



Driving Future Leadership

# TALBROS. READY FOR THE LEAP!

TALBROS AUTOMOTIVE COMPONENTS LIMITED

58TH ANNUAL REPORT, 2014-15

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**The** big message at Talbros can be summarised in a few lines.

**Leveraging** a rich six-decade industry experience and a business spirit that is as young as ever.

**Maturing** product basket with top-of-the-line value-engineering leading to consistent revenue growth.

**Enduring** automobile segment leadership coupled with increasing applications in other industrial areas.

**Widening** spectrum of customers across OEMs, exports and the aftermarket.

**Generating** growth through the sale of existing products to new customers and new or similar products to existing customers.

**Countering** a challenging economy with profitable growth (consolidated total revenue grew by 8%; consolidated profit before tax and exceptional items grew by 60% in 2014-15).

**Making** prudent investments in capability building to be ready for the big leap.

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Talbro Automotive Components is one of the most respected brands in India's automotive components sector.

- One-stop-shop for automotive gaskets for the past six decades.
- Partnering with the best to offer the best technological solutions to the customer.
- Dominant 90%-plus share of the gaskets market in the country's two-wheeler segment.
- Multi-decade partnerships with global OEMs.
- Strong design and R&D capabilities, facilitating continuous process and product innovation.

Background	Collaborations	Clientele
<p>Talbro Automotive Components Limited (established in 1956) is the flagship company of the Talbro Group. The Company was launched to manufacture automotive and industrial gaskets in collaboration with Coopers Payen Limited, UK.</p> <p>The Company is respected as a best-in-class manufacturer of gaskets, forgings, suspension systems, modules, anti-vibration components and hoses.</p> <p>The Company is headquartered in Gurgaon, with nine manufacturing facilities located in the vicinity of key OEMs.</p>	<p>The Company entered three joint ventures with global auto component leaders to create multiple growth engines.</p> <ul style="list-style-type: none"> <li>■ Nippon Leakless Corporation (Japan): With annual sales worth \$200+ million, it is one of the largest global manufacturers of gaskets for four-wheelers, two-wheelers, power equipment and industrial uses, and a major supplier to Honda.</li> <li>■ Magneti Marelli S.p.A. (Italy): Part of the Fiat Group, Magneti Marelli is a €6 billion company and its suspension business generates over €470 million in global revenues.</li> <li>■ Marugo Rubber (Japan): A \$300 million company and a global leader in the anti-vibration products and hose segments for OEMs.</li> </ul> <p>The Company entered a technological alliance with Sanwa Packaging, Japan, to manufacture pure aluminum heat shields for the passenger car segment during the year in review.</p>	<p>The Company's product mix comprises about 67% OE, 19% exports, 11% from the country's aftermarket and 3% others.</p>  <p>The Company's institutional clientele comprises prestigious OEMs like Ashok Leyland, Bajaj Auto, Cummins Group, Eicher India, Volvo Eicher Commercial Vehicles Limited, Escorts Group, Force Motors, General Motors, Hero Honda, Honda, Hyundai, John Deere, Mahindra &amp; Mahindra, Maruti Suzuki, Suzuki, TAFE, Tata Motors, Tata Cummins, Simpsons, Spicer Group, Musashi, Ognibene, American Axle among others. Its international customers comprise Volvo Powertrain, Carraro, Dana Corporation, KMP Brand, Maxi Force and GKN Driveline, among others.</p>
Offerings		
<p>The Company's product basket comprises gaskets, forgings, suspension systems, anti-vibration products, and hoses. These products service the growing needs of customers across the two-wheeler, passenger car, commercial vehicle and farm equipment segments.</p>		

Awards	Certifications
<ul style="list-style-type: none"> <li>■ Quality Performance Award from KOEL</li> <li>■ Award from Bajaj Auto</li> <li>■ Best Vendor Award from Eicher Motors</li> <li>■ GM Supplier Quality Excellence Award</li> </ul>	<p>The Talbro Group companies are certified with TS 16949, ISO 14001 and OHSAS 18001 accreditations.</p>

The Company entered three joint ventures with global auto component leaders to create multiple growth engines.



**The Company** is respected as a best-in-class manufacturer of gaskets, forgings, suspension systems, modules, anti-vibration components and hoses.

These products service the growing needs of customers across the two-wheeler, passenger car, commercial vehicle and farm equipment segments.

# Business overview

Products	Product overview	Company	Contribution to consolidated revenues (FY2014-15)	Manufacturing locations	Certifications
<b>Gaskets#</b> Multi-layer steel, rubber-moulded, exhaust manifold, edge-moulded, cylinder heads, heat shields	A gasket is a sealing device made of conformable material usually designed in the form of a ring or sheet. Gaskets create a pressure-tight joint between multiple stationary components, relying on a compression seal to prevent unwanted gas or liquid emissions. These seals are often intended to be resistant to pressure, temperature fluctuations, and in some cases, electrical or electromagnetic forces. 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, aluminum, copper, Non asbestos fiber composite, graphite – metal composite, metal – elastomer composite, among others.	Talbro Automotive Components Limited	62%	Faridabad (Haryana) Pune (Maharashtra) Sitarganj (Uttarakhand)	TS 16949 ISO 14001 OHSAS 18001
<b>Automotive gaskets##</b> For Honda and other Japanese OEMs		Nippon Leakless Talbro	10%	Bawal (Haryana) Haridwar (Uttarakhand)	TS 16949 ISO 14001 OHSAS 18001
<b>Forgings#</b> Housing and yoke shafts, kingpins and gear blanks	Forging is a manufacturing process involving the shaping of metal using localised compressive forces.	Talbro Automotive Components Limited	18%	Bawal (Haryana)	TS 16949
<b>Suspension systems##</b> Control arms, knuckles, front Frames, rear axles/ cradle and module assembly	The 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 tires in contact with the road, regardless of road surface.	Magneti Marelli Talbro Chassis Systems	8%	Faridabad (Haryana)	ISO 9001 ISO 14001 TS 16949
<b>Anti-vibration parts##</b> Bushes, exhaust hangers, dust covers and hoses	A bushing is a type of vibration isolator. It provides an interface between two parts, damping the energy transmitted through the bushing. The application is in vehicle suspension systems, where a bushing made of rubber separates the faces of two metal objects while allowing a certain amount of movement. This movement allows the suspension parts to move freely, for example, when travelling over a large bump, while minimising transmission of noise and small vibrations through to the chassis of the vehicle. A rubber bushing may also be described as a flexible mounting or anti-vibration mounting.	Talbro Marugo Rubber	2%	* Manesar (Haryana)	TS 16949 ISO 9001 ISO 14001 ISO 18001

# Talbro Automotive Components Limited (TACL) standalone business

## Talbro Automotive Components Limited (TACL) share in JV

# This is what we achieved in 2014-15

## Financial performance

### Total revenue (in ₹ lacs)

2010-11	32,432.77
2011-12	37,694.70
2012-13	34,947.00
2013-14	36,751.30
2014-15	39,840.92

### Profit after tax (without exceptional items) (in ₹ lacs)

2010-11	1,258.66
2011-12	1,437.52
2012-13	1,386.81
2013-14	1,226.74
2014-15	1,536.73

### Cash profit (with exceptional items) (in ₹ lacs)

2010-11	2,339.57
2011-12	2,560.37
2012-13	2,421.01
2013-14	2,976.57
2014-15	2,410.68

### EBIDTA (in ₹ lacs)

2010-11	4,139.21
2011-12	4,664.76
2012-13	4,532.36
2013-14	4,261.23
2014-15	4,973.29

### Profit after tax (with exceptional items) (in ₹ lacs)

2010-11	1,258.66
2011-12	1,437.52
2012-13	1,386.81
2013-14	1,931.28
2014-15	1,412.09

### Net worth (in ₹ lacs)

2010-11	8,726.94
2011-12	9,712.85
2012-13	10,592.63
2013-14	11,928.70
2014-15	12,714.83

## Margins

### EBIDTA margin (%)

2010-11	12.76
2011-12	12.38
2012-13	12.97
2013-14	11.59
2014-15	12.48

### Net profit margin (without exceptional items) (%)

2010-11	3.88
2011-12	3.81
2012-13	3.97
2013-14	3.34
2014-15	3.86

### Net profit margin (with exceptional items) (%)

2010-11	3.88
2011-12	3.81
2012-13	3.97
2013-14	5.25
2014-15	3.54



## Financial structure

### Net Debt-equity ratio

2010-11	1.17
2011-12	1.11
2012-13	1.04
2013-14	0.98
2014-15	0.95

### Return on capital employed (%)

2010-11	15.14
2011-12	16.47
2012-13	15.22
2013-14	13.13
2014-15	15.27

### Return on equity (%)

2010-11	14.40
2011-12	13.80
2012-13	13.60
2013-14	10.00
2014-15	11.60

### Earnings per share (without exceptional items) (₹)

2010-11	10.20
2011-12	11.60
2012-13	11.20
2013-14	9.90
2014-15	12.40

### Earnings per share (with exceptional items) (₹)

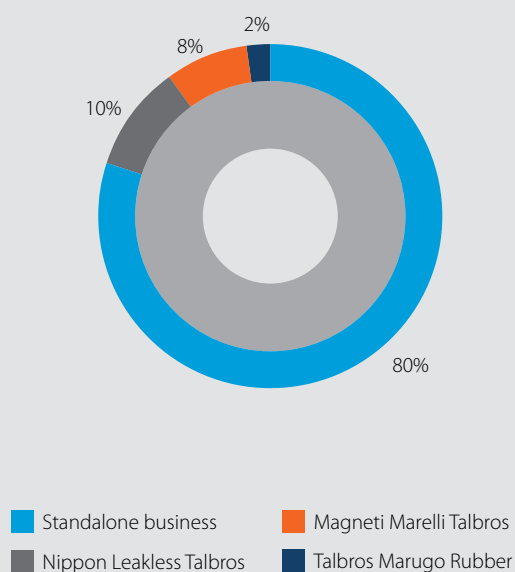
2010-11	10.20
2011-12	11.60
2012-13	11.20
2013-14	15.60
2014-15	11.40

### Dividend per share (₹)

2010-11	1.2
2011-12	1.2
2012-13	1.2
2013-14	1.2
2014-15	1.5

## Business divisions, FY15

### Revenue



## Operational highlights, 2014-15

- Set up a hose plant in Manesar to cater to the growing needs of Maruti Suzuki
- Carved out a larger share of Maruti Suzuki's needs through our joint venture businesses
- Received first OEM export order (for heat shields) from Volvo
- Expanded customer base to include MNCs like Ognibene and American Axle

## Financial highlights, 2014-15

- Total revenue grew by 8.40% to ₹39,840.92 lacs from ₹36,751.30 lacs in 2013-14 following a stronger performance from the gaskets segment and joint ventures
- Increased EBIDTA by 16.70% to ₹4,973.29 lacs following efficient product indigenisation and overhead optimisation
- Improved EBIDTA margins by 90 bps to 12.5% compared to 11.60% in 2013-14
- Enhanced profit before tax and exceptional items by 60% to ₹2,107.87 lacs

At Talbros, the aim of 'business transformation' has been realised through specific initiatives.

Proactive investments. Synergic joint ventures. Strategic capacity additions.

To strengthen the business model.

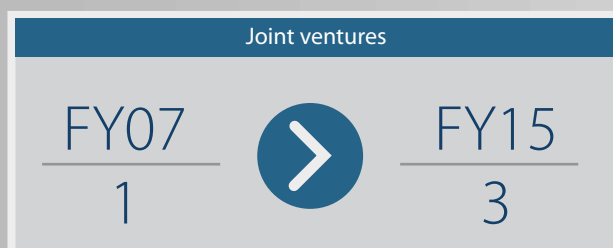
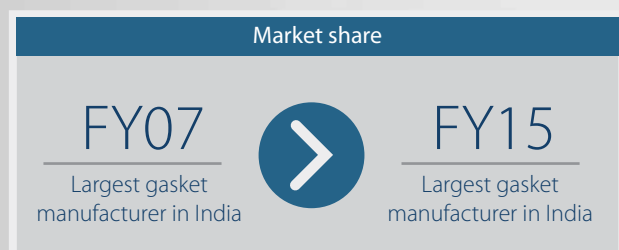
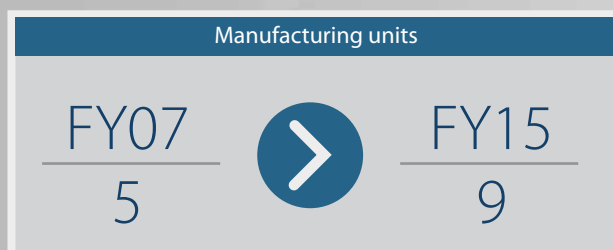
To grow the revenue base.

To widen the product mix.

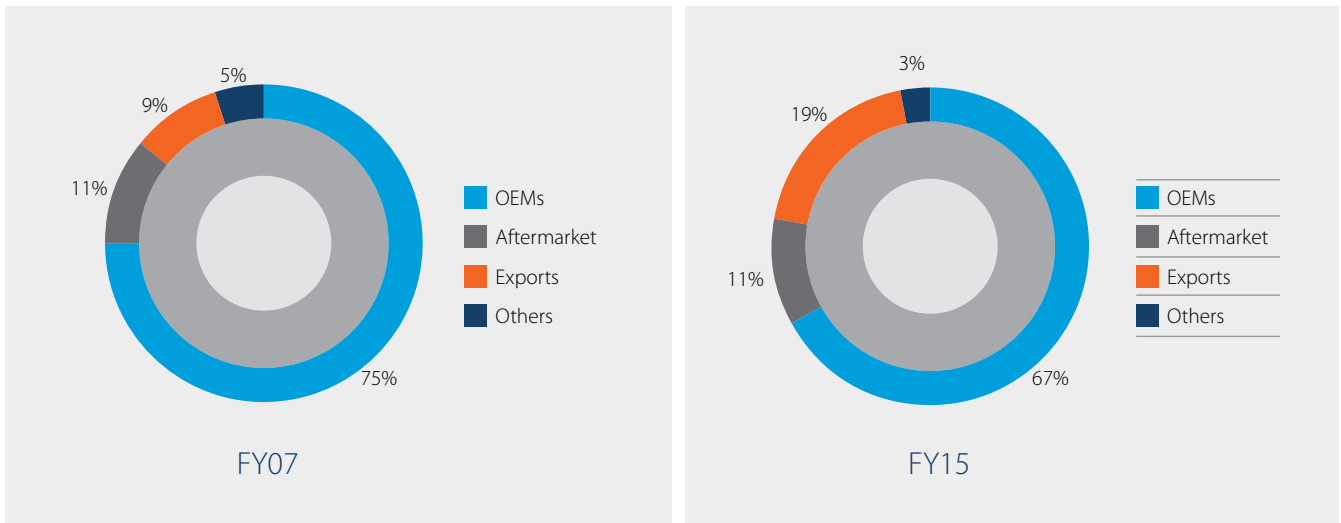
To diversify the customer base.

To de-risk operational performance.

To outperform the industry at large.



## Our transforming footprint, FY07-15



Talbros' strategic investments are beginning to bear results in various ways. Stronger products. Higher revenues. Robust customer relationships. Better margins. Sustainable growth.



# Chairman's **overview**



*Dear Shareholders,*

I am pleased to report that at a time when the Indian economy continued to remain tentative, Talbros Automotive Components Limited reported positive divergence.

The Company reported a profit growth which was higher than the sales growth in percentage terms, indicating that the Company has arrived at an inflection point after years of patient capability-building.

#### Strategic overview

The positive divergence was the result of a strategic differentiation implemented a few years ago in response to emerging market realities.

For one, consumers became increasingly demanding when it came to safety and performance quality standards. Automobile brands began to rationalise their vendor bases on the basis of better price negotiations and

qualitative consistency.

The Company responded to these realities through strategic initiatives: it widened its product basket as opposed to focusing on just one product (gaskets); it entered business-strengthening joint ventures with globally respected corporates for complementary products to shrink the learning curve, ventured into new markets and infuse industry-best

practices in terms of qualitative, manufacturing and marketing benchmarks.

I am pleased to state that our joint ventures, around which much of our transformation initiatives were structured, have translated into a widened product portfolio, increased visibility, more customers, a greater share of the customer wallet, enhanced viability and a stronger Balance Sheet.

#### Highlights, 2014-15

The Company capitalised on an improving business sentiment ushered by a reforms-driven government, stabilising rupee, declining inflation, increasing domestic consumption, growing investments and falling crude prices.

India's gross domestic product is estimated to have grown 7.3% in 2014-15 (6.9% in 2013-14). India grew 7.5% in the January-March quarter, exceeding China's 7.3% growth during the same period. This helped India emerge as the fastest growing major economy, surpassing the \$2.1-trillion mark. There is a growing optimism that India could clock double-digit GDP growth rates over the medium-term (Source: *Moneycontrol*).

India's automotive sector reported a mixed performance during the year under review. While the medium and heavy commercial vehicle segments grew by a healthy 17%, the light commercial vehicles segment contracted substantially. The country's two-wheeler space grew 8% led by a stellar show

in the scooters segment. The country's passenger car segment reported disappointing sales as a result of subdued consumer sentiment.

The Company performed creditably in this challenging landscape. It reported record revenues of ₹39,840.92 lacs following commendable growth in its gaskets business and joint ventures. The Company's EBITDA, which stood at around ₹4,973.29 lacs, was the highest in the Company's existence and derived from enhanced input indigenisation and overheads optimisation. Profit before tax and exceptional items grew 60% to ₹2,107.87 lacs while EBITDA margins strengthened by 90 bps, validating the robustness of the business model. Optimisation of finance costs was another focus area, wherein the Company strengthened its working capital management that moderated borrowing rates by more than 100 bps. The Company refinanced its term loans and renegotiated working capital costs which reduced interest as a proportion of revenues to a modest 4.69% compared to 5.16% in the previous year.

#### Operating performance

There are a number of reasons behind this outperformance.

Over the last few years, the Company has proactively invested in capacity addition, technological improvements and relationship-building. In so doing, the Company has graduated from being just another gasket manufacturer to emerge as the

largest and most-respected brand in its space, accounting for a 92% share of the two-wheelers segment and being a single source supplier for some major automotive OEMs.

#### This is how Talbros made it happen:

- Focus on R&D based value-engineering to provide best-in-class solutions to customers, thereby increasing business share by way of new product development.
- Enhanced engagements with key customers to deepen relationships.
- Closed its gaskets facility in Chennai to consolidate capacities and moderate costs.

#### Division-wise performance

##### Gasket and Nippon Leakless

**Talbros:** The gaskets segment contributed 72% to the Company's revenues during the year under review. Nearly 70% of the gasket revenues were derived from Indian OEMs, 11% from exports and 16% from the country's aftermarket segment. This was on the back of a firm conviction that even reasonable improvements in efficiency could have a considerable cascading effect on profitability.

The gasket division's performance was at par with the overall segment growth of 7.28%. The Company's robust outperformance in the medium and heavy commercial vehicle segments helped absorb the adverse impact of the slowdown in the LCV and motorcycles segment. As a proactive gaskets manufacturer,

the Company worked on enhancing indigenisation and manufacturing yields to boost margins at a time when the operational viabilities of most manufacturers were stretched.

There were two significant developments in the gaskets business that have brightened long-term prospects for the Company.

**One**, the Company embarked on the production of heat shields during the year under review. Heat shields insulate heat, sound and vibration in automobile engines, electric generator engines and exhaust pipes. The Company, recognising that the use of heat shields would be mandated by almost all customers over the coming years, forayed into this niche and reported attractive numbers. It supplied heat shields to prominent heavy commercial vehicle customers like Daimler, TATA Motors, VE Commercial Vehicles and Ashok Leyland. The new dedicated heat shield line coming up in 2015-16 is well-positioned to service more such customers and emerge as a key growth driver for the Company.

**Two**, in 2014, the Company's gaskets business became 100%-asbestos-free. This was on the track of growing desire among customers to buy environmental-friendly products. As an immediate validation, the Company received its first order from Volvo to supply heat shields in the US and Mexico. Besides, the Company is a single-source supplier to Cummins India and, following its asbestos-free status, has become eligible

to supply products globally to Cummins. Going ahead, this trend is expected to strengthen, evolving the Company's identity from being a largely domestic to a progressively international player. The result: exports are expected to account for 20% of the topline over the next couple of years (13% currently).

#### **Joint venture with Magneti**

**Marelli:** Magneti Marelli Talbros Chassis Systems, the joint venture with Magneti Marelli, manufactures suspension systems (Control arms, knuckles, front Frames, rear axles/ cradle and module assembly). The joint venture performed better during the year under review, revenues increasing 10.27%. The joint venture increased its share of Maruti Suzuki India's material requirements, while receiving its maiden order for the Bajaj RE60 quadricycle, a projected game-changer for the Indian automobile industry. Earlier, the Company manufactured control arms, but following the joint venture, the Company enhanced its capability to design and manufacture suspension modules as well, which could generate more OEM orders coming in for full chassis components.

#### **Joint venture with Talbros**

**Marugo Rubber:** Talbros Marugo Rubber, the joint venture with Marugo Rubber, manufactures anti-vibration products (bushes, exhaust, hangers, dust covers and hoses). The joint venture commenced operations in February 2013 by supplying intercooler hoses to Maruti Suzuki and exporting products to the joint venture partners.

Led by an improved performance in the anti-vibration products vertical, the joint venture nearly achieved cash breakeven towards the last quarter of the FY15 and expects to report revenue growth in the anti-vibration products and hose segments from the current year onwards. In a significant development, the Company localised the manufacture of mounting muffler hangers and intercooler hoses for Maruti Suzuki. As capital investments taper, the joint venture is expected to generate attractive surpluses.

**Forgings:** The segment accounted for 18% of the Company's revenues during the year under review. More than half this division's revenues were derived from sales in Europe. The Company intends to strengthen this business by carving out an incremental wallet share of its key domestic customers via exports and long-term contracts with agro-offloaders. With a significant reduction in gas-based power costs and improved grid power access, the Company expects to optimise power costs by about 20%.

#### **Optimism**

There is a growing national optimism on account of lower fuel prices and interest rates, projected infrastructure spending and a reform-driven government. The Company expects to stay ahead of







The Talbros of the future will address all customer types – automotive and industrial – which will make it possible for the Company to address the needs of larger customers, forge high-volume contracts, climb the value chain through a balanced portfolio and enhance margins.

the market curve through technology-led product offerings, widening client base, maturing JV associations, sizeable market share and improved profitability.

Despite growth in the automotive market remaining sluggish, there are green shoots of recovery emerging. The medium and heavy commercial vehicle segment reported an improvement in the last quarter, sales to OEMs (particularly in the spare parts division) increased and passenger vehicle sales are likely to catch up with projections.

The interplay of a national economic rebound and a positively divergent Talbros can achieve improved results.

To progressively optimise the revenue mix, the Company is focused on growing the aftermarket and export verticals, which promise better margins; consequently, the proportion of OEM gasket revenues as part of the Company's turnover may get rationalised over the next three years, by which time the revenues too have grown considerably. The Company expects to report a corresponding increase in exports – from 13% of the turnover in 2014-15 to an estimated 20% over the next couple of years. Even as a principal part of the exports cater to aftermarket clients, Talbros expects to export larger quantities to OEMs,

riding the asbestos-free nature of products. The Company foresees a reasonable increase in the proportion of Indian aftermarket sales, enhancing margins.

The Talbros of the future will address all customer types – automotive and industrial – which will make it possible for the Company to address the needs of larger customers, forge high-volume contracts, climb the value chain through a balanced portfolio and enhance margins. The management believes that this strategic differentiation will bolster revenues, enhance economies-of-scale, increase in the proportion of value-added products and strengthen profitability.

As an integral element of this approach, Talbros expects to grow the business without a significant increase in debt, negotiate better terms of trade, strengthen cash flows, divest non-core assets and develop new products in a manner that they account for 15-20% of revenues on an annualised basis.

We expect that these initiatives will strengthen the Company's Balance Sheet and enhance stakeholder value over the foreseeable future.

Optimistically,

**Naresh Talwar,**  
*Chairman*

## In 2014-15, the performance of the Indian automotive market was...

**Subdued** (6% y-o-y), marked by disappointing festive sales and reversal of excise duty cuts on cars and two-wheelers

**Slow** in the passenger vehicles segment (4% y-o-y), largely reinforced by utility vehicle growth at 10.8%



**Steady** in the medium and heavy commercial segment (17.4% y-o-y); contraction in the light commercial vehicle (9.9% y-o-y) and overall commercial vehicle segments (1.3% y-o-y)



**Strong** in the two-wheeler segment (9.3% y-o-y), led by the scooters segment (27% y-o-y)



## Talbros responded to market challenges through...

**Cost savings:** Discontinued operations at the Chennai plant in Q3 FY 14-15

**Raw materials:** Design optimisation and targeted procurement helped reduce raw material costs

**Power:** Judicious mix of power sourcing for the forging plant, thereby reducing power costs by ~25% starting 2015-16

**Assets:** Optimised product mix, segment sales mix and export focus to drive growth

**People:** Strengthened productivity through manpower planning, training and allocation to rationalise manpower costs each year across the next couple of years (to account for 11.80% of total revenues).

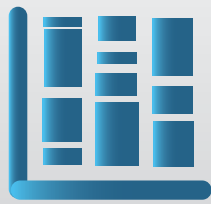
## Talbro's growth agenda, FY16 and FY17



Rebound in the commercial vehicles segment to drive margins and volumes



Automobile industry growth expected to hover between 8 to 10% per annum, catalysed by lower fuel prices, interest rate cuts and governmental thrust on reforms



Increased focus on exports and aftermarket segments



Robust performance from the OEM spare parts division will accelerate sales in the passenger vehicles segment



Expected growth between 15 and 20% in the infrastructure, mining and coal sectors per annum

## Our evolving product pipeline...

Products	Launch year	Tie-ups
Heat shields	FY16-17	Talbro's Automotive Components
Industrial gaskets	FY16-17	
Semi-corner axle assembly	FY16-17	Magneti Marelli Talbro's Chassis Systems
Engine mounts	FY16-17	Talbro's Marugo Rubber

## Exports

- The Company expects to increase gasket exports from 13% of turnover in FY15 to 20% over the next couple of years, thereby increasing its visibility overseas.
- The Company expects to start exporting intercooler hoses to its joint venture partner, Marugo Rubber.

## Our road map

### Market leader

- The Company is a market leader in the country's gasket segment; its 38% share is nearly three-fold its nearest competitor.
- The Company enjoys a near monopoly in the domestic two-wheeler industry (92% market share).
- The Company expects to maintain its leadership position and grow its market share in the years ahead.

## Cost

- The Company's focus on indigenisation of raw material will help increase margins, reduce lead times and inventories.
- Decline in oil prices and optimisation of power purchase cost at forging plant from Q1FY16 will reduce power cost by 25%.
- The Company strengthened manpower productivity via proper planning, training and job allocation. The Company expects to bring down manpower costs over the next couple of years, accounting for 11.80% of the total revenues.

## Clientele

- The Company's client base comprises most reputed automobile manufacturers. Going ahead, the Company intends to grow its client portfolio through a widened portfolio.

## Future focused

- Grow market share.
- Deepen domestic presence and widen international footprint.
- Widen product portfolio.
- Focus on R&D to stay abreast of evolving marketplace realities .
- Ensure compliance with stringent environmental norms.

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# Extending our domestic gaskets leadership to global geographies

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Talbros enjoys a six-decade leadership in the Indian gaskets industry.

The Company's plants were audited by international OEM giants, resulting in orders from Cummins, Daimler, Volvo and Harley Davidson.



#### Talbro's is respected for:

- Being the leading player in Indian automotive gaskets industry
- Just-in-time delivery, consistent innovation and state-of-the-art R&D capabilities.
- Best-in-class capabilities that extend from design to the tool room and finally to the product manufacturing stage, shrinking overall product development tenure.
- Captive state-of-the-art tool rooms – advanced CNC machines and specialised presses (mechanical, pneumatic and hydraulic) from Deckel Maho (Germany), Hass (the US) and Charmelle (Switzerland) – possessing a capacity up to 500 tonnes per annum.
- Identity as a 100% asbestos-free player, making it possible to export to countries with some of the most stringent norms.

The Company's plants were audited by international OEM giants, resulting in growing orders from Cummins, Daimler, Volvo and Harley Davidson.

*The big message is that even as the Company has enjoyed a six-decade-long leadership in India, the time has now come to reach out to international OEM brands and the global aftermarket segment – to enhance revenues, presence and visibility.*

Identity as a  
**100%**  
asbestos-free player,  
making it possible to  
export to countries  
with some of the most  
stringent norms.

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# Growing revenues through heat shield products

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Talbro's recognised that one of the biggest opportunities in its segment lies in the area of heat shield products – critical determinants of heat, sound and vibration insulation in automobile engines, electric generators engines and exhaust pipes.

**The Company's** dedicated heat shield line (expected to go on stream in 2015-16) is poised to benefit demand.

**Even** as heat shield products are used in the manufacture of heavy and medium commercial vehicles in India, they are not used in passenger cars (except those that are exported).

**Talbro**s sees this as an emerging opportunity, convinced that as Indian automobile engines become increasingly compact and emission standards more demanding, the use of these products will become mandatory for Indian passenger cars as well.

**The** Company entered into a technology arrangement with Sanwa Corporation (Japan) for heat-shields. The Company already supplies heat shields to several of its major gasket customers. With the use of heat shields expected to become the norm in the Indian passenger car market, the Company's dedicated heat shield line (expected to go on stream in 2015-16) is poised to benefit demand.

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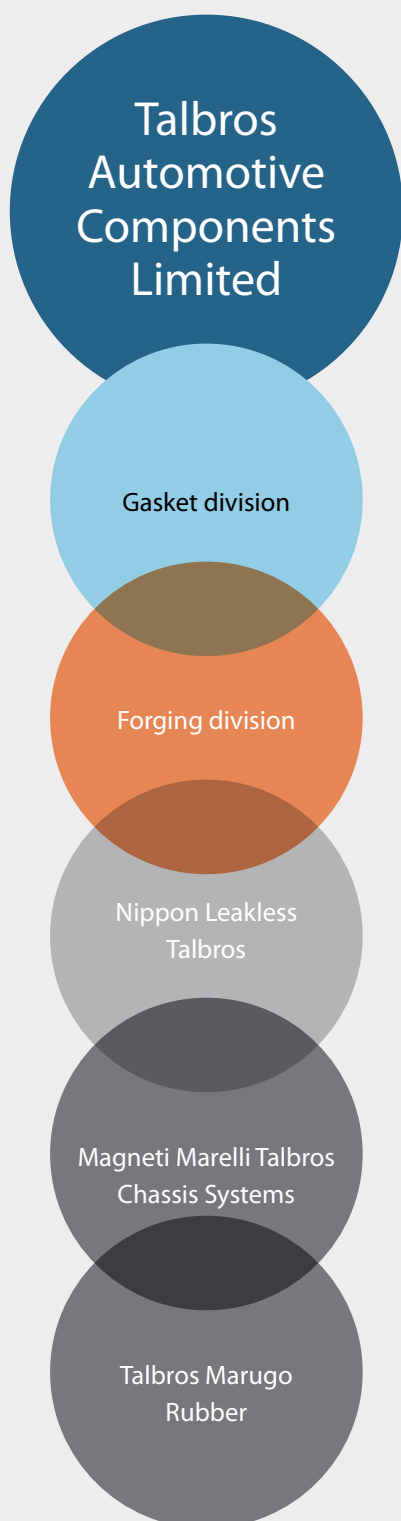
*Talbro*s is convinced that its proactive decision to supply heat shield products for heavy commercial vehicles and passenger cars segment through a dedicated facility will help it emerge as a preferred vendor for esteemed clients with attractive revenue implications.



## Talbro

Entered into a technology arrangement with Sanwa Corporation (Japan) for heat-shields.

## Business segment review



## Gaskets

*Contribution to  
revenue*

62.09%

2013-14

62.01%

2014-15

*Revenue*

₹ 22,748.70 lacs

2013-14

₹ 24,410.03 lacs

2014-15

7.30%

Growth over 2013-14

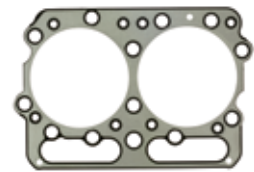
## Highlights, 2014-15

- The gasket segment grew revenues by 7.30% (from ₹22,748.70 lacs to ₹24,410.03 lacs) in 2014-15 following superior spare part volume accretion from leading OEMs. Half the divisional revenues were derived from heavy, medium and light commercial vehicles, the segment contributing 62% to the Company's total revenues. Exports stood at ₹3,240 lacs (13% of the segment revenues). Gasket exports grew at a CAGR of 13.20% since 2007.
- The segment's performance was at par with the country's automotive sector. The Company's growing presence in the medium and heavy commercial vehicles segment helped cushion the weakness in the motorcycles segment. Nippon Leakless Talbros reported healthy sales growth on account of a strong performance from Honda, its major customer.
- The segment reported higher margins following superior resource utilisation, progressive indigenisation and yield enhancement. The Company standardised sheet thicknesses and sourced raw materials from alternative sources (especially for the aftermarket segment). The Company focused

on TQM and 5S among other initiatives, to enhance quality and productivity.

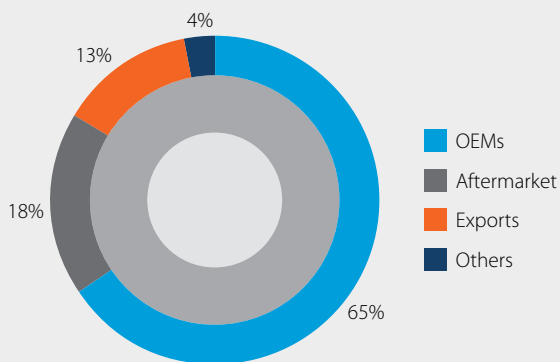
## Priorities

- Going ahead, the Company plans to strengthen its presence in the industrial sector by the end of fiscal 2015-16. The Company expects newly launched products to account for 15-20% of its turnover.
- The new asbestos-free gasket products will definitively substitute the existing gasket systems in the passenger vehicles segment and rake in sizeable revenues via exports. The Company expects further revenue expansion in the heat shields vertical in the overseas markets.
- The Company expects exports to account for 20% of the turnover from 13% currently, following its asbestos-free status.
- The Company expects to leverage its asbestos-free product status to establish itself as a reliable supplier of gaskets for global OEMs.
- The new dedicated heat shields line is expected to facilitate a deeper market penetration.

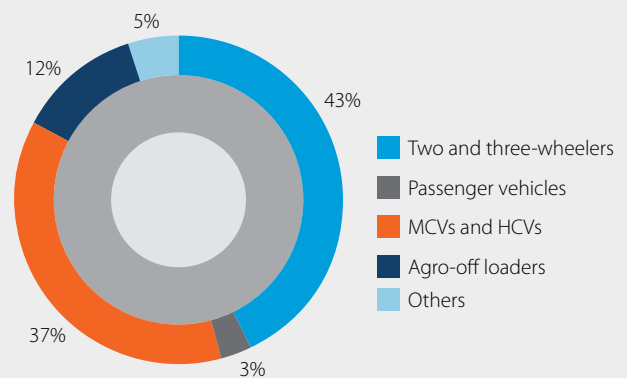


# 20%

The Company expects exports to account for 20% of the turnover from 13% currently, following its asbestos-free status.



Gasket - Market mix (FY15)



Gasket - OEM Segment mix (FY15)

# Forgings

## Contribution to revenue

18.66%

2013-14

17.76%

2014-15

## Revenue

₹6,729.75 lacs

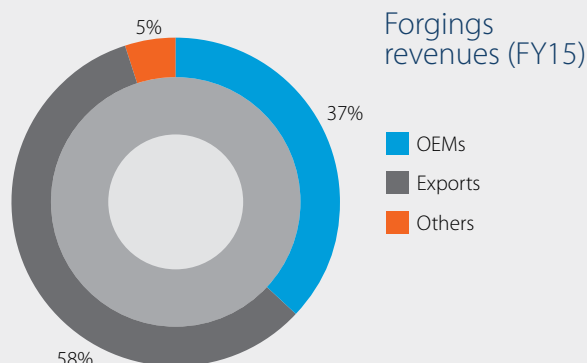
2013-14

₹6,991.40 lacs

2014-15

1.95%

Growth over 2013-14



## Highlights, 2014-15

- The segment grew its revenues by 1.95% from ₹6,729.75 lacs in 2013-14 to ₹6,991.40 lacs. The segment's growth, catalysed by domestic sales and a slowdown in Europe, contributed 18% to the total revenues of the Company.
- The segment was primarily focused on exports, accounting for 58% of forging revenues. The Company's focus on high-margin exports resulted in a CAGR of 36% since FY10.
- The Company supplies forgings to tractor manufacturers and leading vehicle makers in Europe, coupled with a growing presence in the US and Latin America. The slowdown in Europe and the weakening of the Euro towards the end of the last quarter of FY 15 impacted revenues but prudent hedging measures helped minimise the damage.
- The Company introduced the crown wheel, increasing product complexity and widening its portfolio.
- The Company is adding new customers like Ognibene and American Axle to help minimise its geographic risk.
- The Company embarked on various initiatives to reduce costs and lead time through a prudent mix of localised and globalised raw materials procurement. It expects to optimise power costs by ~25% in the years to come.

## Priorities

- Going ahead, the Company expects this division to grow at a CAGR of around 20% in the next couple years.
- Optimise product mix to improve export share 65-70% over next couple of years.
- Add new customers to have a diversified base.
- Improve currency mix of exports in favour of the US dollar to avoid dependence on the Euro.
- Focus on enhancing yield and sourcing raw materials globally to improve margins.



36%

The Company's focus on high-margin exports resulted in a CAGR of 36% since FY10.



## Business segment

## Nippon Leakless Talbros Private Limited

LTL revenue performance (Talbros' share in JV)

₹3,302.16 lacs

2012-13

₹3,727.38 lacs

2013-14

₹4,107.99 lacs

2014-15

10.20%

Growth over 2013-14

## Nippon Leakless Talbros

This is a 60:40 joint venture with Nippon Leakless Corporation established in 2005 to manufacture non-asbestos automotive gaskets for Honda and other Japanese OEMs.

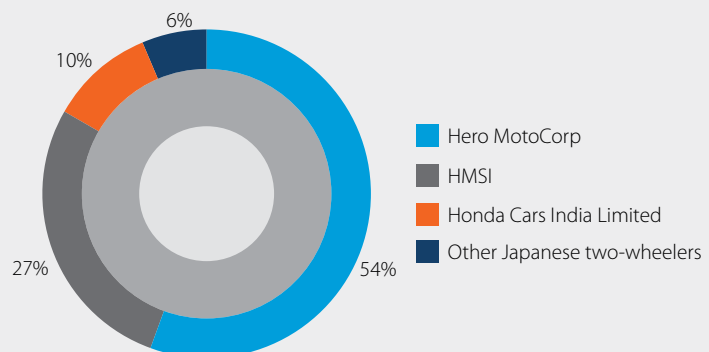
## Financial performance

The total turnover of the JV in FY15 stood at ₹10,269.98 lacs, increasing at a CAGR of 15% since FY10.

## Eminent clientele

100% sales to OEMs – Hero MotoCorp, HMSI, Yamaha, Honda, Maruti Suzuki, Honda SIEL Power Products Limited

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. The Company manufactures two gasket types (soft and metal).



LTL revenues (FY15)

# Magneti Marelli Talbros Chassis Systems Private Limited

MMT revenue performance (Talbros' share in JV)

₹ 1,600.71 lacs

2012-13

₹ 2,921.93 lacs

2013-14

₹ 3,218.98 lacs

2014-15

10%  
Growth over 2013-14

## Magneti Marelli Talbros

A 50:50 partnership (2011) whose production commenced in April 2012 for manufacturing suspension systems for passenger vehicles and pick-up trucks. The joint venture also manufactures control arms, knuckles, front and rear axles. Earlier, Talbros would manufacture only the control arm; following the joint venture, the Company possesses the capabilities to address entire chassis system-related needs.

## Financial performance

MMT's turnover in FY15 stood at ₹6,437.95 lacs compared to ₹5,843.85 lacs in FY14.

The JV is yet to break even, which the management expects to achieve by FY2016-17.

EBITDA margins stood at a negative 1%, which is likely to rise and positive following revenue with a growth.

## Eminent clientele

100% sales to OEMs (Bajaj Auto, Mahindra & Mahindra, Maruti Suzuki India and Tata Motors).

45-50% of Maruti's control arm requirements are addressed by the JV.

The JV expects major revenues from Bajaj's RE60.

## Overview

Magneti Marelli is a Fiat Group company based out of Italy, engaged in the manufacture of suspensions (€ 6 billion in global revenues). Magneti Marelli Talbros is a 50:50 partnership between Talbros and Magneti Marelli that was forged in 2011 for the design and development for complete chassis components for OEMs. The Faridabad facility rolls out front control arms, knuckles, front Frames, rear axles/ cradle and module assembly. It also assembles front and rear modules for passenger vehicles. The Company supplies entire front chassis for vehicles and provides about 48% of the control arms for Maruti Suzuki.

The segment reported a revenue growth of 10% from ₹5,844.02 lacs in 2013-14 to ₹6,437.95 lacs in 2014-15.

The Company introduced a new product line (steering knuckles) and commenced production of lower control arms for Tata Motors models (Zest and Bolt). The Company initiated design (CAE) activity at its Faridabad facility in addition to existing MM design facilities in Brazil and Italy. All sales were made to OEMs (Bajaj Auto, Mahindra &

Mahindra, Maruti Suzuki and Tata Motors); the Company received its maiden suspension system order for the Bajaj RE60 quadricycle. The Company launched a control arm for Maruti Suzuki (NG Alto K10), increasing its share of MSIL control arm sourcing from 40% to 50%.

New nominations from Maruti Suzuki on YAD, YBA and YRA control arm projects and a nomination from Tata Motors for the X104 control arm project can potentially double the Company's share of the control arms segment in India.

Going ahead, the Company is optimistic of its prospects on the basis of Bajaj RE60 quadricycle orders where the Company has designed the entire chassis spectrum (front-axles, semi-corners, control arms and knuckles). This product launch can potentially graduate this joint venture to the next level. The Company plans to introduce products like front forks and rear axles for Maruti Suzuki and Tata Motors. The Company expects to commission a second plant in Pune to address the growing suspension needs of Fiat, which intends to launch a new jeep.

## Business segment

## Talbro's Marugo Rubber Private Limited

TMR revenue performance (Talbro's share in JV)

₹ 44.31 lacs

2012-13 (Feb-Mar FY 13)

₹ 509.31 lacs

2013-14

₹ 637.64 lacs

2014-15

# 25%

Growth over 2013-14

## Overview

Marugo Rubber Industries (Japan), a \$300 million company, is a global leader in the supply of anti-vibration products and hoses to global automobile OEMs. The 50:50 JV between Talbro's and Marugo Rubber was commissioned in 2013 to localise the production of rubber hoses for Maruti Suzuki. Talbro's Marugo Rubber manufactures anti-vibration products and hoses (engine mounts, strut mounts, mufflers, hangers, suspension bushes, rubber bushes and hoses). The joint venture exports products to its JV partner Marugo Rubber.

The JV provides technical knowhow in terms of design, development and validation for OEMs. The Company draws 40% of its revenues from Maruti Suzuki and caters to the requirements of other major

players like QH Talbro's, Endurance Technologies, Rane (Madras) Limited, Escorts India and TATA Motors.

The segment reported a revenue growth of 25% from ₹1,018.62 lacs in 2013-14 to ₹1,275.28 lacs in 2014-15 on account of increase in sales of mounting mufflers and hangers at Maruti Suzuki. The JV allowed the Company to directly cater to Maruti Suzuki at its Manesar plant, reducing lead times. The JV's anti-vibration business achieved a cash breakeven in September 2014.

During FY15, the Company commissioned a new hose plant as well as a completely new plant for intercooler hoses, won fresh orders for suspension bushes and rubber exhaust mountings and also commenced exports to Marugo Rubber.

## Talbro's Marugo Rubber

A 50:50 partnership set up in 2012 for localising the production of rubber hoses for Maruti, production for which commenced in February 2013. TMR manufactures anti-vibration products and hoses, which include engine mounts, struts, mufflers, hangers, suspension bushes, rubber bushes and hoses.

## Financial performance

TMR's revenues stood at ₹1,275.28 lacs in FY15

The JV reported an EBITDA margin of about 1.60%

## Eminent clientele

100% sales to OEMs - Maruti Suzuki, QH Talbro's, Endurance Technologies, Rane (Madras), Escorts India, and Tata Motors.

About 10% of the revenues is derived from Maruti Suzuki (Ritz, Swift, Dzire).

The JV also received orders from Honda, Kawasaki, Isuzu and Volvo.



# 25%

The segment reported a revenue growth of 25% from ₹1,018.62 lacs in 2013-14 to ₹1,275.28 lacs in 2014-15.

# Risk management

TACL's management leverages industry, systemic and procedural knowledge to counter business risks that can potentially undermine its competitive position.



Industry slowdown risk

Any slowdown in the industry could affect the Company's revenues.

## Mitigation

- Talbros proactively cushioned itself from any probable sectoral slowdowns by widening its product basket.
- Talbros strengthened its customer de-risking by forging relationships with a large number of OEMs, expanding its global footprint and aftermarket presence.
- Talbros focused on the exports and aftermarket segments to enhance revenue shares from these segments without destabilising the legacy growth engine i.e. OEMs.
- Talbros forayed into new geographies, and as of March 31, 2015 it had a presence in 30 countries, including newly added markets like Sweden, Belgium, Russia, Ireland and British Virgin Islands, among others.



Competition risk

Increase in competition and the inability to remain competitive could affect the Company's market position.

## Mitigation

- Talbros worked closer with customers to develop products collaboratively, widened its portfolio, moderated costs and improved processes.
- Talbros leveraged the heat shield technology (through its tie-up with Sanwa Corporation, Japan) for automotive applications.
- Talbros empowered employees to seek and eliminate operating inefficiencies, strengthening margins.



Procurement risk

Any error in raw material and sub-component procurement could affect viability.

## Mitigation

- Talbros consistently engaged in dialogues with vendors to enhance procurement efficiencies. The Company implemented an action plan to minimise an excessive dependence on specific vendors.
- Talbros procured material and sub-components more efficiently, enhancing competitiveness.
- Talbros focused on raw material localisation by substituting imported raw materials with Indian alternatives for the aftermarket segment, helping increase gasket margins.



### Export risk

Any product underperformance could affect the Company's brand.

#### Mitigation

- Talbros entered into collaborations with leading players (Nippon Leakless, Magneti Marelli and Marugo Rubber) to enhance product and procedural competence.
- Talbros invested in extensive training to ensure that its employees were abreast of the latest sectoral requirements.
- Talbros set up a next-generation R&D centre in Faridabad.
- Talbros exports products to 30 countries including Argentina, Australia, Belgium, Brazil, British Virgin Islands, Canada, China, France, Germany, Iran, Ireland, Italy, Japan, Kenya, Mexico, Nepal, Nigeria, Pakistan, Russia, South Africa, Sri Lanka, Sudan, Sweden, Syria, Tunisia, Turkey, U.A.E., U.K., U.S.A., Ukraine among others, especially in the OE and aftermarket spaces.



### Compliance risk

Any non-compliance with demanding regulatory requirements could impact the Company's brand.

#### Mitigation

- Talbros conducts comprehensive checks to ensure that all transactions are correctly authorised, recorded and reported.
- Talbros has in place a seamless internal control system, supplemented by an extensive array of internal audits, assessment of business processes, systems and controls.
- Talbros undertakes periodic audits at its manufacturing units. A third-party audit was conducted by Tata Cummins Limited to assess the quality of its asbestos-free gaskets, which was successfully passed.
- Talbros is a 100% asbestos free gasket manufacturer, a key requisite in the export markets.

### Cautionary statement

Statements in this Report describing the Company's objectives, projection, estimates and expectations may constitute 'forward-looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

Factors that could make a difference to the Company's operations include, among others, raw material prices, price increase from customers, government regulations, tax regimes, economic developments in India, natural calamities and other incidental factors.



Driving Future Leadership

## TALBROS 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

## NOTICE

NOTICE is hereby given that the 58th Annual General Meeting of the members of Talbro's Automotive Components Limited will be held at 10.30 a.m. on Friday the 25th day of the September, 2015 at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001 (Haryana) to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2015 including audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on paid-up Equity Share Capital for the financial year ended 31st March, 2015.
3. To appoint a Director in place of Mr. Navin Juneja (holding DIN 00094520) who, retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s S.N. Dhawan & Co., New Delhi (Firm Registration No. 000050N) as Statutory Auditors of the Company 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

5. 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 re-appointment of Mr. Anuj Talwar as Executive Director of the Company for a period of three years with effect from August 14, 2015 liable to retire by rotation on the remuneration, terms

and conditions as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to this Notice.

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.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 & Clause 49 of the Listing Agreement, Ms. Pallavi Sadanand Poojari (DIN 07095137), who was appointed as an Additional Director of the Company with effect from 12th February, 2015 under Section 161(1) of the Companies Act, 2013 by the Board of Directors and whose term of office as an Additional Director expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) from a Member proposing her candidature for the office



of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the 58th Annual General Meeting.

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

RESOLVED THAT Mr. Vidur Talwar (DIN 00114643), who was appointed as an Additional Director of the Company with effect from 12th February, 2015 under Section 161(1) of the Companies Act, 2013 by the Board of Directors and whose term of office as an Additional Director expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

8. To consider and if thought fit, to pass with or without modification(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.

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

RESOLVED THAT pursuant to 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 2015-16 on a remuneration of Rs. 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 Talbros Automotive Components Limited

Sd/-  
Seema Narang  
Company Secretary

Place: New Delhi  
Date: May 22, 2015

## NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business mentioned under items no.5 to 9 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 18th September 2015 to 25th September 2015 (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 2007 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, 2008 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 2007-08 have been notified in this connection.
7. Dividend on Equity Shares for the financial year ended March 31, 2015, if declared at the Annual General Meeting, shall be paid to those Members whose names (in case of shares held in electronic form) appear as Beneficial Owners as at close of business hours on 18th September 2015 and for shares held in physical form, whose names appear in the Register of Members on the date of the Annual General Meeting.
8. Queries, if any, regarding accounts and operations of the Company may please be sent to the Company Secretary at the Registered Office at least 10 days before the date of the Annual General Meeting so as to enable the Company to keep the information ready at the meeting.
9. Members holding shares in electronics form should get their email IDs updated with their respective Depository Participant so that they can get the copies of correspondence etc. sent by the Company via email.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
11. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
12. Electronic copy of the Annual Report and the Notice of the 58th 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 58th 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 58th 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/ www.karvycomputershare.com

By Order of the Board  
For Talbros Automotive Components Limited

Sd/-  
Seema Narang  
Company Secretary

Place: New Delhi  
Date: May 22, 2015

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

### Item No 5.

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. The current term of appointment of Mr. Anuj Talwar as an Executive Director of the company expires on August 13, 2015.

The Board on recommendation of Nomination and Remuneration committee recommends the re-appointment of Mr. Anuj Talwar as an Executive Director.

Accordingly, the shareholders of the Company are requested to approve the re- appointment of Mr. Anuj Talwar on the below mentioned remuneration for a period of three years with effect from August 14, 2015 to be paid as minimum remuneration in case of loss or inadequacy of profit in any financial year during his tenure:

#### 1. Salary:

- (a) Basic Salary of Rs. 1,70,000/- per month.
- (b) House Rent Allowance @ 70% of the Basic Salary i.e. Rs. 1,19,000/- 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 Rs.11,000/- 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 22nd May, 2015, the remuneration as mentioned above as minimum remuneration payable to Mr. Anuj Talwar for a period of 3 years 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 payment of remuneration to Mr. Anuj Talwar as Executive Director of the Company w.e.f. August 14, 2015, for a period of three years.

The Directors feel that his re-appointment as an Executive Director shall be in the interest of the Company.

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 the father of Mr. Anuj Talwar, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

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.				
Financial Performance:					(Rs.in Lakhs)
Financial Parameters	2010-11	2011-12	2012-13	2013-14	2014-15
Turnover (Rs. in lakhs)	29603.40	34352.84	29524.43	29438.74	31083.89
Net profit as per profit and loss statement (Rs. in lakhs)	979.03	1081.85	1002.17	1743.57	1307.80
Amount of dividend paid	148.15	148.15	148.15	148.15	185.18
Rate of dividend declared	12%	12%	12%	12%	15%
Joint Ventures (JV)/ Foreign collaborators, if any	– Nippon Leakless Corporation Japan, (JV with Nippon Leakless Corporation, Japan)				
	– Magneti Marelli Talbros Chassis Systems Private Limited (JV with Sistemi Sospensioni S.p.A, Italy)				
	– Talbros Marugo Rubber Private Limited (JV with Marugo Rubber Industries Ltd, Japan)				
II. Information about the appointees:					
Name	Mr. Anuj Talwar				

Background Details	<p>Aged 34 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 10 years of rich experience in the Corporate Finance, Credit analysis and Auto Industry.</p>
Past remuneration (Rs. Per annum)	<p>2012-13 27.97 Lakhs</p> <p>2013-14 39.43 Lakhs</p> <p>2014-15 39.45 Lakhs</p>
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. 5 of this Notice. The remuneration to the Executive Director has been approved by the Remuneration Committee in its meeting held on May 22, 2015.
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 father.
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 the 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:-	All the disclosures as required are mentioned in the Director's Report/ Corporate Governance Report section of the Annual Report to be published for the next Annual General Meeting of the Company.
(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.	

#### Item No 6.

Ms. Pallavi Sadanand Poojari, aged 36 years, is a Chartered Accountant. She is currently associated with BMR Advisors as a Senior Vice President in their Mergers & Acquisitions practice. She was earlier associated with Earnest & Young, India for over 7 years.

She has expertise in areas relating to various aspects of a mergers, acquisitions and corporate restructuring.

Ms. Pallavi Sadanand Poojari doesn't hold by herself or for any other person on a beneficial basis, any shares/ convertible instruments of the Company.

The Board of Directors appointed Ms. Pallavi Sadanand Poojari as an Additional Director of the Company effective from 12th February, 2015, pursuant to the provisions of Section 161(1) of the Companies Act, 2013. Ms. Pallavi Sadanand Poojari holds office up to the date of the ensuing Annual General Meeting.

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

In the opinion of the Board, Ms. Pallavi Sadanand Poojari fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter for appointment of Ms. Pallavi Sadanand Poojari as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board recommends the resolution in relation to appointment of Ms. Pallavi Sadanand Poojari as a Director, for the approval by the shareholders of the Company.

Except Ms. Pallavi Sadanand Poojari, being an appointee, none of the Directors of the Company and their relatives is concerned or interested in the resolution set out at Item No. 6.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### Item No 7.

Mr. Vidur Talwar, aged 44 years, has done B.S. in Business Administration and MBA in Finance from Drexel University, Philadelphia, PA. 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 had more than 20 years of rich and varied experience in automotive components industry.

Mr. Vidur Talwar holds 16176 equity shares of the Company. Mr. Vidur Talwar is a Director in the following Companies:

Name of The Company	Date of Appointment
T&T Motors Limited	19-05-1998
Talbro International Ltd	01-10-1996
Nippon Leakless Talbro Pvt Ltd	18-01-2008
Magneti Marelli Talbro Chassis Systems Private Limited	22-03-2012
Talbro Margo Rubber Private Ltd	03-01-2013
Talwar Steering & Suspension Limited	06-06-2014
QH Talbro Limited	26-05-1997

The Board of Directors appointed Mr. Vidur Talwar as an Additional Director of the Company effective from 12th February, 2015, pursuant to the provisions of Section 161(1) of the Companies Act, 2013. Mr. Vidur Talwar holds office up to the date of the ensuing Annual General Meeting but is eligible for appointment as a Director. A notice under section 160(1) of the Act has been received proposing Mr. Vidur Talwar as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Vidur Talwar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as a Director of the Company.

The Board recommends the resolution in relation to appointment of Mr. Vidur Talwar as a Director liable to retire by rotation, for the approval by the shareholders of the Company.

Except Mr. Vidur Talwar, being an appointee, Mr. Naresh Talwar, father of Mr. Vidur Talwar and Mr. Varun Talwar, brother of Mr. Vidur Talwar, none of the Directors of the Company and their relatives is concerned or interested in the resolution set out at Item No. 7.

#### Item No 8.

The members of the Company in their 57th Annual General Meeting held on 12th September, 2014 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 5th November, 2014 an advertisement inviting deposits from the Members/ Public which is valid till 25th September, 2015.

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 25th September, 2015.

Your Directors recommend the Special Resolution at Item No. 8 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 9.

A proposal for appointment of M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) as Cost Auditor for the financial year 2015-16 was recommended by the Audit Committee

to the Board which was approved by the Board in its meeting held on 22nd May 2015. 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. 9.

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 22, 2015

Sd/-  
Seema Narang  
Company Secretary



## ANNEXURE TO EXPLANATORY STATEMENT

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

Name of the Director	Mr. Vidur Talwar	Mr. Anuj Talwar	Mr. Navin Juneja	Ms. Pallavi Sadanand Poojari
Date of Birth	30.06.1971	19.12.1980	30.09.1957	05.11.1978
Date of Appointment	12.02.2015	14.08.2012	12.11.2010	12.02.2015
Qualifications	B.S. in Business Administration and MBA in Finance from Drexel University, Philadelphia, PA.	Bachelor in Business Administration from College of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management	B.Sc. (Mathematics) & Chartered Accountant (FCA)	B.Com. from Mithibai College of Science, Commerce and Arts, Chartered Accountant
Nature of expertise in specific functional areas	20 years of rich and varied experience in Automotive Components Industry	10 years of rich experience in Corporate Finance, Credit analysis and Auto Industry	Advises various companies on financial management and corporate planning. More than 30 years of rich experience in Finance, Accounting and Strategic Planning.	Expertise in areas relating to various aspects of a mergers and acquisitions and corporate restructuring.
Directorship and Trusteeship in other Companies	1. T & T Motors Ltd. 2. Nippon Leakless Talbros Pvt Ltd. 3. Talbros International Ltd. 4. Magneti Marelli Talbros Chassis Systems Pvt Ltd. 5. Talbros Marugo Rubber Pvt Ltd. 6. Talwar Steering & Suspension Ltd. 7. QH Talbros Ltd.	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. Beacon Sales Pvt Ltd. 2. Blaustern India Sales Pvt Ltd. 3. Sunrise Medicare Pvt Ltd. 4. Talbros Forge Pvt Ltd. 5. Talbros International Ltd.	None
Members of Committees of other Companies	1	0	0	0
No. of shares held	16,176	62,851	783	0

## STATUTORY SECTION

# Directors' Report

Dear Members,

We have the pleasure of presenting you the 58th Annual Report of your company along with audited accounts for the Financial Year ended 31st March, 2015.

Financial year 2014-15 was expected to be a year of hope, given the establishment of a stable government at the centre, it was widely expected that with adequate thrust to key reforms would help kick start the economy. The increase in growth was expected to spur consumer expenditure in white goods and automobiles. Auto industry was also expected to be a significant beneficiary from the revival in infrastructure and mining sector. We have seen that while the direction of the Government has been positive, the results particularly in Infrastructure and Mining have, thus far, been short of expectations. The results for the auto industry have also been mixed and the resultant impact of auto component companies has been selective, on the basis of their customer segmentation.

The decline in inflation rates has not been followed commensurately in terms the policy action by the Reserve Bank of India. The reduction in policy rates has been more symbolic than substantive. Even the somewhat meagre policy rates reduction by Reserve Bank of India have not resulted in similar reduction by leading banks. The expectation is however positive that more banks will follow suit and there would be more reduction in policy rates announcements by Reserve Bank of India in the near future.

On the Exchange rate front the decline in exports 5 consecutive months is indeed worrying for the Indian Economy. Substantial devaluation of Euro vs other global currencies has made imports into Eurozone more expensive and that has impacted Indian companies too.

The management continued various cost savings and cost optimization measures like optimization of raw material usage, yield improvements and localization of imported materials. The Net Profit before Tax during the financial year amounted to ₹1307.80 lacs.

## FINANCIAL HIGHLIGHTS:

(₹ in lacs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Net Revenue from Operations	31083.89	29438.74
Profit before Interest and Depreciation	4051.65	3577.60
Less : Interest	1753.95	1829.87
Depreciation	803.04	884.84
Profit before Tax before Exceptional Item	1494.66	862.89
Exceptional Item	-186.86	880.68
Profit before Tax and after Exceptional Item	1307.80	1743.57
Less: Provision for Taxation	276.00	300.00
Provision for Deferred Tax	32.80	(49.73)
MAT Credit Entitlement		(165.00)
Less: (Excess)/Short provision of tax for earlier years written back/provided	1.15	81.46
Profit after Tax	997.85	1576.84
Add: Balance Brought forward from last year	5026.91	3673.40
Profit available for appropriations	6024.76	5250.24
Appropriations:		
Proposed Dividend	185.18	148.15
Tax on Dividend	37.70	25.18
Transfer to General Reserve	50.00	50.00
Balance carried forward	5751.88	5026.91
<b>Total</b>	<b>6024.76</b>	<b>5250.24</b>

## FINANCIAL REVIEW

During the Financial Year 2014-15, passenger vehicle grew by 4% largely on account of robust growth in utility vehicle segment, which increased by 10.8%. Medium and Heavy Commercial business segment increased its sales by 17.4% but LCV segment continue to decline and ended lower by 9.9%. Two wheeler segments witnessed spectacular growth of 27% in Scooters, whereas Motorcycle grew marginally by 4.3%. Overall the auto sector actually grew by about

6% as compared to 10-12% expectation of growth. In Gasket Division, TACL outperformed the segmental growth by growing 33% as against industry growth of 21% in HCVs whereas despite the LCV de-growth of normal 10%, our sales to LCV segment grew by 12%.

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

(Production in Nos.)

Particulars	2012-13	2013-14		2014-15	
	(Nos.)	(Nos.)	Growth	(Nos.)	Growth
H.C.V's	2,80,677	2,21,626	-21%	2,68,553	21%
L.C.V's	5,51,972	4,77,238	-14%	4,28,530	-10%
Commercial Vehicles	8,32,649	6,98,864	-16%	6,97,083	0%
Cars	24,23,086	23,11,972	-5%	24,16,862	5%
Utility Vehicles	5,68,538	5,63,986	-1%	6,29,255	12%
Multi Purpose Vehicles (Van Type)	2,39,434	1,96,693	-18%	1,74,055	-12%
Passenger Cars	32,31,058	30,72,651	-5%	32,20,172	5%
Two Wheelers	1,57,44,156	1,68,79,891	7%	1,84,99,970	10%
Tractors	5,78,690	6,96,801	20%	6,12,994	-12%

Source : Society of Indian Automobile Manufacturers

Two wheeler industry and Tractor Industry reported production growth of 10% and (12%) respectively. Two wheeler growth was led by Honda Motor & Scooter India Pvt. Ltd., which is catered to by our JV Company. Bajaj Auto Ltd., the major two wheeler customer at your company reported a negative growth of 14.8%.

The volumes for Auto Component Industry being directly linked to production volume of vehicles, Auto Components Industry has reported mixed results depending upon its customer segment .

Your company derives a significant part of its turnover from Exports. Decline in Euro exchange rate particularly in the last quarter of the financial year 2014-15 affected realizations. The company is using a mix of hedging strategies to partially insulate itself on this front. The company clocked a turnover of ₹31083.89 lacs, a growth of 5.6% over its previous year turnover of ₹29438.74 lacs, led by its gasket division. The company outperformed auto industry growth in 3 of its key segments namely HCV & MCV and LCVs.

Forging Plant sales in European market faced a challenge due to decline in Eurozone Economy. Besides, a decline in Euro also affected realization particularly towards the end of the financial year. Efforts have been made to re-price the contracts and diversify the export customer base.

## NEW INITIATIVES

Your Company has moved closer its major technology up-gradation at Gasket Division. The dedicated line for manufacturing Heat Shields adopting latest technology acquired through Sanwa Packaging Co. Ltd., a well known Japanese company is likely to be commissioned soon.

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

On the other side at Forging Plant, your company expanded and upgraded its precision machining capabilities and ventured into new product range of its overseas customers in Europe. Yield improvements measures and production optimization measures are expected to provide the stability of and improvements in margins. Increased volume of machining will push up value addition and resultant profit margins on related products.

Activities relating to these initiatives are at different stages and their benefits will start to accrue from current year, 2015-16.

## FUTURE OUTLOOK

The improvement in macroeconomic indicators is heartening. The

thrust of the central government on development of infrastructure; generation of employment, control over inflation rationalization of tax structure through GST introduction and promotion of industrial growth driven by the 'Make in India' programme is welcome and we as the rest of the industry have great expectations from the same. Economic inclusion measures as Jan Dhan Yojna and social programmes like Swachh Bharat also have the potential to add to economic activity and growth. Overall we expect 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.

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

## DIVIDEND

Your Directors are pleased to recommend 15% dividend for the year 2014-15 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 2014-15 will be ₹222.88 lacs.

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

The Company shall transfer the unclaimed dividends for the year 2007-08 to Investor Education and Protection Fund on or before 1st November, 2015 as being unpaid for a period of seven years 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 2007-08 or any subsequent year are requested to lodge their claims for revalidation of dividend warrants. The Company is specifically intimating those members who have so far not claimed the unpaid dividend for these years.

## FIXED DEPOSIT SCHEME

The new Fixed Deposit Scheme of the Company commenced from the month of November, 2014. Deposits accepted from the public amounted to ₹924.48 lacs as on March 31, 2015.

As on March 31, 2015, 34 fixed deposits aggregating to ₹11.63 lacs matured for payment, but were neither claimed nor renewed by the depositors.

## BOARD MEETINGS

During the financial year ended 31st March 2015 six (6) meetings of the Board of Directors were held. Detailed information on the meetings of the Board and dates of the meetings are included in the report on Corporate Governance, which forms part of this Annual Report.

## DIRECTORS

During the year, Ms. Pallavi Sadanand Poojari (DIN 07095137) and Mr. Vidur Talwar (DIN 00114643) were appointed as Additional Directors effective from 12th February 2015. They hold office upto the date of the ensuing Annual General Meeting of the Company.

The Company has received notice in writing from a member proposing the candidature of Ms. Pallavi Sadanand Poojari as an Independent Director to hold office for five consecutive years from 58th Annual General Meeting.

The Company has also received a notice in writing from a member proposing the candidature of Mr. Vidur Talwar as a Director liable to retire by rotation.

No Director resigned from the company during the reporting period.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors Responsibility Statement, your Directors confirm:

- 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;
- 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, 2015;
- 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;
- That Directors have prepared the annual accounts on a going concern basis;
- That the directors had laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- 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. Navin Juneja( DIN 00094520) retires by rotation and being eligible offer himself for re-appointment.

Mr. Navin Juneja, aged 58 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 had more than 30 years of rich experience in Finance, Accounting and Strategic Planning.

The Board recommends his re-appointment.

### APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

#### Mr. Anuj Talwar

Mr. Anuj Talwar (DIN 00628063) was appointed as Executive Director of the company for a period of three years w.e.f. 14th August 2012 by the shareholders in its Annual General Meeting held on 16th September 2013 and his current term expires on 13th August 2015. Board in its meeting held on 22nd May 2015, subject to approval of shareholders, approved the re-appointment of Mr. Anuj Talwar as Executive Director for a period of three years commencing from 14th August 2015.

### KEY MANAGERIAL PERSONNEL

As on 31st March 2015, 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. Rajeev Pal Gupta - Chief Executive Officer
3. Mr. Manvinder Singh Ajmani - Chief Financial Officer
4. Mrs. Seema Narang - Company Secretary

### LOANS AND GUARANTEE UNDER SECTION 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the Financial Statements provided in this Annual Report.

### RELATED PARTY TRANSACTIONS

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.

The board has approved policy for related party transactions which is available on company's website at following link: <http://www.talbros.com/investors/investor-corporate/related-party-policy/>

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.

During the Fiscal year 2015 there are no material transactions between the company and the related parties as defined under clause 49 of the Listing Agreement. Further, all the transactions with the related parties have been conducted at an arm's length basis and are in the ordinary course of business. Accordingly there are no material related party transactions to be reported in Form AOC-2.

### MATERIAL CHANGES & COMMITMENTS

During the Financial year 2014-15, your company closed its Gasket manufacturing plant at Chennai on grounds of economic viability. The plant operations were initially stopped w.e.f. 16th August 2014 followed by a complete closure on 18th October 2014. The business and the customers being served from that plant have been seamlessly transferred to the Faridabad and Pune Plants of the Gasket Division. The terminal benefits payable to the erstwhile workforce have been charged to Profit & Loss account as an exceptional item.

### 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.

### 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

Adoption of good corporate governance and disclosure practices has been an earnest endeavor on the part of company.

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

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".

A Certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance as per the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges is enclosed as part of Corporate Governance Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

A detailed chapter on "Management Discussion and Analysis" (MDA) pursuant to Clause 49 of the Listing Agreement is annexed to the Annual Report and forms integral part of this Report.

## RISK MANAGEMENT POLICY

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

The Risk Assessment Committee (RAC) constituted by the Board of Directors of the company as after due deliberations with the stakeholders, put in place the formal framework for Risk Assessment. The RAC is in the process of identifying various strategic, operational and financial risks which may impact company performance significantly. The management is of the belief that the present risk mitigation measures in place are adequate to protect the company's operations and existence from any significant risks.

## VIGIL MECHANISM

In 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 are disclosed in the corporate governance report and is also available on company's website at [www.talbros.com](http://www.talbros.com)

## 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 undertaking and supporting socially useful programs for welfare and sustainable

development of the weaker section of the society specially the children and contributed to Saveria Association committed for attending to education and nutrition needs of the under privileged children. Your company also contributed to Prime Ministers Relief Fund to support their projects for welfare of the society.

Information pursuant to Section 134(3)(o) read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in Annexure I to this report.

## AUDITORS AND AUDITORS' REPORT

### Statutory Auditors

M/s. S.N. Dhawan & Co., Chartered Accountants, Statutory Auditors of the Company and CMRS & Associates, Chartered Accountants, Auditors for the Pune Plant, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed and the necessary resolution for their re-appointment as statutory auditors is placed before the shareholders at the 58th Annual General Meeting.

### Cost Auditors

The Board of Directors, on recommendation of the Audit Committee, had re-appointed M/s Vijendra Sharma & Co., Cost accountants (Firm Registration No. 00180) as Cost Auditors of the Company, for the Financial Year 2015-16, 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.

## EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

### AUDITORS' REPORT

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.

### SECRETARIAL AUDIT REPORT

The Board had 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 2014-15.

Secretarial audit report for the financial year ended 31st March 2015 as provided by M/s. Kiran Sharma & Associates, Practising Company Secretary is annexed to this Report as Annexure II.



## 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 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 31.03.15 (₹ In lacs)	EQUITY INVESTMENT MADE DURING 14-15 (₹ In lacs)	2014-15 (₹ In lacs)		2013-14 (₹ In lacs)	
						REVENUE FROM OPERATIONS	PAT	REVENUE FROM OPERATIONS	PAT
1	NIPPON LEAKLESS TALBROS PRIVATE LIMITED	NIPPON LEAKLESS CORPORATION JAPAN	40%	480.00	NIL	10,269.98	1,521.20	9,317.71	1,325.49
2	MAGNETI MARELLI TALBROS CHASSIS SYSTEMS PVT. LTD.	SISTEMI SOSPENSIONI S.P.A. ITALY	50%	703.00	100.00	6,425.03	-307.71	5,843.85	-172.63
3	TALBROS MARUGO RUBBER PRIVATE LTD.	MARUGO RUBBER INDUSTRIES LTD. JAPAN	50%	850.00	200.00	1,275.28	-80.58	1,018.62	-178.87

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures as on 31.03.2015 in Form AOC-1 is annexed to this Report as Annexure III.

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

Information pursuant to sub-section 3(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of The Companies (Account) Rules, 2014 is given in Annexure-IV to 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-V 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 -VI.

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 UNDER SECTION 92

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 VII.

## FORMAL ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES

Board had in its meeting approved the performance evaluation process in pursuance of Sec. 134(3)(p) & Rule 8(4) of Companies (Accounts) Rules, 2014 and clause 49 (II)(B)(5) of the listing agreement.

A document for evaluation of Directors, Chairman, Board and its committees with the title Board Effectiveness Review was duly filled by the Board members. A consolidated report on the views of all the Directors was prepared.

## 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 22, 2015

**NARESH TALWAR**  
Chairman

# 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 7.05% to ₹42,457.99 lacs in comparison to ₹39,658.29 lacs in the previous year.
- Consolidated earning after Taxes has been ₹1,412.19 lacs during 2014-15 as against ₹1,931.28 lacs in the year 2013-14.

## INDUSTRIAL STRUCTURE AND DEVELOPMENT

Indian Automobile Industry is consistently growing supported by increase in domestic demand and availability of skilled manpower at a cost comparatively lower than developed countries. It is evident beyond doubt that investment in new technologies, manufacturing facilities and skills development will be in that part of the world where large population driven markets have developed and more and more highly competitive goods and services will emanate from such locations, like India.

## OPPORTUNITIES AND THREATS

### Opportunities:

- Introduction of MUV / SUVs at different price points and features has opened up new sub-categories leading to varied demand of auto components.
- 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.
- Smaller sized Commercial vehicles for small trips and small weight adds to more numbers.
- 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.
- Re-emergence of Scooters is likely to add to the overall two-wheeler demand.
- The impetus to domestic manufacturing by way of the 'Make in India' campaign is capable of rejuvenating domestic demand across.

- Increased thrust on Infrastructure and Mining Sector revival are two key opportunities for growth in Commercial vehicles.

### Threats:

- Exports to Europe can be jeopardized by continuous depreciation of Euro.
- Global pressure for more Free Trade arrangements can lead to tariff reduction which may flood domestic markets with imports from countries with access to better R & D and Technology.
- 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.

## CURRENT YEAR OUTLOOK

Auto industry like all others, is waiting for good times. The lack of adequate demand in the last festive season and increase in Excise Duty w.e.f. 1st January 2015 has dampened the spirits. Improvement in Auto spares demand suggests more organized fleet renewal. Revival of Scooters as a category is also a good sign. The big push awaited is towards Infrastructure and Mining revival.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has institutionalized proper and adequate internal control systems to ensure that Company's assets are safeguarded and protected and all transactions are authorized, recorded and reported correctly. A well-defined program of internal audits and management reviews commensurate with the size and nature of the business supplement the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose.

The Company in addition to employing qualified and experience professionals has an Audit Committee comprising of Independent, Non-Executive and professionally qualified Directors which interacts

with the Statutory Auditors and Internal Auditors, wherever required. The Committee mainly deals with accounting matters, financial reporting and internal controls. During the year under review, the Committee met 4 times. The Company has continued its efforts to align all its processes and controls with the best practices in the industry.

### FINANCIAL AND OPERATIONAL PERFORMANCE

During the financial year 2014-15, your Company achieved total revenue from operations of ₹32,149.81 lacs than the previous year figure of ₹30,136.37 lacs on stand-alone basis. Earning before Taxes has been ₹1,307.80 lacs as against ₹1,743.57 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 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.

## 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.

With the advent of the Companies Act, 2013 constitution of a Corporate Social Responsibility Committee of the Board and formulation of a Corporate Social Responsibility Policy became a mandatory requirement. Therefore, Talbros Automotive Components Limited (TACL) has formulated a CSR Policy which encompasses its philosophy and guides its sustained efforts for undertaking and supporting socially useful programs for the welfare and sustainable development of the weaker section of the society. The Policy inter-alia is a commitment to support initiatives that measurably promote Education of Children and for Socio Economic Development as notified under Schedule VII of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

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 [www.talbro.com/csr-policy-2](http://www.talbro.com/csr-policy-2).

2. The composition of the CSR Committee.

The CSR Committee consists of:

Mr. Umesh Talwar, Chairman

Mr. Amit Burman, Independent Director

Mr. Navin Juneja, Director and Group CFO

3. Average net profit of the company for last three financial years.

Average net profit: ₹8,19,01,782

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

The Company was required to spend ₹16,38,035

5. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year ₹16,40,000

(b) Amount unspent, if any: None

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

(1) Sl No	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken.	(5) Amount outlay (budget) project or programs wise (₹)	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	(7) Cumulative Expenditure up to the reporting period (₹)	(8) Amount Spent Direct or through implementing agency* (₹)
1.	Donation/Contribution received for Prime Minister's National Relief Fund	Socio- Economic Development and Relief	PMNRF, Prime Minister's Office, New Delhi -110011	11,40,000	11,40,000	11,40,000	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	Spent Through Savera Association

Sd/-

Umesh Talwar

Vice Chairman & Managing Director &

Chairman- CSR Committee

## Annexure II

Form No. MR-3  
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

*[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 31.03.2015 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 31.03.2015 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, 2009\*;
- (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\* and
- (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.

Sd/-

**KIRAN SHARMA**

FCS No. 4942

C P No. 3116

Place: New Delhi

Date: 8th May, 2015

## Annexure III

## 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.**

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	Details
	Name of the subsidiary	-
	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-
	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
	Share capital	-
	Reserves & surplus	-
	Total assets	-
	Total Liabilities	-
	Investments	-
	Turnover	-
	Profit before taxation	-
	Provision for taxation	-
	Profit after taxation	-
	Proposed Dividend	-
	% of shareholding	-

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.



## Part "B": Associates and Joint Ventures

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

Sl. No.	Particulars	Joint Ventures			Associates	
		Nippon Leakless Talbro Pvt Ltd.	Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	Talbro Marugo Rubber Pvt. Ltd.	QH Talbro Ltd.	Talbro International Ltd.
1	Latest Audited Balance Sheet date	31.03.2015	31.03.2015	31.03.2015	31.03.2014	31.03.2014
2	Details of Associates / Joint Ventures where shares held by the Company					
	Total shares issued by the Associates/ Joint Venture	12000000	14060000	17000002	3000000	5000000
	Number of shares held by the company	4800000	7030000	8500000	177962	326092
	Amount of Investment in Associates/ Joint Venture (in ₹)	4,80,00,000	7,03,00,000	8,50,00,000	32,45,680	2,25,00,284
	Extend of Holding % in the Associates/ Joint Venture	40%	50%	50%	5.93%	6.52%
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 ₹)	14,26,25,328	4,52,46,270	6,90,24,405	6,05,38,145	55,22,087
6	Profit/Loss for the year After Tax (in ₹)	15,21,20,140	(3,07,70,909)	(80,58,192)	12,74,49,460	1,76,73,856
i.	Considered in consolidation	6,08,48,056	(1,53,85,454)	(40,29,096)	-	-
ii.	Not considered in consolidation	9,12,72,084	(1,53,85,455)	(40,29,096)	-	-

## Annexure IV

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]

Additional information as required under read with Rules therein, forming part of the Directors' Report for the year ended March 31, 2015.

**A) Conservation of Energy**

- i) The steps taken or impact on conservation of energy
- AC driver in 500 ton and 110 ton presses.
  - Install energy efficient tube lights (LED 3 type) for plant office and shed
  - Install energy efficient lights (LED type) for street light.
- ii) The steps taken by the company for utilizing alternate sources of energy.
- None
- iii) The capital investment on energy conservation equipments
- ₹10.00 lacs.

**B) Technology Absorption**

- i) The efforts made towards technology absorption
- Developing Heat Shield Technologies with Sanwa Packing Industry of Japan through Technical Assistance Agreement.
  - Development of Gasket technologies and Materials to meet the sealing requirement of New Generation Engines.
- ii) The benefits derived like product improvement, cost reduction,

product development or import substitution.

- Introduction of New Products (sealing products) for Domestic and Overseas Customers.
  - Introduction of Heat Shields for OEM customers for their new vehicles, projects.
  - Indigenization of raw materials & localization of gaskets & heat shields for domestic and overseas customers.
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
- (i) The details of technology imported - Technology for Manufacture of Heat-Shield.
- (ii) The year of import - 2011.
- (iii) Whether the technology been fully absorbed – As our Heat Shield project is in the process of being set up, the technology absorption is happening concurrently.
- (iv) If not fully absorbed areas where absorption has not taken place and the reasons thereof, and - As Explained above.
- (v) the expenditure incurred on Research and Development - ₹198.89 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	2014-15	2013-14
Foreign Exchange Earnings	7091.59	7100.15
Foreign Exchange Outgo (Imports)	6080.80	5342.37

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

(₹ in lacs)		
Particulars	Current year	Previous Year
Power & Fuel Consumption		
1. Electricity		
(a) Purchased from Caparo Power Ltd.	91.44	97.71
Unit consumed (In lacs)		
Total Amount (In lacs)	1099.35	1209.92
Rate ₹/Unit	12.02	12.38
(b) Own Generation		
Through Captive Power Plant (HFO Based)		
Furnace Oil ₹/Litre	44.28	44.28
Unit (KWH in lacs)	1.91	0.35
Total amount (In ₹)	26.21	4.81
Cost ₹/Unit	13.72	13.44
Purchased from DHBVNL		
Unit Consumed (In lacs)	0.47	
Total Amount (In lacs)	14.37	
Cost ₹/Unit	30.57	

For and on behalf of the Board

**NARESH TALWAR**  
Chairman

Place: New Delhi  
Date: May 22, 2015

## Annexure V

**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 the full year ended March 31st 2015, who were in receipt of the remuneration which in the aggregate was not less than ₹60,00,000/- p.a.

Sl. No.	Employee Name	Designation	Gross Remuneration (₹)	Qualification	Total Exp.in Yrs.	Date of Commencement of Employment	Age in Yrs.	Last Employer & Designation held
1	Mr. Rajeev Pal Gupta	CEO	97,86,396/-	BE, Executive Management Programme	31	20.05.2013	52	COO, Subros Ltd.

## Annexure VI

### 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 – 19:1</li> <li>- Ratio of the remuneration of Mr. Varun Talwar to the median remuneration of the employees – 16:1</li> <li>- Ratio of the remuneration of Mr. Anuj Talwar -16:1</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. Rajeev Pal Gupta (CEO) - 10%</li> <li>- Mrs. Seema Narang (CS) - 16%</li> </ul>												
(iii)	Percentage increase in the median remuneration of employees in the financial year.	10.40%												
(iv)	Number of permanent employees on the rolls of company	656												
(v)	Explanation on the relationship between average increase in remuneration and company performance	<p>Average increase in remuneration – 10.40%</p> <p>Average increase in Profit before Tax – 8.59%</p>												
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	<table> <thead> <tr> <th>KMP</th><th>Remuneration (in lacs)</th><th>Company Performance (PBT) (in lacs)</th></tr> </thead> <tbody> <tr> <td>Mr. Rajeev Pal Gupta</td><td>97.86</td><td>1307.80</td></tr> <tr> <td>Mr. Manvinder Singh Ajmani</td><td>45.23</td><td></td></tr> <tr> <td>Mrs. Seema Narang</td><td>20.19</td><td></td></tr> </tbody> </table>	KMP	Remuneration (in lacs)	Company Performance (PBT) (in lacs)	Mr. Rajeev Pal Gupta	97.86	1307.80	Mr. Manvinder Singh Ajmani	45.23		Mrs. Seema Narang	20.19	
KMP	Remuneration (in lacs)	Company Performance (PBT) (in lacs)												
Mr. Rajeev Pal Gupta	97.86	1307.80												
Mr. Manvinder Singh Ajmani	45.23													
Mrs. Seema Narang	20.19													
(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.	<p>Variations in the market capitalisation</p> <ul style="list-style-type: none"> <li>- Market capitalisation as at 31st March, 2014 – ₹49.01 crores</li> <li>- Market capitalisation as at 31st March, 2015 – ₹174.01 Crores</li> </ul> <p>Variations in the PE Ratio</p> <ul style="list-style-type: none"> <li>- PE Ratio as at 31st March, 2014 : 3.11</li> <li>- PE Ratio as at 31st March, 2015 : 17.44</li> </ul>												

## Annexure VII

FORM NO. MGT.9  
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

*[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 : Talbros 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

## 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	75
2	Manufacturing of Forgings	2591	21

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

Sl. No.	Name and Address of the company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Nippon Leakless Talbros Pvt Ltd.	U29199HR2005PTC035653	Joint Venture	Nil	2(6)
2	Magneti Marelli Talbros Chassis Systems Pvt Ltd	U34300HR2012PTC044985	Joint Venture	Nil	2(6)
3	Talbros Marugo Rubber Pvt Ltd	U25200HR2012PTC046820	Joint Venture	Nil	2(6)
4.	QH Talbros Limited	U31909HR1980PLC010226	Associate	21.37	2(6)
5.	Talbros International Ltd	U74999HR1994PLC032202	Associate	5.23	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	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1745048	0	1745048	14.13	1123781	0	1123781	9.10	(5.03)
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.	3296758	0	3296758	26.70	3822470	0	3822470	30.96	4.26
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other..	1269022	0	1269022	10.28	1706939	0	1706939	13.83	3.55
<b>Sub-total (A) (1):-</b>	<b>6310828</b>	<b>0</b>	<b>6310828</b>	<b>51.12</b>	<b>6653190</b>	<b>0</b>	<b>6653190</b>	<b>53.89</b>	<b>2.77</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>6310828</b>	<b>0</b>	<b>6310828</b>	<b>51.12</b>	<b>6653190</b>	<b>0</b>	<b>6653190</b>	<b>53.89</b>	<b>2.77</b>
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	43607	1750	45357	0.37	16141	1750	17891	0.14	(0.23)
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)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>293607</b>	<b>1750</b>	<b>295357</b>	<b>2.39</b>	<b>266141</b>	<b>1750</b>	<b>267891</b>	<b>2.17</b>	<b>(0.22)</b>
2. Non-Institutions									
a) Bodies Corp.	1269169	40107	1309276	10.61	1074838	40107	1114945	9.03	(1.58)
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 upto ₹1 lakh	2042046	348485	2390531	19.36	2273218	338279	2611497	21.15	1.79
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1594340	0	1594340	12.91	1131585	0	1131585	9.17	(3.74)
c) Others (specify)									
Non Resident Indians	42745	41675	84420	0.68	178635	41675	220310	1.78	1.10
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



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	
Clearing Members	6589	0	6589	0.05	19245	0	19245	0.16	0.11
Trusts	27462	0	27462	0.22	140	0	140	0	(0.22)
<b>Sub-total (B)(2):-</b>	<b>4982351</b>	<b>757094</b>	<b>5739445</b>	<b>46.49</b>	<b>4677661</b>	<b>746888</b>	<b>5424549</b>	<b>43.94</b>	<b>(2.55)</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>5275958</b>	<b>758844</b>	<b>6034802</b>	<b>48.88</b>	<b>4943802</b>	<b>748638</b>	<b>5692440</b>	<b>46.11</b>	<b>(2.77)</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>11586786</b>	<b>758844</b>	<b>12345630</b>	<b>100.00</b>	<b>11596992</b>	<b>748638</b>	<b>12345630</b>	<b>100.00</b>	<b>0</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
2	Mr. Naresh Talwar	422299	3.42	0	422299	3.42	0	0
	<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</b>

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	-	-	-	-
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/ decrease	-	-	-	-
At the end of the year	-	-	-	-

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

Sl. No.	Shareholder's Name	Shareholding		Increase/ Decrease in Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-14)/ end of the year (31-03-2015)	% of total shares of the company			No. of shares	% of total shares of the company
1.	QH TALBROS LIMITED	2295322	18.59	15000	Market Buy	2310322	18.71
				10000	Market Buy	2320322	18.79
				10000	Market Buy	2330322	18.88
				10000	Market Buy	2340322	18.96
				10100	Market Buy	2350422	19.04
				10000	Market Buy	2360422	19.12
				14000	Market Buy	2374422	19.23
				7005	Market Buy	2381427	19.29
				7000	Market Buy	2388427	19.35
				10000	Market Buy	2398427	19.43
				10000	Market Buy	2408427	19.51
				9130	Market Buy	2417557	19.58

Sl. No.	Shareholder's Name	Shareholding		Increase/ Decrease in Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-14)/ end of the year (31-03-2015)	% of total shares of the company			No. of shares	% of total shares of the company
				10000	Market Buy	2427557	19.66
				15250	Market Buy	2442807	19.79
				10000	Market Buy	2452807	19.87
				5000	Market Buy	2457807	19.91
				15000	Market Buy	2472807	20.03
				11000	Market Buy	2483807	20.12
				10000	Market Buy	2493807	20.20
				7005	Market Buy	2500812	20.26
				10140	Market Buy	2510952	20.34
				7100	Market Buy	2518052	20.40
				9685	Market Buy	2527737	20.47
				10000	Market Buy	2537737	20.56
				5000	Market Buy	2542737	20.60
				5315	Market Buy	2548052	20.64
				5000	Market Buy	2553052	20.68
				5000	Market Buy	2558052	20.72
				10006	Market Buy	2568058	20.80
				5000	Market Buy	2573058	20.84
				10000	Market Buy	2583058	20.92
				10000	Market Buy	2593058	21.00
				5000	Market Buy	2598058	21.04
				5200	Market Buy	2603258	21.09
				10045	Market Buy	2613303	21.17
				5000	Market Buy	2618303	21.21
				7020	Market Buy	2625323	21.27
				10014	Market Buy	2635337	21.35
		2637684	21.37	2347	Market Buy	2637684	21.37
2.	SHASHI TALWAR	194855	1.58	46000	Off market Sale	148855	1.20
				46000	Off market Sale	102855	0.83
		649122	5.26	546267	Transmission	649122	5.26
3.	TALBROS INTERNATIONAL LIMITED	462706	3.75	91675	Off market Purchase	554381	4.49
				83500	Off market Purchase	637881	5.17
		646056	5.23	8175	Off market Purchase	646056	5.23
4.	TALBROS MOTORS PVT LTD	538730	4.36	-	Nil Movement during the year	538730	4.36
		538730	4.36				
5.	KUMKUM TALWAR	450079	3.65	-	Nil Movement during the year	450079	3.65
		450079	3.65				
6.	BIMPI TALWAR	341197	2.76	-	Nil Movement during the year	341197	2.76
		341197	2.76				

Sl. No.	Shareholder's Name	Shareholding		Increase/ Decrease in Shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01-04-14)/ end of the year (31-03-2015)	% of total shares of the company			No. of shares	% of total shares of the company
7.	BLAUSTERN INDIA SALES PRIVATE LIMITED	323000	2.62	-	Nil Movement during the year	323000	2.62
		323000	2.62				
8.	GENERAL INSURANCE CORPORATION OF INDIA	229000	1.85	-	Nil Movement during the year	229000	1.85
		229000	1.85				
9.	NAKUL TALWAR	267401	2.17	37500	Off market Sale	229901	
		192401	1.56	37500	Off market Sale	192401	1.56
10.	KRINSHAW HOLDINGS LIMITED	143500	1.16		Nil Movement during the year	143500	1.16
		143500	1.16				

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

Sl. No.	Shareholder's Name	Shareholding		Increase/ Decrease in Shareholding	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year(01-04-14)/ end of the year (31-03-2015)	% 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	783	0.01	Nil Movement during the year	783	0.01
7	Amit Burman	2627	0.02	Nil Movement during the year	2627	0.02
8	Rajeev Pal Gupta	-	0.00	Nil Movement during the year	-	0.00
9	Manvinder Singh Ajmani	-	0.00	Nil Movement during the year	-	0.00
10	Seema Narang	-	0.00	Nil Movement during the year	-	0.00

## V. INDEBTEDNESS

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

Sl. No.	Secured Loans (Long Term)	Secured Loans (Short Term)	Unsecured Loans (Short Term)	Deposits (Long term)	Deposits (Short Term)	Total Indebtness
Indebtness at the beginning of the financial year						
i) Principal Amount	29,24,67,791.00	67,04,63,855.00	8,00,00,000.00	10,81,06,000.00	1,94,65,000.00	1,17,05,02,646.00
ii) Interest due but not paid	20,53,504.18	-	9,452.05	-	-	20,62,956.23
iii) Interest accrued but not due	-	3,23,007.00	-	1,08,70,756.95	-	1,11,93,763.95
Total (i+ii+iii)	29,45,21,295.18	67,07,86,862.00	8,00,09,452.05	11,89,76,756.95	1,94,65,000.00	1,18,37,59,366.18
Change in Indebtness during the financial year						
Addition	10,75,00,000.00	8,46,32,720.00	2,91,60,000.00	1,71,00,000.00	50,00,000.00	24,33,92,720.00
Reduction	12,30,15,615.18	3,23,007.00	3,00,09,452.05	4,56,56,756.95	86,00,000.00	20,76,04,831.18
Net Change	(1,55,15,615.18)	8,43,09,713.00	(8,49,452.05)	(2,85,56,756.95)	(36,00,000.00)	3,57,87,888.82
Indebtness at the end of the financial						
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	-	7,42,237.00	83,63,455.00	-	1,00,02,774
Total (i+ii+iii)	27,99,02,761.54	75,91,96,488.00	7,99,02,237.00	9,87,83,455.00	1,58,65,000.00	1,23,36,49,941.54

## 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. Varun Talwar	Mr. Anuj Talwar	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40,80,000	34,68,000	34,68,000	1,10,16,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,56,767	39,600	1,71,600	3,67,967
	(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	3,87,996	3,44,796	3,44,796	10,77,588
	<b>Total (A)</b>	<b>46,24,763</b>	<b>38,52,396</b>	<b>39,84,396</b>	<b>1,24,61,555</b>
	Ceiling as per the Act	10% of Net Profit from all Executive Directors-Managing and Whole-time Directors 5% of Net Profit to anyone Managing or Whole-time 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	
1.	Independent Directors							
	• Fee for attending board & committee meetings	-	60,000	1,60,000	1,60,000	20,000	1,20,000	5,20,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	-	60,000	1,60,000	1,60,000	20,000	1,20,000	5,20,000
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
	Total (B) = (1 + 2)	1,20,000	60,000	1,60,000	1,60,000	20,000	1,20,000	6,40,000
	Total Managerial Remuneration							
	Overall Ceiling as per the Act							

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. R. P. Gupta (CEO)	Mr. Manvinder Singh Ajmani (CFO)	Mrs. Seema Narang (Company Secretary)	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	85,10,820	39,65,492	16,65,778	1,41,42,090
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,00,900	70,177	32,400	3,03,477
	(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	4,75,200	2,16,000	1,11,048	8,02,248
	Provident Fund, Superannuation fund				
	<b>Total (A)</b>	<b>91,86,920</b>	<b>42,51,669</b>	<b>18,09,226</b>	<b>1,52,47,815</b>

**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-Executives and Independent Directors with one woman Director who are eminent persons with professional expertise and valuable

experience in their respective areas of specialization and bring a wide range of skills and expertise to the Board. As on March 31, 2015 the composition of the Board of Directors of the Company meets the stipulated requirements of clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

The Board comprises of 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 clause 49).

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

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

Name of the Directors	Category	Number of Directorships and Committee Memberships/ Chairmanships as on March 31, 2015		
		Other Directorships##	Committee Memberships	Committee Chairmanship
Mr. Naresh Talwar Chairman	Promoter, Non-Executive	2	-	-
Mr. Umesh Talwar Vice Chairman & Managing Director	Promoter, Executive	2	-	-
Mr. Varun Talwar Joint Managing Director	Executive	1	-	-
Mr. Anuj Talwar	Executive	2	-	-
Mr. Navin Juneja	Non Executive	1	-	-
Mr. Anil Kumar Mehra	Independent	4	-	-
Mr. Rajive Sawhney	Independent	-	-	-
Mr. V. Mohan	Independent	5	-	1
Mr. Amit Burman	Independent	6	4	-
Mr. R. R. Vederah	Independent	5	4	-
Ms. Pallavi Sadanand Poojari *	Independent	-	-	-
Mr. Vidur Talwar *	Non-Executive Non- Independent	4	1	-

### Note:

# The committees considered for the purpose are those prescribed under clause 49(II)(D)(2) of the Listing Agreement 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.

\* Ms. Pallavi Sadanand Poojari and Mr. Vidur Talwar were appointed as additional Directors with effect from 12th February, 2015 and hold office upto the date of ensuing Annual General Meeting (AGM).

## Meetings and Attendance

During the year ended March 31, 2015 six meetings of the Board of Directors were held on the following dates:

(i) April 2, 2014 (ii) May 26, 2014 (iii) August 14, 2014 (iv) October 6, 2014 (v) November 7, 2014 (vi) February 12, 2015.

The 57th Annual General Meeting (AGM) was held on September 12, 2014.

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	5	No
Mr. Umesh Talwar Vice Chairman & Managing Director	Promoter, Executive	6	Yes
Mr. Varun Talwar Joint Managing Director	Executive	6	Yes
Mr. Anuj Talwar	Executive	6	Yes
Mr. Navin Juneja	Non Executive	6	Yes
Mr. Anil Kumar Mehra	Independent	6	No
Mr. Rajive Sawhney	Independent	1	No
Mr. V. Mohan	Independent	2	Yes
Mr. Amit Burman	Independent	6	No
Mr. R. R. Vederah	Independent	6	No
Ms. Pallavi Sadanand Poojari *	Independent	-	-
Mr. Vidur Talwar *	Non-Executive	1	-

\* Ms. Pallavi Sadanand Poojari and Mr. Vidur Talwar were appointed as additional Directors with effect from 12th February, 2015 and hold office upto the date of ensuing Annual General Meeting (AGM).

### Separate Meeting of Independent Directors

As required under the relevant provisions of the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors was held on 12th February, 2015 for familiarization of independent Directors with respect to role and responsibilities under the Companies Act, 2013 and under the listing agreement with the stock exchanges 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 weblink:

<http://www.talbro.com/PDF/Talbro-Independent-Directors-familiarisation-programmes.pdf>

## 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 the Listing Agreement.

The Chairman of the Audit Committee was present in the last Annual General Meeting held on September 12, 2014.

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

- Reviewing the Company's financial reporting process and its financial statement.
- Reviewing the financial and accounting policies and practices and compliance with applicable accounting standards.
- Reviewing reports furnished by internal and statutory auditors.
- Recommending appointment of statutory auditors, internal auditors and cost auditors.
- Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- Evaluating the adequacy of internal controls and its effectiveness.
- 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 the listing agreement 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 5 members all being Non-Executive Directors, 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, 2015, four meetings of the Audit Committee were held on the following dates:

- (i) May 26, 2014 (ii) August 14, 2014 (iii) November 7, 2014 (iv) February 12, 2015.

The attendance of each Audit Committee Member is as under:

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

### (ii) Nomination & Remuneration Committee

The Board of Directors in its meeting held on 2nd April 2014 changed the name of Remuneration Committee to Nomination & Remuneration Committee in alignment with the Companies Act, 2013.

Terms of Reference of the Nomination and Remuneration Committee are as per the guidelines set out in the Companies Act, 2013 the listing agreement that inter alia includes:

- formation of policy 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.
- 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.

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 2 meetings of Nomination & Remuneration Committee were held on 7th November, 2014 & 12th February 2015. The detail of attendance of each Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. Anil Kumar Mehra	2
Mr. Rajive Sawhney	-
Mr. V. Mohan	1
Mr. Amit Burman *	2

\* Mr. Amit Burman was appointed as member of the Nomination & Remuneration Committee with effect from 6th October, 2014.

### 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 Clause 49 of the Listing Agreement, 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 as 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, Mr. Varun Talwar, Joint Managing Director and Mr. Anuj Talwar, Executive Director of the Company were paid remuneration and perquisites during the year under review as per the details given hereunder:

	Mr. Umesh Talwar	Mr. Varun Talwar	Mr. Anuj Talwar
	₹	₹	₹
Basic Salary	24,00,000	20,40,000	20,40,000
Allowance & Perquisites	21,85,163	19,04,800	19,04,796
<b>Total</b>	<b>45,85,163</b>	<b>39,44,800</b>	<b>39,44,796</b>

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

Other terms and conditions:

	Mr. Umesh Talwar	Mr. Varun Talwar	Mr. Anuj Talwar
Term of Appointment	Three years, from 01.04.2015 to 31.03.2018	Three years, from 01.09.2013 to 31.08.2016	Three years, from 14.08.2012 to 13.08.2015

### Non Executive Directors

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

Audit Committee Meeting. 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

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the listing Agreement, the Board on 2nd April 2014 has renamed the existing Investors' Grievance Committee to Stakeholders' Relationship Committee in alignment with Companies Act, 2013.

Terms of Reference of the Stakeholders' Relationship Committee has been revised as per the guidelines set out in the listing agreement with the Bombay Stock Exchange Limited and National Stock Exchange Limited 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.

### 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, 2015, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

(i) May 26, 2014 (ii) August 14, 2014 (iii) November 7, 2014 (iv) February 12, 2015

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

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

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	121
Number of Shareholders Complaints solved to the satisfaction of Shareholders	121
Number of Shareholders Complaints pending as on 31.03.2015	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 and the Listing Agreements with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The Company has provided an exclusive email ID i.e. [seema\\_narang@talbros.com](mailto: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

The Board of Directors of the Company at its meeting held on 2nd April 2014 constituted a new committee of the Board as Corporate Social Responsibility (CSR) Committee.

Terms of Corporate Social Responsibility (CSR) Committee are as

per the provisions of Section 135 of The Companies Act, 2013 and listing agreement with Stock Exchanges 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 two meeting of the committee held on 14th August, 2014 and 12th February, 2015.

## 4. GENERAL BODY MEETINGS

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

Financial Year	2011-12	2012-13	2013-14
Location	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
Date and Time	September 03, 2012 (Monday), 10.30 A.M	September 16, 2013 (Monday), 10.30 A.M	September 12, 2014 (Friday), 10.30 A.M.
Type of resolutions passed			
Special Resolution Passed	None	<ol style="list-style-type: none"><li>1. To approve a contract of providing Management Support Services to Talbros Marugo Rubber Pvt Ltd.</li><li>2. To approve a contract of Sale/ Purchase with Talbros Marugo Rubber Pvt Ltd.</li><li>3. Appointment of Mr. Umesh Talwar as Vice Chairman and Managing Director</li><li>4. Appointment of Mr. Varun Talwar as Joint Managing Director and CEO – Forging Division</li><li>5. Appointment of Mr. Anuj Talwar as Executive Director.</li></ol>	<ol style="list-style-type: none"><li>1. To approve acceptance of Deposits from public and/ or members of the Company.</li><li>2. To approve an agreement for sale of Company's product namely Gaskets, Forgings &amp; other Auto parts to QH Talbros Ltd.</li><li>3. To approve a Trademark License Agreement with QH Talbros Ltd.</li><li>4. To approve an agreement with Nippon Leakless Talbros Pvt Ltd for purchase and/ or sale of Tyre Sealant &amp; other production inputs.</li><li>5. To approve an agreement with Nippon Leakless Talbros Pvt Ltd for sale/ purchase of gaskets to each other.</li><li>6. To approve borrowing limits of Company</li><li>7. To approve providing security in connection with borrowings of the Company.</li></ol>

## Postal Ballot

During the year, a Special Resolution for re- appointment of Mr. Umesh Talwar as Vice Chairman & Managing Director for a period of 3 years with effect from 1st April, 2015 was passed by the Shareholders of the Company through Postal Ballot.

In the Postal Ballot conducted pursuant to Clause 35B of the Listing Agreement, the Company had also offered e-voting facility, through Karvy Computershare Private Limited, as an alternate, to enable the shareholders to cast their votes electronically.

The Board had appointed Mrs. Kiran Sharma, Practicing Company Secretary, as the scrutinizer to conduct the Postal Ballot process. The results of the postal ballot were declared on 7th February, 2015. Details of the voting pattern were as under:

Description of Resolution	No. of total valid Postal Ballot Forms/ e-votes received	Votes Cast (No. of Shares)	
		For	Against
Re- appointment of Mr. Umesh Talwar as Vice Chairman & Managing Director for a period of 3 years w.e.f 1st April, 2015.	302	6203999	0

## 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/>

### Accounting Standards

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

### Risk Management

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

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

## Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities relating to the above during the financial year. The Company has complied with all Accounting Standards issued by the Institute of Chartered Accountants of India.

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 will facilitate 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 and Senior Management. The Code has been circulated to all employees and also posted on Company's website [www.talbro.com](http://www.talbro.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.

### Code of Conduct

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

### 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 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, 2015,

## Managing Director/ CFO certification

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

Compliance of the Requirements of Clause 49 of the Listing Agreement

The Company has complied with all the applicable mandatory requirements of clause 49 of the Listing Agreement and the non-mandatory provisions have been adopted wherever necessary.

## 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.com](http://www.talbro.com):** Detailed information on the Company's business and products; quarterly/ half yearly/ nine months and annual financial results are displayed on the Company's website. The Company's website [www.talbro.com](http://www.talbro.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) 58th Annual General Meeting

The 58th Annual General Meeting will be held on Friday 25th September, 2015 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 18, 2015 to September 25, 2015 (both days inclusive).

### Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2015	2nd week of August, 2015
July – September 2015	2nd week of November, 2015
October – December 2015	2nd week of February, 2016
January – March 2016	4th week of May, 2016

### (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 2015-2016 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

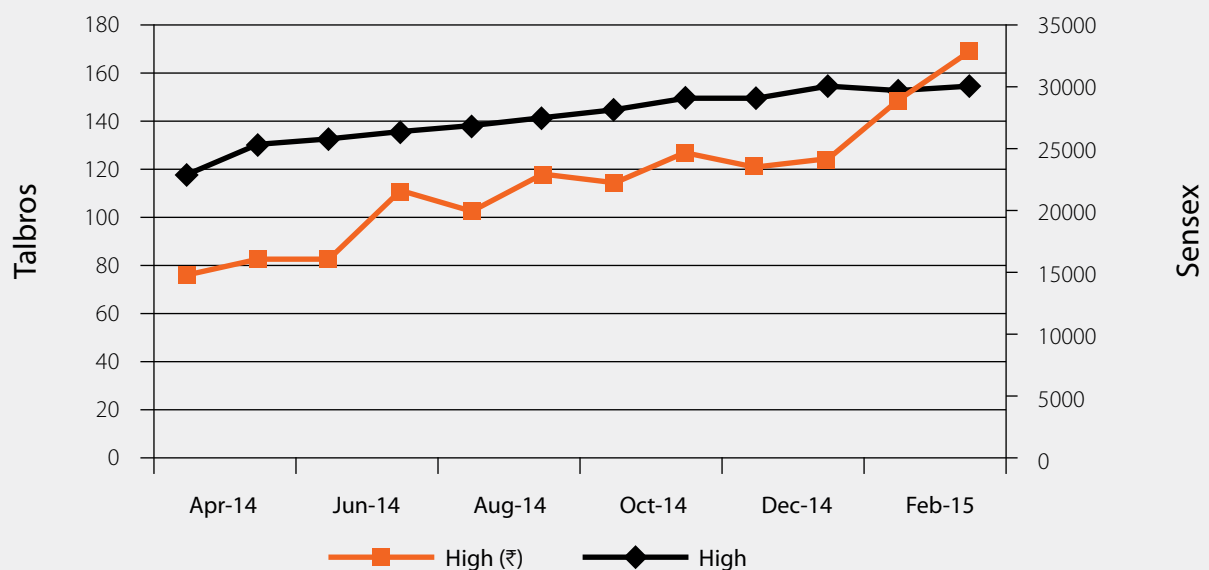
Months	Share Price at BSE		Share Price at NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2014	76.25	39.90	76.00	39.20
May 2014	82.95	50.00	82.45	48.70
June 2014	82.00	63.20	82.00	61.35
July 2014	110.70	81.15	111.40	81.50
August 2014	102.20	72.80	102.40	72.20
September 2014	117.90	82.70	117.90	82.00
October 2014	113.50	96.80	113.45	96.20
November 2014	126.70	101.80	127.00	102.00
December 2014	120.00	90.00	119.95	90.00
January 2015	123.00	95.10	121.45	98.50
February 2015	147.30	104.80	147.50	106.00
March 2015	168.90	128.00	168.90	127.15

Performance of TALBROS Share price in comparison to:

## BSE SENSEX

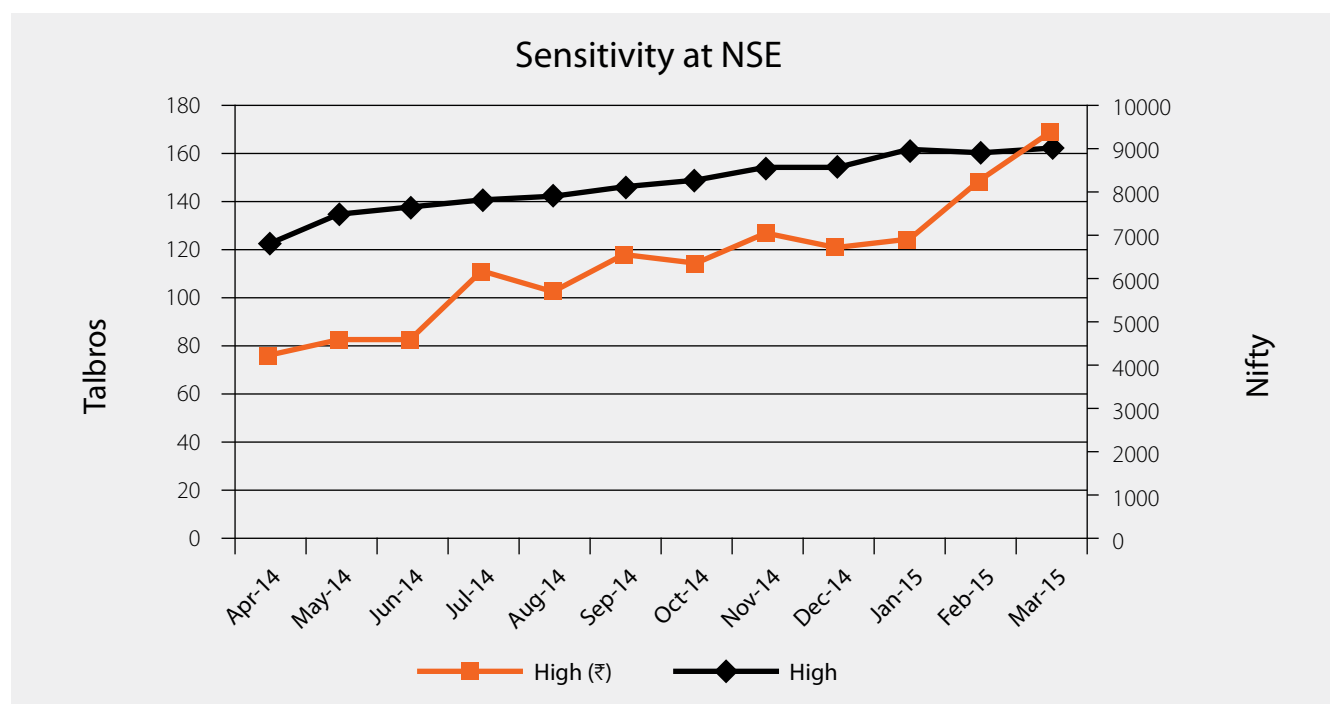
Months	Share Price		Sensex	
	High (₹)	Low (₹)	High	Low
April 2014	76.25	39.9	22,939.31	22,197.51
May 2014	82.95	50	25,375.63	22,277.04
June 2014	82	63.2	25,725.12	24,270.20
July 2014	110.7	81.15	26,300.17	24,892.00
August 2014	102.2	72.8	26,674.38	25,232.82
September 2014	117.9	82.7	27,354.99	26,220.49
October 2014	113.5	96.8	27,894.32	25,910.77
November 2014	126.7	101.8	28,822.37	27,739.56
December 2014	120	90	28,809.64	26,469.42
January 2015	123	95.1	29,844.16	26,776.12
February 2015	147.3	104.8	29,560.32	28,044.49
March 2015	168.9	128	30,024.74	27,248.45

## Sensitivity at BSE



## NIFTY

Months	Share Price		Nifty	
	High (₹)	Low (₹)	High	Low
April 2014	76.00	39.20	6869.85	6650.40
May 2014	82.45	48.70	7563.50	6638.55
June 2014	82.00	61.35	7700.05	7239.50
July 2014	111.40	81.50	7840.95	7422.15
August 2014	102.40	72.20	7968.25	7540.10
September 2014	117.90	82.00	8180.20	7841.80
October 2014	113.45	96.20	8330.75	7723.85
November 2014	127.00	102.00	8617.00	8290.25
December 2014	119.95	90.00	8626.95	7961.35
January 2015	121.45	98.50	8996.60	8065.45
February 2015	147.50	106.00	8941.10	8470.50
March 2015	168.90	127.15	9119.20	8264.15



### (xiii) Registrar & Transfer Agents

For Shares held in Physical as well as Electronic Mode

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)



**(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, 2015**

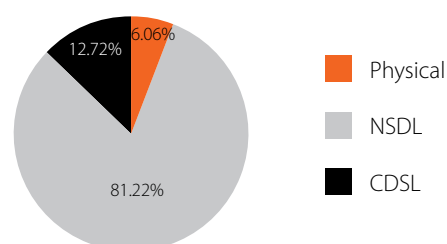
Category ( Amount)		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	16134	93.73%	1344484	10.89%
5001	10000	551	3.20%	432639	3.50%
10001	20000	244	1.42%	357509	2.90%
20001	30000	84	0.49%	213892	1.73%
30001	40000	46	0.27%	161622	1.31%
40001	50000	37	0.21%	174585	1.41%
500001	100000	45	0.26%	336722	2.73%
100001	Above	73	0.42%	9324177	75.53%
<b>Total</b>		<b>17214</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, 2015 is as follows:

Category	No. of shareholders	No. of Equity Shares	% of Capital
Physical	4676	748638	6.06
NSDL	9213	10026978	81.22
CDSL	3325	1570014	12.72
<b>Total</b>	<b>17214</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, 2015.

**(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, Uttarakhand -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

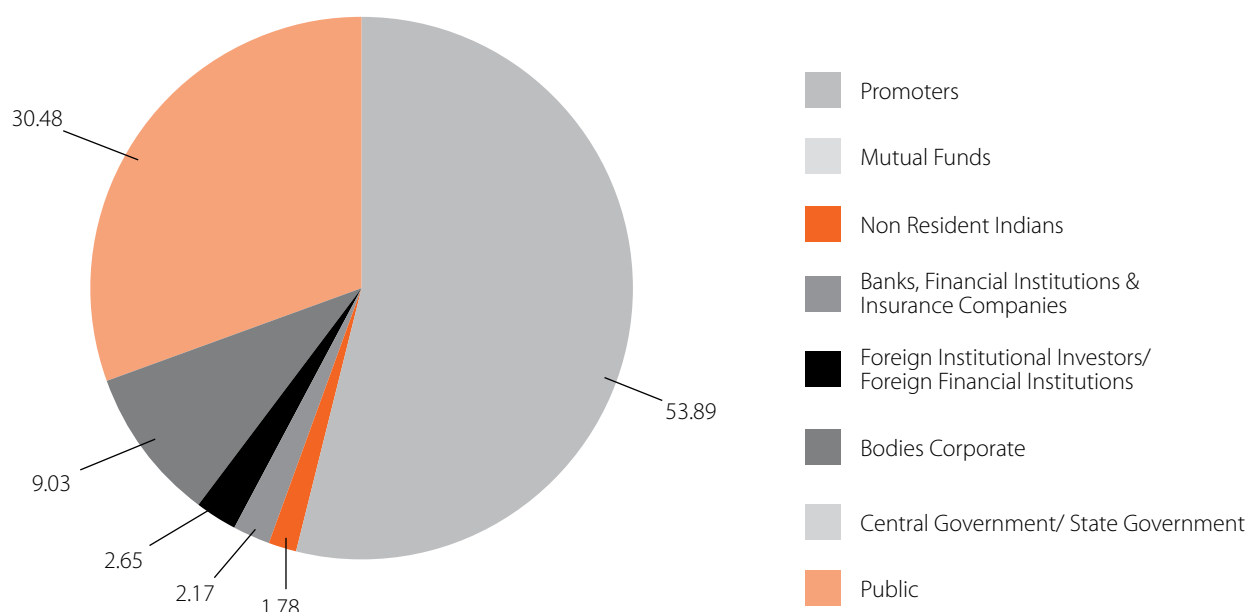
Talbro Automotive Components Ltd.  
14/1, Delhi Mathura Road, Faridabad –121003  
Tel: +91-129- 4294189/ 4294182/ 4047694  
Fax: +91-129-2277240  
Email: seema\_narang@ talbros.com

#### 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@talbros.com

#### (xv) Shareholding Pattern as on March 31, 2015

Category	No. of Shares	% to equity
Promoters	6653190	53.89
Mutual Funds	-	-
Non Resident Indians	220310	1.78
Banks, Financial Institutions & Insurance Companies	267891	2.17
Foreign Institutional Investors/ Foreign Financial Institutions	326827	2.65
Bodies Corporate	1114945	9.03
Central Government/ State Government	-	-
Public	3762467	30.48
<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
2007-08	29.09.2008	27.10.2015
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

Members who have not encashed their dividend warrants so far in respect of dividend 2007-08 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 20, 2015.

### Unclaimed Shares

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

Sr. No	Particulars	Number of Shareholders	Number of Shares
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year 1st April, 2014	866	124767
2.	Shareholders to whom certificates despatched during the year 2014-15 but return undelivered;	NIL	NIL
3.	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	19	1640
4.	Number of shareholders to whom shares were transferred from suspense account during the year;	19	1640
5.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. 31st March, 2015.	847	123127

### Nomination

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

## Declaration for Code of Conduct

As provided under clause 49 of the Listing agreement with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2015.

For Talbros 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 22, 2015

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

To the members of

**Talbro Automotive Components Limited**

We have examined the compliance of the conditions of Corporate Governance by Talbro Automotive Components Limited for the year ended March 31, 2015 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

We 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/-

**(S. K. Khattar)**

Partner

Membership. No. 84993

Place: New Delhi

Date: May 22, 2015

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

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

- 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 22, 2015

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

Sd/-  
**Manvinder Singh Ajmani**  
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, 2015, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Chennai and 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 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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, 2015 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 two branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of ₹31,10,44,366/- as at March 31, 2015 and total

revenues of ₹64,65,30,311/- for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

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, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - (c) The reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
  - (d) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
  - (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, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act; 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 29 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

(S. K. Khattar)  
Partner  
Membership. No. 84993

Place: New Delhi  
Date: May 22, 2015



ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED FOR THE YEAR ENDED MARCH 31, 2015

- 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.
- ii) (a) As explained to us, the inventories of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year, except for materials lying with third parties for which certificates confirming stocks held by them have been obtained in most of the cases.
- (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) As informed to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3(iii) (a) and (b) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 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 Companies Act, 2013 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 on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2015, for a period of more than six months from the date they became payable except for value added tax payable of ₹2,10,512.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax or cess which have not been deposited on account of any dispute except for the following:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (₹)	Forum where dispute is pending
Central Excise Act, 1944	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	Deputy Commissioner of Sales Tax, Pune
Employee State Insurance Act, 1948	ESI Demand	1995-99	8,01,587	Civil Judge, Gurgaon
Employee State Insurance Act, 1948	ESI Demand	2007-2009	33,27,524	Civil Judge, Gurgaon
Income Tax Act, 1961	Income Tax Demand	2004-05	4,47,739	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

(c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.

viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.

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

x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

xi) To the best of our knowledge and belief and according to

the information and explanations given to us, the term loans availed by the Company were applied for the purposes for which the loans were obtained.

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

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

(S. K. Khattar)  
Partner  
Membership. No. 84993

Place: New Delhi  
Date: May 22, 2015

## BALANCE SHEET AS AT MARCH 31, 2015

(Amount in ₹)

Particulars	Note No.	As at March 31, 2015		As at March 31, 2014	
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	2	12,34,56,300		12,34,56,300	
Reserves and Surplus	3	1,09,44,30,941	1,21,78,87,241	1,01,69,34,002	1,14,03,90,302
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	22,97,14,660		25,21,68,096	
Deferred Tax Liabilities (Net)	5	5,94,39,962		5,61,59,588	
Other Long Term Liabilities	6	27,36,000		59,58,578	
Long Term Provisions	7	3,75,55,413	32,94,46,035	3,78,53,196	35,21,39,458
<b>Current Liabilities</b>					
Short Term Borrowings	8	85,01,21,575		76,99,28,855	
Trade Payables	9	75,03,76,929		62,89,12,603	
Other Current Liabilities	10	29,29,99,539		25,87,70,847	
Short Term Provisions	11	2,50,03,569	1,91,85,01,612	1,91,16,004	1,67,67,28,309
<b>TOTAL</b>			<b>3,46,58,34,888</b>		<b>3,16,92,58,069</b>
<b>ASSETS:</b>					
<b>Non-Current Assets</b>					
Fixed Assets	12				
-Tangible Assets		88,21,13,630		87,37,34,382	
-Intangible Assets		1,29,86,237		1,47,32,422	
-Capital Work in Progress		4,63,67,892		3,83,33,118	
-Intangible Assets under Development		38,47,150	94,53,14,909	-	92,67,99,922
Non Current Investments	13		26,04,41,542		21,54,41,494
Long Term Loans and Advances	14		11,44,02,001		10,18,25,683
Other Non Current Assets	15		49,25,002		29,50,784
<b>Current Assets</b>					
Inventories	16	1,13,68,08,350		97,33,87,499	
Trade Receivables	17	66,90,22,216		63,38,48,134	
Cash and Bank Balances	18	5,41,16,863		4,66,63,993	
Short Term Loans and Advances	19	27,23,15,601		25,98,38,269	
Other Current Assets	20	84,88,404	2,14,07,51,434	85,02,291	1,92,22,40,186
<b>TOTAL</b>			<b>3,46,58,34,888</b>		<b>3,16,92,58,069</b>
<b>Summary of Significant Accounting Policies</b>	1				

The accompanying Notes are an integral part of the Financial Statements

(SEEMA NARANG)  
Company Secretary(MANVINDER SINGH AJMANI)  
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: 22.05.2015(S.K. Khattar)  
Partner  
Membership No. 84993

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(Amount in ₹)

Particulars	Note No.	Year Ended March 31, 2015		Year Ended March 31, 2014	
<b>INCOME</b>					
Revenue from Operations (Gross)	21	3,36,36,38,656		3,17,26,96,162	
Less: Excise Duty		25,52,49,278	3,10,83,89,378	22,88,22,633	2,94,38,73,529
Other Income	22		10,65,92,242		6,97,64,467
<b>Total Revenue</b>			<b>3,21,49,81,620</b>		<b>3,01,36,37,996</b>
<b>EXPENSES</b>					
Cost of Raw Materials Consumed	23		1,71,03,60,060		1,56,95,39,640
Purchase of Stock -in-Trade			2,07,90,113		1,62,93,880
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24		(10,73,44,634)		62,82,209
Employee Benefits Expense	25		42,33,24,174		37,16,60,204
Finance Costs	26		17,53,95,384		18,29,87,195
Depreciation and Amortisation Expense	27		8,03,03,628		8,84,83,888
Other Expenses	28		76,26,86,652		69,21,01,508
<b>Total Expenses</b>			<b>3,06,55,15,377</b>		<b>2,92,73,48,524</b>
<b>Profit before exceptional items and Tax</b>			<b>14,94,66,243</b>		<b>8,62,89,472</b>
Exceptional items	29		(1,86,86,122)		8,80,67,548
<b>Profit before Tax</b>			<b>13,07,80,121</b>		<b>17,43,57,020</b>
<b>Tax Expense:</b>					
Current Tax / MAT		2,76,00,000		3,00,00,000	
MAT Credit Entitlement		-		(1,65,00,000)	
Deferred Tax		32,80,374		(49,72,804)	
Tax adjustments of prior years (net)		1,14,443	3,09,94,817	81,46,115	1,66,73,311
<b>Profit for the Year</b>			<b>9,97,85,304</b>		<b>15,76,83,709</b>
<b>Earnings per Share (Face Value ₹10)</b>					
Basic and Diluted Earnings per Share (₹)	47		<b>8.08</b>		<b>12.77</b>
<b>Summary of Significant Accounting Policies</b>	1				

The accompanying Notes are an integral part of the Financial Statements

(SEEMA NARANG)  
Company Secretary(MANVINDER SINGH AJMANI)  
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: 22.05.2015(S.K. Khattar)  
Partner  
Membership No. 84993

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>A. Cash flows from Operating Activities</b>		
<b>a. Net Profit before exceptional items and tax</b>	<b>14,94,66,243</b>	<b>8,62,89,472</b>
Adjustments for:		
Depreciation and Amortisation	8,03,03,628	8,84,83,888
Interest Expense	17,53,95,384	18,29,87,195
Foreign Exchange Fluctuation	61,79,114	19,99,263
Interest Income	(1,16,11,195)	(1,25,00,662)
Dividend Income	(4,16,22,384)	(3,37,32,721)
Loss /Profit on Sale of Assets	(11,58,918)	(13,72,303)
Provision for doubtful receivables	38,33,744	21,13,19,374
<b>b. Operating profit before Working Capital changes</b>	<b>36,07,85,616</b>	<b>31,31,94,938</b>
Adjustments for:		
Current Assets, Loans and advances (Current & Non-Current)	(8,41,77,248)	(6,15,91,086)
Inventories	(16,34,20,851)	1,00,62,679
Current Liabilities (Current & Non-Current)	16,10,87,459	(8,65,10,640)
<b>c. Cash generated from Operations</b>	<b>27,42,74,976</b>	<b>22,96,70,932</b>
Direct Taxes (paid) / refund	(2,04,71,186)	(3,64,18,730)
<b>Cash flows before exceptional items</b>	<b>25,38,03,790</b>	<b>19,32,52,202</b>
<b>Exceptional items</b>		
Terminal Benefits - Chennai Employees	(1,86,86,122)	-
<b>Net Cash generated from operating activities (A)</b>	<b>23,51,17,668</b>	<b>19,32,52,202</b>
<b>B. Cash flows from Investing Activities</b>		
Proceeds from sale of Fixed Assets	58,87,536	58,15,886
Movement in Inter-Corporate Deposits	1,90,00,000	(30,00,000)
Interest Received	1,16,25,082	1,32,54,537
Dividends Received	4,16,22,384	3,37,32,721
Purchase of Fixed Assets	(11,72,78,648)	(10,08,50,133)
Investments made	(4,50,00,048)	(3,99,27,307)
<b>Cash flows before exceptional items</b>	<b>(8,41,43,694)</b>	<b>(9,09,74,296)</b>
<b>Exceptional items</b>		
Proceeds from sale of Fixed Assets (not in use)	-	9,86,51,680
<b>Net Cash (used in) / generated from investing activities (B)</b>	<b>(8,41,43,694)</b>	<b>76,77,384</b>
<b>C. Cash flows from Financing Activities</b>		
Interest Paid	(17,45,84,130)	(18,45,22,315)
Movement in Other Bank Balances	(1,41,42,847)	21,07,845
Proceeds from Borrowings	17,27,53,038	12,57,08,126
Repayment of Borrowings	(12,41,79,419)	(13,53,66,336)
Dividends Paid	(1,49,92,826)	(1,48,70,385)
Dividend Tax Paid	(25,17,768)	(24,03,324)
<b>Net Cash flow from Financing Activities (C)</b>	<b>(15,76,63,952)</b>	<b>(20,93,46,389)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>	<b>(66,89,978)</b>	<b>(84,16,803)</b>
Cash and Cash Equivalents as at:		
-the beginning of the year	2,07,68,059	2,91,84,862
-the end of the year	1,40,78,082	2,07,68,059

Note :- The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3, "Cash Flow Statements". Previous year figures have been regrouped wherever necessary.

(SEEMA NARANG)  
Company Secretary

(MANVINDER SINGH AJMANI)  
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: 22.05.2015

(S.K. Khattar)  
Partner  
Membership No. 84993

## Notes to the Financial Statements for the year ended March 31, 2015

### 1. Summary of Significant Accounting Policies

#### a) Accounting Convention:

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

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

#### e) Fixed Assets

##### i) Tangible

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

##### ii) Intangible

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

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

#### f) Accounting Policy for 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

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.

## Notes to the Financial Statements for the year ended March 31, 2015

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

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

Leasehold Land is amortized over the period of the lease.

Technical know how fee is amortized over the period of agreement but not exceeding ten years starting from the use of technical know how. Expenditure on Major Software Products is written off over a period of 36 months from the month put to use except Forging Division where the Software Products are written off over a period of 60 months from the month put to use.

### g) Revenue Recognition:

- 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 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.
- 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.
- 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.
- Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

## Notes to the Financial Statements for the year ended March 31, 2015

### j) Borrowing Costs:

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

### k) Leases

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

### l) Deferred Tax

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

### o) Financial Instruments

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



## Notes to the Financial Statements for the year ended March 31, 2015

### 2. Share Capital :

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>Authorised Share Capital:</b>		
2,00,00,000 Equity Shares of ₹10/- each	20,00,00,000	20,00,00,000
(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 31.03.2015	%	No. of Shares as at 31.03.2014
QH Talbros Ltd.	21.37	26,37,684	18.59	22,95,322
Shashi Talwar	5.26	6,49,122	1.58	1,94,855
Talbros International Ltd.	5.23	6,46,056	3.75	4,62,706

### 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		51,38,470	
Less: Transferred to Statement of Profit and Loss as reduction from depreciation	-	50,68,880	69,590	50,68,880
General Reserve				
As per last Balance Sheet	3,98,22,715		3,48,22,715	
Add: Transferred from Surplus balance in the Statement of Profit and Loss	50,00,000	4,48,22,715	50,00,000	3,98,22,715
Surplus balance in Statement of Profit and Loss				
As per last Balance Sheet	50,26,91,133		36,73,39,948	
Profit for the Year	9,97,85,304		15,76,83,709	
Less:- Allocations and Appropriations				
Proposed Dividend	1,85,18,445		1,48,14,756	
₹1.50 per share (Previous Year ₹1.20 per share)				
Corporate Dividend Tax	37,69,920		25,17,768	
Transferred to General Reserve	50,00,000	57,51,88,072	50,00,000	50,26,91,133
<b>Total</b>		<b>1,09,44,30,941</b>		<b>1,01,69,34,002</b>

### 4. Long Term Borrowings :

(Amount in ₹)

	Non-Current portion		Current Maturities		Total	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>Secured, unless otherwise stated</b>						
a) <b>Term Loans:</b>						
From Banks						
* State Bank of India	-	-	-	6,74,07,000	-	6,74,07,000
# Yes Bank	-	5,62,50,000	-	62,50,000	-	6,25,00,000
** IndusInd Bank	1,03,25,000	3,86,25,000	2,83,00,000	2,11,75,000	3,86,25,000	5,98,00,000
Against Security of Movable Fixed Assets on Hire Purchase Basis	39,28,602	80,06,064	61,10,000	79,60,474	1,00,38,602	1,59,66,538
	1,42,53,602	10,28,81,064	3,44,10,000	10,27,92,474	4,86,63,602	20,56,73,538

## Notes to the Financial Statements for the year ended March 31, 2015

## 4. Long Term Borrowings : (contd.)

(Amount in ₹)

	Non-Current portion		Current Maturities		Total	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
From Others						
*** Bajaj Finance Ltd.	6,28,36,190	7,31,52,032	2,00,29,980	1,36,42,221	8,28,66,170	8,67,94,253
**** Tata Capital Financial Services Ltd.	11,40,74,067	-	3,25,92,600	-	14,66,66,667	-
Kotak Mahindra Finance Ltd.						
(Against Security of Movable Fixed Assets on Hire Purchase Basis)	4,99,801	-	3,09,440	-	8,09,241	-
b) Deposits (Unsecured)						
Fixed Deposits						
- From Directors	5,00,000	10,00,000	5,00,000	-	10,00,000	10,00,000
- From Public	3,75,51,000	7,51,35,000	5,18,69,000	3,19,71,000	8,94,20,000	10,71,06,000
Total	22,97,14,660	25,21,68,096	13,97,11,020	14,84,05,695	36,94,25,680	40,05,73,791
Amount disclosed under the head "Other Current Liabilities (Note no. 10)			13,97,11,020	14,84,05,695		

## Notes:-

- \* Term Loan from State Bank of India carrying rate of interest @13.65% per annum was secured by first exclusive charge over the fixed assets at the Sitarganj Plant including Land & Building and was further secured by personal guarantee of two directors.
- \*\* Term Loan from IndusInd Bank carrying rate of interest @ base rate plus 1 % per annum is secured by first charge by way of hypothecation over specific assets created out of the Term Loan both present and future, second pari passu charge over entire current assets of the Company both present and future and personal guarantee of two directors.
- \*\*\* 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 Yes Bank carrying rate of interest @ base rate plus 1.65% p.a. was secured by way of exclusive charge on all the assets financed by bank located anywhere and second pari passu charge on all the current assets of the Company both present and future and personal guarantee of three directors.
- \*\*\*\* Term Loan from Tata Capital Financial Services Limited carrying rate of interest @ 11.50% per annum is to be 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

Particulars	Maturity profile of Long Term Borrowings					Total
	2015-16	2016-17	2017-18	2018-19	2019-20 & Thereafter	
From Banks						
Indusind Bank	2,83,00,000	1,03,25,000	-	-	-	3,86,25,000
Against Security of Movable Fixed Assets on Hire Purchase Basis	61,10,000	32,50,350	6,78,252	-	-	1,00,38,602
From Others						
Bajaj Finance Ltd.	2,00,29,980	2,25,06,383	2,48,05,854	1,45,94,007	9,29,946	8,28,66,170
Tata Capital Financial Services Ltd.	3,25,92,600	3,25,92,600	3,25,92,600	3,25,92,600	1,62,96,267	14,66,66,667
Deposits (Unsecured)	5,23,69,000	2,18,26,000	1,62,25,000	-	-	9,04,20,000
Against Security of Movable Fixed Assets on Hire Purchase Basis	3,09,440	3,44,777	1,55,024	-	-	8,09,241
Total	13,97,11,020	9,08,45,110	7,44,56,730	4,71,86,607	1,72,26,213	36,94,25,680

## Notes to the Financial Statements for the year ended March 31, 2015

### 5. Deferred Tax Liabilities (Net)

(Amount in ₹)

	Deferred Tax Assets / (Liabilities) As at 31.03.2014	(Charge) / Credit during the year	Deferred Tax Assets / (Liabilities) As at 31.03.2015
The deferred tax assets / (liabilities) comprise of the following :			
Depreciation	(7,48,60,481)	(52,76,329)	(8,01,36,810)
Disallowances u/s 43B	1,36,92,412	6,92,866	1,43,85,278
Provision for doubtful receivables / advances	50,08,481	13,03,089	63,11,570
<b>Total</b>	<b>(5,61,59,588)</b>	<b>(32,80,374)</b>	<b>(5,94,39,962)</b>

### 6. Other Long Term Liabilities

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
Security Deposits	27,36,000	27,36,000
Enhanced cost of Land payable to HSIIDC	-	32,22,578
<b>Total</b>	<b>27,36,000</b>	<b>59,58,578</b>

### 7. Long-Term Provisions :

Provision for Leave Encashment	1,37,76,795	98,35,571
Provision for Gratuity	2,37,78,618	2,80,17,625
<b>Total</b>	<b>3,75,55,413</b>	<b>3,78,53,196</b>

### 8. Short Term Borrowings:

<b>Secured, unless otherwise stated</b>		
<b>a) Working Capital Loans</b>		
<b>From Banks</b>		
State Bank of India*	29,62,97,085	30,28,19,274
ICICI Bank*	3,84,56,721	2,17,43,303
State Bank of Patiala*	4,99,53,451	4,94,18,997
IndusInd Bank*	11,98,17,940	11,83,81,852
HDFC Bank Ltd.**	12,14,02,782	9,89,40,064
HDFC Bank Ltd.(Unsecured)	-	3,00,00,000
DBS Bank Ltd****	5,30,00,000	-
Punjab National Bank*	4,97,86,590	4,99,62,795
Yes Bank*	2,63,82,006	2,91,97,570
<b>From Others</b>		
Bajaj Finance Ltd. (Unsecured)***	5,00,00,000	5,00,00,000
Tata Capital Financial Services Ltd. (Unsecured)***	2,91,60,000	-
<b>b) Deposits (Unsecured)</b>		
Fixed Deposits from Public	8,65,000	94,65,000
Inter Corporate Deposit	1,50,00,000	1,00,00,000
<b>Total</b>	<b>85,01,21,575</b>	<b>76,99,28,855</b>

#### Notes:-

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

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

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

\*\*\*\* Working Capital Loan from DBS Bank Limited is to be secured by way of first pari-passu charge on all the current assets of the company. Further, secured by second pari-passu charge on entire fixed assets (including land & building at Faridabad & Chennai or other locations) of the company and personal guarantee of two directors of the company.

## Notes to the Financial Statements for the year ended March 31, 2015

## 9. Trade Payables:

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
Acceptances	30,34,75,717	25,18,37,119
Trade Payables (Refer Note no. 37)	44,69,01,212	37,70,75,484
<b>Total</b>	<b>75,03,76,929</b>	<b>62,89,12,603</b>

## 10. Other Current Liabilities:

Current Maturities of Long Term Borrowings	13,97,11,020	14,84,05,695
Interest accrued but not due on Borrowings	1,00,02,774	1,11,98,248
Interest accrued and due on Borrowings	40,99,913	20,58,472
Liability towards Investors Education and Protection Fund*		
-Unclaimed Dividend	16,66,184	18,44,254
-Unclaimed Matured Deposits	11,63,220	16,34,220
-Interest accrued on Unclaimed Matured Deposits	1,93,608	2,28,321
-Unclaimed Fractional Shares	3,087	3,087
Employee Related Payables	6,60,28,801	3,33,65,505
Statutory Liabilities	2,75,61,037	2,46,16,937
Advance Received from Customers	1,84,95,483	1,88,74,632
Enhanced cost of Land payable to HSIIDC	66,07,829	69,67,836
Others	1,74,66,583	95,73,640
<b>Total</b>	<b>29,29,99,539</b>	<b>25,87,70,847</b>

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

## 11. Short-Term Provisions :

Leave Encashment	27,15,204	17,83,480
Proposed Dividend	1,85,18,445	1,48,14,756
Corporate Dividend Tax	37,69,920	25,17,768
<b>Total</b>	<b>2,50,03,569</b>	<b>1,91,16,004</b>

## 12. Fixed Assets

(Amount in ₹)

Description	Gross Block			Depreciation / Amortisation				Net Block	
	Cost as at 01.04.2014	Additions during the year	Deductions during the year	Cost as at 31.03.2015	As at 01.04.2014	For the year	Deductions during the year	Upto 31.03.2015	As at 31.03.2015
<b>(i) Tangible Assets</b>									
Land									
-Freehold *	5,19,13,544	-	-	5,19,13,544	-	-	-	-	5,19,13,544
-Leasehold	4,13,98,978	-	-	4,13,98,978	25,82,437	4,59,800	-	30,42,237	3,83,56,741
Buildings	30,13,74,730	3,94,36,220	-	34,08,10,949	8,20,94,395	1,23,82,355	-	9,44,76,750	24,63,34,200
Plant, Machinery & Equipments	85,93,79,516	3,78,32,524	5,15,363	89,66,96,677	41,15,30,945	3,66,80,426	4,42,126	44,77,69,245	44,89,27,432
Motor Vehicles **	8,05,73,939	61,01,595	1,67,19,106	6,99,56,428	4,20,28,032	91,91,733	1,22,13,115	3,90,06,650	3,09,49,778
Furniture & Fixtures	3,67,76,648	18,57,250	11,22,561	3,75,11,337	2,21,61,741	71,57,101	10,26,521	2,82,92,321	92,19,017
Office Equipments	2,55,73,127	21,69,982	4,93,508	2,72,49,601	1,40,57,386	67,64,105	4,40,287	2,03,81,204	68,68,396
Electrical Installation	6,97,60,176	41,11,582	2,47,952	7,36,23,806	2,42,60,422	44,26,881	2,47,822	2,84,39,481	4,51,84,325
Air-Conditioning Plant	78,11,888	-	-	78,11,888	26,85,178	9,95,374	-	36,80,552	41,31,336
Tube-Well	10,51,423	-	-	10,51,423	4,79,231	3,43,331	-	8,22,562	2,28,861
<b>Total</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>1,43,69,871</b>	<b>66,59,11,002</b>	<b>88,21,13,630</b>
<b>Previous Year</b>	<b>1,47,72,07,715</b>	<b>8,25,80,546</b>	<b>8,41,74,292</b>	<b>1,47,56,13,969</b>	<b>58,68,20,305</b>	<b>8,45,98,493</b>	<b>6,95,39,031</b>	<b>60,18,79,767</b>	<b>87,37,34,382</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.

\*\* Includes cost of Vehicles ₹2,70,94,118 (Previous Year ₹2,77,85,465) acquired under hire purchase arrangement.

<b>(ii) Intangible Assets</b>									
Computer Software	1,94,26,031	1,56,337	-	1,95,82,368	1,76,60,664	8,28,984	-	1,84,89,648	10,92,720
Technical Know-How	4,71,60,636	-	-	4,71,60,636	3,41,93,581	10,73,538	-	3,52,67,119	1,18,93,517
<b>Total</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>Previous Year</b>	<b>6,00,65,845</b>	<b>65,20,822</b>	<b>-</b>	<b>6,65,86,667</b>	<b>4,78,99,260</b>	<b>39,54,985</b>	<b>-</b>	<b>5,18,54,245</b>	<b>1,47,32,422</b>
<b>iii) Capital Work In Progress</b>									
Capital work in progress									4,63,67,892
<b>iv) Intangible Assets Under Development</b>									
Computer Software									38,47,150

## Notes to the Financial Statements for the year ended March 31, 2015

### 13. Non-Current Investments:

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>Unquoted : At Cost</b>		
<b>a) Trade Investments:</b>		
<b>In Joint Ventures</b>		
-Nippon Leakless Talbros Pvt. Ltd		
48,00,000 Equity Shares (Previous year 48,00,000 Equity Shares) of ₹10/- each fully paid up	4,80,00,000	4,80,00,000
- Magneti Marelli Talbros Chassis Systems Pvt.Ltd.		
70,30,000 Equity Shares (Previous year 50,30,000 Equity Shares) of ₹10/- each fully paid up	7,03,00,000	5,03,00,000
Share Application Money	-	1,00,00,000
- Talbros Marugo Rubber Pvt. Ltd.		
85,00,000 Equity Shares (Previous year 55,00,000 Equity Shares) of ₹10/- each fully paid up	8,50,00,000	5,50,00,000
Share Application Money	-	1,00,00,000
<b>In Associates</b>		
QH Talbros Limited		
1,77,962 Equity Shares (Previous year 1,77,962 Equity Shares) of ₹10/- each fully paid	32,45,680	32,45,680
Talbros International Ltd.		
5,43,484 Equity Shares (Previous year 3,26,092 Equity Shares) of ₹10/- each fully paid	3,75,00,332	2,25,00,284
<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)	1,14,71,340	1,14,71,340
of ₹10/- each fully paid up		
2,54,920, 2% Cumulative Redeemable Preference Shares (Previous year 2,54,920 Shares)	25,49,200	25,49,200
of ₹10/- each fully paid up		
<b>In Mutual Funds</b>		
1,00,000 units (Previous Year 1,00,000 units )of ₹10/- each	10,00,000	10,00,000
of SBI Infrastructure Fund-1-Growth		
<b>Total</b>	<b>26,04,41,542</b>	<b>21,54,41,494</b>
Notes:		
Book Value of Unquoted Investments	26,04,41,542	21,54,41,494
Net Asset value of Mutual Funds	11,77,770	7,60,840

### 14. Long Term Loans and advances :

Unsecured, considered good		
Capital Advances	2,04,22,645	66,91,410
Security deposits	1,40,00,327	79,21,670
Advance Tax (net of provision)	59,53,447	68,82,156
MAT Credit Entitlement (Refer note no.48)	7,40,25,582	8,03,30,447
<b>Total</b>	<b>11,44,02,001</b>	<b>10,18,25,683</b>

### 15. Other Non-Current Assets

Bank Deposits with more than 12 months maturity	49,25,002	29,50,784
(Under Lien with Bank)		
<b>Total</b>	<b>49,25,002</b>	<b>29,50,784</b>

### 16. Inventories:

(Valued at lower of cost or net realisable value unless otherwise stated)		
Raw Material (Includes in transit ₹8,10,27,152; Previous year ₹5,73,33,089)	34,96,29,971	29,27,86,446
Work in Progress	44,98,95,458	35,55,10,785
Finished Goods	15,67,34,799	14,31,74,554
Stock in Trade	1,52,612	7,52,896
Stores & Spares (Includes in transit ₹12,77,568; Previous year ₹9,63,399)	18,03,95,510	18,11,62,818
<b>Total</b>	<b>1,13,68,08,350</b>	<b>97,33,87,499</b>

#### 16.1 Work in Progress:

Gaskets	37,48,69,723	28,16,98,746
Forgings	7,50,25,735	7,38,12,039
<b>Total</b>	<b>44,98,95,458</b>	<b>35,55,10,785</b>

## Notes to the Financial Statements for the year ended March 31, 2015

## 17. Trade Receivables:

(Amount in ₹)

	As at March 31, 2015		As at March 31, 2014	
Unsecured:				
Outstanding for a period exceeding six months from the due date of payment				
- Considered Good	4,13,03,622		4,02,77,804	
- Considered Doubtful	84,09,151	4,97,12,773	72,09,295	4,74,87,099
Others : Considered Good		62,77,18,594		59,35,70,330
		67,74,31,367		64,10,57,429
Less : Provision for Doubtful Trade Receivables		84,09,151		72,09,295
<b>Total</b>		<b>66,90,22,216</b>		<b>63,38,48,134</b>

## 17.1 Trade Receivables from Private Companies in which Directors are interested

Talbro Marugo Rubber Pvt. Ltd.	23,03,100		7,67,700
<b>Total</b>	<b>23,03,100</b>		<b>7,67,700</b>

## 18. Cash and Bank Balances :

(a) Cash and Cash Equivalents			
Balances with Banks	93,05,976		1,58,18,581
Cash on hand	47,72,106		45,73,717
Cheques in hand	-		3,75,761
	1,40,78,082		2,07,68,059
(b) Other Bank Balances			
Margin Money (pledged with banks)	92,96,490		1,03,86,065
Bank Deposits	2,90,75,459		1,36,64,383
Earmarked balances with Banks for Unclaimed Dividend	16,66,832		18,45,487
	4,00,38,781		2,58,95,934
<b>Total</b>	<b>5,41,16,863</b>		<b>4,66,63,993</b>

## 19. Short Term Loans and Advances :

Unsecured, considered good unless otherwise stated			
Loans and Advances to Related Parties	4,26,89,702		5,09,79,666
Inter Corporate Deposits	5,40,00,000		7,30,00,000
Advances recoverable in cash or in kind or for value to be received			
- Considered Good	8,73,06,079		5,87,79,721
- Considered Doubtful	91,27,864		75,25,864
	9,64,33,943		6,63,05,585
Less : Provision for Doubtful Advances	91,27,864	8,73,06,079	75,25,864
Balances with Central Excise & Other Authorities			
- Considered Good	8,77,47,735		7,64,97,283
- Considered Doubtful	10,31,888		-
	8,87,79,623		7,64,97,283
Less : Provision for Doubtful Receivables	10,31,888	8,77,47,735	-
Claims Receivable		5,72,085	5,81,599
<b>Total</b>		<b>27,23,15,601</b>	<b>25,98,38,269</b>

## 19.1 Advances to Related Parties include:

QH Talbro Ltd.	-		50,17,965
Magneti Marelli Talbro Chassis Systems Private Limited	4,26,89,702		4,59,61,701
<b>Total</b>	<b>4,26,89,702</b>		<b>5,09,79,666</b>

## 20. Other Current Assets :

Interest accrued on deposits	84,88,404		85,02,291
<b>Total</b>	<b>84,88,404</b>		<b>85,02,291</b>

## Notes to the Financial Statements for the year ended March 31, 2015

### 21. Revenue from Operations :

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
Sale of Products	3,24,11,54,432	3,04,97,79,540
Sale of Services	85,40,478	69,43,522
Other Operating Revenues	11,39,43,746	11,59,73,099
	3,36,36,38,656	3,17,26,96,161
Less: Excise Duty	25,52,49,278	22,88,22,633
<b>Total</b>	<b>3,10,83,89,378</b>	<b>2,94,38,73,528</b>

#### 21.1 Revenue from Operations (Gross) include:

Gaskets	2,54,07,99,465	2,38,80,96,498
Forgings	70,30,09,445	66,40,13,389
IT Services	-	2,13,160
Management Fees	30,00,000	30,00,000
Others	11,68,29,746	11,73,73,114
<b>Total</b>	<b>3,36,36,38,656</b>	<b>3,17,26,96,161</b>

### 22. Other Income:

Interest Income on :		
-Inter Corporate Deposits	79,44,150	93,31,201
-Fixed Deposits with Banks	33,09,746	24,07,328
-Others	3,57,299	7,62,133
Dividend Income from:		
- Long Term Trade Investments	4,13,33,886	3,36,88,981
- Long Term Non-Trade Investments	2,88,498	43,740
Royalty	1,07,51,000	1,06,80,000
Lease Rentals	1,22,87,501	1,11,55,200
Net Gain on Foreign Currency Transactions & Translation	2,87,35,110	-
Profit on Sale of Fixed Assets (Net)	11,58,918	13,72,303
Miscellaneous Income	4,26,134	3,23,581
<b>Total</b>	<b>10,65,92,242</b>	<b>6,97,64,467</b>

### 23. Cost of Raw Materials Consumed:

Cost of Materials Consumed	1,71,03,60,060	1,56,95,39,640
<b>Total</b>	<b>1,71,03,60,060</b>	<b>1,56,95,39,640</b>

#### 23.1 Cost of Raw Materials consumed include

Tinplate/P.C.R.C./Steel	47,77,46,438	44,28,41,625
Jointing	47,63,92,735	39,97,74,190
Forging Steels	36,19,20,821	28,26,47,426
Bought out components & parts	12,88,45,029	14,20,41,138
Others	26,54,55,037	30,22,35,261
<b>Total</b>	<b>1,71,03,60,060</b>	<b>1,56,95,39,640</b>
<b>(b) Purchases of Stock-in -Trade</b>		
Dyna Bond	2,07,90,113	1,62,93,880
<b>Total</b>	<b>2,07,90,113</b>	<b>1,62,93,880</b>

## Notes to the Financial Statements for the year ended March 31, 2015

## 24. Changes in Inventories of Finished Goods, Work in Progress &amp; Stock-In-Trade :

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>Closing 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>
Less :		
<b>Opening Inventories</b>		
Finished Goods	14,31,74,554	16,66,06,636
Work-In-Progress	35,55,10,785	33,84,38,773
Stock in Trade	7,52,896	6,75,035
	49,94,38,235	50,57,20,444
<b>(Increase) / Decrease in inventories of Finished Goods, Work in Progress &amp; Stock in Trade</b>	<b>(10,73,44,634)</b>	<b>62,82,209</b>

## 25. Employee benefits expense :

Salaries and Wages	35,11,13,452	31,26,21,549
Contribution to Provident and other Funds	3,93,15,719	3,06,97,531
Staff Welfare Expenses	3,28,95,003	2,83,41,124
<b>Total</b>	<b>42,33,24,174</b>	<b>37,16,60,204</b>

## 26. Finance Costs :

Interest Expense	16,01,84,230	16,70,22,860
Other Borrowing Cost	1,52,11,154	1,59,64,335
<b>Total</b>	<b>17,53,95,384</b>	<b>18,29,87,195</b>

## 27. Depreciation and Amortisation expense :

Depreciation (Refer note no. 40)	7,84,01,106	8,45,98,493
Less:- Transfer from Revaluation Reserve	-	69,590
	7,84,01,106	8,45,28,903
Amortisation	19,02,522	39,54,985
<b>Total</b>	<b>8,03,03,628</b>	<b>8,84,83,888</b>

## 28. Other expenses :

Consumption of Stores & Spares parts	21,88,87,081	17,20,18,625
Labour & Processing Charges	2,29,91,286	4,53,52,415
Royalty	23,06,190	16,74,970
Power & Fuel	16,60,74,091	15,96,31,184
Rent	59,54,465	13,82,673
Repairs to Buildings	35,30,300	55,14,669
Repairs to Plant & Machinery	3,21,40,091	2,64,87,079
Repairs to other Assets	75,47,142	63,34,984
Insurance	58,65,658	71,51,513
Travelling, Tour & Conveyance	5,17,73,854	4,85,57,726
Discount on Sales	5,02,52,638	4,25,54,776
Sales Promotion expenses	3,01,27,884	2,93,22,074
Packing, Freight & Forwarding	9,07,89,775	9,03,30,507
Rates and taxes	27,19,738	27,97,343
Corporate Social Responsibility Expenditure (refer note no. 44 )	16,40,000	-
Provision for Doubtful debts / Advances	38,33,744	10,40,806
Excise duty on Increase/(Decrease ) of Finished Goods	7,80,149	(35,60,138)
Net Loss on Foreign Currency Transactions & Translation	-	6,10,518
Miscellaneous expenses	6,54,72,566	5,48,99,784
<b>Total</b>	<b>76,26,86,652</b>	<b>69,21,01,508</b>



## Notes to the Financial Statements for the year ended March 31, 2015

### 29. Exceptional Items:

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
Profit on sale of Land and Building not in use *	-	8,80,67,548
<b>Total Exceptional Income (A)</b>	-	8,80,67,548
Terminal benefits - Chennai Plant workforce **	(1,86,86,122)	-
<b>Total Exceptional Expenditure (B)</b>	(1,86,86,122)	-
<b>Exceptional Items (net) (A+B)</b>	<b>(1,86,86,122)</b>	<b>8,80,67,548</b>

\* represents profit on sale of one of its lands including building and immovable fixtures thereon which were not being used.

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

### 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, 2015	As at March 31, 2014
(a) Central Excise	Demand for dispute of 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 Nil)	53,58,327	12,09,782
(f) E.S.I	ESI Demand ( Includes ₹4,34,130 paid under protest)	41,29,111	41,29,111
(g) Income Tax	Disallowances	4,47,739	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
(j) Central Sale Tax	Non Filing of return	-	35,000
(k) Central Excise	Objection on exemption on some of the products sold from Sitarganj Plant	80,00,000	80,00,000
(l) Municipal Corporation of Faridabad	Demand for External Development Charges	2,55,00,000	-
<b>Total</b>		<b>4,76,46,000</b>	<b>1,80,32,455</b>

(ii) Guarantees executed in favour of various authorities/ Customers/Others amounting to ₹77,26,944 ( Previous Year ₹3,20,54,736)

(iii) Bills discounted with Banks ₹1,26,54,808 (Previous year ₹3,37,03,339).

#### 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) - ₹4,03,26,633  
(Previous Year ₹3,99,77,003 )

## Notes to the Financial Statements for the year ended March 31, 2015

## 31. Composition of Raw Materials and Components Consumed:- Imported &amp; Indigenous

(as certified by the management)

	%	Year Ended March 31, 2015	%	Year Ended March 31, 2014
Imported	39.36%	67,32,06,857	37.92%	59,51,17,889
Indigenous	60.64%	1,03,71,53,203	62.08%	97,44,21,751
<b>Total</b>	<b>100.00%</b>	<b>1,71,03,60,060</b>	<b>100.00%</b>	<b>1,56,95,39,640</b>

## 32. Composition of Stores and Spares Consumed: - Imported &amp; Indigenous

(as certified by the management)

Imported	1.76%	38,51,988	4.01%	68,94,390
Indigenous	98.24%	21,50,35,093	95.99%	16,51,24,235
<b>Total</b>	<b>100.00%</b>	<b>21,88,87,081</b>	<b>100.00%</b>	<b>17,20,18,625</b>

## 33. Payment to Auditors:

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
a) As auditors:		
Audit Fee	6,40,000	6,30,000
Tax Audit Fee	1,75,000	1,70,000
<b>In other capacity:</b>		
Limited Review	2,25,000	2,32,500
Other Services	1,90,000	1,71,000
	12,30,000	12,03,500
b) Cost Audit Fees	1,75,000	1,75,000
	<b>14,05,000</b>	<b>13,78,500</b>

## 34. Foreign Currency Transactions:

34.1 Value of Imports Calculated on C.I.F.basis:				
a) Raw Materials, Stores & Spares			54,04,72,946	50,32,26,664
b) Plant and Machinery			4,15,15,782	32,06,269
c) Tools & Dies			31,83,388	10,55,464
34.2 Expenditures				
a) Selling Agency Commission			18,26,057	12,66,184
b) Foreign Travel			1,75,33,671	1,73,29,566
c) Foreign Subscription, Newspaper & Periodicals			12,452	-
d) Royalty			23,06,190	15,95,210
e) Technical Know How Fee			-	42,45,357
f) Exhibits & Shows			4,18,681	9,81,796
g) Business Development Consultancy			3,70,452	8,94,614
34.3 Remittance in Foreign Currency on account of Dividend				
Year	No. of Shares held	No. of non residents		
2013-14	366752	26	4,40,102	4,40,102
34.4 Earnings in Foreign Exchange:				
Value of Exports on F.O.B. basis			70,91,58,989	71,00,15,159

## Notes to the Financial Statements for the year ended March 31, 2015

### 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 31.03.2015, estimated at ₹3,35,731 ( Previous year ₹4,16,918) 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 ₹3,35,731 ( Previous year ₹4,16,918). 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 31.03.2015.

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 relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.

38. Small Industries Development Bank of India ( SIDBI ) has sanctioned a limit of ₹600 lacs for discounting hundies of Micro, Small and Medium enterprises supplying materials to the company . This facility is secured by way of second pari - passu charge in favour of SIDBI on all the current assets of the Company including stock, raw material, stock in process, finished & semi finished goods, consumable stores, etc. both present and future and is further secured by personal guarantee of two directors. The hundies accepted by the Company and outstanding balance as at 31st March, 2015 amounted to ₹ NIL ( Previous Year ₹2,69,53,396).

### 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. Pursuant to enactment of the Companies Act, 2013, during the year ended March 31, 2015, the company has applied useful lives of tangible fixed assets as prescribed in Schedule II of the Companies Act, 2013 except for certain class of assets where different useful life is taken 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. Accordingly the depreciation has been provided by depreciating the carrying value of the asset (Net of residual value of 5%) over the revised/remaining life of individual assets.

Had the company continued with the previously assessed useful lives, charge for depreciation for the year ended 31st March 2015 would have been higher by ₹94.36 Lacs.

### 41. Related Party Disclosures

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

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

##### Name of the Parties

##### i) Joint Ventures and Associates

Nippon Leakless Talbros Pvt. Ltd.  
Magneti Marelli Talbros Chassis Systems Pvt. Ltd.  
Talbros Marugo Rubber Pvt. Ltd.  
QH Talbros Ltd  
Talbros International Ltd.

##### Nature of Relationship

Joint Venture  
Joint Venture  
Joint Venture  
Associate  
Associate

##### ii) Key Management Personnel and their Relatives

Mr. Umesh Talwar  
Mr. Varun Talwar  
Mr. Anuj Talwar  
Mrs. Kum Kum Talwar  
Mr. Rajeev Pal Gupta  
Mr. Manvinder Singh Ajmani  
Mrs. Seema Narang

Vice Chairman and Managing Director  
Joint Managing Director  
Executive Director  
Mother of Mr. Varun Talwar  
Chief Executive Officer  
Chief Financial Officer  
Company Secretary

## Notes to the Financial Statements for the year ended March 31, 2015

## 41. Related Party Disclosures (contd.)

## B) Transactions with Related Parties:

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>I) Transactions with Joint Ventures and Associates</b>		
<b>a) Sale of Products</b>	<b>14,76,59,156</b>	<b>12,36,50,578</b>
Talbro Marugo Rubber Pvt. Ltd.	-	2,14,20,017
QH Talbro Ltd	14,76,59,156	10,22,30,561
<b>b) Sale of Services</b>	<b>33,70,800</b>	<b>33,70,800</b>
Talbro Marugo Rubber Pvt. Ltd.	33,70,800	33,70,800
<b>c) Royalty Income</b>	<b>1,27,14,014</b>	<b>1,25,60,748</b>
QH Talbro Ltd	1,27,14,014	1,25,60,748
<b>d) Purchase of Goods</b>	<b>1,89,93,685</b>	<b>2,64,78,954</b>
Nippon Leakless Talbro Pvt. Ltd.	1,89,93,685	2,64,78,954
<b>e) Receipt of Services</b>	<b>12,49,742</b>	<b>6,27,536</b>
QH Talbro Ltd	12,49,742	6,27,536
<b>f) Dividend Received</b>	<b>4,13,33,886</b>	<b>3,36,88,981</b>
Nippon Leakless Talbro Pvt. Ltd.	4,08,00,000	3,36,00,000
QH Talbro Ltd	5,33,886	88,981
<b>g) Lease rental Income</b>	<b>1,40,66,671</b>	<b>1,23,10,766</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	1,40,66,671	1,23,10,766
<b>h) Reimbursement of expenses/payments</b>	<b>88,01,123</b>	<b>1,11,50,664</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	84,83,260	93,59,925
Talbro Marugo Rubber Pvt. Ltd.	1,40,363	17,90,739
Nippon Leakless Talbro Pvt. Ltd.	1,77,500	-
<b>i) Interest Income</b>	<b>-</b>	<b>6,46,653</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	-	6,46,653
<b>j) Investment in Equity Share Capital during the year</b>	<b>5,00,00,000</b>	<b>99,00,000</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	2,00,00,000	-
Talbro Marugo Rubber Pvt. Ltd.	3,00,00,000	99,00,000
<b>k) Investment in Share Application Money during the year</b>	<b>-</b>	<b>1,50,27,259</b>
Talbro Marugo Rubber Pvt. Ltd.	-	50,27,259
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	-	1,00,00,000
<b>l) Outstanding Balance included in Trade Receivables</b>	<b>4,72,98,574</b>	<b>3,21,66,541</b>
Talbro Marugo Rubber Pvt. Ltd.	23,03,100	7,67,700
QH Talbro Ltd	4,49,95,474	3,13,98,841
<b>m) Outstanding Balance included in Loans and Advances</b>	<b>4,26,89,702</b>	<b>5,09,79,666</b>
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	4,26,89,702	4,59,61,701
QH Talbro Ltd	-	50,17,965
<b>n) Outstanding Balance included in Trade Payables / Other long term liabilities</b>	<b>1,00,87,008</b>	<b>91,02,880</b>
Nippon Leakless Talbro Pvt. Ltd.	57,95,316	68,76,880
Magneti Marelli Talbro Chassis Systems Pvt. Ltd.	22,26,000	22,26,000
QH Talbro Ltd	20,65,692	-
<b>II) Transactions with Key Management Personnel</b>		
<b>Remuneration*</b>	<b>2,88,03,267</b>	<b>1,24,75,964</b>
Mr. Umesh Talwar	45,85,163	45,87,996
Mr. Varun Talwar	39,44,800	39,44,800
Mr. Anuj Talwar	39,44,796	39,43,168
Mr. Rajeev Pal Gupta	97,86,396	-
Mr. Manvinder Singh Ajmani	45,22,776	-
Mrs. Seema Narang	20,19,336	-
*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.		
<b>III) Transactions with Relatives of Key Management Personnel</b>		
<b>Rent paid</b>	<b>7,20,000</b>	<b>7,20,000</b>
Mrs. Kum Kum Talwar	7,20,000	7,20,000

## Notes to the Financial Statements for the year ended March 31, 2015

### 42. Employee Benefits

#### 42.1 Defined Contribution Plans:

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
(a) Employer's Contribution to Superannuation Fund	27,87,908	33,98,685
(b) Employer's Contribution to Provident Fund	1,66,86,005	1,68,32,832

#### 42.2 Defined Benefit Plans:

##### a) Gratuity and Leave Encashment

	Gratuity		Leave Encashment	
	2014-15	2013-14	2014-15	2013-14
<b>i) Change in the Present Value of the Obligation:</b>				
- Obligation at the beginning of the year	5,83,81,744	5,88,40,668	98,35,571	95,79,971
- Current Service Cost	92,39,174	40,36,978	94,82,949	45,76,772
- Interest Cost	50,34,850	47,50,839	7,94,038	6,45,242
- Actuarial Gains/ Loss	(86,39,531)	40,20,556	(14,56,959)	12,396
- Benefits paid during the year	(1,29,62,388)	(1,32,67,297)	(48,78,804)	(49,78,810)
- Obligation at the end of the year	<b>5,10,53,849</b>	<b>5,83,81,744</b>	<b>1,37,76,795</b>	<b>98,35,571</b>
<b>ii) Change in the Fair Value of the Plan Assets</b>				
- Plan Assets at the beginning of the year	3,03,64,119	3,00,89,969	-	-
- Expected return on Plan Assets	23,50,016	25,01,398	-	-
- Contributions by employer	75,23,484	87,18,552	-	-
- Actuarial Gains/ Loss	-	-	-	-
- Benefits Paid during the year	(1,29,62,388)	(1,09,45,800)	-	-
- Plan Assets at the end of the year	<b>2,72,75,231</b>	<b>3,03,64,119</b>	-	-
<b>iii) Amount of Obligations &amp; Assets recognized in the Balance Sheet</b>				
- Present Value of Obligations at the end of the year	5,10,53,849	5,83,81,744	1,37,76,795	98,35,571
- Fair Value of Assets at the end of the year	2,72,75,231	3,03,64,119	-	-
- Net Obligation recognized in the Balance Sheet	<b>2,37,78,618</b>	<b>2,80,17,625</b>	<b>1,37,76,795</b>	<b>98,35,571</b>
<b>iv) Expenses Recognized in the Statement of Profit and Loss</b>				
- Current Service Cost	92,39,174	40,36,978	94,82,949	45,76,772
- Interest Cost	50,34,850	47,50,839	7,94,038	6,45,242
- Expected return on Plan Assets	(23,50,016)	(24,17,015)	-	-
- Actuarial Gains/ Loss	(86,39,531)	40,20,556	(14,56,959)	12,396
- Total	<b>32,84,477</b>	<b>1,03,91,358</b>	<b>88,20,028</b>	<b>52,34,410</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% depending on age	1%to 3% depending on age	1%to 3% depending on age	1%to 3% depending on age
- Discount Rate	8.00%	8.00%	8.75%	8.75%
- Salary Escalation	6.00%	6.00%	6.00%	6.00%
- Expected Rate of return on Plan Assets	8.75%	8.31%		

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.

43. 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.

## Notes to the Financial Statements for the year ended March 31, 2015

44. In accordance with the requirements of Section 135 of the Companies Act, 2013, the company has during the financial year ending 31st March 2015 spent in pursuance of its Corporate Social Responsibility policy as follows:-

a) Gross amount required to be spent by the company during the year	₹16,40,000
b) Amount spent during the year on:-	
- Contribution to Prime Minister's National Relief Fund	₹11,40,000
- Donation paid to Charitable Trust	₹ 5,00,000

## 45. 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	Amount as on 31st March'15
a)	<b>Trade Investments</b>		
	<b>In Joint Ventures</b>		
1.	Nippon Leakless Talbros Pvt. Ltd	-	4,80,00,000
2.	Magneti Marelli Talbros Chassis Systems Pvt.Ltd.	1,00,00,000	7,03,00,000
3.	Talbros Marugo Rubber Pvt. Ltd.	2,00,00,000	8,50,00,000
	<b>In Associates</b>		
4.	QH Talbros Limited	-	32,45,680
5.	Talbros International Ltd.	1,50,00,048	3,75,00,332
	<b>Non Trade Investments :</b>		
6.	T & T Motors Ltd.	-	13,74,990
7.	Caparo Power Ltd. - Equity Shares	-	1,14,71,340
8.	Caparo Power Ltd. - Preference Shares	-	25,49,200
9.	SBI Mutual Funds	-	10,00,000
	<b>Total</b>	<b>4,50,00,048</b>	<b>26,04,41,542</b>

## b) Inter Corporate Deposits given

(Amount in ₹)

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

## Notes to the Financial Statements for the year ended March 31, 2015

### 46. Interest in Joint Ventures

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

### 47. Earnings Per Share :

	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>Basic and Diluted Earnings per Share</b>		
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	9,97,85,304	15,76,83,709
c) Basic and Diluted Earnings per Share ( Face value of ₹10 each )	8.08	12.77

48. The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹7,40,25,582 (Previous Year ₹8,03,30,447) 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.

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

# CONSOLIDATED FINANCIAL STATEMENT



## 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 Joint Ventures (collectively referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, 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 Group 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 companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 Group as at March 31, 2015, 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 the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' report of the company and its Joint Ventures, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 and the reports of the other auditors;
  - (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 as on March 31, 2015 taken

on record by the Board of Directors of the Company and the reports of the statutory auditors of its Joint Venture companies, none of the directors of the Group companies is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

- (f) 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 Group Refer Note no. 31 to the consolidated financial statements;
  - ii. The Group 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 Group.

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

(S. K. Khattar)  
Partner  
Membership. No. 84993

Place: New Delhi  
Date: May 22, 2015

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2015

- |   |  |
|---|--|
| <p>i) (a) The Group has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(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 Group 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.</p> <p>ii) (a) As explained to us, the inventories of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year, except for materials lying with third parties for which certificates confirming stocks held by them have been obtained in most of the cases.</p> <p>(b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Group and the nature of its business.</p> <p>(c) In our opinion and according to information and explanations given to us, the Group has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.</p> <p>iii) As informed to us, the Group has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clause (iii) of paragraph 3 the Order are not applicable.</p> <p>iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal</p> | <p>control system commensurate with the size of the Group and the nature of its business for the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.</p> <p>v) In our opinion and according to the information and explanations given to us, the Group has complied with the provisions of Section 73 to 76 and other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 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 Group in respect of the aforesaid deposits.</p> <p>vi) We have broadly reviewed the books of account maintained by the Group pursuant to the Rules made by the Central Government for the maintenance of cost records under Sub-section (1) of section 148 of the Companies Act, 2013 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.</p> <p>vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2015, for a period of more than six months from the date they became payable except for value added tax payable of ₹2,10,512.</p> |
|---|--|

(b) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax or cess which have not been deposited on account of any dispute except for the following:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (₹)	Forum where dispute is pending
Central Excise Act, 1944	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	Deputy Commissioner of Sales Tax, Pune
Employee State Insurance Act, 1948	ESI Demand	1995-99	8,01,587	Civil Judge, Gurgaon
Employee State Insurance Act, 1948	ESI Demand	2007-2009	33,27,524	Civil Judge, Gurgaon
Income Tax Act, 1961	Income Tax Demand	2004-05	4,47,739	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
Income Tax Act, 1961	Income Tax	AY 2008-09	3,79,472	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	AY 2010-11	84,42,632	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	AY 2011-12	51,94,308	Commissioner of Income Tax (Appeals)

- (c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.
- viii) The Group does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, the Group has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- x) According to the information and explanations given to us, the Group has not given guarantees for loans taken by others from banks and financial institutions.
- xi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Group were applied for the purposes for which the loans were obtained.
- xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Group has been noticed or reported during the course of our audit.

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

(S. K. Khattar)  
Partner  
Membership. No. 84993

Place: New Delhi  
Date: May 22, 2015

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(Amount in ₹)

Particulars	Note No.	As at March 31, 2015		As at March 31, 2014	
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	2	12,34,56,300		12,34,56,300	
Reserves and Surplus	3(a)	1,14,80,26,940	1,27,14,83,240	1,06,94,14,493	1,19,28,70,793
Share Application Money Pending Allotment	3(b)		-		-
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	31,75,37,126		30,91,55,310	
Deferred Tax Liabilities (Net)	5	4,68,12,216		5,24,48,269	
Other Long Term Liabilities	6	27,36,000		59,58,578	
Long Term Provisions	7	4,06,75,764	40,77,61,106	4,00,80,498	40,76,42,655
<b>Current Liabilities</b>					
Short Term Borrowings	8	85,06,95,513		77,23,07,013	
Trade Payables	9	92,21,81,413		74,91,92,681	
Other Current Liabilities	10	35,84,00,128		31,03,01,525	
Short Term Provisions	11	2,54,04,353	2,15,66,81,407	2,80,01,204	1,85,98,02,423
<b>TOTAL</b>			<b>3,83,59,25,753</b>		<b>3,46,03,15,871</b>
<b>ASSETS:</b>					
<b>Non-Current Assets</b>					
Fixed Assets	12				
-Tangible Assets		1,11,03,92,763		1,03,86,92,375	
-Intangible Assets		3,45,71,070		4,01,42,986	
-Capital Work in Progress		8,56,08,127		10,34,94,219	
-Intangible Assets under Development		38,47,150	1,23,44,19,110	-	1,18,23,29,580
Non Current Investments	13		5,71,41,542		4,21,41,494
Long Term Loans and Advances	14		12,72,19,822		11,40,32,730
Other Non Current Assets	15		49,25,002		29,50,784
<b>Current Assets</b>					
Inventories	16	1,27,56,74,088		1,06,84,81,221	
Trade Receivables	17	73,67,66,951		69,65,97,420	
Cash and Bank Balances	18	10,18,10,037		8,03,32,481	
Short Term Loans and Advances	19	28,83,13,038		26,42,75,416	
Other Current Assets	20	96,56,163	2,41,22,20,277	91,74,745	2,11,88,61,283
<b>TOTAL</b>			<b>3,83,59,25,753</b>		<b>3,46,03,15,871</b>
<b>Summary of Significant Accounting Policies</b>	1				

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

(SEEMA NARANG)  
Company Secretary

(MANVINDER SINGH AJMANI)  
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: 22.05.2015

(S.K. Khattar)  
Partner  
Membership No. 84993

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(Amount in ₹)

Particulars	Note No.	Year Ended March 31, 2015		Year Ended March 31, 2014	
<b>INCOME</b>					
Revenue from Operations (Gross)	21	4,24,57,99,470		3,96,58,29,985	
Less: Excise Duty		34,15,95,408	3,90,42,04,062	30,61,24,772	3,65,97,05,213
Other Income	22		11,01,64,930		7,08,61,795
Proportionate consolidation eliminations			(6,25,97,873)		(4,18,40,611)
<b>Total Revenue</b>			<b>3,95,17,71,119</b>		<b>3,68,87,26,398</b>
<b>EXPENSES</b>					
Cost of Raw Materials Consumed	23		2,13,17,20,037		1,94,86,43,392
Purchase of Stock -in-Trade	23		18,15,30,493		13,99,12,284
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24				
			(14,20,95,603)		18,36,506
Employee Benefits Expense	25		49,49,31,195		42,35,23,439
Finance Costs	26		18,66,82,958		19,02,57,652
Depreciation and Amortisation Expense	27		9,98,58,733		10,45,28,475
Other Expenses	28		85,21,03,339		79,10,91,147
Less: Overheads charged to Fixed Assets			(11,49,423)		(12,09,118)
<b>Total</b>			<b>3,80,35,81,730</b>		<b>3,59,85,83,777</b>
Proportionate consolidation eliminations	29		(6,25,97,873)		(4,18,40,611)
<b>Total Expenses</b>			<b>3,74,09,83,857</b>		<b>3,55,67,43,167</b>
<b>Profit before exceptional items and Tax</b>			<b>21,07,87,262</b>		<b>13,19,83,231</b>
Exceptional items			(1,86,86,122)		8,80,67,548
<b>Profit before Tax</b>			<b>19,21,01,140</b>		<b>22,00,50,779</b>
<b>Tax Expense:</b>					
Current Tax / MAT		5,63,08,822		4,70,51,482	
MAT Credit Entitlement		-		(1,65,00,000)	
Deferred Tax		(56,36,052)		(1,19,02,858)	
Tax adjustments of prior years (net)		2,09,556	5,08,82,327	82,73,834	2,69,22,458
<b>Profit for the year</b>			<b>14,12,18,813</b>		<b>19,31,28,321</b>
<b>Earnings per Share (Face Value ₹10)</b>					
Basic and Diluted Earnings per Share (₹)	38		<b>11.44</b>		<b>15.64</b>
<b>Summary of Significant Accounting Policies</b>	1				

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

(SEEMA NARANG)  
Company Secretary(MANVINDER SINGH AJMANI)  
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(S.K. Khattar)  
Partner

Membership No. 84993

Place: New Delhi  
Dated: 22.05.2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year Ended March 31, 2015		Year Ended March 31, 2014	
<b>A. Cash flows from Operating Activities</b>				
<b>a. Net Profit before exceptional items and tax</b>		<b>21,07,87,261</b>		<b>13,19,83,231</b>
Adjustments for:				
Depreciation and Amortisation	9,98,58,733		10,45,28,476	
Interest Expense	18,66,82,959		19,02,57,652	
Foreign Exchange Fluctuation	74,12,430		12,54,924	
Interest Income	(1,52,37,853)		(1,35,67,720)	
Dividend Income	(8,22,384)		(3,37,32,721)	
Loss / (Profit) on Sale of Assets	(11,68,988)		(14,02,573)	
Provision for doubtful debts	38,33,744	28,05,58,641	10,40,806	24,83,78,843
<b>b. Operating profit before Working Capital changes</b>		<b>49,13,45,902</b>		<b>38,03,62,074</b>
Adjustments for:				
Current Assets, Loans and advances (current & non-current)	(9,99,20,610)		(5,59,24,008)	
Inventories	(20,71,92,865)		(32,49,571)	
Current Liabilities (Current & non Current)	22,02,08,471	(8,69,05,004)	(1,89,01,214)	(7,80,74,793)
<b>c. Cash generated from Operations</b>		<b>40,44,40,898</b>		<b>30,22,87,281</b>
Direct Taxes (paid) / refund		(5,56,71,771)		(5,68,64,611)
<b>Cash flows before exceptional items</b>		<b>34,87,69,128</b>		<b>24,54,22,669</b>
<b>Exceptional Items</b>				
Terminal benefits - Chennai Employees		(1,86,86,122)		-
<b>Net Cash generated from Operating activities (A)</b>		<b>33,00,83,006</b>		<b>24,54,22,669</b>
<b>B. Cash flows from Investing Activities</b>				
Proceeds from sale of Fixed Assets	60,24,133		59,64,229	
Movement in Inter-Corporate Deposits	1,90,00,000		(30,00,000)	
Interest Received	1,46,74,945		1,41,82,461	
Dividends Received	8,22,384		3,37,32,721	
Purchase of Fixed Assets	(16,70,22,726)		(20,09,38,949)	
Investments made	(1,50,00,048)		(3,99,27,307)	
<b>Cash flows before exceptional items</b>	<b>(14,15,01,312)</b>		<b>(18,99,86,845)</b>	
<b>Exceptional items</b>				
Proceeds from sale of Fixed Assets(not in use)	-		9,86,51,680	
<b>Net Cash (used in) / generated from Investing activities (B)</b>		<b>(14,15,01,312)</b>		<b>(9,13,35,165)</b>
<b>C. Cash flows from Financing Activities</b>				
Interest Paid	(18,59,54,735)		(18,95,06,681)	
Proceeds from Issuance of Share Capital	-		99,00,000	
Share Application received pending allotment	-		1,75,13,630	
Movement in other Bank balances	(2,87,34,666)		(4,92,155)	
Proceeds from Borrowings	21,23,73,455		19,00,82,445	
Repayment of Borrowings	(12,79,81,291)		(13,53,66,339)	
Dividends Paid	(5,57,92,826)		(4,84,70,385)	
Dividend Tax Paid	(1,04,59,409)		(81,13,644)	
<b>Net Cash flow from Financing Activities</b>		<b>(19,65,49,472)</b>		<b>(16,44,53,129)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)</b>		<b>(79,67,778)</b>		<b>(1,03,65,625)</b>
<b>Cash and Cash Equivalents as at:</b>				
-the beginning of the year		<b>4,42,03,468</b>		<b>5,45,69,093</b>
-the end of the year		<b>3,62,35,690</b>		<b>4,42,03,468</b>

Note :- The above Cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3, "Cash Flow Statements". Previous year figures have been regrouped wherever necessary.

(SEEMA NARANG)  
Company Secretary

(MANVINDER SINGH AJMANI)  
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: 22.05.2015

(S.K. Khattar)  
Partner  
Membership No. 84993

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

## 1. Summary of Significant Accounting Policies

## a) Accounting Convention:

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

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

## e) Fixed Assets

## i) Tangible

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

## ii) Intangible

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

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

## f) Accounting Policy for 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

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.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

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

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

Leasehold Land is amortized over the period of the lease.

Technical know how fee is amortized over the period of agreement but not exceeding ten years starting from the use of technical know how. Expenditure on Major Software Products is written off over a period of 36 months from the month put to use except Forging Division where the Software Products are written off over a period of 60 months from the month put to use.

### g) Revenue Recognition:

- 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 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.
- 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.
- 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.
- Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

**j) Borrowing Costs:**

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

**k) Leases**

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

**l) Deferred Tax**

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

**o) Financial Instruments**

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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

### 2. Share Capital :

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>Authorised Share Capital:</b>		
2,00,00,000 Equity Shares of ₹10/- each	20,00,00,000	20,00,00,000
(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	32,67,56,300	27,67,56,300
(Previous year 1,23,45,630 Equity Shares of ₹10 each fully paid up)		
Proportionate consolidation eliminations	(20,33,00,000)	(15,33,00,000)
<b>Total</b>	<b>12,34,56,300</b>	<b>12,34,56,300</b>

#### 2.1 Terms / rights attached to Equity Shares

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

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

	%	No. of Shares as at 31.03.2015	%	No. of Shares as at 31.03.2014
QH Talbros Ltd.	21.37	26,37,684	18.59	22,95,322
Shashi Talwar	5.26	6,49,122	1.58	1,94,855
Talbros International Ltd.	5.23	6,46,056	3.75	4,62,706

### 3(a). Reserves and Surplus :

	As at March 31, 2015		As at March 31, 2014	
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		51,38,470	
Less: Transferred to Statement of Profit and Loss	-	50,68,880	69,590	50,68,880
General Reserve				
As per last Balance Sheet	6,07,68,400		5,04,66,442	
Add: Transferred from Surplus balance in the Statement of Profit and Loss	1,10,84,806	7,18,53,206	1,03,01,958	6,07,68,400
Surplus balance in Statement of Profit and Loss				
As per last Balance Sheet	53,42,25,939		41,08,50,300	
Profit for the year	14,12,18,813		19,31,28,321	
Less:- Allocations and Appropriations				
Interim Dividend	3,36,00,000		2,88,00,000	
₹7/- per share ( previous year-₹6/- per share)				
Proposed Dividend	-		72,00,000	
₹ Nil/- per share (previous year-₹1.50 per share)				
Corporate Dividend Tax	67,18,001		61,18,200	
Proposed Dividend	1,85,18,445		1,48,14,756	
₹1.50 per share (previous year ₹1.20 per share )				
Corporate Dividend Tax	37,69,920		25,17,768	
Transferred to General Reserve	1,10,84,806	60,17,53,580	1,03,01,958	53,42,25,939
<b>Total</b>		<b>1,14,80,26,940</b>		<b>1,06,94,14,493</b>

### 3(b). Share Application Money Pending Allotment

Share Application Money Pending Allotment		-		2,00,00,000
Proportionate consolidation eliminations		-		(2,00,00,000)
<b>Total</b>		-		-

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

## 4. Long Term Borrowings :

(Amount in ₹)

	Non-Current portion		Current Maturities		Total	
	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015	As at 31.03.2014
<b>Secured, unless otherwise stated</b>						
<b>a) Term Loans:</b>						
From Banks						
* State Bank of India	-	-	-	6,74,07,000	-	6,74,07,000
** HDFC Bank Ltd.	3,54,68,000	4,19,70,000	1,77,34,000	1,39,90,000	5,32,02,000	5,59,60,000
# Yes Bank	-	7,04,81,482	-	65,18,519	-	7,70,00,001
*** IndusInd Bank	1,03,25,000	3,86,25,000	2,83,00,000	2,11,75,000	3,86,25,000	5,98,00,000
## Mizuho Bank Ltd. (Unsecured)	5,15,09,260	-	32,22,222	-	5,47,31,482	-
Against security of movable fixed assets on Hire Purchase basis	47,35,518	86,38,753	65,74,708	83,45,318	1,13,10,226	1,69,84,071
	10,20,37,778	15,97,15,235	5,58,30,930	11,74,35,837	15,78,68,708	27,71,51,072
From Others						
**** Bajaj Finance Ltd.	6,28,36,190	7,31,52,032	2,00,29,980	1,37,47,029	8,28,66,170	8,68,99,061
***** Tata Capital Financial Services Ltd.	11,40,74,067	-	3,25,92,600	-	14,66,66,667	-
Against security of movable fixed assets on Hire Purchase basis	5,38,091	1,53,043	4,24,193	-	9,62,284	1,53,043
<b>b) Deposits (Unsecured)</b>						
Fixed Deposits from Public						
- From Directors	5,00,000	10,00,000	5,00,000	-	10,00,000	10,00,000
- From Public	3,75,51,000	7,51,35,000	5,18,69,000	3,19,71,000	8,94,20,000	10,71,06,000
Total	31,75,37,126	30,91,55,310	16,12,46,703	16,31,53,866	47,87,83,829	47,23,09,176
Amount disclosed under the head "other current liabilities (Note no. 10)			16,12,46,703	16,31,53,866		

## Notes:-

- \* Term Loans from State Bank of India carrying rate of interest @13.65% per annum was secured by first exclusive charge over the fixed assets at the Sitarganj Plant including Land & Building and was further secured by personal guarantee of two directors.
- \*\* Term Loan from HDFC Bank Ltd carrying rate of interest @ base rate plus 3.2% per annum , and is secured by exclusive charge over the current assets and fixed assets (present and future ) of the Company and is further secured by Corporate Guarantee of Magnetti Marelli, Italy.
- # Term loan from Yes Bank carrying rate of interest @ base rate plus 1.65% p.a. was secured by way of exclusive charge on all the assets financed by bank located anywhere and second pari passu charge on all the current assets of the Company both present and future and personal guarantee of 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 IndusInd Bank carrying rate of interest @ base rate plus 1. % p.a. is secured by first charge by way of hypothecation over specific assets created out of the term loan both present and future, second pari passu charge over 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 Limited carrying rate of interest @ 11.50% per annum is to be secured by first charge on all assets financed under this facility and is further secured by personal guarantee of three directors.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

### 4. Long Term Borrowings : (contd.)

#### 4.1 Terms of Repayment of Long Term Borrowings

Particulars	Maturity profile of Long Term Borrowings					
	2015-16	2016-17	2017-18	2018-19	2019-20 & Thereafter	Total
From Banks						
HDFC Bank Ltd.	1,77,34,000	1,77,34,000	1,77,34,000	-	-	5,32,02,000
IndusInd Bank	2,83,00,000	1,03,25,000	-	-	-	3,86,25,000
Mizuho Bank	32,22,222	92,97,222	1,13,22,222	1,13,22,222	1,95,67,594	5,47,31,482
Against Security of Movable Fixed Assets on Hire Purchase Basis	65,74,709	37,52,930	9,82,588	-	-	1,13,10,226
From Others						
Bajaj Finance Ltd.	2,00,29,980	2,25,06,383	2,48,05,854	1,45,94,007	9,29,946	8,28,66,170
Tata Capital Financial Services Limited	3,25,92,600	3,25,92,600	3,25,92,600	3,25,92,600	1,62,96,267	14,66,66,667
Against Security of Movable Fixed Assets on Hire Purchase Basis	4,24,193	3,83,067	1,55,024	-	-	9,62,284
Deposits (Unsecured)	5,23,69,000	2,18,26,000	1,62,25,000	-	-	9,04,20,000
<b>Total</b>	<b>16,12,46,704</b>	<b>11,84,17,202</b>	<b>10,38,17,288</b>	<b>5,85,08,829</b>	<b>3,67,93,807</b>	<b>47,87,83,829</b>

### 5. Deferred Tax Liabilities (Net)

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

(Amount in ₹)

Particulars	Deferred Tax Assets / (Liabilities) As at 31.03.2014			(Charge) / Credit during the year			Deferred Tax Assets / (Liabilities) As at 31.03.2015		
	TACL	JV	Total	TACL	JV	Total	TACL	JV	Total
Depreciation	(7,48,60,481)	(1,25,17,577)	(8,73,78,060)	(52,76,329)	(90,79,211)	(1,43,55,541)	(8,01,36,810)	(2,15,96,788)	(10,17,33,601)
Disallowances u/s 43B	1,36,92,412	8,74,824	1,45,67,236	6,92,866	2,65,568	9,58,434	1,43,85,278	11,40,392	1,55,25,669
Business Loss	-	1,53,54,074	1,53,54,074	-	1,77,30,071	1,77,30,071	-	3,30,84,145	3,30,84,145
Provision for doubtful debts / advances	50,08,481	-	50,08,481	13,03,089	-	13,03,089	63,11,570	-	63,11,570
<b>Total</b>	<b>(5,61,59,588)</b>	<b>37,11,321</b>	<b>(5,24,48,269)</b>	<b>(32,80,374)</b>	<b>89,16,428</b>	<b>56,36,053</b>	<b>(5,94,39,962)</b>	<b>1,26,27,749</b>	<b>(4,68,12,216)</b>

### 6. Other Long Term Liabilities

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
Security Deposits	27,36,000	27,36,000
Enhanced cost of Land payable to HSIIDC	-	32,22,578
<b>Total</b>	<b>27,36,000</b>	<b>59,58,578</b>

### 7. Long-Term Provisions :

Provision for Leave Encashment	1,53,53,943	1,09,77,420
Provision for Gratuity	2,53,21,821	2,91,03,078
<b>Total</b>	<b>4,06,75,764</b>	<b>4,00,80,498</b>

### 8. Short Term Borrowings:

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>Secured, unless otherwise stated</b>		
<b>Working Capital Loans</b>		
<b>From Banks</b>		
State Bank of India*	29,62,97,085	30,28,19,274
HDFC Bank Ltd.**	12,19,76,720	13,00,68,222
DBS Bank Ltd.#	5,30,00,000	
ICICI Bank*	3,84,56,721	2,17,43,303
IndusInd Bank*	11,98,17,940	11,83,81,852
State Bank of Patiala*	4,99,53,451	4,94,18,997
Punjab National Bank*	4,97,86,590	4,99,62,795

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

## 8. Short Term Borrowings: (contd.)

(Amount in ₹)

	As at March 31, 2015		As at March 31, 2014	
Yes Bank*	2,63,82,006	75,56,70,513	3,04,47,570	70,28,42,013
<b>From others</b>				
Bajaj Finance Ltd. (Unsecured)***		5,00,00,000		5,00,00,000
Tata Capital Financial Services Ltd (Unsecured)***		2,91,60,000		-
<b>Deposits (Unsecured)</b>				
Fixed Deposits from Public		8,65,000		94,65,000
Inter Corporate Deposit		1,50,00,000		1,00,00,000
<b>Total</b>		<b>85,06,95,513</b>		<b>77,23,07,013</b>

## Notes:-

- \* Working Capital Loans from State Bank of India, ICICI Bank, State Bank of Patiala, IndusInd Bank, Punjab National Bank and Yes Bank are secured by way of first pari-passu charge on the Company's entire current assets, both present & future. Further, secured by second charge on all the fixed assets of the Company, both present & future, ranking pari-passu and personal guarantee of two directors of the Company.
- \*\* Working Capital Loan from HDFC Bank is secured by way of first pari passu charge on entire current assets of the Company, second pari passu charge on entire fixed assets of the Company including equitable mortgage of land and building situated at Faridabad and Chennai and personal guarantee of two directors of the Company.
- \*\*\* Working Capital Loan from Bajaj Finance Ltd and Tata Capital Financial Services Ltd is secured by personal guarantee of two directors of the Company.
- # Working Capital Loan from DBS Bank Limited is to be secured by way of first pari-passu charge on all the current assets of the company. Further, secured by second pari-passu charge on entire fixed assets (including land & building at Faridabad & Chennai or other locations) of the company and personal guarantee of two directors of the company.

## 9. Trade Payables:

Acceptances		31,11,05,893		26,47,36,880
Trade Payables		61,56,58,196		48,75,90,404
Proportionate consolidation eliminations		(45,82,676)		(31,34,602)
<b>Total</b>		<b>92,21,81,413</b>		<b>74,91,92,682</b>

## 10. Other Current Liabilities:

Current Maturities of Long Term Borrowings		16,12,46,703		16,31,53,865
Interest accrued but not due on borrowings		1,01,05,223		1,12,03,799
Interest accrued and due on borrowings		46,96,359		26,85,837
Liability towards Investors Education and Protection Fund*				
-Unclaimed Dividend	16,66,184		18,44,254	
-Unclaimed Matured Deposits	11,63,220		16,34,220	
-Interest accrued on Unclaimed Matured Deposits	1,93,608		2,28,321	
-Unclaimed Fractional Shares	3,087	30,26,099	3,087	37,09,882
Employee Related Payables		6,89,97,164		3,55,65,202
Statutory Liabilities		3,46,83,132		2,94,41,359
Advance Received from Customers		2,51,38,086		2,33,81,307
Enhanced cost of Land payable to HSIIDC		66,07,829		69,67,836
Others		6,52,44,384		5,71,73,288
Proportionate consolidation eliminations		(2,13,44,851)		(2,29,80,850)
<b>Total</b>		<b>35,84,00,128</b>		<b>31,03,01,525</b>

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

## 11. Short-Term Provisions :

Leave Encashment		28,60,151		20,18,701
Provision for Gratuity		2,55,837		2,26,339
Proposed Dividend		1,85,18,445		2,20,14,756
Corporate Dividend Tax		37,69,920		37,41,408
<b>Total</b>		<b>2,54,04,353</b>		<b>2,80,01,204</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

### 12. Fixed Assets

(Amount in ₹)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as at 01.04.2014	Additions during the year	Deductions during the year	Cost as at 31.03.2015	As at 01.04.2014	For the year	Deductions during the year	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
<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	25,82,438	4,59,800	-	30,42,238	3,83,56,741	3,88,16,541
Buildings	33,58,13,474	3,95,33,393	1,05,373	37,52,41,494	9,52,05,229	1,57,88,517	-	11,09,93,746	26,42,47,748	24,06,08,245
Plant, Machinery & Equipments	1,00,10,59,665	11,44,86,735	5,92,566	1,11,49,53,834	43,19,87,348	4,63,26,910	4,95,446	47,78,18,813	63,71,35,022	56,90,72,498
Motor Vehicles**	8,48,70,461	72,10,840	1,68,79,466	7,52,01,835	4,33,56,325	1,00,53,517	1,22,70,869	4,11,38,974	3,40,62,861	4,15,14,136
Furniture & Fixtures	4,13,57,681	21,67,044	11,22,561	4,24,02,164	2,43,77,017	77,98,034	10,26,521	3,11,48,529	1,12,53,636	1,69,80,665
Office Equipment	2,78,19,788	25,09,310	4,93,508	2,98,35,590	1,47,76,175	76,12,312	4,40,287	2,19,48,200	78,87,390	1,30,43,613
Electrical Installation	7,33,32,656	41,20,262	2,47,952	7,72,04,966	2,47,53,679	46,41,321	2,47,822	2,91,47,178	4,80,57,787	4,85,78,976
Air-Conditioning Plant	80,42,379	7,14,319	-	87,56,698	26,98,327	10,57,113	-	37,55,439	50,01,259	53,44,053
Tube-Well	10,51,423	-	-	10,51,423	4,79,231	3,43,331	-	8,22,562	2,28,861	5,72,192
<b>Total</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>	<b>1,03,86,92,375</b>
Previous Year	1,62,59,09,567	13,75,11,388	8,45,12,992	1,67,89,07,963	61,28,48,349	9,71,41,422	6,97,74,002	64,02,15,769	1,03,86,92,375	
<b>(ii) Intangible Assets</b>										
Computer Software	2,35,30,988	2,05,964	-	2,37,36,952	1,92,46,381	20,63,590	-	2,13,09,972	24,26,980	42,84,607
Technical Know-How	7,35,68,136	-	-	7,35,68,136	3,77,09,758	37,14,288	-	4,14,24,046	3,21,44,090	3,58,58,378
<b>Total</b>	<b>9,70,99,124</b>	<b>2,05,964</b>	<b>-</b>	<b>9,73,05,087</b>	<b>5,69,56,139</b>	<b>57,77,878</b>	<b>-</b>	<b>6,27,34,017</b>	<b>3,45,71,070</b>	<b>4,01,42,985</b>
Previous Year	8,84,05,987	86,93,137	-	9,70,99,124	4,94,99,495	74,56,645	-	5,69,56,139	4,01,42,986	
<b>(iii) Capital Work In Progress</b>										
Capital work in progress									8,56,08,127	10,34,94,219
<b>(iv) Intangible Assets Under Development</b>										
Computer Software									38,47,150	-

### 13. Non-Current Investments:

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>Unquoted : At Cost</b>		
<b>a) Trade Investments</b>		
<b>In Joint Ventures</b>		
-Nippon Leakless Talbros Pvt. Ltd		
48,00,000 Equity Shares (previous year 48,00,000 Equity Shares) of ₹10/- each fully paid up	4,80,00,000	4,80,00,000
- Magneti Marelli Talbros Chassis Systems Pvt.Ltd.		
70,30,000 Equity Shares (previous year 50,30,000 Equity Shares) of ₹10/- each fully paid up	7,03,00,000	5,03,00,000
Share Application Money	-	1,00,00,000
- Talbros Marugo Rubber Pvt. Ltd.		
85,00,000 Equity Shares (previous year 55,00,000 Equity Shares) of ₹10/- each fully paid up	8,50,00,000	5,50,00,000
Share Application Money	-	1,00,00,000
<b>In Associates</b>		
QH Talbros Limited		
1,77,962 Equity Shares (previous year 1,77,962 Equity Shares) of ₹10/- each fully paid up	32,45,680	32,45,680
Talbros International Ltd.		
5,43,484 Equity Shares (previous year 3,26,092 Equity Shares) of ₹10/- each fully paid up	3,75,00,332	2,25,00,284
<b>b) Non Trade Investments</b>		
<b>T &amp; T Motors Ltd.</b>		
83,333 Equity Shares (previous year 83,333 Equity Shares ) of ₹10/- each fully paid	13,74,990	13,74,990
<b>Caparo Power Ltd.</b>		
11,47,134 Equity Shares (previous year 11,47,134 Equity Shares) of ₹10/- each fully paid up	1,14,71,340	1,14,71,340
2,54,920, 2% Cumulative Redeemable Preference Shares (previous year 2,54,920 Shares ) of ₹10/- each fully paid up	25,49,200	25,49,200
<b>Mutual Funds</b>		
1,00,000 units (previous year 1,00,000 units) of ₹10/- each of SBI Infrastructure Fund-1-Growth	10,00,000	10,00,000
Proportionate consolidation eliminations	(20,33,00,000)	(17,33,00,000)
<b>Total</b>	<b>5,71,41,542</b>	<b>4,21,41,494</b>
<b>Notes:</b>		
Book Value of unquoted Investments	5,71,41,542	4,21,41,494
Net Asset value of Mutual Funds	11,77,770	7,60,840

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

## 14. Long Term Loans and advances :

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, Considered good</b>		
Capital Advances	2,18,37,502	1,24,32,609
Security Deposits	1,77,27,579	1,04,89,372
Balances with Custom Authorities	11,43,636	5,22,106
Advance Tax (net of provision)	1,24,85,523	1,02,58,196
MAT Credit Entitlement	7,40,25,582	8,03,30,447
<b>Total</b>	<b>12,72,19,822</b>	<b>11,40,32,730</b>

## 15. Other Non-Current Assets

Bank Deposits with more than 12 months maturity (Under Lien with Bank)	49,25,002	29,50,784
<b>Total</b>	<b>49,25,002</b>	<b>29,50,784</b>

## 16. Inventories:

(Valued at lower of cost or net realisable value unless otherwise stated)		
Raw Material (Includes in transit ₹8,89,35,764; Previous year ₹7,28,32,796)	40,01,99,230	33,63,95,697
Work in Progress	47,96,27,352	37,56,28,578
Finished Goods	19,41,97,484	16,10,11,233
Stock in Trade (Includes in transit ₹34,61,564; Previous year ₹ Nil)	56,63,474	7,52,896
Stores & Spares (Includes in transit ₹16,11,689; Previous year ₹13,43,500)	19,59,86,548	19,46,92,817
<b>Total</b>	<b>1,27,56,74,088</b>	<b>1,06,84,81,221</b>

## 16.1 Work in Progress include

Gaskets	38,33,61,517	28,64,97,491
Forgings	7,50,25,735	7,38,12,039
Stamping and Rubber	2,12,40,100	1,53,19,049
<b>Total</b>	<b>47,96,27,352</b>	<b>37,56,28,578</b>

## 17. Trade Receivables:

(Amount in ₹)

	As at March 31, 2015	As at March 31, 2014
Unsecured:		
Outstanding for a period exceeding six months		
- Considered good	4,18,36,163	4,08,22,579
- Considered doubtful	84,09,151	72,09,295
Others : Considered good	69,95,13,465	65,89,09,443
	74,97,58,779	70,69,41,317
Less : Provision for Doubtful Trade Receivables	84,09,151	72,09,295
Proportionate consolidation eliminations	(45,82,677)	(31,34,602)
<b>Total</b>	<b>73,67,66,951</b>	<b>69,65,97,420</b>

## 18. Cash and Bank Balances :

(a) Cash and Cash Equivalents		
Balances with Banks	3,10,89,880	3,94,06,964
Cash on hand	51,45,810	44,20,743
Cheques on hand	-	3,75,761
	<b>3,62,35,690</b>	<b>4,42,03,468</b>
(b) Other Bank Balances		
Margin Money (pledged with banks)	2,68,22,056	1,26,09,143
Bank Deposits	3,70,85,459	2,16,74,383
Earmarked balances with Banks for Unclaimed Dividend	16,66,832	18,45,487
	<b>6,55,74,347</b>	<b>3,61,29,013</b>
<b>Total</b>	<b>10,18,10,037</b>	<b>8,03,32,481</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

### 19. Short Term Loans and Advances :

(Amount in ₹)

	As at March 31, 2015		As at March 31, 2014	
Unsecured Considered good unless otherwise stated				
Loans & Advances to related parties		4,26,89,702		5,09,79,666
Inter Corporate Deposits		5,40,00,000		7,30,00,000
Advances recoverable in kind or for value to be received				
- Considered good	10,66,76,578		7,00,80,450	
- Considered doubtful	91,27,864		75,25,864	
	11,58,04,442		7,76,06,314	
Less : Provision for Doubtful Advances	91,27,864	10,66,76,578	75,25,864	7,00,80,450
Balances with Central Excise & Custom Authorities				
- Considered good	10,53,86,924		9,23,66,951	
- Considered doubtful	10,31,888		-	
	10,64,18,812		9,23,66,951	
Less:- Provision for doubtful advances	10,31,888	10,53,86,924		9,23,66,951
Security Deposits		3,32,600		2,47,600
Claims Receivable		5,72,085		5,81,599
Proportionate consolidation eliminations		(2,13,44,851)		(2,29,80,850)
<b>Total</b>		<b>28,83,13,038</b>		<b>26,42,75,416</b>

#### 19.1 Advances to Related Parties include:

QH Talbros Ltd.		-		50,17,965
<b>Total</b>		-		<b>50,17,965</b>

### 20. Other Current Assets :

Interest Accrued on Deposits		96,56,163		91,74,745
<b>Total</b>		<b>96,56,163</b>		<b>91,74,745</b>

### 21. Revenue from Operations :

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
Sale of Products	4,10,85,11,956	3,82,49,41,117
Sale of Services	85,40,479	69,43,523
Other Operating Revenues	12,87,47,035	13,39,45,345
	4,24,57,99,470	3,96,58,29,985
Less: Excise Duty	34,15,95,408	30,61,24,772
<b>Total</b>	<b>3,90,42,04,062</b>	<b>3,65,97,05,213</b>

### 22. Other Income:

Interest Income on		
-Inter Corporate Deposits	79,44,150	93,31,201
-Fixed Deposits with Banks	69,36,404	34,74,386
-Others	3,65,439	7,62,133
Dividend Income from:		
- Long Term Trade Investments	4,13,33,886	3,36,88,981
- Long Term Non-Trade Investments	2,88,498	43,740
Royalty	1,07,51,000	1,06,80,000
Lease Rentals	1,22,87,501	1,11,55,200
Net Gain on Foreign Currency Transactions & Translation	2,81,16,232	-
Profit on sale of Fixed Assets (Net)	11,68,988	14,02,573
Miscellaneous income	9,72,832	3,23,581
<b>Total</b>	<b>11,01,64,930</b>	<b>7,08,61,795</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

## 23. Cost of Raw Materials Consumed:

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
Cost of Raw Materials consumed	2,13,17,20,037	1,94,86,43,392
<b>Total</b>	<b>2,13,17,20,037</b>	<b>1,94,86,43,392</b>
<b>a) Cost of Raw Materials consumed under broad heads</b>		
Tinplate/P.C.R.C.A/Steel	62,41,69,710	56,19,44,876
Jointing	60,64,35,655	51,04,69,633
Forging Steels	36,19,20,820	28,26,47,426
Bought out components & parts	22,05,48,375	24,02,35,443
Others	31,86,45,477	35,33,46,014
<b>Total</b>	<b>2,13,17,20,037</b>	<b>1,94,86,43,392</b>
<b>b) Purchases of Stock-in-Trade</b>		
Dyna Bond / Gaskets	2,98,74,445	1,62,93,880
Track Control Arm	15,16,56,048	12,36,18,404
<b>Total</b>	<b>18,15,30,493</b>	<b>13,99,12,284</b>

## 24. Changes in Inventories of Finished Goods, Work in Progress &amp; Stock-In-Trade :

a) Manufactured Goods :		
Auto Components & Parts		
<b>Closing Stock</b>		
Finished Goods	19,41,97,484	16,10,11,233
Work-In-Progress	47,96,27,352	37,56,28,578
<b>Total</b>	<b>67,38,24,836</b>	<b>53,66,39,811</b>
Less :		
<b>Opening Stock</b>		
Finished Goods	16,10,11,233	18,37,51,793
Work-In-Progress	37,56,28,578	35,48,02,385
<b>Total</b>	<b>53,66,39,811</b>	<b>53,85,54,178</b>
Changes in Inventories of Finished Goods and Work in Progress	13,71,85,025	(19,14,367)
b) Traded Goods :		
Closing Stock	56,63,474	7,52,896
Opening Stock	7,52,896	6,75,035
<b>Changes in Inventories Stock in Trade</b>	<b>49,10,578</b>	<b>77,861</b>
<b>Total</b>	<b>14,20,95,603</b>	<b>(18,36,506)</b>

## 25. Employee benefits expense :

Salaries and Wages	41,30,92,964	35,74,30,798
Contribution to Provident and other Funds	4,22,46,052	3,32,80,310
Staff Welfare Expenses	3,95,92,179	3,28,12,331
<b>Total</b>	<b>49,49,31,195</b>	<b>42,35,23,439</b>

## 26. Finance Costs :

Interest Expense	17,11,07,568	17,36,11,722
Other Borrowing Cost	1,55,75,390	1,66,45,930
<b>Total</b>	<b>18,66,82,958</b>	<b>19,02,57,652</b>

## 27. Depreciation and Amortisation expense :

Depreciation	9,40,80,855	9,71,41,422
Less:- Transfer from Revaluation Reserve	-	69,590
	9,40,80,855	9,70,71,832
Amortisation	57,77,878	74,56,643
<b>Total</b>	<b>9,98,58,733</b>	<b>10,45,28,475</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

### 28. Other expenses :

(Amount in ₹)

	Year Ended March 31, 2015	Year Ended March 31, 2014
Consumption of Stores & Spares parts	23,87,80,693	19,15,26,976
Labour & Processing Charges	2,76,58,293	5,91,41,838
Power & Fuel	17,84,00,390	17,09,78,200
Royalty	75,15,501	65,20,028
Rent	1,53,86,611	1,01,27,073
Repairs to Buildings	38,63,721	60,58,491
Repairs to Plant & Machinery	3,72,76,800	3,04,21,830
Repairs to other Assets	93,97,514	76,14,664
Insurance	67,53,914	80,28,370
Travelling, Tour & Conveyance	5,57,12,374	5,41,69,854
Discount on Sales	5,17,22,250	4,37,20,816
Sales Promotion Expenses	3,04,07,507	2,98,72,902
Packing, Freight & Forwarding	9,79,00,879	9,51,31,451
Rates and Taxes	30,99,023	43,98,369
Remuneration to Auditors	16,16,000	15,47,500
Provision for Doubtful Receivables /Advances	38,33,744	10,40,806
Corporate Social Responsibility Expenditure (refer note no. 34)	27,59,209	-
Excise Duty on Increase/Decrease of Finished Goods	30,40,274	(35,65,986)
Net Loss on Foreign Currency Transactions & Translation	-	81,51,600
Miscellaneous Expenses	7,69,78,642	6,62,06,365
<b>Total</b>	<b>85,21,03,339</b>	<b>79,10,91,147</b>

### 29. Exceptional Items:

Profit on sale of Land and Building not in use *	-	8,80,67,548
<b>Total Exceptional Income (A)</b>	-	8,80,67,548
Terminal benefits - Chennai Plant workforce **	(1,86,86,122)	-
<b>Total Exceptional Expenditure (B)</b>	(1,86,86,122)	-
<b>Exceptional Items (net) (A+B)</b>	<b>(1,86,86,122)</b>	<b>8,80,67,548</b>

\* represents profit on sale of one of its lands including building and immovable fixtures thereon which were not being used.

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

### 30. Principles of Consolidation :

- a) The consolidated financial statements include the financial statements of Talbros Automotive Components Ltd ('the company') and its Joint Venture companies as on March 31, 2015 (collectively known as 'the group').

Name of the Joint Venture Company	Country of Incorporation	Ownership Interest	Date of Incorporation
Nippon Leakless Talbros Pvt. Ltd.	India	40%	09-03-2005
Magneti Marelli Talbros Chassis Systems Pvt. Ltd.	India	50%	03-02-2012
Talbros Marugo Rubber Pvt. Ltd.	India	50% less one share	23-08-2012

#### b) The consolidated financial statements have been prepared on the following basis:

- 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 financial statements of the joint venture 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.
- 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

## 30. Principles of Consolidation : (contd.)

## c) Aggregate amount of Company's interest in Joint Ventures is as under:-

	Nippon Leakless Talbros Pvt. Ltd.		Magnetit Marelli Talbros Chassis Systems Pvt. Ltd.		Talbros Marugo Rubber Pvt. Ltd.	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
i) Total Assets	20,50,78,803	16,73,75,440	14,78,90,173	13,44,10,094	6,19,10,841	2,50,87,366
ii) Total Liabilities	20,50,78,803	16,73,75,440	14,78,90,173	13,44,10,094	6,19,10,841	2,50,87,366
iii) Total Incomes	41,36,31,142	37,36,19,772	32,21,39,592	29,22,61,456	6,49,01,682	5,10,47,784
iv) Total Expenses	32,37,33,790	30,23,75,149	34,48,75,896	30,50,14,363	7,07,41,714	6,38,45,741

## 30.1 The Joint-venture companies included in the consolidated financial statement are :-

Name of the entity	Net Assets i.e., total assets minus total liabilities As a % of Consolidated Net Assets		Share in Profit or Loss after tax As a % of Consolidated Profit or Loss	
	Amount ₹		Amount ₹	
<b>Parent</b>				
1. Talbros Automotive Components Limited	95.78	1,21,78,87,241	70.66	9,97,85,304
<b>Joint Ventures</b>				
1. Nippon Leakless Talbros Private Limited	7.44	9,46,25,328	43.09	6,08,48,056
2. Magnetit Marelli Talbros Chassis Systems Private Limited	-1.97	(2,50,53,730)	-10.89	(1,53,85,455)
3. Talbros Marugo Rubber Private Limited	-1.26	(1,59,75,599)	-2.85	(40,29,093)
	100.00	1,27,14,83,240	100.00	14,12,18,813

## 31. Contingent Liabilities and Commitments :

(to the extent not provided for)

## 31.1 Contingent Liabilities :

## Claims against the Company not acknowledged as debts:

(Amount in ₹)

		Nature of the dues	As at March 31, 2015			As at March 31, 2014
			TACL	JV	Total	
(a)	Central Excise	Demand for dispute of classification of paper gasket	14,17,866	-	14,17,866	14,17,866
(b)	Service Tax	Cenvat credit disallowed	11,52,989	-	11,52,989	11,52,989
(c)	Central Sales Tax	Central Sales Tax	4,97,936	-	4,97,936	4,97,936
(d)	Haryana Value Added Tax	Disallowance of input tax	2,73,548	-	2,73,548	2,73,548
(e)	Customs Act	Demand of Custom Duty (Includes ₹28,78,364 paid under protest)(Previous year Nil)	53,58,327	-	53,58,327	12,09,782
(f)	E.S.I	ESI Demand ( Includes ₹4,34,130 paid under protest)	41,29,111	-	41,29,111	41,29,111
(g)	Income Tax	Disallowances	4,47,739	-	4,47,739	4,47,739
(h)	District Judge	Claim of freight bills	8,13,484	-	8,13,484	8,13,484
(i)	High Court, Mumbai	Fees for building work	55,000	-	55,000	55,000
(j)	Central Sales Tax	Non filing of return	-	-	-	35,000
(k)	Income Tax	Income tax demand on disallowance of expenditures	-	1,78,16,412	1,78,16,412	73,68,166
(l)	Central Excise	Objection on exemption on some of the products sold from Sitarganj Plant	80,00,000	-	80,00,000	80,00,000
(m)	Municipal Corporation of Faridabad	Demand for external development charges	2,55,00,000	-	2,55,00,000	-
		<b>Total</b>	<b>4,76,46,000</b>	<b>1,78,16,412</b>	<b>6,54,62,412</b>	<b>2,54,00,621</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

### 31. Contingent Liabilities and Commitments : (contd.)

#### (ii) Guarantees executed in favour of various authorities/customers/others

	Talbro Automotive Components Ltd	Joint Ventures	Total
<b>Total</b>	77,26,944	41,63,750	1,18,90,694
Previous year	(3,20,54,736)	(15,22,500)	(3,35,77,236)

#### (iii) Bills discounted with banks

	Talbro Automotive Components Ltd	Joint Ventures	Total
<b>Total</b>	1,26,54,808	-	1,26,54,808
Previous year	(3,37,03,339)	-	(3,37,03,339)

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

	Talbro Automotive Components Ltd	Joint Ventures	Total
<b>Total</b>	4,03,26,633	27,16,093	4,30,42,726
Previous year	(3,99,77,003)	(1,56,89,981)	(5,56,66,984)

### 32. 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.

33. Pursuant to enactment of the Companies Act, 2013, during the year ended March 31, 2015, the company has applied useful lives of tangible fixed assets as prescribed in Schedule II of the Companies Act, 2013 except for certain class of assets where different useful life is taken 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. Accordingly the depreciation has been provided by depreciating the carrying value of the asset (Net of residual value of 5%) over the revised/remaining life of individual assets.

Had the company continued with the previously assessed useful lives, charge for depreciation for the year ended 31st March 2015 would have been higher by ₹96.04 Lacs.

34. In accordance with the requirements of Section 135 of the Companies Act, 2013, the company has during the financial year ending March 31, 2015 spent in pursuance of its Corporate Social Responsibility policy as follows:-

- |   |              |
|---|--------------|
| a) Gross amount required to be spent by the company during the year | ₹27,59,209/- |
| b) Amount spent during the year on:-                                |              |
| - Contribution to Prime Minister's National Relief Fund             | ₹22,59,209/- |
| - Donation paid to Charitable Trust                                 | ₹ 5,00,000/- |

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

#### Investments Made

(Amount in ₹)

Sr. No	Name of the Investee	Amount invested during the year	Outstanding Amount as on 31st March'15
	<b>In Associates</b>		
1.	QH Talbro Limited	-	32,45,680
2.	Talbro International Ltd.	1,50,00,048	3,75,00,332
	<b>Non Trade Investments :</b>		
3.	T & T Motors Ltd.	-	13,74,990
4.	Caparo Power Ltd. - Equity Shares	-	1,14,71,340
5.	Caparo Power Ltd. - Preference Shares	-	25,49,200
6.	SBI Mutual Funds	-	10,00,000
	<b>Total</b>	<b>1,50,00,048</b>	<b>5,71,41,542</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

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

## Inter Corporate Deposits given (Proposed to be used for Business Purposes)

(Amount in ₹)

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

## 36. Related Party Disclosures

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

## a) Relationship

- i) Associates  
QH Talbros Ltd.,  
Talbros International Ltd.
- ii) Holding Company of Joint Venture  
Nippon Leakless Corporation, Japan
- iii) Key Management personnel  
- of Talbros Automotive Components Ltd.  
Mr. Umesh Talwar, Vice Chairman & Managing Director  
Mr. Varun Talwar, Joint Managing Director  
Mr. Anuj Talwar, Executive Director  
Mr. Rajeev Pal Gupta, Chief Executive Officer  
Mr. Manvinder Singh Ajmani, Chief Financial Officer  
Mrs. Seema Narang, Company Secretary  
-of Joint Venture Companies  
Mr. Koji Homma, Managing Director, Nippon Leakless Talbros Private Limited  
Mr. Yoshiaki Yunoki, Managing Director, Talbros Marugo Rubber Private Limited
- iv) Relatives of Key Management Personnel  
Mrs. Kum Kum Talwar, mother of Mr. Varun Talwar

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

Nature of Transactions	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>I) Transactions with Associates</b>		
<b>a) Sale of Products</b>	14,76,59,156	10,22,30,561
QH Talbros Ltd	14,76,59,156	10,22,30,561
<b>b) Outstanding Balance included in Trade Receivables</b>	4,49,95,474	3,13,98,841
QH Talbros Ltd	4,49,95,474	3,13,98,841
<b>c) Outstanding Balance included in Loans and Advances</b>	-	50,17,965
QH Talbros Ltd	-	50,17,965
<b>d) Royalty Income</b>	1,27,14,014	1,25,60,748
QH Talbros Ltd	1,27,14,014	1,25,60,748
<b>e) Dividend Received</b>	5,33,886	88,981
QH Talbros Ltd	5,33,886	88,981
<b>f) Receipt of Services</b>	12,49,742	6,27,536
QH Talbros Ltd	12,49,742	6,27,536
<b>II) Transactions with Key Management Personnel Remuneration paid*</b>	3,12,87,906	1,49,33,409
Mr. Umesh Talwar	45,85,163	45,87,996
Mr. Varun Talwar	39,44,800	39,44,800
Mr. Anuj Talwar	39,44,796	39,43,168
Mr. Koji Homma	12,64,227	12,37,033

## Notes to the Consolidated Financial Statements for the year ended March 31, 2015

### 36. Related Party Disclosures (contd.)

Nature of Transactions	Year Ended March 31, 2015	Year Ended March 31, 2014
Mr. Yoshiaki Yunoki	12,20,412	12,20,412
Mr. Rajeev Pal Gupta	97,86,396	-
Mr. Manvinder Singh Ajmani	45,22,776	-
Mrs. Seema Narang	20,19,336	-
<b>III) Transactions with Relatives Key Management Personnel Rent paid</b>	<b>7,20,000</b>	<b>7,20,000</b>
Mrs. Kum Kum Talwar	7,20,000	7,20,000

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

37. 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.

### 38. Earnings Per Share :

	Year Ended March 31, 2015	Year Ended March 31, 2014
<b>Basic and Diluted Earnings per Share</b>		
a) Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	1,23,45,630	1,23,45,630
Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
Weighted average number of equity shares outstanding during the year	1,23,45,630	1,23,45,630
b) Net Profit after tax available for equity share holders	14,12,18,813	19,31,28,321
c) Basic and Diluted Earning per share ( Face value of ₹10 each )	11.44	15.64

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



Driving Future Leadership

# TALBROS 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]

58th Annual General Meeting- September 25, 2015

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;
- (2) Name: ..... Address: .....  
 Email Id:..... Signature:..... of failing him;
- (3) 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 58th Annual General Meeting of the Company, to be held on Friday, September 25, 2015 at 10:30 a.m. at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad- 121001 (Haryana), India and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No.	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)	
		For	Against
	<b>Ordinary Business</b>		
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors for the financial year ended March 31, 2015.		
2.	Declaration of Dividend on paid- up Equity Share Capital for the financial year ended March 31, 2015.		
3.	To appoint a Director in place of Mr. Navin Juneja, who retires by rotation and being eligible, offers himself for re- appointment.		
4.	To appoint M/s. S. N. Dhawan & Co., New Delhi as Statutory Auditors of the Company and M/s. CMRS & Associates, Chartered Accountant, Pune as auditors for Company's Pune Branch and authorize Board of Directors to fix their remuneration.		
	<b>Special Business</b>		
5.	Re- appointment of Mr. Anuj Talwar as an Executive Director of the Company for a period of three years with effect from August 14, 2015.		
6.	Appointment of Mrs. Pallavi Sadanand Poojari as an Independent Director of the Company for a period of five consecutive years from 58th AGM.		
7.	Appointment of Mr. Vidur Talwar as Director of the Company liable to retire by rotation.		
8.	Acceptance of Fixed Deposits from Public.		
9.	Ratification of remuneration of M/s. Vijender Sharma & Co., as Cost Auditors for the financial year 2015-16.		

Signed this ..... day of ..... 2015.

.....  
 Signature of the member

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

Affix  
 Re. 1  
 Revenue  
 Stamp

#### Notes:

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.
- It is optional to indicate your preference. If you leave 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.





Driving Future Leadership

**TALBROS 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.talbros.com, Email: shares@talbros.com

**ATTENDANCE SLIP**

**58th Annual General Meeting- September 25, 2015**

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 58th Annual General Meeting of the Company, to be held on Friday, September 25, 2015 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 (Director)  
Mr. Anuj Talwar (Executive Director)  
Mr. Anil Kumar Mehra  
Mr. Rajive Sawhney  
Mr. V. Mohan  
Mr. Amit Burman  
Mr. Navin Juneja  
Mr. Rajeev Ranjan Vederah  
Ms. Pallavi Sadanand Poojari

## Chief Financial Officer

Mr. Manvinder Singh Ajmani

## Company Secretary

Mrs. Seema Narang

## Main Bankers

State Bank Of India  
HDFC Bank  
Yes Bank  
Indusind Bank  
Punjab National Bank  
DBS Bank  
ICICI Bank  
State Bank of Patiala

## 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)



Driving Future Leadership

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14/1, Mathura Road,  
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Ph: +91 129 4294182