

# Accelerating momentum!

Talbros Automotive Components Limited  
59th Annual Report 2015-16



#### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements about expected future events and financial and operating results of Talbros Automotive Components Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Talbros Automotive Components Limited Annual Report 2015-16.

#### INTRODUCING TALBROS

Talbros Automotive Components Limited is one of India's leading auto component manufacturers. The Company's sustainability focus, along with its Joint Venture companies, is being derived through adequate de-risking.

#### PRODUCT DIVERSIFICATION

• Gaskets & Heat Shields • Forgings • Suspension systems • Hoses • Anti-vibration systems

#### CUSTOMER DIVERSIFICATION

• Not more than 40% of revenues derived from top-5 clients

#### VEHICULAR SEGMENT DIVERSIFICATION

• Two-wheelers • Passenger cars • Light and heavy commercial vehicles • Agri equipment • Industrial & Off-road vehicles

#### END MARKET DIVERSIFICATION

• OEM supplies • After-market • Exports

#### PRODUCTION DIVERSIFICATION

• Manufacturing facilities situated in 9 locations across three states in India

Powered by this prudent diversification, Talbros' focus on sustainability is evident in its consistent dividend track record for more than 50 years.



More motorcycles



More three-wheelers



More markets



More focus



More strategy

#### CONTENTS

02 Corporate identity 04 Chairman's overview  
06 Accelerating momentum 08 Divisional analysis  
10 JV analysis 13 Managing risks 15 Our management team  
16 Notice 24 Directors' Report



**More** tractors



**More** heavy commercial vehicles



**More** passenger vehicles



# Talbros



**More** scooters



**More** quadricycles



**More** passion



**More** products



**More** light commercial vehicles



**More** disposable incomes



**More** optimism

---

32 Management Discussion & Analysis Report 50 Corporate Governance Report 65 Auditors' Report 70 Balance Sheet  
71 Statement of Profit & Loss 72 Cash Flow Statement 73 Notes 94 Auditors' Report on Consolidated Financial Statement  
98 Consolidated Balance Sheet 99 Consolidated Statement 100 Consolidated Cash Flow Statement  
101 Consolidated Notes 121 Proxy Form

At Talbro, this focus on 'more' distills down to just two words: Accelerating momentum!

#### MORE BUSINESSES.

The flagship gaskets division and forging unit and three joint ventures (Nippon Leakless Talbro Private Limited, Talbro Marugo Rubber Private Limited and Magneti Marelli Talbro Chassis Systems Private Limited) are engaged in manufacturing a range of specific components on the back of focused management bandwidth, manufacturing facilities and capital allocation.

The consolidated business under Talbro Automotive Components Limited is one of the most diversified in the Indian auto components industry.

#### MORE PRODUCTS.

With products that are safety-critical, performance-enhancing and passenger comfort-driven, Talbro components are integral and non-replaceable for a range of vehicles (commercial and passenger) and agri-equipments.

#### MORE MARKETS.

Talbro possesses an extensive and expansive consumer base, addressing the requirements of several national and multinational OEMs in India, catering extensively to their after-market needs. This has helped Talbro sustain its position as one of the largest auto component exporters in its niche.

More businesses + More prod

mo

sustainability. This equation makes Talbro hedged and exciting automotive component

#### Our product range

- Gaskets – Market leaders in gaskets in India with a share of 37% • Non-asbestos gaskets
- Forgings • Heat shields • Chassis systems • Hoses and anti-vibration products

#### Our customers



##### Two-wheelers



##### Passenger vehicles



##### HCV/LCV



##### Agri and off-roader





ucts + More markets =  
ore  
one of the most de-risked,  
solution providers in India.

### Our manufacturing facilities

#### Gaskets

- Faridabad, Haryana (two plants and an R&D centre)
- Pune, Maharashtra • Sitarganj, Uttarakhand

#### Forging

- Bawal, Haryana

#### Materials division

- Sohna, Haryana

#### Nippon Leakless Talbros Private Limited

- Bawal, Haryana • Haridwar, Uttarakhand

#### Magneti Marelli Talbros Chassis Systems Private Limited

- Faridabad, Haryana

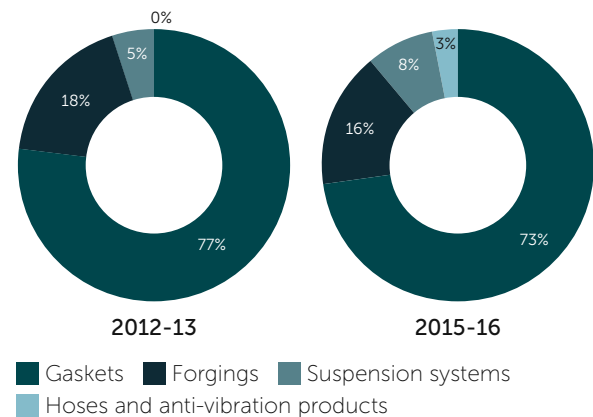
#### Talbros Marugo Rubber Private Limited

- Manesar, Haryana

#### Certifications

- TS 16949 • ISO 14001 • OHSAS 18001 • also certified by third party audit as non-asbestos and environmental-friendly

### Product revenue breakup



### Industrial



### Exports



### Awards and accolades

- Quality Performance Award from KOEL - for second consecutive year
- Quality Gold Award from Bajaj Auto for achieving zero PPM - for second consecutive year
- GM Supplier Quality Excellence Award - for third consecutive year

## FROM THE CHAIRMAN'S DESK

Dear fellow shareholders,

The robustness of our strategies and differentiation ensure that we continue to deliver sustainable shareholder value.

During 2015-16, Talbro relentlessly pursued its vision of seamlessly integrating with the customer supply chains with a focus on enhancing product content per vehicle encapsulated in our positioning of 'More Talbro'.

During the year under report, we furthered this conviction through industry-leading innovations as well as strategic product introductions. These introductions advanced the safety and efficiency of trucks, buses, passenger vehicles, quadricycles, tractors and off-rovers in India and abroad.

This is related to Steering and suspension products (safety, quadricycles)

As our industry converges toward autonomous driving and connectivity, representing the next-generation technology breakthroughs, we are confident that Talbro will be at the forefront of products that enhance vehicular efficiency and passenger safety.

### Driving shareowner value

Talbro delivered earnings per share (EPS) of ₹7.87.

This performance was not only a recognition of the strength of our business model among the investor community but also an outcome of our focus on enhancing enterprise-wide sustainability in a business environment that is not only cyclical by virtue of being dependent on a large number of external economic factors but also highly competitive with a significant part of the market



We announced a 15% dividend for our shareowners for 2015-16, in continuation of more than 50 years of dividend disbursement.

resident with the unorganized sector.

The Company's consolidated core revenues of around ₹392 crores in 2015-16 in a market where the overall passenger and commercial vehicle sales witnessed encouraging recovery after years of lackluster performance. We believe that we could have done better in terms of generating higher sales, but for two reasons beyond our control:

- Slowdown across the European markets
- Change in the business model for Magneti Marelli Talbro that affected revenues by ₹15 crores, excluding which our year-on-year revenues could have been higher by 5%

What came as a sudden announcement from the Haryana government with respect to hiking minimum wages, our total employee cost reported a substantial increase of

about ₹2 crores under the new Minimum Wages Act, effective from 1st November 2015. This impacted our core EBIDTA, which declined by about 0.5% to ₹38.15 crores during the year; correspondingly, our core EBIDTA margin (excluding other income) declined by 0.35% to 9.74%.

Reduction in interest costs by negotiating better rates with banks and substituting higher-cost debt with cheaper rates resulted in our interest charges on the P&L moderate by about 5% to ₹17.7 crores. Led by a lower EBIDTA and a reversal in forex gain of the previous financial year, our net profit post tax declined 31% to ₹9.7 crores for 2015-16.

Powering our performance is our three-pillar strategy of technology leadership under our chosen products, globalization and excellence in execution. The first represents our solid positioning as a leading global

supplier of a broad portfolio of vehicle safety and efficiency products to original equipment manufacturers (OEMs).

The second includes our expansion to newer customers and newer markets of the world and the last encompasses our focus on lean manufacturing and deploying world-class engineering practices on our shopfloor for continuous material benefits. This is also aided by our state-of-the-art centralized R&D establishment that helps drive the benefits of innovation and creativity.

Anchored on this three-pronged strategy, we announced a 15% dividend for our shareowners for 2015-16, in continuation of more than 50 years of dividend disbursement.

### Accelerating momentum

Our industry is globalizing and responding to increasing demand for safer and more efficient vehicles. The passenger

vehicle and commercial vehicle OEMs face intense competitive pressure as they seek to differentiate products that are competitive not just for meeting local demands but also export applications. These market dynamics provide a large and high-quality reservoir of organic growth with the potential for strategic extensions for us for years to come.

We trust our ability to supply world-class products that are increasingly in-synch with our customers' demanding requirements but also indicates product value-addition and new product incorporation. Today, we have a portfolio of about 20,000 products.

During the year under report, we launched a dedicated line for a new product category, heat shields, at our Faridabad plant with a capex of about ₹8 crores. The primary rationale for launching this product range was not only to diversify our gaskets business but also leverage the process complementariness that heat shields have with gaskets. The latter not only enables us to enhance productivity and shopfloor efficiency but also allows us to drive double-digit EBITDA margins that heat shields typically command. Heat shields are a critical part of engine components with their criticality accentuated as manufacturers focus on bringing the various components under a vehicle bonnet closer and closer to tighten space to typically provide more roominess in the passenger cabin. As a Company that is focused on the technology side of the auto component business, we created a partnership with SANWA Packing of Japan for heat shields. SANWA is an experienced player in the business with operations starting in 1945. As in gaskets, through our dedicated heat shield line, we have emerged as the largest in the organized heat shield component business in India.

Moreover with a view to enhance product value-addition, we incorporated new technology to post-coat our gasket products that will not only enhance quality but also allow us to derive higher realisations. We are extensively using locally-made resources for this forward integration process which saves us foreign exchange, completely nullifies dependence on vendors based abroad and augments our ability to cater to our customer requirements with speed and surety. Our post-coat gaskets received an encouraging response from our customers. I am also happy to mention that in our gaskets business, we received new orders from Volvo, USA; Basak Traktör, Turkey and Khordo, Iran, aligned with our strategy of widening our exports presence and becoming relevant to international supply chains.

### Performance of our JVs

Our gaskets division, including Nippon Leakless Talbros Private Limited, constitutes almost 73% of our revenues. On the domestic OEM front, we received fresh orders for all the three new models of Maruti Suzuki launched during the last financial year including the S-Cross, Baleno and Vitara Brezza. We also received orders for Yamaha new product launches. Overall, we witnessed some competitive activity which led us to undertake certain pricing actions in the second half of the financial year.

At Magneti Marelli Talbros Chassis Systems Private Limited, our joint venture signed with Sistemi Sospensioni S.p.A., we are witnessing good traction with order wins from large OEMs in UK for exports and within India. We have already started supplying components to Bajaj for its revolutionary Bajaj Qute (RE60 quadricycle) that is being shipped to export markets. At this JV, we have a strong order book in the pipeline for the next two years both on the exports and domestic front.

Our joint venture Talbros Marugo Rubber Private Limited continues to progress well. We have new orders from Maruti Suzuki and Isuzu Motors which provides medium to long-range revenue security. We also began exports of anti-vibration products to Japan. Besides, we launched hoses housed in this JV and the year 2015-16 was the first full year of the division's operations.

Overall, Magneti Marelli Talbros Chassis Systems Private Limited and Talbros Marugo Rubber Private Limited achieved EBITDA-level breakeven during 2015-16 and we believe that profits are not too far in the horizon, which will only contribute to enhancing profitability of Talbros Automotive Components Limited.

### Optimism – the road ahead

The Indian automotive industry is truly one of the few large opportunities available globally. Though India is the second most populous country in the world, vehicle penetration is a mere 32 per 1,000 people (2015), making the country one of the most attractive auto-markets in the world. The country's passenger vehicles market is expected to surge to over 48 million units by 2020, throwing up huge opportunities for the auto components industry. Driven by the government's thrust on 'Make in India' coupled with several competitive advantages including relatively cost-effective and large labour pool, India is fast becoming a hub for global vehicle OEMs for sourcing and manufacturing. Additionally, a large number of MNCs including Ford, Hyundai, Toyota, GM and Honda have together committed huge investments to build manufacturing facilities in the country. Over the long term, what I also see as one of the key drivers of growth is the progression to BS-VI emission standards to address rising pollution. This will surely drive the need for world-class

products aligned with engine types compliant with BS-VI.

Over the short-term, the bounties of the Seventh Pay Commission, an above-average monsoon as forecast by the IMD, declining interest rates and relatively low oil prices are some of the tailwinds that will enable the Indian automotive industry to sustain growth. Besides, reform measures taken in core sectors like mining, roads, infrastructure and a general pick-up in the Indian economy bode well for the CV up-cycle. CV offtake grew in double-digits in the first quarter of the current fiscal year. Higher industrial growth and higher agricultural output from good monsoons are expected to sustain the demand for freight transport and demand for commercial vehicles. Besides, moves such as de-registering diesel vehicles over 10-years old in the Delhi-NCR region augur well for new sales. These developments certainly brighten prospects for frontline and niche auto component players like us.

### Acknowledgements

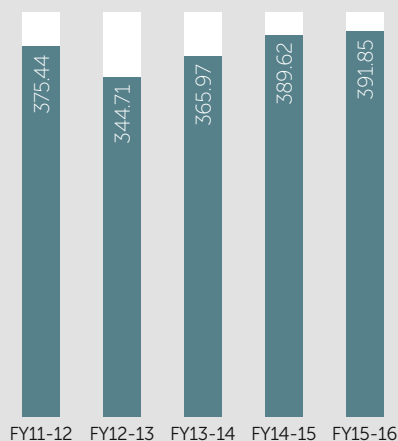
In closing, I would like to thank our hardworking and energetic employees for their ongoing efforts. We thank our customers for giving us the opportunity to earn their business. We thank our bankers and financial institutions for their continuous support. And we thank you, our shareholders, for your investment in our company. With your support, we are pleased to have reached an exciting level in our journey and are optimistic about long-term opportunities that lie ahead.

Sincerely,

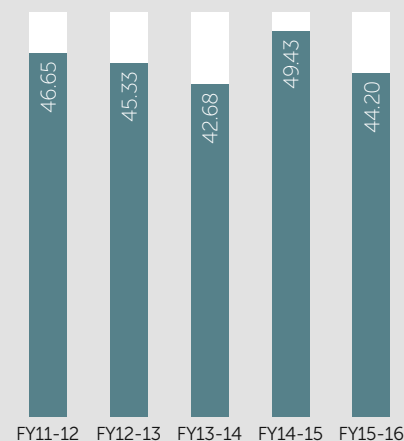
**Naresh Talwar**  
Chairman

# Accelerating momentum (consolidated financials)

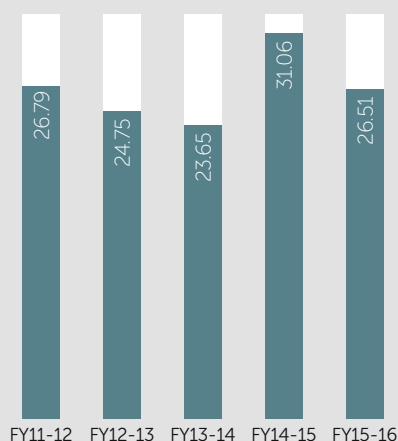
**Total income from operations**  
(₹ in crores)



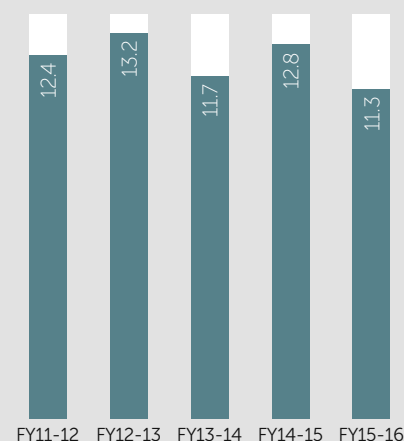
**EBIDTA** (before exceptional expenditure/income; ₹ in crores)



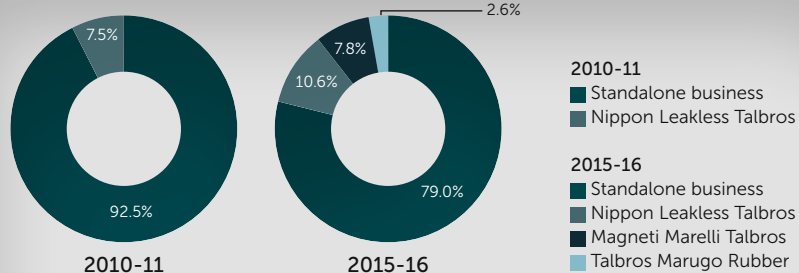
**Cash profit** ((before exceptional expenditure/income; ₹ in crores)



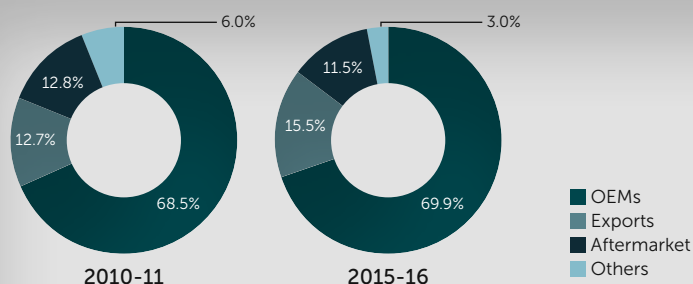
**EBIDTA margin**  
(%)



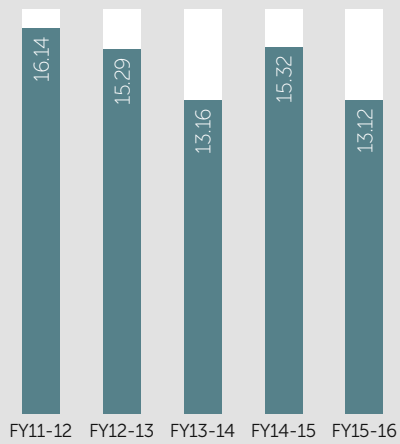
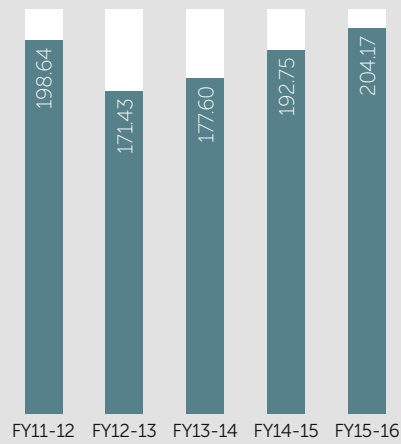
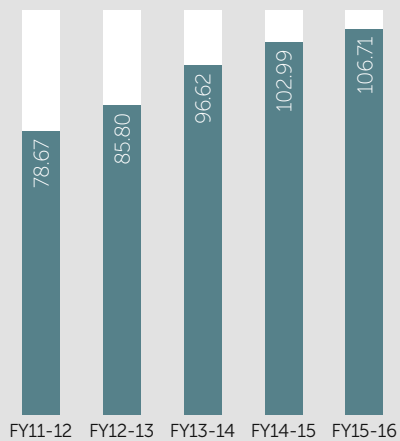
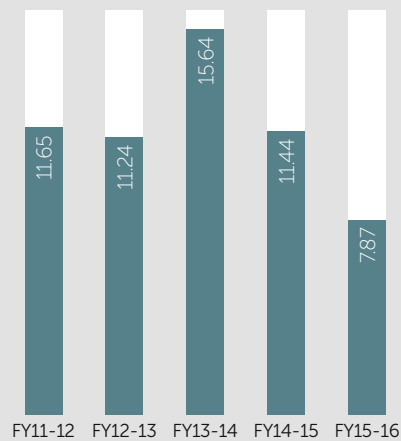
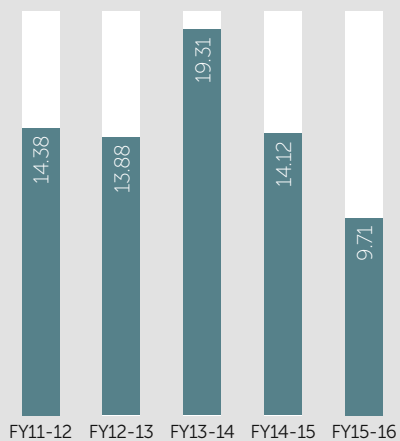
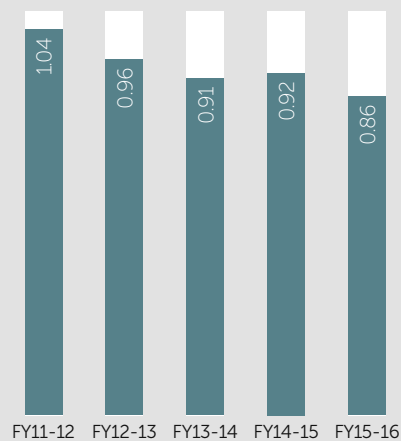
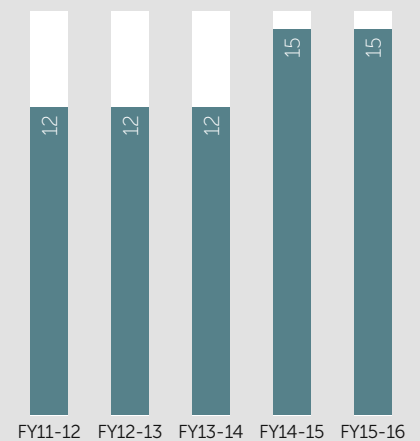
**Divisional revenues**



**Sales breakup**





**ROCE**  
(%)**Gross block**  
(₹ in crores)**Book value per share**  
(₹)**Earnings per share**  
(Basic, ₹)**Post-tax profit**  
(₹ in crores)**Debt-equity ratio****Dividend**  
(%)

## DIVISIONAL ANALYSIS

## Gaskets (Talbros Automotive standalone business)



Revenues (₹ crores),  
2015-16

**247.70**

Revenue growth over  
2014-15

**2.2%**

Contribution to  
consolidated  
revenues, 2015-16

**63.1%**

**Products:** Multi-layer steel, rubber-moulded, exhaust manifold, edge-moulded, cylinder heads and heat shields

**Manufacturing locations:** Faridabad (Haryana), Pune (Maharashtra), Sitarganj (Uttarakhand)



**Certifications:** TS 16949, ISO 14001, OHSAS 18001

### Overview

A gasket is an important performance component in an automotive vehicle.

It is a sealing device made of conformable material usually designed in the form of a ring or a sheet. Gaskets create a pressure-tight joint between multiple stationary components, relying on a compression seal to prevent gas or liquid leakages. These seals are often intended to be resistant to pressure, temperature fluctuations. Since it uses compression, a gasket is typically more malleable than the components it joins and is able to conform to the shape of the harder surfaces between which it is placed. The gaskets are generally made up of material like non asbestos fiber sheet, graphite, elastomers, cork, multi-layer steel, single layer steel, aluminium, copper, non-asbestos fiber composite, graphite – metal composite

and metal – elastomer composite, among others.

### Key highlights, 2015-16

- Established a dedicated line for heat shields at the Faridabad plant with a capex of about ₹8 crores through a technology tie-up with Sanwa Packing, Japan, Asia's largest heat shields manufacturers being in existence for the past 70+ years; we enlisted a large number of OEMs as customers (including TATA Motors, Volvo, Daimler etc) within a short period of launch, vindicating high levels of rigorous product compliance and seamless integration with large supply chains
- Retained our top-5 customers (including TATA Cummins, Volvo Eicher, Bajaj Auto, John Deere and Hero Motocorp-Honda Motorcycles) and our leadership position in a highly competitive market

### Key strengths in brief

- Strong customer profile with multi-year and single source relationships
- Multiple sales platforms including OEMs, aftermarket and exports
- As many as 20,000 product SKUs with one/fourth categorized as fast moving; this is the largest such gaskets portfolios in the industry, enabling the Company to provide a one-stop convenience to customers
- Extensive tool library
- Strong innovation focus; 250 products / variants launched each year; 15-17% of the annual topline derived from new launches
- Among the few the world over with the ability to produce 0.1 mm precision gaskets, pointing to strong manufacturing competence

### Focus areas, 2016-17

- Introduce the post-coating technology in our core gaskets business that would help us to substitute imports, enable us to improve quality and allow us to generate higher margins on account of the value-added nature of the product
- Continue to nurture investments in R&D towards developing technology-centric products, especially in light of the upcoming BS VI regime; our robust relationships enable us to engage in closely working with OEMs as they migrate their portfolio to meet this enhanced level of compliance
- Focus on enhancing volumes through higher capacity utilization
- Enhance exports by tapping existing customers for more volumes and tap the requirements of new customers

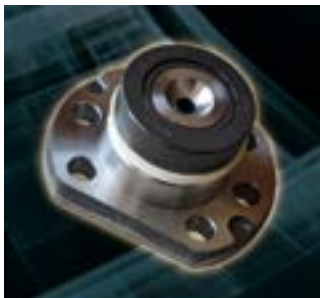
### Something interesting!

Talbros is India's largest gaskets manufacturer with an undisputed 37% market share. The Company also owns 90% of the share of gaskets supplied to two-wheelers with an only and exclusive supplier status with Bajaj and Hero Motocorp and Honda Motorcycles (the last two along with Nippon Leakless Talbros)!

### Something interesting!

Talbros is India's largest manufacturer of heat shields with a 25-product SKU. The Indian heat shields market is currently growing by about 4-5% and is expected to grow at an enhanced rate on account of the launch of new generation engines (compact, more powerful engines) and hybrid engines and tightening emission norms.

# Forgings



Revenues (₹ crores),  
2015-16

**62.38**

Revenue growth over  
2014-15

**(8.8)%**

Contribution to  
consolidated  
revenues, 2015-16

**15.9%**

**Products:** Housing and yoke shafts, kingpins and gear blanks

**Manufacturing locations:** Bawal (Haryana)



**Certifications:**  
TS 16949

## Overview

Forging is a manufacturing process that involves the shaping of metal using localised compressive forces. The business is focused on supplies of forgings to tractor manufacturers and leading vehicle makers in Europe, coupled with a growing presence in the US and Latin America. With a view to diversify and de-risk revenues, we are focusing on the auto and non-auto sectors with an equal emphasis, mitigating an excessive dependence on off-highway/ agricultural sectors.

## Key highlights, 2015-16

- Revenues stood at ₹62.38 lacs (against revenues of ₹68.43 lacs during 2014-15), primarily on account of slowdown in the European markets
- The segment primarily focused on exports, with the same accounting for 49% of the forging revenues

- Added new customers including Ognibene for exports and VECV and Amul Industries in India; with this, we also augmented the customer base, reducing dependence on a single customer
- Embarked on various initiatives to reduce costs, primarily through TPM
- Received approval for our Bawal plant from VECV and Comer Industries
- Emerged in advanced stages of developing connecting rod sample, which has been approved by Amul Industries and we are in the process of supplying the pilot lot

## Focus areas, 2016-17

- Focus on getting the 2,700 kVA electricity connection from the Haryana State Electricity Board (HSEB), which will help in optimizing power costs
- Initiated the certification process for the enlistment of ISO:14001, endorsing our commitment to the environment
- Focus on optimizing the product mix to improve exports share to 65-70% of the cumulative forgings revenues over the next couple of years
- Add new customers to diversify the clientele
- Focus on enhancing yields and optimising efficiency.

Revenues stood at ₹62.38 lacs (against revenues of ₹68.43 lacs during 2014-15), primarily on account of a slowdown in the European markets

## Something interesting!

The forging division expects to grow revenues at a significant 20% CAGR over the next few years!

## JV ANALYSIS

## Nippon Leakless Talbros Private Limited



Revenues  
(₹ crores), 2015-16

**104.00**

Talbros share  
(₹ crores), 2015-16

**41.60**

Revenue growth over  
2014-15

**1.3%**

Contribution to  
consolidated  
revenues, 2015-16

**10.6%**

**Products:** Automotive  
gaskets

**Manufacturing  
locations:** Bawal  
(Haryana), Haridwar  
(Uttarakhand)

**Certifications:** TS  
16949, ISO 14001,  
ISO 18001

### Overview

Nippon Leakless Talbros, a 60:40 joint venture with Nippon Leakless Corporation established in 2005, is engaged in the manufacture of a wide range of automotive gaskets exclusively for Honda and other Japanese OEMs.

### Key highlights, 2015-16

- The total turnover increased 1.3% to ₹41.60 crores, increasing at a 14.7% CAGR since FY10

- Achieved 100% sales to OEMs including Hero MotoCorp, Honda Motorcycle, Yamaha, Honda Cars, Maruti Suzuki and Honda SIEL Power Products Limited

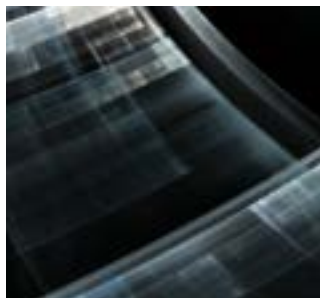
The total turnover increased 1.3% to ₹41.60 crores, increasing at a 14.7% CAGR since FY10

### Something Interesting!

Nippon Leakless Corporation, with annual sales in excess of \$200 million, is one of the largest global gasket manufacturers for automotive, power equipment and industrial applications.



# Magneti Marelli Talbros Chassis Systems Private Limited



**Revenues**  
(₹ crores), 2015-16

**61.20**

**Talbros share**  
(₹ crores), 2015-16

**30.60**

**Revenue growth over**  
2014-15

**(4.9)%**

**Contribution to**  
**consolidated**  
**revenues, 2015-16**

**7.8%**

**Products:** Suspension systems (control arms, knuckles, front frames, rear axles/ cradle, module assembly)

**Manufacturing locations:** Faridabad (Haryana)

**Certifications:** TS 16949, ISO 9001, ISO 14001

## Overview

The core purpose of the complete suspension system is to isolate the vehicle body from road shocks and vibrations which would otherwise be transferred to the passengers. It must also keep the tyres in contact with the road, regardless of the road surface. Chassis systems are typically ride control products contributing to automotive and passenger safety.

## Key highlights, 2015-16

- The year represented the first full-year sales to two of Maruti Suzuki's latest top-selling models including the S-Cross and Vitara Brezza; emerged as the single-source supplier for extension arms to these two models, enabling the company to ride on their success with a strong order backlog

- Emerged as the single-source supplier to Maruti Suzuki's Baleno with supplies starting from September 2015

- Emerged as the single-source supplier of suspension systems to Bajaj for their quadricycle Qute that is exported to over 16 countries.

- Commenced the implementation of a world-class manufacturing programme of Fiat Chrysler. This execution has already started to demonstrate results with benefits accruing out of a near 3% decline in material and processing costs

and 1% decline in wage bill despite the massive wage hike of 30-50% mandated by the Haryana Government, effective November 2015

- Engaged in the strategic sale of certain non-core assets to save costs and augment focus on value-added products

## Focus areas, 2016-17

- Enhance exports through enlisting new customers, especially in Europe
- Focus on deriving a larger quantum of benefits through the full-fledged implementation of the Fiat Chrysler programme

Emerged as the single-source supplier of suspension systems to Bajaj for their quadricycle Qute that is exported to over 16 countries

## Something Interesting!

The Bajaj Qute (RE60 Quadricycle) is a pioneering improvisation over the three-wheeler auto rickshaw and an Indian icon recognized around the world. Bajaj has invested as much as ₹500 crores in the development and production infrastructure for the Qute and its suppliers have also invested an equal amount.

# Talbro Marugo Rubber Private Limited



Revenues  
(₹ crores), 2015-16

**20.81**

Talbro share  
(₹ crores), 2015-16

**10.41**

Revenue growth over  
2014-15

**62.4%**

Contribution to  
consolidated  
revenues, 2015-16

**2.6%**

**Products:** Anti-vibration products and hoses

**Manufacturing locations:** Manesar (Haryana)

**Certifications:** TS 16949, ISO 14001, ISO 14001, ISO 18001

## Overview

Talbro Marugo Rubber (TMR) is a 50:50 partnership established in 2012 for localising the production of rubber hoses for Maruti Suzuki, production for which commenced in February 2013. TMR manufactures anti-vibration products and hoses, which include air, fuel and breather hoses, mufflers, hangers, suspension bushes, rubber bushes and hoses. The joint venture also exports products to partner Marugo Rubber.

Marugo Rubber Industries (Japan), a \$220 million company, is a global leader in the supply of anti-vibration products and hoses to global automobile OEMs. The JV provides technical knowhow in terms of design, development and validation for OEMs. The Company draws around 45%

of its revenues from Maruti Suzuki and caters to the requirements of other major players in the industry.

## Developments of the year

Led by an improved performance in the anti-vibration products vertical, the joint venture achieved cash breakeven in 2014-15 and expects to report healthy revenue growth in the anti-vibration products and hose segments during the coming years. In a significant development during the year 2015-16, the Company also localised the manufacture of bushes, intercooler hoses, fuel hoses, breather hoses and air intake and air cleaner hoses for Maruti Suzuki and Isuzu Motors.

The segment reported a revenue growth of 63% from ₹10.35 crores in 2014-15 to

₹20.71 crores in 2015-16, on account of an increase in the sales of mounting mufflers and bushes to Maruti Suzuki. The JV, with an EBITDA margin of 4.79% in 2015-16, allowed the Company to directly cater to Maruti Suzuki at its Manesar plant, reducing lead times. The Company also started a new product line of moulded hoses for Maruti Suzuki. The company has also received new business from Isuzu Motors, Chennai, for suspension bushes and moulded hoses.

## Eminent clientele

- **OEMs:** Maruti Suzuki, Isuzu Motors and Escorts
- **Tier-I:** QH Talbro, Endurance Technologies, Rane (Madras) and Minda Furukawa

Emerged as the single-source supplier of suspension systems to Bajaj for their quadricycle Qute that is exported to over 16 countries

## Managing risks at Talbros

Talbros has formalized a structured risk management policy to identify, evaluate, monitor and minimize identifiable risks. The Company's Board of Directors and the Audit Committee periodically reviews the risk management policy so that the management can control the risk through properly defined procedures. Besides, heads of each of the departments are responsible for the implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee.

Some of the broad risks facing the business and their mitigation strategy include the following:

### Industry risk

A decline in the automotive industry can impact the fortunes of the auto component industry.

# 1

### Mitigation

- The Indian automotive industry is at the cusp of significant transformation with the industry growing by about 7% in 2015-16, reversing years of decline and sluggishness
- Despite a 1.2-billion strong population, car penetration in India is abysmally low when compared to global averages; however this is expected to correct with rising aspirations, stable interest rates with a downward bias, easy access to finance and a plethora of new models launched by OEMs, providing enhanced choice to customers
- A large number of MNCs have announced their plans to augment

their existing manufacturing facilities in India to make the country as their automotive hub for domestic supplies as well as exports through enhanced localization; India offers some inherent advantages including lower cost labour

- The passage of the GST Bill and relatively lower fuel costs are also some of the structural drivers that will boost fleet addition among logistics and transport operators, thereby driving demand for auto components
- As a result, the Indian auto component industry is expected to sustain its growth levels over the medium to long term, indicating attractive potential for industry players

### Financial risk

Improper financial management can impact viability.

# 2

### Mitigation

- The Company's financial model is anchored on prudence and conservatism
- The Company prudently utilized the ₹33.35 crores as cash generated from operating activity in retiring debt, capex and dividend payment

- The Company optimized its debt from ₹116.82 crores as on 31 March 2015 to ₹113.44 crores as on 31 March 2016; resultantly, debt-equity ratio improved to 0.86 interest cost on the P&L declined 5.23% to ₹17.70 crores and interest cover augmented to 1.55

### Cyclical risk

The auto component industry is closely linked to the automotive industry, which is cyclical and dependent on several external factors.

3

#### Mitigation

- Talbro is well-diversified across products, customers and geographies, that helps infuse sustainability in a cyclical business
- In terms of its products basket, the Company manufactures a wide range of components including gaskets, heat

shields, chassis systems, anti-vibration products and hoses

- The Company counts a large number of OEMs as customers; it also supplies to the aftermarket and also exports to many countries around the world

### Product risk

Critical products fulfill critical requirements. Any flaws might lead to a serious business impact.

4

#### Mitigation

- The Company enjoys multi-decade relationships with a large number of eminent clients, demonstrating the consistency in supplies of highly compliant products
- The Company is certified by various ISO as well as TS 16949 standards with regular internal as well as customer audits
- The Company manufactures products as per well-documented

SOPs with traceability, thereby ensuring accountability

- The Company uses a high level of technology on its shopfloor that enhances accuracy and minimizes human intervention
- The Company enlisted Başak Traktör, Turkey, Kubota, Japan and Mega Motors, Iran as overseas OEM customers during 2015-16, reflecting global product compliance

### Regulatory risk

The threat of adverse and sudden regulations can be a threat to the industry's viability.

5

#### Mitigation

- Though structured regulations are welcome as they would only help stabilize and brighten long-term prospects, ad-hoc announcements represent a risk

- Over the medium-term, the mandatory migration to BS-VI fuel emission norms by 2022 bode well for the industry, enabling us to enhance the technological content in our products and also improve the environment



## Our management team



1



2



3



4



5



6

### 1 Mr. Naresh Talwar, Chairman

Mr. Naresh Talwar, aged 76 years, is a Promoter and Non-Executive Chairman. He is a graduate from St. Stephen College, Delhi University, having wide experience in the automotive components industry for more than 50 years. He has been associated with the Company since 1976. In his career span, he has worked with several companies of the Talwar Group. He has set-up QH Talbros Limited in 1986 for manufacturing of suspension, tie-rods and ball joints etc. He has also co-promoted T&T Motors Limited, the authorised dealers of Mercedes Benz cars.

He has more than 40 years of rich experience in the automotive components industry. He has been associated with the company since 1977. He is an Executive Committee Member of Automotive Components Manufacturers Association of India (ACMA). Mr. Talwar is one of the Promoters of the Company and has been managing the affairs of the company as its Vice Chairman & Managing Director (VCMD) since 2000.

more than 21 years of rich experience in the IT sector, auto components and healthcare industry.

### 4 Mr. Vidur Talwar, Director

Mr. Vidur Talwar, aged 45 years, has done B.S. in Business Administration and MBA in Finance from Drexel University, Philadelphia, USA. He is on the Board of several companies in Talbros Group, holding position as Managing Director/ Joint Managing Director. He is also responsible for day-to-day operations of T&T Motors, dealers for Mercedes Benz. He has had more than 20 years of rich and varied experience in the automotive components industry.

college of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management. He has been associated with the Company since 2008. He has over 12 years of rich experience in the corporate finance, credit analysis and auto industry.

### 6 Mr. Navin Juneja, Director and Group CFO

Mr. Navin Juneja, aged 59 years, is a B.Sc. (Mathematics) and Chartered Accountant (FCA). He is working as Finance Head of Talbros Group as its Group CFO. He also advises various companies on financial management and corporate planning. He has more than 33 years of rich experience in finance, accounting and strategic planning.

### 2 Mr. Umesh Talwar, Vice Chairman and Managing Director

Mr. Umesh Talwar, aged 66 years, has done B.Com (Hons) from Delhi University and MBA from XLRI, Jamshedpur.

### 3 Mr. Varun Talwar, Joint Managing Director

Mr. Varun Talwar, aged 47 years has done BS in Business Administration from Drexel University, Philadelphia, USA. He has been associated with the Company since 2006. He has worked overseas with Stoffel Seals Corporation i.e. a New York based Company besides American Express Bank, New York. He has

### 5 Mr. Anuj Talwar, Joint Managing Director

Mr. Anuj Talwar, aged 35 years, is a Bachelor in Business Administration from



## Talbro Automotive Components Limited

CIN: L29199HR1956PLC033107

Registered Office: 14/1, Delhi-Mathura Road

Faridabad-121003, Haryana

Tel No.: 0129-4294182, Fax No.: 0129-2277240

Website: www.talbro.com, Email: shares@talbro.com

# Notice

**NOTICE** is hereby given that the 59th Annual General Meeting of the members of Talbro Automotive Components Limited will be held at 10.30 a.m. on Monday the 26th day of the September, 2016 at **Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001 (Haryana)** to transact the following business:

### Ordinary Business:

- To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2016 including audited Balance Sheet as at 31st March, 2016 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.
- To declare Dividend on paid-up Equity Share Capital for the financial year ended 31st March, 2016.
- To appoint a Director in place of Mr. Varun Talwar (holding DIN 00263984) who, retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Anuj Talwar (holding DIN 00628063) who, retires by rotation and being eligible, offers himself for re-appointment.
- To appoint M/s S.N. Dhawan & Co., New Delhi (Firm Registration No. 000050N) as Statutory Auditors of the Company and M/s. CMRS & Associates, Chartered Accountants, Pune (Firm Registration No. 101678W) as auditors for company's Pune Branch and authorize Board of Directors to fix their remuneration.

### Special Business

- To consider and, if though fit, to pass the following resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of section 196, 197, 203 read with Schedule V and other applicable provisions of Companies Act, 2013 and as are agreed to

by the Board of Directors (hereinafter referred to as the Board) approval and consent of the Company be and is hereby accorded for an increase in remuneration of Mr. Anuj Talwar, Joint Managing Director as recommended by the Nomination and Remuneration Committee effective from 1st April, 2016 as per details given hereunder:

#### I. Salary

Particulars	Monthly Remuneration (₹)
Basic Salary	3,40,000
House Rent Allowance	2,38,000
Other Allowances	22,000
<b>Total Salary</b>	<b>6,00,000</b>

#### II. Perquisites & Allowances:

- Company's contribution towards Provident Fund and Superannuation Fund as per rules of the Company.
- Gratuity – As per rules of the Company.
- Earned/Privilege Leaves - As per rules of the company. Leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- Car-provision of a chauffeur driven car for the business purposes of the Company & personal use.
- Telephone - Telephone facility at residence, personal long distance calls to be paid by Mr. Anuj Talwar.
- Such other benefits/amenities and other privileges as may from time to time be available to other executives of the Company and the monetary value shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same be evaluated at actual cost.

### III. Other Benefits:

- (i) Reimbursement of entertainment expenses actually and properly incurred in course of the business of the company.
- (ii) The expenses in connection with the spouse accompanying the Joint Managing Director while on business tours in India and abroad to be borne by the Company.

**RESOLVED FURTHER THAT** the increased salary paid to Mr. Anuj Talwar from 1st April, 2016 to the date of this Annual General Meeting be and is hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to vary, alter and modify, change, substitute, consolidate, delete and/or revise all the terms and conditions including as to remuneration, designation of the said appointment in any manner within the permissible limits and from time to time, as the Board may in its absolute discretion decide.

**RESOLVED FURTHER THAT** in the absence or inadequacy of profits in any financial year, the remuneration as set out in the Explanatory Statement be paid to Mr. Anuj Talwar as minimum remuneration, subject to necessary approval(s) as may be required.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, agreements, instruments and writings as may be required to give effect to the aforesaid resolution.

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

**RESOLVED THAT** pursuant to the provisions of section 73 and 76 of the Companies Act, 2013 ("the Act") (including any modifications or re-enactments thereof) read with Companies (Acceptance of Deposits) Rules, 2014 and subsequent amendment(s) thereof and other applicable provisions of the Act and rules made thereunder, if any, and subject to such conditions, approvals, permissions, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors 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 from time to time, 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 may 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.

8. 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 2017 to 31st March 2020 upto maximum amount of ₹24.00 Crores in one financial year .

**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.

9. 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 2017 to 31st March 2020 upto maximum amount of ₹4.00 Crores in one financial year .

**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.

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 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 Talbro Private Ltd for the transactions of sale/purchase of gaskets to each other for a period of three years with effect from 1st April 2017 to 31st March 2020 upto maximum amount of ₹2.00 Crores in one financial year.

**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.

11. 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 2016-17 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

Sd/-

**Seema Narang**

Company Secretary

Place: New Delhi  
Date: May 21 2016

## 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. 6 to 11 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/HERSELF 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 19th September 2016 to 26th September 2016 (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 2008 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, 2009 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 2008-09 have been notified in this connection.
7. Dividend on Equity Shares for the financial year ended March 31, 2016, 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 opening business hours on 19th September 2016 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 and the Notice of the 59th Annual General Meeting of the Company along with Attendance Slip, Proxy Form and the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(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 59th 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.
13. Members may also note that the Notice of the 59th Annual General Meeting and the Annual Report will also be available on the Company's website [www.talbro.com](http://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 email id: [seema\\_narang@talbro.com](mailto:seema_narang@talbro.com).
14. Voting through electronic means  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility of voting through electronic means to its members. Members of the Company can transact all the items of the

businesses with the facility of voting through electronic means through e-Voting Services provided by Karvy Computershare Private Limited (Karvy).

The detailed instructions for voting through electronic means are being sent separately with this Notice along with User- id and password.

The facility for voting through ballot or polling paper shall be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

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: Talbros Automotive Components Ltd.,  
Karvy Selenium Tower-B, Plot No. 31 & 32,  
Financial District, Gachibowli, Nanakramguda,  
Serilingampally, Hyderabad 500 008, India  
Email: [rajeev.kr@karvy.com](mailto:rajeev.kr@karvy.com)  
[www.karvycomputershare.com](http://www.karvycomputershare.com)

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

Place: New Delhi  
Date: May 21 2016

Sd/-  
**Seema Narang**  
Company Secretary

## **Explanatory Statement in Respect of the Special Business Pursuant to Section 102 of the Companies Act, 2013**

### **Item No 6.**

In the 56th Annual General Meeting of the Company held on September 16, 2013, Mr. Anuj Talwar was appointed as Executive Director of the Company for a period of three years w.e.f. August 14, 2012 and further re- appointed for a period of 3 years by the shareholders in the 58th Annual General Meeting of the Company held on September 25, 2015 till August 13, 2018.

The Board, in view of his contributions to the Company's business and the qualification and experience he holds and on recommendation of Nomination and Remuneration committee, recommends the increase in remuneration of

Mr. Anuj Talwar as set out in Item no. 6 of the notice and also recommends change of designation of Mr. Anuj Talwar to Joint Managing Director for the remaining term w.e.f 1st April, 2016.

Accordingly, the shareholders of the Company are requested to approve and ratify increase in remuneration of Mr. Anuj Talwar on the below mentioned remuneration effective from April 1, 2016 to be paid as minimum remuneration in case of loss or inadequacy of profits in any financial year during the abovementioned tenure:

### 1. Salary:

- (a) Basic Salary of ₹3,40,000/- per month.
- (b) House Rent Allowance @ 70% of the Basic Salary i.e. ₹2,38,000/- per month.
- (c) Perquisites such as house maintenance allowance, Medical Reimbursement, Leave Travel Concession, Club Fees, Personal Accident Insurance etc. maximum to a maximum of ₹22,000/- per month.

### 2. Perquisites & Allowances:

- (a) Company's contribution towards Provident Fund and Superannuation Fund as per rules of the Company.
- (b) Gratuity – As per rules of the Company.
- (c) Earned/Privilege Leaves - As per rules of the company. Leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- (d) Car-provision of a chauffeur driven car for the business purposes of the Company & personal use.
- (e) Telephone - Telephone facility at residence, personal long distance calls to be paid by him.
- (f) Such other benefits/amenities and other privileges as may from time to time be available to other executives of the Company and the monetary value shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same be evaluated at actual cost.

### 3. Other Benefits:

- (i) Reimbursement of entertainment expenses actually and properly incurred in course of the business of the company.

- (ii) The expenses in connection with the spouse accompanying Executive Director while on business tours in India and abroad to be borne by the Company.

4. Notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration to the Executive Director

The Board of Directors has, subsequent to the approval of Remuneration Committee, approved in its meeting held on 11th February, 2016, the remuneration as mentioned above as minimum remuneration payable to Mr. Anuj Talwar subject to approval of the shareholders.

In order to ensure continuity in payment of remuneration to whole time Directors irrespective of unforeseen volatility in operations/ profitability and as per the requirements of Section – II of Part – II of Schedule V of the Companies Act, 2013 a Special Resolution is also required to be passed for payment of managerial remuneration, therefore consent of members by way of a Special Resolution is sought for increase in payment of remuneration to Mr. Anuj Talwar as Joint Managing Director of the Company w.e.f. April 1, 2016.

This may also be treated as memorandum pursuant to Section 190 of the Companies Act, 2013.

Mr. Anuj Talwar holds 62851 equity shares of the Company. Mr. Anuj Talwar is a Director in the following Companies:

Name of the Company	Date of Appointment
T&T Motors Limited	05-02-2015
Talbro International Ltd	20-08-2007
Magneti Marelli Talbro Chassis Systems Private Limited	03-02-2012
Talbro Margo Rubber Private Ltd	23-08-2012
Euro Motors Private Limited	14-04-2006

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. Umesh Talwar, being father of Mr. Anuj Talwar, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

As required by proviso (iv) of Section – II of Part – II of Schedule – V of the Companies Act, 2013, a statement of information is given below:

**(I) General Information:**

Nature of Industry	Manufacturing, Auto Components				
Date of commencement of commercial operation	The Company was incorporated on September 08, 1956 and it started its Commercial production long back in 1957.				
<b>Financial Performance:</b>	(₹ in Lakhs)				
Financial Parameters	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Turnover (₹ in lakhs)	34352.84	29524.43	29438.74	31083.89	31008.52
Net profit as per profit and loss statement (₹ in lakhs)	1081.85	1002.17	1743.57	1307.80	1169.98
Amount of dividend paid	148.15	148.15	148.15	185.18	185.18
Rate of dividend declared	12%	12%	12%	15%	15%
Joint Ventures (JV)/ Foreign collaborators, if any	<ul style="list-style-type: none"> <li>– Nippon Leakless Corporation Japan, (JV with Nippon Leakless Corporation, Japan)</li> <li>– Magneti Marelli Talbros Chassis Systems Private Limited (JV with Sistemi Sospensioni S.p.A, Italy)</li> <li>– Talbros Marugo Rubber Private Limited (JV with Marugo Rubber Industries Ltd, Japan)</li> </ul>				

**II. Information about the appointees:**

Name	Mr. Anuj Talwar	
Background Details	<p>Aged 35 years, Mr. Anuj Talwar is a Bachelor in Business Administration from college of William &amp; Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management.</p> <p>He has been associated with the Company since 2008. He had over 12 years of rich experience in the Corporate Finance, Credit analysis and Auto Industry.</p>	
Past remuneration (₹ Per annum)	2013-14	39.43 Lakhs
	2014-15	39.45 Lakhs
	2015-16	38.89 Lakhs
Job profile and his suitability	Mr. Anuj Talwar is responsible for coordinating with Joint Venture Companies, particularly Magneti Marelli Talbros Chassis Systems Private Limited and Talbros Marugo Rubber Private Limited as well as new business developments.	
Remuneration proposed	As set out in the explanatory statement for resolution at item no. 6 of this Notice. The remuneration to Mr. Anuj Talwar has been recommended by the Remuneration Committee in its meeting held on February 11, 2016.	
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	In view of the size of the Company, the qualification and experience of Mr. Anuj Talwar and the profile being handled by him, the remuneration as mentioned above is on the lower side as compared to the remuneration being paid to managerial positions in other Companies in the industry.	
Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any	Besides the remuneration proposed, Mr. Anuj Talwar does not have any other pecuniary relationship with the Company. However Mr. Anuj Talwar is related to Mr. Umesh Talwar being his son.	
Other information:	N.A.	

## Disclosures

The shareholders of the company shall be informed of the remuneration package of the managerial person.	Disclosure of the remuneration package is part of this notice being sent to Shareholders.
The following disclosures shall be mentioned in the Board of Directors report under the heading "Corporate Governance", if any, attached to the annual report:-  (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors;  (ii) Details of fixed component and performance linked incentives along with the performance criteria  (iii) Service contracts, notice period, severance fees;  (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	All the disclosures as required are mentioned in the Director's Report/ Corporate Governance Report section of the 59th Annual Report to be published for the next Annual General Meeting of the Company.

### Item No 7.

The members of the Company in their 58th Annual General Meeting held on 25th September, 2015 had authorised the Board of Directors of the Company to invite/ renew and accept deposits from its Members and/ or Public pursuant to the provisions of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. Consequent to the above said approval of the Members, the Company had issued on 31st August, 2015 an advertisement inviting deposits from the Members/ Public which is valid till 26th September, 2016.

In compliance of the provisions of Section 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014, the approval of the Members (Shareholders) by way of Special Resolution is being sought for inviting and accepting/ renewal of unsecured fixed deposits beyond 26th September, 2016.

Your Directors recommend the Special Resolution at Item No. 7 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 amount of Deposit and/or shareholding in the Company, if any.

### Item No 8.

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

The Special Resolution mentioned at item no.8 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 2017 to 31st March 2020 upto maximum sale value aggregating to ₹24.00 crores in one financial year.

Your Directors recommend the Special Resolutions at Item

No. 8 of the Notice for the approval of the Members.

Mr. Naresh Talwar, Mr. Umesh Talwar and Mr. Vidur 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 resolution.

### Item No 9 & 10

Nippon Leakless Talbro Private Ltd (LTL) is a 40:60 Joint Venture Company between Talbro 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 five 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. 9 & 10 of the accompanying Notice is for entering into an Agreement with LTL for a period of three years effective from 1st April, 2017 to 31st March, 2020 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 ₹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. 9 & 10 of the accompanying Notice is for entering into an Agreement with LTL for a period of three years effective from 1st April, 2017

to 31st March, 2020 for a value not exceeding ₹2.00 crore in each financial year.

Your Directors recommend the Special Resolutions at Item No. 9 and 10 of the accompanying Notice for the approval of the Members.

Mr. Umesh Talwar, Mr. Varun Talwar and Mr. Vidur 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 resolution.

#### Item No 11.

A proposal for appointment of M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) as Cost Auditor for the financial year 2016-17 was recommended by the Audit Committee to the Board which was approved by the Board in its meeting held on 21st May 2016. 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 appointment and 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, financial or otherwise, in the resolution set out at Item No. 11.

The Directors recommend this resolution for the approval of shareholders.

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

Place: New Delhi  
Date: May 21 2016

Sd/-  
**Seema Narang**  
Company Secretary

## Annexure to Explanatory Statement

Details of Directors seeking Appointment/ Re-appointment at the forthcoming Annual General Meeting (pursuant to SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Name of the Director	Mr. Anuj Talwar	Mr. Varun Talwar
Date of Birth	19.12.1980	20.06.1969
Date of Appointment	14.08.2012	14.08.2008
Qualifications	Bachelor in Business Administration from College of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management	BS in Business Administration
Nature of expertise in specific functional areas	12 years of rich experience in Corporate Finance, Credit analysis and Auto Industry	21 years of rich experience in IT sector, Auto Components and Health Care Industry.
Directorship and Trusteeship in other Companies	1. Talbros International Ltd. 2. Euro Motors Pvt Ltd. 3. Magneti Marelli Talbros Chassis Systems Pvt Ltd. 4. Talbros Marugo Rubber Pvt Ltd. 5. T & T Motors Ltd.	1. Talbros Marugo Rubber Private Limited 2. Magneti Marelli Talbros Chassis Systems Pvt Ltd. 3. Sunrise Medicare Pvt. Ltd. 4. T & T Motors Limited 5. Talbros International Limited 6. Pooja Talwar Development & Enrichment Centres Private Limited 7. Riverston Pooja Talwar Education Private Limited 8. Nippon Leakless Talbros Private Limited
Members of Committees of other Companies	0	1
No. of shares held	62,851	17,985



# Directors' Report

*Dear Members,*

The Directors are pleased to present the 59th Annual Report of your company along with Audited Accounts and the Auditors' Report thereon for the Financial Year ended 31st March, 2016.

## FINANCIAL HIGHLIGHTS

(₹ in lacs)

Particulars:	Year Ended March 31, 2016	Year Ended March 31, 2015
Net Revenue from Operations	31,008.52	31,083.89
Profit before Interest and Depreciation	3,646.56	4,051.65
Less : Interest	1,662.48	1,753.95
Depreciation	814.10	803.04
Profit before Tax before Exceptional Item	1,169.98	1,494.66
Exceptional Item	0.00	(186.86)
<b>Profit before Tax and after Exceptional Item</b>	<b>1,169.98</b>	<b>1,307.80</b>
<b>Less: Provision for Taxation</b>	<b>232.00</b>	<b>276.00</b>
<b>Provision for Deferred Tax</b>	<b>358.39</b>	<b>32.80</b>
MAT Credit Entitlement	(232.00)	-
Less: (Excess)/ Short provision of tax for earlier years written back/provided	(6.88)	1.15
<b>Profit after Tax</b>	<b>818.48</b>	<b>997.85</b>
Add: Balance Brought forward from last year	5,751.88	5,026.91
<b>Profit available for appropriations</b>	<b>6,570.36</b>	<b>6,024.76</b>
<b>Appropriations:</b>		
Proposed Dividend	185.18	185.18
Tax on Dividend	37.70	37.70
Transfer to General Reserve	50.00	50.00
Balance carried forward	6,297.48	5,751.88
<b>Total</b>	<b>6,570.36</b>	<b>6,024.76</b>

## FINANCIAL REVIEW

During the financial year 2015-16 there was robust growth in demand for Commercial and Passenger Vehicles. Goods carriers have seen turn around after general election 2014 with the Govt. focusing strongly on infrastructure development. Mining in mineral production industry has also seen turn around and it is estimated that both these

industries will take goods carriers segment at above 15% growth rate for the current year. Last two years several macro economic factors such as falling interest rates and decreasing fuel price brought increased end customers attention and in turn demand. The similar trend is expected to continue for next couple of years.

The Utility Vehicles segment maintained its growth rates due to regular new product launches and is expected to do even better in next couple of years with launch of products like Hyundai Creta, Maruti Brezza and Mahindra KUV.

The Tractor segment showed a negative growth. This segment is directly dependent on Monsoon due to its major agriculture use. Last two years India witnessed a consecutive Monsoon deficit which lead to drastic drop in Tractors sale.

Tractors segments are expected to grow at a fast pace, compensating for last two years due to good Monsoon projected for next two years.

Two wheelers segment grew at around 12% primarily by strong demand for scooter in Urban Markets.

Comparative production of vehicles in different segments over three years has been as follows.

(Production in Nos.)

Segment	Sub segment	2013-14	2014-15		2015-16	
		(Nos.)	(Nos.)	Growth	(Nos.)	Growth
Commercial Vehicles	LCVs - Goods Carriers	4,32,102	3,83,155	-11.33%	3,90,979	2.04%
	LCVs - Passenger Carriers	45,136	46,585	3.21%	50,654	8.73%
	M & HCVs - Goods Carriers	1,80,451	2,19,193	21.47%	2,86,994	30.93%
	M & HCVs - Passenger Carriers	41,175	49,365	19.89%	54,187	9.77%
Passenger Vehicles	Passenger Cars	23,11,972	24,22,158	4.77%	25,19,444	4.02%
	Utility Vehicles	5,63,986	6,26,296	11.05%	7,11,830	13.66%
	Vans	1,96,693	1,72,965	-12.06%	1,82,585	5.56%
Three Wheelers	Goods Carrier	96,872	1,03,647	6.99%	99,816	-3.70%
	Passenger Carrier	7,33,248	8,45,372	15.29%	8,34,134	-1.33%
Tractors	Tractors	6,96,801	6,12,994	-12.03%	5,71,565	-6.76%
Two wheelers	Mopeds	7,32,210	7,55,345	3.16%	7,37,886	-2.31%
	Motor cycles/ Step-Throughs	1,24,71,488	1,30,11,219	4.39%	1,28,16,012	-1.50%
	Scooter/ Scooterette	36,76,193	47,22,747	28.5%	52,75,888	11.71%

Source: Society of Indian Automobile Manufacturers

## NEW INITIATIVES

In Financial year 2015, your company had a healthy mix of 67% from OEM business, 19% from Exports and balance from the aftermarket. Your Company has moved closer to its major technology up-gradation at its Gasket Division. The dedicated line for manufacturing Heat Shields adopting latest technology acquired through Sanwa Packaging Co. Ltd., a well-known Japanese company has been successfully installed. It is a natural extension to the Gaskets; it's a new product line and a new initiative by Talbros.

Your Company is 100% asbestos free and this initiative that the management took is enabling exports to grow in the

coming years. In the gasket business your Company has a vision to take exports up from 13% currently to about 20% over next three years. In addition, the existing capacity for producing Gaskets was improved and increased by internal efficiency building which has resulted in capacity enhancement of about 20%.

Initiation taken during the year 2015-16 on product diversification towards Heat shields and new technology oriented products further enhanced by discussing with customers regarding future product line they will be introducing and the requirements in terms of products as well as specifications which need to be developed were

initiated and many of these products will be introduced in the market in financial year 2016-17.

Further, introduction of new technologies in financial year 2015-16 were taken up with the International OEM customers who have accepted TALBROS for their future supplies which will enhance growth in exports significantly in upcoming years. The Company has orders from the markets of US, Turkey, Italy and is working closely with new customers in America, Turkey, Iran and Mexico.

On the other side at Forging Plant, your company is currently looking at restructuring the business through various strategic options to be able to generate newer growth drivers.

The revenue for Forging Division in 2015-16 is ₹6238 lacs against sales value of ₹6843 lacs in 2014-15. The reason for lower sales in 2015-16 was largely on account of the slowdown induced across the European markets.

For its Forging Division at Bawal, the Company added a new customer like Ognibene in export and VECV & Amul Industries in domestic. The Company embarked on various initiatives to reduce costs. It expects to optimize the running expenses by TPM initiative.

Going ahead, the Company expects this division to grow at a CAGR of around 20% in the next couple years. It is proposed to optimize product mix to improve export share 65- 70% over next couple of years.

With focus on enhancing yield and optimizing efficiency, we expect a good performance during the current financial year for this division.

## FUTURE OUTLOOK

A good monsoon and a pick up in the pace of the economic recovery should augur well for auto volumes.

The improvement in macroeconomic indicators is promising. The drive of the government on development of infrastructure; generation of employment, lower fuel cost, control over inflation, rationalization of tax structure through GST introduction, Automotive Industry to be the engine of "Make in India" which is a welcome step; are all good indicators.

Also there is focus on promoting mobility, promoting India as a preferred destination for every segment of the automotive value chain, defining a road map for implementing policies & regulations and we as part of the industry have great expectations from the same. Overall it is expected that the Auto Sector too would be the beneficiary of such measures. Revival of infrastructure and mining sectors will also give significant boost to Auto Sector growth. In addition to this,

revival of monsoon after 2 years is a positive factor especially towards the growth in two wheeler & tractor segment.

It is expected that the overall auto segment would grow by 13 to 14 %, Passenger Vehicles sales to grow by 6% to 7%, Overall CV segment to grow by 13% to 14%, Two Wheelers to grow by 14% to 15% and Scooters segment to grow by 27% to 28%, Tractors to grow by 20% to 21%.

Your management has continued its strong focus on internal process improvements, enhanced productivity and skill-assessment and up gradation of its workforce so as to be a smart, nimble and proactive organization.

## DIVIDEND & TRANSFER TO RESERVES

Your Directors are pleased to recommend 15% dividend for the year 2015-16 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 2015-16 will be ₹222.88 lacs. Also the Directors have proposed to transfer an amount of ₹50.00 lacs to General Reserve.

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

In terms of provisions of Section 125 of the Companies Act, 2013, the unclaimed final dividend pertaining to the financial year 2007-08 amount aggregating to ₹5,80,793/- had been transferred to the "Investor Education and Protection Fund" established by the Central Government.

The Company shall transfer the unclaimed dividend for the year 2008-09 to Investor Education and Protection Fund on or before 27th October, 2016 upon completion of 7 years from the date of transfer of said dividend into the Unclaimed Dividend Account in compliance with the provisions of Section 125 of the Companies Act, 2013.

The shareholders who have not encashed their dividend warrants for the financial year 2008-09 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 the year 2008-09.

## SHARE CAPITAL

The paid up capital of the company as on 31st March, 2016 was ₹1,234.563 lacs. During the year under review, the company did not issue any class or category of shares, Employee Stock Options, Convertible securities and consequently no change in the capital structure since previous year.

## FIXED DEPOSIT SCHEME

The Fixed Deposit Scheme of the Company continued during the year. Deposits accepted from the public amounted to ₹668.78 Lacs as on 31st March, 2016.

As on 31st March, 2016, 105 fixed deposits aggregating to ₹39.47 Lacs matured for payment, but were neither claimed nor renewed by the depositors.

## BOARD MEETINGS

During the financial year ended 31st March 2016 six (6) meetings of the Board of Directors were held on the following dates:

- 24th April, 2015
- 22nd May, 2015
- 12th August, 2015
- 13th November, 2015
- 12th December, 2015
- 11th February, 2016

The gap between any two meetings was not more than 120 days as mandated under the provisions of Section 173 of the Companies Act, 2013.

## DIRECTORS

Your directors intrinsically believe in the philosophy of Corporate Governance and are committed to it for the effective functioning of the Board.

No Director resigned from the Company during the reporting period.

## KEY MANAGERIAL PERSONNEL

As on date, company has following key managerial personnel in compliance with the provisions of section 203 of the Companies Act 2013.

1. Mr. Umesh Talwar - Vice Chairman & Managing Director
2. Mr. Naveen Gupta - Chief Financial Officer
3. Mrs. Seema Narang - Company Secretary

During the year, Mr. Rajeev Paal Gupta resigned from the position of Chief Executive Officer w.e.f 01.08.2015 and Mr. Manvinder Singh Ajmani resigned from the position of Chief Financial Officer w.e.f 16th May, 2016.

All directors, key managerial personnel and senior management have confirmed to comply with the company's Code of conduct.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, your Directors hereby state and confirm:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure was made for the same;
- b) That Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period ended on March 31, 2016;
- c) That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That Directors have prepared the annual accounts on a going concern basis;
- e) That the directors have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f) That Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## DECLARATION GIVEN BY INDEPENDENT DIRECTOR UNDER SECTION 149(6)

The independent Directors have confirmed and declared that they fulfill the criteria of independence as per the provisions of Section 149(6) of the Companies Act 2013 and are not disqualified to act as an Independent Director. The Board is also of the opinion the Independent Directors fulfill the independence requirement in strict sense and are eligible to continue as independent Directors of the company.

## DIRECTORS RETIRING BY ROTATION

In accordance with the provisions of Companies Act 2013 and the Articles of Association of the company Mr. Varun Talwar (DIN 00263984) and Mr. Anuj Talwar (DIN 00628063) retire by rotation and being eligible offer themselves for re-appointment.

Details of the proposal for their re- appointment are mentioned in the explanatory statement annexed to the notice of the 59th Annual General Meeting. The board recommends their re-appointment.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

## AUDIT COMMITTEE

The Audit Committee held four (4) meetings during the year. The members of the Audit Committee are:-

Name of Director		Category
Mr. V. Mohan	Chairman	Independent Director
Mr. Naresh Talwar*	Member	Non- Executive Director
Mr. Anil Kumar Mehra	Member	Independent Director
Mr. Rajive Sawhney	Member	Independent Director
Mr. Amit Burman	Member	Independent Director
Mr. Vidur Talwar**	Member	Non- Executive Director
Mr. Anuj Talwar**	Member	Executive Director

\* Resigned from the Audit Committee w.e.f 12th December, 2015 and

\*\* Appointed as members of the Audit Committee w.ef. 12th December, 2015.

The Chief Financial Officer, Statutory Auditors and the Internal Auditor of the Company are permanent invitees to the meetings of the Audit Committee. It is a practice of the Committee to extend an invitation to Cost Auditor to attend the meeting as and when required.

Mrs. Seema Narang, Company Secretary, is the Secretary of the Audit Committee.

## RELATED PARTY DISCLOSURES

Related party transactions are reviewed and approved by Audit committee and are also placed before the Board for necessary approval. The Company has developed standard operating procedures for the purpose of identification and monitoring of such transactions.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other related parties which may have a potential conflict with the interest of the Company at large.

The contracts or arrangements of the Company with related

parties during the period under review referred to in Section 188(1) of the Companies Act, 2013 were in ordinary course of business and on arms' length basis and in accordance with the shareholders' approval by way of special resolution. During the year, Company had not entered into any contract/ arrangement/ transactions with related parties which could be considered material in accordance with the related party transaction policy of the Company.

The board has approved policy for related party transactions in terms of provision of Regulation 23 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 which is available on company's website at following link: <http://www.talbro's.com/investors/investor-corporate/related-party-policy/>

The prescribed Form AOC- 2 giving particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 is attached as **Annexure I**.

## INTERNAL FINANCIAL CONTROL

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Company has appointed M/s. Mazars Advisory Private Limited for carrying out the assignment of Internal Control over Financial Reporting.

## REMUNERATION POLICY & BOARD EVALUATION

The Board on the recommendation of the Nomination & Remuneration Committee for selections and appointments of Directors, senior management and decides their remuneration, after reviewing their qualifications, positive attributes, independence of directors, board diversity. Remuneration Policy of the company is based on the fundamental principles of payment for performance, potential, growth and aligning remuneration with the longer term interests of the Company and its shareholders, promoting a culture of merit recognition and creating a linkage to corporate and individual performance. The criteria for performance evaluation of directors cover the areas relevant to their functioning as member of Board or its Committees thereof. The manner in which the performance evaluation of the board and its committees thereof, the chairman and the directors individually has been carried out has been explained in the Corporate Governance Report.



## CORPORATE GOVERNANCE

A Certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance as per the requirement of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is enclosed as part of Corporate Governance Report.

The Board of Directors support the concept of Corporate Governance and having regard to transparency, accountability and rationale behind the decisions have made proper disclosures separately under the heading "Corporate Governance".

## MANAGEMENT DISCUSSION AND ANALYSIS

As required under the listing SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, MD&A is enclosed and is part of this Report.

## RISK MANAGEMENT POLICY

Risk management forms an integral part of management policy and is an ongoing process integrated with operations.

The Company has formulated a policy and process for risk management. The company has set up a core group of leadership team, which identifies, assesses the risks and the trends, exposure and potential impact analysis at different level and lays down the procedure for minimization of the risks. Risk management forms an integral part of management policy and is an ongoing process integrated with operations.

Company has identified various strategic, operational and financial risks which may impact company adversely; however, management believes that the mitigation plans for identified risks are in place and may not threaten the existence of the company.

## VIGIL MECHANISM

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a vigil mechanism for directors and employees to report genuine concerns has been established.

Details of establishment of vigil mechanism/ whistle blower are disclosed in the Corporate Governance Report.

The policy on vigil mechanism is available on the company's website at [www.talbro.com](http://www.talbro.com).

During the year under review, no employee was denied access to the Audit Committee.

## LISTING OF SHARES

The Equity Shares of the Company are listed on the BSE Limited (BSE), Mumbai and National Stock Exchange of India Limited.

Pursuant to the notification of the regulations, your Company has entered into new Listing Agreement with the BSE Limited (BSE), Mumbai on 25th February 2016 and with National Stock Exchange on 19th February 2016 as mandated under the said regulations.

## CORPORATE SOCIAL RESPONSIBILITY

Talbro Automotive Components Ltd. (TACL) has formulated Corporate Social Responsibility (CSR) policy which encompasses its philosophy and guides its sustained efforts for supporting socially useful programs for welfare and sustainable development of the weaker sections of the society specially the children and contributed to Savera Association, Talwar Foundation and other NGO committed for attending to education and nutrition needs of the underprivileged children. Your company also contributed to the Prime Minister's Relief Fund to support their projects for welfare of the society.

As per Section 134(3)(o) of the Companies Act, 2013, and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by the Ministry of Corporate Affairs, the Company has undertaken activities as per the CSR Policy (available on the company's website [www.talbro.com](http://www.talbro.com)) and further details of the CSR activities are contained in the **Annexure - II** forming part of this Report.

## AUDITORS AND AUDITORS REPORT

### Statutory Auditors

The Audit Committee has recommended to the Board, the re-appointment of M/s. S.N. Dhawan & Co., Chartered Accountants, Statutory Auditors of the Company and CMRS & Associates, Chartered Accountants, Auditors for the Pune Plant, as statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of 60th Annual General Meeting to be held in the year 2017 and the necessary resolution for appointment as statutory auditors is being placed before the shareholders at the 59th Annual General Meeting.

All observations made in the Auditors' Report and notes to the accounts are self-explanatory and do not call for any further comments under Section 134 of the Companies Act, 2013. The Auditor's Report does not contain any qualification or adverse remarks.

### Secretarial Auditors

The Board has re-appointed Mrs. Kiran Sharma (membership no. 4942 & certificate of practice no. 3116) a practicing Company Secretary for carrying out secretarial audit in terms of the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016-17.

Secretarial audit report for the financial year ended 31st March 2016 as provided by M/s. Kiran Sharma & Associates, Practicing Company Secretary is annexed to this Report as **Annexure - III**. The report does not contain any qualification or adverse remarks.

### Cost Auditors

The Board of Directors, on recommendation of the Audit Committee, has re-appointed M/s Vijendra Sharma & Co., Cost accountants (Firm Registration No. 00180) as Cost Auditors of the Company, for the Financial Year 2016-17 for conducting the audit of the cost records maintained by the Company subject to the ratification of the remuneration to be paid to the Cost Auditor by the shareholders in ensuing Annual General Meeting.

A certificate from them has been received to the effect that their appointment as Cost Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Companies Act, 2013 and rules framed there under.

## REPORT ON PERFORMANCE AND FINANCIAL POSITION OF JOINT VENTURE COMPANIES

Your company has three joint ventures (JVs) with Nippon Leakless Corpn. Japan, Marugo Rubber Industries, Japan and Sistemi Sospensioni S.p.A Italy. These joint venture

companies are created with an objective to use advanced technology, know-how and scientific management techniques for production of various auto parts.

The Gasket division of the Company and Nippon Leakless Talbro constitutes almost 73% of revenues of the Company. On the domestic OEM front, fresh orders for all the three new models of Maruti Suzuki launched during the last financial year including the S-Cross, Baleno and Vitara Brezza were received.

Magneti Marelli Talbro Chassis Systems, joint venture signed with Sistemi Sospensioni S.p.A, won orders from large OEMs in the UK for exports and within India. The Company had already started supplying components to Bajaj for its revolutionary Bajaj Qute (RE60 quadricycle) that is being shipped to export markets. At this JV, the Company has a strong order book in the pipeline for the next two years, both on the exports and domestic front.

Talbro Marugo Rubber continues to progress well. The Company had new orders from Maruti Suzuki and Isuzu Motors which provides medium to long-range revenue security. The Company also began exports of anti-vibration products to Japan. In a key development, Company was able to export bushes to Polaris- US, for their all-terrain vehicles, indicating global compliance levels achieved for this product basket within a short period of time.

The details of investment made in JVs and revenue from operation of these JVs are given herein under:

S. No	JV NAME	PARTNER	COMPANY STAKE	EQUITY INVESTMENT VALUE AS AT 31.03.16 (₹ in Lacs)	EQUITY INVESTMENT MADE DURING THE 15-16 (₹ in Lacs)	2015-16 (₹ in Lacs)		2014-15 (₹ in Lacs)	
						REVENUE FROM OPERATIONS	PAT	REVENUE FROM OPERATIONS	PAT
1	NIPPON LEAKLESS TALRBOS PRIVATE LIMITED	NIPPON LEAKLESS CORPORATION JAPAN	40.000%	480.00	Nil	10398.92	1109.87	10269.98	1521.20
2	MAGNETI MARELLI TALBROS CHASSIS SYSTEMS PVT. LTD	SISTEMI SOSPENSIONI S.P.A ITALY	50.000%	1178.00	475.00	6111.00	-497.31	6425.03	-307.71
3	TALBROS MARUGO RUBBER PRIVATE LTD	MARUGO RUBBER INDUSTRIES LTD. JAPAN	49.999%	850.00	NIL	2081.48	-85.44	1275.28	-80.58

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures as on 31st March, 2016 in Form AOC-1 is annexed to this Report as **Annexure IV**.

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

In accordance with the requirements of Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014, statement showing particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed hereto as **Annexure - V** and form part of this report.

## PARTICULARS OF EMPLOYEES AND RATIO OF DIRECTOR REMUNERATION TO MEDIAN EMPLOYEES' REMUNERATION

As required by the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are set out in the **Annexure-VI** to this Report and forms part of this report. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of

Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure -VII**.

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

## EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form MGT-9 is enclosed as a part of this report in compliance with Section 134(3) of the Companies Act, 2013 as **Annexure VIII**.

## 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

Place: New Delhi  
Date: May 21, 2016

Sd/-  
**Umesh Talwar**  
Vice Chairman & Managing Director

Sd/-  
**Varun Talwar**  
Joint Managing Director

# 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 0.96% to ₹42,782.80 lacs in comparison to ₹42,377.89 lacs in the previous year.
- Consolidated earning after Taxes has been ₹971.06 lacs during 2015-16 as against ₹1,412.19 lacs in the year 2014-15.

## INDUSTRIAL STRUCTURE AND DEVELOPMENT

Over the last year, we have seen a revival in the Indian economy with macroeconomic indicators now starting to trend favorably. With policy reforms and de-bottlenecking of processes initiated by the government, the global sentiment towards India has improved substantially. The World Bank, in its report- Global Economic Prospects – 2016, states that for FY 2016-17, India, the dominant economy in the South Asian region, is projected to grow at a faster rate of 7.8%. At the same time, global growth has slowed to 2.4% in 2015 and is expected to recover at a slower pace than previously envisioned. Also there is focus on promoting mobility, promoting India as a preferred destination for every segment of the automotive value chain, defining a road map for implementing policies & regulations.

The larger manufacturing sector is still reeling under overcast industrial environment. However, the consumer durable segment which also includes automobiles has witnessed a revival in performance primarily supported by urban demand. This sector has grown 11.4% during April 2015 to February 2016 against a regrowth of 13.3% in the same period of year before last.

## OPPORTUNITIES AND THREATS

### Opportunities:

- Higher industrial growth and higher agricultural output from good monsoons are expected to sustain the demand for freight transport and demand for commercial vehicles. Revival of monsoon after 2 years is a positive factor especially towards in two wheeler & tractor segment.
- India can serve as an excellent export base to global carmakers on the lookout for strong engineering

workforce. With states within India wooing such investors aggressively, the domestic demand for auto components may not remain within the confines of Indian Automobile demand.

- Two wheelers segment is likely to grow at around 12% primarily by strong demand for scooter in Urban Markets.
- The drive of the government on development of infrastructure; generation of employment, lower fuel cost, control over inflation, rationalization of tax structure through GST introduction, Automotive Industry to be the engine of "Make in India" which is a welcome step; are all good indicators.
- Strong volume growth of E-commerce both global such as Amazon and Indian such as Flipkart and Snapdeal has meant there is increasing movements of merchandise on Indian roads that will lead to more smaller delivery vehicles.
- Increased thrust on Infrastructure and Mining Sector revival are two key opportunities for growth in Commercial vehicles.

### Threats:

- Indian rupee depreciated over five percent against dollar in 2015 and is expected to fall further. Unfavorable volatility in currency markets will increase the cost of imports and may drive up the prices of consumer durables.
- Due to the strong linkage between the manufacturing sector and the economy, macroeconomic conditions impact the Company's growth in the short term.
- Threat of cheaper imports flooding the Indian markets.
- The glut in auto industry both in terms of number of manufacturers and models competing in each segment has lead to creation of many price-points. Such a situation has the potential to seriously harm some auto companies and their dedicated auto component suppliers. The latter may stand to lose the investments made for serving their customers.
- Serious traffic congestion in cities and metros can lead to mass transit alternatives that may stifle personal vehicle demand.

- f) Reserve Bank of India has reduced the REPO rate by 75 bps in past one year but banks have yet to pass on the benefit to end users.
- g) Increase in CPI inflation can cause rise in operating costs for the Company particularly in terms of input material and wages cost to meet inflationary environment. Though inflation at present is at moderate level, still any significant upward movement in inflation can impact Company's profitability.
- h) Competition, whether domestic or international is always a challenge and transforming challenges into opportunities has been a practice at Talbros.

### CURRENT YEAR OUTLOOK

Auto industry like all others, is waiting for good times. A good monsoon and a pick up in the pace of the economic recovery should augur well for auto volumes.

The improvement in macroeconomic indicators is promising. The drive of the government on development of infrastructure; generation of employment, lower fuel cost, control over inflation, rationalization of tax structure through GST introduction, Automotive Industry to be the engine of "Make in India" which is a welcome step; are all good indicators.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate internal control system and procedures commensurate with the size and nature of business. These procedures are designed to ensure that:

- All assets and resources are acquired economically, used efficiently and are adequately protected;
- Significant financial, managerial and operating information is accurate, reliable and is provided timely and;
- All internal policies and statutory guidelines are complied with.

The composition and competencies of the Audit team and effectiveness of internal controls is continuously reviewed

by the Audit Committee. The scope of internal audit extends to all functions and locations of the Company.

### FINANCIAL AND OPERATIONAL PERFORMANCE

During the financial year 2015-16, your Company achieved total revenue from operations of ₹31,652.30 lacs than the previous year figure of ₹32,149.82 lacs on stand-alone basis. Earning before Taxes has decreased to 1,169.98 lacs as against ₹1, 307.80 lacs last year.

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

### HEALTH, SAFETY, SECURITY ENVIRONMENT

Your Company went asbestos-free last financial year. Besides demonstrating environmental awareness and qualifying as a supplier to global automakers, it also provides a healthier environment in the manufacturing facilities. The 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

The Company believes in the ability of our people to enable business transformation. A vital role was played in equipping employees with the right skills and capabilities for today; and developing them for tomorrow.

The company maintains open communication channels with workforce and keeps them engaged with its objectives towards attainment of healthy employer-employee relationship. 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.

Industrial relations at the offices and all plants continued to be cordial.



## Annexure - I

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

### 1. Details of contracts or arrangements or transactions not at arm's length basis

All transaction are entered on Arm's length Basis and hence no details to be given here.

### 2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party & nature of relationship	Nature of contracts/ Arrangement/ transactions	Duration of the contracts/ agreements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
QH Talbro Limited (Associate Company)	Agreement for sale of Company's products.	01.04.2014 to 31.03.2017	Maximum amount of sale upto Rs. 24.00 Crores in one financial year.	26.05.2014	Nil
QH Talbro Limited (Associate Company)	Trademark License Agreement	01.04.2014 to 31.03.2023	1% of gross replacement sales for its trademark & distribution network in each financial year during the period of contract.	26.05.2014	Nil
Nippon Leakless Talbro Private Limited (Joint Venture Company)	Purchase and/ or Sale Agreement of Tyre Sealant and other production inputs.	01.04.2014 to 31.03.2017	Maximum amount of sale upto Rs. 4.00 Crores in one financial year.	26.05.2014	Nil
Nippon Leakless Talbro Private Limited (Joint Venture Company)	Sale/ Purchase Agreement of gaskets to each other.	01.04.2014 to 31.03.2017	Maximum amount of sale upto Rs. 2.00 Crores in one financial year.	26.05.2014	Nil
Talbro Marugo Rubber Private Limited (Joint Venture Company)	Sale of Services	01.04.2014 to 31.03.2017	Rs. 40.00 Lacs p.a	26.05.2014	Nil
Magneti Marelli Talbro Chassis Systems Private Limited (Joint Venture Company)	Lease Agreement	27.03.2012 to 26.03.2017	Rs. 7.42 Lacs p.m. The rent is subject to an escalation @ 5% p.a. starting from 2013 and upto 2017 over and above the rent applicable in the immediately preceding year.	13.02.2012	Nil
Magneti Marelli Talbro Chassis Systems Private Limited (Joint Venture Company)	Investment	01.04.2015 to 31.03.2016	Rs. 4.75 Crores	22.05.2015	Nil
Mrs. KumKum Talwar (Relative of key managerial personnel)	Rent Agreement	01.10.2013 to 30.09.2016	Rs. 10.00 Lacs per annum	14.08.2012	Nil

For and on behalf of the Board

Place: New Delhi  
Date: May 21, 2016

Sd/-  
**Umesh Talwar**  
Vice Chairman & Managing Director

Sd/-  
**Varun Talwar**  
Joint Managing Director

## Annexure - II

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1.	A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.	<p>CSR activities of Talbros is focused to:</p> <ul style="list-style-type: none"> <li>Promote employment enhancing vocational skills for employability of youth.</li> <li>sustain efforts for supporting socially useful programs for welfare and sustainable development of the weaker sections of the society specially the children.</li> <li>Any other project or aid which the committee considers suitable for the welfare of society or humanity at large, within the purview of Schedule VII (Section 135) or as authorized by Government.</li> </ul> <p>Talbros Automotive Components Limited's CSR Policy is in compliance with the provisions of Companies Act, 2013.</p> <p>The brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken are placed on the Company's website <a href="http://www.talbro.com/csr-policy-2/">www.talbro.com/csr-policy-2/</a></p>
2.	The composition of the CSR Committee.	<p>Mr. Umesh Talwar, Chairman</p> <p>Mr. Amit Burman, Independent Director</p> <p>Mr. Navin Juneja, Director and Group CFO</p>
3.	Average net profit of the company for last three financial years.	₹8,60,68,996.00
4.	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	₹17,21,380.00
5.	Details of CSR spent during the financial year:	
	(a) Total amount spent for the financial year	₹17,22,000.00
	(b) Amount unspent, if any	None
	(c) Manner in which the amount spent during the financial year	Detailed below

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise (₹ In Lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ In Lacs)	Cumulative Expenditure up to the reporting period (₹ In Lacs)	Amount Spent Direct or through implementing agency* (₹ In Lacs)
1.	Donation/ Contribution received for Prime Minister's National Relief Fund	Socio-Economic Development and Relief	PMNRF, Prime Minister's Office, New Delhi -110011	3,61,000/-	3,61,000/-	3,61,000/-	Spent through Prime Minister's National Relief fund
2.	Savera Association (Children's Education & Healthcare)	Health & Education	Basti Vikas Kendra, G Block, Srinivaspuri, Delhi-110065	5,00,000/-	5,00,000/-	5,00,000/-	Implementing Agency - Savera Association
3.	Talwar Foundation	Children Education & Women Empowerment	B-4, Greater Kailash-I New Delhi-110048	7,50,000/-	7,50,000/-	7,50,000/-	Implementing Agency - Talwar Foundation
4.	Madras Esplande Round Table 30 Trusts	Children Education	Shantiniketan AK 106, New No. AK24 Shanthi Colony 10th Main Road, Anna Nagar, Chennai-600 040	1,00,000/-	1,00,000/-	1,00,000/-	Implementing Agency - Madras Esplande Round Table 30 Trusts
5.	Janki Social Welfare Society	Children Education	Hayatpur Garhi Road, Railway Station, Garhi Harsaru, Distt. Gurgaon, Haryana	11,000/-	11,000/-	11,000/-	Implementing Agency - Janki Social Welfare Society

For and on behalf of the Board

Place: New Delhi  
Date: May 21, 2016

Sd/-  
**Umesh Talwar**  
Vice Chairman & Managing Director

Sd/-  
**Varun Talwar**  
Joint Managing Director

## Annexure - III

### Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies*

*(Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

**TALBROS AUTOMOTIVE COMPONENTS LIMITED**

14/1, DELHI MATHURA ROAD, P.O. AMAR NAGAR

FARIDABAD, HARYANA- 121003

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TALBROS AUTOMOTIVE COMPONENTS LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the TALBROS AUTOMOTIVE COMPONENTS LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2016 Complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by TALBROS AUTOMOTIVE COMPONENTS LIMITED for the financial year ended on 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015\*;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999\*;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008\*;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding compliance of the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\*;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998\*;

\* Not applicable because company did not carry out the activities covered by the regulations/ guidelines during the audit period.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

- (ii) The Listing Agreements entered into by the Company with NSE & BSE;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/ we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable labor, environmental and industrial laws, rules, regulations and guidelines.

I further report that during the audit period:

There were no instance of:

- a. Public/ right/ preferential issue of shares/ debentures/ sweat equity etc.
- b. Redemption/ buy-back of securities.
- c. Major decisions taken by the members in pursuance to Section 180 of Companies Act, 2013.
- d. Merger/ Amalgamation/ reconstruction etc.

Place: New Delhi  
Date: 19.05.2016

Sd/-  
**KIRAN SHARMA**  
FCS No. 4942  
C P No. 3116



## Annexure - IV

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

Not Applicable to the company as there is no subsidiary.

#### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No	Name of Associate/Joint Ventures	Joint Ventures			Associates	
		Nippon Leakless Talbros Pvt Ltd.	Magneti Marelli Talbros Chassis Systems Pvt. Ltd.	Talbros Marugo Rubber Pvt. Ltd.	QH Talbros Ltd.	Talbros International Ltd.
1	Latest Audited Balance Sheet date	31.03.2016	31.03.2016	31.03.2016	31.03.2015	31.03.2015
2	Details of Associates / Joint Ventures where shares held by the Company					
	Total shares issued by the Associates/ Joint Venture	1,20,00,000	2,35,60,000	1,70,00,002	30,00,000	50,00,000
	Number of shares held by the company	48,00,000	1,17,80,000	85,00,000	1,77,962	5,43,484
	Amount of Investment in Associates/ Joint Venture (in ₹)	4,80,00,000	11,78,00,000	8,50,00,000	32,45,680	3,75,00,332
	Extend of Holding % in the Associates/ Joint Venture	40.00%	50.00%	49.99%	5.93%	10.87%
3	Description of how there is significant influence	Joint Venture			No Significant influence	
4	Reason why the associate/joint venture is not consolidated	Consolidated			Shareholding is less than the threshold limit for Consolidation	
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (in ₹)	15,23,57,199	6,78,80,858	6,47,52,467	6,52,29,892	1,16,93,645
6	Profit/Loss for the year After Tax (in ₹)	11,09,87,182	(4,97,30,824)	(85,43,876)	9,41,68,287	2,28,82,647
i.	Considered in consolidation	4,43,94,873	(2,48,65,412)	(42,71,938)	-	-
ii.	Not considered in consolidation	6,65,92,309	(2,48,65,412)	(42,71,938)	-	-

## Annexure - V

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [Section 134(3) (m) of Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

#### A) Conservation of energy

##### i) The steps taken or impact on conservation of energy

- Installed timer to all machines having motor below than 10 HP to eliminate power consumption of machine during idle time.
- Remove excess AC tonnage from C-200 cabin from 8.5 to 5.5 Ton.
- Removal of excess AC tonnage from EDP department from 4 ton to 2.5 ton.

##### ii) The steps taken by the company for utilizing alternate sources of energy

Solar energy option is being seriously looked into for future, initial study has been completed and will be initiated during financial year 2016-17.

Conventional lights replaced with LED lights.

##### iii) The capital investment on energy conservation equipments

₹22.00 lacs.

#### B) Technology absorption

##### i) The efforts made towards technology absorption

- Developing Post Coating Technology with Sanwa Packing Industry of Japan through Technical Assistance Agreement.
- Developing Heat Shield Technologies with Sanwa Packing Industry of Japan through Technical Assistance Agreement.

- Installed state of the art heat shield manufacturing facility.

- Development of high performance sealing technologies and materials to meet the requirement of new generation engines.

##### ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- Developed New Sealing products for new platform engines ( BS-IV emission complaints).
- Introduced Heat Shields for OEM customers for their new engines/vehicles.
- Reduction in cost of Multi Layer Steel gaskets through Post Coating.

##### iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- The details of technology imported - Technology for Manufacture of Heat-Shield
- The year of import - 2011
- Whether the technology been fully absorbed – As our Heat Shield project has been set up, the technology absorption is happening.
- If not fully absorbed areas where absorption has not taken place and the reasons thereof, and - NA
- the expenditure incurred on Research and Development - ₹196.49 Lacs

#### C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(₹ in lacs)		
Particulars:	2015-16	2014-15
Foreign Exchange Earnings	5,989.29	7,091.59
Foreign Exchange Outgo (Imports)	6,124.98	6,080.80

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

(₹ in lacs)

	Current year	Previous Year
Power & Fuel Consumption		
1. Electricity		
a) Purchased from Caparo Power Ltd.		
Unit consumed (In Lacs)	6.13	91.44
Total Amount (In Lacs)	60.12	1099.35
Rate ₹/Unit	9.81	12.02
b) Own Generation		
Through Captive Power Plant (HFO Based)		
Furnace Oil ₹/Litre	17.94	44.28
Unit (KHW in lacs)	85.32	1.91
Total amount (In ₹)	519.32	26.21
Cost ₹/Unit	6.09	13.72
c) Purchased from DHBVNL		
Unit Consumed (In Lacs)	9.27	0.47
Total Amount (In Lacs)	84.67	14.37
Cost ₹/Unit	9.13	30.57

For and on behalf of the Board

Place: New Delhi  
Date: May 21, 2016

Sd/-  
**Umesh Talwar**  
Vice Chairman & Managing Director

Sd/-  
**Varun Talwar**  
Joint Managing Director

## Annexure - VI

**STATEMENT SHOWING PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

Persons employed for a part of the year ended March 31st 2016, who were in receipt of the remuneration which in the aggregate was not less than ₹5, 00,000/- p.m.

Sr. No	Employee Name	Designation	Gross Remuneration (in ₹)	Qualification	Total Exp. in Yrs.	Date of Commencement of Employment	Age in Yrs	Last Employer & Designation held
1	Mr. Rajeev Pal Gupta*	CEO	36,65,386/-	BE, Executive Management Programme	31	20.05.2013	52	COO, Subros Ltd.

\* Remuneration for 4 months only i.e 01-04-2015 to 31-07-2015.

## Annexure - VII

### DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars												
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	<ul style="list-style-type: none"> <li>- Ratio of the remuneration of Mr. Umesh Talwar to the median remuneration of the employees – 42:1</li> <li>- Ratio of the remuneration of Mr. Anuj Talwar -15:1</li> </ul>												
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	<ul style="list-style-type: none"> <li>- Mr. Manvinder Singh Ajmani (CFO)- 7%</li> <li>- Mrs. Seema Narang (CS)- 8%</li> </ul>												
(iii)	Percentage increase in the median remuneration of employees in the financial year.	9.90%												
(iv)	Number of permanent employees on the rolls of company	621												
(v)	Explanation on the relationship between average increase in remuneration and company performance	Average increase in remuneration – 9.02% Average decrease in Profit before Tax – 10.54%												
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	<table> <tr> <th>KMP</th><th>Remu. (in lacs)</th><th>Company Performance (PBT) ( in lacs)</th></tr> <tr> <td>Mr. Manvinder Singh Ajmani</td><td>49.24</td><td>1169.98</td></tr> <tr> <td>Mrs. Seema Narang</td><td>19.78</td><td></td></tr> <tr> <td>Mr. Rajeev Pal Gupta*</td><td>36.65</td><td></td></tr> </table> *remuneration for the period 01-04-2015 to 31-07-2015	KMP	Remu. (in lacs)	Company Performance (PBT) ( in lacs)	Mr. Manvinder Singh Ajmani	49.24	1169.98	Mrs. Seema Narang	19.78		Mr. Rajeev Pal Gupta*	36.65	
KMP	Remu. (in lacs)	Company Performance (PBT) ( in lacs)												
Mr. Manvinder Singh Ajmani	49.24	1169.98												
Mrs. Seema Narang	19.78													
Mr. Rajeev Pal Gupta*	36.65													
(vii)	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.	Variations in the market capitalisation <ul style="list-style-type: none"> <li>- Market capitalisation as at 31st March, 2015 – ₹174.01 Crores</li> <li>- Market capitalisation as at 31st March, 2016 – ₹109.88 Crores</li> <li>- Variations in the PE Ratio</li> <li>- PE Ratio as at 31st March, 2015 : 17.44</li> <li>- PE Ratio as at 31st March, 2016 : 13.42</li> </ul>												

## Annexure - VII

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2016

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS**

- i) CIN : L29199HR1956PLC033107
- ii) Registration Date : 08/09/1956
- iii) Name of the Company : Talbro Automotive Components Limited
- iv) Category/ Sub-Category of the Company : Company limited by shares
- v) Address of the Registered office and contact details : 14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad Haryana- 121003, India
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Karvy Computershare Private Limited  
Karvy Selenium Tower- B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500008  
Contact Person: Mr. Rajeev Kumar

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of Gaskets	2819	76.89%
2	Manufacturing of Forgings	2591	19.38%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held in the company	Applicable Section
1	Nippon Leakless Talbro Pvt Ltd.	U29199HR2005PTC035653	Joint Venture	Nil	2(6)
2	Magneti Marelli Talbro Chassis Systems Pvt Ltd	U34300HR2012PTC044985	Joint Venture	Nil	2(6)
3	Talbro Marugo Rubber Pvt Ltd	U25200HR2012PTC046820	Joint Venture	Nil	2(6)
4.	QH Talbro Limited	U31909HR1980PLC010226	Associate	21.45	2(6)
5.	Talbro International Ltd	U74999HR1994PLC032202	Associate	8.50	2(6)



## IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	1123781	0	1123781	9.10	2432455	0	2432455	19.70	10.60
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	3822470	0	3822470	30.96	4235735	0	4235735	34.31	3.35
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other	1706939	0	1706939	13.83	0	0	0	0	(13.83)
<b>Sub-total (A) (1):-</b>	<b>6653190</b>	<b>0</b>	<b>6653190</b>	<b>53.89</b>	<b>6668190</b>	<b>0</b>	<b>6668190</b>	<b>54.01</b>	<b>0.12</b>
(2) Foreign	0	0	0	0	0	0	0	0	0
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)( 2)</b>	<b>6653190</b>	<b>0</b>	<b>6653190</b>	<b>53.89</b>	<b>6668190</b>	<b>0</b>	<b>6668190</b>	<b>54.01</b>	<b>0.12</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	16141	1750	17891	0.14	13599	1750	15349	0.12	(0.02)
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	250000	0	250000	2.03	250000	0	250000	2.03	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)-Foreign Portfolio Investors	0	0	0	0	13048	0	13048	0.11	0.11
Overseas Corporate Bodies	0	287000	287000	2.32	0	287000	287000	2.32	0
FCB	0	39827	39827	0.32	0	39827	39827	0.32	0
<b>Sub-total (B)(1):-</b>	<b>266141</b>	<b>328577</b>	<b>594718</b>	<b>4.82</b>	<b>276647</b>	<b>328577</b>	<b>605224</b>	<b>4.90</b>	<b>0.09</b>
2. Non-Institutions									
a) Bodies Corp.	1074838	40107	1114945	9.03	970397	7505	977902	7.92	(1.11)
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to ₹1 lakh	2273218	338279	2611497	21.15	2551640	325332	2876972	23.30	2.15
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1131585	0	1131585	9.17	1085706	0	1085706	8.79	(0.38)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Non Resident Indians	178635	41675	220310	1.78	83605	41675	125280	1.01	(0.77)
Clearing Members	19245	0	19245	0.16	6216	0	6216	0.05	(0.11)
Trusts	140	0	140	0	140	0	140	0	0
<b>Sub-total (B)(2):-</b>	<b>4677661</b>	<b>420061</b>	<b>5097722</b>	<b>41.29</b>	<b>4697704</b>	<b>374512</b>	<b>5072216</b>	<b>41.09</b>	<b>(0.21)</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>4943802</b>	<b>748638</b>	<b>5692440</b>	<b>46.11</b>	<b>4974351</b>	<b>703089</b>	<b>5677440</b>	<b>45.99</b>	<b>(0.12)</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>11596992</b>	<b>748638</b>	<b>12345630</b>	<b>100</b>	<b>11642541</b>	<b>703089</b>	<b>12345630</b>	<b>100</b>	<b>0.00</b>

## (ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mr. Umesh Talwar	431906	3.50	0	431906	3.50	0	0.00
2	Mr. Naresh Talwar	422299	3.42	0	422299	3.42	0	0.00
	<b>Total</b>	<b>854205</b>	<b>6.92</b>	<b>0</b>	<b>854205</b>	<b>6.92</b>	<b>0</b>	<b>0.00</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

There was no change in Promoters' Shareholding during the year.

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding		Increase/Decrease in Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-15)/ end of the year (31-03-2016)	% of total shares of the company			No. of shares	% of total shares of the company
1.	QH TALBROS LIMITED	2637684 2647684	21.37 21.45	10000	Market Purchase	2647684	21.45
2	TALBROS INTERNATIONAL LIMITED	646056 1049321	5.23 8.50	403265	Off market Purchase	1049321	8.50
3	TALBROS MOTORS PVT LTD	538730 538730	4.36 4.36	-	Nil Movement during the year	538730	4.36
4	KUMKUM TALWAR	450079 450079	3.65 3.65	-	Nil Movement during the year	450079	3.65
5	SHASHI TALWAR	649122 419377	5.26 3.40	229745	Off Market Sale	419377	3.40
6	BIMPI TALWAR	341197 341197	2.76 2.76	-	Nil Movement during the year	341197	2.76

Sl. No.	Name	Shareholding		Increase/ Decrease in Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-15)/ end of the year (31-03-2016)	% of total shares of the company			No. of shares	% of total shares of the company
7	BLAUSTERN INDIA SALES PRIVATE LIMITED	323000 323000	2.62 2.62	-	Nil Movement during the year	323000	2.62
8	GENERAL INSURANCE CORPORATION OF INDIA	229000 229000	1.85 1.85	-	Nil Movement during the year	229000	1.85
9	PENTLOW INVESTMENTS & HOLDINGS PTE LIMITED	143500 143500	1.16 1.16	-	Nil Movement during the year	143500	1.16
10	KRINSHAW HOLDINGS LIMITED	143500 143500	1.16 1.16	-	Nil Movement during the year	143500	1.16

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year(01-04-15)/ end of the year (31-03-2016)	% of total shares of the company		No. of shares	% of total shares of the company
1.	Naresh Talwar	422299	3.42	Nil Movement during the year	422299	3.42
2.	Umesh Talwar	431906	3.50	Nil Movement during the year	431906	3.50
3.	Varun Talwar	17985	0.15	Nil Movement during the year	17985	0.15
4.	Vidur Talwar	16176	0.13	Nil Movement during the year	16176	0.13
5.	Anuj Talwar	62851	0.51	Nil Movement during the year	62851	0.51
6.	Navin Juneja	1353	0.01	Nil Movement during the year	1353	0.01
7.	Amit Burman	2627	0.02	Nil Movement during the year	2627	0.02

**Note:**

Mr. A.K Mehra, Mr. Rajeev Ranjan Vederah, Mr. Rajiv Sawhney, Mr. Venkatraman Mohan, Mrs. Pallavi Sadanand Poojari, Mr. Manvinder Singh Ajmani and Mrs. Seema Narang did not hold any shares of the Company during the Financial Year 2015-16.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

	Secured Loans (Long Term)	Secured Loans (Short Term)	Unsecured Loans (Short Term)	Deposits (Long term)	Deposits (Short Term)	Total Indebtedness
Indebtedness at the beginning of the financial year						
i) Principal Amount	27,90,05,680.00	75,50,96,575.00	7,91,60,000.00	9,04,20,000.00	1,58,65,000.00	1,21,95,47,255.00
ii) Interest due but not paid	-	40,99,913.00	-	-	-	40,99,913.00
iii) Interest accrued but not due	8,97,082.00	-	7,42,237.00	83,63,455.00	-	1,00,02,774.00
Total (i+ii+iii)	27,99,02,762.00	75,91,96,488.00	7,99,02,237.00	9,87,83,455.00	1,58,65,000.00	1,23,36,49,942.00
Change in Indebtedness during the financial year						
- Addition	67,13,690.00	4,49,60,071.00	6,70,709.00	-	-	5,23,44,470.00
- Reduction	8,91,76,084.00	29,51,639.00	3,14,834.00	3,08,24,938.00	28,44,000.00	12,61,11,495.00
Net Change	(8,24,62,394.00)	4,20,08,432.00	3,55,875.00	(3,08,24,938.00)	(28,44,000.00)	(7,37,67,025.00)
Indebtedness at the end of the financial year						
i) Principal Amount	19,69,61,857.00	80,00,56,646.00	7,98,30,709.00	6,38,57,000.00	1,30,21,000.00	1,15,37,27,212.00
ii) Interest due but not paid	-	11,48,274.00	2,79,007.00	-	-	14,27,281.00
iii) Interest accrued but not due	4,78,511.00	-	1,48,396.00	41,01,517.00	-	47,28,424.00
Total (i+ii+iii)	19,74,40,368.00	80,12,04,920.00	8,02,58,112.00	6,79,58,517.00	1,30,21,000.00	1,15,98,82,917.00

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Mr. Umesh Talwar	Mr. Anuj Talwar	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	98,94,000	34,68,000	1,33,62,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,71,491	1,15,731	2,87,222
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	
3.	Sweat Equity	-	-	
4.	Commission - as % of profit - Others, specify...	-	-	
5.	Others, please specify Provident Fund, Superannuation fund	7,98,396	3,44,796	11,43,192
	<b>Total (A)</b>	<b>1,08,63,887</b>	<b>39,28,527</b>	<b>1,47,92,414</b>
	Ceiling as per the Act	The managerial remuneration is within the ceiling limits of 5% of the net profits to one managing or whole-time Director or manager and 10% of the net profit if there is more than one such Director.		

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Navin Juneja	Mr. V. Mohan	Mr. A. K Mehra	Mr. Amit Burman	Mr. Rajive Sawhney	Mr. R.R Vederah	Mrs. Pallavi Poojari Mohindra	
1	Independent Directors								
	• Fee for attending board & committee meetings	-	1,10,000	1,60,000	1,00,000	1,00,000	1,00,000	80,000	6,50,000
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	-	1,10,000	1,60,000	1,00,000	1,00,000	1,00,000	80,000	6,50,000
2	Other Non-Executive Directors								
	• Fee for attending board & committee meetings	1,20,000	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	1,20,000	-	-	-	-	-	-	1,20,000
	Grand Total (1 + 2)	1,20,000	1,10,000	1,60,000	1,00,000	1,00,000	1,00,000	80,000	7,70,000
	Total Managerial Remuneration	1,20,000	1,10,000	1,60,000	1,00,000	1,00,000	1,00,000	80,000	7,70,000
	Overall Ceiling as per the Act	The Company only paid sitting fees to other directors and amount of sitting fees are within the maximum prescribed limits.							

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Manvinder Singh Ajmani (CFO)	Mrs. Seema Narang (Company Secretary)	Mr. Rajeev Pal Gupta* (CEO)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	46,37,435	18,17,272	34,90,786	99,45,493
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	48,600	39,600	16,200	1,04,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - Others, specify...	-	-	-	-
5.	Others, please specify Provident Fund, Superannuation fund	2,37,696	1,21,080	1,58,400	5,17,176
	<b>Total (A)</b>	<b>49,23,731</b>	<b>19,77,952</b>	<b>36,65,386</b>	<b>1,05,67,069</b>

\*remuneration for 4 months only i.e. 01-04-2015 to 31-07-2015

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no penalty, punishment, compounding of offences for the Company, Directors or any other officers in default in respect of Companies Act, 1956 and 2013.

# Corporate Governance

## 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 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 with one woman Director who are eminent persons with professional expertise and valuable experience in their respective area of specialization and bring a wide range of skill and expertise to the Board. As on March 31, 2016 the composition of the Board of Directors of the Company meets the stipulated requirements of regulation 17(1) of the Securities Exchange Board of India (Listing Obligations and Disclosure

requirements) Regulations, 2015 (herein after referred to as SEBI (LODR) Regulations, 2015)

The Board comprises of 12 Directors – 3 Executive Directors and 9 Non- Executive Directors out of which 6 Directors are independent including one woman Director.

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 regulation 26).

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

Mr. Naresh Talwar and Mr. Umesh Talwar are brothers.

Mr. Varun Talwar and Mr. Vidur Talwar are sons of Mr. Naresh Talwar.

Mr. Anuj Talwar is son of Mr. Umesh Talwar.

The details of shares held by Non- Executive Directors are as under:

Name of Directors	No. of Shares held
Mr. Naresh Talwar	422299
Mr. Vidur Talwar	16176
Mr. Navin Juneja	1353
Mr. Amit Burman	2627

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

Name of the Directors	Category	Number of Directorships and Committee Memberships/ Chairmanships as on March 31, 2016		
		Other Directorships##	Committee Memberships	Committee Chairmanship
Mr. Naresh Talwar, (Chairman)	Promoter, Non-Executive	1	-	-
Mr. Umesh Talwar, (Vice Chairman & Managing Director)	Promoter, Executive	1	-	-
Mr. Varun Talwar, (Joint Managing Director)	Executive	2	1	-



Name of the Directors	Category	Number of Directorships and Committee Memberships/ Chairmanships as on March 31, 2016		
		Other Directorships##	Committee Memberships	Committee Chairmanship
Mr. Anuj Talwar, (Joint Managing Director)	Executive	2	-	-
Mr. Vidur Talwar	Non-Executive Non- Independent	3	-	-
Mr. Navin Juneja	Non-Executive	1	-	-
Mr. Anil Kumar Mehra	Non-Executive & Independent	4	-	-
Mr. Rajive Sawhney	Non-Executive & Independent	-	-	-
Mr. V. Mohan	Non-Executive & Independent	4	-	-
Mr. Amit Burman	Non-Executive & Independent	4	3	-
Mr. R. R. Vederah	Non-Executive & Independent	5	4	-
Ms. Pallavi Sadanand Poojari	Non-Executive & Independent	-	-	-

**Note:**

# The committees considered for the purpose are those prescribed under regulation 26 of SEBI (LODR) Regulations, 2015 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 8 of the Companies Act, 2013.

**Meetings and Attendance**

During the year ended March 31, 2016 six meetings of the Board of Directors were held on the following dates:

(i) April 24, 2015 (ii) May 22, 2015 (iii) August 12, 2015 (iv) November 13, 2015 (v) December 12, 2015 (vi) February 11, 2016.

The 58th Annual General Meeting (AGM) was held on September 25, 2015.

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	6	No
Mr. Umesh Talwar, (Vice Chairman and Managing Director)	Promoter, Executive	6	Yes
Mr. Varun Talwar, (Joint Managing Director)	Executive	6	Yes
Mr. Anuj Talwar, (Joint Managing Director)	Executive	6	Yes
Mr. Vidur Talwar	Non- Executive Non- Independent	6	No
Mr. Navin Juneja	Non-Executive	6	Yes
Mr. Anil Kumar Mehra	Non-Executive & Independent	6	No
Mr. Rajive Sawhney	Non-Executive & Independent	4	No
Mr. V. Mohan	Non-Executive & Independent	4	Yes
Mr. Amit Burman	Non-Executive & Independent	4	No
Mr. R. R. Vederah	Non-Executive & Independent	5	No
Ms. Pallavi Sadanand Poojari	Non-Executive & Independent	4	No

### Separate Meeting of Independent Directors

As required under the relevant provisions of the Companies Act, 2013 and the SEBI Regulations 2015, a separate meeting of the Independent Directors was held on 10th February, 2016 for familiarization of independent Directors with respect to role and responsibilities under the Companies Act, 2013 and under the SEBI (LODR) Regulations, 2015 and for review of the performance of Non-independent Directors (including the Chairman) and the Board as a whole.

The meeting was attended by all independent Directors except Mr. Rajive Sawhney.

Details on familiarization programme for independent Directors are uploaded on company's web site at following web link:

<http://www.talbro's.com/investors/investor-corporate/familiarisation-programme-for-independent-directors/>

## 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 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The Chairman of the Audit Committee was present in the last Annual General Meeting held on September 25, 2015.

Role of Audit Committee, inter alia, includes the following:

- (i) Reviewing the Company's financial reporting process and its financial statement.
- (ii) Reviewing the financial and accounting policies and practices and compliance with applicable accounting standards.
- (iii) Reviewing reports furnished by internal and statutory auditors.
- (iv) Recommending appointment of statutory auditors, internal auditors and cost auditors.
- (v) Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- (vi) Evaluating the adequacy of internal controls and its effectiveness.
- (vii) Reviewing the financial results of the Company for each quarter/ year before the same are placed at the Board meeting for approval.

- (viii) Providing an avenue for effective communication between the Internal Audit, the Statutory Auditors and the Board of Directors.

The role and responsibilities and terms of reference of the Audit Committee has been further revised and aligned in accordance with the Companies Act, 2013 read with the Rules thereof and SEBI (LODR) Regulations, 2015 that inter alia includes: (a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company; (b) Review and monitor the auditor's independence and performance, and effectiveness of audit process; (c) Examination of the financial statement and the auditor's report thereon; (d) Approval or any subsequent modification of transactions of the company with related parties; (e) Scrutiny of inter corporate loans and investments; (g) Evaluation of internal financial controls and risk management systems.

### Composition, meetings and attendance

The Audit Committee comprises of 6 members, out of which 4 members are Independent Directors.

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, 2016, four meetings of the Audit Committee were held on the following dates:

- (i) May 22, 2015 (ii) August 12, 2015 (iii) November 13, 2015 (iv) February 11, 2016.

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	2
Mr. Anuj Talwar*	1
Mr. Vidur Talwar*	1

\* Mr. Naresh Talwar has resigned from the Audit Committee w.e.f. 12th December, 2015 and Mr. Anuj Talwar and Mr. Vidur Talwar had been appointed as members of Audit Committee w.e.f. 12th December, 2015.

### (ii) Nomination & Remuneration Committee

Terms of Reference of the Nomination and Remuneration Committee are as per the guidelines set out in the

Companies Act, 2013 and SEBI (LODR) Regulations, 2015 that inter alia includes:

- formulation of criteria for determining qualifications, positive attributes and independence of a Director and remuneration for the Directors, key managerial personnel and other employees and recommending the same to the Board.
- formulation of criteria for evaluation of performance of independent directors and the board of directors.
- devising a policy on diversity of board of directors.
- identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria as per the policy approved by the Board.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent director.

The policy of the company is to remain competitive in the industry, to attract and retain good talent and appropriately reward the employees and Directors for their performance and contribution to the business.

#### Composition and Attendance

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

During the year 1 meeting of Nomination & Remuneration Committee was held on 11th February 2016. The detail of attendance of each Committee Member is as under:

Name of Directors	No. of meetings attended
Mr. Anil Kumar Mehra	1
Mr. Rajive Sawhney	-
Mr. V. Mohan	1
Mr. Amit Burman	-

#### 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.

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and CSR Committees as per the criteria laid down by the Nomination Committee.

A structured questionnaire for board and committees was prepared after considering inputs received from the Directors, covering various aspects such composition of the board and its Committees, Board culture & meetings, performance of specific duties, obligations and governance. Similarly questionnaire to evaluate the performance of individual Directors including the Chairman of the board was prepared on various parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

Based on the survey the performance evaluation was carried out. The committee also reviewed performance of key managerial personnel as per company's policy. The Directors expressed their satisfaction with the evaluation process.

#### Remuneration of Directors

##### Executive Directors

Mr. Umesh Talwar, Vice Chairman and 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. Anuj Talwar
	₹	₹
Basic Salary	48,00,000	20,40,000
Allowance & Perquisites	60,63,887	18,88,527
<b>Total</b>	<b>1,08,63,887</b>	<b>39,28,527</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. Anuj Talwar
Term of Appointment	Three years, from 01.04.2015 to 31.03.2018	Three years, from 14.08.2015 to 13.08.2018

#### 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. They are also reimbursed all travelling and other expenses incurred by them in connection with attending meetings of the Board of Directors or of Committee thereof or which they may otherwise incur in the performance of their duties as Director.

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

#### (iii) Stakeholders' Relationship Committee

Terms of Reference of the Stakeholders' Relationship Committee has been revised as per the guidelines set out in the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 that inter alia include looking into the security holders grievance, issue of duplicate shares, exchange of new share certificates, recording dematerialization/ rematerialization of shares and related matters. Mrs. Seema Narang, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Regulations.

#### 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, 2016, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

(i) May 22, 2015 (ii) August 12, 2015 (iii) November 13, 2015 (iv) February 11, 2016

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

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

The Committee attends to the investors' grievances/ correspondence expeditiously.

Status of queries/ complaints received and resolved during the year

Number of Shareholders' Queries/ Complaints received during the year	17
Number of Shareholders Complaints solved to the satisfaction of Shareholders	17
Number of Shareholders Complaints pending as on 31.03.2016	Nil

#### 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. The Company has provided an exclusive email ID i.e. seema\_narang@talbros.com, for the members to send their queries/ grievances to the concerned department so that the queries/ complaints are addressed.

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

Terms of Corporate Social Responsibility (CSR) Committee are as per the provisions of Section 135 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 which inter alia include formulation and recommendation to the Board, a Corporate Social Responsibility (CSR) 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 and Attendance

The Committee comprises of 3 Directors:

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

All members of the committee attended the meeting of the committee held on 11th February, 2016 except Mr. Amit Burman.

## 4. GENERAL BODY MEETINGS

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

Financial Year	2012-13	2013-14	2014-15
<b>Location</b>	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana
<b>Date and Time</b>	September 16, 2013 (Monday), 10.30 A.M	September 12, 2014 (Friday), 10.30 A.M.	September 25, 2015 (Friday), 10.30 A.M.
<b>Type of resolutions passed</b>			
<b>Special Resolution Passed</b>	<ol style="list-style-type: none"> <li>To approve a contract of providing Management Support Services to Talbros Marugo Rubber Pvt Ltd.</li> <li>To approve a contract of Sale/ Purchase with Talbros Marugo Rubber Pvt Ltd.</li> <li>Appointment of Mr. Umesh Talwar as Vice Chairman and Managing Director</li> <li>Appointment of Mr. Varun Talwar as Joint Managing Director and CEO – Forging Division</li> <li>Appointment of Mr. Anuj Talwar as Executive Director.</li> </ol>	<ol style="list-style-type: none"> <li>To approve acceptance of Deposits from public and/ or members of the Company.</li> <li>To approve an agreement for sale of Company's product namely Gaskets, Forgings &amp; other Auto parts to QH Talbros Ltd.</li> <li>To approve a Trademark License Agreement with QH Talbros Ltd.</li> <li>To approve an agreement with Nippon Leakless Talbros Pvt Ltd for purchase and/ or sale of Tyre Sealant &amp; other production inputs.</li> <li>To approve an agreement with Nippon Leakless Talbros Pvt Ltd for sale/ purchase of gaskets to each other.</li> <li>To approve borrowing limits of Company</li> <li>To approve providing security in connection with borrowings of the Company.</li> </ol>	<ol style="list-style-type: none"> <li>Re-appointment of Mr. Anuj Talwar (DIN 00628063), as an Executive Director of the Company for a period of three years with effect from August 14, 2015.</li> <li>Acceptance of Fixed Deposits from Public and/ or members of the Company.</li> </ol>

### Postal Ballot

During the year, none of the businesses proposed to be transacted through postal ballot.

## 5. DISCLOSURES

### Related Party Transactions

The Company has not entered into any transactions of material nature with its Promoters, the Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company.

The board has approved policy for related party transactions which is available on company's website at following link

and further, details of general related party transactions are given in the Balance Sheet.

<http://www.talbro.com/related-party-policy/>

### Policy for determining material subsidiaries

Company does not have any subsidiary, and will formulate policy for determining material subsidiaries as when required.

### Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (the SEBI) including:

- (a) Corporate governance requirement as specified under sub-para 2 to 10 of Point C of Schedule V of the SEBI (LODR) Regulation, 2015
- (b) Regulation 17 to 27 and clauses (b) to (i) of sub-regulation 45 of the SEBI (LODR) Regulation, 2015 and
- (c) Accounting Standards issued by the Institute of Chartered Accountants of India.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above during last three financial years.

The Company has defined and adopted a Risk Management Process, and has also set up a core group of leadership team, which assesses the risks and lays down the procedure for minimization of the risks as an ongoing process integrated with operations.

The above facilitates not only in risk assessment and timely rectification but also help in minimization of risk associated with respective business operations and periodic reporting to Board as and when required.

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors & Senior Management. The Code has been circulated to all employees and also posted on Company's website [www.talbro's.com](http://www.talbro's.com). All Board members and senior personnel have affirmed compliance with the code.

A certificate from Managing Director and Chief Financial Officer on the financial statements of the Company was placed before the Board.

#### **Whistle Blower Policy**

The Company has a robust Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach their Supervisor/ Respective HR/ Legal Department or through dedicated Hotline numbers of the Company and makes protective disclosures about the unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct. The Whistle Blower Policy is an extension of the Talbro's Code of Ethics, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames as per Talbro's global Policy.

#### **Policy against Sexual and Workplace Harassment**

The Company values the dignity of individuals and is committed to provide an environment, which is free of discrimination, intimidation and abuse.

The Company has put in place a policy on redressal of Sexual Harassment and a Policy on redressal of Workplace Harassment as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/ her complaint to the Redressal Committee formed for this purpose or their Manager or HR personnel. We affirm that adequate access was provided to any complainant, who wished to register a complaint under the policy, during the financial year ended 31st March, 2016.

#### **Managing Director/ CFO certification**

The certificate from Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Naveen Gupta, Chief Financial Officer as placed before the Board in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015 is enclosed at the end of this Report.

## **6. MEANS OF COMMUNICATION**

- (a) 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.
- (b) Website [www.talbro's.com](http://www.talbro's.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. The Company's website [www.talbro's.com](http://www.talbro's.com) is a comprehensive reference on Talbro's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investor' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, presentations made to institutional investors or to the analysts registrars, share transfer agents etc.
- (c) Annual Report: Annual Report contains inter-alia Audited Annual Accounts, consolidated Financial Statement, Directors' Report, Auditors' Report.
- (d) The Management Discussion & Analysis: The Management Discussion & Analysis Report forms part of the Annual Report.
- (e) 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) 59th Annual General Meeting

The 59th Annual General Meeting will be held on 26th September, 2016 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 1st April and ends on 31st March.

### (iii) Book Closure Date

The date of book closure is from September 19, 2016 to September 26, 2016 (both days inclusive).

### Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2016	2nd week of August, 2016
July – September 2016	2nd week of November 2016
October – December 2016	2nd week of February 2017
January – March 2017	4th week of May 2017

### (iv) Dividend Payment Date

The Board has recommended a dividend of 15% 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 2016-2017 has been duly paid.

### (vi) Stock Code

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

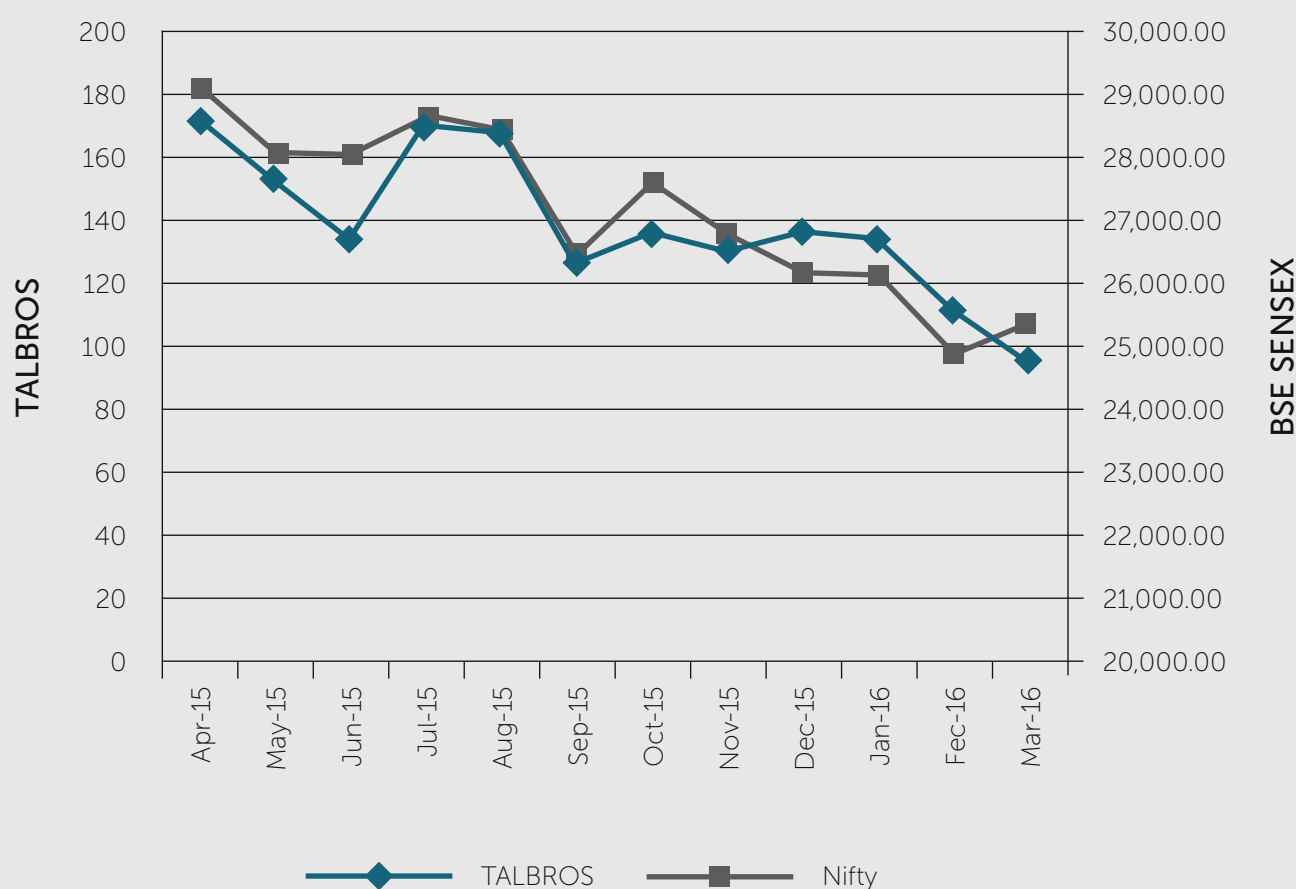
### (vii) Market Price Data

	Share Price at BSE		Share Price at NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2015	172.00	124.60	172.40	124.05
May 2015	152.40	124.00	152.90	123.65
June 2015	134.40	101.60	133.85	103.60
July 2015	170.00	108.00	170.75	108.50
August 2015	167.00	107.10	169.00	110.00
September 2015	126.00	98.00	125.95	97.55
October 2015	137.00	113.00	136.20	112.10
November 2015	129.80	110.60	130.00	110.20
December 2015	136.00	113.20	136.00	113.90
January 2016	134.00	90.90	133.90	89.70
February 2016	111.00	83.00	111.10	81.95
March 2016	94.90	84.90	95.00	84.50

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

	Share Price		Sensex	
	High (₹)	Low (₹)	High	Low
April 2015	172.00	124.60	29,094.61	26,897.54
May 2015	152.40	124.00	28,071.16	26,423.99
June 2015	134.40	101.60	27,968.75	26,307.07
July 2015	170.00	108.00	28,578.33	27,416.39
August 2015	167.00	107.10	28,417.59	25,298.42
September 2015	126.00	98.00	26,471.82	24,833.54
October 2015	137.00	113.00	27,618.14	26,168.71
November 2015	129.80	110.60	26,824.30	25,451.42
December 2015	136.00	113.20	26,256.42	24,867.73
January 2016	134.00	90.90	26,197.27	23,839.76
February 2016	111.00	83.00	25,002.32	22,494.61
March 2016	94.90	84.90	25,479.62	23,133.18

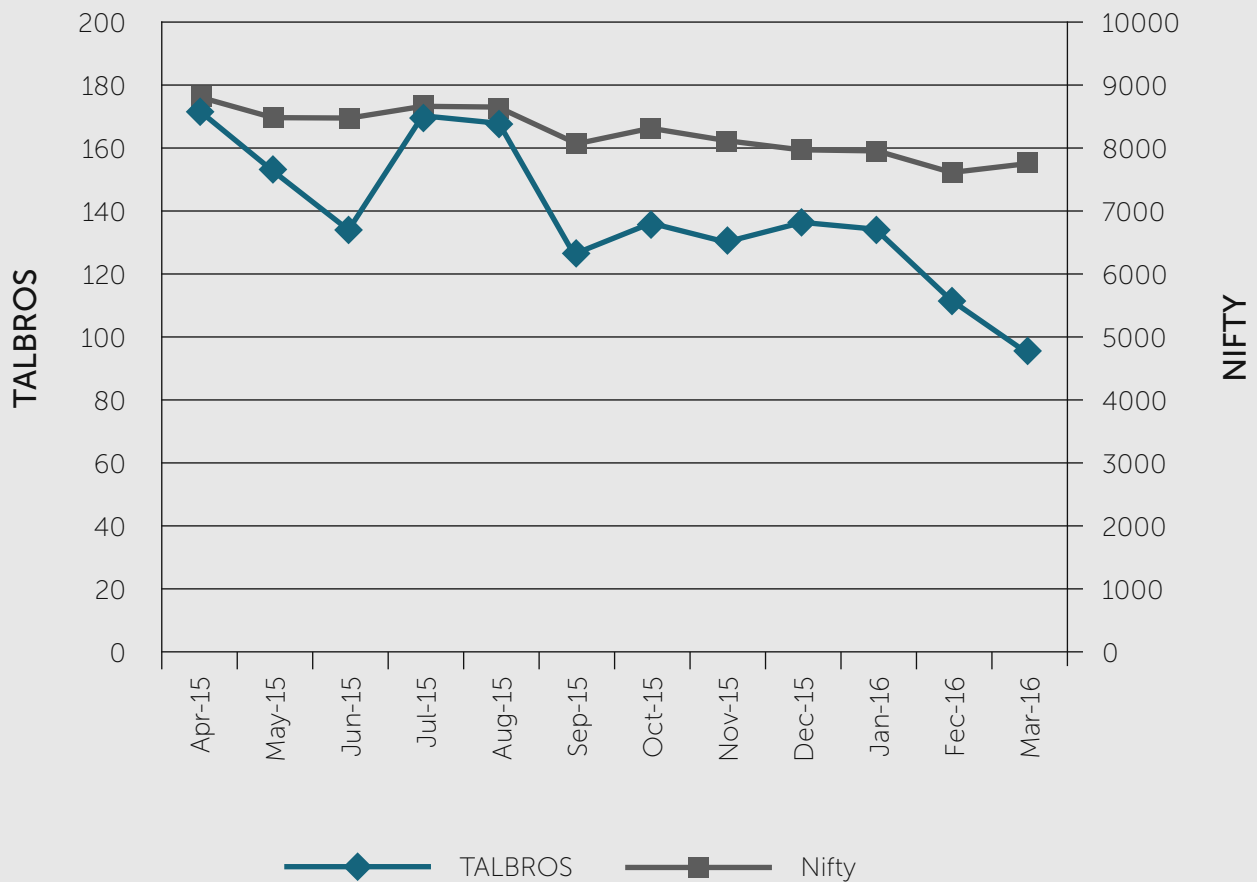
### Sensitivity at BSE



## NIFTY

	Share Price		Nifty	
	High (₹)	Low (₹)	High	Low
April 2015	172.40	124.05	8844.80	8144.75
May 2015	152.90	123.65	8489.55	7997.15
June 2015	133.85	103.60	8467.15	7940.30
July 2015	170.75	108.50	8654.75	8315.40
August 2015	169.00	110.00	8621.55	7667.25
September 2015	125.95	97.55	8055.00	7539.50
October 2015	136.20	112.10	8336.30	7930.65
November 2015	130.00	110.20	8116.10	7714.15
December 2015	136.00	113.20	7979.30	7551.05
January 2016	133.90	90.90	7972.55	7241.50
February 2016	111.10	83.00	7600.45	6825.80
March 2016	95.00	84.90	7777.60	7035.10

## Sensitivity at NSE



**(xiii) Registrar & Transfer Agents**

For Shares held in Physical as well as Electronic Mode

M/s Karvy Computershare Private Ltd.,

Unit: Talbro's Automotive Components Ltd.,

Karvy Selenium Tower-B, Plot No. 31 & 32,

Financial District, Gachibowli, Nanakramguda, Serilingampally

Hyderabad 500 008, India

Email: [rajeev.kr@karvy.com](mailto:rajeev.kr@karvy.com)/ [www.karvycomputershare.com](http://www.karvycomputershare.com)

**(ix) Share Transfer System**

Board in order to expedite the share transfer process dissolved the share transfer committee with effect from 26th May 2014 and delegated the power to senior officials and share transfer agent of the company. Physical share transfer request valid and complete in all respect are normally processed expeditiously. The Company's shares are in compulsory Demat Mode.

**(x) Distribution of Shareholding as on March 31, 2016**

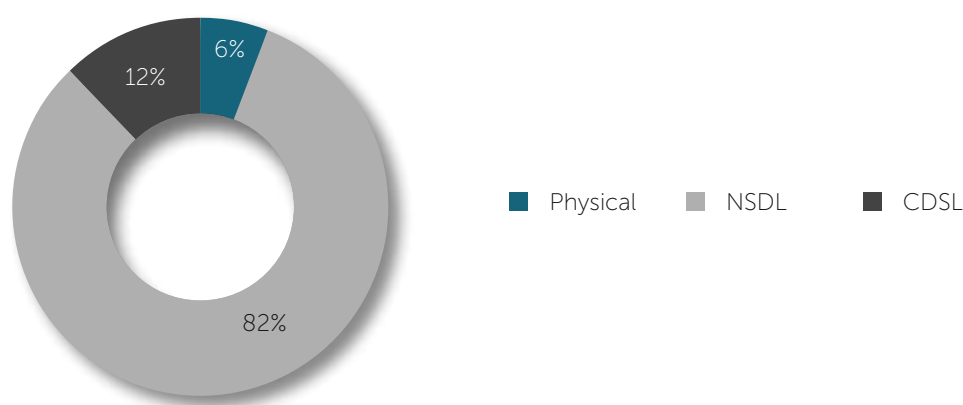
Category ( Amount)		No. of Shreholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	16761	93.46%	1441307	11.67%
5001	10000	602	3.36%	474835	3.85%
10001	20000	276	1.54%	412313	3.34%
20001	30000	93	0.52%	234833	1.90%
30001	40000	53	0.30%	184891	1.50%
40001	50000	31	0.17%	145861	1.18%
500001	100000	49	0.27%	357144	2.89%
100001	Above	69	0.38%	9094446	73.67%
<b>Total</b>		<b>17934</b>	<b>100%</b>	<b>12345630</b>	<b>100%</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, 2016 is as follows:

Category	No. of shareholders	No. of Equity Shares	% of Capital
Physical	4617	703089	5.70%
NSDL	9539	10153370	82.24%
CDSL	3778	1489171	12.06%
<b>Total</b>	<b>17934</b>	<b>12345630</b>	<b>100.00%</b>



**(xii) Outstanding Stock Option**

There are no outstanding warrants or any convertible instruments as on March 31, 2016.

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

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

Particulars	Address
Gasket Plant I & Registered Office	14/1, Delhi Mathura Road, Faridabad –121003, Haryana
Gasket Plant II	Bhaskar Estate, Amar Nagar, Sector 27-C, K.M. Main Mathura Road, Faridabad- 121003, Haryana
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)

**(xiv) Address for Correspondence**

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

**Registered Office**

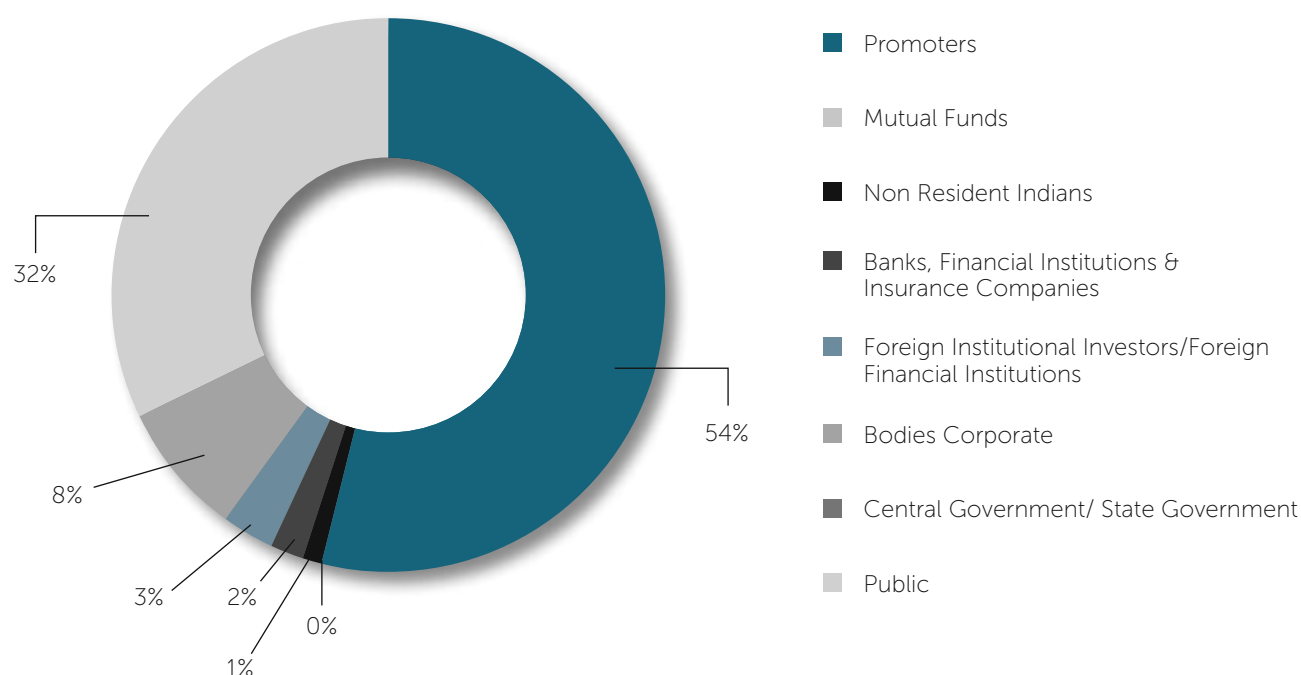
Talbro Automotive Components Ltd.  
14/1, Delhi Mathura Road, Faridabad –121003  
Tel: +91-129- 4294189/ 4294182/ 4047694  
Fax: +91-129-2277240  
Email: seema\_narang@talbro.com

**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

**(xv) Shareholding Pattern as on March 31, 2016**

Category	No. of Shares	% to equity
Promoters	6668190	54.01
Mutual Funds	-	-
Non Resident Indians	125280	1.01
Banks, Financial Institutions & Insurance Companies	265349	2.15
Foreign Institutional Investors/ Foreign Financial Institutions	339875	2.75
Bodies Corporate	977902	7.92
Central Government/ State Government	-	-
Public	3969034	32.16
<b>Total</b>	<b>12345630</b>	<b>100.00</b>



### Unclaimed Dividends

By virtue of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid/ unclaimed for seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The date of declaration of dividend and corresponding dates when the unpaid/ unclaimed dividend is due for transfer to the IEPF are given below:

Year	Date of Declaration	Due date for transfer
2008-09	29.09.2009	27.10.2016
2009-10	21.07.2010	19.08.2017
2010-11	07.09.2011	05.10.2018
2011-12	03.09.2012	01.10.2019
2012-13	16.09.2013	14.10.2020
2013-14	12.09.2014	10.10.2021
2014-15	25.09.2015	23.10.2022

Members who have not encashed their dividend warrants so far in respect of dividend 2008-09 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 10, 2016.

### Unclaimed Shares

In respect of share certificates sent to shareholders and returned undelivered, the Company has initiated the process of sending reminders to concerned shareholders. After completing the process, unclaimed shares, if any, will be transferred to 'Unclaimed Suspense Account' as per the procedure laid under the listing regulations.

### Nomination

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



# Declaration for Code of Conduct

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2016.

For **Talbro Automotive Components Ltd.**

Sd/-

**Umesh Talwar**

[Vice Chairman & Managing Director]

DIN No. 00059271

152, Malcha Marg, Diplomatic Enclave,  
New Delhi-110021

Place: New Delhi

Date: May 21, 2016

---

## AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE DEFINED UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the members of

**Talbro Automotive Components Limited**

We have examined the compliance of the conditions of Corporate Governance by Talbro Automotive Components Limited for the year ended March 31, 2016 as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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 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

Sd/-

**(Suresh Seth)**

Partner

Membership. No. 10577

Place: New Delhi

Date: May 21, 2016

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

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

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
  - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2. 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.
- B. To the best of our knowledge and belief, no transactions entered into by the company during the years which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility 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 there were no deficiencies in the design or operation of internal control which came to our notice.
- D. We have indicated to the auditors and the Audit committee:
  - 1. significant changes in internal control over financial reporting during the year;
  - 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3. there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: New Delhi  
Date: May 21, 2016

Sd/-  
**Umesh Talwar**  
Vice Chairman and Managing Director

Sd/-  
**Naveen Gupta**  
Chief Financial Officer

## Independent Auditor's Report

To the Members of

**Talbro Automotive Components Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Talbro Automotive Components Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch at Pune.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 standalone 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016 and its profit and its cash flows for the year ended on that date.

### Other Matter

We did not audit the financial statements/information of one branch included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of ₹27,97,74,963/- as at March 31, 2016 and total revenues of ₹62,56,54,589/- for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of this branch have been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure-A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us;
  - (c) The report on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by branch auditor has been sent to us and has been properly dealt with by us in preparing this report;
  - (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us;
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (f) On the basis of written representations received from the directors as on March 31, 2016, and taken

on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 30 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**(Suresh Seth)**  
Partner

Place: New Delhi  
Date: May 21, 2016

Membership. No. 10577

## Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

- 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 been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following:

Total no of cases	Type of asset	Gross block and net block as at 31.03.2016	Remarks
1	Freehold land	₹4,65,25,676/-	28,575 Sq Mtrs purchased from Haryana State Industrial Development Corporation Ltd pending registration in the name of the Company

- ii) According to the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals during the year except for inventories lying with third parties for which certificates confirming inventories held by them have been obtained in most of the cases. 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) According to the information and explanations given to us and based on our examination of the documents and records, the Company has not granted any secured or unsecured loans to the companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to information and explanations given to us, the Company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of the Act.
- v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder 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.
- vi) 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 Sub-section (1) of section 148 of the Act 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.
- vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues to the appropriate authorities and no undisputed amounts payable in respect of above were in arrears, as at March 31, 2016, for a period of more than six months from the date they became payable except for value added tax payable of ₹32,043/-.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax 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 (Rs.)	Forum where dispute is pending
Central Excise Act, 1944	Demand of excise duty	1998-2002	14,17,866	The Assistant Commissioner, Faridabad
Maharashtra VAT Act, 2005	Demand of VAT	2005-06 & 2008-09	4,97,936	Joint 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
Employee State Insurance Act, 1948	ESI Demand	2007-08	6,27,416	Civil Judge, Gurgaon
Income Tax Act, 1961	Income Tax Demand	2004-05	4,47,739	CIT – Appeal
Income Tax Act, 1961	Income Tax Demand	2011-12	13,98,150	CIT – Appeal
Income Tax Act, 1961	Income Tax Demand	2012-13	21,08,909	CIT – Appeal
Central excise Act, 1944	Cenvat Credit disallowed	2007-08 to 2010-11	8,85,308	The Assistant Commissioner, Faridabad
Haryana Value Added Tax Act, 2003	Input tax disallowed	2006-07	2,73,548	The Deputy Commissioner Gurgaon
Central excise Act, 1944	Cenvat Credit disallowed	August 2011 to October 2013	2,67,681	Superintendent Range - IVB, Chennai
Custom Act, 1962	Demand of custom duty	2013-14	7,96,882	Deputy Commissioner of Customs, New Delhi
Custom Act, 1962	Demand of custom duty	2014-15	16,83,081	Assistant Commissioner of Customs, Nhavasheva Port
Central excise Act, 1944	Demand of excise duty	FY 2010-11 to FY 2015-16	3,60,89,686*	Commissioner of Customs, Central Excise and Service Tax, Hapur

\*net of amount paid under protest ₹80,00,000/-

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, and government. The Company has not issued any debentures during the year.
- ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The term loans raised were applied for the purposes for which they have been raised.
- x) Based on our audit procedures and as per the information and explanations given by the management, we report that no fraud by the Company or on the Company, by its officers or employees, has been noticed or reported during the year.
- xi) According to the information and explanations given to us and based on our examination of the books of account and other records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with the schedule V to the Act.
- xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii) Based on our audit procedures and as per the information and explanations provided by the management, in our opinion, the Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of documents and records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

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

**(Suresh Sethi)**

Partner

Membership No. 10577

Place: New Delhi  
Date: May 21, 2016



## Annexure - B to the Independent Auditor's Report

(Referred to in paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone financial statements)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Talbros Automotive Components Limited ("the Company"), as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

(**Suresh Sethi**)  
Partner

Place: New Delhi  
Date: May 21, 2016

Membership. No. 10577

**Balance Sheet** as at March 31, 2016

(Amount in ₹)

		As at March 31, 2016		As at March 31, 2015	
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	2	12,34,56,300		12,34,56,300	
Reserves and Surplus	3	1,15,39,90,720	1,27,74,47,020	1,09,44,30,941	1,21,78,87,241
Non-Current Liabilities					
Long Term Borrowings	4	16,83,84,543		22,97,14,660	
Deferred Tax Liabilities (Net)	5	9,52,78,515		5,94,39,962	
Other Long Term Liabilities	6	27,36,000		27,36,000	
Long Term Provisions	7	3,10,42,146	29,74,41,204	3,75,55,413	32,94,46,035
Current Liabilities					
Short Term Borrowings	8	89,29,08,355		85,01,21,575	
Trade Payables					
-Total Outstanding Dues of Micro Enterprises and Small Enterprises	37	-		-	
-Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	9	89,27,12,891		75,03,76,929	
Other Current Liabilities	10	24,15,25,791		29,29,99,539	
Short Term Provisions	11	3,51,15,407	2,06,22,62,444	2,50,03,569	1,91,85,01,612
Total			3,63,71,50,668		3,46,58,34,888
ASSETS:					
Non-Current Assets					
Fixed Assets	12				
-Tangible Assets		91,43,38,178		88,21,13,630	
-Intangible Assets		72,68,147		1,29,86,237	
-Capital Work in Progress		-		4,63,67,892	
-Intangible Assets under Development		56,45,648	92,72,51,973	38,47,150	94,53,14,909
Non Current Investments	13		32,29,41,590		26,04,41,542
Long Term Loans and Advances	14		11,72,79,595		11,44,02,001
Other Non Current Assets	15		47,35,105		49,25,002
Current Assets					
Inventories	16	1,27,84,83,349		1,13,68,08,350	
Trade Receivables	17	70,72,10,946		66,90,22,216	
Cash and Bank Balances	18	4,81,46,224		5,41,16,863	
Short Term Loans and Advances	19	22,29,51,517		27,23,15,601	
Other Current Assets	20	81,50,369	2,26,49,42,405	84,88,404	2,14,07,51,434
Total			3,63,71,50,668		3,46,58,34,888
Summary of significant accounting policies	1				

The accompanying notes are an integral part of the financial statements

(SEEMA NARANG)  
Company Secretary(NAVEEN GUPTA)  
Chief Financial Officer(VARUN TALWAR)  
Joint Managing  
Director  
(DIN 00263984)(UMESH TALWAR)  
Vice Chairman &  
Managing Director  
(DIN 00059271)As per our report of even date  
For **S.N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050NPlace: New Delhi  
Dated: 21.05.2016(Suresh Seth)  
Partner  
Membership No. 10577

## Statement of Profit and Loss for the year ended March 31, 2016

(Amount in ₹)

	Note No.	Year ended March 31, 2016		Year ended March 31, 2015	
<b>INCOME</b>					
Revenue from operations (gross)	21	3,37,09,61,976		3,36,36,38,656	
Less: Excise duty		27,01,09,916	3,10,08,52,060	25,52,49,278	3,10,83,89,378
Other income	22		6,43,78,474		10,65,92,242
<b>Total Revenue</b>			<b>3,16,52,30,534</b>		<b>3,21,49,81,620</b>
<b>EXPENSES</b>					
Cost of raw materials consumed	23(a)		1,74,91,79,226		1,73,22,40,188
Purchase of stock-in-trade	23(b)		2,67,24,599		2,07,90,113
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24		(11,05,94,285)		(10,73,44,634)
Employee benefits expense	25		43,55,70,399		40,84,84,174
Finance costs	26		16,62,48,482		17,53,95,384
Depreciation and amortisation expense	27		8,14,10,454		8,03,03,628
Other expenses	28		69,96,93,188		75,56,46,524
<b>Total Expenses</b>			<b>3,04,82,32,063</b>		<b>3,06,55,15,377</b>
<b>Profit before exceptional items and tax</b>			<b>11,69,98,471</b>		<b>14,94,66,243</b>
Exceptional items	29		-		(1,86,86,122)
<b>Profit before tax</b>			<b>11,69,98,471</b>		<b>13,07,80,121</b>
Tax expense:					
Current tax / MAT		2,32,00,000		2,76,00,000	
MAT credit entitlement		(2,32,00,000)		-	
Deferred tax		3,58,38,553		32,80,374	
Tax adjustments of prior years (net)		(6,88,226)	3,51,50,327	1,14,443	3,09,94,817
<b>Profit for the year</b>			<b>8,18,48,144</b>		<b>9,97,85,304</b>
<b>Earnings per share (Face Value ₹10)</b>					
Basic and Diluted earnings per share (₹)	46		6.63		8.08
Summary of significant accounting policies	1				

The accompanying notes are an integral part of the financial statements

(SEEMA NARANG)  
Company Secretary

(NAVEEN GUPTA)  
Chief Financial Officer

(VARUN TALWAR)  
Joint Managing  
Director  
(DIN 00263984)

(UMESH TALWAR)  
Vice Chairman &  
Managing Director  
(DIN 00059271)

As per our report of even date  
For **S.N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050N

Place: New Delhi  
Dated: 21.05.2016

(Suresh Seth)  
Partner  
Membership No. 10577

# Cash Flow Statement

for the year ended March 31, 2016

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>A. Cash flows from operating activities</b>		
<b>a. Net profit before exceptional items and tax</b>	<b>11,69,98,471</b>	<b>14,94,66,243</b>
Adjustments for:		
Depreciation and amortisation	8,14,10,454	8,03,03,628
Interest expense	16,62,48,482	17,53,95,384
Foreign exchange fluctuation	59,19,575	61,79,114
Interest income	(1,02,78,066)	(1,16,11,195)
Dividend income	(2,48,97,630)	(4,16,22,384)
(Profit) / loss on sale of assets	66,655	(11,58,918)
Provision for doubtful receivables	85,17,136	38,33,744
<b>b. Operating profit before working capital changes</b>	<b>34,39,85,077</b>	<b>36,07,85,616</b>
Adjustments for:		
Current assets, loans and advances (current and non-current)	(3,83,50,298)	(8,41,77,248)
Inventories	(14,16,74,999)	(16,34,20,851)
Current liabilities (current & non-current)	14,08,51,226	(3,91,74,071)
<b>c. Cash generated from operations</b>	<b>30,48,11,006</b>	<b>27,42,74,976</b>
Direct taxes (paid) / refund	(18,09,12,11)	(2,04,71,186)
Cash flows before exceptional items	28,67,19,795	25,38,03,790
Exceptional items		
Terminal benefits-Chennai plant workforce	-	(1,86,86,122)
<b>Net Cash generated from operating activities (A)</b>	<b>28,67,19,795</b>	<b>23,51,17,668</b>
<b>B. Cash flows from investing activities</b>		
Proceeds from sale of fixed assets	55,10,674	58,87,537
Movement in inter-corporate deposits	50,00,000	1,90,00,000
Interest received	1,06,16,101	1,16,25,082
Dividends received	2,48,97,630	4,16,22,384
Purchase of fixed assets	(5,57,49,779)	(11,72,78,648)
Investments made	(2,50,00,048)	(4,50,00,048)
<b>Net cash used in investing activities (B)</b>	<b>(3,47,25,422)</b>	<b>(8,41,43,693)</b>
<b>C. Cash flows from financing activities</b>		
Interest paid	(17,23,51,934)	(17,45,84,130)
Movement in other bank balances	21,82,077	(1,41,42,847)
Proceeds from borrowings	6,83,07,495	17,27,53,038
Repayment of borrowings	(13,13,43,513)	(12,41,79,419)
Dividend paid	(1,88,07,140)	(1,49,92,826)
Dividend tax paid	(37,69,920)	(25,17,768)
<b>Net cash flow used in financing activities (C)</b>	<b>(25,57,82,935)</b>	<b>(15,76,63,952)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(37,88,562)</b>	<b>(66,89,977)</b>
Cash and cash equivalents as at:		
-the beginning of the year	1,40,78,082	2,07,68,059
-the end of the year (Refer Note no. 18)	1,02,89,520	1,40,78,082

**Note :-**

- a) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3, "Cash Flow Statements".
- b) Previous year's figures have been regrouped wherever considered necessary to conform to this year's classification.

(SEEMA NARANG)  
Company Secretary

(NAVEEN GUPTA)  
Chief Financial Officer

(VARUN TALWAR)  
Joint Managing  
Director  
(DIN 00263984)

(UMESH TALWAR)  
Vice Chairman &  
Managing Director  
(DIN 00059271)

As per our report of even date  
For **S.N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050N

(Suresh Seth)  
Partner

Place: New Delhi  
Dated: 21.05.2016

Membership No. 10577

## Notes to the Financial Statements for the year ended March 31, 2016

### 1. Summary of significant accounting policies

#### a) Basis of preparation:

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with generally accepted accounting principles in India (GAAP) and comply with the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

#### 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 72 months from the month put to use.

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 the 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" less accumulated amortisation.

Major software products are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### f) Depreciation / Amortisation

Depreciation on tangible fixed assets is provided based on the methods given hereunder

Sr. No.	Plant	Method of depreciation	
		Straight line	Written down value
1	Gasket Plants at Faridabad, Chennai, Pune and Sohna (except on items acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant)	Plant, machinery and equipments	All other depreciable assets
2	Assets acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant		All depreciable fixed assets
3	Gasket Plant at Sitarganj, Forging Plant at Bawal and assets transferred to Gasket Plant at Faridabad from erstwhile Rubber Division	All tangible fixed assets other than vehicles	Vehicles

Depreciation is provided on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II:

## Notes to the Financial Statements for the year ended March 31, 2016

Sr. No.	Class of assets	Useful life
(i)	Plant, machinery and equipments	22 years
(ii)	Computers	6 years
(iii)	Air-conditioning plant	10 years
(iv)	Canteen equipments	10 years
(v)	Furniture and fixtures	5 years
(vi)	Vehicles	10 years
(vii)	Electrical installation	15 years
(viii)	Tube wells	10 years

The estimates of useful lives of the assets are based on independent technical evaluation, taking into account the nature of the asset, the estimated usage of the asset and the operating conditions surrounding the use of the asset etc.

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 and leasehold improvements are amortized on straight line basis over the period of the lease.

Technical know how fee is amortized on straight line basis 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 on straight line basis 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:

- Revenue from operations includes excise duty and is net of returns and trade discounts. Excise duty relating to sales is adjusted against revenue from operations. Excise duty on the increase/decrease in the stock of finished goods is recognized as part of the 'Other Expenses'.
- Dividend is accounted for on accrual basis when the right to receive the dividend is established.
- 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 the 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:

- 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.
- 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.

## Notes to the Financial Statements for the year ended March 31, 2016

- 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**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Company is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to the statement of profit and loss on a straight line basis over the lease term. Initial direct costs such as legal cost, brokerage cost etc. are recognised immediately in the statement of profit and loss.

**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 a 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.



## Notes to the Financial Statements for the year ended March 31, 2016

### 2. Share Capital

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
<b>Authorised share capital:</b>	<b>20,00,00,000</b>	<b>20,00,00,000</b>
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	12,34,56,300	12,34,56,300
(Previous year 1,23,45,630 Equity shares of ₹10 each fully paid up)		
<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 March 31, 2016	%	No. of shares as at March 31, 2015
QH Talbro Ltd.	21.45	26,47,684	21.37	26,37,684
Shashi Talwar	3.40	4,19,377	5.26	6,49,122
Talbro International Ltd.	8.50	10,49,321	5.23	6,46,056

### 3. Reserves and surplus:

Capital reserves		15,21,000		1,52,10,00
Securities premium account		46,78,30,274		46,78,30,274
Revaluation reserve				
As per last balance sheet		50,68,880		50,68,880
General reserve				
As per last balance sheet	4,48,22,715		3,98,22,715	
Add: Transferred from surplus balance in the Statement of Profit and Loss	50,00,000	4,98,22,715	50,00,000	4,48,22,715
Surplus balance in statement of profit and loss				
As per last balance sheet	57,51,88,072		50,26,91,133	
Profit for the year	8,18,48,144		9,97,85,304	
Less:- Allocations and appropriations				
Proposed dividend	1,85,18,445		1,85,18,445	
₹1.50/- per share (previous year ₹1.50/- per share )				
Corporate dividend tax	37,69,920		37,69,920	
Transferred to general reserve	50,00,000	62,97,47,851	50,00,000	57,51,88,072
<b>Total</b>		<b>1,15,39,90,720</b>		<b>1,09,44,30,941</b>

## Notes to the Financial Statements for the year ended March 31, 2016

### 4. Long term borrowings:

(Amount in ₹)

	Non-current portion		Current maturities		Total	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Secured, unless otherwise stated</b>						
<b>Term loans:</b>						
From banks						
IndusInd Bank*	-	1,03,25,000	1,03,25,000	2,83,00,000	1,03,25,000	3,86,25,000
Others						
(against security of movable fixed assets)	35,61,015	39,28,602	47,95,479	61,10,000	83,56,494	1,00,38,602
	<b>35,61,015</b>	<b>1,42,53,602</b>	<b>1,51,20,479</b>	<b>3,44,10,000</b>	<b>1,86,81,494</b>	<b>4,86,63,602</b>
<b>From Others</b>						
Bajaj Finance Ltd.**	4,03,29,807	6,28,36,190	2,25,06,383	2,00,29,980	6,28,36,190	8,28,66,170
Tata Capital Financial Services Ltd.***	8,14,81,467	11,40,74,067	3,25,92,600	3,25,92,600	11,40,74,067	14,66,66,667
Others						
(against security of movable fixed assets)	7,04,254	4,99,801	6,65,852	3,09,440	13,70,106	8,09,241
<b>Deposits (Unsecured)</b>						
<b>Fixed deposits</b>						
- From directors	10,00,000	5,00,000	-	5,00,000	10,00,000	10,00,000
- From public	4,13,08,000	3,75,51,000	2,15,49,000	5,18,69,000	6,28,57,000	8,94,20,000
<b>Total</b>	<b>16,83,84,543</b>	<b>22,97,14,660</b>	<b>9,24,34,314</b>	<b>13,97,11,020</b>	<b>26,08,18,857</b>	<b>36,94,25,680</b>
Amount disclosed under the head "Other Current Liabilities (Note no. 10 )			9,24,34,314	13,97,11,020		

#### Notes:-

- \* 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 paripassu charge over entire 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 Tata Capital Financial Services Ltd. carrying rate of interest @ 11.50 % per annum is secured by first charge on all assets financed under this facility and is further secured by personal guarantee of three directors.

### 4.1 Terms of repayment of long term borrowings

(Amount in ₹)

Particulars	Maturity profile of long term borrowings				
	2016 - 17	2017 - 18	2018 - 19	2019 - 20	Total
<b>From Banks</b>					
IndusInd Bank	1,03,25,000	-	-	-	1,03,25,000
Against security of movable fixed assets	47,95,479	27,93,026	7,67,989	-	83,56,494
<b>From Others</b>					
Bajaj Finance Ltd.	2,25,06,383	2,48,05,854	1,45,94,007	9,29,946	6,28,36,190
Tata Capital Financial Services Ltd.	3,25,92,600	3,25,92,600	3,25,92,600	1,62,96,267	11,40,74,067
Deposits (Unsecured)	2,15,49,000	1,88,31,000	2,34,77,000	-	6,38,57,000
(against security of movable fixed assets)	6,65,852	4,96,854	2,07,400	-	13,70,106
<b>Total</b>	<b>9,24,34,314</b>	<b>7,95,19,334</b>	<b>7,16,38,996</b>	<b>1,72,26,213</b>	<b>26,08,18,857</b>

## Notes to the Financial Statements for the year ended March 31, 2016

### 5. Deferred tax liabilities (net)

(Amount in ₹)

	Deferred tax assets / (liabilities) As at 31.03.2015	(Charge) / Credit during the year	Deferred tax assets / (liabilities) As at 31.03.2016
The deferred tax assets / (liabilities) comprise of the following:			
Depreciation	(8,01,36,810)	(76,52,556)	(8,77,89,366)
Disallowances u/s 43B	1,43,85,278	39,89,052	1,83,74,330
Unamortised expenditures of tools	-	(3,90,64,396)	(3,90,64,396)
Carry forward business losses	-	44,47,673	44,47,673
Provision for doubtful receivables / advances	63,11,570	24,41,674	87,53,244
<b>Total</b>	<b>(5,94,39,962)</b>	<b>(3,58,38,553)</b>	<b>(9,52,78,515)</b>

### 6. Other long term liabilities

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
Security deposits	27,36,000	27,36,000
<b>Total</b>	<b>27,36,000</b>	<b>27,36,000</b>

### 7. Long-term provisions:

Provision for leave encashment	1,25,66,950	1,37,76,795
Provision for gratuity	1,84,75,196	2,37,78,618
<b>Total</b>	<b>3,10,42,146</b>	<b>3,75,55,413</b>

### 8. Short term borrowings:

<b>Secured unless otherwise stated</b>		
<b>a) Working capital loans</b>		
From Banks		
State Bank of India*	25,24,14,238	29,62,97,085
ICICI Bank*	90,87,455	3,84,56,721
State Bank of Patiala*	-	4,99,53,451
IndusInd Bank*	7,91,13,452	11,98,17,940
HDFC Bank Ltd*	17,95,00,000	12,14,02,782
HDFC Bank Ltd.(unsecured)**	10,00,00,000	-
DBS Bank Ltd*	10,00,00,000	5,30,00,000
Punjab National Bank*	-	4,97,86,590
Yes Bank*	7,99,41,501	2,63,82,006
<b>From Others (unsecured)</b>		
Bajaj Finance Ltd **	5,00,00,000	5,00,00,000
Tata Capital Financial Services Ltd**	2,98,30,709	2,91,60,000
<b>b) Deposits (unsecured)</b>		
Fixed deposits from public	30,21,000	8,65,000
Inter-corporate deposit	1,00,00,000	1,50,00,000
<b>Total</b>	<b>89,29,08,355</b>	<b>85,01,21,575</b>

#### Notes:-

\* Working capital loans from State Bank of India, ICICI Bank, DBS Bank, IndusInd Bank, Yes Bank, State Bank of Patiala, HDFC Bank and Punjab National Bank are secured by way of first pari-passu charge on all current assets, both present & future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders and personal guarantee of two directors of the Company.

\*\* Working capital loans from HDFC Bank, Bajaj Finance Ltd and Tata Capital Financial Services Limited are secured by personal guarantee of two directors of the Company.

## Notes to the Financial Statements for the year ended March 31, 2016

### 9. Trade Payables

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
Acceptances	41,01,91,520	30,34,75,717
Total outstanding dues of micro enterprises and small enterprises (Refer Note no. 37)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note no. 42)	48,25,21,371	44,69,01,212
<b>Total</b>	<b>89,27,12,891</b>	<b>75,03,76,929</b>

### 10. Other current liabilities:

Current maturities of long term borrowings	9,24,34,314	13,97,11,020
Interest accrued but not due on borrowings	47,28,424	1,00,02,774
Interest accrued and due on borrowings	14,27,281	40,99,913
Liability towards investors education and protection fund*		
-Unclaimed dividend	13,77,489	16,66,184
-Unclaimed matured deposits	39,47,245	11,63,220
-Interest accrued on unclaimed matured deposits	20,37,138	1,93,608
-Unclaimed fractional shares	-	3,087
Employee related payables	7,33,49,941	6,60,28,801
Statutory liabilities	3,06,96,030	2,75,61,037
Advance received from customers	1,53,53,980	1,84,95,483
Enhanced cost of land payable to HSIIDC	66,07,829	66,07,829
Others	95,66,120	1,74,66,583
<b>Total</b>	<b>24,15,25,791</b>	<b>29,29,99,539</b>

\* There are no amounts due for payment to investors education and protection fund

### 11. Short-term provisions:

Leave encashment	59,37,923	27,15,204
Gratuity	60,00,000	-
Taxation (net of advance tax)	8,89,119	-
Proposed dividend	1,85,18,445	1,85,18,445
Corporate dividend tax	37,69,920	37,69,920
<b>Total</b>	<b>3,51,15,407</b>	<b>2,50,03,569</b>

### 12. Fixed Assets

(Amount in ₹)

Description	Gross Block				Depreciation / amortisation				Net block	
	Cost as at 1.4.2015	Additions during the year	Deductions during the year	Cost as at 31.03.2016	As at 1.4.2015	For the Year	Deductions during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>(i) Tangible assets</b>										
Land										
-Freehold *	5,19,13,545	-	-	5,19,13,545	-	-	-	-	5,19,13,545	5,19,13,545
-Leasehold	4,13,98,978	-	-	4,13,98,978	30,42,237	4,59,800	-	35,02,037	3,78,96,941	3,83,56,741
Buildings	34,08,10,949	42,66,686	-	34,50,77,635	9,44,76,750	1,26,52,276	-	10,71,29,026	23,79,48,609	24,63,34,199
Leasehold improvements	-	15,78,718	-	15,78,718	-	3,06,547	-	3,06,547	12,72,171	-
Plant, machinery & equipments	89,66,96,677	8,93,45,429	16,79,976	98,43,62,130	44,77,69,245	3,85,04,021	12,47,280	48,50,25,986	49,93,36,144	44,89,27,432
Motor vehicles	6,99,56,428	95,72,314	1,35,08,002	6,60,20,740	3,90,06,650	80,32,410	84,49,967	3,85,89,093	2,74,31,647	3,09,49,778
Furniture & fixtures	3,75,11,337	13,73,760	1,69,179	3,87,15,918	2,82,99,742	46,31,286	82,580	3,28,48,448	58,67,470	92,11,595
Office equipments	2,72,49,601	21,62,979	-	2,94,12,580	2,03,73,783	35,35,813	-	2,39,09,596	55,02,984	68,75,818
Electrical installation	7,36,23,806	49,54,236	-	7,85,78,042	2,84,39,481	62,40,711	-	3,46,80,192	4,38,97,850	4,51,84,325
Air-conditioning plant	78,11,888	-	-	78,11,888	36,80,552	9,13,089	-	45,93,641	32,18,247	41,31,336
Tube-well	10,51,423	-	-	10,51,423	8,22,562	1,76,291	-	9,98,853	52,570	2,28,861
<b>Total</b>	<b>1,54,80,24,632</b>	<b>11,32,54,122</b>	<b>1,53,57,157</b>	<b>1,64,59,21,597</b>	<b>66,59,11,002</b>	<b>7,54,52,244</b>	<b>97,79,827</b>	<b>73,15,83,419</b>	<b>91,43,38,178</b>	<b>88,21,13,630</b>
<b>Previous year</b>	<b>1,47,56,13,969</b>	<b>9,15,09,153</b>	<b>1,90,98,490</b>	<b>1,54,80,24,632</b>	<b>60,18,79,767</b>	<b>7,84,01,106</b>	<b>1,43,69,872</b>	<b>66,59,11,002</b>	<b>88,21,13,630</b>	

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

# Notes to the Financial Statements for the year ended March 31, 2016

## 12. Fixed Assets (Contd.)

(Amount in ₹)

Description	Gross Block				Depreciation / amortisation				Net block	
	Cost as at 1.4.2015	Additions during the year	Deductions during the year	Cost as at 31.03.2016	As at 1.4.2015	For the Year	Deductions during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>(ii) Intangible assets</b>										
Computer software	1,95,82,368	2,40,120	-	1,98,22,488	1,84,89,648	8,50,423	-	1,93,40,071	4,82,417	10,92,720
Technical know-how	4,71,60,636	-	-	4,71,60,636	3,52,67,119	51,07,787	-	4,03,74,906	67,85,730	1,18,93,517
<b>Total</b>	<b>6,67,43,004</b>	<b>2,40,120</b>	<b>-</b>	<b>6,69,83,124</b>	<b>5,37,56,767</b>	<b>59,58,210</b>	<b>-</b>	<b>5,97,14,977</b>	<b>72,68,147</b>	<b>1,29,86,237</b>
<b>Previous year</b>	<b>6,65,86,667</b>	<b>1,56,337</b>	<b>-</b>	<b>6,67,43,004</b>	<b>5,18,54,245</b>	<b>19,02,522</b>	<b>-</b>	<b>5,37,56,767</b>	<b>1,29,86,237</b>	
<b>(iii) Capital work in progress</b>										
Capital work in progress									-	4,63,67,892
<b>(iv) Intangible assets under development</b>										
Computer software									56,45,648	38,47,150

## 13. Non-current investments:

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
<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.		
117,80,000 Equity shares (previous year 70,30,000 Equity shares) of ₹10/- each fully paid up	11,78,00,000	7,03,00,000
- Talbro Marugo Rubber Pvt. Ltd.		
85,00,000 Equity shares (previous year 85,00,000 Equity shares) of ₹10/- each fully paid up	8,50,00,000	8,50,00,000
<b>Others</b>		
QH Talbro Limited (new name of Talwar Steering & Suspension Limited) *		
1,77,962 Equity shares (previous year Nil Equity shares) of Rs. 10/- each fully paid up	-	-
QH Talbro Limited (old)*	-	3,245,680
Nil Equity shares (previous year 1,77,962 Equity shares) of Rs. 10/- each fully paid up		
*Shares issued to Company in the ratio of 1:1 against 1,77,962 equity shares of QH Talbro Limited (old) pursuant to scheme of demerger of auto business of QH Talbro Limited (old) into Talwar Steering & Suspension Limited which later renamed as QH Talbro Limited(new)		
Talbro International Ltd. (erstwhile QH Talbro Limited) #		
11,67,101 Equity shares (previous year Nil Equity shares) of Rs. 10/- each fully paid up	55,746,060	-
Talbro International Ltd. (old)#	-	37,500,332
Nil Equity shares (previous year 5,43,484 Equity shares) of Rs. 10/- each fully paid up		
# 9,89,139 shares issued to Company in the ratio of 1.3:1 against 7,60,876 shares of Talbro International Limited (old) pursuant to amalgamation of Talbro International Limited (old) into demerged QH Talbro Limited and also includes 1,77,962 shares of erstwhile QH Talbro Limited which later renamed as Talbro International Limited (new)		
<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>32,29,41,590</b>	<b>26,04,41,542</b>
Notes:		
Book value of unquoted investments	32,29,41,590	26,04,41,542
Net asset value of mutual funds	10,62,390	11,77,770

## 14. Long term loans and advances:

Unsecured - considered good		
Capital advances	72,47,576	2,04,22,645
Security deposits	1,03,84,433	1,40,00,327
Advance tax (net of provision)	-	59,53,447
MAT credit entitlement	9,96,47,586	7,40,25,582
<b>Total</b>	<b>11,72,79,595</b>	<b>11,44,02,001</b>

## Notes to the Financial Statements for the year ended March 31, 2016

### 15. Other non-current assets

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
Unsecured - considered good		
Bank deposits with more than 12 months maturity (Under lien with banks as security against borrowings)	47,35,105	49,25,002
<b>Total</b>	<b>47,35,105</b>	<b>49,25,002</b>

### 16. Inventories:

(Valued at lower of cost or net realisable value unless otherwise stated)		
Raw material	28,62,35,274	32,77,49,843
Work in progress	56,37,94,688	44,98,95,458
Finished goods	15,31,69,163	15,67,34,799
Stock in trade	4,13,303	1,52,612
Moulds & Dies	23,60,79,404	15,55,25,236
Stores & spares	3,87,91,517	4,67,50,402
<b>Total</b>	<b>1,27,84,83,349</b>	<b>1,13,68,08,350</b>
<b>The above includes goods in transit as under:</b>		
Raw material	5,96,91,618	8,10,27,152
Stores & spares	4,26,770	12,77,568

#### 16.1 Work in progress:

Gaskets	49,19,64,335	37,48,69,723
Forgings	7,18,30,353	7,50,25,735
<b>Total</b>	<b>56,37,94,688</b>	<b>44,98,95,458</b>

**16.2** Moulds & Dies are valued based on the accounting policy of amortisation over a period of 72 months from the month put to use. Refer Note 1(d)

### 17. Trade receivables:

(Amount in ₹)

	As at March 31, 2016		As at March 31, 2015	
Unsecured - considered good unless otherwise stated				
Outstanding for a period exceeding six months from the due date of payment				
- Considered good	6,17,30,605		4,13,03,622	
- Considered doubtful	1,08,63,963	7,25,94,568	84,09,151	4,97,12,773
Other receivables : considered good		64,54,80,341		62,77,18,594
		71,80,74,909		67,74,31,367
Less : Provision for doubtful trade receivables		1,08,63,963		84,09,151
<b>Total</b>		<b>70,72,10,946</b>		<b>66,90,22,216</b>

#### 17.1 Trade receivables from private companies in which directors are interested

Talbro Marugo Rubber Pvt. Ltd.	54,30,600	23,03,100
<b>Total</b>	<b>54,30,600</b>	<b>23,03,100</b>

### 18. Cash and bank balances:

<b>(a) Cash and cash equivalents</b>				
Balances with banks		68,74,286		93,05,976
Cash on hand		34,15,234		47,72,106
		1,02,89,520		1,40,78,082
<b>(b) Other bank balances</b>				
Margin money deposits (pledged with banks)		2,41,41,874		2,36,71,949
Term deposits*		1,23,37,341		1,47,00,000
Earmarked balances with banks for unclaimed dividend		13,77,489		16,66,832
		3,78,56,704		4,00,38,781
<b>Total</b>		<b>4,81,46,224</b>		<b>5,41,16,863</b>

(\*includes deposits with original maturity of more than 12 months ₹1,08,37,341/- previous year ₹1,00,00,000/-)

## Notes to the Financial Statements for the year ended March 31, 2016

### 19. Short term loans and advances:

(Amount in ₹)

	As at March 31, 2016		As at March 31, 2015	
Unsecured - considered good unless otherwise stated				
Loans and advances to related parties		71,86,084		4,26,89,702
Inter corporate deposits		4,90,00,000		5,40,00,000
Advances recoverable in cash or in kind or for value to be received				
- Considered good	4,95,71,243		7,93,67,327	
- Considered doubtful	1,28,43,719		91,27,864	
	6,24,14,962		8,84,95,191	
Less : Provision for doubtful advances	1,28,43,719	4,95,71,243	91,27,864	7,93,67,327
Balances with central excise & other authorities				
- Considered good	11,68,44,924		9,56,86,487	
- Considered doubtful	20,44,728		10,31,888	
	11,88,89,652		9,67,18,375	
Less : Provision for doubtful advances	20,44,728	11,68,44,924	10,31,888	9,56,86,487
Claim receivables		3,49,266		5,72,085
<b>Total</b>		<b>22,29,51,517</b>		<b>27,23,15,601</b>

#### 19.1 Advances to related parties include:

QH Talbro Ltd		30,87,673		-
Talbro International Ltd		6,24,507		-
Magneti Marelli Talbro Chassis Systems Private Limited		34,73,904		4,26,89,702
<b>Total</b>		<b>71,86,084</b>		<b>4,26,89,702</b>

### 20. Other current assets:

Unsecured - considered good				
Interest accrued on deposits		81,50,369		84,88,404
<b>Total</b>		<b>81,50,369</b>		<b>84,88,404</b>

### 21. Revenue from operations:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
Sale of products	3,24,52,02,377	3,24,11,54,432
Sale of services	55,77,840	85,40,478
Other operating revenues	12,01,81,759	11,39,43,746
	<b>3,37,09,61,976</b>	<b>3,36,36,38,656</b>
Less: Excise duty	27,01,09,916	25,52,49,278
<b>Total</b>	<b>3,10,08,52,060</b>	<b>3,10,83,89,378</b>

#### 21.1 Revenue from operations (gross) include:

Gaskets	2,59,18,75,221	2,54,07,99,465
Forgings	65,33,27,156	70,30,09,445
Management fees	30,00,000	30,00,000
Others	12,27,59,599	11,68,29,746
<b>Total</b>	<b>3,37,09,61,976</b>	<b>3,36,36,38,656</b>



## Notes to the Financial Statements for the year ended March 31, 2016

### 22. Other income:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on :		
-Inter corporate deposits	67,45,796	79,44,150
-Fixed deposits with banks	32,97,357	33,09,746
-Others	2,34,913	3,57,299
Dividend income from:		
-Long term trade investments	2,45,33,886	4,13,33,886
-Long term non-trade investments	3,63,744	2,88,498
Royalty	1,15,71,070	1,07,51,000
Lease rentals	1,39,82,904	1,22,87,501
Net gain on foreign currency transactions & translation	-	2,87,35,110
Profit on sale of fixed assets (net)	-	11,58,918
Excess provision written back	13,33,629	-
Other non operating income	23,15,175	4,26,134
<b>Total</b>	<b>6,43,78,474</b>	<b>10,65,92,242</b>

### 23(a). Cost of raw materials consumed:

Cost of materials consumed	1,74,91,79,226	1,73,22,40,188
<b>Total</b>	<b>1,74,91,79,226</b>	<b>1,73,22,40,188</b>

#### Cost of raw materials consumed include

Tinplate/C.R.C.A/steel	55,71,64,987	49,96,26,566
Jointing	46,98,41,343	47,63,92,735
Forging steels	32,62,46,537	36,19,20,821
Bought out of auto components & parts	13,20,20,226	12,88,45,029
Others	26,39,06,133	26,54,55,037
<b>Total</b>	<b>1,74,91,79,226</b>	<b>1,73,22,40,188</b>

### 23(b). Purchases of stock-in-trade

Dyna bond	2,67,24,599	2,07,90,113
<b>Total</b>	<b>2,67,24,599</b>	<b>2,07,90,113</b>

### 24. Changes in inventories of finished goods, work in progress & stock-in-trade:

<b>Closing inventories</b>		
Finished goods	15,31,69,163	15,67,34,799
Work-in-progress	56,37,94,688	44,98,95,458
Stock-in-trade	4,13,303	1,52,612
<b>Total</b>	<b>71,73,77,154</b>	<b>60,67,82,869</b>
Less :		
<b>Opening inventories</b>		
Finished goods	15,67,34,799	14,31,74,554
Work-in-progress	44,98,95,458	35,55,10,785
Stock-in-trade	1,52,612	7,52,896
<b>Total</b>	<b>60,67,82,869</b>	<b>49,94,38,235</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress &amp; stock-in-trade</b>	<b>11,05,94,285</b>	<b>10,73,44,634</b>

## Notes to the Financial Statements for the year ended March 31, 2016

### 25. Employee benefits expense:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries and wages	36,98,23,174	33,62,73,452
Contribution to provident and other funds	3,00,73,885	3,93,15,719
Staff welfare expenses	3,56,73,340	3,28,95,003
<b>Total</b>	<b>43,55,70,399</b>	<b>40,84,84,174</b>

### 26. Finance costs:

Interest expense	15,25,77,259	16,01,84,230
Other borrowing cost	1,36,71,223	1,52,11,154
<b>Total</b>	<b>16,62,48,482</b>	<b>17,53,95,384</b>

### 27. Depreciation and amortisation expense:

Depreciation	7,54,52,244	7,84,01,106
Amortisation	59,58,210	19,02,522
<b>Total</b>	<b>8,14,10,454</b>	<b>8,03,03,628</b>

### 28. Other expenses:

Consumption of stores & spares parts	15,84,98,229	19,70,06,953
Labour & processing charges	3,84,50,444	3,78,31,286
Royalty	19,70,564	23,06,190
Power & fuel	12,76,49,685	16,60,74,091
Rent	1,15,29,237	59,54,465
Repairs to buildings	45,27,250	35,30,300
Repairs to plant & machinery	4,24,45,586	3,21,40,091
Repairs to other assets	81,46,764	75,47,142
Insurance	60,85,616	58,65,658
Travelling, tour & conveyance	5,76,59,112	5,17,73,854
Discount on sales	4,14,61,341	5,02,52,638
Sales promotion expenses	2,66,10,731	3,01,27,884
Packing, freight & forwarding	9,06,79,665	9,07,89,775
Rates and taxes	51,64,728	27,19,738
Corporate social responsibility expenditure (Refer Note no. 43 )	17,22,000	16,40,000
Provision for doubtful receivables/ advances	85,17,136	38,33,744
Bad debts written off	13,33,629	-
Loss on sale of fixed assets	66,655	-
Excise duty on increase/(decrease ) of inventories of finished goods	4,25,052	7,80,149
Net loss on foreign currency transactions & translation	78,29,948	-
Miscellaneous expenses	5,89,19,816	6,54,72,566
<b>Total</b>	<b>69,96,93,188</b>	<b>75,56,46,524</b>

### 29. Exceptional items:

Terminal benefits-Chennai plant workforce*	-	(1,86,86,122)
<b>Total</b>	<b>-</b>	<b>(1,86,86,122)</b>

\* Represents the terminal benefits payable to the erstwhile employees of the Chennai plant whose services were terminated upon its closure.

## Notes to the Financial Statements for the year ended March 31, 2016

### 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, 2016	As at March 31, 2015
(a)	Central excise	Demand for dispute over classification of paper gasket	14,17,866	14,17,866
(b)	Service tax	Cenvat credit disallowed	11,52,989	11,52,989
(c)	Central sales tax	Demand of central sales tax	4,97,936	4,97,936
(d)	Haryana value added tax	Disallowance of input tax	2,73,548	2,73,548
(e)	Customs Act	Demand of custom duty (Includes ₹28,78,364 paid under protest) (Previous year 28,78,364)	60,74,801	53,58,327
(f)	Employee's state insurance	Demand of ESI	47,56,527	41,29,111
(g)	Income tax	Disallowance of expenses	39,54,798	4,47,739
(h)	District judge	Claim of freight bills	8,13,484	8,13,484
(i)	High Court, Mumbai	Fees for building work	55,000	55,000
(k)	Central excise	Objection on exemption on some of the products sold from Sitarganj Plant	4,40,89,686	80,00,000
(l)	Municipal Corporation of Faridabad	Demand for external development charges	2,55,00,000	2,55,00,000
(m)	Labour disputes	Litigations filed by employees	43,00,369	-
(n)	Civil judge	Claim filed by BSNL Ltd	2,41,367	-
(o)	Bonus payable*	Bonus payable for financial year 2014-15	40,22,857	-
	<b>Total</b>		<b>9,71,51,228</b>	<b>4,76,46,000</b>

- (i) \*Retrospective bonus liability for financial year 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts
- (ii) Guarantees executed in favour of various authorities/customers/others amounting to ₹11,06,931 (previous year ₹77,26,944)
- (iii) Bills discounted with banks ₹Nil (previous year ₹1,26,54,808).

#### 30.2 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) - ₹54,10,497 (previous year ₹4,03,26,633)

## Notes to the Financial Statements for the year ended March 31, 2016

### 31. Composition of Raw materials and components consumed:- imported & indigenous (Amount in ₹)

	%	Year ended March 31, 2016	%	Year ended March 31, 2015
Imported	43.43%	75,96,10,218	38.86%	67,32,06,857
Indigenous	56.57%	98,95,69,008	61.14%	1,05,90,33,331
<b>Total</b>	<b>100.00%</b>	<b>1,74,91,79,226</b>	<b>100.00%</b>	<b>1,73,22,40,188</b>

### 32. Composition of stores and spares consumed: - imported & indigenous

Imported	0.47%	7,43,126	1.96%	38,51,988
Indigenous	99.53%	15,77,55,103	98.04%	19,31,54,965
<b>Total</b>	<b>100.00%</b>	<b>15,84,98,229</b>	<b>100.00%</b>	<b>19,70,06,953</b>

### 33. Payment to auditors:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>a) As auditors:</b>		
Audit fee	7,10,000	6,40,000
Tax audit fee	2,30,000	1,75,000
<b>In other capacity:</b>		
Limited review	2,62,000	2,25,000
Other services	5,98,500	1,90,000
<b>b) Cost audit fees</b>	<b>-</b>	<b>1,75,000</b>
	<b>18,00,500</b>	<b>14,05,000</b>
<b>Service Tax</b>	<b>2,56,159</b>	<b>1,73,658</b>
<b>Total</b>	<b>20,56,659</b>	<b>15,78,658</b>

### 34. Foreign currency transactions:

<b>34.1 Value of imports calculated on C.I.F basis:</b>		
a) Raw materials, stores & spares	58,88,60,228	54,04,72,946
b) Plant and machinery	9,18,314	4,15,15,782
c) Tools & dies	-	31,83,388
<b>34.2 Expenditures</b>		
a) Selling agency commission	13,40,835	18,26,057
b) Foreign travel	1,83,33,854	1,75,33,671
c) Foreign subscription, newspaper & periodicals	-	12,452
d) Royalty	19,70,565	23,06,190
e) Exhibits & shows	-	4,18,681
f) Professional fees	5,23,880	3,70,452
<b>34.3 Remittance in foreign currency on account of dividend</b>		
<b>Year</b>	<b>No. of shares held</b>	<b>No. of non residents</b>
2014-15	366752	26
		5,50,133
		4,40,102
<b>34.4 Earnings in Foreign exchange:</b>		
Value of exports on F.O.B. basis	59,89,28,949	70,91,58,989

## Notes to the Financial Statements for the year ended March 31, 2016

### 35. Excise duty

The finished goods at Sohna plant ( material division ), Gurgaon is considered as raw material for the Company because the same is used for manufacturing gaskets at Faridabad and other plants. Accordingly the excise duty liability on excisable goods manufactured at Sohna, but pending removal / clearance from the factory premises as at 31.03.2016, estimated at ₹3,88,921 ( previous year ₹3,35,731) 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 ₹3,88,921 ( previous year ₹3,35,731). 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 31.03.2016.

36. 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.

37. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure required under schedule III of the Companies Act, 2013 has not been given.

38. Based on the technical assessment of useful life of tools carried out during the year, the amortization has been done considering life of 72 months instead of 36 months presently. Had the Company continued with the previously assessed useful life, the consumption of stores & spares parts for the year ended 31st March, 2016 would have been higher by ₹277.12 Lacs".

### 39. Segment reporting

#### a) Primary segment:

The Company's operations comprise of only one segments viz , "Auto Components & Parts" .

#### 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.

### 40. Related party disclosures

#### A) Names of the related parties and nature of relationship:

- i) Jointly controlled entities  
Nippon Leakless Talbros Pvt. Ltd.  
Magnetis Marelli Talbros Chassis Systems Pvt. Ltd.  
Talbros Marugo Rubber Pvt. Ltd.
- ii) Investing party in respect of which the Company is an associate  
QH Talbros Ltd
- iii) Key management personnel and their relatives  
Mr. Umesh Talwar  
Mr. Varun Talwar  
Mr. Anuj Talwar  
Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- iv) Enterprise over which key management personnel exercise significant influences  
Talbros International Ltd.

## Notes to the Financial Statements for the year ended March 31, 2016

### 40. Related party disclosures (Contd.)

#### B) Transactions with related parties:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
a) Sale of products	21,81,69,358	14,76,59,156
QH Talbro Ltd	21,81,69,358	14,76,59,156
b) Sale of services	34,27,500	33,70,800
Talbro Marugo Rubber Pvt. Ltd.	34,27,500	33,70,800
c) Royalty income	1,39,16,532	1,27,14,014
QH Talbro Ltd	1,39,16,532	1,27,14,014
d) Purchase of goods	1,87,72,500	1,89,93,685
Nippon Leakless Talbro Pvt. Ltd.	1,87,72,500	1,89,93,685
e) Receipt of services	-	12,49,742
QH Talbro Ltd	-	12,49,742
f) Dividend received	2,45,33,886	4,13,33,886
Nippon Leakless Talbro Pvt. Ltd.	2,40,00,000	4,08,00,000
QH Talbro Ltd	5,33,886	5,33,886
g) Lease rental income	1,57,30,223	1,40,66,671
Magnet Marelli Talbro Chassis Systems Pvt. Ltd.	1,57,30,223	1,40,66,671
h) Reimbursement of expenses/payments	2,10,74,665	88,01,123
Magnet Marelli Talbro Chassis Systems Pvt. Ltd.	1,03,12,320	84,83,260
Talbro Marugo Rubber Pvt. Ltd.	2,18,688	1,40,363
Nippon Leakless Talbro Pvt. Ltd.	-	1,77,500
Talbro International Ltd.	1,05,43,657	-
i) Investment in Equity share capital during the year	4,75,00,000	5,00,00,000
Magnet Marelli Talbro Chassis Systems Pvt. Ltd.	4,75,00,000	2,00,00,000
Talbro Marugo Rubber Pvt. Ltd.	-	3,00,00,000
j) Outstanding balance included in trade receivables	8,89,92,929	4,72,98,574
Talbro Marugo Rubber Pvt. Ltd.	54,30,600	23,03,100
QH Talbro Ltd	8,35,62,329	4,49,95,474
k) Outstanding balance included in loans and advances	71,86,084	4,26,89,702
Magnet Marelli Talbro Chassis Systems Pvt. Ltd.	34,73,904	4,26,89,702
Talbro International Ltd.	6,24,507	-
QH Talbro Ltd	30,87,673	-
l) Outstanding balance included in trade payables / other long term liabilities	65,28,927	1,00,87,008
Nippon Leakless Talbro Pvt. Ltd.	43,02,927	57,95,316
Magnet Marelli Talbro Chassis Systems Pvt. Ltd.	22,26,000	22,26,000
QH Talbro Ltd	-	20,65,692
Transactions with key management personnel		
Remuneration*	1,66,85,614	1,24,74,759
Mr. Umesh Talwar	1,08,24,287	45,85,163
Mr. Varun Talwar	19,72,400	39,44,800
Mr. Anuj Talwar	38,88,927	39,44,796
* 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.		
Transactions with relatives of key management personnel		
Rent paid	7,20,000	7,20,000
Mrs. Kum Kum Talwar	7,20,000	7,20,000

## Notes to the Financial Statements for the year ended March 31, 2016

### 41. Employee benefits:

#### 41.1 Defined contribution plans:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
(a) Employer's contribution to superannuation fund	22,63,923	27,87,908
(b) Employer's contribution to provident fund	1,77,39,947	1,66,86,005

#### 41.2 Defined benefit plans:

##### (a) Gratuity and leave encashment

(Amount in ₹)

	Gratuity		Leave encashment	
	2015 - 16	2014 - 15	2015 - 16	2014 - 15
<b>i) Change in the present value of the obligation:</b>				
- Obligation at the beginning of the year	5,10,53,849	5,83,81,744	1,37,76,795	98,35,571
- Current service cost	47,29,616	92,39,174	57,71,104	94,82,949
- Interest cost	37,93,618	50,34,850	9,05,897	7,94,038
- Actuarial gains/ loss	12,94,309	(86,39,531)	(32,67,358)	(14,56,959)
- Benefits paid during the year	(47,55,040)	(1,29,62,388)	(46,19,488)	(48,78,804)
- Obligation at the end of the year	<b>5,61,16,352</b>	<b>5,10,53,849</b>	<b>1,25,66,950</b>	<b>1,37,76,795</b>
<b>ii) Change in the fair value of the plan assets</b>				
- Plan assets at the beginning of the year	2,72,75,231	3,03,64,119	-	-
- Expected return on plan assets	25,37,078	23,50,016	-	-
- Contributions by employer	69,50,000	75,23,484	-	-
- Benefits paid during the year	(51,21,153)	(1,29,62,388)	-	-
- Plan assets at the end of the year	<b>3,16,41,156</b>	<b>2,72,75,231</b>	-	-
<b>iii) Amount of obligations &amp; assets recognized in the balance sheet</b>				
- Present value of obligations at the end of the year	5,61,16,352	5,10,53,849	1,25,66,950	1,37,76,795
- Fair value of assets at the end of the year	3,16,41,156	2,72,75,231	-	-
- Net obligation recognized in the balance sheet	<b>2,44,75,197</b>	<b>2,37,78,618</b>	<b>1,25,66,950</b>	<b>1,37,76,795</b>
<b>iv) Expenses recognized in the Statement of Profit &amp; Loss</b>				
- Current service cost	47,29,616	92,39,174	57,71,104	94,82,949
- Interest cost	37,93,618	50,34,850	9,05,897	7,94,038
- Expected return on plan assets	(23,98,940)	(23,50,016)	-	-
- Actuarial gains/ loss	11,96,368	(86,39,531)	(32,67,358)	(14,56,959)
Total	<b>73,20,662</b>	<b>32,84,478</b>	<b>34,09,643</b>	<b>88,20,028</b>
<b>v) 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% de- pending on age	1%to 3% de- pending on age	1%to 3% de- pending on age	1%to 3% de- pending on age
- Discount rate	8.00%	8.00%	8.75%	8.75%
- Salary escalation	6.00%	6.00%	6.00%	6.00%
- Expected rate of return on Plan Assets	8.51%	8.75%		

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.



## Notes to the Financial Statements for the year ended March 31, 2016

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. In accordance with the requirements of Section 135 of the Companies Act, 2013, the Company has during the financial year ending 31st March 2016 spent in pursuance of its corporate social responsibility policy as follows:-

(Amount in ₹)

	2015 - 16	2014 - 15
a) Gross amount required to be spent by the Company during the year	17,22,000	16,40,000
b) Amount spent during the year on:-		
- Contribution to Prime Minister's National Relief Fund	3,61,000	11,40,000
- Donation paid to Charitable Trust	13,61,000	5,00,000

### 44. Disclosure required under section 186 (4) of the Companies Act, 2013

#### a) Investments made

(Amount in ₹)

Sr. No.	Name of the investee	Amount invested during the year 2015-16	Amount as on 31st March'16	Amount invested during the year 2014-15	Amount as on 31st March'15
a)	<b>Trade investments</b>				
	<b>In Joint Ventures</b>				
1.	Nippon Leakless Talbro Pvt. Ltd	-	4,80,00,000	-	4,80,00,000
2.	Magneti Marelli Talbro Chassis Systems Pvt.Ltd.	4,75,00,000	11,78,00,000	1,00,00,000	7,03,00,000
3.	Talbro Marugo Rubber Pvt. Ltd.	-	8,50,00,000	2,00,00,000	8,50,00,000
	<b>In Associates</b>				
4.	QH Talbro Limited	-	32,45,680	-	32,45,680
5.	Talbro International Ltd.	1,50,00,048	5,25,00,380	1,50,00,048	3,75,00,332
	<b>Non trade investments:</b>				
6.	T & T Motors Ltd.	-	13,74,990	-	13,74,990
7.	Caparo Power Ltd. - Equity shares	-	1,14,71,340	-	1,14,71,340
8.	Caparo Power Ltd. - Preference shares	-	25,49,200	-	25,49,200
9.	SBI Mutual Funds	-	10,00,000	-	10,00,000
	<b>Total</b>	<b>6,25,00,048</b>	<b>32,29,41,590</b>	<b>4,50,00,048</b>	<b>26,04,41,542</b>

#### b) Inter corporate deposits given (proposed to be utilised for business purposes)

(Amount in ₹)

Sr. No.	Name of the Payee	Paid / (recovered) during the year 2015-16	Outstanding amount as on 31st March'16	Paid / (recovered) during the year 2014-15	Outstanding amount as on 31st March'15
1.	Real Earth Estates Private Limited	-	4,00,00,000	-	4,00,00,000
2.	Friends Auto (India) Ltd.	-	50,00,000	-	50,00,000
3.	Paras Lubricants Ltd.	(50,00,000)	-	-	50,00,000
4.	Prasneeta Construction Private Limited	-	40,00,000	-	40,00,000
	<b>Total</b>	<b>(50,00,000)</b>	<b>4,90,00,000</b>	<b>-</b>	<b>5,40,00,000</b>

## Notes to the Financial Statements for the year ended March 31, 2016

### 45. Interest in Joint Ventures

The Company has the following investments in jointly controlled entities:

Name of the entity	Country of incorporation	Ownership interest
Nippon Leakless Talbros Pvt. Ltd.	India	40%
Magneti Marelli Talbros Chassis Systems Pvt. Ltd.	India	50%
Talbros Marugo Rubber Pvt. Ltd.	India	50% less one share

The Company's share of each of the assets, liabilities, income, expenses, etc (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in these joint venture, based on the audited financial statements are:

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
<b>a) Assets</b>		
Fixed assets (including capital work-in-progress)	25,51,92,079	28,91,04,201
Long-term loans and advances	2,29,54,991	1,28,17,821
Inventories	13,24,32,512	13,88,65,738
Trade receivables	9,08,15,688	6,77,44,735
Cash and bank balances	3,32,13,719	4,76,93,174
Short-term loans and advances	20,04,58,56	1,59,97,437
Other current assets	1,59,08,402	11,67,759
<b>b) Liabilities</b>		
Long-term borrowings	6,03,37,829	8,78,22,466
Deferred tax liabilities (net)	(2,41,67,927)	(1,26,27,746)
Long-term provisions	29,08,592	31,20,351
Short-term borrowings	1,27,37,430	5,73,938
Trade payables	17,53,06,401	17,18,04,484
Other current liabilities	5,33,14,746	6,54,00,589
Short-term provisions	(6,41,510)	4,00,784
<b>c) Income</b>	81,37,47,332	78,52,33,249
<b>d) Expenses</b>	78,88,54,799	72,39,12,230
<b>e) Other matters</b>		
Contingent liabilities	1,90,11,896	2,19,80,162
Capital commitments	42,84,763	27,16,093

### 46. Earnings per share:

(Amount in ₹)

Basic and diluted earnings per share	Year ended March 31, 2016	Year ended March 31, 2015
<b>a) Calculation of weighted average number of Equity shares</b>		
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>b) Net Profit after tax available for equity shareholders</b>	8,18,48,144	9,97,85,304
<b>c) Basic and diluted earnings per share</b> (Face value of ₹10 each)	6.63	8.08

**47.** The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹9,96,47,586 (previous year ₹7,40,25,582) to be adjusted against company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the company, based on the future projections, is of the opinion that the entire MAT credit will be utilised and therefore, no provisioning has been made.

## Notes to the Financial Statements for the year ended March 31, 2016

48. (a) The Company has taken few residential / commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these leases and there are no subleases.

(b) The Company has also taken a commercial premise under non-cancellable operating lease. There are no restrictions placed upon the Company by entering into this lease and there is no sublease. The lease arrangement is for a period of 5 years. The total of future minimum lease payments in respect of such lease are as follows:

(Amount in ₹)

	2015 - 16	2014 - 15
(a) not later than one year	71,89,182	68,46,840
(b) later than one year and not later than five years	1,88,44,086	2,60,33,268
(c) later than five years	-	-
Lease payments recognised in the Statement of Profit and Loss as rent expense for the year	<b>2,60,33,268</b>	<b>3,28,80,108</b>

The Company has also given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹1,39,82,904 (Previous year - ₹1,22,87,501) on such lease is included in Other Incomes.

With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

(Amount in ₹)

	2015 - 16	2014 - 15
(a) not later than one year	1,31,77,060	1,25,49,581
(b) later than one year and not later than five years	-	1,31,77,060
(c) later than five years	-	-
	<b>1,31,77,060</b>	<b>2,57,26,641</b>

### 49 Derivative instruments and unhedged foreign currency exposures

a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at year end are as under:

Particulars	As at March 31, 2016	As at March 31, 2015
Forward contracts to sell		
EURO	12,00,000	11,80,000
Rs.	9,26,57,375	7,92,25,200
USD	-	3,60,000
Rs.	-	2,23,88,400

## Notes to the Financial Statements for the year ended March 31, 2016

### 49 Derivative instruments and unhedged foreign currency exposures (Contd.)

#### b) Particulars of unhedged foreign currency exposures as at year end:

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Import trade payables</b>		
EURO	13,53,237	6,31,377
Rs.	10,39,96,253	4,29,77,854
USD	28,09,333	17,21,512
Rs.	18,93,49,062	10,84,72,491
GBP	7,539	2,194
Rs.	7,32,830	2,05,076
Yen	5,78,24,370	2,77,41,400
Rs.	3,53,42,255	1,45,53,139
<b>Export trade receivables</b>		
EURO	6,62,787	14,40,058
Rs.	4,83,63,595	9,66,85,487
USD	14,76,238	14,92,636
Rs.	9,54,53,529	9,28,27,046
GBP	60,029	1,01,040
Rs.	55,58,730	92,54,233
AUD	28,298	1,155
Rs.	13,88,861	54,627

50. Previous year's figures have been regrouped wherever considered necessary to conform to this year's classification.

# Independent Auditor's Report

To the Members 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 jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Company and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards

and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of

the Act. 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the the Company and its jointly controlled entities as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge

and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Company and its jointly controlled entities as on March 31, 2016 and taken on record by the respective Board of Directors, none of the directors of the Company and its jointly controlled entities is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its jointly controlled entities and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities, Refer Note no. 30 to the consolidated financial statements;
  - ii. The Company and its jointly controlled entities did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its jointly controlled entities.

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

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

Place: New Delhi  
Date: May 21, 2016

## Annexure - A to the Independent Auditor's Report

(Referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the consolidated financial statements)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Talbro Automotive Components Limited ("the Company") and its jointly controlled entities, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective companies policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the respective companies internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the respective companies internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention



or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company and its jointly controlled entities, which are companies incorporated in India, have, in

all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

**(Suresh Seth)**  
*Partner*

Place: New Delhi  
Date: May 21, 2016

Membership. No. 10577

**Consolidated Balance Sheet** as at March 31, 2016

(Amount in ₹)

(Amount in ₹)					
	Note No.	As at March 31, 2016		As at March 31, 2015	
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	2	12,34,56,300		12,34,56,300	
Reserves and Surplus	3	1,19,39,58,405	1,31,74,14,705	1,14,80,26,940	1,27,14,83,240
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	22,87,22,372		31,75,37,126	
Deferred Tax Liabilities (Net)	5	7,11,10,589		4,68,12,216	
Other Long Term Liabilities	6	27,36,000		27,36,000	
Long Term Provisions	7	3,39,50,738	33,65,19,699	4,06,75,764	40,77,61,106
<b>Current Liabilities</b>					
Short Term Borrowings	8	90,56,45,785		85,06,95,513	
Trade Payables					
-Total Outstanding Dues of Micro Enterprises and Small Enterprises	37	-		-	
-Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	9	1,06,80,19,292		92,21,81,413	
Other Current Liabilities	10	29,48,40,537		35,84,00,128	
Short Term Provisions	11	3,44,73,897	2,30,29,79,511	2,54,04,353	2,15,66,81,407
<b>Total</b>			<b>3,95,69,13,915</b>		<b>3,83,59,25,753</b>
<b>ASSETS:</b>					
<b>Non-Current Assets</b>					
Fixed Assets	12				
-Tangible Assets		1,14,31,22,794		1,11,03,92,763	
-Intangible Assets		2,53,29,965		3,45,71,070	
-Capital Work in Progress		83,45,644		8,56,08,127	
-Intangible Assets under Development		56,45,648	1,18,24,44,051	38,47,150	1,23,44,19,110
Non Current Investments	13		7,21,41,590		5,71,41,542
Long Term Loans and Advances	14		14,02,34,587		12,72,19,822
Other Non Current Assets	15		47,35,104		49,25,002
<b>Current Assets</b>					
Inventories	16	1,41,09,15,861		1,27,56,74,088	
Trade Receivables	17	79,80,26,635		73,67,66,951	
Cash and Bank Balances	18	8,13,59,943		10,18,10,037	
Short Term Loans and Advances	19	24,29,97,373		28,83,13,038	
Other Current Assets	20	2,40,58,771	2,55,73,58,583	96,56,163	2,41,22,20,277
<b>Total</b>			<b>3,95,69,13,915</b>		<b>3,83,59,25,753</b>
Summary of significant accounting policies	1				

The accompanying notes are an integral part of the consolidated financial statements

(SEEMA NARANG)  
Company Secretary(NAVEEN GUPTA)  
Chief Financial Officer(VARUN TALWAR)  
Joint Managing  
Director  
(DIN 00263984)(UMESH TALWAR)  
Vice Chairman &  
Managing Director  
(DIN 00059271)As per our report of even date  
For **S.N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050NPlace: New Delhi  
Dated: 21.05.2016(Suresh Sethi)  
Partner  
Membership No. 10577

**Consolidated Statement of Profit and Loss** for the year ended March 31, 2016

(Amount in ₹)

	Note No.	Year ended March 31, 2016		Year ended March 31, 2015	
INCOME					
Revenue from operations (gross)	21	4,27,82,79,995		4,23,77,89,098	
Less: Excise duty		35,97,54,100	3,91,85,25,895	34,15,95,408	3,89,61,93,690
Other income	22		6,04,51,971		10,40,21,179
<b>Total Revenue</b>			<b>3,97,89,77,866</b>		<b>4,00,02,14,869</b>
EXPENSES					
Cost of raw materials consumed	23(a)		2,20,34,45,847		2,14,70,89,793
Purchase of stock-in-trade	23(b)		8,52,46,043		18,15,30,493
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24		(10,34,76,816)		(14,20,95,603)
Employee benefits expense	25		51,60,19,839		48,00,91,195
Finance costs	26		17,69,27,181		18,66,82,958
Depreciation and amortisation expense	27		10,38,88,951		9,98,58,733
Other expenses	28		83,57,55,873		83,74,19,461
Less: Overheads charged to fixed assets			-		(11,49,423)
<b>Total Expenses</b>			<b>3,81,78,06,918</b>		<b>3,78,94,27,607</b>
<b>Profit before exceptional items and tax</b>			<b>1611,70,948</b>		<b>21,07,87,262</b>
Exceptional items	29		(1,92,79,945)		(1,86,86,122)
<b>Profit before tax</b>			<b>14,18,91,003</b>		<b>19,21,01,140</b>
Tax expense:					
Current tax / MAT		4,43,96,147		5,63,08,822	
MAT credit entitlement		(2,32,00,000)		-	
Deferred tax		2,42,98,372		(56,36,052)	
Tax adjustments of prior years (net)		(7,09,181)	4,47,85,338	2,09,557	5,08,82,327
<b>Profit for the year</b>			<b>9,71,05,665</b>		<b>14,12,18,813</b>
<b>Earnings per share (Face Value ₹10)</b>					
Basic and Diluted earnings per share (₹)	39		<b>7.87</b>		<b>11.44</b>
Summary of significant accounting policies	1				

The accompanying notes are an integral part of the financial statements

(SEEMA NARANG)  
Company Secretary(NAVEEN GUPTA)  
Chief Financial Officer(VARUN TALWAR)  
Joint Managing  
Director  
(DIN 00263984)(UMESH TALWAR)  
Vice Chairman &  
Managing Director  
(DIN 00059271)As per our report of even date  
For **S.N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050NPlace: New Delhi  
Dated: 21.05.2016(Suresh Sethi)  
Partner  
Membership No. 10577

# Cash Flow Statement

for the year ended March 31, 2016

(Amount in ₹)

	Year ended March 31, 2016		Year ended March 31, 2015	
<b>A. Cash flows from operating activities</b>				
<b>a. Net profit before exceptional items and tax</b>		<b>16,11,70,948</b>		<b>21,07,87,261</b>
Adjustments for:				
Depreciation and amortisation	103,888,951		99,858,733	
Interest expense	176,927,181		186,682,959	
Filing Fees	356,250		75,000	
Foreign exchange fluctuation	7,460,319		7,412,430	
Interest income	(12,997,088)		(15,237,853)	
Dividend income	(24,897,630)		(822,384)	
Loss / (Profit) on sale of assets	201,615		(1,168,988)	
Excess Provision written back	(86,393)		-	
Provision for doubtful receivables	8,517,136	259,370,341	3,833,744	280,633,641
<b>b. Operating profit before working capital changes</b>		<b>420,541,289</b>		<b>491,420,902</b>
Adjustments for:				
Current assets, loans and advances (current and non-current)	(48,939,993)		(99,920,610)	
Inventories	(135,298,826)		(207,192,865)	
Current liabilities (current & non-current)	145,145,240	(39,093,579)	220,208,471	(86,905,004)
<b>c. Cash generated from operations</b>		<b>381,447,710</b>		<b>404,515,898</b>
Direct taxes (paid) / refund		(47,913,593)		(55,671,770)
Cash flows before exceptional items		333,534,117		348,844,128
Exceptional items				
Terminal benefits - Chennai Employees		-		(18,686,122)
<b>Net Cash generated from operating activities (A)</b>		<b>333,534,117</b>		<b>330,158,006</b>
<b>B. Cash flows from investing activities</b>				
Proceeds from sale of Fixed Assets	5,560,675		6,024,133	
Movement in Inter-Corporate Deposits	5,000,000		19,000,000	
Interest Received	14,219,870		14,674,945	
Dividends Received	897,630		822,384	
Purchase of Fixed Assets	(88,286,685)		(167,022,726)	
Investments made	(15,000,048)		(15,000,048)	
Cash flows before exceptional items	<b>(77,608,558)</b>		<b>(141,501,312)</b>	
Exceptional items				
Proceeds from sale of fixed assets(not in use)	7,070,360		-	
<b>Net cash (used in)/generated from investing activities (B)</b>		<b>(70,538,198)</b>		<b>(14,15,01,312)</b>
<b>C. Cash flows from financing activities</b>				
Interest paid	(183,377,546)		(185,954,735)	
Movement in other Bank balances	25,682,077		(28,734,666)	
Proceeds from Borrowings	77,211,140		212,373,455	
Repayment of Borrowings	(149,625,159)		(127,981,291)	
Filing Fees	(356,250)		(75,000)	
Dividends Paid	(18,807,140)		(55,792,826)	
Dividend Tax Paid	(8,655,755)		(10,459,409)	
<b>Net cash flow used in Financing Activities (C)</b>		<b>(257,928,633)</b>		<b>(196,624,472)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>5,067,286</b>		<b>(7,967,778)</b>
Cash and cash equivalents as at:				
-the beginning of the year		36,235,690		44,203,468
-the end of the year (Refer Note no. 18)		41,302,976		36,235,690

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

(SEEMA NARANG)  
Company Secretary

(NAVEEN GUPTA)  
Chief Financial Officer

(VARUN TALWAR)  
Joint Managing  
Director  
(DIN 00263984)

(UMESH TALWAR)  
Vice Chairman &  
Managing Director  
(DIN 00059271)

As per our report of even date  
For **S.N. Dhawan & Co.**  
Chartered Accountants  
Firm Reg. No. 000050N

Place: New Delhi  
Dated: 21.05.2016

(Suresh Seth)  
Partner  
Membership No. 10577

# Notes to the Consolidated Financial Statements for the year ended March 31, 2016

## 1. Summary of significant accounting policies

### a) Basis of preparation:

The financial statements of the Group have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with generally accepted accounting principles in India (GAAP) and comply with the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

### 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) Principles of consolidation:

The consolidated financial statements include the financial statements of Talbros Automotive Components Ltd ('the Company') and its joint venture companies (collectively known as 'the Group').

The financial statements of the joint venture companies are consolidated using proportionate consolidation method by adding book values of like items of assets, liabilities, revenues and expenses after eliminating intra-group balances / transactions and unrealised profits to the extent of the Group's proportionate share in accordance with Accounting Standard-27, "Financial Reporting of interest in joint venture" notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.

### d) Investments:

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

### e) 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 72 months from the month put to use. In case of joint venture companies, tools are amortised over a period of 36 months from the months put to use.

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 the Group is added to the cost of finished goods inventory.

### f) 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" less accumulated amortisation. Major software products are carried at cost less accumulated amortisation and accumulated impairment losses, if any

### g) Depreciation / Amortisation

Depreciation on tangible fixed assets is provided based on the methods given hereunder

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

Sr. No.	Plant	Method of depreciation	
		Straight line	Written down value
1	Gasket Plants at Faridabad, Chennai, Pune, Sohna (except on items acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant) and joint venture companies namely Talbro Marugo Rubber Private Ltd and Nippon Leakless Talbro Private Limited	Plant, machinery and equipments	All other depreciable assets
2	Assets acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant		All depreciable fixed assets
3	Gasket Plants at Sitarganj, Forging Plant at Bawal and assets transferred to Gasket Plant at Faridabad from erstwhile Rubber Division, joint venture company Magneti Marelli Talbro Chassis System P Ltd,	All tangible fixed assets other than vehicles	Vehicles

Depreciation is provided on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II:

Sr. No.	Class of assets	Useful life
(i)	Plant, machinery and equipments	22 years
(ii)	Computers	6 years
(iii)	Air-conditioning plant	10 years
(iv)	Canteen equipments	10 years
(v)	Furniture and fixtures	5 years
(vi)	Vehicles	10 years
(vii)	Electrical installation	15 years
(viii)	Tube wells	10 years

The estimates of useful lives of the assets are based on independent technical evaluation, taking into account the nature of the asset, the estimated usage of the asset and the operating conditions surrounding the use of the asset etc.

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 and leasehold improvements are amortized on straight line basis over the period of the lease.

Technical know how fee is amortized on straight line basis 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 on straight line basis 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.

### h) Revenue recognition:

- Revenue from operations includes excise duty and is net of returns and trade discounts. Excise duty relating to sales is adjusted against revenue from operations. Excise duty on the increase/decrease in the stock of finished goods is recognized as part of the 'Other Expenses'.
- Dividend is accounted for on accrual basis when the right to receive the dividend is established.
- Export incentives are accounted on accrual basis.

### i) 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

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.

### j) 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.

### k) 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.

### l) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to the statement of profit and loss on a straight line basis over the lease term. Initial direct costs such as legal cost, brokerage cost etc. are recognised immediately in the statement of profit and loss.

### m) 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 a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### n) Impairment of assets:

At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group 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.

### o) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if the Group has a present obligation as a result of past event,

- a) a probable outflow of resources is expected to settle the obligation and
- b) 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.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 2. Share Capital

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
<b>Authorised share capital:</b>	<b>20,00,00,000</b>	<b>20,00,00,000</b>
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	12,34,56,300	12,34,56,300
(Previous year 1,23,45,630 Equity shares of ₹10 each fully paid up)		
<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 March 31, 2016	%	No. of shares as at March 31, 2015
QH Talbro Ltd.	21.45	26,47,684	21.37	26,37,684
Shashi Talwar	3.40	4,19,377	5.26	6,49,122
Talbro International Ltd.	8.50	10,49,321	5.23	6,46,056

### 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		50,68,880		50,68,880
General reserve				
As per last balance sheet	7,18,53,206		6,07,68,400	
Add: Transferred from surplus balance in the Statement of Profit and Loss	94,39,487	8,12,92,693	1,10,84,806	7,18,53,206
Surplus balance in statement of profit and loss				
As per last balance sheet	60,17,53,580		53,42,25,939	
Profit for the year	9,71,05,665		14,12,18,813	
Less:- Allocations and appropriations				
Interim dividend (₹5/- per share, previous year-₹7/- per share)	2,40,00,000		3,36,00,000	
Corporate dividend tax	48,85,835		67,18,001	
Proposed dividend	1,85,18,445		1,85,18,445	
₹1.50/- per share (previous year ₹1.50/- per share )				
Corporate dividend tax	37,69,920		37,69,920	
Transferred to general reserve	94,39,487	63,82,45,558	1,10,84,806	60,17,53,580
<b>Total</b>		<b>1,19,39,58,405</b>		<b>1,14,80,26,940</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 4. Long term borrowings:

(Amount in ₹)

	Non-current portion		Current maturities		Total	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Secured, unless otherwise stated						
Term loans:						
From banks						
HDFC Bank Ltd.*	1,77,34,000	3,54,68,000	1,77,34,000	1,77,34,000	3,54,68,000	5,32,02,000
IndusInd Bank**	-	1,03,25,000	1,03,25,000	2,83,00,000	1,03,25,000	3,86,25,000
Mizuho Bank Ltd. (Unsecured)***	4,22,12,038	5,15,09,260	92,97,222	32,22,222	5,15,09,260	5,47,31,482
Others (against security of movable fixed assets)	39,52,806	47,35,518	52,04,795	65,74,708	91,57,601	1,13,10,226
	<b>6,38,98,844</b>	<b>10,20,37,778</b>	<b>4,25,61,017</b>	<b>5,58,30,930</b>	<b>10,64,59,861</b>	<b>15,78,68,708</b>
From Others						
Bajaj Finance Ltd.****	4,03,29,807	6,28,36,190	2,25,06,383	2,00,29,980	6,28,36,190	8,28,66,170
Tata Capital Financial Services Ltd.#	8,14,81,467	11,40,74,067	3,25,92,600	3,25,92,600	11,40,74,067	14,66,66,667
Others (against security of movable fixed assets)	7,04,254	5,38,091	7,04,142	4,24,193	14,08,396	9,62,284
Deposits (Unsecured)						
Fixed deposits						
- From directors	10,00,000	5,00,000	-	5,00,000	10,00,000	10,00,000
- From public	4,13,08,000	3,75,51,000	2,15,49,000	5,18,69,000	6,28,57,000	8,94,20,000
<b>Total</b>	<b>22,87,22,372</b>	<b>31,75,37,126</b>	<b>11,99,13,142</b>	<b>16,12,46,703</b>	<b>34,86,35,514</b>	<b>47,87,83,829</b>
Amount disclosed under the head "Other Current Liabilities" (Note no. 10 )			11,99,13,142	16,12,46,703		

#### Notes:-

- \* Term loan from HDFC Bank Ltd carrying rate of interest @ base rate plus 3.2% per annum 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.
- \*\* 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 paripassu charge over entire current assets of the Company both present and future and personal guarantee of two directors.
- \*\*\* Term loan from Mizuho Bank Ltd., carrying rate of interest @ 9.95% per annum, sanctioned against letter of guarantee from Marugo Rubber Industries Ltd. Japan.
- \*\*\*\* 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 Tata Capital Financial Services Ltd. carrying rate of interest @ 11.50 % per annum is secured by first charge on all assets financed under this facility and is further secured by personal guarantee of three directors.

### 4.1 Terms of repayment of long term borrowings

(Amount in ₹)

	Maturity profile of long term borrowings				
	2016 - 17	2017 - 18	2018 - 19	2019 - 20	Total
<b>From Banks</b>					
Mizuho Bank Ltd.	92,97,222	1,13,22,222	1,13,22,222	1,95,67,594	5,15,09,260
HDFC Bank Ltd.	1,77,34,000	1,77,34,000	-	-	3,54,68,000
IndusInd Bank	1,03,25,000	-	-	-	1,03,25,000
Others (against security of movable fixed assets)	52,04,795	31,17,254	8,35,553	-	91,57,602
<b>From Others</b>					
Bajaj Finance Ltd.	2,25,06,383	2,48,05,853	1,45,94,007	9,29,946	6,28,36,189
Tata Capital Financial Services Ltd.	3,25,92,600	3,25,92,600	3,25,92,600	1,62,96,267	11,40,74,067
Others (against security of movable fixed assets)	7,04,142	4,96,854	2,07,400	-	14,08,396
Deposits (Unsecured)	2,15,49,000	1,88,31,000	2,34,77,000	-	6,38,57,000
<b>Total</b>	<b>11,99,13,142</b>	<b>10,88,99,783</b>	<b>8,30,28,782</b>	<b>3,67,93,807</b>	<b>34,86,35,514</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 5. Deferred tax liabilities (net)

(Amount in ₹)

	Deferred tax assets / (liabilities) As at 31.03.2015	(Charge) / Credit during the year	Deferred tax assets / (liabilities) As at 31.03.2016
The deferred tax assets / (liabilities) comprise of the following:			
Depreciation	(10,17,33,601)	(66,10,930)	(10,83,44,531)
Disallowances u/s 43B	1,55,25,669	38,56,044	1,93,81,713
Unamortised expenditures of tools	-	(3,90,64,396)	(3,90,64,396)
Carry forward business losses	3,30,84,145	1,50,79,236	4,81,63,381
Provision for doubtful receivables / advances	63,11,570	24,41,674	87,53,244
<b>Total</b>	<b>(4,68,12,217)</b>	<b>(2,42,98,372)</b>	<b>(7,11,10,589)</b>

### 6. Other long term liabilities

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
Security deposits	27,36,000	27,36,000
<b>Total</b>	<b>27,36,000</b>	<b>27,36,000</b>

### 7. Long-term provisions:

Provision for leave encashment	1,41,84,614	1,53,53,943
Provision for gratuity	1,97,66,124	2,53,21,821
<b>Total</b>	<b>3,39,50,738</b>	<b>4,06,75,764</b>

### 8. Short term borrowings:

Secured, unless otherwise stated		
a) Working capital loans		
From Banks		
State Bank of India*	25,24,14,238	29,62,97,085
HDFC Bank Ltd*	18,02,37,430	12,19,76,720
HDFC Bank Ltd.(Unsecured)**	10,00,00,000	-
DBS Bank Ltd.*	10,00,00,000	5,30,00,000
ICICI Bank*	90,87,455	3,84,56,721
IndusInd Bank*	7,91,13,452	11,98,17,940
State Bank of Patiala*	-	4,99,53,451
Punjab National Bank*	-	4,97,86,590
Mizuho Bank Ltd.#	1,20,00,000	-
Yes Bank*	7,99,41,501	2,63,82,006
	81,27,94,076	75,56,70,513
From Others (Unsecured)		
Bajaj Finance Ltd **	5,00,00,000	5,00,00,000
Tata Capital Financial Services Ltd**	2,98,30,709	2,91,60,000
b) Deposits (Unsecured)		
Fixed deposits from public	30,21,000	8,65,000
Inter-corporate deposit	1,00,00,000	1,50,00,000
<b>Total</b>	<b>90,56,45,785</b>	<b>85,06,95,513</b>

#### Notes:-

\* Working capital loans from State Bank of India, ICICI Bank, DBS Bank, IndusInd Bank, Yes Bank, State Bank of Patiala, HDFC Bank and Punjab National Bank are secured by way of first pari-passu charge on all current assets, both present & future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders and personal guarantee of two directors of the Company.

\*\* Working capital loans from HDFC Bank, Bajaj Finance Ltd and Tata Capital Financial Services Limited are secured by personal guarantee of two directors of the Company.

# Working capital loan from Mizuho Bank Ltd. is secured by letter of guarantee from Marugo Rubber Industries Ltd, Japan.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 9. Trade Payables

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
Acceptances	41,01,91,520	31,11,05,893
Total outstanding dues of micro enterprises and small enterprises (Refer Note no. 37)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	65,78,27,772	61,10,75,520
<b>Total</b>	<b>1,06,80,19,292</b>	<b>92,21,81,413</b>

### 10. Other current liabilities:

Current maturities of long term borrowings	11,99,13,142	16,12,46,703
Interest accrued but not due on borrowings	47,30,100	1,01,05,223
Interest accrued and due on borrowings	17,77,588	46,96,359
Liability towards investors education and protection fund*		
-Unclaimed dividend	13,77,489	16,66,184
-Unclaimed matured deposits	39,47,245	11,63,220
-Interest accrued on unclaimed matured deposits	20,37,138	1,93,608
-Unclaimed fractional shares	-	3,087
Employee related payables	7,70,13,840	6,89,97,164
Statutory liabilities	3,85,81,105	3,46,83,132
Advance received from customers	1,70,98,980	2,51,38,086
Enhanced cost of land payable to HSIIDC	66,07,829	66,07,829
Others	2,17,56,081	4,38,99,533
<b>Total</b>	<b>29,48,40,537</b>	<b>35,84,00,128</b>

\* There are no amounts due for payment to investors education and protection fund

### 11. Short-term provisions:

Leave encashment	60,42,765	28,60,151
Gratuity	61,42,767	2,55,837
Proposed dividend	1,85,18,445	1,85,18,445
Corporate dividend tax	37,69,920	37,69,920
<b>Total</b>	<b>3,44,73,897</b>	<b>2,54,04,353</b>

### 12. Fixed Assets

(Amount in ₹)

Description	Gross Block				Depreciation / amortisation				Net block	
	Cost as at 1.4.2015	Additions during the year	Deductions during the year	Cost as at 31.03.2016	As at 1.4.2015	For the Year	Deductions during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>(i) Tangible assets</b>										
Land										
-Freehold *	6,41,61,458	-	-	6,41,61,458	-	-	-	-	6,41,61,458	6,41,61,458
-Leasehold	4,13,98,978	-	-	4,13,98,978	30,42,237	4,59,779	-	35,02,036	3,78,96,942	3,83,56,741
Buildings	36,65,99,022	42,66,686	-	37,08,65,708	10,70,17,575	1,38,54,827	-	12,08,72,402	24,99,93,306	25,95,81,447
Leasehold improvements	86,42,472	48,20,172	-	1,34,62,644	39,76,171	24,98,736	-	64,74,907	6,987,737	46,66,301
Plant, machinery & equipments	1,11,49,53,834	14,62,61,623	4,72,84,673	1,21,39,30,784	47,78,18,813	5,14,75,354	4,34,25,94	52,49,51,573	68,89,79,211	63,71,35,022
Motor vehicles	7,52,01,835	98,22,930	1,42,28,214	7,07,96,551	4,11,38,974	87,80,640	8,79,77,32	4,11,21,882	2,96,74,669	3,40,62,861
Furniture & fixtures	4,24,02,164	14,74,923	1,69,179	4,37,07,908	3,11,48,529	51,89,642	82,580	3,62,55,591	74,52,317	1,12,53,636
Office equipments	2,98,35,590	23,29,157	-	3,21,64,747	2,19,48,200	39,77,686	-	2,59,25,886	62,38,861	78,87,390
Electrical installation	7,72,04,966	65,40,836	-	8,37,45,802	2,91,47,178	69,32,250	-	3,60,79,428	4,76,66,374	4,80,57,787
Air-conditioning plant	87,56,698	-	-	87,56,698	37,55,439	9,81,910	-	47,37,349	40,19,349	50,01,259
Tube-well	10,51,423	-	-	10,51,423	8,22,562	1,76,291	-	9,98,853	52,570	2,28,861
<b>Total</b>	<b>1,83,02,08,440</b>	<b>17,55,16,327</b>	<b>6,16,82,066</b>	<b>1,94,40,42,701</b>	<b>71,98,15,678</b>	<b>9,43,27,135</b>	<b>1,32,22,906</b>	<b>80,09,19,907</b>	<b>1,14,31,22,794</b>	<b>1,11,03,92,763</b>
<b>Previous year</b>	<b>1,67,89,07,963</b>	<b>17,07,41,903</b>	<b>1,94,41,425</b>	<b>1,83,02,08,441</b>	<b>64,02,15,769</b>	<b>9,40,80,854</b>	<b>1,44,80,945</b>	<b>71,98,15,678</b>	<b>1,11,03,92,763</b>	

\*Includes land valuing ₹5,12,05,047 (previous year ₹5,12,05,047) for which the title is yet to be registered in the Company's name.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 12. Fixed Assets (Contd.)

(Amount in ₹)

Description	Gross Block				Depreciation / amortisation				Net block	
	Cost as at 1.4.2015	Additions during the year	Deductions during the year	Cost as at 31.03.2016	As at 14.2015	For the Year	Deductions during the year	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
(ii) Intangible assets										
Computer software	2,37,36,952	3,20,712	-	2,40,57,664	2,13,09,972	18,06,044	-	2,31,16,016	9,41,648	24,26,980
Technical know-how	7,35,68,135	-	-	7,35,68,135	4,14,24,046	77,55,772	-	4,91,79,818	2,43,88,317	3,21,44,090
Total	9,73,05,087	3,20,712	-	9,76,25,799	6,27,34,018	95,61,816	-	7,22,95,834	2,53,29,965	3,45,71,070
Previous year	9,70,99,123	2,05,964	-	9,73,05,087	5,69,56,139	57,77,878	-	6,27,34,017	3,45,71,070	
iii) Capital work in progress										
Capital work in progress									83,45,644	8,56,08,127
iv) Intangible assets under development										
Computer software									56,45,648	38,47,150

### 13. Non-current investments:

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
<b>Unquoted : at cost</b>		
<b>a) Trade investments:</b>		
QH Talbro Limited (erstwhile known as Talwar Steering & Suspension Limited)*		
1,77,962 Equity shares (previous year Nil Equity shares) of Rs. 10/- each fully paid	-	-
QH Talbro Limited ( Old)*	-	3,245,680
Nil Equity shares (previous year 1,77,962 Equity shares) of Rs. 10/- each fully paid		
*(Shares issued to the company in the ratio of 1:1 against 1,77,962 shares of QH Talbro Limited (old) pursuant to scheme of demerger of auto business of QH Talbro Ltd (old) into Talwar Steering & Suspension Limited which later renamed as QH Talbro Limited (new)		
Talbro International Ltd. (Erstwhile known as QH Talbro Limited)#		
11,67,101 Equity shares (previous year Nil Equity shares) of Rs. 10/- each fully paid	55,746,060	-
Talbro International Ltd. (old)#	-	37,500,332
Nil Equity shares (previous year 5,43,484 Equity shares) of Rs. 10/- each fully paid up		
# - 9,89,139 shares issued to company in the ratio of 1.3:1 against 7,60,876 shares of Talbro International Limited (old) pursuant to amalgamation of Talbro International Limited (old) into demerged QH Talbro Limited and also includes 1,77,962 shares of erstwhile QH Talbro Limited which later renamed as Talbro International Limited (new)		
<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>7,21,41,590</b>	<b>5,71,41,542</b>
Notes:		
Book value of unquoted investments	7,21,41,590	5,71,41,542
Net asset value of mutual funds	10,62,390	11,77,770

### 14. Long term loans and advances:

Unsecured - considered good		
Capital advances	91,20,642	2,18,37,502
Security deposits	1,41,96,685	1,77,27,579
Balances with custom authorities	11,45,393	11,43,636
Advance tax (net of provision)	1,43,00,281	1,24,85,523
MAT credit entitlement	9,96,47,586	7,40,25,582
Others	18,24,000	-
<b>Total</b>	<b>14,02,34,587</b>	<b>12,72,19,822</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 15. Other non-current assets

Unsecured - considered good		
Bank deposits with more than 12 months maturity (Under lien with banks as security against borrowings)	47,35,105	49,25,002
<b>Total</b>	<b>47,35,105</b>	<b>49,25,002</b>

### 16. Inventories:

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
(Valued at lower of cost or net realisable value unless otherwise stated)		
Raw material	33,99,12,606	40,01,99,230
Work in progress	59,01,37,621	47,96,27,352
Finished goods	18,32,71,890	19,41,97,484
Stock in trade	95,55,615	56,63,474
Moulds & Dies	24,75,86,391	16,92,61,444
Stores & spares	4,04,51,738	2,67,25,104
<b>Total</b>	<b>1,41,09,15,861</b>	<b>1,27,56,74,088</b>
The above includes goods in transit as under:		
Raw material	7,35,60,953	8,89,35,764
Stock in trade	28,01,214	34,61,564
Stores & spares	4,76,618	16,11,689

#### 16.1 Work in progress:

Gaskets	50,01,04,117	38,33,61,517
Forgings	7,18,30,353	7,50,25,735
Stamping and rubber	1,82,03,151	2,12,40,100
<b>Total</b>	<b>59,01,37,621</b>	<b>47,96,27,352</b>

16.2 Moulds & Dies are valued based on the accounting policy of amortisation over a period of 36 to 72 months from the month put to use. Refer Note 1(d)

### 17. Trade receivables:

(Amount in ₹)

	As at March 31, 2016		As at March 31, 2015	
Unsecured - considered good unless otherwise stated				
Outstanding for a period exceeding six months from the due date of payment				
- Considered good	6,22,30,033		4,18,36,163	
- Considered doubtful	1,08,63,963	7,30,93,996	84,09,151	5,02,45,314
Other receivables : considered good		73,57,96,602		69,49,30,788
		80,88,90,598		74,51,76,102
Less : Provision for doubtful trade receivables		1,08,63,963		84,09,151
<b>Total</b>		<b>79,80,26,635</b>		<b>73,67,66,951</b>

### 18. Cash and bank balances:

<b>(a) Cash and cash equivalents</b>				
Balances with banks		3,75,51,536		3,10,89,880
Cash on hand		37,51,440		51,45,810
		4,13,02,976		3,62,35,690
<b>(b) Other bank balances</b>				
Margin money deposits (pledged with banks)		2,63,32,137		4,11,97,515
Term deposits*		1,23,47,341		2,27,10,000
Earmarked balances with banks for unclaimed dividend		13,77,489		16,66,832
		4,00,56,966		6,55,74,347
<b>Total</b>		<b>8,13,59,943</b>		<b>10,18,10,037</b>

(\*includes deposits with original maturity of more than 12 months ₹1,08,37,341/- previous year ₹1,00,00,000/-)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 19. Short term loans and advances:

(Amount in ₹)

	As at March 31, 2016		As at March 31, 2015	
Unsecured - considered good unless otherwise stated				
Loans and advances to related parties		54,49,132		2,13,44,851
Inter corporate deposits		4,90,00,000		5,40,00,000
Advances recoverable in cash or in kind or for value to be received				
- Considered good	5,51,33,365		10,66,76,578	
- Considered doubtful	1,28,43,719		91,27,864	
	6,79,77,084		11,58,04,442	
Less : Provision for doubtful advances	1,28,43,719	5,51,33,365	91,27,864	10,66,76,578
Balances with central excise & other authorities				
- Considered good	13,28,45,010		10,53,86,924	
- Considered doubtful	20,44,728		10,31,888	
	13,48,89,738		10,64,18,812	
Less : Provision for doubtful advances	20,44,728	13,28,45,010	10,31,888	10,53,86,924
Security deposit		2,20,600		3,32,600
Claim receivables		3,49,266		5,72,085
<b>Total</b>		<b>24,29,97,373</b>		<b>28,83,13,038</b>

#### 19.1 Advances to related parties include:

QH Talbro Ltd		30,87,673		-
Talbro International Ltd		6,24,507		-
Magneti Marelli Talbro Chassis Systems Private Limited		17,36,952		2,13,44,851
<b>Total</b>		<b>54,49,132</b>		<b>2,13,44,851</b>

### 20. Other current assets:

Unsecured - considered good				
Interest accrued on deposits		84,33,382		96,56,163
Receivable against sale of fixed assets		1,56,25,389		-
<b>Total</b>		<b>2,40,58,771</b>		<b>96,56,163</b>

### 21. Revenue from operations:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
Sale of products	4,13,42,37,751	4,10,20,01,584
Sale of services	40,77,841	70,40,479
Other operating revenues	13,99,64,403	12,87,47,035
	<b>4,27,82,79,995</b>	<b>4,23,77,89,098</b>
Less: Excise duty	35,97,54,100	34,15,95,408
<b>Total</b>	<b>3,91,85,25,895</b>	<b>3,89,61,93,690</b>

#### 21.1 Revenue from operations (gross) include:

Gaskets	3,03,36,79,806	2,97,77,44,496
Forgings	65,33,27,156	70,30,09,445
Management Fees	15,00,000	15,00,000
Stamping	33,81,67,186	35,47,53,904
Rubber	10,90,63,603	6,91,48,218
Others	14,25,42,244	13,16,33,035
<b>Total</b>	<b>4,27,82,79,995</b>	<b>4,23,77,89,098</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 22. Other income:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
Interest income on :		
-Inter corporate deposits	67,45,796	79,44,150
-Fixed deposits with banks	60,16,379	69,36,404
-Others	2,34,913	3,65,439
Dividend income from:		
-Long term trade investments	2,45,33,886	4,13,33,886
-Long term non-trade investments	3,63,744	2,88,498
Royalty	1,15,71,070	1,07,51,000
Lease rentals	69,91,452	61,43,751
Net gain on foreign currency transactions & translation	-	2,81,16,232
Profit on sale of fixed assets (net)	-	11,68,988
Excess provision written back	13,33,629	-
Other non operating income	26,61,102	9,72,832
<b>Total</b>	<b>6,04,51,971</b>	<b>10,40,21,180</b>

### 23(a). Cost of raw materials consumed:

Cost of materials consumed	2,20,34,45,847	2,14,70,89,793
<b>Total</b>	<b>2,20,34,45,847</b>	<b>2,14,70,89,793</b>

#### Cost of raw materials consumed include

Tinplate/C.R.C.A/steel	65,90,12,037	64,60,49,838
Jointing	58,39,89,322	59,99,25,283
Forging steels	32,62,46,537	36,19,20,820
Bought out of auto components & parts	23,76,95,671	22,05,48,375
Others	39,65,02,280	31,86,45,477
<b>Total</b>	<b>2,20,34,45,847</b>	<b>2,14,70,89,793</b>

### 23(b). Purchases of stock-in-trade

Dyna bond	2,67,24,599	2,98,74,445
Track control arm	5,85,21,444	15,16,56,048
<b>Total</b>	<b>8,52,46,043</b>	<b>18,15,30,493</b>

### 24. Changes in inventories of finished goods, work in progress & stock-in-trade:

<b>Closing inventories</b>		
Finished goods	18,32,71,890	19,41,97,484
Work-in-progress	59,01,37,621	47,96,27,352
Stock-in-trade	95,55,615	56,63,474
<b>Total</b>	<b>78,29,65,126</b>	<b>67,94,88,310</b>
Less :		
<b>Opening inventories</b>		
Finished goods	19,41,97,484	16,10,11,233
Work-in-progress	47,96,27,352	37,56,28,578
Stock-in-trade	56,63,474	7,52,896
<b>Total</b>	<b>67,94,88,310</b>	<b>53,73,92,707</b>
<b>(Increase)/decrease in inventories of finished goods, work-in-progress &amp; stock-in-trade</b>	<b>10,34,76,816</b>	<b>14,20,95,603</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 25. Employee benefits expense:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries and wages	43,98,98,288	39,82,52,964
Contribution to provident and other funds	3,37,89,001	4,22,46,052
Staff welfare expenses	4,23,32,550	3,95,92,179
<b>Total</b>	<b>51,60,19,839</b>	<b>48,00,91,195</b>

### 26. Finance costs:

Interest expense	16,29,19,526	17,11,07,568
Other borrowing cost	1,40,07,655	1,55,75,390
<b>Total</b>	<b>17,69,27,181</b>	<b>18,66,82,958</b>

### 27. Depreciation and amortisation expense:

Depreciation	9,43,27,135	9,40,80,855
Amortisation	95,61,816	57,77,878
<b>Total</b>	<b>10,38,88,951</b>	<b>9,98,58,733</b>

### 28. Other expenses:

Consumption of stores & spares parts	18,28,92,508	21,69,00,565
Labour & processing charges	7,84,59,483	4,24,98,293
Power & fuel	14,30,65,792	17,84,00,390
Royalty	76,50,804	75,15,501
Rent	1,80,95,219	92,42,861
Repairs to buildings	50,18,160	38,63,721
Repairs to plant & machinery	4,75,78,500	3,72,76,800
Repairs to other assets	1,09,43,430	93,97,514
Insurance	71,44,775	67,53,914
Travelling, tour & conveyance	6,21,90,319	5,57,12,374
Discount on sales	4,33,24,191	5,17,22,250
Sales promotion expenses	2,69,17,455	3,04,07,507
Packing, freight & forwarding	9,80,62,375	9,79,00,879
Rates and taxes	58,67,805	30,99,023
Corporate social responsibility expenditure (refer note no. 33 )	31,36,984	27,59,209
Provision for doubtful receivables/ advances	85,17,136	38,33,744
Bad debts written off	13,33,629	-
Loss on sale of fixed assets	85,442	-
Excise duty on increase/(decrease ) of inventories of finished goods	(3,96,760)	30,40,274
Net loss on foreign currency transactions & translation	88,25,424	-
Miscellaneous expenses	7,70,43,202	7,70,94,642
<b>Total</b>	<b>83,57,55,873</b>	<b>83,74,19,461</b>

### 29. Exceptional items:

Terminal benefits-Chennai plant workforce*	-	(1,86,86,122)
Loss on sale of fixed assets**	(1,92,79,945)	-
<b>Total</b>	<b>(1,92,79,945)</b>	<b>(1,86,86,122)</b>

\* Represents the terminal benefits payable to the erstwhile employees of the Chennai Plant whose services were terminated upon its closure.

\*\* Represents the loss on sale of machine in one of our Joint Venture Company Magnetti Marelli Talbro Chassis - Systems Private Ltd..

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 30. Contingent liabilities and commitments (to the extent not provided for)

#### (a) Contingent liabilities:

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

(Amount in ₹)

		Nature of dues	As at March 31, 2016	As at March 31, 2015
(a)	Central excise	Demand for dispute over classification of paper gasket	14,17,866	14,17,866
(b)	Service tax	Cenvat credit disallowed	11,52,989	11,52,989
(c)	Central sales tax	Central Sales Tax	4,97,936	4,97,936
(d)	Haryana value added tax	Disallowance of input tax	2,73,548	2,73,548
(e)	Customs Act	Demand of custom duty (Includes ₹28,78,364 paid under protest) (Previous year 28,78,364)	60,74,801	53,58,327
(f)	Employee's state insurance	ESI Demand (Includes ₹4,34,130 paid under protest)	47,56,527	41,29,111
(g)	Income tax	Income tax demand on disallowance of expenditures	39,54,798	4,47,739
(h)	District judge	Claim of freight bills	8,13,484	8,13,484
(i)	High Court, Mumbai	Fees for building work	55,000	55,000
(k)	Central excise	Objection on exemption on some of the products sold from Sitarganj Plant	4,40,89,686	80,00,000
(l)	Municipal Corporation of Faridabad	Demand for external development charges	2,55,00,000	2,55,00,000
(m)	Labour disputes	Litigations filed by employees	43,00,369	-
(n)	Civil judge	Claim filed by BSNL Ltd	2,41,367	-
(o)	Bonus payable*	Bonus payable for financial year 2014-15	40,22,857	-
	<b>Total</b>		<b>9,71,51,228</b>	<b>4,76,46,000</b>
	<b>Share of Joint Ventures</b>			
i)	Income Tax	Income tax demand on disallowance of expenditures	1,48,37,208	1,78,16,412
ii)	Customs Act	Demand for dispute of classification of goods	24,51,383	-
iii)	Bonus payable*	Bonus payable for financial year 2014-15	1,33,304	-
			<b>1,74,21,895</b>	<b>1,78,16,412</b>
	<b>Grand Total</b>		<b>11,45,73,123</b>	<b>6,54,62,412</b>

(i) \*Retrospective bonus liability for financial year 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts

(ii) Guarantees executed in favour of various authorities/ customers/others

Guarantees executed in favour of various authorities/ customers/others	11,06,931	77,26,944
Add: Share of Joint Ventures	15,90,000	41,63,750
<b>Total</b>	<b>26,96,931</b>	<b>1,18,90,694</b>

(iii) Bills discounted with banks ₹Nil (Previous year ₹1,26,54,808).

#### b. 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)	54,10,497	4,03,26,633
Add: Share of Joint Ventures	42,84,763	27,16,093
<b>Total</b>	<b>96,95,260</b>	<b>4,30,42,726</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 31. Interest in Joint Ventures

The Company has the following investments in jointly controlled entities:

Name of the entity	Country of incorporation	Ownership interest	Date of incorporation
Nippon Leakless Talbro Pvt. Ltd.	India	40%	09/03/2005
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	India	50%	03/02/2012
Talbro Marugo Rubber Pvt. Ltd.	India	50% less one share	23/08/2012

a) Additional information as required under Schedule III of the Companies Act, 2013 (Amount in ₹)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss after tax	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
<b>Parent</b>				
1. Talbro Automotive Components Limited	97.39	1,27,74,47,020	84.29	8,18,48,144
(Previous year)	95.78	1,21,78,87,241	70.66	9,97,85,304
<b>Joint Ventures (as per proportionate consolidation method)</b>				
<b>Indian</b>				
1. Nippon Leakless Talbro Private Limited	7.96	11,01,34,370	45.72	4,43,94,873
(Previous year)	7.44	9,46,25,328	43.09	6,08,48,056
2. Magneti Marelli Talbro Chassis Systems Private Limited	-3.81	-4,99,19,142	-25.61	-2,48,65,413
(Previous year)	-1.97	-2,50,53,730	-10.89	-1,53,85,455
3. Talbro Marugo Rubber Private Limited	-1.54	-2,02,47,543	-4.40	-42,71,939
(Previous year)	-1.25	-1,59,75,599	-2.86	-40,29,093

b) The Company's share of each of the assets, liabilities, income, expenses, etc related to its interest in this joint venture, based on the audited financial statements are:

(Amount in ₹)

	As at March 31, 2016	As at March 31, 2015
<b>a) Assets</b>		
Fixed assets (including capital work-in-progress)	25,51,92,078	28,91,04,201
Long-term loans and advances	2,29,54,991	1,28,17,821
Inventories	13,24,32,512	13,88,65,738
Trade receivables	9,08,15,688	6,77,44,735
Cash and bank balances	3,32,13,719	4,76,93,174
Short-term loans and advances	2,00,45,856	15,997,437
Other current assets	1,59,08,402	11,67,759
<b>b) Liabilities</b>		
Long-term borrowings	6,03,37,829	8,78,22,466
Deferred tax liabilities (net)	(2,41,67,927)	(1,26,27,746)
Long-term provisions	29,08,592	31,20,351
Short-term borrowings	1,27,37,430	5,73,938
Trade payables	17,53,06,401	17,18,04,484
Other current liabilities	5,33,14,746	6,54,00,589
Short-term provisions	(6,41,510)	4,00,784
<b>c) Income</b>		
Revenue from operations	81,76,73,835	78,78,04,312
Other income	(39,26,503)	(25,71,063)
<b>d) Expenses</b>		
Cost of raw materials consumed	45,42,66,621	41,48,49,605
Purchase of stock in trade	5,85,21,444	16,07,40,380
Changes in inventories of finished goods, work-in-progress and stock-in-trade	71,17,469	(3,47,50,969)
Employee benefits expense	8,04,49,440	7,16,07,021
Finance costs	1,06,78,699	1,12,87,574
Depreciation and amortisation expense	2,24,78,497	1,95,55,105
Other expenses	13,60,62,685	8,17,72,937
Overheads charged to fixed assets	-	(11,49,423)
Exceptional items	1,92,79,945	-
Tax expense	96,35,011	1,98,87,510

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 32. Segment reporting

#### a) Primary segment:

The Group's operations comprise of only one segments viz, "Auto Components & Parts".

#### b) Secondary segment:

The Group 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.

33. In accordance with the requirements of Section 135 of the Companies Act, 2013, the Company has during the financial year ending 31st March 2016 spent in pursuance of its corporate social responsibility policy as follows:- (Amount in ₹)

	2015 - 16	2014 - 15
a) Gross amount required to be spent by the Company during the year	31,36,984	27,59,209
b) Amount spent during the year on:-		
- Contribution to Prime Minister's National Relief Fund	17,75,984	22,59,209
- Donation paid to Charitable Trust	13,61,000	5,00,000

### 34. Disclosure required under section 186 (4) of the Companies Act, 2013

#### a) Investments made

(Amount in ₹)

Sr. No.	Name of the investee	Amount invested during the year 2015-16	Amount as on 31st March'16	Amount invested during the year 2014-15	Amount as on 31st March'15
a)	<b>Trade investments</b>				
1.	QH Talbros Limited	-	32,45,680	-	32,45,680
2.	Talbros International Ltd.	1,50,00,048	5,25,00,380	1,50,00,048	3,75,00,332
	<b>Non trade investments:</b>				
1.	T & T Motors Ltd.	-	13,74,990	-	13,74,990
2.	Caparo Power Ltd. - Equity shares	-	1,14,71,340	-	1,14,71,340
3.	Caparo Power Ltd. - Preference shares	-	25,49,200	-	25,49,200
4.	SBI Mutual Funds	-	10,00,000	-	10,00,000
	<b>Total</b>	<b>1,50,00,048</b>	<b>7,21,41,590</b>	<b>1,50,00,048</b>	<b>5,71,41,542</b>

#### b) Inter corporate deposits given (proposed to be utilised for business purposes)

(Amount in ₹)

Sr. No.	Name of the Payee	Paid / (recovered) during the year 2015-16	Outstanding amount as on 31st March'16	Paid / (recovered) during the year 2014-15	Outstanding amount as on 31st March'15
1.	Real Earth Estates Private Limited	-	4,00,00,000	-	4,00,00,000
2.	Friends Auto (India) Ltd.	-	50,00,000	-	50,00,000
3.	Paras Lubricants Ltd.	(50,00,000)	-	-	50,00,000
4.	Prasneeta Construction Private Limited	-	40,00,000	-	40,00,000
	<b>Total</b>	<b>(50,00,000)</b>	<b>4,90,00,000</b>	<b>-</b>	<b>5,40,00,000</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 35. Related party disclosures

#### A) Names of the related parties and nature of relationship:

- i) Investing party in respect of which the Company is an associate  
QH Talbro Ltd
- ii) Key management personnel and their relatives  
Mr. Umesh Talwar  
Mr. Varun Talwar  
Mr. Anuj Talwar  
Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- iii) Enterprise over which key management personnel exercise significant influences  
Talbro International Ltd.

#### B) Transactions with related parties:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
a) Sale of products	21,81,69,358	14,76,59,156
QH Talbro Ltd	21,81,69,358	14,76,59,156
b) Royalty income	1,39,16,532	1,27,14,014
QH Talbro Ltd	1,39,16,532	1,27,14,014
c) Receipt of services	-	12,49,742
QH Talbro Ltd	-	12,49,742
d) Dividend received	5,33,886	5,33,886
QH Talbro Ltd	5,33,886	5,33,886
e) Reimbursement of expenses/payments	1,05,43,657	-
Talbro International Ltd.	1,05,43,657	-
f) Outstanding balance included in trade receivables	8,35,62,329	4,49,95,474
QH Talbro Ltd	8,35,62,329	4,49,95,474
g) Outstanding balance included in loans and advances	37,12,180	-
Talbro International Ltd.	6,24,507	-
QH Talbro Ltd	30,87,673	-
h) Outstanding balance included in trade payables / other long term liabilities	-	20,65,692
QH Talbro Ltd	-	20,65,692
Transactions with key management personnel		
Remuneration*	1,66,85,614	1,24,74,759
Mr. Umesh Talwar	1,08,24,287	45,85,163
Mr. Varun Talwar	19,72,400	39,44,800
Mr. Anuj Talwar	38,88,927	39,44,796
* 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.		
Transactions with relatives of key management personnel		
Rent paid	7,20,000	7,20,000
Mrs. Kum Kum Talwar	7,20,000	7,20,000

36. 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.

37. The Group has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure required under schedule III of the Companies Act, 2013 has not been given.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 38. Employee benefits:

#### 38.1 Defined contribution plans:

(Amount in ₹)

	Year ended March 31, 2016	Year ended March 31, 2015
(a) Employer's contribution to superannuation fund	22,63,923	27,87,908
(b) Employer's contribution to provident fund	2,03,59,782	1,90,43,028

#### 38.2 Defined benefit plans:

##### (a) Gratuity and leave encashment

(Amount in ₹)

	Gratuity		Leave encashment	
	2015 - 16	2014 - 15	2015 - 16	2014 - 15
<b>i) Change in the present value of the obligation:</b>				
- Obligation at the beginning of the year	5,40,15,031	60595604	15498890	11212641
- Current service cost	53,15,409	9916512	6241828	10047724
- Interest cost	40,27,453	5222801	1036763	913153
- Actuarial gains/ loss	7,17,400	(8537363)	(3146423)	(1381660)
- Benefits paid during the year	(52,09,823)	(13182522)	(5341602)	(5292968)
- Obligation at the end of the year	<b>5,88,65,470</b>	<b>54015032</b>	<b>14289456</b>	<b>15498890</b>
<b>ii) Change in the fair value of the plan assets</b>				
- Plan assets at the beginning of the year	2,85,10,415	31369753	-	-
- Expected return on plan assets	25,37,078	2451440	-	-
- Contributions by employer	70,76,538	7697693	-	-
- Actuarial gains/ loss	1,01,690	-	-	-
- Benefits paid during the year	(52,69,143)	(13008471)	-	-
- Plan assets at the end of the year	<b>3,29,56,579</b>	<b>28510415</b>	-	-
<b>iii) Amount of obligations &amp; assets recognized in the balance sheet</b>				
- Present value of obligations at the end of the year	5,88,65,470	5,40,15,032	1,42,89,456	1,54,98,890
- Fair value of assets at the end of the year	3,29,56,579	2,85,10,415	-	-
- Net obligation recognized in the balance sheet	<b>2,59,08,891</b>	<b>2,55,04,617</b>	<b>1,42,89,456</b>	<b>1,54,98,890</b>
<b>iv) Expenses recognized in the Statement of Profit &amp; Loss</b>				
- Current service cost	53,15,409	99,16,512	62,41,828	1,00,47,724
- Interest cost	40,27,453	52,22,801	10,36,763	9,13,153
- Expected return on plan assets	(23,98,940)	(24,51,440)	-	-
- Actuarial gains/ loss	5,17,768	(85,37,363)	(31,46,423)	(13,81,660)
Total	<b>74,61,690</b>	<b>41,50,510</b>	<b>41,32,168</b>	<b>95,79,217</b>
<b>v) 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% de- pending on age	1%to 3% de- pending on age	1%to 3% de- pending on age	1%to 3% de- pending on age
- Discount rate	8.00%	8.00%	8.75%	8.75%
- Salary escalation	6.00%	6.00%	6.00%	6.00%
- Expected rate of return on Plan Assets	8.51%	8.75%		

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.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 39. Earnings per share:

(Amount in ₹)

Basic and diluted earnings per share	Year ended March 31, 2016	Year ended March 31, 2015
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	9,71,05,665	14,12,18,813
c) <b>Basic and diluted earnings per share</b> (Face value of ₹10 each)	7.87	11.44

40. (a) The Company has taken few residential / commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these leases and there are no subleases.

b) The Company has also taken a commercial premise under non-cancellable operating lease. There are no restrictions placed upon the Company by entering into this lease and there is no sublease. The lease arrangement is for a period of 5 years. The total of future minimum lease payments in respect of such lease are as follows: (Amount in ₹)

	2015 - 16	2014 - 15
(a) not later than one year	1,50,74,682	1,00,52,715
(b) later than one year and not later than five years	3,95,40,711	3,19,55,768
(c) later than five years	-	-
	5,46,15,393	4,20,08,483
Lease payments recognised in the Statement of Profit and Loss as rent expense for the year	<b>1,49,23,832</b>	<b>66,93,600</b>

The Company has also given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹6,991,452/- (Previous year ₹61,43,751/-) on such lease is included in Other Incomes.

With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

(Amount in ₹)

	2015 - 16	2014 - 15
(a) not later than one year	65,88,530	62,74,791
(b) later than one year and not later than five years	-	65,88,530
(c) later than five years	-	-
	<b>65,88,530</b>	<b>1,28,63,321</b>

### 41 Derivative instruments and unhedged foreign currency exposures

a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at year end are as under:

Particulars	As at March 31, 2016	As at March 31, 2015
Forward contracts to sell		
EURO	12,00,000	11,80,000
Rs.	9,26,57,375	7,92,25,200
USD	-	3,60,000
Rs.	-	2,23,88,400

## Notes to the Consolidated Financial Statements for the year ended March 31, 2016

### 41 Derivative instruments and unhedged foreign currency exposures (Contd.)

#### b) Particulars of unhedged foreign currency exposures as at year end:

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Import trade payables</b>		
EURO	1,356,646	6,64,787
Rs.	104,258,265	4,52,52,032
USD	3,118,511	21,62,673
Rs.	210,187,615	13,51,12,070
GBP	7,539	2,194
Rs.	732,830	2,05,076
Yen	81,808,754	5,09,30,540
Rs.	50,001,510	2,67,18,162
THB	4,909,529	59,98,121
Rs.	9,573,581	1,15,76,374
<b>Export trade receivables</b>		
EURO	876,921	14,41,563
Rs.	63,988,984	9,67,86,608
USD	1,476,238	14,92,636
Rs.	95,453,529	9,28,27,046
GBP	60,029	1,01,040
Rs.	5,558,730	92,54,233
Yen	2,415,666	11,64,490
Rs.	1,371,374	6,01,808
AUD	28,298	1,155
Rs.	1,388,861	54,627

### 42. Salient features of Financial Statements of Joint Ventures pursuant to section 129 (3) read with rule 5 of companies Accounts) Rules, 2014

Name of Joint Ventures	Nippon Leakless Talbro Pvt. Ltd.	Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	Talbro Marugo Rubber Pvt. Ltd.
Latest Audited Balance Sheet Date	March 31, 2016	March 31, 2016	March 31, 2016
Shares of Joint Ventures held by the Company on the year end			
-Number of shares	48,00,000	1,17,80,000	85,00,000
-Amount of Investment in Joint Venture	4,80,00,000	11,78,00,000	8,50,00,000
-Extend of holding %	40%	50%	50% less one share
Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture
Reason why the associate/joint venture is not consolidated	Consolidated	Consolidated	Consolidated
Net worth attributable to shareholding as per latest audited Balance Sheet	15,23,57,199	6,78,80,858	64,75,24,67
Profit/(Loss) for the year	11,09,87,182	(4,97,30,824)	(85,43,876)
i. Considered in Consolidation	4,43,94,873	(2,48,65,412)	(42,71,938)
ii. Not Considered in Consolidation	6,65,92,309	(2,48,65,412)	(42,71,938)

### 43. Previous year's figures have been regrouped wherever considered necessary to conform to this year's classification.

## Notes



## Talbro's Automotive Components Limited

CIN: L29199HR1956PLC033107

Registered Office: 14/1, Delhi-Mathura Road  
Faridabad-121003, Haryana

Tel No.: 0129-4294182, Fax No.: 0129-2277240

Website: www.talbro's.com, Email: shares@talbro's.com

### Proxy Form

Form No. MGT 11

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

#### 59th Annual General Meeting- September 26, 2016

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

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

(1) Name: ..... Address: .....  
Email Id:..... Signature:..... of failing him;

(1) Name: ..... Address: .....  
Email Id:..... Signature:..... of failing him;

(1) Name: ..... Address: .....  
Email Id:..... Signature:.....

As my/ our proxy to attend and vote (on a Poll) for me/ us and on my/ our behalf at the 59th Annual General Meeting of the Company, to be held on Monday, September 26, 2016 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)	
		For	Against
Ordinary Business			
1.	Adoption of Balance Sheet, Statement of Profit and Loss for the financial year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon.		
2.	Declaration of Dividend on paid- up Equity Share Capital for the financial year ended March 31, 2016.		
3.	Re-appointment of Mr. Varun Talwar, who retires by rotation and being eligible, offers himself for re- appointment.		
4.	Re-appointment of Mr. Anuj Talwar, who retires by rotation and being eligible, offers himself for re- appointment.		
5.	To appoint M/s. S. N. Dhawan & Co., New Delhi as Statutory Auditors of the Company and M/s. CMRS & Associates, Chartered Accountant, Pune as auditors for Company's Pune Branch and authorize Board of Directors to fix their remuneration.		
Special Business			
6.	Increase in remuneration of Mr. Anuj Talwar with effect from April 1, 2016 with the designation of Joint Managing Director of the Company.		
7.	Acceptance of Fixed Deposits from Public and Members.		
8.	Agreement with QH Talbros Limited for sale of Company's products.		
9.	Agreement with Nippon Leakless Talbros Private Ltd for Purchase and/or Sale of Tyre Sealant and other production inputs etc.		
10.	Agreement with Nippon Leakless Talbros Private Ltd for sale/purchase of gaskets.		
11.	Ratification of remuneration of M/s. Vijender Sharma & Co., as Cost Auditors for the financial year 2016-17.		

Signed this ..... day of ..... 2016.

.....  
Signature of the member

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

Affix ₹1  
Revenue  
Stamp

**Notes:**

1. 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.
2. It is optional to indicate your preference. If you leave 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.



## Talbro's Automotive Components Limited

CIN: L29199HR1956PLC033107

Registered Office: 14/1, Delhi-Mathura Road

Faridabad-121003, Haryana

Tel No.: 0129-4294182, Fax No.: 0129-2277240

Website: www.talbro's.com, Email: shares@talbro's.com

### Attendance Slip

59th Annual General Meeting – September 26, 2016

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

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

Number of shares held

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

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

I hereby record my presence at the 59th Annual General Meeting of the Company, to be held on Monday, September 26, 2016 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.





# Corporate information

## Board of Directors

Mr. Naresh Talwar (Chairman)  
Mr. Umesh Talwar (Vice Chairman & Managing Director)  
Mr. Varun Talwar (Joint Managing Director)  
Mr. Vidur Talwar  
Mr. Anuj Talwar (Joint Managing Director)  
Mr. Anil Kumar Mehra  
Mr. Rajive Sawhney  
Mr. V. Mohan  
Mr. Amit Burman  
Mr. Navin Juneja  
Mr. Rajeev Ranjan Vederah  
Ms. Pallavi Sadanand Poojari

## Chief Financial Officer

Mr. Manish Khanna

## Company Secretary

Mrs. Seema Narang

## Main Bankers

State Bank Of India  
HDFC Bank  
Yes Bank  
Indusind Bank  
DBS Bank  
ICICI 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

Bhaskar Estate, Amar Nagar, Sector 27-C  
Main Mathura Road, Faridabad- 121 003  
(Haryana)

### 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, Uttrakhand- 262 405

## Forging Division

Plot No. 39 To 46, Sector-6  
Industrial Growth Centre  
Bawal- 123 501, Distt. Rewari (Haryana)

## Material Division

Mandkola Road, Vill. Atta, Sohna  
Gurgaon- 122 003 (Haryana)



[www.talbros.com](http://www.talbros.com)