivables/Debtors	12,25,72,605	-	-	12,25,72,605
Payables/Creditors	-	-	-	-
Purchase of goods	1,51,85,649	-	-	1,51,85,649

Remuneration to Whole Time Directors are given under Note No. 5.

TALBROS AUTOMOTIVE COMPONENTS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2008

SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

8 Derivatives

The Company has entered into the following derivatives :-

Transaction Date	Currency	Type	CHF Equivalent	INR Equivalent		
				As on Transaction date	As on 31st March,2008	Gain / (Loss)
22.06.2007	CHF	BUY	28,84,011.77	9,50,00,000	11,78,19,821	(2,28,19,821)
26.10.2007	CHF	BUY	11,87,973.72	4,00,00,000	4,73,53,447	(73,53,447)
				13,50,00,000	16,51,73,268	(3,01,73,268)
						12,83,215
						98,19,729
				13,50,00,000	16,51,73,268	(1,90,70,324)

Less : Interest accrued and not due
Less : Deferred Tax

Unrealised Loss / Gain on Financial Instruments

2007-08

2006-07

9 Earnings Per Share :

Profit attributable to Equity Shareholders (in Rs.)

8,84,15,920

9,47,07,861

No. of Shares

1,13,81,153

1,13,79,630

Nominal value of shares (Rs.)

10

10

Basic Earnings Per Share (Rs.)

7.77

8.32

Diluted Earnings Per Share (Rs.)

7.41

8.32

The Earnings Per Share for 2007-08 has been calculated on the basis of weighted average capital of Rs.1138.12 lacs (i.e. 1,13,81,153 no. of shares) as per the Accounting Standard - 20 " Earnings Per Share" .

10 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 Rs. 2,40,50,000 (Previous Year Rs. 1,44,50,000) as per provisions of Income Tax Act, 1961.

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

Schedules 1 to 14 are annexed to and form an integral part of the Balance Sheet as at March 31,2008 and the Profit & Loss Account for the year ended on that date.

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30-08-2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	<u>2007-2008 (Rs.)</u>	<u>2006-2007 (Rs.)</u>
A. Cash flows from Operating Activities		
A. Cash flows from Operating Activities		
a. Net Profit before tax	11,60,97,277	9,28,68,387
Adjustments for:		
Depreciation/Amortisation	7,22,78,357	5,51,30,663
Misc. Expenses Written off	7,30,482	31,05,482
Interest Expense	7,19,11,216	4,68,05,551
Foreign Exchange Fluctuation	46,02,684	(9,73,521)
Interest Income	(1,02,52,149)	(99,99,162)
Dividend Income	(6,56,304)	(5,66,496)
Profit on Sale of Assets	(19,6,08,278)	(22,74,108)
Profit on Sale of Long Term Investments	(16,11,680)	(2,90,082)
Provision for diminution in value of investment	-	7,07,370
Provision for doubtful debts	-	28,44,377
	<u>11,73,94,328</u>	<u>9,44,90,074</u>
b. Operating profit before Working Capital changes	23,34,91,605	18,73,58,461
Adjustments for:		
Current Assets/Loans and advances	(18,77,29,526)	(13,75,32,589)
Inventories	(14,83,30,778)	(8,57,51,797)
Current Liabilities	25,71,77,561	14,41,40,077
Misc. Expenditure	-	(5,76,857)
	<u>(7,88,82,743)</u>	<u>(7,97,21,166)</u>
c. Cash generated from Operations	15,46,08,862	10,76,37,295
Direct Taxes paid	(3,20,28,205)	(4,16,20,762)
Net Cash from Operating Activities	<u>12,25,80,657</u>	<u>6,60,16,533</u>
B. Cash flows from Investing Activities		
Proceeds from sale of Fixed Assets	3,53,88,918	1,31,55,262
Movement in Loans & Advances	(29,00,000)	(30,00,000)
Movement in Investments	(10,00,000)	(65,21,338)
Interest Received	1,02,52,149	99,99,162
Dividends Received	6,56,304	5,66,496
Purchase of Fixed Assets	(27,41,54,916)	(51,29,35,585)
Foreign Exchange Fluctuation	(46,02,684)	9,73,521
Proceeds from sale of Investments	62,07,419	56,99,487
Net Cash flow from investing activities	<u>(23,01,52,810)</u>	<u>(49,20,62,995)</u>
C. Cash flows from Financing Activities		
Interest Paid	(7,12,43,720)	(4,32,37,008)
Margin Money - Release (Increase)	(76,31,652)	1,60,15,381
Payments against Conversion of Warrants	3,25,26,000	78,00,000
Merger /Demerger Expenses	21,28,594	(65,14,525)
Consideration for Amalgamation	-	(4,63,64,928)
Proceeds from Borrowings	30,73,75,120	64,65,01,352
Repayment of Borrowings	(9,63,98,546)	(16,33,56,804)
Dividends Paid	(2,20,31,486)	(2,10,77,450)
Dividend Tax Paid	(38,67,937)	(29,87,876)
Net Cash flow from Financing Activities	<u>14,08,56,373</u>	<u>38,67,78,142</u>
D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	32,84,221	(3,92,68,320)
Cash and Cash Equivalents as at:		
-the beginning of the year	1,50,12,173	5,42,80,493
-the end of the year	4,82,96,394	1,50,12,173

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.

(PANKAJ DHAWAN)
Company Secretary

(R.P. GROVER)
Sr. V.P.
(Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : Faridabad
Dated : 30.08.2008

(Vijay Dhawan)
Partner
Membership No. F-12565

TALBROS AUTOMOTIVE COMPONENTS LIMITED

BOARD OF DIRECTORS

NARESH TALWAR (Chairman)
UMESH TALWAR (Vice Chairman & Managing Director)
VARUN TALWAR (Joint Managing Director & CEO - Forging Division)
NIKHIL TALWAR
ANIL KUMAR MEHRA
RAJIVE SAWHNEY
V. MOHAN
AMIT BURMAN
BRIAN WILLIAMS

COMPANY SECRETARY

PANKAJ DHAWAN

BANKERS

STATE BANK OF INDIA
STATE BANK OF PATIALA
ICICI BANK LTD.

AUDITORS

S.N. DHAWAN & CO.
CHARTERED ACCOUNTANTS
C-37, CONNAUGHT PLACE, NEW DELHI - 110 001

REGISTERED OFFICE

14/1, DELHI MATHURA ROAD
FARIDABAD - 121003 (HARYANA)

HEAD OFFICE

212, OKHLA INDUSTRIAL ESTATE
NEAR MODI FLOUR MILL, NEW DELHI - 110 020

WORKS

GASKET PLANT – I
14/1, DELHI MATHURA ROAD
FARIDABAD - 121003 (HARYANA)

GASKET PLANT – II
22-B, SIDCO INDUSTRIAL ESTATE
AMBATTUR, CHENNAI - 600 098

GASKET PLANT – III
PLOT NO. 68, F-11, MIDC, PIMPRI,
PUNE – 411 018

FORGING DIVISION
PLOT NO. 39 TO 46, SECTOR-6,
INDUSTRIAL GROWTH CENTRE,
BAWAL-123501
DISTT. REWARI (HARYANA)

STAMPING & RUBBER DIVISION
14/1, DELHI MATHURA ROAD
FARIDABAD - 121003 (HARYANA)

IT DIVISION
28, ELECTRONIC CITY, SECTOR-18,
GURGAON-122 016

MATERIAL DIVISION
VILL. ATTA, SOHNA
GURGAON-122 001

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TALBROS AUTOMOTIVE COMPONENTS LIMITED

TALBROS AUTOMOTIVE COMPONENTS LIMITED

Registered Office:

14/1, Delhi Mathura Road, Faridabad-121003

PROXY FORM

I/We _____ being member(s) of TALBROS AUTOMOTIVE COMPONENTS LIMITED hereby appoint Mr./Miss/Mrs. _____ of _____ or failing him/her Mr./Miss/Mrs. _____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf, at the 51st Annual General Meeting of the Company, to be held on Monday the 29th September 2008 and at any adjournment thereof.

Affix
Re. 1/-
Revenue
Stamp

Signed _____ of _____ 2008

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 for holding the meeting.
2. A proxy need not be 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-121003

**51st ANNUAL GENERAL MEETING
ADMISSION SLIP**

Folio No. _____
No. of Shares _____

DPID No. _____
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 51st Annual General Meeting of the company at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad-121001 (Haryana) at 10.30 A.M. on Monday the 29th September 2008.

Member's Signature

Name of Proxy/Representative
(in BLOCK LETTERS)

Proxy's/Representative's
Signature

NOTE:

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