

## BOARD OF DIRECTORS

MR. NARESH TALWAR (Chairman)  
 MR. UMESH TALWAR (Vice Chairman & Managing Director)  
 MR. VARUN TALWAR (Joint Managing Director)  
 MR. ANUJ TALWAR (Executive Director)  
 MR. ANIL KUMAR MEHRA  
 MR. RAJIVE SAWHNEY  
 MR. V. MOHAN  
 MR. AMIT BURMAN  
 MR. NAVIN JUNEJA  
 MR. RAJEEV RANJAN VEDERAH

## COMPANY SECRETARY

SEEMA NARANG

## MAIN BANKERS

STATE BANK OF INDIA  
 HDFC BANK  
 YES BANK  
 INDUSIND BANK  
 PUNJAB NATIONAL BANK

## AUDITORS

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

## REGISTERED OFFICE

14/1, DELHI MATHURA ROAD,  
 FARIDABAD - 121 003 (HARYANA)

## HEAD OFFICE

1411, NICHOLSON ROAD  
 KASHMERE GATE, DELHI - 110 006

## WORKS

### GASKET PLANT-I

14/1, DELHI MATHURA ROAD,  
 FARIDABAD - 121 003 (HARYANA)

### GASKET PLANT-II

22-B, SIDCO INDUSTRIAL ESTATE  
 AMBATTUR, CHENNAI - 600 098

### GASKET PLANT-III

PLOT NO. 68, F-II, MIDC,  
 PIMPRI, PUNE - 411 018

### GASKET PLANT-IV

PLOT NO. B-177, PHASE - I  
 ELDECO - SIDCUL INDUSTRIAL PARK,  
 SITARGANJ, UTTARAKHAND - 262405

## FORGING DIVISION

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

## MATERIAL DIVISION

MANDKOLA ROAD, VILL. ATTA, SOHNA,  
 GURGAON - 122 003

Contents	Page No.
Notice .....	2-9
Directors' Report .....	10-14
Management Discussion & Analysis Report .....	15
Corporate Governance Report .....	16-23
Auditors' Report .....	25-27
Balance Sheet .....	28
Statement of Profit & Loss .....	29
Cash Flow Statement .....	30
Notes .....	31-48
Auditors' Report on Consolidated Financial Statement .....	50
Consolidated Balance Sheet .....	51
Consolidated Statement .....	52
Consolidated Cash Flow Statement .....	53
Consolidated Notes .....	54-68
Proxy Form .....	69

# Talbro Automotive Components Limited

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## TALBROS AUTOMOTIVE COMPONENTS LIMITED

Registered Office: 14/1, Delhi-Mathura Road

Faridabad-121003, Haryana

CIN: L29199HR1956PLC033107

### NOTICE

**NOTICE** is hereby given that the 57<sup>th</sup> Annual General Meeting of the members of Talbro Automotive Components Limited will be held on Friday the 12<sup>th</sup> day of the September, 2014 at 10.30 a.m. at **Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001 (Haryana)** to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on paid-up Equity Share Capital for the financial year ended on 31st March, 2014.
3. To appoint a Director in place of Mr. Anuj Talwar (DIN 00628063), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s S.N. Dhawan & Co., New Delhi (Firm Registration No. 000050N) as Statutory Auditors of the Company, M/s. R. Sundaraman & Co., Chartered Accountants, Chennai (Firm Registration No. 0042195) and M/s. CMRS & Associates, Chartered Accountants, Pune (Firm Registration No. 101678W) as auditors for company's Chennai & Pune Branches respectively and authorize Board of Directors to fix their remuneration.

#### **SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 & Clause 49 of the Listing Agreement, Mr. Rajive Sawhney (DIN 00071612), in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from this Annual General Meeting.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 & Clause 49 of the Listing Agreement, Mr. Rajeev Ranjan Vederah (DIN 00012252), in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from this Annual General Meeting.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 & Clause 49 of the Listing Agreement, Mr. Venkatraman Mohan (DIN 00071517), in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from this Annual General Meeting.
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 & Clause 49 of the Listing Agreement, Mr. Anil Kumar Mehra (DIN 00004654), in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from this Annual General Meeting.
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**  
**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 & Clause 49 of the Listing Agreement, Mr. Amit Burman (DIN 00042050), in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from this Annual General Meeting.
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**  
**RESOLVED THAT** pursuant to section 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and other applicable provisions, if any, and subject to such conditions, approvals, permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to invite /accept / renew /receive money(s) by way of unsecured/secured deposits, or in any other form, from public and/or members of the Company, in any form or manner, through circular / advertisement or through any other permissible mode, upto permissible limits prescribed under applicable provisions of law and on such terms & conditions as Board of Directors of the Company in its sole discretion deem fit and necessary.  
**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for such invitation/acceptance/renewal/receipt as aforesaid.
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**  
**RESOLVED THAT** pursuant to section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being

in force), consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement for Sale of Company's products namely Gaskets, Forgings and other Auto Parts to QH Talbros Limited for a period of three years with effect from 1st April 2014 to 31st March 2017 upto maximum amount of ₹ 24.00 Crores in one financial year.

**RESOLVED FURTHER THAT** any acts/transactions done under this Agreement after 1st April, 2014 and upto the date of passing of this resolution be and are hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds or things as may be necessary to give effect to the above resolution.

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into a Trademark License Agreement with QH Talbros Limited for a period of nine years with effect from 1st April 2014 to 31st March 2023 for permission to use the Trade Mark and distribution network of the Company and in consideration thereof QH Talbros Limited shall pay to the Company a fee equivalent to 1% of its gross Replacement Sales for the use of its trademark and distribution network for each financial year during the period from 1st April, 2014 to 31st March, 2023.

**RESOLVED FURTHER THAT** any acts/transactions done under this Agreement after 1st April, 2014 and upto the date of passing of this resolution be and are hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds or things as may be necessary to give effect to the above resolution.

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement with Nippon Leakless Talbros Private Ltd for the transactions of purchase and/or sale of Tyre Sealant and other production inputs namely Pulp Fibre, MBR Latex, Varnish, Rhodopole and Nylon etc. for a period of three years with effect from 1st April 2014 to 31st March 2017 upto maximum amount of ₹ 4.00 Crores in one financial year.

**RESOLVED FURTHER THAT** any acts/transactions done under this Agreement after 1st April, 2014 and upto the date of passing of this resolution be and are hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds or things as may be necessary to give effect to the above resolution.

14. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement with Nippon Leakless Talbros Private Ltd for the transactions of sale/purchase of gaskets to each other for a period of three years with effect from 1st April 2014 to 31st March 2017 upto maximum amount of ₹ 2.00 Crores in one financial year.

**RESOLVED FURTHER THAT** any acts/transactions done under this Agreement after 1st April, 2014 and upto the date of passing of this resolution be and are hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds or things as may be necessary to give effect to the above resolution.

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** in supersession of the Ordinary Resolution passed through Postal Ballot on 2nd May, 2008 and pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company, for borrowing any sum or sums of money from time to time whether in Indian rupees or foreign currency, whether unsecured or secured, notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of paid-up capital and free reserves of the Company and that the total amount up to which the moneys borrowed by the Board of Directors and outstanding shall not exceed the sum of ₹ 250 Crores (Rupees Two Hundred Fifty Crores only) at any point of time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.

16. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**RESOLVED THAT** in supersession of the Ordinary Resolution passed through Postal Ballot on 18th March, 2009 and pursuant to the provisions of section 180(1)(a) of the Companies Act 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (including a duly constituted Committee thereof) for mortgaging and/or charging all the immovable and movable properties of the Company, present and future, wheresoever situate, and whole or any part of the undertaking of the Company in respect of any term loans, foreign currency borrowing including external commercial borrowing, buyer's credit or syndicated loan, non-convertible debentures etc., issued by the Company together with interest at the agreed rate, additional interest, liquidated damages, commitment charges, costs, charges, expenses and all other monies payable by the Company to the lenders/ Trustees to the holders of the non-convertible debentures, with such ranking and at such time and on such terms as the Board may determine.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to finalize with the lenders/ Trustees to the holders of the non-convertible debentures, as the case may be the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

# Talbro Automotive Components Limited

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

**RESOLVED THAT** pursuant to section 148, read with 139, 141 and Companies (Cost Accounting Records) Rules, 2013, and subject to such guidelines and approval as may be required from the Central Government, the re-appointment of M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2014 -15 on a remuneration of ₹1.75 Lacs plus service tax as applicable and reimbursement of out of pocket expenses, be and is hereby ratified."

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

Place : New Delhi  
Date : 26<sup>th</sup> May, 2014

**Sd/-  
Seema Narang  
Company Secretary**

## NOTES:

- 1) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business mentioned under items no.5 to 17 of the accompanying Notice is annexed hereto.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
- 3) The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
- 4) Register of Members will remain closed from 5th September 2014 to 12th September 2014 (Both days inclusive).
- 5) Members are once again informed that in terms of Sections 124 & 125 of the Companies Act, 2013, dividends which remain unclaimed / unencashed for periods of 7 years are to be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim lies against the Company for unclaimed / unencashed dividend amount, if any, upon transfer.
- 6) Accordingly, all dividends declared upto 31st March 2006 which remained unclaimed/ unencashed, have already been transferred to the IEPF. Members who have not encashed the dividend warrant(s) so far for the financial year ended March 31, 2007 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 2006-07 have been notified in this connection.
- 7) Dividend on Equity Shares for the financial year ended March 31, 2014, if declared at the Annual General Meeting, shall be paid to those Members whose names (in case of shares held in electronic form) appear as Beneficial Owners as at close of business hours on 4th September 2014 and for shares held in physical form, whose names appear in the Register of Members on the date of the Annual General Meeting.
- 8) Queries, if any, regarding accounts and operations of the Company may please be sent to the Company Secretary at the Registered Office at least 10 days before the date of the Annual General Meeting so as to enable the Company to keep the information ready at the meeting.
- 9) Members holding shares in electronics form should get their email IDs updated with their respective Depository Participant so that they can get the copies of correspondence etc. sent by the Company via email.
- 10) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- 11) Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
- 12) Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
- 13) Electronic copy of the Notice of the 57th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 57th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- 14) Members may also note that the Notice of the 57th Annual General Meeting and the Annual Report will also be available on the Company's website www.talbro.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: memberservice@talbro.com.
- 15) Shareholders are requested to address all correspondence relating to their shareholding to the Company's Registrars and Share Transfer Agents, M/s Karvy Computershare Private Ltd., at the following address:-  
  
M/s Karvy Computershare Private Ltd.,  
Unit: Talbro Automotive Components Ltd.,  
Plot No.17-24, VithalRao Nagar,  
Madhapur, Hyderabad - 500 081.  
Tel: 040-23420815-825  
Fax: 040-23420814  
Email: ks.reddy@karvy.com

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

**Sd/-**

**Seema Narang  
Company Secretary**

Place : New Delhi  
Date : 26<sup>th</sup> May, 2014

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No 5.**

Mr. Rajive Sawhney, aged 67 years, Independent non-Executive Director of the Company is a Bachelor in Arts from St. Stephen College, Delhi and an LLB from the Delhi University. He has more than 42 years of experience as a corporate law expert and is a Senior Advocate of the Supreme Court of India. He is on your Board since 2003 and is also the member of the Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee.

Mr. Rajive Sawhney doesn't hold by himself or for any other person on a beneficial basis, any shares/ convertible instruments of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Rajive Sawhney being eligible is proposed to be appointed as an Independent Director to hold office for five consecutive years from this Annual General Meeting. A notice has been received proposing Mr. Rajive Sawhney as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Rajive Sawhney fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A Copy of the draft letter for appointment of Mr. Rajive Sawhney as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajive Sawhney as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajive Sawhney as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Rajive Sawhney, being an appointee, none of the Directors and Key Managerial Personnel of the Company and/ or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

**Item No 6.**

Mr. Rajeev Ranjan Vederah, aged 65 years is an Engineer from IIT, New Delhi and a Masters of Sciences in Chemical Engineering from University of Ashton (U.K.) and has 44 years of rich and varied experience.

Mr. Rajeev Ranjan Vederah doesn't hold by himself or for any other person on a beneficial basis, any shares/ convertible instruments of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Rajeev Ranjan Vederah being eligible is proposed to be appointed as an Independent Director to hold office for five consecutive years from this Annual General Meeting. A notice has been received proposing Mr. Rajeev Ranjan Vederah as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Rajeev Ranjan Vederah fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A Copy of the draft letter for appointment of Mr. Rajeev Ranjan Vederah as an Independent Director setting out the terms and conditions would be available for inspection without any fee by

the members at the Registered Office of the Company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajeev Ranjan Vederah as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajeev Ranjan Vederah as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Rajeev Ranjan Vederah, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No 7.**

Mr. Venkatraman Mohan, aged 63 years, Independent non-Executive Director of the Company is a Bachelor in Commerce from the Madras University and is a Fellow Member of the Institute of Chartered Accountants of India. He acts as a Corporate Advisor for many Companies. He is on your Board since 2004 and is also the Chairman of the Audit Committee and member of Nomination & Remuneration Committee and Stakeholders' Relationship Committee.

Mr. Venkatraman Mohan doesn't hold by himself or for any other person on a beneficial basis, any shares/ convertible instruments of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Venkatraman Mohan being eligible is proposed to be appointed as an Independent Director to hold office for five consecutive years from this Annual General Meeting. A notice has been received proposing Mr. Venkatraman Mohan as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Venkatraman Mohan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A Copy of the draft letter for appointment of Mr. Venkatraman Mohan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Venkatraman Mohan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Venkatraman Mohan as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Venkatraman Mohan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No 8.**

Mr. Anil Kumar Mehra, aged 69 years, is a Bachelor in Commerce (Hons.) from Sri Ram College of Commerce, Delhi University. Mr. Anil Kumar Mehra is Fellow Member of the Institute of Chartered Accountants of England and Wales and the Institute of Chartered Accountants of India. He has over 39 years of experience in statutory audit, internal audit, management audit and special investigative audits. Mr. Anil Kumar Mehra has been advising various companies on financial management and corporate planning. He is on your Board since 2004 and is also

## Talbros Automotive Components Limited

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the Chairman of the Nomination & Remuneration Committee and member of Audit Committee and Stakeholders' Relationship Committee.

Mr. Anil Kumar Mehra doesn't hold by himself or for any other person on a beneficial basis, any shares/ convertible instruments of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Anil Kumar Mehra being eligible is proposed to be appointed as an Independent Director to hold office for five consecutive years from this Annual General Meeting. A notice has been received proposing Mr. Anil Kumar Mehra as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Anil Kumar Mehra fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A Copy of the draft letter for appointment of Mr. Anil Kumar Mehra as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Anil Kumar Mehra as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Anil Kumar Mehra as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Anil Kumar Mehra, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### **Item No 9.**

Mr. Amit Burman, aged 45 years, is a MBA from University of Cambridge, UK and MSC in Industrial Engineering from Columbia University. He has over 21 years of rich experience in the processed Food Industry and Health & Care Industry and is responsible for driving Business Strategy, Development and Communication at various companies He is on your Board since 2008 and is also the member of the Audit Committee.

Mr. Amit Burman doesn't hold by himself or for any other person on a beneficial basis, any shares/ convertible instruments of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Amit Burman being eligible is proposed to be appointed as an Independent Director to hold office for five consecutive years from this Annual General Meeting. A notice has been received proposing Mr. Amit Burman as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Amit Burman fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A Copy of the draft letter for appointment of Mr. Amit Burman as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Amit Burman as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Amit Burman as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Amit Burman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise,

in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### **Item No 10.**

The members are hereby apprised that the Company had been accepting deposits from its shareholders, employees, their relatives and other sections of public as permissible under the provisions of Companies Act, 1956 read with corresponding Companies (Acceptance of Deposits) Rules, 1975, earlier in force. However with the commencement of Companies Act, 2013 ("the 2013 Act), deposits are now governed by the new law and approval of the shareholders is required by way of a Special Resolution for inviting/accepting/renewing deposits. Also your Company shall be taking deposit insurance for unsecured deposits and credit rating from recognized credit rating agency as per the requirement of the Companies Act, 2013.

Your Directors recommend the Special Resolution at Item No. 10 of the Notice of Annual General Meeting for the approval of the Members.

None of the directors or Key Managerial Personnel of the Company or their relatives is any way interested in the said resolution except to the extent of Deposit holding and/or shareholding in the Company, if any.

### **Item No 11 & 12.**

QH Talbros Limited (QHT) is an associate company and is a related party as per Section 184.

The Special Resolution mentioned at item no.11 of the accompanying Notice is for entering into an Agreement with QHT for sale of Company's products namely Gaskets, Forgings and other auto parts to QHT for a period of three years from 1st April 2014 to 31st March 2017 upto maximum sale value aggregating to ₹ 24.00 crores in one financial year.

The Special Resolution mentioned at item no. 12 of the accompanying Notice is for entering into an Agreement with QHT for a period of nine years from 1st April 2014 to 31st March 2023 permitting QHT to use the Trade Mark and distribution network of the Company and in consideration thereof QHT shall pay to the Company a fee equivalent to 1% of its gross Replacement Sales for each financial year.

Your Directors recommend the Special Resolutions at Item No. 11 & 12 of the Notice for the approval of the Members.

Mr. Naresh Talwar, Mr. Umesh Talwar, Mr. V. Mohan and Mr. Amit Burman being common Directors of both the companies may be deemed interested in the proposed Special resolution.

No other Directors/Key Managerial Personnel and their relatives are in any way concerned or interested in the above referred resolutions.

### **Item No 13 & 14.**

Nippon Leakless Talbros Private Ltd (LTL) is a 40:60 Joint Venture Company between Talbros Automotive Components Limited (TACL) and Nippon Leakless Corporation of Japan and is a related party as per Section 184.

Both LTL and TACL are engaged in the business of manufacturing Gaskets and Tyre sealant and both the companies require same raw material for manufacturing Tyre Sealant. Since last three years LTL has been constantly supplying Tyre Sealant and production input namely Pulp to TACL to meet its customer demands and therefore the Special Resolution mentioned at item no. 13 & 14 of the accompanying Notice is for entering into an Agreement with LTL for a period of three years effective from 1.4.2014 to 31.03.2017 for sale/purchase of Tyre Sealant and other production inputs namely Pulp fibre, MBR Latex, varnish, rhodopole and nylon etc from/ to LTL for a maximum value of Rs 4.00 crore in each financial year.

Both TACL and LTL have been constantly supplying Gaskets to various OEMs such as Hero, Honda, Yamaha etc. In order to

meet the situation of breakdown of machinery and excess demand of its customers both the companies are desirous of entering into an Agreement for purchase /sale of Gaskets from/ to each other as and when required. The Special Resolution mentioned at item no. 13 & 14 of the accompanying Notice is for entering into an Agreement with LTL for a period of three years effective from 1.4.2014 to 31.03.2017 for a value not exceeding Rs 2.00 crore in each financial year.

Your Directors recommend the Special Resolutions at Item No. 13 and 14 of the accompanying Notice for the approval of the Members.

Mr. Naresh Talwar and Mr. Umesh Talwar being common Directors of both the companies may be deemed interested in the proposed Special Resolution.

No other Directors/Key Managerial Personnel and their relatives are in any way concerned or interested in the above referred resolutions.

**Item No 15 &16.**

Section 180 of the Companies Act, 2013 (the Act) (corresponding to Section 293 of the Companies Act, 1956) has been notified by Ministry of Corporate Affairs (MCA) with effect from September 12, 2013. In terms of Section 180(1) (c) borrowings by a Company apart from temporary loans obtained from the Company's bankers in excess of its paid-up capital and free reserves, require the approval of the Members by way of a special resolution.

Section 180(1)(a) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not, without the consent of members in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Members of the Company vide postal Ballot dated 2nd May, 2008 had pursuant to Section 293(1)(d) of the Companies Act, 1956, approved the borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 250 Crores (Rupees Two Hundred Fifty Crores only).

The members of the Company under Section 293(1)(a) of the Companies Act, 1956 had also approved creating mortgages/ charges/ hypothecations on the movable and immovable properties of the Company in favour of the lending agencies/

debenture trustees, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956.

The Ministry of Corporate Affairs (MCA) has vide its Circular dated March 25, 2014 clarified that the resolution passed under Section 293 of the Companies Act, 1956 prior to September 12, 2013 with reference to borrowings (subject to the limits prescribed) and/or creation of security on assets of the company will be effective for a period of one year from the date of notification of Section 180 of the Act which would be September 11, 2014. Pursuant to the above clarification a fresh approval of the Members is being sought under Section 180 of the Companies Act, 2013.

The Board recommends the Special Resolutions at Item Nos. 15 and 16 for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolutions.

**Item No 17.**

A proposal for appointment of M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) as Cost Auditor for the financial year 2014-15 was recommended by the Audit Committee to the Board which was approved by the Board in its meeting held on 26th May 2014. Certificate issued by the Cost Auditors regarding their eligibility for appointment as Cost Auditors will be available for inspection without any fee by the members at the registered office of the company during normal business hours on any working day.

As per Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the shareholders. Hence, this resolution is put for the consideration of the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 17. The Directors recommend this resolution for the approval of shareholders.

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

Place : New Delhi  
Date : 26<sup>th</sup> May, 2014

Sd/-  
Seema Narang  
Company Secretary

# Talbro Automotive Components Limited

## ANNEXURE TO EXPLANATORY STATEMENT

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

Name of the Director	Mr. Anuj Talwar	Mr. Rajive Sawhney	Mr. R.R. Vederah	Mr. V. Mohan	Mr. Anil Kumar Mehra	Mr. Amit Burman
<b>Date of Birth</b>	19.12.1980	02.01.1947	30.08.1949	06.01.1951	05.09.1944	16.07.1969
<b>Date of Appointment</b>	14.08.2012	26.08.2003	13.02.2013	31.01.2004	31.01.2004	25.06.2008
<b>Qualifications</b>	Bachelor in Business Administration from college of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management	Bachelor in Arts from St. Stephen College, Delhi and an LLB from the Delhi University	Chemical engineering from the Indian Institute of Technology, New Delhi and a Master of Sciences in Chemical Engineering from University of Ashton (U.K.)	B.Com, FCA	B.Com (H), FCA	M.S.C in Industrial Engineering, MBA
<b>Nature of expertise in specific Functional areas</b>	10 years of rich experience in the Corporate Finance, Credit analysis and Auto Industry	Act as a Corporate Law Expert and Senior Advocate of Supreme Court of India	44 years of rich experience in Chemical Engineering.	Acts as a Corporate Advisor for many Companies.	39 years of rich experience in Statutory Audit, internal audit, management audit, special investigative audit.	21 years of rich experience in the IT Sector, Auto Components and Health & Care Industry.
<b>Directorship and Trusteeship in other Companies</b>	<ol style="list-style-type: none"> <li>1. Talbro International Ltd.</li> <li>2. Euro Motors Pvt. Ltd.</li> <li>3. Magneti Marelli Talbro Chassis Systems Pvt. Ltd.</li> <li>4. Talbro Marugo Rubber Pvt. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Win Medicare Pvt, Ltd.</li> <li>2. Global Health Pvt. Ltd</li> <li>3. Doctor Naresh Trehan and Associates Health Services Pvt. Ltd</li> </ol>	<ol style="list-style-type: none"> <li>1. Ballarpur Industries Limited</li> <li>2. Bilt Industrial Packaging Company Ltd.</li> <li>3. Bilt Graphic Paper Products Ltd.</li> <li>4. Premier Tissues (India) Ltd.</li> <li>5. Solaris Chemtech Industries Ltd.</li> <li>6. Imerys Newquest (India) Pvt. Ltd.</li> <li>7. Ballarpur International Holdings B.V.</li> <li>8. Ballarpur International Graphic Paper Holdings B.V</li> <li>9. Sabah Forest Industries Sdn. Bhd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Lloyd Insulations (India) Ltd.</li> <li>2. Champion Industries Ltd.</li> <li>3. Vascon Engineers Ltd.</li> <li>4. Isolloyd Engineering Technologies Ltd.</li> <li>5. QH Talbro Ltd.</li> <li>6. Punj Sons Private Ltd.</li> <li>7. Muller Investments Pvt. Ltd.</li> <li>8. Cornelia Investments Pvt. Ltd.</li> <li>9. Gauder Investments Pvt. Ltd.</li> <li>10. Cosmo Capital and Investment Pvt. Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. The All India Finance and Commerce Pvt. Ltd.</li> <li>2. Integrated Data Bases India Ltd.</li> <li>3. The All India Investment Corporation Pvt. Ltd.</li> <li>4. T.V. Today Network Business Ltd.</li> <li>5. India Today Online Pvt. Ltd.</li> <li>6. Radio Today Broadcasting Ltd.</li> <li>7. TV Today Network Business Ltd.</li> <li>8. Thomson Digital (India) Ltd.</li> <li>9. Today Merchandise Pvt. Ltd</li> <li>10. Bishop Cotton School</li> <li>11. Education Today</li> </ol>	<ol style="list-style-type: none"> <li>1. QH Talbro Ltd.</li> <li>2. Micromax Informatics Ltd.</li> <li>3. H &amp; B Stores Ltd.</li> <li>4. Angel Softech Pvt Ltd.</li> <li>5. Chowdry Associates</li> <li>6. Ratna Commercial Enterprises Pvt Ltd.</li> <li>7. Gyan Enterprises Pvt Ltd.</li> <li>8. Natures Bounty Wines and Allied Products Pvt Ltd</li> <li>9. Consortium Consumercare Pvt Ltd</li> <li>10. A.B. Promart Pvt Ltd</li> </ol>



			10. Thapar Centre for Industrial Research & Development	11. Super Sara Auto Tradings (India) Pvt. Ltd. 12. GMP Technical Solutions Pvt. Ltd. 13. BEC Industrial Investment Company Pvt. Ltd.	12. Care Today Fund 13. TV Today Network Limited-Employees Gratuity Trust 14. Mehra, Singh & Vishwanath 15. Anil Mehra & Company	11. Oriental Structural Engineers Pvt Ltd 12. Lite Bite Foods Pvt Ltd 13. Jetage Infrastructure Ltd 14. Lite Eat Out Foods Pvt Ltd 15. Dabur Securities Pvt Ltd 16. PVR Limited 17. Passionate Foods Pvt Ltd 18. LBF Trading Co. Pvt. Ltd. 19. Lite Bite Travel Foods Pvt Ltd 20. Dabur India Ltd 21. Burger Foods and Hospitality Pvt Ltd
<b>Members of Committees of other</b>			04		02	04
<b>Companies No. of share held</b>					Nil	2627

# Talbro Automotive Components Limited

## DIRECTORS' REPORT

Dear Members,

We have the pleasure of presenting you the 57th Annual Report of your company alongwith audited accounts for the Financial Year ended 31st March, 2014.

You all are aware that during this year we had been in the midst of a very challenging economic environment. All sectors of the manufacturing economy faced a slow down during this year. The automotive industry in particular is going through one of the most challenging phases ever. Your management tried its best to buck the trend but the slow down effect being wide spread across almost all sub-segments of automobile industry; we could not remain totally unaffected.

During the year high interest rates coupled with consistent inflationary pressure adversely impacted growth. Weakening of Indian rupee significantly against all major currencies pushed up costs of imported inputs. Though, we convinced some of our overseas suppliers for price reduction support but we also had to shell out price reductions to our major overseas customers. High volatility in exchange rates and prices of crude

oil, uncertainty in fuel policy and shaky customer confidence further dented company's business and operational profitability.

We would like to inform you that despite the adverse circumstances outlined above, your company has been able to clock a net turnover of ₹ 29,438.74 lacs being almost at par with the previous year turnover of ₹ 29,524.43 lacs. You are aware that rubber component manufacturing activity of the company was transferred just before the beginning of Financial Year 2013-14 to a separate joint venture company. Keeping the turnover from the hived off rubber components business aside, your company could achieve a turnover marginally higher than that of the previous year.

The management initiated various cost savings and cost optimization measures wherever possible. In order to improve liquidity and unlock non-productive assets, your company disposed off one of its non core real estate which was not being utilized and was not required for future use. All these activities resulted into a Net Profit before Tax of ₹ 1,743.57 lacs including an extra ordinary profit of ₹ 880.68 lacs through sale of fixed assets. The Net Profit before Tax during the previous year amounted to ₹ 1,002.17 lacs.

### Financial Highlights:

Particulars:	(₹ in lacs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Revenue from Operations (Gross)	29,438.74	29,524.43
Profit before Interest and Depreciation	4,458.28	3,993.55
Less: Interest	1,829.87	2,047.94
Depreciation	884.84	943.44
Profit before Tax	1,743.57	1,002.17
Less: Provision for Taxation	300.00	202.00
Provision for Deferred Tax	(49.73)	(97.18)
MAT Credit Entitlement	(165.00)	(152.00)
Add: (Excess)/Short provision of tax for earlier years (written back) provided	81.45	5.55
<b>Profit after Tax</b>	<b>1,576.84</b>	<b>1,043.80</b>
Add: Balance Brought forward from last year	3,673.40	2,851.78
<b>Profit available for appropriations</b>	<b>5,250.24</b>	<b>3,895.58</b>
<b>Appropriations:</b>		
Proposed Dividend	148.15	148.15
Tax on Dividend	25.18	24.03
Transfer to General Reserve	50.00	50.00
Balance carried forward	5,026.91	3,673.40
<b>Total</b>	<b>5,250.24</b>	<b>3,895.58</b>

### FINANCIAL REVIEW

At the beginning of the Financial year 2013-14, Industry experts were hoping that the general economic scenario and thereby auto industry will start improving during the year. Contrary to such expectations, there has been further reduction in production volumes of Auto Companies. This year was stated to be the worst year in a decade for auto industry. The production of passenger vehicles and commercial vehicles witnessed decline over the previous year. Heavy commercial vehicles being the top losers

witnessed a drop of 21% in production over last year. Light commercial vehicles reported 17.6% negative growth over last year. Apart from the economic slow down, commercial vehicle demand has been negatively affected by slow down in industry output, the gradual rise in diesel prices, slow down in new infrastructural projects and a ban on mining in certain states. Comparative production of vehicles in different segments over last three years has been as follows.

VEHICLE TYPE	2011-12	2012-13		2013-14	
		(Nos.)	Growth	(Nos.)	Growth
H.C.V.'s	3,84,801	2,80,677	-27%	2,21,626	-21%
L.C.V.'s	5,44,335	5,51,972	1%	4,77,238	-14%
Commercial Vehicle	9,29,136	8,32,649	-10%	6,98,864	-16%
Cars	25,37,170	24,23,086	-4%	23,11,972	-5%
Utility Vehicles	3,70,945	5,68,538	53%	5,63,986	-1%
Multi Purpose Vehicles	2,37,954	2,39,434	1%	1,96,693	-18%
(Van Type)					
Passenger Cars	31,46,069	32,31,058	3%	30,72,651	-5%
Two Wheelers	1,54,27,532	1,57,44,156	2%	1,68,79,891	7%
Tractors	6,41,845	5,78,690	-10%	6,96,801	20%

**Source:** Society of Indian Automobile Manufacturers.

From the above you will observe that except the Two wheeler industry and Tractor Industry reported production growth of 7% and 20% respectively all other segments reported negative growth. Two wheeler growth was led by Honda Motor & Scooter India Pvt. Ltd., which is catered to by our JV Company. Bajaj Auto Ltd., the major two wheeler customer at your company reported a negative growth of 14.8%.

The volumes for Auto Component Industry being directly linked to production volume of vehicles, Auto Components Industry reported year on year decline in Net Sales and EBIDTA margins for the first time in last five years. Profits declined by a greater magnitude than declined in Net Sales.

Tractor Industry witnessed a growth in production volume of 20% over the previous year. Accordingly, your company's gasket division was also benefited by this growth but the Tractor Business being only about 9% of total revenue, the overall benefit was not very significant.

Forging Division sales in the domestic market dipped because of drop in production volumes of vehicles. To salvage the position, Forging Division diverted its efforts and energy towards export business and were able to grow its exports by 34.8% from ₹ 3,173.30 lacs in last year to ₹ 4,279.85 lacs during 2013-14.

During the year, high fuel price in the International Market coupled with weakening of rupee against US Dollars had severe adverse effect on the energy cost at our Forging Division.

#### NEW INITIATIVES

Your Company took steps towards two major technology initiatives at Gasket Division. First being setting up of a dedicated line for manufacturing Heat Shields adopting latest technology acquired through Sanwa Packaging Co. Ltd. Japan, a leading worldwide manufacturer of Heat Shields.

Heat Shield Cover is a futuristic product with multiple functional advantages and its demand is expected to increase with new generation compact engines.

Second initiative involves setting up of Post-Coating facilities based on latest global technology acquired through Sanwa Packaging Co. Ltd., Japan. This facility will enhance company's cost competitiveness and pave way for entry into new products/segments.

At the Forging Division, your company expanded and upgraded its precision machining capabilities and ventured into new product range of its overseas customers in Europe. Increased

volume of machining will push up value addition and resultant profit margins on related products.

Activities relating to these initiatives are at different stages and their benefits will start to accrue from later part of current financial year 2014-15.

#### FUTURE OUTLOOK

Currently, the biggest concern for the industry is the challenging macro economic environment in the country. The recently elected new central government has indicated that development of infrastructure; generation of employment, control over inflation and industrial growth would be the thrust areas. Such policies are expected to boost general sentiments and result in higher disposable incomes. This may, in turn, boost demand for new vehicles which was deferred by different sections of the society due to political and economic uncertainty may get restored.

Thus after two years of tepid sales, Auto Industry is looking forward to a revival during 2014-15 with a moderate growth. However, medium and heavy commercial vehicle segment may take a bit longer to acquire a full revival as the key drivers, such as mining activity and infrastructure development are yet to pick up.

The growth pick-up expected in the current year may be gradual and its impact across various segments is expected to be visible only in the third quarter of current fiscal.

Your management has continued its strong focus on internal efficiencies towards improvement and investing in manpower through skill up-gradation so as to be nimble enough to fight the down turn and be prepared to take the benefit of upswing.

#### DIVIDEND

Your Directors are pleased to recommend 12% dividend for the year 2013-14 at par with the dividend declared last year subject to the approval of members at the ensuing Annual General Meeting. The total outgo on account of dividend (including Dividend Distribution Tax) for the financial year 2013-14 will be 172.18 lacs.

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

The Company shall transfer the unclaimed dividends for the year 2006-07 to Investor Education and Protection Fund on or before October 24, 2014 as being unpaid for a period of seven years in compliance with the provisions of Section 205C of the Companies Act, 1956.

# Talbro Automotive Components Limited

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The shareholders who have not encashed their dividend warrants for the financial year 2006-07 or any subsequent year are requested to lodge their claims for revalidation of dividend warrants. The Company is specifically intimating those members who have so far not claimed the unpaid dividend for these years.

## FIXED DEPOSIT

The Fixed Deposit Scheme of the Company continued during the year. Deposits accepted from the public amounted to ₹1192.05lacs on March 31, 2014. Your Company has duly complied with the "Residuary Non-Banking Companies (Reserve Bank) Directions, 1987" issued by the Reserve Bank of India.

As on March 31, 2014, 52 fixed deposits aggregating to ₹16.34 lacs matured for payment, but were neither claimed nor renewed by the depositors.

However with the commencement of Companies Act, 2013 (the 2013 Act), deposits are now governed by the new law and approval of the shareholders is required by way of a Special Resolution for inviting/accepting/renewing deposits. Accordingly company is taking the consent of shareholders in the ensuing Annual General Meeting.

## BOARD OF DIRECTORS

In accordance with the provisions of the Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Anuj Talwar, Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

The Companies Act, 2013 provides for appointment of independent directors. Sub-section(10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014 )provides that independent directors shall hold office for a term of up to five consecutive years on the Board of a company; and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company.

Mr. V.Mohan, Mr. Rajive Sawhney, Mr. A.K.Mehra, Mr. Amit Burman and Mr. R.R. Vederah in terms of Section 149 and other applicable provisions of the Companies Act, 2013, being eligible are proposed to be appointed as Independent Directors for five consecutive years. Separate notices have been received proposing them as candidates for the office of Director of the Company. The details of Directors being appointed / reappointed are given elsewhere in the Annual Report.

The Board recommends their appointment

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub Section (2AA) of Section 217 of the Companies Act, 1956, your Directors state and confirm;

- that in the preparation of annual accounts, all the applicable accounting standards have been followed and there has not been any material departure from them.
- that such accounting policies were selected and applied consistently and such judgments and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- that proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified) for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- that the annual accounts for the financial year under reference have been prepared on a 'going concern' basis.

## CORPORATE GOVERNANCE

The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different

participants in the organization i.e. Board of Directors, Senior Management team and middle management employees.

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled "Corporate Governance" has been included in this Annual Report. Certificate from the Statutory Auditors of the Company, M/s. S.N. Dhawan & Co., Chartered Accountants, confirming compliances with the provisions of Corporate Governance as stipulated in clause 49, is annexed to the said Corporate Governance Report.

## 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.

## CORPORATE SOCIAL RESPONSIBILITY

As per Companies Act, 2013 all companies having net worth of ₹500 Crore or more, or turnover of ₹ 1000 Crore or more or a net profit of ₹ 5 Crore or more during any financial year are required to constitute a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising three or more directors, atleast one of whom will be an independent director.

Aligning with guidelines, a Committee comprising of Mr. Umesh Talwar, Mr. Amit Burman and Mr. Navin Juneja, has been constituted and is responsible for formulating and monitoring the CSR Policy of the Company.

## AUDITORS AND THEIR REPORT

M/s. S.N. Dhawan & Co., Chartered Accountants, Statutory Auditors of the Company, M/s. R. Sundaraman & Co. Chartered Accountants, Auditors for the Chennai Plant and CMRS & Associates, Chartered Accountants, Auditors for the Pune Plant, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

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

## COST AUDITORS

In accordance with the procedure laid down by Ministry of Corporate Affairs vide its General Circular No. 15/2011 dated April 11, 2011, the Company has appointed M/s. Vijender Sharma & Co, Cost Accountants as the cost auditors under section 148 of the Companies Act, 2013 for the audit of cost accounts of the Company for the year ending March 31, 2015.

## JOINT VENTURE COMPANIES

In terms of Accounting Standard (AS-27), "Financial Reporting of Interest in Joint Ventures" the consolidated financial statements comprise of the operating results of your Company and proportionate results of three Joint Venture Companies namely Nippon Leakless Talbro Pvt. Ltd., Magnetti Marelli Talbro Chassis Systems Pvt. Ltd., and TalbroMarugo Rubber Pvt. Ltd., in the proportion of 40%, 50% and 50%-1share respectively.

Consolidated revenue from operations (Gross Sales) during the year has been ₹ 39,658.30 lacs as against ₹ 37,503.87 lacs in the previous year thereby showing 5.7% increase.

The consolidated net profit after provision of tax has been ₹ 1,931.28 lacs as against ₹ 1,387.82 lacs in the previous year showing an increase of 39.15%.

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

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

## PERSONNEL & PARTICULARS OF EMPLOYEES

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

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

## ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support given by our customers, shareholders, employees, financial institutions and banks and all other stakeholders, and we look forward to their continued support.

For and on behalf of the Board

<b>VARUN TALWAR</b>	<b>UMESH TALWAR</b>
Joint Managing Director	Vice Chairman & Managing Director

Place : New Delhi  
Date : 26<sup>th</sup> May, 2014

## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE -1

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 March 31, 2014.

#### A. CONSERVATION OF ENERGY

##### (i) Gasket Division

- Installed temperature cut off switch to maintain the 'Delta-T' in cooling towers.
- Installed new automated energy efficient water softening plant.
- Modified air conditioners in plant (Exchanging old high energy consuming equipments with new low capacity ones after room/ area modification).
- Modified 'Forced Draft Ventilation' system by replacing monoblock pumps with submersible pumps)
- Energy saving through installation of AC motor in place of old DC motors.
- Energy saving through usage of low capacity AC motor after necessary design change in hydraulic presses.
- Installed new energy efficient air compressor replacing old compressor.

##### (ii) Forging Division

- Optimizing the Unit Consumption (KVAH) by maintaining Power Factor as 0.99.

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

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

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

###### Gasket Division

- Development of substitute materials for cost reduction.
- Design & Development of gaskets to meet sealing requirements of new generation engines.

- Development of Heat Shields.
- Development/adoption of post coating technology & manufacturing processes.

###### Forging Division

- Development of Sub-Assembly parts comprising of Machined Froging& Sheet Metal Parts.
- Development of Bigger Forging parts through Hammer Forging route.

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

###### Gasket Division

- Expansion of product range through Introduction of new products.
- Green Initiative towards safe and healthy environment by replacing asbestos material.
- Indigenization of material resulting in foreign exchange saving.
- Reducing cost of production resulting in cost competitiveness and enhanced business opportunities.

###### Forging Division

- Continuous upgradation of product range as per global standards.
- Yield improvement resulting into material saving.

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

- Setting up of a State of art dedicated Heat Shield and Post Coating lines.
- Improving product quality for enhanced customer satisfaction.
- Up-gradation/adoption of new R&D facilities adopting latest techniques, wherever required.
- Introduction of Cost effective solutions meeting customers expectations.

##### (d) Expenditure on R&D Activities

• Capital Expenditure	₹ 10.14 lacs
• Salaries & Allowances	₹ 120.67lacs
• Other recurring expenses	₹ 50.90lacs
<b>Total</b>	<b>₹ 181.71.lacs</b>
Total as percentage of Revenue from operations	0.62%

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

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

###### i) Gasket Division

- Adoption of Heat Shield and Post Coating technology from Sanwa Packaging Co. Ltd., Japan.
- Improvement in product design capabilities - Introduction of FEA , New Test equipments.
- Introduction of MLS Gaskets and Steel Elastomer Gaskets, Elastomer gaskets and Heat Shields for new generation engines/new applications.

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

###### (i) Gasket Division

- Retaining leadership position through continuous up-gradation of capabilities.

## Talbro Automotive Components Limited

- Maintaining global technological standards with the help of technical partners.
- Up-gradation of manufacturing processes to meet global standards of quality & productivity and eventually reduce the cost of production.
- Reduction in Product Development time and improved productivity.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO

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

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

- b) Total foreign Exchange used and earned

Earning - ₹ 7,100.15 Lacs

Outgo - ₹ 5,177.32 Lacs

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

	Current year	Previous Year
	₹ in Lacs	₹ in Lacs
Power & Fuel Consumption		
1. Electricity		
(a) Purchased from Caparo Power Ltd.		
Unit consumed (In Lacs)	97.71	96.30
Total Amount (In Lacs)	1,209.92	1,100.07
Rate ₹/Unit	12.38	11.42
(b) Own Generation		
Through Captive Power Plant (HFO Based)		
Furnace Oil ₹/Litre	44.28	44.28
Unit (KWH in lacs)	0.35	0.47
Total amount (In ₹)	4.81	6.30
Cost ₹/Unit	13.44	13.40

For and on behalf of the Board

**VARUN TALWAR**      **UMESH TALWAR**  
 Joint Managing      Vice Chairman &  
 Director      Managing Director

Place : New Delhi  
 Date : 26<sup>th</sup> May, 2014

### ANNEXURE - II

A 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 MARCH 31, 2014

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

Name	Designation & Nature of Duties	Remuneration (In ₹)	Nature of Employment whether Contractual or otherwise	Qualification	Experience (in years)	Date of Commencement	Age (Yrs)	Particulars of last Employment
Mr. Rajeev Paal Gupta	CEO Overall Operations & Management	85,05,168	otherwise	BE, Executive Management Programme	30	20.05.2013	51	COO, Subros Limited

For and on behalf of the Board

**VARUN TALWAR**      **UMESH TALWAR**  
 Joint Managing      Vice Chairman &  
 Director      Managing Director

Place : New Delhi  
 Date : 26<sup>th</sup> May, 2014

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A part of the Directors' Report)

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

- The Consolidated Revenue from Operations (Gross) increased by 5.7% to ₹ 39,658.30 lacs in comparison to ₹ 37,503.87 lacs in the previous year.
- Consolidated earnings after Taxes has been ₹ 1,931.28 lacs as against ₹ 1,387.82 lacs in the previous.

### INDUSTRIAL STRUCTURE AND DEVELOPMENT

Indian Automobile Industry and the consequently the Auto component industry has enjoyed the increase in domestic demand. Better availability of skilled manpower at a competitive costs, availability of a good pool of engineering talent have added to the advantage. India as a growing economy will attract more investment in new technologies & new and larger sized manufacturing facilities. With increased accent on skill development, India is poised to grow as an automobile hub.

### OPPORTUNITIES AND THREATS

#### Opportunities:

- Introduction of new MUV/SUV at different price points is expected to induce more buying of such vehicles
- Introduction of smaller commercial vehicles will result in higher number of vehicles on road.
- Global car manufacturers continue to look India as a potential base due to availability of technically qualified and skilled workforce at competitive lower cost.
- Better & wider availability of CNG in more and more cities/towns will lead to affordability of vehicles.
- High priority given to infrastructure development, specially high ways and internal roads will provide necessary impetus for the growth of Auto Industry.
- Increasing young middle class population will add to the demand for two wheelers & passenger cars.

#### Threats:

- A rise in global security concerns particularly in the volatile middle east can lead to increasing fuel prices that may dampen the demand for vehicles.
- Increasing Bilateral / Multilateral pressure to open up Indian markets
- Stringent emission norms and safety regulations could bring new complexities and cost increases for automotive industry.
- Increase in high end / high speed vehicles need not bring increase in demand for local automotive components due to higher import content.

### CURRENT YEAR OUTLOOK

Auto sector is expecting a revival in demand due to improved business and consumer sentiment arising out of the new Central

Government formation. Expected removal of bottlenecks from infrastructure and mining sectors likely to lead to better growth.

Commercial vehicles particularly heavy and medium commercial vehicles that have experienced significant negative growth till recently due to overall slow down of industrial activity are expecting a reversal of trend Better consumer sentiment may boost demand for two-wheelers and four-wheelers alike.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has in place the proper and adequate internal control systems to ensure that Company's assets are safeguarded and protected and all transactions are authorized, recorded and reported correctly. A well defined program of internal audits and management reviews in consonance with the size and nature of the business, supplements the process of internal control.

The Company in addition to employing qualified and experience professionals, has an Audit Committee comprising of persons of eminence as Independent, Non-Executive Directors which interacts with the Statutory Auditors and Internal Auditors, wherever required. During the year under review, the Committee met four times. A separate Risk Management Committee is tasked with the process of ensuring that there is a functional and effective Risk Management framework in place. The Committee mainly deals with accounting matters, financial reporting and internal controls. The Company has continued its efforts to align all its processes and controls with the best practices in the industry.

### FINANCIAL AND OPERATIONAL PERFORMANCE

During the financial year 2013-14, your Company achieved total revenue from operations of ₹ 31,726.96 lacs than the previous year figure of ₹ 32,056.30 lacs on stand-alone basis. Earning before Taxes has been almost at the same level being ₹ 1,743.57 lacs as against ₹ 1,002.17 lacs last year.

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

### HEALTH, SAFETY, SECURITY ENVIRONMENT

Your Company is concerned about the occupational health and safety of its workers and staff and periodic health check-up camps are organized. Regular training is imparted at all levels. Company's main plant at Faridabad is ISO 14001 and OHSAS 18001 certified for Environmental Health & Safety issues.

### HUMAN RESOURCES / INDUSTRIAL RELATIONS

It is a matter of pride that your Company is consistently maintaining highly cordial employer-employee relations and the management has been successful in keeping the employees motivated and committed towards achievement of Company goals. The Company follows different programs for the development of skills among employees at different levels. Employees have also contributed significantly towards various cost saving initiatives in different areas.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value and discharge of social responsibility. The Company believes in adopting the best practices in the areas of Corporate Governance. Even in a tough competitive business environment, the Management and Employees of the Company are committed to value transparency, integrity, honesty and accountability which are fundamental core values of Corporate Governance.

There is more widespread understanding and acceptance that good corporate governance which ultimately leads to better performance, increased investor confidence and enhancement of long term shareholders' value.

### 2. BOARD OF DIRECTORS

#### Composition

The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent

persons with professional expertise and valuable experience in their respective areas of specialization and bring a wide range of skills and expertise to the Board. As on March 31, 2014 the composition of the Board of Directors of the Company meets the stipulated requirements of clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

The Board comprises of 10 Directors - 3 Executive Directors and 7 Non-Executive Directors, out of which 5 Directors are Independent.

The Chairman of the Board is a Non-Executive Promoter Director and the number of independent directors is not less than half of the total number of directors of the Company.

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

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

Memberships of the Directors on other Boards/Committees are given hereunder:

Name of the Directors	Category	Number of Committee# Memberships and Chairmanship in all Companies including Talbro Automotive Components Ltd. (As on March 31, 2014)		
		Other Directorships##	Committee Memberships	Committee Chairmanship
Mr. Naresh Talwar, Chairman	Promoter, Non-Executive	2	2	1
Mr. Umesh Talwar, Vice Chairman and Managing Director	Promoter, Executive	2	1	-
Mr. Varun Talwar, Joint Managing Director	Executive	-	-	-
Mr. Anuj Talwar, Executive Director*	Executive	1	-	-
Mr. Navin Juneja	Non Executive	1	-	1
Mr. Anil Kumar Mehra	Independent	9	2	-
Mr. Rajive Sawhney	Independent	-	2	-
Mr. V. Mohan	Independent	5	3	1
Mr. Amit Burman	Independent	9	4	-
Mr. R. R. Vederah	Independent	6	4	-

**Note:** # The committees considered for the purpose are those prescribed under Clause 49(1)(C)(ii) of the Listing Agreement(s) viz. Audit Committee and Stakeholders' Relationship Committee of Indian Public Ltd. Companies.

## Other Directorships exclude Directorship in Foreign Companies, Private Ltd. Companies and Companies under Section 25 of the Companies Act.

### Attendance in Meetings

The Attendance of the Directors in the Board Meetings and at the AGM held during the year is given as under:

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the Last AGM
Mr. Naresh Talwar, Chairman	Promoter, Non-Executive	3	Yes
Mr. Umesh Talwar, Vice Chairman and Managing Director	Promoter, Executive	4	Yes
Mr. Varun Talwar, Joint Managing Director	Executive	4	Yes
Mr. Anuj Talwar, Executive Director	Executive	4	Yes
Mr. Navin Juneja	Non Executive	4	Yes
Mr. Anil Kumar Mehra	Independent	4	No
Mr. Rajive Sawhney	Independent	2	No
Mr. V. Mohan	Independent	3	Yes
Mr. Amit Burman	Independent	3	No
Mr. R. R. Vederah	Independent	4	No

During the year ended March 31, 2014 four meetings of the Board of Directors were held on the following dates:

(i) May 28, 2013 (ii) August 12, 2013 (iii) November 13, 2013 (iv) February 13, 2014.

The Annual General Meeting (AGM) was held on September 16, 2013.



## Retiring Directors

Mr. Anuj Talwar, retires by rotation in the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Rajive Sawhney, Mr. Rajeev Ranjan Vederah, Mr. Venkatraman Mohan, Mr. Anil Kumar Mehra and Mr. Amit Burman, all independent Non executive directors, whose period of office is liable to retirement by rotation, are now consequent to the provisions of the Companies Act, 2013, proposed to be appointed as Independent Directors, of the Company for a term of five consecutive years from the date of 57th Annual General Meeting.

Mr. Anuj Talwar, aged 32 years, is a Bachelor of Business Administration from college of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management. He has more than 10 years of experience in the Corporate Finance, Credit analysis and Auto Industry. He has been associated with the Company since 2008.

Mr. Rajive Sawhney, aged 67 years, Independent non-Executive Director of the Company is a Bachelor in Arts from St. Stephen College, Delhi and an LLB from the Delhi University. He has more than 42 years of experience as a corporate law expert and is a Senior Advocate of the Supreme Court of India. He is on your Board since 2003 and is also the member of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee.

Mr. Rajeev Ranjan Vederah, aged 65 years is an Engineer from IIT, New Delhi and a Masters of Sciences in Chemical Engineering from University of Ashton (U.K.) and has 44 years of rich and varied experience. He is on your Board since 2013.

Mr. Venkatraman Mohan, aged 63 years, Independent non-Executive Director of the Company is a Bachelor in Commerce from the Madras University and is a Fellow Member of the Institute of Chartered Accountants of India. He acts as a Corporate Advisor for many Companies. He is on your Board since 2004 and is also the Chairman of the Audit Committee and member of Nomination & Remuneration Committee and Stakeholders' Relationship Committee.

Mr. Anil Kumar Mehra, aged 69 years, is a Bachelor in Commerce (Hons.) from Sri Ram College of Commerce, Delhi University. Mr. Anil Kumar Mehra is Fellow Member of the Institute of Chartered Accountants of England and Wales and the Institute of Chartered Accountants of India. He has over 39 years of experience in statutory audit, internal audit, management audit and special investigative audits. Mr. Anil Kumar Mehra has been advising various companies on financial management and corporate planning. He is on your Board since 2004 and is also the Chairman of the Nomination & Remuneration Committee and member of Audit Committee and Stakeholders' Relationship Committee.

Mr. Amit Burman, aged 45 years, is a MBA from University of Cambridge, UK and M.S.C in Industrial Engineering from Columbia University. He has over 21 years of rich experience in the processed Food Industry and Health & Care Industry and is responsible for driving Business Strategy, Development and Communication at various companies. He is on your Board since 2008 and is also a member of the Audit Committee and Corporate Social Responsibility Committee.

## 3. COMMITTEES OF THE BOARD

### (i) Audit Committee

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of section 292A of the Companies Act, 1956 (Now Section 177 of the Companies Act, 2013) and the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

The Company has a multi disciplinary Internal Audit Team which submits its report directly to the Audit Committee on a quarterly basis. The Chairman of the Audit Committee was present in the last Annual General Meeting held on September 16, 2013.

### The terms of reference of the Audit Committee broadly include:

- (i) Reviewing the Company's financial reporting process and its financial statement.
- (ii) Reviewing the accounting and financial policies and practices and compliance with applicable accounting standards.
- (iii) Reviewing reports furnished by the internal and statutory auditors.
- (iv) Recommending appointment of statutory auditors, internal auditors and cost auditors.
- (v) Evaluating the adequacy of internal controls and its effectiveness.
- (vi) Reviewing the financial results of the Company for each quarter/ year before the same are placed at the Board meeting for approval.
- (vii) Providing an avenue for effective communication between the Internal Auditors, the Statutory Auditors and the Board of Directors.

### Composition and Attendance

The Audit Committee comprises of 5 members all being Non-Executive Directors, out of which 4 members are independent directors.

The Chairman of the Committee Mr. V. Mohan, an Independent Director, is a Chartered Accountant with rich and relevant experience and has financial background and knowledge. Chief Financial Officer, the Internal Auditor and Statutory Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as Secretary of the Committee.

During the year ended March 31, 2014, four meetings of the Audit Committee were held on the following dates:

- (i) May 28, 2013 (ii) August 12, 2013 (iii) November 13, 2013 (iv) February 13, 2014.

The attendance of each Audit Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. V. Mohan, Chairman	3
Mr. Naresh Talwar	3
Mr. Anil Kumar Mehra	4
Mr. Rajive Sawhney	2
Mr. Amit Burman	3

### (ii) Nomination & Remuneration Committee

The Board of Directors in its meeting held on 2nd April 2014 changed the name of Remuneration Committee to Nomination & Remuneration Committee in alignment with the Companies Act, 2013. Terms of reference/role of the Nomination & Remuneration Committee are as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange Ltd. that inter alia include determination of the Company's policy on specific remuneration packages for Directors.

### Composition and Attendance

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

# Talbro Automotive Components Limited

During the year 2 meetings of Nomination & Remuneration Committee were held on 28th May 2013 & 13th February 2014. The detail of attendance of each Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. Anil Kumar Mehra	2
Mr. Rajive Sawhney	-
Mr. V. Mohan	2

## Remuneration Policy

The terms of reference/role of the Nomination and Remuneration Committee is to determine the Company's policy on the remuneration package of its Executive Directors and senior management and to determine and approve the terms & conditions and remuneration package of its Executive Directors, including revision thereof from time to time, and to deliberate on and decide matters incidental thereto or consequential thereof. The Remuneration policy of the Company is to ensure that Executive Directors and Senior Management of the Company are rewarded in a fair and responsible manner, for their individual contributions to the success of the Company and are provided with appropriate incentives to encourage enhanced performance. The remuneration paid to the Executive Director is recommended by the Remuneration Committee and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities as and when required.

## Remuneration of Directors

### Executive Directors

Mr. Umesh Talwar, Vice Chairman and Managing Director, Mr. Varun Talwar, Joint Managing Director and Mr. Anuj Talwar, Executive Director of the Company were paid remuneration and perquisites during the year under review as per the details given hereunder:

	Mr. Umesh Talwar	Mr. Varun Talwar	Mr. Anuj Talwar
	₹	₹	₹
Basic Salary	24,00,000	20,40,000	20,40,000
Allowance & Perquisites	21,87,996	19,04,800	19,03,168
<b>Total</b>	<b>45,87,996</b>	<b>39,44,800</b>	<b>39,43,168</b>

Allowance & Perquisites include HRA, Employer's contribution to the Provident Fund, Superannuation fund and other Perquisites.

### Other terms and conditions:

	Mr. Umesh Talwar	Mr. Varun Talwar	Mr. Anuj Talwar
Term of Appointment	Three years, from 01.04.2012 to 31.03.2015	Three years, from 01.09.2013 to 31.08.2016	Three years, from 14.08.2012 to 13.08.2015

### Non Executive Directors

The Non-Executive Independent Directors are entitled for sitting fee of ₹20,000/- for every Board Meeting and ₹ 10,000/- for every Audit Committee Meeting.

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

## (iii) Stakeholders' Relationship Committee

The Board of Directors in its meeting held on 2nd April 2014 changed the name of Investors' Grievance Committee to Stakeholders' Relationship Committee in alignment with the Companies Act, 2013. Terms of Reference of the Stakeholders' Relationship Committee are as per the guidelines set out in the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

The Committee is authorised to look into and review the actions for redressal of shareholders and investors grievances, such as, non-receipt of transferred/transmitted share certificates, annual report/refund orders/ dividends, warrants etc.

### Composition and Attendance

The Stakeholders' Relationship Committee comprises of 4 Non-Executive Directors, of which 3 are independent directors. The Chairman of the Committee is Mr. Naresh Talwar.

During the year ended March 31, 2014, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

- (i) May 28, 2013 (ii) August 12, 2013 (iii) November 13, 2013 (iv) February 13, 2014

The detail of attendance of each Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. Naresh Talwar, Chairman	3
Mr. V. Mohan	3
Mr. Anil Kumar Mehra	4
Mr. Rajive Sawhney	2

### Name and designation of Compliance Officer

Mrs. Seema Narang, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Company has provided an exclusive email ID i.e. memberservice@talbros.com for the members to send their queries/grievances to the concerned department so that the queries/complaints are addressed.

### Status of queries/complaints received and resolved during the year

Number of Shareholders' Queries/Complaints received during the year	63
Number of Shareholders' Complaints resolved to the satisfaction of Shareholders	63
Number of Shareholders' Complaints pending as on 31.03.2014	Nil

## (iv) Share Transfer Committee

Terms of the Reference of the Share Transfer Committee are as per the guidelines set out in the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

Committee is authorised to look into and review the reports submitted by Mrs. Seema Narang, Company Secretary relating to approval/confirmation of requests for share transfer/transmission/transposition/consolidation/issue of duplicate share certificates/sub-division, remat, demat of shares etc. from time to time.

#### Composition and Attendance

The attendance of each Share Transfer Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. Umesh Talwar, Chairman	26
Mr. Naresh Talwar	22
Mrs. Seema Narang	26

The Committee holds its meeting once in every fortnight to consider all matters concerning transfer and transmission of shares. During the year ended March 31, 2014, Twenty Six meetings of the Share Transfer Committee were held.

#### (v) Corporate Social Responsibility (CSR) Committee

The Board of Directors of the Company at its meeting held on 2nd April 2014 constituted a new committee of the Board as Corporate Social Responsibility (CSR) Committee. Terms of Corporate Social Responsibility Committee are as per the provisions of Section 135 of the Companies Act, 2013 and listing agreement with the stock exchanges which inter alia include formulation and recommendations to the Board, a Corporate Social Responsibility policy and recommendation on the amount of expenditure to be incurred on the various CSR activities and monitoring of the CSR policy of the Company.

#### Composition

The Committee comprises of 3 Directors, out of which one is an independent director as under:

1. Mr. Umesh Talwar, Chairman
2. Mr. Amit Burman
3. Mr. Navin Juneja

#### 4. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per details given below:

Year	Day	Date	Timing Place
<b>Financial Year</b> Location	<b>2010-11</b> Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana	<b>2011-12</b> Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana	<b>2012-13</b> Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana
Date and Time	September 07, 2011 (Wednesday), 10.30 A.M	September 03, 2012 (Monday), 10.30 A.M	September 16, 2013 (Monday), 10.30 A.M
Type of resolutions passed Special Resolution Passed	None	None	i) To approve a contract of providing Management Support Services to Talbros Marugo Rubber Private Limited ii) To approve a contract of Sale/Purchase with Talbros Marugo Rubber Private Limited iii) Appointment of Mr. Umesh Talwar as Vice Chairman and Managing Director iv) Appointment of Mr. Varun Talwar as Joint Managing Director and CEO - Forging Division v) Appointment of Mr. Anuj Talwar as an Executive Director.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolution through postal ballot.

#### 5. DISCLOSURES

##### Related Party Transactions

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

##### Accounting Standards

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

##### Risk Management

The Board of Directors constituted a Risk Assessment Committee for inter alia laying down and periodically reviewing risk assessment and minimization procedures.

Presently Mr. R.P. Gupta, CEO, Mr. Manvinder Singh Ajmani, CFO and Mrs. Seema Narang, Company Secretary are the members of the Committee.

##### Management

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

##### Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company, which is also available on the website of the Company [www.talbros.com](http://www.talbros.com). All Board members and senior management, that includes Company executives who report

# Talbro Automotive Components Limited

directly to the Chairman and Executive Directors, have affirmed their compliance with the said Code. A declaration signed by Mr. Umesh Talwar, Vice Chairman and Managing Director, to this effect is provided elsewhere in the Annual Report.

## Managing Director/CFO certification

The certificate from Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Manvinder Singh Ajmani, Chief Financial Officer as placed before the Board in terms of Clause 49 (V) of the Listing Agreement is enclosed at the end of this Report.

## Compliance of the Requirements of Clause 49 of the Listing Agreement

The Company has complied with all the applicable mandatory requirements of clause 49 of the Listing Agreement and the non-mandatory provisions have been adopted wherever necessary. The Company has constituted a Remuneration Committee as described above.

## 6. MEANS OF COMMUNICATION

- Quarterly Results:** Unaudited quarterly financial results and the annual audited financial results of the Company are sent to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. where its equity shares are listed and the same are generally published in Business Standard (English & Hindi) newspaper.
- Website [www.talbro.com](http://www.talbro.com):** Detailed information on the Company's business and products; quarterly/half yearly/nine months and annual financial results are displayed on the Company's website.
- Annual Report:** Annual Report contains inter-alia Audited Annual Accounts, consolidated Financial Statement, Directors' Report, Auditors' Report.
- The Management Discussion & Analysis:** The Management Discussion & Analysis Report forms part of the Annual Report.
- Intimation to Stock Exchanges:** The Company is timely submitting the required information, statement and report to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Company intimates Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. all price sensitive information which in its opinion are material & of relevance to the shareholders.

## 7. SHAREHOLDERS INFORMATION

### (i) 57<sup>th</sup> Annual General Meeting

The 57<sup>th</sup> Annual General Meeting will be held on Friday, 12<sup>th</sup> September, 2014 at 10:30 A.M at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad - 121001 (Haryana).

### (ii) Financial Year

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

### (iii) Book Closure Date

The date of book closure is from September 5, 2014 to September 12, 2014 (both days inclusive).

### Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2014	2 <sup>nd</sup> week of August, 2014
July – September 2014	2 <sup>nd</sup> week of November 2014
October – December 2014	2 <sup>nd</sup> week of February 2015
January – March 2015	4 <sup>th</sup> week of May 2015

### (iv) Dividend Payment Date

The Board has recommended a dividend of 12% on the paid up share capital of the Company to be considered by

the members in the forthcoming Annual General Meeting. The said dividend if declared by the shareholders shall be paid to all the members as on the date of Annual General Meeting within the statutory limit of 30 days from the date of declaration.

### (v) Listing on Stock Exchanges

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The annual listing fee due to the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. for the year 2014-2015 has been duly paid.

### (vi) Stock Code

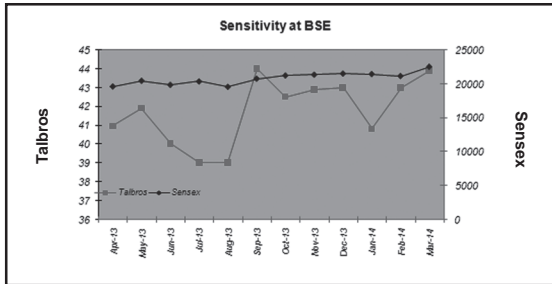
Bombay Stock Exchange Ltd. 505160  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street, Fort,  
 Mumbai 400 001  
 National Stock Exchange of India Ltd. TALBROAUTO  
 Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1,  
 Bandra Kurla Complex,  
 Bandra (East), Mumbai 400 051

### (vii) Market Price Data

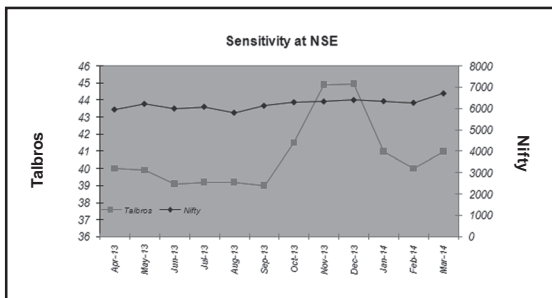
Months	Share Price at BSE		Share Price at NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	40.95	31.00	40.00	33.05
May 2013	41.90	34.30	39.90	35.10
June 2013	40.00	37.50	39.10	36.10
July 2013	39.00	36.20	39.20	37.00
August 2013	39.00	35.05	39.20	36.00
September 2013	44.00	36.20	39.00	36.10
October 2013	42.50	35.20	41.50	35.20
November 2013	42.90	33.25	44.90	31.50
December 2013	43.00	36.25	44.95	36.25
January 2014	40.80	36.80	41.00	36.60
February 2014	43.00	35.85	40.00	36.10
March 2014	43.90	38.00	41.00	37.30

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

Months	Share Price		Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	40.95	31.00	19,622.68	18,144.22
May 2013	41.90	34.30	20,443.62	19,451.26
June 2013	40.00	37.50	19,860.19	18,467.16
July 2013	39.00	36.20	20,351.06	19,126.82
August 2013	39.00	35.05	19,569.20	17,448.71
September 2013	44.00	36.20	20,739.69	18,166.17
October 2013	42.50	35.20	21,205.44	19,264.72
November 2013	42.90	33.25	21,321.53	20,137.67
December 2013	43.00	36.25	21,483.74	20,568.70
January 2014	40.80	36.80	21,409.66	20,343.78
February 2014	43.00	35.85	21,140.51	19,963.12
March 2014	43.90	38.00	22,467.21	20,920.98



Months	Share Price		Nifty	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	40.00	33.05	5,962.30	5,477.20
May 2013	39.90	35.10	6,229.45	5,910.95
June 2013	39.10	36.10	6,011.00	5,566.25
July 2013	39.20	37.00	6,093.35	5,675.75
August 2013	39.20	36.00	5,808.50	5,118.85
September 2013	39.00	36.10	6,142.50	5,318.90
October 2013	41.50	35.20	6,309.05	5,700.95
November 2013	44.90	31.50	6,342.95	5,972.45
December 2013	44.95	36.25	6,415.25	6,129.95
January 2014	41.00	36.60	6,358.30	6,027.25
February 2014	40.00	36.10	6,282.70	5,933.30
March 2014	41.00	37.30	6,730.05	6,212.20



**(viii) Registrar & Transfer Agents**

For Shares held in Physical as well as Electronic Mode  
M/s Karvy Computershare Private Ltd.,  
Unit: Talbros Automotive Components Ltd.,  
Plot No.17-24, VithalRao Nagar,  
Madhapur, Hyderabad - 500 081.  
Tel: 040-23420815-825  
Fax: 040-23420814  
Email: ks.reddy@karvy.com

**(ix) Share Transfer System**

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

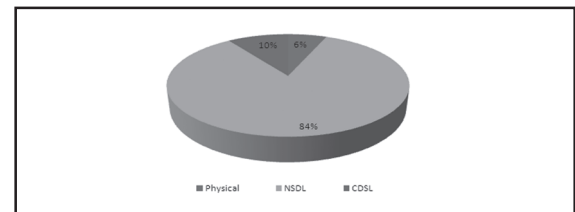
**(x) Distribution of Shareholding as on March 31, 2014**

Category (Amount)		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	16806	94.77	13,63,527	11.04
5001	10000	473	2.67	3,65,211	2.96
10001	20000	224	1.26	3,24,284	2.63
20001	30000	68	0.38	1,68,203	1.36
30001	40000	29	0.16	1,01,520	0.82
40001	50000	26	0.15	1,22,114	0.99
500001	100000	35	0.20	2,56,573	2.08
1000001	Above	73	0.41	96,44,198	78.12
<b>Total</b>		<b>17734</b>	<b>100.00</b>	<b>1,23,45,630</b>	<b>100.00</b>

**(xi) Dematerialization of Shares and Liquidity**

Shares of the Company can be held and traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialized form only, by all investors. The Company has entered into agreements with both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to facilitate trading in dematerialized form in India. The breakup of Equity Share capital held with depositories and in physical form as on March 31, 2014 is as follows:

Category	No. of Shareholders	No. of Equity Share	% of Capital
Physical	4,862	7,58,844	6.15
NSDL	9,724	1,03,91,503	84.17
CDSL	3,148	11,95,283	9.68
<b>Total</b>	<b>17,734</b>	<b>1,23,45,630</b>	<b>100</b>



**(xii) Outstanding Stock Option**

There are no outstanding warrants or any convertible instruments as on March 31, 2014.

**(xiii) Plant Locations of the Company**

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

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

# Talbro Automotive Components Limited

## (xiv) Address for Correspondence

The shareholders may address their communications/ suggestions/ grievances/ queries to:

### Registered Office

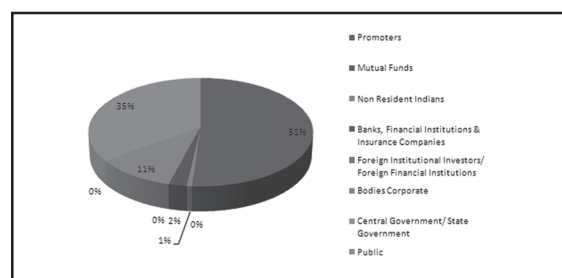
Talbro Automotive Components Ltd.  
14/1, Delhi Mathura Road,  
Faridabad -121003  
Tel: +91-129- 4294189 / 4294182 / 4047694  
Fax: +91-129-2277240  
Email: seema\_narang@talbro.com  
memberservice@talbro.com

### 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- 4294189 / 4294182 / 4047694  
Fax: +91-129-2277240  
Email: seema\_narang@talbro.com  
memberservice@talbro.com

## (xv) Shareholding Pattern as on March 31, 2014

Category	No. of Shares	%
Promoters	63,10,828	51.12
Mutual Funds	-	-
Non Resident Indians	84,420	0.68
Banks, Financial Institutions & Insurance Companies	2,95,357	2.39
Foreign Institutional Investors/ Foreign Financial Institutions	-	-
Bodies Corporate	13,09,276	10.61
Central Govt./ State Govt.	-	-
Public	43,45,749	35.20
<b>Total</b>	<b>1,23,45,630</b>	<b>100.00</b>



### Unclaimed Dividends

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

### DECLARATION FOR CODE OF CONDUCT

As provided under clause 49 of the Listing agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2014.

Place : New Delhi  
Date : 26<sup>th</sup> May, 2014

Year	Date of Declaration	Due date for transfer
2005-06	04.07.2006	02.08.2013
2007-08	29.09.2008	01.11.2015
2008-09	29.09.2009	01.11.2016
2009-10	21.07.2010	24.08.2017
2010-11	07.09.2011	09.10.2018
2011-12	03.09.2012	05.10.2019
2012-13	16.09.2013	18.10.2020

Members who have not encashed their dividend warrants so far in respect of dividend 2006-07 are requested to have the same revalidated to encash and avoid transfer to IEPF as already requested by the Company vide its letter dated May 15, 2014 requested separately by the Company.

### Unclaimed Shares

As per the provisions of Clause 5A(a) of Listing Agreement, the unclaimed shares lying in the escrow account shall be transferred to demat suspense account if there is no response even after sending three reminder notices to the persons concerned. Details of unclaimed equity shares of the Company are as follows:

Sr. No	Particulars	Number of Shareholders	Number of Shares
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year 1st April, 2013	866	1,24,767
2.	Shareholders to whom certificates despatched during the year 2013-14 but return undelivered;	Nil	Nil
3.	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	Nil	Nil
4.	Number of shareholders to whom shares were transferred from suspense account during the year;	Nil	Nil
5.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March, 2014.	866	1,24,767

### 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.

For Talbro Automotive Components Ltd.

**Umesh Talwar**  
[Vice Chairman & Managing Director]  
DIN No. 00059271

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**CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Umesh Talwar, Vice Chairman & Managing Director and Manvinder Singh Ajmani, Chief Financial Officer, of Talbros Automotive Components Limited to the best of our knowledge and belief, certify that

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

Place: New Delhi  
Date : 26<sup>th</sup> May, 2014

**Umesh Talwar**  
Vice Chairman & Managing Director

**Manvinder Singh Ajmani**  
Chief Financial Officer

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

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

We have examined the compliance of the conditions of Corporate Governance by **Talbros Automotive Components Limited** for the year ended March 31, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

We state that in respect of Investor grievances received during the year ended March 31, 2014, no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors' Grievance Committee.

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

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

(Suresh Seth)  
Partner

Place : New Delhi  
Date : 26<sup>th</sup> May, 2014

M. No. 10577

**STANDALONE  
BALANCE SHEET  
AND  
STATEMENT OF PROFIT AND LOSS**



## INDEPENDENT AUDITOR'S REPORT

### To the Members of Talbros Automotive Components Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Talbros Automotive Components Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014;
- (b) in the case of the Statement of Profit and Loss, 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) 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;
  - bb) The report on the accounts of the branch offices audited under section 228 by a person other than the company's auditor has been forwarded to us as required by clause (c) of sub-section (3) of section 228 and have been dealt with in preparing our report in the manner considered necessary by us;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

**For S. N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050N

**(Suresh Seth)**  
Partner

Membership No. 010577

Place : New Delhi  
Date : May 26, 2014

#### ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED FOR THE YEAR ENDED MARCH 31, 2014

- 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 its assets. Discrepancies noticed on such verification were not material and have

## Talbro Automotive Components Limited

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 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 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 had granted inter corporate deposit to one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 90 lacs and the year-end balance of such deposit was ₹ Nil.
- (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 were not prima facie prejudicial to the interest of the Company.
- (c) In respect of inter corporate deposit granted, repayment of the principal amount was as stipulated and payment of interest was regular.
- (d) There is no overdue amount of interest and inter corporate deposit granted to aforesaid party.
- (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. Therefore provisions of clause (iii) (f) & (g) of paragraph 4 of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to the 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 the prevailing market prices at the relevant time, except for items stated to be of a specialized nature where no comparison is possible.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and 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, custom duty, excise duty and other material statutory dues applicable to it.
- (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, custom duty and excise duty were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty and excise duty which have not been deposited on account of any dispute except for the following:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (₹)	Forum where dispute is pending
Central Excise Act, 1944	Classification of paper gasket	1998-2002	14,17,866	The Assistant Commissioner, Faridabad
Maharashtra VAT Act, 2005	Demand of VAT	2005-06 & 2008-09	4,97,936	Deputy Commissioner of Sales Tax, Pune
Employee State Insurance Act, 1948	ESI Demand	1995-99	8,01,587	Civil Judge, Gurgaon
Employee State Insurance Act, 1948	ESI Demand	2007-2009	33,27,524	Civil Judge, Gurgaon

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (₹)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	2004-05	4,47,739	CIT - Appeal, Chandigarh, Camp, Gurgaon
Central excise Act, 1944	Cenvat Credit disallowed	2011-12	8,85,308	The Deputy Commissioner, Gurgaon
Central excise Act, 1944	Non filing of return	2010-11 to 2011-12	35,000	Superintendent Range - II, Faridabad
Haryana Value Added Tax Act, 2003	Input tax disallowed	2006-07	2,73,548	The Deputy Commissioner Gurgaon
Customs Act, 1962	Demand of custom duty	2013-14	2,70,425	The Deputy Commissioner of Customs, Delhi
Customs Act, 1962	Demand of custom duty	2013-14	5,26,457	The Deputy Commissioner of Customs, Delhi
Central excise Act, 1944	Cenvat Credit disallowed	August 2011 to October 2013	2,67,681	Superintendent Range - IVB, Chennai

- x) In our opinion, the Company has no accumulated losses as at March 31, 2014. The Company has not incurred any cash losses during the financial year covered by our audit or in 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 a 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 and according to the information and explanations given to us, 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) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 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 the no funds raised on short-term basis have been used for long term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year. 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 way of public issue during the year under review.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S. N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050N

(Suresh Seth)  
**Partner**  
Membership No. 010577

Place : New Delhi  
Dated: May 26, 2014

# Talbro Automotive Components Limited

## BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	2	12,34,56,300		12,34,56,300	
Reserves and Surplus	3	1,01,69,34,002	1,14,03,90,302	87,66,52,407	1,00,01,08,707
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	25,21,68,096		25,06,75,442	
Deferred Tax Liabilities (Net)	5	5,61,59,588		6,11,32,392	
Other Long Term Liabilities	6	59,58,578		1,13,02,643	
Long Term Provisions	7	3,78,53,196	35,21,39,458	3,81,12,118	36,12,22,595
<b>Current Liabilities</b>					
Short Term Borrowings	8	76,99,28,855		75,60,26,849	
Trade Payables	9	62,89,12,603		64,12,52,108	
Other Current Liabilities	10	25,87,70,847		29,48,58,631	
Short Term Provisions	11	1,91,16,004	1,67,67,28,309	2,35,72,037	1,71,57,09,625
<b>TOTAL</b>			<b>3,16,92,58,069</b>		<b>3,07,70,40,927</b>
<b>ASSETS:</b>					
<b>Non-Current Assets</b>					
Fixed Assets	12				
– Tangible Assets		87,37,34,382		89,03,87,592	
– Intangible Assets		1,47,32,422		1,21,66,584	
– Capital Work in Progress		3,83,33,118	92,67,99,922	2,73,35,959	92,98,90,135
Non Current Investments	13		21,54,41,494		17,55,14,187
Long Term Loans and Advances	14		10,18,25,683		8,99,04,055
Other Non Current Assets	15		29,50,784		23,80,952
<b>Current Assets</b>					
Inventories	16	97,33,87,499		98,34,50,178	
Trade Receivables	17	63,38,48,134		56,13,98,197	
Cash and Bank Balances	18	4,66,63,993		5,71,88,641	
Short Term Loans and Advances	19	25,98,38,269		26,80,22,049	
Other Current Assets	20	85,02,291	1,92,22,40,186	92,92,533	1,87,93,51,598
<b>TOTAL</b>			<b>3,16,92,58,069</b>		<b>3,07,70,40,927</b>

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1

The accompanying Notes are an integral part of the Financial Statements

(SEEMA NARANG)  
Company Secretary

(MANVINDER  
SINGH AJMANI)  
CFO

(VARUN TALWAR)  
Joint Managing  
Director

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

As per our report of even date  
FOR S.N. DHAWAN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 000050N

(SURESH SETH)  
PARTNER  
M. NO. 10577

Place : New Delhi  
Dated : 26.05.2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note No.	Year Ended March 31, 2014		Year Ended March 31, 2013	
		₹	₹	₹	₹
<b>INCOME</b>					
Revenue from Operations (Gross)	21	3,17,26,96,162		3,20,56,29,791	
Less: Excise Duty		22,88,22,633	2,94,38,73,529	25,31,86,665	29,52,443,126
Other Income	22		6,97,64,467		6,24,08,686
<b>Total Revenue</b>			<b>3,01,36,37,996</b>		<b>3,01,48,51,812</b>
<b>EXPENSES</b>					
Cost of Raw Materials Consumed	23		1,56,95,39,640		1,65,25,53,401
Purchase of Stock -in-Trade			1,62,93,880		1,24,13,705
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24		62,82,209		(6,45,13,109)
Employee Benefits Expense	25		37,16,60,204		35,72,57,132
Finance Costs	26		18,29,87,195		20,47,94,154
Depreciation and Amortisation Expense	27		8,84,83,888		9,43,43,590
Other Expenses	28		69,21,01,508		65,77,85,750
<b>Total Expenses</b>			<b>2,92,73,48,524</b>		<b>2,91,46,34,623</b>
<b>Profit before exceptional items and Tax</b>			<b>8,62,89,472</b>		<b>10,02,17,189</b>
Exceptional items	22 (a)		8,80,67,548		–
<b>Profit before Tax</b>			<b>17,43,57,020</b>		<b>10,02,17,189</b>
<b>Tax Expense:</b>					
Current Tax / MAT			3,00,00,000		2,02,00,000
MAT Credit Entitlement			(1,65,00,000)		(1,52,00,000)
Deferred Tax			(49,72,804)		(97,17,737)
Short / (Excess) Provision for Tax for Earlier Years Provided / (Written Back)			81,46,115	1,66,73,311	5,54,698 (41,63,039)
<b>Profit for the Year</b>			<b>15,76,83,709</b>		<b>10,43,80,228</b>
<b>Earnings per Share (Face Value ₹ 10)</b>					
Basic and Diluted Earnings per Share (₹)	45		12.77		8.45
<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>					
	1				

The accompanying Notes are an integral part of the Financial Statements

(SEEMA NARANG)  
Company Secretary

(MANVINDER  
SINGH AJMANI)  
CFO

(VARUN TALWAR)  
Joint Managing  
Director

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

As per our report of even date  
FOR S.N. DHAWAN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 000050N

(SURESH SETH)  
PARTNER  
M. NO. 10577

Place : New Delhi  
Dated : 26.05.2014

# Talbro Automotive Components Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	2013-14		2012-13	
	₹	₹	₹	₹
<b>A. Cash flows from Operating Activities</b>				
<b>a. Net Profit before exceptional items &amp; tax</b>		86,289,472		10,02,17,189
Adjustments for:				
Depreciation/Amortisation	8,84,83,888		9,43,43,590	
Interest Expense	18,29,87,195		20,47,94,154	
Foreign Exchange Fluctuation	19,99,263		(19,14,367)	
Interest Income	(1,25,00,662)		(1,40,58,128)	
Dividend Income	(3,37,32,721)		(2,44,44,905)	
Loss /Profit on Sale of Assets	(13,72,303)		(15,97,238)	
Provision for doubtful receivables	10,40,806	22,69,05,466	23,05,997	25,94,29,103
<b>b. Operating profit before Working Capital changes</b>		<b>31,31,94,938</b>		<b>35,96,46,292</b>
Adjustments for:				
Current Assets, Loans and advances (Current & Non-Current)	(6,15,91,086)		7,71,03,777	
Inventories	1,00,62,679		(4,76,84,032)	
Current Liabilities (Current & Non-Current)	(3,19,95,599)	(8,35,24,006)	(9,85,21,746)	(6,91,02,001)
<b>c. Cash generated from Operations</b>		<b>22,96,70,932</b>		<b>29,05,44,291</b>
Direct Taxes (paid) / refund		(3,64,18,730)		(1,35,29,818)
<b>Net Cash from Operating Activities</b>		<b>19,32,52,202</b>		<b>27,70,14,473</b>
<b>B. Cash flows from Investing Activities</b>				
Proceeds from sale of Fixed Assets	58,15,886		10,53,20,477	
Movement in Inter-Corporate Deposits	(30,00,000)		(50,00,000)	
Interest Received	1,32,54,537		1,00,95,631	
Dividends Received	3,37,32,721		2,44,44,905	
Purchase of Fixed Assets	(10,08,50,133)		(10,63,78,191)	
Investments made	(3,99,27,307)		(10,28,22,977)	
<b>Cash flows from investing activities before exceptional items</b>		(9,09,74,296)		(7,43,40,155)
<b>Exceptional Items</b>				
Proceeds from sale of Fixed Assets (Not in use)	9,86,51,680		—	
<b>Net Cash Flow from Investing Activities</b>		<b>76,77,384</b>		<b>(7,43,40,155)</b>
<b>C. Cash flows from Financing Activities</b>				
Interest Paid	(18,45,22,315)		(20,63,27,996)	
Movement in Other Bank Balances	21,07,845		(74,48,637)	
Proceeds from Borrowings	12,57,08,126		12,34,22,463	
Repayment of Borrowings	(13,53,66,336)		(9,92,04,416)	
Dividends Paid	(1,48,70,385)		(1,46,50,132)	
Dividend Tax Paid	(24,03,324)		(24,03,324)	
<b>Net Cash flow from Financing Activities</b>		<b>(20,93,46,389)</b>		<b>(20,66,12,042)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>		<b>(84,16,803)</b>		<b>(39,37,724)</b>
<b>Cash and Cash Equivalents as at:</b>				
– the beginning of the year		2,91,84,862		3,31,22,586
– the end of the year		2,07,68,059		2,91,84,862

Note : Previous year figures have been regrouped wherever necessary.

(SEEMA NARANG)  
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As per our report of even date  
FOR S.N. DHAWAN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 000050N

(SURESH SETH)  
PARTNER  
M. NO. 10577

Place : New Delhi  
Dated : 26.05.2014

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Accounting Convention:**

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

**b) Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Difference between the actual results and the estimate are recognized in the period in which the results are known / materialized.

**c) Investments:**

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

**d) Inventory Valuation:**

Raw Materials and Stores & spare parts are valued at lower of cost or net realizable value. Cost represents purchase price and other expenditure directly attributable to the acquisition and is determined on First in First Out (FIFO) basis.

Tools are amortised over a period of 36 months of usage at Forging Plant and over a period of 36 months from the month put to use at Gasket Plants.

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

**e) Fixed Assets**

**i) Tangible**

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

**ii) Intangible**

Technical know-how fee is recognized as an Intangible Asset in accordance with Accounting Standard -26 "Intangible Assets".

Major Software Products are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**f) Depreciation / Amortisation**

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

Depreciation on assets transferred to Gasket Plant at Faridabad from erstwhile Rubber Division are depreciated on Straight Line method except for vehicles which are depreciated on written down value method, as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

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

Leasehold Land is amortized over the period of the lease.

Technical know how fee is amortized over the period of agreement but not exceeding ten years starting from the use of technical know how.

Expenditure on Major Software Products is written off over a period of 36 months from the month put to use except Forging Division where the Software Products are written off over a period of 60 months from the month put to use.

**g) Revenue Recognition:**

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

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

iii) Export incentives are accounted on accrual basis.

**h) Foreign Currency Transactions:**

Transactions in foreign currency are accounted at the exchange rates prevailing at the dates of the transactions. Gains/ losses arising out of fluctuation in exchange rates, if any, on settlement are recognized in the Statement of Profit and

## Talbro Automotive Components Limited

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Loss except in the case of long term monetary items relating to acquisition of fixed assets where such gains/losses are adjusted to the cost of fixed assets.

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

**i) Employee Benefits:**

- i) Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss 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 Statement of Profit and Loss of the year when the contributions to the fund are due.
- iii) Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation made at the end of each financial year based on the projected unit credit 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 credit method.
- v) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**j) Borrowing Costs:**

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

**k) Leases:**

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

**l) Deferred Tax:**

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

**m) Impairment of Assets:**

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

**n) Provisions, Contingent Liabilities and Contingent Assets:**

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

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

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

Contingent Liability is disclosed in the case of

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

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

**o) Financial Instruments:**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	As at	
		March 31, 2014	March 31, 2013
		₹	₹
<b>2. SHARE CAPITAL:</b>			
<b>Authorised Share Capital:</b>		20,00,00,000	20,00,00,000
2,00,00,000 Equity Shares of ₹10/- each (Previous year 2,00,00,000 Equity Shares of ₹ 10 each)			
<b>Issued, Subscribed and Paid-up:</b>			
1,23,45,630 Equity Shares of ₹10/- each fully paid up (Previous year 1,23,45,630 Equity Shares of ₹ 10 each fully paid up)		12,34,56,300	12,34,56,300
<b>TOTAL</b>		<b>12,34,56,300</b>	<b>12,34,56,300</b>

### 2.1 Terms/rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

### 2.2 Details of Equity Shares held by Shareholders holding more than 5% shares in the Company

	%	No. of Shares as at 31.03.2014	%	No. of Shares as at 31.03.2013
QH Talbros Ltd.	18.59	22,95,322	13.69	16,90,653

### 3. RESERVES AND SURPLUS :

Capital Reserves		15,21,000		15,21,000
Securities Premium Account		46,78,30,274		46,78,30,274
Revaluation Reserve				
As per last Balance Sheet	51,38,470		52,15,793	
Less: Transferred to Statement of Profit and Loss as reduction from depreciation	69,590	50,68,880	77,323	51,38,470
General Reserve				
As per last Balance Sheet	3,48,22,715		2,98,22,715	
Add: Transferred from Surplus balance in the Statement of Profit and Loss	50,00,000	3,98,22,715	50,00,000	3,48,22,715
Surplus balance in Statement of Profit and Loss				
as per last Balance Sheet	36,73,39,948		28,51,77,800	
Profit for the Year	15,76,83,709		10,43,80,228	
Less: Allocations and Appropriations				
Proposed Dividend	1,48,14,756		1,48,14,756	
₹1.20 per share (Previous Year ₹1.20 per share)				
Corporate Dividend Tax	25,17,768		24,03,324	
Transferred to General Reserve	50,00,000	50,26,91,133	50,00,000	36,73,39,948
<b>TOTAL</b>		<b>1,01,69,34,002</b>		<b>87,66,52,407</b>

# Talbros Automotive Components Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 4. LONG TERM BORROWINGS:

	Non-Current portion		Current Maturities		Total	
	As at 31.03.2014 ₹	As at 31.03.2013 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>Secured, unless otherwise stated</b>						
a) <b>Term Loans:</b>						
<b>From Banks</b>						
* State Bank of India	–	6,74,07,000	6,74,07,000	6,75,00,000	6,74,07,000	13,49,07,000
# Yes Bank	5,62,50,000	–	62,50,000	2,85,71,428	6,25,00,000	2,85,71,428
** IndusInd Bank	3,86,25,000	–	2,11,75,000	–	5,98,00,000	–
## Punjab National Bank	–	6,93,45,771	–	1,52,00,000	–	8,45,45,771
Against Security of Movable Fixed Assets on Hire Purchase Basis	80,06,064	48,69,444	79,60,474	1,03,98,456	1,59,66,538	1,52,67,900
	10,28,81,064	14,16,22,215	10,27,92,474	12,16,69,884	20,56,73,538	26,32,92,099
<b>From Others</b>						
***Bajaj Finance Ltd.	7,31,52,032	2,07,06,227	1,36,42,221	22,93,773	8,67,94,253	2,30,00,000
Orix Auto Infrastructure Services Ltd. (Against Security of Movable Fixed Assets on Hire Purchase Basis)	–	–	–	18,56,908	–	18,56,908
b) <b>Deposits (Unsecured)</b>						
Fixed Deposits from Public	7,61,35,000	8,83,47,000	3,19,71,000	4,72,88,220	10,81,06,000	13,56,35,220
<b>Total</b>	<b>25,21,68,096</b>	<b>25,06,75,442</b>	<b>14,84,05,695</b>	<b>17,31,08,785</b>	<b>40,05,73,791</b>	<b>42,37,84,227</b>
Amount disclosed under the head "Other Current Liabilities" (Note no. 10)			14,84,05,695	17,31,08,785		
<b>Notes:-</b>	<ul style="list-style-type: none"> <li>• Term Loan from State Bank of India carrying rate of interest @13.65% per annum is secured by first exclusive charge over the fixed assets at the Sitarganj Plant including Land &amp; Building and is further secured by personal guarantee of two directors.</li> <li>•• Term Loan from IndusInd Bank carrying rate of interest @ base rate plus 1 % per annum is secured by first charge by way of hypothecation over specific assets created out of the Term Loan both present and future, second pari passu charge over entire current assets of the Company both present and future and personal guarantee of two directors.</li> <li>*** Term loan from Bajaj Finance Ltd carrying rate of interest @ 11.15 % to 12.15% per annum is secured by first and exclusive charge over existing plant &amp; machinery of the Company's Gasket division situated at Faridabad and is further secured by personal guarantee of two directors.</li> <li># Term loan from Yes Bank carrying rate of interest @ base rate plus 1.65% p.a. is secured by way of exclusive charge on all the assets financed by bank located anywhere and second pari passu charge on all the current assets of the Company both present and future and personal guarantee of three directors.</li> <li>## Term Loan from Punjab National Bank carrying rate of interest @ 13.75% per annum was secured by way of first charge on the specific fixed assets financed out of this loan and was further secured by second pari passu charge on entire current assets, present &amp; future and personal guarantee of two directors.</li> </ul>					

### 4.1 Terms of Repayment of Long Term Borrowings

Particulars	Maturity profile of Long Term Borrowings					Total
	2014-15	2015-16	2016-17	2017-18	2018-19 & thereafter	
From Banks						
State Bank of India	6,74,07,000	–	–	–	–	6,74,07,000
Yes Bank	62,50,000	1,25,00,000	1,25,00,000	1,25,00,000	1,87,50,000	6,25,00,000
Indusind Bank	2,11,75,000	2,83,00,000	1,03,25,000	–	–	5,98,00,000
Against Security of Movable Fixed Assets on Hire Purchase Basis	79,60,474	52,91,529	27,14,535	–	–	1,59,66,538
From Others						
Bajaj Finance Ltd.	1,36,42,221	1,81,95,414	2,04,49,358	2,24,99,395	1,20,07,865	8,67,94,253
Deposits (Unsecured)	3,19,71,000	5,41,33,000	2,20,02,000	–	–	10,81,06,000
<b>Total</b>	<b>14,84,05,695</b>	<b>11,84,19,943</b>	<b>6,79,90,893</b>	<b>3,49,99,395</b>	<b>3,07,57,865</b>	<b>40,05,73,791</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**
**5. DEFERRED TAX LIABILITIES (NET)**

	Deferred Tax Assets / (Liabilities) As at 31.03.2013 ₹	(Charge) / Credit during the year ₹	Deferred Tax Assets/ (Liabilities) As at 31.03.2014 ₹
The deferred tax assets / (liabilities) comprise of the following:			
Depreciation	(7,29,80,013)	(18,80,468)	(7,48,60,481)
Disallowances u/s 43B	73,09,993	63,82,419	1,36,92,412
Provision for doubtful receivables / advances	45,37,628	4,70,853	50,08,481
<b>TOTAL</b>	<b>(6,11,32,392)</b>	<b>49,72,804</b>	<b>(5,61,59,588)</b>

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>6. OTHER LONG TERM LIABILITIES</b>		
Security Deposits	27,36,000	22,26,000
Enhanced cost of Land payable to HSIIDC	32,22,578	90,76,643
<b>Total</b>	<b>59,58,578</b>	<b>1,13,02,643</b>
<b>7. LONG-TERM PROVISIONS:</b>		
Provision for Leave Encashment	98,35,571	95,79,971
Provision for Gratuity	2,80,17,625	2,85,32,147
<b>Total</b>	<b>3,78,53,196</b>	<b>3,81,12,118</b>
<b>8. SHORT TERM BORROWINGS:</b>		
Secured, unless otherwise stated		
<b>a) Working Capital Loans</b>		
<b>From Banks</b>		
State Bank of India*	30,28,19,274	27,93,65,506
ICICI Bank*	2,17,43,303	2,54,31,258
State Bank of Patiala*	4,94,18,997	17,97,96,044
IndusInd Bank*	11,83,81,852	-
HDFC Bank Ltd.**	9,89,40,064	-
HDFC Bank Ltd.(Unsecured)***	3,00,00,000	-
Punjab National Bank*	4,99,62,795	19,82,05,848
Yes Bank#	2,91,97,570	49,78,193
<b>From Others</b>		
Bajaj Finance Ltd. (Unsecured)***	5,00,00,000	4,50,00,000
<b>b) Deposits (Unsecured)</b>		
Fixed Deposits from Public	94,65,000	1,32,50,000
Inter Corporate Deposit	1,00,00,000	1,00,00,000
<b>Total</b>	<b>76,99,28,855</b>	<b>75,60,26,849</b>

**Notes:-**

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

\*\* Working Capital Loan from HDFC Bank is secured by way of first pari passu charge on entire current assets of the Company, second pari passu charge on entire fixed assets of the Company including equitable mortgage of land and building situated at Faridabad and Chennai and personal guarantee of two directors of the Company.

# Working Capital Loan from Yes Bank is secured by first pari passu charge on all the current assets both present and future, second pari passu charge on all the movable fixed assets of the Company excluding those exclusively charged to other banks and personal guarantee of two directors of the Company.

\*\*\* Against personal guarantee of two directors of the Company.

# Talbro Automotive Components Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014		As at March 31, 2013	
	₹	₹	₹	₹
<b>9. TRADE PAYABLES:</b>				
Acceptances		25,18,37,119		27,67,91,414
Trade Payables (Refer Note no. 36)		37,70,75,484		36,44,60,694
<b>Total</b>		<b>62,89,12,603</b>		<b>64,12,52,108</b>
<b>10. OTHER CURRENT LIABILITIES:</b>				
Current Maturities of Long Term Borrowings		14,84,05,695		17,31,08,785
Interest accrued but not due on Borrowings		1,11,98,248		1,18,48,561
Interest accrued and due on Borrowings		20,58,472		28,87,331
Liability towards Investors Education and Protection Fund*				
– Unclaimed Dividend	18,44,254		18,99,883	
– Unclaimed Matured Deposits	16,34,220		19,84,000	
– Interest accrued on Unclaimed Matured Deposits	2,28,321		2,84,269	
– Unclaimed Fractional Shares	3,087	37,09,882	3,087	41,71,239
Employee Related Payables		3,33,65,505		3,13,86,027
Statutory Liabilities		2,46,16,937		2,87,14,173
Advance Received from Customers		1,88,74,632		1,95,97,321
Enhanced cost of Land payable to HSIIDC		69,67,836		60,67,954
Others		95,73,640		1,70,77,240
<b>TOTAL</b>		<b>25,87,70,847</b>		<b>29,48,58,631</b>

\* There are no amounts due for payment to Investors Education and Protection Fund.

<b>11. SHORT-TERM PROVISIONS :</b>				
Leave Encashment		17,83,480		23,85,420
Taxation (Net of advances)		–		39,68,537
Proposed Dividend		1,48,14,756		1,48,14,756
Corporate Dividend Tax		25,17,768		24,03,324
<b>TOTAL</b>		<b>1,91,16,004</b>		<b>2,35,72,037</b>

## 12. Fixed Assets (Amount in ₹)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	Cost as at 01.04.2013	Additions during the year	Deductions during the year	Cost as at 31.03.2014	As at 01.04.2013	For the year	Deductions during the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>(i) Tangible Assets</b>										
Land										
-Freehold *	5,27,80,198	27,62,009	36,28,662	5,19,13,545	–	–	–	–	519,13,545	5,27,80,198
-Leasehold	4,13,98,978	–	–	4,13,98,978	21,22,637	4,59,800	–	25,82,437	388,16,541	3,92,76,342
Buildings	33,21,86,541	35,19,657	3,43,31,468	30,13,74,730	9,93,72,099	1,07,46,685	2,80,24,389	8,20,94,395	21,92,80,335	23,28,14,442
Plant, Machinery & Equipments @	84,18,31,106	4,69,42,875	2,93,94,465	85,93,79,516	38,55,73,754	5,46,26,599	2,86,69,589	41,15,30,764	44,78,48,752	45,62,57,352
Motor Vehicles **	7,58,70,906	1,83,53,200	1,36,50,167	8,05,73,939	4,05,92,145	1,14,13,334	99,77,447	4,20,28,032	3,85,45,907	3,52,78,762
Furniture & Fixtures	3,54,98,312	39,13,863	26,35,527	3,67,76,648	2,21,90,437	23,57,338	23,86,034	2,21,61,741	1,46,14,907	1,33,07,874
Office Equipments	2,31,89,614	26,10,934	2,27,422	2,55,73,126	1,29,07,097	13,37,726	1,87,436	1,40,57,387	1,15,15,739	1,02,82,517
Electrical Installation	6,55,88,749	44,78,008	3,06,581	6,97,60,176	2,12,96,311	32,58,247	2,94,136	2,42,60,422	4,54,99,754	4,42,92,438
Air-Conditioning Plant	78,11,888	–	–	78,11,888	23,12,544	3,72,634	–	26,85,178	51,26,710	54,99,345
Tube-Well	10,51,423	–	–	10,51,423	4,53,101	26,130	–	4,79,231	5,72,192	5,98,322
<b>Total</b>	<b>147,72,07,715</b>	<b>8,25,80,546</b>	<b>8,41,74,292</b>	<b>1,47,56,13,969</b>	<b>58,68,20,125</b>	<b>8,45,98,493</b>	<b>6,95,39,031</b>	<b>60,18,79,587</b>	<b>87,37,34,382</b>	<b>89,03,87,592</b>
Previous Year	<b>184,94,51,840</b>	<b>8,45,56,952</b>	<b>45,68,01,077</b>	<b>1,47,72,07,715</b>	<b>85,08,98,701</b>	<b>8,89,99,260</b>	<b>35,30,77,838</b>	<b>58,68,20,123</b>	<b>89,03,87,592</b>	

\*Includes Land valuing ₹ 4,65,25,676 (Previous Year ₹ 4,37,63,667) for which the title is yet to be registered in the Company's name.

\*\* Includes cost of Vehicles ₹ 2,77,85,465 (Previous Year ₹ 4,60,95,803) acquired under hire purchase arrangement.

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

<b>(ii) Intangible Assets</b>										
Computer Software	1,83,68,384	10,57,647	–	1,94,26,031	1,65,09,008	11,51,656	–	1,76,60,664	17,65,367	18,59,375
Technical Know-How	4,16,97,461	54,63,175	–	4,71,60,636	3,13,90,252	28,03,329	–	3,41,93,581	1,29,67,055	1,03,07,209
<b>Total</b>	<b>6,00,65,845</b>	<b>65,20,822</b>	<b>–</b>	<b>6,65,86,667</b>	<b>4,78,99,260</b>	<b>39,54,985</b>	<b>–</b>	<b>5,18,54,245</b>	<b>1,47,32,422</b>	<b>1,21,66,584</b>
Previous Year	<b>5,33,70,943</b>	<b>66,94,902</b>	<b>–</b>	<b>6,00,65,845</b>	<b>4,24,77,607</b>	<b>54,21,653</b>	<b>–</b>	<b>4,78,99,260</b>	<b>1,21,66,584</b>	
<b>iii) Capital Work In Progress</b>										
Capital work in progress									3,83,33,118	2,73,35,959

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	<u>As at March 31, 2014</u>	<u>As at March 31, 2013</u>
	₹	₹
<b>13. NON-CURRENT INVESTMENTS:</b>		
<b>Unquoted : At Cost</b>		
<b>a) Trade Investments:</b>		
<b>In Joint Ventures</b>		
– Nippon Leakless Talbros Pvt. Ltd 48,00,000 Equity Shares (Previous year 48,00,000 Equity Shares) of ₹ 10/- each fully paid up	4,80,00,000	4,80,00,000
– Magneti Marelli Talbros Chassis Systems Pvt.Ltd. 50,30,000 Equity Shares (Previous year 50,30,000 Equity Shares) of ₹ 10/- each fully paid up	5,03,00,000	5,03,00,000
Share Application money	1,00,00,000	–
– Talbros Marugo Rubber Pvt. Ltd. 55,00,000 Equity Shares (Previous year 45,10,000 Equity Shares) of ₹ 10/- each fully paid up	5,50,00,000	4,51,00,000
Share Application money	1,00,00,000	49,72,741
<b>In Associates</b>		
<b>QH Talbros Limited</b>		
1,77,962 Equity Shares (Previous year 1,77,962 Equity Shares) of ₹ 10/- each fully paid	32,45,680	32,45,680
– <b>Talbros International Ltd.</b> 3,26,092 Equity Shares (Previous year 1,08,700 Equity Shares) of ₹ 10/- each fully paid	2,25,00,284	75,00,236
<b>b) Non Trade Investments :</b>		
– <b>T &amp; T Motors Ltd.</b> 83,333 Equity Shares (Previous Year 83,333 Equity Shares) of ₹ 10/- each fully paid	13,74,990	13,74,990
– <b>Caparo Power Ltd.</b> 11,47,134 Equity Shares (Previous year 11,47,134 Equity Shares) of ₹ 10/- each fully paid up	1,14,71,340	1,14,71,340
2,54,920, 2% Cumulative Redeemable Preference Shares (Previous year 2,54,920 Shares) of ₹ 10/- each fully paid up	25,49,200	25,49,200
<b>In Mutual Funds</b>		
1,00,000 units (Previous Year 1,00,000 units) of ₹ 10/- each of SBI Infrastructure Fund-1-Growth	10,00,000	10,00,000
<b>TOTAL</b>	<b><u>21,54,41,494</u></b>	<b><u>17,55,14,187</u></b>
<b>NOTES:</b>		
Book Value of Unquoted Investments	21,54,41,494	17,55,14,187
– Net Asset value of Mutual Funds	7,60,840	7,27,750
<b>14. Long Term Loans and advances:</b>		
Unsecured Considered good		
– Capital Advances	66,91,410	59,39,803
– Security deposits	79,21,670	75,92,095
– Advance Tax (Net of Provision)	68,82,156	–
– MAT Credit Entitlement	8,03,30,447	7,63,72,157
<b>TOTAL</b>	<b><u>10,18,25,683</u></b>	<b><u>8,99,04,055</u></b>

# Talbros Automotive Components Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014		As at March 31, 2013	
	₹	₹	₹	₹
<b>15. OTHER NON-CURRENT ASSETS:</b>				
Bank Deposits with more than 12 months maturity (Under Lien with Bank)		29,50,784		23,80,952
<b>TOTAL</b>		<b>29,50,784</b>		<b>23,80,952</b>
<b>16. INVENTORIES:</b>				
(Taken, valued and certified by the Management at lower of cost or net realisable value unless otherwise stated)				
Raw Material (Includes in transit ₹ 5,73,33,089 Previous year ₹ 4,96,82,964)		29,27,86,446		29,78,85,047
Work in Progress		35,55,10,785		33,84,38,773
Finished Goods		14,31,74,554		16,66,06,636
Stock in Trade		7,52,896		6,75,035
Stores & Spares (Includes in transit ₹ 9,63,399 Previous year ₹ 4,78,557)		18,11,62,818		17,98,44,687
<b>TOTAL</b>		<b>97,33,87,499</b>		<b>98,34,50,178</b>
<b>16.1 WORK IN PROGRESS:</b>				
Gaskets		28,16,98,746		25,35,72,474
Forgings		7,38,12,039		8,45,90,548
Rubber		-		2,75,751
<b>TOTAL</b>		<b>35,55,10,785</b>		<b>33,84,38,773</b>
<b>17. TRADE RECEIVABLES:</b>				
Unsecured:				
Outstanding for a period exceeding six months from the due date of payment				
- Considered Good	4,02,77,804		3,87,62,403	
- Considered Doubtful	72,09,295	4,74,87,099	63,58,077	4,51,20,480
Others: Considered Good		59,35,70,330		52,26,35,794
		64,10,57,429		56,77,56,274
Less : Provision for Doubtful Trade Receivables		72,09,295		63,58,077
<b>TOTAL</b>		<b>63,38,48,134</b>		<b>56,13,98,197</b>
<b>17.1 TRADE RECEIVABLES FROM PRIVATE COMPANIES IN WHICH DIRECTORS ARE INTERESTED</b>				
Talbros Marugo Rubber Pvt. Ltd.		7,67,700		75,40,697
<b>TOTAL</b>		<b>7,67,700</b>		<b>75,40,697</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2014</b>		<b>March 31, 2013</b>	
	₹	₹	₹	₹
<b>18. CASH AND BANK BALANCES :</b>				
(a) Cash and Cash Equivalents				
Balances with Banks		1,58,18,581		1,66,62,622
Cash on hand		45,73,717		35,22,240
Cheques in hand		3,75,761		90,00,000
<b>TOTAL</b>		<b>2,07,68,059</b>		<b>2,91,84,862</b>
(b) Other Bank Balances				
Margin Money (pledged with banks)		1,03,86,065		1,29,42,055
Bank Deposits		1,36,64,383		1,31,60,000
Earmarked balances with Banks for Unclaimed Dividend		18,45,487		19,01,724
		<b>2,58,95,934</b>		<b>2,80,03,779</b>
<b>TOTAL</b>		<b>4,66,63,993</b>		<b>5,71,88,641</b>
<b>19. SHORT TERM LOANS AND ADVANCES:</b>				
Unsecured Considered good				
Loans and Advances to Related Parties		5,09,79,666		5,12,18,782
Inter Corporate Deposits		7,30,00,000		7,00,00,000
Advances recoverable in cash or in kind or for value to be received				
- Considered Good	5,87,79,721		6,61,59,706	
- Considered Doubtful	75,25,864		75,25,864	
	<b>6,63,05,585</b>		<b>73,685,570</b>	
Less : Provision for Doubtful Advances	75,25,864	5,87,79,721	7,525,864	6,61,59,706
Balances with Central Excise & Other Authorities		7,64,97,283		7,93,55,187
Claims Receivable		5,81,599		12,88,374
<b>TOTAL</b>		<b>25,98,38,269</b>		<b>26,80,22,049</b>
<b>19.1 ADVANCES TO RELATED PARTIES INCLUDE:</b>				
QH Talbros Ltd.		50,17,965		17,14,189
Talbros Marugo Rubber Pvt.Ltd.		-		8,96,634
Magnet Marelli Talbros Chasis Systems Private Limited		4,59,61,701		4,86,07,959
<b>TOTAL</b>		<b>5,09,79,666</b>		<b>5,12,18,782</b>
<b>20. OTHER CURRENT ASSETS :</b>				
Interest accrued on deposits		85,02,291		92,92,533
<b>TOTAL</b>		<b>85,02,291</b>		<b>92,92,533</b>

# Talbro Automotive Components Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹	₹
<b>21. REVENUE FROM OPERATIONS :</b>		
Sale of Products	3,04,97,79,540	3,06,51,17,214
Sale of Services	69,43,522	1,71,86,035
Other Operating Revenues	11,59,73,099	12,33,26,542
	<u>3,17,26,96,161</u>	<u>3,20,56,29,791</u>
Less: Excise Duty	22,88,22,633	25,31,86,665
<b>TOTAL</b>	<b><u>2,94,38,73,528</u></b>	<b><u>2,95,24,43,126</u></b>
<b>21.1 REVENUE FROM OPERATIONS (GROSS) INCLUDE:</b>		
Gaskets	2,38,80,96,498	2,36,45,86,309
Forgings	66,40,13,389	63,11,00,613
Rubber	-	6,95,05,436
IT Services	2,13,160	1,11,85,891
Management Fees	30,00,000	59,25,000
Others	11,73,73,114	12,33,26,542
<b>TOTAL</b>	<b><u>3,17,26,96,162</u></b>	<b><u>3,20,56,29,791</u></b>
<b>22. OTHER INCOME:</b>		
Interest Income on :		
- Inter Corporate Deposits	93,31,201	99,43,439
- Fixed Deposits with Banks	24,07,328	23,58,882
- Others	7,62,133	17,55,807
Dividend from Long Term Trade Investments	3,37,32,721	2,44,44,905
Royalty	1,06,80,000	52,28,620
Lease Rentals	1,11,55,200	92,05,000
Net Gain on Foreign Currency Transactions & Translation	-	27,02,664
Profit on Sale of Fixed Assets (Net)	13,72,303	15,97,238
Surrender Value of Keyman Insurance Policy received	-	34,88,783
Miscellaneous Income	3,23,581	16,83,348
<b>TOTAL</b>	<b><u>6,97,64,467</u></b>	<b><u>6,24,08,686</u></b>
<b>22 (A). EXCEPTIONAL ITEMS:</b>		
Profit on sale of Land and Building not in use	8,80,67,548	-
	<b><u>8,80,67,548</u></b>	<b><u>-</u></b>
<b>23. COST OF RAW MATERIALS CONSUMED:</b>		
Cost of Materials Consumed	1,56,95,39,640	1,65,25,53,401
<b>TOTAL</b>	<b><u>1,56,95,39,640</u></b>	<b><u>1,65,25,53,401</u></b>
<b>23.1 COST OF RAW MATERIALS CONSUMED INCLUDE</b>		
<b>(a) Cost of Raw Materials consumed under broad heads</b>		
Tinplate/P.C.R.C.A/Steel	44,28,41,625	45,41,19,981
Jointing	39,97,74,190	41,50,33,140
Forging Steels	28,26,47,426	29,74,83,281
Bought Out auto components & parts	14,20,41,138	18,60,77,752
Others	30,22,35,261	29,98,39,247
<b>TOTAL</b>	<b><u>1,56,95,39,640</u></b>	<b><u>1,65,25,53,401</u></b>
<b>(b) Purchases of Stock-in -Trade</b>		
Dyna Bond	1,62,93,880	1,24,13,705
<b>TOTAL</b>	<b><u>1,62,93,880</u></b>	<b><u>1,24,13,705</u></b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹	₹
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK-IN-TRADE :</b>		
(a) Manufactured Goods :		
Auto Components & Parts		
<b>Closing Stock,</b>		
Finished Goods	14,31,74,554	16,66,06,636
Work-In-Progress	35,55,10,785	33,84,38,773
<b>TOTAL</b>	<b>49,86,85,339</b>	<b>50,50,45,409</b>
Less :		
<b>Opening Stock</b>		
Finished Goods	16,66,06,636	17,92,75,276
Work-In-Progress	33,84,38,773	26,00,63,204
	50,50,45,409	43,93,38,480
Changes in Finished Goods and Work in Progress	(6,3,60,070)	6,57,06,929
(b) Traded Goods:		
Closing Stock	7,52,896	6,75,035
Opening Stock	6,75,035	18,68,855
Changes in Stock in Trade	77,861	(11,93,820)
<b>TOTAL</b>	<b>(62,82,209)</b>	<b>6,45,13,109</b>
<b>25. EMPLOYEE BENEFITS EXPENSE :</b>		
Salaries and Wages	31,26,21,549	30,31,19,530
Contribution to Provident and other Funds	3,06,97,531	2,82,73,702
Staff Welfare Expenses	2,83,41,124	2,58,63,900
<b>TOTAL</b>	<b>37,16,60,204</b>	<b>35,72,57,132</b>
<b>26. FINANCE COSTS :</b>		
Interest Expense	16,70,22,860	18,98,08,335
Other Borrowing Cost	1,59,64,335	1,49,85,819
<b>TOTAL</b>	<b>18,29,87,195</b>	<b>20,47,94,154</b>
<b>27. DEPRECIATION AND AMORTISATION EXPENSE :</b>		
Depreciation	8,45,98,493	8,89,99,260
Less:- Transfer from Revaluation Reserve	69,590	77,323
	<b>8,45,28,903</b>	<b>8,89,21,937</b>
Amortisation	39,54,985	54,21,653
<b>TOTAL</b>	<b>8,84,83,888</b>	<b>9,43,43,590</b>

# Talbros Automotive Components Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹	₹
<b>28. OTHER EXPENSES :</b>		
Consumption of Stores & Spares parts	17,20,18,625	15,68,41,067
Labour & Processing Charges	4,53,52,415	4,50,93,180
Royalty	16,74,970	16,78,515
Power & Fuel	15,96,31,184	16,10,53,376
Rent	13,82,673	12,15,604
Repairs to Buildings	55,14,669	48,80,547
Repairs to Plant & Machinery	2,64,87,079	2,38,99,204
Repairs to other Assets	63,34,984	82,61,491
Insurance	71,51,513	68,86,298
Travelling, Tour & Conveyance	4,85,57,726	5,07,39,824
Discount on Sales	4,25,54,776	3,86,26,769
Sales Promotion expenses	2,93,22,074	2,75,49,942
Packing, Freight & Forwarding	9,03,30,507	7,31,90,454
Rates and taxes	27,97,343	16,69,165
Remuneration to Auditors	11,76,500	11,93,000
Provision for Doubtful debts / Advances	10,40,806	23,05,997
Excise duty on Increase/(Decrease) of Finished Goods	(35,60,138)	(39,24,476)
Net Loss on Foreign Currency Transactions & Translation	6,10,518	-
Miscellaneous expenses	5,37,23,284	5,66,25,793
<b>TOTAL</b>	<b>69,21,01,508</b>	<b>65,77,85,750</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 29. CONTINGENT LIABILITIES AND COMMITMENTS : (to the extent not provided for)

#### 29.1 CONTINGENT LIABILITIES :

##### (i) Claims against the Company not acknowledged as debts:

	Nature of Dues	As at	As at
		March 31, 2014	March 31, 2013
		₹	₹
(a) Central Excise	Classification of paper gasket	14,17,866	14,17,866
(b) Service Tax	Cenvat credit disallowed	11,52,989	55,47,875
(c) Central Sales Tax	Central Sales Tax	4,97,936	15,51,616
(d) Haryana Value Added Tax	Disallowance of input tax	2,73,548	2,73,548
(e) Central Excise	Demand on Assessable value (Ex.)	–	60,25,898
(f) Customs Act	Demand of Custom Duty	12,09,782	–
(g) E.S.I	ESI Demand (Includes ₹4,34,130 paid under protest)	41,29,111	41,29,111
(h) Income Tax	Disallowances	4,47,739	4,47,739
(i) District Judge	Claim of freight bills	8,13,484	–
(j) High Court, Mumbai	Fees for building work	55,000	2,05,000
(k) Central Sales Tax	Non filing of return	35,000	35,000
(l) Central Excise	Objection on exemption on some of the products sold from Sitarganj Plant	80,00,000	–
<b>TOTAL</b>		<b>1,80,32,455</b>	<b>1,96,33,653</b>

(ii) Guarantees executed in favour of various authorities/ Customers/Others amounting to ₹ 3,20,54,736 (Previous Year ₹ 2,79,01,046)

(iii) Bills discounted with Banks ₹ 3,37,03,339 (Previous year ₹ 2,23,62,956).

#### 29.2 Estimated amount of Contracts remaining to be executed on Capital Account and not provided for:

Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances) - ₹ 3,99,77,003 (Previous Year ₹ 1,26,32,794).

	Year Ended March 31, 2014		Year Ended March 31, 2013	
	%	₹	%	₹
<b>30. COMPOSITION OF RAW MATERIALS AND COMPONENTS CONSUMED:- IMPORTED &amp; INDIGENOUS (as certified by the management)</b>				
Imported	37.92%	59,51,17,889	35.67%	58,94,57,083
Indigenous	62.08%	97,44,21,751	64.33%	1,06,30,96,318
<b>TOTAL</b>	<b>100.00%</b>	<b>1,56,95,39,640</b>	<b>100.00%</b>	<b>1,65,25,53,401</b>
<b>31. COMPOSITION OF STORES AND SPARES CONSUMED: - IMPORTED &amp; INDIGENOUS (as certified by the management)</b>				
Imported	4.01%	68,94,390	7.65%	1,20,03,374
Indigenous	95.99%	16,51,24,235	92.35%	14,48,37,693
<b>TOTAL</b>	<b>100.00%</b>	<b>17,20,18,625</b>	<b>100.00%</b>	<b>15,68,41,067</b>

# Talbros Automotive Components Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹	₹
<b>32. PAYMENT TO AUDITORS:</b>		
<b>As Auditors:</b>		
Audit Fee (including ₹ 80,000 (Previous year ₹ 80,000) to Branch Auditors)	6,30,000	6,30,000
Tax Audit Fee (including ₹ 20,000 (Previous year ₹ 20,000) to Branch Auditors)	1,70,000	1,70,000
Limited Review (including ₹ 31,500 (Previous year ₹ 31,500) to Branch Auditors)	2,32,500	2,31,500
<b>In other capacity:</b>		
Other Services	1,71,000	1,80,500
	<b>12,03,500</b>	<b>12,12,000</b>
<b>33. FOREIGN CURRENCY TRANSACTIONS:</b>		
<b>33.1 Value of Imports Calculated on C.I.F.basis:</b>		
a) Raw Materials, Stores & Spares	50,32,26,664	52,77,94,115
b) Plant and Machinery	32,06,269	1,66,27,129
c) Tools & Dies	10,55,464	1,49,40,463
<b>33.2 Expenditure</b>		
a) Selling Agency Commission remitted	12,66,184	15,37,590
b) Foreign Travel	1,73,29,566	1,87,14,604
c) Foreign Subscription, Newspaper & Periodicals	-	93,660
d) Royalty	15,95,210	15,98,586
e) Technical Know How Fee	42,45,357	50,95,102
f) Export Promotion Expenses	-	6,32,623
g) Exhibits & Shows	9,81,796	17,64,610
h) Business Development Consultancy	8,94,614	-
<b>33.3 Remittance in Foreign Currency on account of Dividend</b>		
<b>Year</b>	<b>Nos of Share held</b>	<b>Nos of non resident</b>
2012-13	366752	26
	4,40,102	4,40,102
<b>33.4 Earnings in Foreign Exchange:</b>		
Value of Exports on F.O.B. basis	71,00,15,159	57,56,65,333
<b>34. EXCISE DUTY</b>		
<p>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 31.03.2014, estimated at ₹ 4,16,918 (Previous year ₹ 6,50,173) 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 ₹ 4,16,918 (Previous year ₹ 6,50,173). 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 31.03.2014.</p>		
<b>35.</b>	Balance with Central Excise & Other Authorities includes ₹ 80 lacs deposited by the company as advance excise duty in view of investigation by the excise department, objecting excise exemption on some of the products sold from Sitarganj Plant. The matter is still to be decided.	
<b>36.</b>	The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/ payable under this Act and as required by Schedule VI of Companies Act, 1956 have not been given.	
<b>37.</b>	Small Industries Development Bank of India (SIDBI) has sanctioned a limit of ₹ 1300 lacs for discounting hundies of Micro, Small and Medium Enterprises supplying materials to the Company. This facility is secured by way of second pari - passu charge in favour of SIDBI on all the current assets of the Company including stock, raw material, stock in process, finished & semi finished goods, consumable stores, etc. both present and future and is further secured by personal guarantee of two directors. The hundies accepted by the Company and outstanding balance as at 31st March, 2014 amounted to ₹ 2,69,53,396 (Previous Year ₹ 6,05,22,344). These amounts have already been provided in the books of account.	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 38. SEGMENT REPORTING

#### a) Primary Segment:

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

#### b) Secondary Segment :

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

### 39. PRIOR PERIOD EXPENSES

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹	₹
Other Expenses	-	23,34,627

### 40. RELATED PARTY DISCLOSURES

As per the Accounting Standard-18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company's related parties and their transactions are as follows :

#### A) Name of the Related Parties and Nature of Relationship:

Name of the Parties	Nature of Relationship
<b>i) Joint Ventures and Associates</b>	
Nippon Leakless Talbros Pvt. Ltd.	Joint Venture
Magneti Marelli Talbros Chassis Systems Pvt. Ltd.	Joint Venture
Talbros Marugo Rubber Pvt. Ltd.	Joint Venture
QH Talbros Ltd	Associate
Talbros International Ltd.	Associate
<b>ii) Key Management Personnel and their Relatives</b>	
Mr. Umesh Talwar	Vice Chairman and Managing Director
Mr. Varun Talwar	Joint Managing Director
Mr. Anuj Talwar	Executive Director
Mrs. Kum Kum Talwar	Mother of Mr. Varun Talwar

#### B) Transactions with Related Parties:

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹	₹
i) Transactions with Joint Ventures and Associates		
<b>a) Sale of Products</b>		
Talbros Marugo Rubber Pvt. Ltd.	2,14,20,017	75,40,697
QH Talbros Ltd	10,22,30,561	17,48,85,208
<b>b) Sale of Services</b>		
Nippon Leakless Talbros Pvt. Ltd.	-	66,57,350
Talbros Marugo Rubber Pvt. Ltd.	33,70,800	-
<b>c) Royalty Income</b>		
QH Talbros Ltd	1,25,60,748	61,49,380
<b>d) Purchase of Goods</b>		
Nippon Leakless Talbros Pvt. Ltd.	2,64,78,954	2,14,40,712
<b>e) Dividend Received</b>		
Nippon Leakless Talbros Pvt. Ltd.	3,36,88,981	2,44,44,905
QH Talbros Ltd	88,981	4,44,905
<b>f) Lease rental Income</b>		
Magneti Marelli Talbros Chassis Systems Pvt. Ltd.	1,23,10,766	1,00,04,544

## Talbro Automotive Components Limited

### B) Transactions with Related Parties:

	Year Ended March 31, 2014	Year Ended March 31, 2013
	₹	₹
<b>g) Transfer of Assets (net) under slump sale</b>	–	<b>14,88,74,736</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	–	10,41,94,396
Talbro Marugo Rubber Pvt. Ltd.	–	4,46,80,340
<b>h) Reimbursement of expenses/payments</b>	<b>1,11,50,664</b>	<b>1,21,53,975</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	93,59,925	75,52,617
Talbro Marugo Rubber Pvt. Ltd.	17,90,739	46,01,358
<b>l) Interest Income</b>	<b>6,46,653</b>	<b>10,04,900</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	6,46,653	10,04,900
<b>j) Investment in Equity Share Capital during the year</b>	<b>99,00,000</b>	<b>9,53,50,000</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	–	5,02,50,000
Talbro Marugo Rubber Pvt. Ltd.	99,00,000	4,51,00,000
<b>k) Investment in Share Application Money during the year</b>	<b>1,50,27,259</b>	<b>49,72,741</b>
Talbro Marugo Rubber Pvt. Ltd.	50,27,259	49,72,741
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	1,00,00,000	–
<b>l) Outstanding Balance included in Trade Receivables</b>	<b>3,21,66,541</b>	<b>7,10,55,383</b>
Talbro Marugo Rubber Pvt. Ltd.	7,67,700	75,40,697
QH Talbro Ltd	3,13,98,841	6,35,14,686
<b>m) Outstanding Balance included in Loans and Advances</b>	<b>5,09,79,666</b>	<b>5,12,18,782</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	4,59,61,701	4,86,07,959
QH Talbro Ltd	50,17,965	17,14,189
Talbro Marugo Rubber Pvt. Ltd.	–	8,96,634
<b>n) Outstanding Balance included in Trade Payables</b>	<b>68,76,880</b>	<b>1,04,75,686</b>
Nippon Leakless Talbro Pvt. Ltd.	68,76,880	1,04,75,686
<b>II) Transactions with Key Management Personnel</b>		
<b>Remuneration*</b>	<b>1,24,75,964</b>	<b>1,10,30,411</b>
Mr. Umesh Talwar	45,87,996	45,87,996
Mr. Varun Talwar	39,44,800	39,44,800
Mr. Anuj Talwar	39,43,168	24,97,615
<b>III) Transactions with Relatives of Key Management Personnel</b>		
<b>Remuneration</b>	–	<b>14,14,241</b>
Mr. Anuj Talwar	–	14,14,241
Rent paid	<b>7,20,000</b>	<b>3,60,000</b>
Mrs. Kum Kum Talwar	7,20,000	3,60,000

\*Provision for contribution to gratuity fund and leave encashment on retirement which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	Year Ended March 31, 2014		Year Ended March 31, 2013	
	₹	₹	₹	₹
<b>41 EMPLOYEE BENEFITS</b>				
<b>41.1 DEFINED CONTRIBUTION PLANS:</b>				
a) Employer's Contribution to Superannuation Fund		33,98,685		33,74,052
b) Employer's Contribution to Provident Fund		1,68,32,832		1,56,74,929
<b>41.2 DEFINED BENEFIT PLANS:</b>				
a) <b>Gratuity and Leave Encashment</b>				
i) <b>Change in the Present Value of the Obligation:</b>				
		<b>GRATUITY</b>	<b>LEAVE ENCASHMENT</b>	
		<b>2013-14</b>	<b>2012-13</b>	<b>2013-14</b>
		<b>2012-13</b>	<b>2013-14</b>	<b>2012-13</b>
- Obligation at the beginning of the year	5,88,40,668	5,65,31,496	95,79,971	80,79,651
- Current Service Cost	40,36,978	42,11,939	45,76,772	43,60,399
- Interest Cost	47,50,839	45,22,520	6,45,242	5,00,355
- Actuarial Gains/ Loss	40,20,556	(6,10,688)	12,396	6,69,045
- Benefits paid during the year	(1,32,67,297)	(58,14,599)	(49,78,810)	(40,29,479)
- Obligation at the end of the year	<b>5,83,81,744</b>	<b>5,88,40,668</b>	<b>98,35,571</b>	<b>95,79,971</b>
ii) <b>Change in the Fair Value of the Plan Assets</b>				
- Plan Assets at the beginning of the year	3,00,89,969	3,23,40,425	-	-
- Expected return on Plan Assets	25,01,398	27,64,143	-	-
- Contributions by employer	87,18,552	8,00,000	-	-
- Actuarial Gains/ Loss	-	-	-	-
- Benefits Paid during the year	(1,09,45,800)	(58,14,599)	-	-
- Plan Assets at the end of the year	<b>3,03,64,119</b>	<b>3,00,89,969</b>	-	-
iii) <b>Amount of Obligations &amp; Assets recognized in the Balance Sheet</b>				
- Present Value of Obligations at the end of the year	5,83,81,744	5,88,40,668	98,35,571	95,79,971
- Fair Value of Assets at the end of the year	3,03,64,119	3,00,89,969	-	-
- <b>Net Obligation recognized in the Balance Sheet</b>	<b>2,80,17,625</b>	<b>287,50,699</b>	<b>98,35,571</b>	<b>95,79,971</b>
iv) <b>Expenses Recognized in the Statement of Profit and Loss</b>				
- Current Service Cost	40,36,978	42,11,939	45,76,772	43,60,399
- Interest Cost	47,50,839	45,22,520	6,45,242	5,00,355
- Expected return on Plan Assets	(24,17,015)	(25,72,772)	-	-
- Actuarial Gains/ Loss	39,36,173	(6,10,688)	12,396	6,69,045
- <b>Total</b>	<b>1,03,06,975</b>	<b>55,50,999</b>	<b>52,34,410</b>	<b>55,29,799</b>
v) <b>Actuarial Assumptions</b>				
- Mortality Rate	IAL (2006-08) ULTIMATE	LIC (1994-96) ULTIMATE	IAL (2006-08) ULTIMATE	LIC (1994-96) ULTIMATE
- Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age	1% to 3% depending on age	1% to 3% depending on age
- Discount Rate	8.00%	8.00%	8.75%	8.50%
- Salary Escalation	6.00%	6.00%	6.00%	6.00%
- Expected Rate of return on Plan Assets	8.31%	9.30%	-	-

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.

# Talbro Automotive Components Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

43. During the year, the Company disposed off one of its lands including building and immovable fixtures thereon which were not being used currently and earned a profit of ₹ 8,80,67,548/- on sale of these fixed assets.

### 44. Interest in Joint Ventures

The Company has invested in three joint venture companies namely, Nippon Leakless Talbro Pvt. Limited, Magneti Marelli Talbro Chassis Systems Pvt. Limited and Talbro Marugo Rubber Pvt. Limited wherein Company holds 40%, 50% and 50% ownership interests respectively. The proportionate assets, liabilities, expenses and incomes have been disclosed in the Consolidated Financial Statements.

### 45. Earnings Per Share :

Basic and Diluted Earnings per Share	Year Ended March 31, 2014	Year Ended March 31, 2013
a) Calculation of weighted average number of Equity Shares		
Number of Equity Shares at the beginning of the year	1,23,45,630	1,23,45,630
Number of Equity Shares at the end of the year	1,23,45,630	1,23,45,630
Weighted average number of Equity Shares outstanding during the year	1,23,45,630	1,23,45,630
b) Net Profit after Tax available for Equity Shareholders	15,76,83,709	10,43,80,228
c) Basic and Diluted Earnings per Share (Face value of ₹ 10 each)	12.77	8.45

46. The Company has provided Minimum Alternate Tax (MAT) due to brought forward unabsorbed depreciation and accumulated losses of the amalgamating Companies, and is entitled for MAT Credit amounting to ₹ 8,03,30,447 (Previous Year ₹ 7,63,72,157) as per provisions of Income Tax Act, 1961.'

47. Previous year figures have been regrouped/rearranged wherever considered necessary.

(SEEMA NARANG)  
Company Secretary

(MANVINDER  
SINGH AJMANI)  
CFO

(VARUN TALWAR)  
Joint Managing  
Director

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

As per our report of even date  
FOR S.N. DHAWAN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 000050N

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

Place : New Delhi  
Dated : 26.05.2014



**CONSOLIDATED  
BALANCE SHEET  
AND  
STATEMENT OF PROFIT AND LOSS**

# Talbro Automotive Components Limited

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Talbro Automotive Components Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Talbro Automotive Components Limited ("the Company") and its Joint Ventures (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Group as at March 31, 2014;
- (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  
Firm Reg. No. 000050N

**(Suresh Seth)**  
Partner  
Membership No. 010577

Place : New Delhi  
Date : May 26, 2014

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	2	12,34,56,300		12,34,56,300	
Reserves and Surplus	3(a)	1,06,94,14,493	1,19,28,70,793	93,58,06,486	1,05,92,62,786
Share Application Money Pending Allotment	3(b)		-		-
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	30,91,55,310		25,71,80,760	
Deferred Tax Liabilities (Net)	5	5,24,48,269		6,43,51,128	
Other Long Term Liabilities	6	59,58,578		1,13,02,643	
Long Term Provisions	7	4,00,80,498	40,76,42,655	3,99,20,416	37,27,54,947
<b>Current Liabilities</b>					
Short Term Borrowings	8	77,23,07,013		75,70,35,010	
Trade Payables	9	74,91,92,681		75,33,61,271	
Other Current Liabilities	10	31,03,01,525		33,13,02,214	
Short Term Provisions	11	2,80,01,204	1,85,98,02,423	2,69,99,791	1,86,86,98,285
<b>TOTAL</b>			<b>3,46,03,15,871</b>		<b>3,30,07,16,018</b>
<b>ASSETS:</b>					
<b>Non-Current Assets</b>					
Fixed Assets	12				
- Tangible Assets		1,03,86,92,375		1,01,30,61,400	
- Intangible Assets		4,01,42,986		3,89,06,492	
- Capital Work in Progress		10,34,94,219		3,87,06,391	
- Intangible Assets under Development		-	1,18,23,29,580	4,55,986	1,09,11,30,269
Non Current Investments	13		4,21,41,494		2,96,27,817
Long Term Loans and Advances	14		11,40,32,730		11,47,04,865
Other Non Current Assets	15		29,50,784		23,80,952
<b>Current Assets</b>					
Inventories	16	1,06,84,81,221		1,06,52,31,651	
Trade Receivables	17	69,65,97,420		64,37,77,613	
Cash and Bank Balances	18	8,03,32,481		8,89,91,833	
Short Term Loans and Advances	19	26,42,75,416		25,52,38,934	
Other Current Assets	20	91,74,745	2,11,88,61,283	96,32,085	2,06,28,72,116
<b>TOTAL</b>			<b>3,46,03,15,871</b>		<b>3,30,07,16,018</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1

The accompanying Notes are an integral part of the Consolidated Financial Statements

 (SEEMA NARANG)  
Company Secretary

 (MANVINDER  
SINGH AJMANI)  
CFO

 (VARUN TALWAR)  
Joint Managing  
Director

 (UMESH TALWAR)  
Vice Chairman &  
Managing Director

 As per our report of even date  
FOR S.N. DHAWAN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 000050N

 (SURESH SETH)  
PARTNER  
M. NO. 10577

 Place : New Delhi  
Dated : 26.05.2014

# Talbro Automotive Components Limited

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	Year Ended March 31, 2014		Year Ended March 31, 2013	
		₹	₹	₹	₹
<b>INCOME</b>					
Revenue from Operations (Gross)	21	3,96,58,29,985		37503,87,484	
Less: Excise Duty		<u>30,61,24,772</u>	3,65,97,05,213	<u>3032,63,850</u>	3,44,71,23,634
Other Income	22		7,08,61,795		6,22,93,040
Proportionate consolidation eliminations			<u>(4,18,40,611)</u>		<u>(1,46,13,624)</u>
Total Revenue			<b><u>3,68,87,26,398</u></b>		<b><u>3,49,48,03,050</u></b>
<b>EXPENSES</b>					
Cost of Raw Materials Consumed	23		1,94,86,43,392		1,98,82,41,941
Purchase of Stock -in-Trade	23		13,99,12,284		2,22,51,205
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24		18,36,506		(7,84,64,794)
Employee Benefits Expense	25		42,35,23,439		38,94,99,103
Finance Costs	26		19,02,57,652		20,58,29,377
Depreciation and Amortisation Expense	27		10,45,28,475		10,34,19,974
Other Expenses	28		79,10,91,147		73,89,51,871
Less: Overheads charged to Fixed Assets			<u>(1,209,118)</u>		<u>(43,99,011)</u>
<b>Total</b>			<b><u>3,59,85,83,777</u></b>		<b><u>3,36,53,29,666</u></b>
Proportionate consolidation eliminations			<u>(4,18,40,611)</u>		<u>(1,46,13,624)</u>
Total Expenses			<u>3,55,67,43,167</u>		<u>3,35,07,16,042</u>
<b>Profit before exceptional items and Tax</b>			<b>13,19,83,231</b>		<b>14,40,87,007</b>
Exceptional items			8,80,67,548		-
<b>Profit before Tax</b>			<b>22,00,50,779</b>		<b>14,40,87,007</b>
<b>Tax Expense:</b>					
Current Tax / MAT		4,70,51,482		3,08,59,646	
MAT Credit Entitlement		(1,65,00,000)		(1,52,00,000)	
Deferred Tax		(1,19,02,858)		(1,10,74,619)	
Short / (Excess) Provision for Tax for Earlier Years Provided / Written Back		<u>82,73,834</u>	2,69,22,458	<u>7,19,812</u>	53,04,839
<b>Profit for the Year</b>			<b>19,31,28,321</b>		<b>13,87,82,168</b>
<b>Earnings per Share (Face Value ₹ 10)</b>					
Basic and Diluted Earnings per Share (₹)	45		<b>15.64</b>		<b>11.24</b>

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1

The accompanying Notes are an integral part of the Consolidated Financial Statements

(SEEMA NARANG) Company Secretary	(MANVINDER SINGH AJMANI) CFO	(VARUN TALWAR) Joint Managing Director	(UMESH TALWAR) Vice Chairman & Managing Director	As per our report of even date FOR S.N. DHAWAN & CO. CHARTERED ACCOUNTANTS FIRM REGN.NO. 000050N
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(SURESH SETH)  
PARTNER  
M. NO. 10577

Place : New Delhi  
Dated : 26.05.2014

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	2013-14		2012-13	
	₹	₹	₹	₹
<b>A. Cash flows from Operating Activities</b>				
<b>a. Net Profit before tax</b>		<b>13,19,83,231</b>		<b>1440,87,007</b>
Adjustments for:				
Depreciation/Amortisation	10,45,28,476		10,34,19,974	
Interest Expense	19,02,57,652		20,57,39,223	
Foreign Exchange Fluctuation	12,54,924		(15,54,697)	
Interest Income	(1,35,67,720)		(1,62,84,879)	
Dividend Income	(3,37,32,721)		(2,44,44,905)	
Loss / Profit on Sale of Assets	(14,02,573)		(15,54,617)	
Provision for doubtful debts	10,40,806		23,05,997	
		<b>24,83,78,843</b>		<b>26,76,26,096</b>
<b>b. Operating profit before Working Capital changes</b>		<b>38,03,62,074</b>		<b>41,17,13,103</b>
Adjustments for:				
Current Assets, Loans and advances (Current & Non-Current)	(5,59,24,008)		1,59,48,337	
Inventories	(32,49,571)		(7,53,36,979)	
Current Liabilities (Current & non Current)	(1,89,01,214)	(7,80,74,793)	(4,00,73,129)	(9,94,61,771)
<b>c. Cash generated from Operations</b>		<b>30,22,87,281</b>		<b>31,22,51,332</b>
Direct Taxes (paid) / refund	(5,68,64,611)	(5,68,64,611)	(2,67,18,001)	(2,67,18,001)
<b>Net Cash from Operating Activities</b>		<b>24,54,22,669</b>		<b>28,55,33,331</b>
<b>B. Cash flows from Investing Activities</b>				
Proceeds from sale of Fixed Assets	59,64,229		10,55,80,938	
Movement in Inter-Corporate Deposits	(30,00,000)		(50,00,000)	
Interest Received	1,41,82,461		1,23,06,059	
Dividends Received	3,37,32,721		2,44,44,905	
Purchase of Fixed Assets	(20,09,38,949)		(16,79,46,769)	
Investments made	(3,99,27,307)		(10,28,22,977)	
<b>Net Cash flow from investing activities</b>	(18,99,86,845)		(13,34,37,844)	
<b>Exceptional Items</b>				
Proceeds from sale of Fixed Assets(not in use)	9,86,51,680	(9,13,35,165)	—	(13,34,37,844)
<b>C. Cash flows from Financing Activities</b>				
Interest Paid	(18,95,06,681)		(20,72,09,590)	
Proceeds from Issuance of Share Capital	99,00,000		7,79,55,000	
Share Application received pending allotment		1,75,13,630		24,86,371
Movement in other Bank balances	(4,92,155)		36,11,164	
Proceeds from Borrowings	19,00,82,445		13,16,43,168	
Repayment of Borrowings	(13,53,66,339)		(9,92,04,416)	
Dividends Paid	(4,84,70,385)		(3,86,50,132)	
Dividend Tax Paid	(81,13,644)		(62,96,724)	
<b>Net Cash flow from Financing Activities</b>		<b>(16,44,53,129)</b>		<b>(13,56,65,161)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>		<b>(1,03,65,625)</b>		<b>1,64,30,326</b>
<b>Cash and Cash Equivalents as at:</b>				
– the beginning of the year		5,45,69,093		3,81,38,767
– the end of the year		4,42,03,468		5,45,69,093

**Note :** Previous year figures have been regrouped wherever necessary.

(SEEMA NARANG)  
Company Secretary

(MANVINDER  
SINGH AJMANI)  
CFO

(VARUN TALWAR)  
Joint Managing  
Director

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

As per our report of even date  
**FOR S.N. DHAWAN & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 000050N

(SURESH SETH)  
PARTNER  
M. NO. 10577

Place : New Delhi  
Dated : 26.05.2014

# Talbro Automotive Components Limited

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Accounting Convention:

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

#### b) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Difference between the actual results and the estimate are recognized in the period in which the results are known / materialized.

#### c) Investments:

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

#### d) Inventory Valuation:

Raw Materials and Stores & spare parts are valued at lower of cost or net realizable value. Cost represents purchase price and other expenditure directly attributable to the acquisition and is determined on First in First Out (FIFO) basis.

Tools are amortised over a period of 36 months of usage at Forging Plant and over a period of 36 months from the month put to use at Gasket Plants.

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

#### e) Fixed Assets

##### i) Tangible

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

##### ii) Intangible

Technical know-how fee is recognized as an Intangible Asset in accordance with Accounting Standard -26 "Intangible Assets".

Major Software Products are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### f) Depreciation / Amortisation

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

Depreciation on assets transferred to Gasket Plant at Faridabad from erstwhile Rubber Division are depreciated on Straight Line method except for vehicles which are depreciated on written down value method, as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

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

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

Leasehold Land is amortized over the period of the lease.

Technical know how fee is amortized over the period of agreement but not exceeding ten years starting from the use of technical know how.

Expenditure on Major Software Products is written off over a period of 36 months from the month put to use except Forging Division where the Software Products are written off over a period of 60 months from the month put to use.

#### g) Revenue Recognition:

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

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

iii) Export incentives are accounted on accrual basis.

**h) Foreign Currency Transactions:**

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

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

**i) Employee Benefits:**

- i) Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss 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 Statement of Profit and Loss of the year when the contributions to the fund are due.
- iii) Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation made at the end of each financial year based on the projected unit credit 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 credit method.
- v) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

**j) Borrowing Costs:**

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

**k) Leases**

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

**l) Deferred Tax**

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

**m) Impairment of Assets:**

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

**n) Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

Contingent Liability is disclosed in the case of

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

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

**o) Financial Instruments**

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

# Talbros Automotive Components Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014		As at March 31, 2013	
	₹	₹	₹	₹
<b>2. SHARE CAPITAL:</b>				
<b>Authorised Share Capital:</b>		20,00,00,000		20,00,00,000
2,00,00,000 Equity Shares of ₹10/- each (Previous year 2,00,00,000 Equity Shares of ₹ 10 each)				
<b>Issued, Subscribed and Paid-up:</b>				
1,23,45,630 Equity Shares of ₹10/- each fully paid up (Previous year 1,23,45,630 Equity Shares of ₹ 10 each fully paid up)		27,67,56,300		26,68,56,300
Proportional consolidation eliminations		(15,33,00,000)		(14,34,00,000)
<b>TOTAL</b>		<b>12,34,56,300</b>		<b>12,34,56,300</b>

### 2.1 Terms/rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹10 per share. Each holder of Equity Shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

### 2.2. Details of Equity Shares held by shareholders holding more than 5% shares in the Company.

	%	No. of Shares as at 31.03.2014	%	No. of Shares as at 31.03.2013
QH Talbros Ltd.	18.59	22,95,322	13.69	16,90,653

### 3(a). RESERVES AND SURPLUS :

Capital Reserves		15,21,000		15,21,000
Securities Premium Account		46,78,30,274		46,78,30,274
Revaluation Reserve				
As per last Balance Sheet	51,38,470		52,15,793	
Less: Transferred to Statement of Profit and Loss	69,590	50,68,880	77,323	51,38,470
General Reserve				
As per last Balance Sheet	5,04,66,442		4,16,22,266	
Add: Transferred from Surplus balance in the Statement of Profit and Loss	1,03,01,958	6,07,68,400	88,44,176	5,04,66,442
Surplus balance in Statement of Profit and Loss				
As per last Balance Sheet	41,08,50,300		33,16,39,548	
Profit for the year	19,31,28,321		13,87,82,168	
Less:- Allocations and Appropriations				
Interim Dividend (₹ 6/- per share, previous year-₹ 5/- per share)	2,88,00,000		2,40,00,000	
Proposed Dividend (₹ 1.50/- per share, previous year-₹1/- per share)	72,00,000		4,80,00,00	
Tax paid on Interim Dividend	61,18,200		47,09,160	
Proposed Dividend ₹ 1.20 per share (previous year ₹ 1.20 per share)	1,48,14,756		1,48,14,756	
Corporate Dividend Tax	25,17,768		24,03,324	
Transferred to General Reserve	1,03,01,958	53,42,25,939	88,44,176	41,08,50,300
<b>TOTAL</b>		<b>1,06,94,14,493</b>		<b>93,58,06,486</b>

### 3(b). SHARE APPLICATION MONEY PENDING ALLOTMENT

Share Application Money Pending Allotment		2,00,00,000		24,86,371
Proportionate consolidation eliminations		(2,00,00,000)		(24,86,371)
<b>TOTAL</b>		<b>-</b>		<b>-</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**
**4. LONG TERM BORROWINGS:**

(Amount in ₹)

	Non-Current portion		Current Maturities		Total	
	As at 31.03.2014 ₹	As at 31.03.2013 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>Secured, unless otherwise stated</b>						
a) <b>Term Loans:</b>						
From Banks						
* State Bank of India	–	6,74,07,000	6,74,07,000	6,75,00,000	6,74,07,000	13,49,07,000
** HDFC Bank Ltd.	4,19,70,000	58,59,375	1,39,90,000	3,90,625	5,59,60,000	62,50,000
# Yes Bank	7,04,81,482	–	65,18,519	2,85,71,429	7,70,00,001	2,85,71,429
*** IndusInd Bank	3,86,25,000	–	2,11,75,000	–	5,98,00,000	–
## Punjab National Bank	–	6,93,45,771	–	1,52,00,000	–	8,45,45,771
Against security of movable fixed assets on Hire Purchase basis	86,38,753	52,57,536	83,45,318	1,06,19,333	1,69,84,071	1,58,76,869
	15,97,15,235	14,78,69,682	11,74,35,837	12,22,81,387	27,71,51,072	27,01,51,069
<b>From Others</b>						
**** Bajaj Finance Ltd.	7,31,52,032	2,07,06,227	1,37,47,029	22,93,773	8,68,99,061	2,30,00,000
Against security of movable fixed assets on Hire Purchase basis	1,53,043	2,57,851	–	19,52,632	1,53,043	22,10,483
b) <b>Deposits (Unsecured)</b>						
Fixed Deposits from Public	7,61,35,000	883,47,000	3,19,71,000	4,72,88,220	10,81,06,000	13,56,35,220
<b>Total</b>	<b>30,91,55,310</b>	<b>25,71,80,760</b>	<b>16,31,53,866</b>	<b>17,38,16,012</b>	<b>47,23,09,176</b>	<b>43,09,96,772</b>
Amount disclosed under the head "Other Current Liabilities (Note no. 10)			16,31,53,866	17,38,16,012		

**Notes:-**

- Term Loans from State Bank of India carrying rate of interest @ 13.65% per annum is secured by first exclusive charge over the fixed assets at the Sitarganj Plant including Land & Building and is further secured by personal guarantee of two directors.
- Term Loan from HDFC Bank Ltd. Carrying rate of interest @ base rate plus 3.2% per annum, and is secured by exclusive charge over the current assets and fixed assets (present and future) of the Company and is further secured by Corporate Guarantee of Magnetti Marelli, Italy and personal guarantee of two directors and one relative of director of the company.
- # Term loan from Yes Bank carrying rate of interest @ base rate plus 1.65% p.a. is secured by way of exclusive charge on all the assets finances by bank located anywhere and second pari passu charge on all the current assets of the Company both present and future and personal guarantee of two directors.
- \*\*\* Term loan from IndusInd Bank carrying rate of interest @ base rate plus 1 % p.a. is secured by first charge by way of hypothecation over specific assets created out of the term loan both present and future, second pari passu charge over current assets of the Company both present and future and personal guarantee of two directors.
- \*\*\*\* Term loan from Bajaj Finance Ltd carrying rate of interest @ 11.15% to 12.15% per annum is secured by first and exclusive charge over existing plant & machinery of the Company 's Gasket division situated at Faridabad and is further secured by personal guarantee of two directors.
- ## Term Loan from Punjab National Bank carrying rate of interest @ 13.75% per annum is secured by way of first charge on the specific fixed assets financed out of this loan and is further secured by second pari-passu charge on entire current assets, present & future and personal guarantee of two directors.

**4.1 Terms of Repayment of Long Term Borrowings**

Particulars	Maturity profile of Long Term Borrowings					Total
	2014-15	2015-16	2016-17	2017-18	2018-19 & thereafter	
From Banks						
State Bank of India	6,74,07,000	–	–	–	–	6,74,07,000
HDFC Bank Ltd.	1,39,90,000	4,04,07,500	–	–	–	5,59,60,000
Yes Bank	65,18,519	1,25,00,000	1,25,00,000	1,25,00,000	3,29,81,482	7,70,00,001
IndusInd Bank	2,11,75,000	2,83,00,000	1,03,25,000	–	–	5,98,00,000
Punjab National Bank	–	–	–	–	–	–
Against Security of Movable Fixed Assets on Hire Purchase Basis	83,45,318	52,91,529	27,14,535	6,32,689	–	1,69,84,071
From Others						
Bajaj Finance Ltd.	1,37,47,029	1,81,95,414	2,04,49,358	2,24,99,395	1,20,07,865	8,68,99,061
Against Security of Movable Fixed Assets on Hire Purchase Basis	–	1,53,043	–	–	–	1,53,043
Deposits (Unsecured)	31,971,000	5,41,33,000	2,20,02,000	–	–	10,81,06,000
<b>Total</b>	<b>16,31,53,866</b>	<b>15,89,80,486</b>	<b>6,79,90,893</b>	<b>3,56,32,084</b>	<b>4,49,89,347</b>	<b>47,23,09,176</b>

# Talbro Automotive Components Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 5. DEFERRED TAX LIABILITIES (NET)

The deferred tax assets/(liabilities) comprise of the following:

Particulars	Deferred Tax Assets/(Liabilities) As at 01.04.2013			(Charge) / Credit during the year			Deferred Tax Assets/(Liabilities) As at 31.03.2014		
	Talbro Automotive Components Ltd	Joint Ventures	Total	Talbro Automotive Components Ltd	Joint Ventures	Total	Talbro Automotive Components Ltd	Joint Ventures	Total
Depreciation	(7,29,80,013)	(74,86,476)	(8,04,66,490)	(18,80,468)	(50,31,101)	(69,11,570)	(7,48,60,481)	(1,25,17,577)	(8,73,78,060)
Disallowance u/s 43B	73,09,993	5,97,894	79,07,887	63,82,419	2,76,930	66,59,349	1,36,92,412	8,74,824	1,45,67,236
Business Loss	–	36,69,847	36,69,847	–	1,16,84,227	1,16,84,227	–	1,53,54,074	1,53,54,074
Provision for doubtful debts / advances	45,37,628	–	45,37,628	4,70,853	–	4,70,853	50,08,481	–	50,08,481
<b>Total</b>	<b>(6,11,32,392)</b>	<b>(32,18,735)</b>	<b>(6,43,51,128)</b>	<b>49,72,804</b>	<b>69,30,056</b>	<b>1,19,02,859</b>	<b>(5,61,59,588)</b>	<b>37,11,321</b>	<b>(5,24,48,269)</b>

	As at March 31, 2014		As at March 31, 2013	
	₹	₹	₹	₹
<b>6. OTHER LONG TERM LIABILITIES</b>				
Security Deposits		27,36,000		22,26,000
Enhanced cost of Land payable to HSIIDC		32,22,578		90,76,643
<b>Total</b>		<b>59,58,578</b>		<b>1,13,02,643</b>
<b>7. LONG-TERM PROVISIONS:</b>				
Provision for Leave Encashment		1,09,77,420		1,03,75,366
Provision for Gratuity		2,91,03,078		2,95,45,050
<b>Total</b>		<b>4,00,80,498</b>		<b>3,99,20,416</b>
<b>8. SHORT TERM BORROWINGS:</b>				
Secured, unless otherwise stated				
<b>a) Working Capital Loans</b>				
<b>From Banks</b>				
State Bank of India*	30,28,19,274		27,93,65,506	
HDFC Bank Ltd.**	10,00,68,222		10,08,161	
HDFC Bank Ltd.****	3,00,00,000		–	
ICICI Bank*	2,17,43,303		2,54,31,258	
IndusInd Bank**	11,83,81,852		–	
State Bank of Patiala*	4,94,18,997		17,97,96,044	
Punjab National Bank*	4,99,62,795		19,82,05,848	
Yes Bank***	3,04,47,570	70,28,42,013	49,78,193	68,87,85,010
<b>From others</b>				
Bajaj Finance Ltd. (Unsecured)****		5,00,00,000		4,50,00,000
<b>b) Deposits (Unsecured)</b>				
Fixed Deposits from Public		94,65,000		1,32,50,000
Inter Corporate Deposit		1,00,00,000		1,00,00,000
<b>Total</b>		<b>77,23,07,013</b>		<b>75,70,35,010</b>

#### Notes:-

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

\*\* Working Capital Loan from HDFC Bank Ltd. is secured by way of first pari passu charge on entire current assets of the Company, second pari passu charge on entire fixed assets of the Company including equitable mortgage of Land and building situated at Faridabad and Chennai and personal guarantee of two directors of the Company.

\*\*\* Working Capital Loan from Yes Bank is secured by first pari passu charge on all the current assets both present and future ,second pari passu charge on all the movable fixed assets of the Company excluding those exclusively charged to other banks and personal guarantee of two directors of the Company.

\*\*\*\* Against personal guarantee of two directors of the Company.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	As at March 31, 2014		As at March 31, 2013	
	₹	₹	₹	₹
<b>9. TRADE PAYABLES:</b>				
Acceptances		26,47,36,880		28,25,21,305
Trade Payables		48,75,90,404		47,88,00,589
Proportionate consolidation eliminations		(31,34,602)		(79,60,623)
<b>Total</b>		<b>74,91,92,682</b>		<b>75,33,61,271</b>
<b>10. OTHER CURRENT LIABILITIES:</b>				
Current Maturities of Long Term Borrowings		16,31,53,865		17,38,16,012
Interest accrued but not due on Borrowings		1,12,03,799		1,18,54,246
Interest accrued and due on Borrowings		26,85,837		29,55,773
Liability towards Investors Education and Protection Fund*				
– Unclaimed Dividend	18,44,254		18,99,883	
– Unclaimed Matured Deposits	16,34,220		19,84,000	
– Interest accrued on Unclaimed Matured Deposits	2,28,321		2,84,269	
– Unclaimed Fractional Shares	3,087	37,09,882	3,087	41,71,239
Employee Related Payables		3,55,65,202		3,30,18,146
Statutory Liabilities		2,94,41,359		3,30,78,579
Advance Received from Customers		2,33,81,307		2,65,90,763
Enhanced cost of Land payable to HSIIDC		69,67,836		60,67,954
Others		5,71,73,288		6,45,01,798
Proportionate consolidation eliminations		(2,29,80,850)		(2,47,52,297)
<b>TOTAL</b>		<b>31,03,01,525</b>		<b>33,13,02,214</b>
* There are no amounts due for payment to Investors Education and Protection Fund				
<b>11. SHORT-TERM PROVISIONS :</b>				
Leave Encashment		20,18,701		25,49,902
Provision for Gratuity		2,26,339		10,934
Taxation (Net of advances)		–		16,05,115
Proposed Dividend		2,20,14,756		1,96,14,756
Corporate Dividend Tax		37,41,408		32,19,084
<b>TOTAL</b>		<b>2,80,01,204</b>		<b>2,69,99,791</b>

**12. Fixed Assets**

(Amount in ₹)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	Cost as at 01.04.2013	Additions during the year	Deductions during the year	Cost as at 31.03.2014	As at 01.04.2013	For the year	Deductions during the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>(i) Tangible Assets</b>										
Land										
-Freehold	6,50,28,111	27,62,009	36,28,662	6,41,61,458	–	–	–	–	6,41,61,458	6,50,28,111
-Leasehold	4,13,98,978	–	–	4,13,98,978	21,22,638	4,59,800	–	25,82,438	3,88,16,541	3,92,76,341
Buildings	36,13,07,438	88,37,504	3,43,31,468	33,58,13,474	10,92,00,348	1,40,29,270	2,80,24,389	9,52,05,229	24,06,08,245	25,21,07,090
Plant, Machinery & Equipments	93,72,64,819	9,31,89,311	2,93,94,465	1,00,10,59,665	39,88,00,722	6,18,56,035	2,86,69,589	43,19,87,168	56,90,72,498	53,84,64,098
Motor Vehicles	7,95,73,851	1,92,85,477	1,39,88,867	8,48,70,461	4,13,23,540	1,22,45,203	1,02,12,418	4,33,56,325	4,15,14,136	3,82,50,312
Furniture & Fixtures	3,85,19,649	54,73,559	26,35,527	4,13,57,681	2,39,24,186	28,38,865	23,86,034	2,43,77,017	1,69,80,665	1,45,95,463
Office Equipment	2,49,30,187	31,17,023	2,27,422	2,78,19,788	13,401,352	15,62,259	1,87,436	1,47,76,175	1,30,43,613	1,15,28,834
Electrical Installation	6,88,09,982	48,29,255	3,06,581	7,33,32,656	2,13,07,407	37,40,408	2,94,136	2,47,53,679	4,85,78,976	4,75,02,574
Air-Conditioning Plant	80,25,129	17,250	–	80,42,379	23,14,875	3,83,452	–	26,98,327	53,44,053	57,10,255
Tube-Well	10,51,423	–	–	10,51,423	4,53,101	26,130	–	4,79,231	5,72,192	5,98,322
<b>Total</b>	<b>1,62,59,09,567</b>	<b>13,75,11,388</b>	<b>8,45,12,992</b>	<b>1,67,89,07,963</b>	<b>61,28,48,168</b>	<b>9,71,41,422</b>	<b>6,97,74,002</b>	<b>64,02,15,589</b>	<b>1,03,86,92,375</b>	<b>1,01,30,61,400</b>
Previous Year	1,93,26,27,470	15,10,33,011	45,77,50,914	1,62,59,09,567	86,96,96,514	9,68,76,285	35,37,24,632	61,28,48,168	1,01,30,61,400	
<b>(ii) Intangible Assets</b>										
Computer Software	2,03,01,026	32,29,962	–	2,35,30,988	1,72,33,816	20,12,565	–	1,92,46,381	42,84,607	30,67,210
Technical Know-How	6,81,04,961	54,63,175	–	7,35,68,136	3,22,65,679	54,44,079	–	3,77,09,758	3,58,58,378	3,58,39,282
<b>Total</b>	<b>8,84,05,987</b>	<b>86,93,137</b>	<b>–</b>	<b>9,70,99,124</b>	<b>4,94,99,495</b>	<b>74,56,645</b>	<b>–</b>	<b>5,69,56,139</b>	<b>4,01,42,986</b>	<b>3,89,06,492</b>
Previous Year	5,37,92,069	3,46,13,919	–	8,84,05,988	4,28,78,483	66,21,013	–	4,94,99,496	3,89,06,492	
<b>iii) Capital Work In Progress</b>										
Capital work in progress									10,34,94,219	3,87,06,391
<b>iv) Intangible Assets Under Development</b>										
Computer Software									–	4,55,986

# Talbro Automotive Components Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014	As at March 31, 2013
	₹	₹
<b>13. NON-CURRENT INVESTMENTS:</b>		
<b>Unquoted : At Cost</b>		
<b>a) Trade Investments:</b>		
<b>In Joint Ventures</b>		
– Nippon Leakless Talbro Pvt. Ltd 48,00,000 Equity Shares (Previous year 48,00,000 Equity Shares) of ₹ 10/- each fully paid up	4,80,00,000	4,80,00,000
– Magneti Marelli Talbro Chassis Systems Pvt.Ltd. 50,30,000 Equity Shares (Previous year 50,30,000 Equity Shares) of ₹ 10/- each fully paid up	5,03,00,000	50,00,000
Share Application Money	1,00,00,000	–
– Talbro Marugo Rubber Pvt. Ltd. 55,00,000 Equity Shares (Previous year 45,10,000 Equity Shares) of ₹ 10/- each fully paid up	5,50,00,000	4,51,00,000
Share Application money	1,00,00,000	49,72,741
<b>In Associates</b>		
<b>QH Talbro Limited</b>		
1,77,962 Equity Shares (Previous year 1,77,962 Equity Shares) of ₹ 10/- each fully paid	32,45,680	32,45,680
– <b>Talbro International Ltd.</b> 3,26,092 Equity Shares (Previous year 1,08,700 Equity Shares) of ₹ 10/- each fully paid	2,25,00,284	75,00,236
<b>b) Non Trade Investments:</b>		
– <b>T &amp; T Motors Ltd.</b> 83,333 Equity Shares (Previous Year 83,333 Equity Shares) of ₹ 10/- each fully paid	13,74,990	13,74,990
– <b>Caparo Power Ltd.</b> 11,47,134 Equity Shares (Previous year 11,47,134 Equity Shares) of ₹ 10/- each fully paid up	1,14,71,340	1,14,71,340
2,54,920, 2% Cumulative Redeemable Preference Shares (Previous year 2,54,920 Shares) of ₹ 10/- each fully paid up	25,49,200	25,49,200
<b>Mutual Funds</b>		
1,00,000 units (previous year 1,00,000 units) of ₹10/- SBI Infrastructure Fund-1-Growth	10,00,000	10,00,000
Proportionate consolidation eliminations	(17,33,00,000)	(14,58,86,371)
<b>TOTAL</b>	<b><u>4,21,41,494</u></b>	<b><u>2,96,27,817</u></b>
<b>NOTES:</b>		
Book Value of Unquoted Investments	4,21,41,494	2,96,27,817
Net Asset value of Mutual Funds	7,60,840	7,27,750
<b>14. Long Term Loans and advances:</b>		
<b>Unsecured Considered good</b>		
– Capital Advances	1,24,32,609	2,74,17,266
– Security Deposits	1,04,89,372	1,03,93,335
– Balances with Custom Authorities	5,22,106	5,22,106
– Advance Tax (Net of Provision)	1,02,58,196	–
– MAT Credit Entitlement	8,03,30,447	7,63,72,157
<b>TOTAL</b>	<b><u>11,40,32,730</u></b>	<b><u>11,47,04,865</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	As at March 31, 2014		As at March 31, 2013	
	₹	₹	₹	₹
<b>15. OTHER NON-CURRENT ASSETS</b>				
Bank Deposits with more than 12 months maturity (Under Lien with Bank)		29,50,784		23,80,952
<b>TOTAL</b>		<b>29,50,784</b>		<b>23,80,952</b>
<b>16. INVENTORIES:</b>				
(Taken, valued and certified by the Management at lower of cost or net realisable value unless otherwise stated)				
Raw Material (Includes in transit ₹ 7,28,32,796 Previous year ₹ 6,13,93,013)		33,63,95,697		33,60,01,074
Work in Progress		37,56,28,578		35,48,02,385
Finished Goods		16,10,11,233		18,37,51,793
Stock in Trade		7,52,896		6,75,035
Stores & Spares (Includes in transit ₹ 13,43,500 Previous year ₹ 6,67,985)		19,46,92,817		19,00,01,364
<b>TOTAL</b>		<b>1,06,84,81,221</b>		<b>1,06,52,31,651</b>
<b>16.1 WORK IN PROGRESS INCLUDE</b>				
Gaskets		28,64,97,491		26,01,16,320
Forgings		7,38,12,039		8,45,90,548
Stamping and Rubber		1,53,19,049		1,00,95,517
<b>TOTAL</b>		<b>37,56,28,578</b>		<b>35,48,02,385</b>
<b>17. TRADE RECEIVABLES</b>				
Unsecured:				
Outstanding for a period exceeding six months				
– Considered Good	4,08,22,579		3,90,88,478	
– Considered Doubtful	72,09,295	4,80,31,874	63,58,077	4,54,46,555
Others: Considered Good		65,89,09,443		61,26,49,758
		70,69,41,317		65,80,96,313
Less : Provision for Doubtful Trade Receivables		72,09,295		63,58,077
Proportionate consolidation eliminations		(31,34,602)		(79,60,623)
<b>TOTAL</b>		<b>69,65,97,420</b>		<b>64,37,77,613</b>

# Talbros Automotive Components Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	As at March 31, 2014		As at March 31, 2013	
	₹	₹	₹	₹
<b>18. CASH AND BANK BALANCES :</b>				
(a) Cash and Cash Equivalents				
Balances with Banks		3,94,06,964		4,19,06,909
Cash on hand		44,20,743		36,62,184
Cheques in hand		3,75,761		90,00,000
		<b>4,42,03,468</b>		<b>5,45,69,093</b>
(b) Other Bank Balances				
Margin Money (pledged with banks)		1,26,09,143		1,37,94,766
Bank Deposits		2,16,74,383		1,87,26,250
Earmarked balances with Banks for Unclaimed Dividend		18,45,487		1901,724
		<b>3,61,29,013</b>		<b>3,44,22,740</b>
<b>TOTAL</b>		<b>8,03,32,481</b>		<b>8,89,91,833</b>
<b>19. SHORT TERM LOANS AND ADVANCES:</b>				
Unsecured Considered good				
Loans and Advances to Related Parties		5,09,79,666		5,12,18,782
Inter Corporate Deposits		7,30,00,000		7,00,00,000
Advances recoverable in kind or for value to be received				
- Considered Good	7,00,80,450		6,99,25,905	
- Considered Doubtful	75,25,864		75,25,864	
	<b>7,76,06,314</b>		<b>7,74,51,769</b>	
Less : Provision for Doubtful Advances	<b>75,25,864</b>	7,00,80,450	<b>75,25,864</b>	6,99,25,905
Balances with Central Excise & Other Authorities		9,23,66,951		8,73,10,569
Security Deposit		2,47,600		2,47,600
Claim Receivables		5,81,599		12,88,374
Proportionate consolidation eliminations		(2,29,80,850)		(2,47,52,297)
<b>TOTAL</b>		<b>26,42,75,416</b>		<b>27,99,91,230</b>
<b>19.1 ADVANCES TO RELATED PARTIES INCLUDE:</b>				
QH Talbros Ltd.		50,17,965		17,14,189
<b>TOTAL</b>		<b>50,17,965</b>		<b>17,14,189</b>
<b>20 OTHER CURRENT ASSETS :</b>				
Interest accrued on deposits		91,74,745		96,32,085
<b>TOTAL</b>		<b>91,74,745</b>		<b>96,32,085</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	<b>Year Ended March 31, 2014</b>		<b>Year Ended March 31, 2013</b>	
	₹	₹	₹	₹
<b>21. REVENUE FROM OPERATIONS :</b>				
Sale of Products		3,82,49,41,117		3,59,95,49,710
Sale of Services		69,43,523		1,71,86,036
Other Operating Revenues		13,39,45,345		13,36,51,738
		<u>3,96,58,29,985</u>		<u>3,75,03,87,484</u>
Less: Excise Duty		<u>30,61,24,772</u>		<u>30,32,63,850</u>
<b>TOTAL</b>		<u><u>3,65,97,05,213</u></u>		<u><u>3,44,71,23,634</u></u>
<b>22. OTHER INCOME:</b>				
Interest				
– Inter Corporate Deposits		93,31,201		99,43,439
– Fixed Deposits with Banks		34,74,386		45,85,632
– Others		7,62,133		17,55,807
Dividend from Long Term Investments		3,37,32,721		2,44,44,905
Royalty		1,06,80,000		52,28,620
Lease Rentals		1,11,55,200		92,05,000
Net Gain on Foreign Currency Transactions & Translation		–		4,02,888
Profit on sale of Fixed Assets (Net)		14,02,573		15,54,617
Surrender Value of Keyman Insurance Policy received		–		34,88,783
Miscellaneous income		3,23,581		16,83,348
<b>TOTAL</b>		<u><u>7,08,61,795</u></u>		<u><u>6,22,93,040</u></u>
<b>22 (A). EXCEPTIONAL ITEMS:</b>				
Profit on sale of Land and Building not in use		8,80,67,548		–
		<u>8,80,67,548</u>		<u>–</u>
<b>23. COST OF RAW MATERIALS CONSUMED:</b>				
Cost of Raw Materials consumed		1,94,86,43,392		1,98,82,41,941
<b>TOTAL</b>		<u><u>1,94,86,43,392</u></u>		<u><u>1,98,82,41,941</u></u>
<b>(a) Cost of Raw Materials consumed include</b>				
Tinplate/P.C.R.C.A/Steel		55,35,37,068		53,63,22,742
Jointing		47,38,41,164		52,01,33,888
Forging Steels		29,38,79,225		29,74,83,281
Bought Out of auto components & parts		23,48,73,706		20,74,47,366
Others		39,25,12,229		42,68,54,664
<b>TOTAL</b>		<u><u>1,94,86,43,392</u></u>		<u><u>1,98,82,41,941</u></u>
<b>(b) Purchases of Stock-in -Trade</b>				
Dyna Bond		1,24,13,704		1,24,13,704
Track Control Arm		–		98,37,501
<b>TOTAL</b>		<u><u>1,24,13,704</u></u>		<u><u>2,22,51,205</u></u>

# Talbros Automotive Components Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended March 31, 2014		Year Ended March 31, 2013	
	₹	₹	₹	₹
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK-IN-TRADE :</b>				
(a) Manufactured Goods :				
Auto Components & Parts				
<b>Closing Stock</b>				
Finished Goods		16,10,11,233		18,37,51,793
Work-In-Progress		37,56,28,578		35,48,02,385
<b>TOTAL</b>		<b>53,66,39,811</b>		<b>53,85,54,178</b>
Less :				
<b>Opening Stock</b>				
Finished Goods		18,37,51,793		19,23,24,500
Work-In-Progress		35,48,02,385		26,65,71,064
		53,85,54,178		45,88,95,564
Changes in Inventories of Finished Goods and Work in Progress		(19,14,367)		7,96,58,614
(b) Traded Goods:				
Closing Stock		7,52,896		6,75,035
Opening Stock		6,75,035		18,68,855
Changes in Inventories of Stock in Trade		77,861		(11,93,820)
<b>TOTAL</b>		<b>(18,36,506)</b>		<b>7,84,64,794</b>
<b>25. EMPLOYEE BENEFITS EXPENSE :</b>				
Salaries and Wages		35,74,30,798		33,02,52,507
Contribution to Provident and other Funds		3,32,80,310		3,01,31,473
Staff Welfare Expenses		3,28,12,331		2,91,15,123
<b>TOTAL</b>		<b>42,35,23,439</b>		<b>38,94,99,103</b>
<b>26. FINANCE COSTS :</b>				
Interest Expense		17,36,11,722		19,06,72,559
Other Borrowing Cost		1,66,45,930		1,51,56,818
<b>TOTAL</b>		<b>19,02,57,652</b>		<b>20,58,29,377</b>
<b>27. DEPRECIATION AND AMORTISATION EXPENSE :</b>				
Depreciation	9,71,41,422		9,68,76,285	
Less:- Transfer from Revaluation Reserve	69,590	9,70,71,832	77,323	9,67,98,962
Amortisation		74,56,643		66,21,012
<b>TOTAL</b>		<b>10,45,28,475</b>		<b>10,34,19,974</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

	Year Ended March 31, 2014		Year Ended March 31, 2013	
	₹	₹	₹	₹
<b>28. OTHER EXPENSES :</b>				
Consumption of Stores & Spares parts		19,15,26,976		17,37,19,760
Labour & Processing Charges		5,91,41,838		6,14,31,758
Power & Fuel		17,09,78,200		16,77,49,983
Royalty		65,20,028		60,22,856
Rent		1,01,27,073		71,16,294
Repairs to Buildings		60,58,491		50,03,135
Repairs to Plant & Machinery		3,04,21,830		2,72,38,165
Repairs to other Assets		76,14,664		88,86,311
Insurance		80,28,370		75,17,356
Travelling, Tour & Conveyance		5,41,69,854		5,50,72,209
Discount on Sales		4,37,20,816		3,86,26,769
Sales Promotion Expenses		2,98,72,902		2,76,69,938
Packing, Freight & Forwarding		9,51,31,451		7,65,86,194
Rates and Taxes		43,98,369		21,12,833
Remuneration to Auditors		15,47,500		15,76,500
Provision for Doubtful Receivables /Advances		10,40,806		23,05,997
Excise Duty on Increase/Decrease of Finished Goods		(35,65,986)		(39,00,504)
Net Loss on Foreign Currency Transactions & Translation		81,51,600		-
Miscellaneous Expenses		6,62,06,365		7,42,16,317
<b>TOTAL</b>		<b>79,10,91,147</b>		<b>73,89,51,871</b>

# Talbro Automotive Components Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 29. 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 audited financial statements of Talbro Automotive Components Ltd. and its interest in Joint Ventures as on 31.03.2014, using proportionate consolidation method as per AS-27

#### Joint Venture

Name of the Company	Nippon Leakless Talbro Pvt. Ltd.	Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	Talbro Marugo Rubber Pvt. Ltd.
Country of Incorporation	India	India	India
Ownership Interest	40%	50%	50%
Period Covered	01.04.2013-31.03.2014	01.04.2013 - 31.03.2014	01.04.2013 - 31.03.2014

- (b) The consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.
- (c) Aggregate amount of Company's interest in Joint Ventures as per accounts is as under:-

(Amount in ₹)

	Nippon Leakless Talbro Pvt. Ltd.		Magneti Marelli Talbro Chassis Systems Pvt. Ltd.		Talbro Marugo Rubber Pvt. Ltd.	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
i) Total Assets	16,73,75,440	15,37,72,236	13,44,10,094	10,04,18,016	2,50,87,366	87,49,661
ii) Total Liabilities	16,73,75,440	15,37,72,236	13,44,10,094	10,04,18,016	2,50,87,366	87,49,661
iii) Total Incomes	37,36,19,772	32,44,12,012	29,22,61,456	16,04,52,603	5,10,47,784	44,39,140
iv) Total Expenses	30,23,75,149	27,47,78,629	30,50,14,363	16,19,69,379	6,38,45,741	86,15,911

### 30. CONTINGENT LIABILITIES AND COMMITMENTS :

(to the extent not provided for)

#### 30.1 CONTINGENT LIABILITIES

- i) Claims against the Company not acknowledged as debts:

Amount in ₹

NATURE OF DUES		As at March 31, 2014			As at March 31, 2013
		Talbro Automotive Components Ltd	Joint Ventures	Total	
(a) Central Excise	Classification of paper gasket	14,17,866	—	14,17,866	14,17,866
(b) Service Tax	Cenvat credit disallowed	11,52,989	—	11,52,989	55,47,875
(c) Central Sales Tax	Central Sales Tax	4,97,936	—	4,97,936	15,51,616
(d) Haryana Value Added Tax	Disallowance of input tax	2,73,548	—	2,73,548	2,73,548
(e) Central Excise	Demand on Assessable value (Ex)	—	—	—	60,25,898
(f) Customs Act	Demand of Custom Duty	12,09,782	—	12,09,782	—
(g) E.S.I	ESI Demand (Includes ₹ 4,34,130 paid under protest)	41,29,111	—	41,29,111	41,29,111
(h) Income Tax	Disallowances	4,47,739	—	4,47,739	4,47,739
(i) District Judge	Claim of freight bills	8,13,484	—	8,13,484	—
(j) High Court, Mumbai	Fees for building work	55,000	—	55,000	2,05,000
(k) Central Sales Tax	Non filing of return	35,000	—	35,000	35,000
(l) Income Tax	Management Fee	—	73,68,166	73,68,166	68,18,508
(m) Central Excise	Cenvat Credit Disallowed	—	—	—	8,38,071
(n) Central Excise	Objection on exemption on some of the products sold from Sitarganj Plant	80,00,000	—	80,00,000	—
<b>Total</b>		<b>1,80,32,455</b>	<b>73,68,166</b>	<b>2,54,00,621</b>	<b>2,72,90,232</b>

- ii) Guarantees executed in favour of Various authorities/others

Amount in ₹

Talbro Automotive Components Ltd	Joint Ventures	Total
3,20,54,736	15,22,500	3,35,77,236
(2,79,01,046)	—	(2,79,01,046)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

iv) Bills discounted with Banks

Amount in ₹

Talbros Automotive Components Ltd	Joint Ventures	Total
3,37,03,339	–	3,37,03,339
(2,23,62,956)	–	(2,23,62,956)

### 30.2 Estimated amount of contracts remaining to be executed on capital account not provided for:

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

Talbros Automotive Components Ltd	Joint Ventures	Total
3,99,77,003	1,56,89,981	5,56,66,984
(1,26,32,794)	(6,08,12,715)	(7,34,45,509)

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

### 31. SEGMENT REPORTING

#### a) Primary Segment :

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

#### 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

### 32. 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  
Mr. Varun Talwar  
Mr. Anuj Talwar
- of Joint Venture Company (Nippon Leakless Talbros Pvt. Ltd.)  
Mr. Koji Homma
- of Joint Venture Company (Talbros Marugo Rubber Pvt. Ltd.)  
Mr. Yoshiaki Yunoki

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

Mrs. Kumkum Talwar, mother of Mr. Varun Talwar

# Talbro Automotive Components Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

Nature of Transactions	Year ended March 31, 2014	Year ended March 31, 2013
<b>(a) Sale of products</b>	<b>10,22,30,561</b>	<b>17,48,85,208</b>
QH Talbro Limited	10,22,30,561	17,48,85,208
<b>(b) Outstanding Balance included in Trade Receivables</b>	<b>3,13,98,841</b>	<b>6,35,14,686</b>
QH Talbro Limited	3,13,98,841	6,35,14,686
<b>(c) Outstanding Balance included in Loans and Advances</b>	<b>50,17,965</b>	<b>17,14,189</b>
QH Talbro Limited	50,17,965	17,14,189
<b>(d) Royalty Income</b>	<b>1,25,60,748</b>	<b>61,49,380</b>
QH Talbro Limited	1,25,60,748	61,49,380
<b>(e) Dividend Received</b>	<b>88,981</b>	<b>4,44,905</b>
QH Talbro Limited	88,981	4,44,905
<b>Transactions with Key Management Personnel</b>		
<b>(h) Remuneration paid</b>	<b>1,49,33,409</b>	<b>1,25,16,500</b>
Mr. Umesh Talwar	45,87,996	45,87,996
Mr. Varun Talwar	39,44,800	39,44,800
Mr. Anuj Talwar	39,43,168	24,97,615
Mr. Koji Homma	12,37,033	11,80,986
Mr. Yoshiaki Yunoki	12,20,412	3,05,103
<b>Transactions with relatives of Key Management Personnel</b>		
<b>(i) Remuneration paid</b>	–	<b>14,14,241</b>
Mr. Anuj Talwar	–	14,14,241
<b>(j) Rent Paid</b>	<b>7,20,000</b>	<b>3,60,000</b>
Mrs. Kumkum Talwar	7,20,000	3,60,000

(Corresponding figures for the previous year, wherever applicable, appear in brackets).

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

### 34. Earnings Per Share:

Basic and Diluted Earnings per Share	2013-14	2012-13
a) Calculation of weighted average number of Equity Shares		
Number of Equity Shares at the beginning of the year	<b>1,23,45,630</b>	12,3,45,630
Number of Equity Shares at the end of the year	<b>1,23,45,630</b>	1,23,45,630
Weighted average number of Equity Shares outstanding during the year	<b>1,23,45,630</b>	1,23,45,630
b) Net Profit after tax available for Equity Shareholders	<b>19,31,28,321</b>	13,87,82,167
c) Basic and Diluted Earning per share (Face value of ₹ 10 each)	<b>15.64</b>	11.24

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

(SEEMA NARANG)  
Company Secretary

(MANVINDER  
SINGH AJMANI)  
CFO

(VARUN TALWAR)  
Joint Managing  
Director

(UMESH TALWAR)  
Vice Chairman &  
Managing Director

As per our report of even date  
FOR S.N. DHAWAN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 000050N

(SURESH SETH)  
PARTNER  
M. NO. 10577

Place : New Delhi  
Dated : 26.05.2014

**TALBROS AUTOMOTIVE COMPONENTS LIMITED**

CIN: L29199HR1956PLC033107  
 Registered Office- 14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad, Haryana- 121003  
 Tel No.: 0129-4294182, Fax No.: 0129-2277240  
 www.talbros.com

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

**57<sup>th</sup> Annual General Meeting - September 12, 2014**

Name of the member(s):	
Registered address	
Email	
Folio no. / Client ID	
DP ID	

I/We, being the member(s) of Talbros Automotive Components Limited holding ..... shares hereby appoint

- (1) Name: ..... Address: .....  
 E-mail id: ..... Signature: .....of failing him;
- (2) Name: ..... Address: .....  
 E-mail id: ..... Signature: .....of failing him;
- (3) Name: ..... Address: .....  
 E-mail id: ..... Signature: .....

as my / our proxy to attend and vote (on a Poll) for me / us and on my / our behalf at the 57th Annual General Meeting of the Company, to be held on Friday, September 12, 2014, at 10:30 a.m., at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001 (Haryana), India and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors for the financial year ended March 31, 2014.		
2.	Declaration of Dividend on paid-up Equity Share Capital for the financial year ended on 31st March, 2014.		
3.	To appoint a Director in place of Mr. Anuj Talwar, who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To appoint M/s S.N. Dhawan & Co., New Delhi as Statutory Auditors of the Company, M/s. R. Sundraraman & Co., Chartered Accountants, Chennai and M/s. CMRS & Associates, Chartered Accountants, Pune as auditors for company's Chennai & Pune Branches respectively and authorize Board of Directors to fix their remuneration.		
<b>Special Business</b>			
5.	Appointment of Mr. Rajive Sawhney as an Independent Director of the Company for a period of five consecutive years.		
6.	Appointment of Mr. Rajeev Ranjan Vederah as an Independent Director of the Company for a period of five consecutive years.		
7.	Appointment of Mr. Venkatraman Mohan as an Independent Director of the Company for a period of five consecutive years.		
8.	Appointment of Mr Anil Kumar Mehra as an Independent Director of the Company for a period of five consecutive years.		
9.	Appointment of Mr. Amit Burman as an Independent Director of the Company for a period of five consecutive years.		
10.	Acceptance of Deposits from Members and/or Public.		
11.	Sale Agreement with QH Talbros Ltd.		
12.	Trademark License Agreement for receipt of Royalty with QH Talbros Limited		
13.	Agreement with Nippon Leakless Talbros Private Ltd for Purchase and /or Sale of Tyre Sealant and other production inputs etc.		
14.	Agreement with Nippon Leakless Talbros Private Ltd for sale/purchase of gaskets.		
15.	To approve Borrowing limits of the Company.		
16.	Providing security in connection with borrowings of the Company.		
17.	Re-appointment of M/s Vijender Sharma & Co as Cost auditor for the financial year 2014-15 and approval of terms of his remuneration.		

Signed this ..... day of .....2014.

.....  
 Signature of the member

.....  
 Signature of proxy holder(s)

Affix Re. 1 Revenue Stamp
------------------------------------

**Notes:**

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.
- It is optional to indicate your preference. If you leave the For/ Against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.



**TALBROS AUTOMOTIVE COMPONENTS LIMITED**

**CIN: L29199HR1956PLC033107**

**Registered Office:** 14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad, Haryana- 121003  
[www.talbros.com](http://www.talbros.com)

**ATTENDANCE SLIP**

**57<sup>th</sup> Annual General Meeting - September 12, 2014**

Registered Folio no. / DP ID no. / Client ID no. :

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

Number of shares held

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

I certify that I am a member / proxy / Representative for the member of the Company.

I hereby record my presence at the 57<sup>th</sup> Annual General Meeting of the Company, on Friday, September 12, 2014, at 10:30 a.m., at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001 (Haryana).

.....  
Name of the Member / Proxy / Representative  
(in BLOCK letters)

.....  
Signature of the Member / Proxy / Representative

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

