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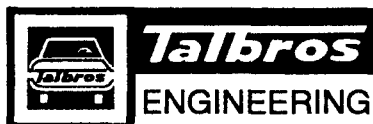
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***Annual Report***

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**2007-2008**

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**TALBROS ENGINEERING LIMITED**



## TALBROS ENGINEERING LIMITED

# 22nd ANNUAL REPORT 2007-2008

### BOARD OF DIRECTORS

RAJESH TALWAR (Chairman & Managing Director)  
TUSHAR K. CHOPRA (Director)  
KARAN TALWAR (Director)  
M.L. GUPTA (Director)

### BANKER

BANK OF INDIA

### AUDITORS

M/s. RAKESH RAJ & ASSOCIATES  
CHARTERED ACCOUNTANTS  
PLOT NO. 565, SECTOR-7B,  
FARIDABAD 121 006 (HARYANA)

### REGISTERED OFFICE

PLOT NO. 74-75, SECTOR-6,  
FARIDABAD 121 006 (HARYANA)  
PHONES : 0129-4061545-49

### WORKS

PLOT NO. 74-75, SECTOR-6,  
FARIDABAD - 121 006 (HARYANA)

PLOT NO. 35-38  
INDL. AREA, HATHIN,  
DISTT. MEWAT (HARYANA)

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## NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of Talbro Engineering Limited will be held on Saturday, the 20th day of September, 2008 at 11.30 a.m. at Hotel "Delite", 17, Neelam Bata Road, NIT, Faridabad, Haryana, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the report of Board of Directors' and Auditors' thereon.
2. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Rakesh Raj & Associates, Chartered Accountants, Plot No. 565, Sector-7B, Faridabad be and are hereby reappointed as the statutory auditors of the Company and they will hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration, as may be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to Article 52 and Article 53 of the Articles of Association of the Company and in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the consent of the company be and is hereby accorded for the re-appointment of Shri Rajesh Talwar as the Managing Director of the company, designated as Chairman and Managing Director for a period of 5 years w.e.f. 21.09.2008 and for the revision of remuneration of Shri Rajesh Talwar, with effect from 21.09.2008 for a period of 3 years and he shall receive the remuneration as per details given hereunder:

#### A. Remuneration

- a) Basic salary: Rs. 1,50,000/- P.M.
- b) House Rent Allowance: 90,000/- P.M.
- c) Perquisites such as expenditure on gas, electricity, water, furnishing, medical

reimbursement, leave travel concession, club fee, Personal Accident Insurance, credit card expenses and others aggregating to not exceeding Rs. 10,000/- per month.

#### B. Perquisites in addition to the above

- i) Company's Contribution towards Provident Fund & Superannuation Fund or Annuity Fund - As per Rules of the Company.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of tenure.
- iv) Telephone facility at residence, personal long distance calls to be paid by the appointee to the company.
- v) Fee use of Company's car with Chauffer.
- vi) Reimbursement of expenses actually and properly incurred in the course of business of the company and such other benefit / amenities and privileges as may be available to other senior executives of the Company.

RESOLVED FURTHER THAT subject to provisions of Sections 198, 269, 309, 310, 311 and Schedule XIII of the companies Act, 1956 and other applicable provisions, in case of adequacy of profits, Board of Directors be and is hereby authorized to pay the remuneration, by way of salary, dearness allowance, perquisites, commission and other allowances, which shall not exceed 5 per cent of its net profits in place of above fixed remuneration and if no decision is being made regarding payment of remuneration by way of commission in case of adequacy of profit, the above salary with continue.

RESOLVED FURTHER THAT Board of Directors of the company be and is hereby authorized to take such steps as may be necessary and incidental to give effect to this resolution and to delegate the power for this purpose.

RESOLVED FURTHER THAT from the date of application of this resolution, resolution passed by the shareholders of the Company in 19th Annual General Meeting regarding fixing the remuneration of Sh. Rajesh Talwar, Chairman & Managing Director will become ineffective.

By order of the Board  
for Talbro Engineering Limited

(RAJESH TALWAR)  
Chairman & Managing Director

Place: Faridabad  
Date: 20.08.2008



## TALBROS ENGINEERING LIMITED

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### NOTES

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself. A proxy need not be a member of the Company. The duly completed proxy forms should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting. The proxy form is given in this Annual Report.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 18th Sept. 2008 to 20th Sept. 2008, both days inclusive.
3. The members are requested to notify immediately the change of address, if any, to the Company at its Registered Office or at the office of the Share Transfer Agent of the Company i.e. M/s. Beetal Financial & Computer Services Private Limited, BEETAL HOUSE, 3rd Floor, 99, Madangir, B/H Local Shopping Centre, New Delhi-110062.
4. Member desiring any information on the accounts at the meeting are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
5. Members are requested to take their seats in the Meeting Hall before the scheduled time of commencement of the Annual Proceedings.
6. Please bring your attendance slip alongwith Annual Report to the meeting as the same will not be distributed in the meeting.
7. Members/Proxies may also please note that only Tea/Coffee will be served and no gift will be distributed at the venue of Annual General Meeting or elsewhere.

By order of the Board  
for **TalbroS Engineering Limited**

Place : Faridabad  
Date: 20.08.2008

(Rajesh Talwar)  
Chairman & Managing Director

## ANNEXURE TO THE NOTICE DATED 20th AUGUST, 2008.

### (Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956)

As required "under section 173(2) of the Companies Act, 1956 the following Explanatory Statements set out all material facts relating to Special Business mentioned in the Notice:

#### ITEM No. 3

The Company at its 17<sup>th</sup> Annual General Meeting held on 30.09.2003 reappointed Sh. Rajesh Talwar as Managing Director for a period of 5 years. The Company at its 19<sup>th</sup> Annual General Meeting held on 30.09.2005 revised the remuneration of Sh. Rajesh Talwar, Chairman & Managing Director for a period of 3 years w.e.f. 01.10.2005.

In accordance with the provisions of Schedule XIII of the Companies Act, 1956, Sh. Rajesh Talwar has been drawing a remuneration of Rs.2,50,000 p.m. since 1<sup>st</sup> October 2005. Before this he was drawing Remuneration of Rs.75,000/- p.m. from 01-10-2003 to 30.09.2005. Although, during the last three years, there has been significant expansions of the operations, the financial performance of the Company was consistent. However, with the competitive business scenario. Mr. Rajesh Talwar, Chairman & Managing Director requested the Remuneration committee for no increment in the remuneration package and the Remuneration Committee accepted his request and recommended the erstwhile remuneration structure to be continued for a period of 3 years w.e.f. 21.09.2008.

The members of the Remuneration Committee in the meeting held on 20<sup>th</sup> August 2008, passed resolutions regarding the remuneration of Sh. Rajesh Talwar, Chairman & Managing Director for a period of three years w.e.f. 21.09.2008 as per details given in the resolutions at item no. 03. The Board of Directors of the Company (The Board) in the meeting held on 20<sup>th</sup> August 2008, passed resolutions regarding revision of remuneration (as recommended by the Remuneration Committee) of Sh. Rajesh Talwar, Chairman & Managing Director for a period of three years w.e.f. 21.09.2008, subject to the approval of the members of the Company at the forthcoming Annual General Meeting.

The aforesaid remuneration as given in the respective proposed resolution as applicable to whole time director of the Company is in accordance with the permissible limit as specified in Section II of Part II of Schedule XIII of the Companies Act, 1956.

Your Directors recommended the resolution for your approval.

None of the directors except Mr. Rajesh Talwar himself is interested in the proposed resolution. The above may also be treated as disclosure to members under Sec. 302 of the Companies Act, 1956.

### Statement as per Part II, Section II (1) (B) (iii) of Schedule XIII to the Companies Act, 1956.

#### 1. GENERAL INFORMATION

##### Nature of Industry

The Company is in the business of Engineering Components, manufacturing and supplying Rear Axle, shafts and King Pins to Original Equipment Manufacturers, After Market and Export Segments. .

##### Date of Commencement of Commercial Production

The Company commenced its commercial production in the year 1986.

##### Financial Performance

Particulars	(Rs. In Lacs.)		
	2005-06	2006-07	2007-08
Sales	4837.07	5845.04	6898.61
Profit Before Tax	99.31	105.86	81.81
Profit After Tax	60.06	74.08	61.65

##### Export Performance

During the year 2007-08, the export sales of the Company grew by 50.43% to Rs. 695.88 Lacs as compared to Rs.462.58 Lacs in the previous financial year.

#### II. INFORMATION ABOUT SH. RAJESH TALWAR

##### Background Details:

Sh. Rajesh Talwar is 57 years of age completed his B.Tech from The Indian Institute of Technology (IIT), Kanpur, MS and MBA from the United States. He is having more than 31 years of experience in Automotive and Engineering industry.

##### Past Remuneration

Details of monthly remuneration during the period from 01.10.2005 to 20.09.2008.

	(Amount in Rs.)
Basic	1,50,000
HRA	90,000
Perquisites	10,000
Total	2,50,000

##### Recognition and Awards

Under the dynamic leadership of Sh. Rajesh Talwar the sales turnover of the Company during the last 3 years i.e. from 2005 to 2008 has been grown from Rs. 4837.07 Lacs to



## TALBROS ENGINEERING LIMITED

Rs. 6898.61 Lacs and profit before tax from Rs. 99.31 Lacs to Rs. 81.81 Lacs. Export Sales of the Company also grew by 50.43% to Rs. 695.88 Lacs as compared to Rs. 462.58 Lacs. During the financial year your company received a good response from the market in spite of stiff competition. The company is striving to explore new exports market both domestic and international upgradation and improvement in the manufacturing facilities by way of providing cost-effective plant & machinery.

He is a member of several trade associations and is a Certified Professional Engineer from the United States. He has attended various seminars and workshops organized by CII, ACMA, PHD Chamber of Commerce and Industry and FICCI.

### Job Profile of Sh. Rajesh Talwar

Sh. Rajesh Talwar is the Chairman & Managing Director of the Company and is looking after its overall operations. Under his dynamic leadership the company is maintaining cordial industrial relations without loss of any men-hours resulting into higher productivity for the Company. He is also engaged in the strategic planning, business promotion, monitoring long term plan of the Company besides upgradation of technology.

### Proposed Remuneration

In accordance with the recommendation of the Remuneration Committee, no change in the remuneration of Sh. Rajesh Talwar is proposed for a period of 3 years w.e.f. 21.09.2008.

### Comparative Remuneration Profile with Respect to Industry

Based on the resolution passed by the Remuneration Committee revising remuneration of Sh. Rajesh Talwar w.e.f. 21.09.2008 for a period of three years, the Board of Directors considers that the remuneration and perquisites proposed to be paid are commensurate with the duties and responsibilities. The proposed remuneration is in line with the remuneration being paid to other Whole time Directors in the industry.

Place: Faridabad  
Date: 20.08.2008

### Pecuniary Relationship with the Company

Sh. Rajesh Talwar is the Promoter Director of the Company. Sh. Rajesh Talwar is related to Mr. Karan Talwar.

### III. OTHER INFORMATION

#### Steps taken for improvement in Profitability

all efforts are being made to reduce cost of production by using standard quality of raw materials at reasonable cost. The Company is also undertaking the programme to improve the efficiency of the staff at all levels by way of providing training through some recognized and accredited agencies/authorities. Efforts are also being made to improve productivity at shop floor through proper training. Also investments in forging capacity will remove imbalances, which will lead to greater utilization of installed capacity.

Taking into consideration the aforesaid steps being undertaken, the Company is gearing itself towards improving its financial performance in the coming years.

#### Expected Increase in Productivity and Profits in Measurable Terms

(Rs. In Lacs.)

Particulars	2008-09	2009-10	2010-11
Gross Sales	9,000.00	10,500.00	12,000.00
Profit Before Tax	90.00	105.00	125.00

The Company is expected to achieve adequate profits within the next 3-4 years.

### IV. DISCLOSURES

The shareholders of the Company have been informed about the remuneration of Sh. Rajesh Talwar as per details given in the resolution at item no. 03 in the notice of this Annual General Meeting attached to the annual report.

All documents in connection with the above resolutions are available for inspections at the Registered Office of the Company on any working day between 11.00 A.M. to 1.00 P.M.

By order of the Board  
for Talbro's Engineering Limited

(RAJESH TALWAR)  
Chairman & Managing Director

## DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting 22nd Annual Report of the Company together with the audited accounts for the year ended on 31st March 2008.

<b>FINANCIAL HIGHLIGHTS</b>	<b>31st March 2008 (Rs. in Lacs)</b>	<b>31st March 2007 (Rs. in Lacs)</b>
<b>Sales Turnover (Gross)</b>	<b>6898.61</b>	5845.04
Profit before Interest and Depreciation	<b>503.20</b>	422.49
Less: Interest	<b>265.22</b>	190.00
Less: Depreciation	<b>156.17</b>	126.63
<b>Profit before Tax</b>	<b>81.81</b>	105.86
Less: Provision for Current Tax & F.B.T.	<b>17.98</b>	18.20
Less: Provision for Deferred Tax	<b>2.18</b>	13.58
<b>Profit After Tax</b>	<b>61.65</b>	74.08
Add : Balance brought forward from the previous year	<b>408.43</b>	358.63
<b>Profit Available for Appropriation</b>	<b>470.08</b>	432.71
Appropriations:		
<b>Balance carried over to Balance Sheet</b>	<b>470.08</b>	432.71

### DIVIDEND & APPROPRIATION OF PROFITS:

The profit after tax is Rs. 61.65 Lacs. Your directors have decided to re-invest the funds available for appropriation in the business carried out by the Company. As explained in the "Business Outlook for the Coming year", the Company is concentrating on exports market this year. The promoters' share is being met entirely by internal accruals. Therefore, the directors do not recommend any dividend for the Financial Year 2007-2008.

### OPERATIONS:

- I. Your company has shown sales turnover of Rs.6,898.61 Lacs in this financial year ended on 31.03.2008 as against Rs.5,845.04 Lacs for the previous financial year showing an increase of 18.02%. Net profit after tax for this year is Rs. 61.65 Lacs as compared to Rs.74.08 Lacs for the previous financial year.
- II. Reserves & Surplus as on 31.03.2008 will stand at Rs. 885.46 Lacs as against the paid up capital of Rs.141.01 Lacs.

### EXPORTS:

Exports turnover (F.O.B. value) for the year ended on 31.03.2008 was Rs.695.88 Lacs as compared to Rs. 462.58 Lacs for the previous financial year.

### BUSINESS OUTLOOK FOR THE COMING YEAR:

The operations of year 2008-09 are likely to benefit from the enhancement of production capacities. Sales Turnover is expected to increase substantially on account of the Steel do not expect domestic production to increase substantially. To maintain stable profitability we are working towards increase in exports.

During the first four-month period from April-July 2008 of the Financial Year 2008-09, the Company has already booked sales growth of 17.31%. The growth in exports alone during this period is 18.20%.

### PERSONNEL:

The particulars of employees covered pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies, (Disclosure of Particulars in the Report of Board of Directors') Rules, 1988 and forming part of the Directors' Report for the year ended on 31st March, 2008 are not applicable as no employee was in receipt of remuneration in excess of such sum as may be prescribed in the said Act.

### FIXED DEPOSITS:

There are no unclaimed deposits at the year-end.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

Particulars required under section 217 (1) of the Companies Act, 1956 relating to conservation of energy, technology absorption and research & development activities are given in the Annexure to this report.

### FOREIGN EXCHANGE EARNINGS AND OUTGO:

Expenditure in foreign exchange for Selling Agency Commission amounted to Rs. 16,042/-, Foreign Travel amounted to Rs. 10,04,400/-. Values of Imports on C.I.F. basis for Plant & Machinery is of Rs. 4,28,663/-. Meanwhile, earning in foreign exchange value of export on F.O.B. basis is of Rs. 6,95,87,997/-.

### AUDITORS' OBSERVATION:

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

### DIRECTORS:

In accordance with the Provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Rajesh

Talwar retire by rotation and being eligible offer himself for re-appointment as Chairman and Managing Director of the Company.

**AUDITORS:**

The Statutory Auditors of the company M/s. Rakesh Raj & Associates, Chartered Accountants, Plot No.565, Sector-7B, Faridabad-121 006 (Haryana) retire at the forthcoming Annual General Meeting. The company has received intimation under Section 224(1B) of the Companies Act, 1956 from them regarding their eligibility to be re-appointed as Statutory Auditors. The Directors recommend their re-appointment.

**INFORMATION REGARDING LISTING OF SHARES AT DELHI STOCK EXCHANGE:**

Equity shares of the company including shares issued during Rights Issue are listed with the Delhi Stock Exchange Association Ltd. The Company has duly paid the listing fee for the year 2008-2009.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended on 31st March 2008, the applicable accounting standards have been followed and there is no material departure from the applicable Accounting Standards;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended on 31st March 2008 on a going concern basis.

**DEMATERIALIZATION OF SHARES:**

The Company has entered into the Agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialization/rematerialization of securities. M/s. Beetal Computer & Financial Services (P) Limited, New Delhi has been re-appointed as Electronic Share Transfer Agent in addition to Physical Share Transfer Agent.

**COMPLIANCE CERTIFICATE:**

As per provisions of Section 383A of the Companies Act, 1956, Compliance Certificate from Ms. Mayuri Gupta, Company Secretary is annexed herewith.

**ACKNOWLEDGEMENT:**

The Directors wish to place on record their appreciation of the hard work with dedication put in by all the employees and working Directors of the Company. The Directors also wish to place on record their sincere thanks for the assistance given by the Bank of India and State of Haryana.

The Directors are also grateful to the shareholders, dealers and customers who have reposed their confidence in the company and are hopeful of their continued support in future.

**For and on behalf of the Board**

Place : Faridabad  
Date: 20.08.2008

**Rajesh Talwar**  
Chairman & Managing Director



## ANNEXURE TO THE DIRECTORS' REPORT U/S 217(1) (e) OF THE COMPANIES ACT, 1956

### FORM A

#### 1. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	<b>2007-2008</b>	2006-2007
	<b>Current Year</b>	Previous Year
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
(A) Purchased		
Unit	<b>56,21,694</b>	51,97,871
Total Amount	<b>Rs. 2,49,85,513</b>	Rs. 2,21,41,025
Rate Per Unit	<b>Rs. 4.44</b>	Rs.4.26
(B) Own Generation		
(i) Through Diesel Generator Unit	<b>22,81,516</b>	26,78,397
Unit per ltr of Diesel Oil	<b>5.38</b>	5.56
Cost per Unit	<b>Rs. 5.30</b>	Rs.5.64
(ii) Through Steam Turbine/Generator Unit	<b>NIL</b>	NIL
Unit per ltr of Fuel Oil/Gas Cost/Unit	<b>NIL</b>	NIL
2. Coal (Specify Quality and where used)	<b>NIL</b>	NIL
Quantity (Tonnes)		
Total Cost		
Average Rate		
3. Furnace Oil (LDO)		
Quantity (K.ltrs.)	<b>15,98,790</b>	15,40,720
Total Amount	<b>Rs. 3,06,43,751</b>	Rs.2,90,73,054
Average Rate	<b>Rs. 19.17</b>	Rs. 18.87
4. Others/Internal Generation		
(Please give details)		
Quantity	<b>NIL</b>	NIL
Total Cost	<b>NIL</b>	NIL
Rate Per Unit	<b>NIL</b>	NIL
<b>(B) Consumption per unit of Production</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Products (with details) Unit      Axles	<b>1</b>	<b>1</b>
Electricity (units)	<b>9.29</b>	9.83
Furnace Oil (K.ltrs)	<b>2.35</b>	2.75
Coal (Specify Quality)	<b>NIL</b>	NIL
Others (Specify)		

**FORM B**  
**(See rule 2)**
**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

Details of efforts made in technology absorption are given below:

**Research and development (R&D)**

1. Specific areas in which R&D carried out by the company. : Research & Development work is carried on a continuous basis to develop:
  - a) New Products
  - b) New Materials
  - c) *New Processes*
2. Benefits derived as a result of the above R&D. : New Products are being developed.
3. Future plan of action. : Company is in search of technical assistance to further reduce rejection, improve productivity and widen products range.
4. Expenditure on R&D
  - a) Capital : Nil
  - b) Recurring : Nil
  - c) Total : Nil
  - d) Total R&D expenditure : Nil  
As percentage of total turnover.

**Technology absorption, adaptation and innovation**

1. Efforts : Continuous efforts are being made to achieve higher quality standards to expand the range of its products.
2. Benefits : Constant review of material construction and design resulting in increased acceptability of product.
3. Imported technology : Continuous access to latest technology is required to expand export as well as domestic market.

## COMPLIANCE CERTIFICATE

To  
The Members  
TALBROS ENGINEERING LIMITED  
Plot No.74-75, Sector-6,  
Faridabad-121006 (Haryana)

I have examined the registers, records, books and papers of **TALBROS ENGINEERING LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2008 (the financial year). In my opinion and to the best of information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I hereby certify that:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns on the dates as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time limit prescribed under the Act and the rules made thereunder.
3. The company being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met 10 (Ten) times on 30th April 2007, 25th June 2007, 08th June 2007, 24th July 2007, 30th July 2007, 10th August 2007, 31st August 2007, 30th October 2007, 30th January 2007 & 19th February 2008 in respect of which meetings, proper notices were given and the proceedings were duly recorded and signed in the minutes books maintained for the purpose.
5. The Company closed its Register of Members from 27th September 2007 to 29th September 2007 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31st March 2007 was held on 29th September, 2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. The company has obtained approval from the Board of Directors in the meeting held on 31.08.2007 and from members of the company in 21st Annual General Meeting held on 29.09.2007 of the company for appointing Ms. Semeena Talwar, daughter of Mr. Rajesh Talwar, Chairman & Managing Director in the company, who was holding an office or place of profit in the company, as Manager Exports in the company Mr. Tarun Talwar son of Mr. Rajesh Talwar, Chairman & Managing Director in the company, for holding the office or place of profit as Manager- Operation, M/s. MLG Infotech Private Limited, a company in which Mr. M.L. Gupta, Director in the company, is a director which was holding an office or place of profit in the company, for holding and continuing to hold the office or place of profit as contractor for software and providing hardware engineer for Hardware maintenance in the company for monthly pecuniary benefits as laid in the notice calling the 21st Annual General Meeting held on 29.09.2007 in accordance with the section 314 of the Companies Act, 1956.
12. The Company has issued duplicate share certificate (s) during the financial year after complying with all the statutory formalities under the Act.
13. The Company:
  - (i) has delivered all certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act. However, there was no allotment of securities during the financial year.

- (ii) was not required to deposit any amount in a separate bank account, as no dividend was declared during the financial year.
  - (iii) was not required to post warrants to any member of the Company, as no dividends was declared during the financial year.
  - (iv) there is no application money due for the refund, unclaimed/unpaid dividend, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.
  - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Director/Alternate Directors and Directors to fill casual vacancy during the financial year.
  15. There was no appointment of Managing Director/Whole Time Director/Manager during the financial year.
  16. The Company has not appointed any sole-selling agents during the financial year.
  17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
  18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The Company has not issued any shares, debentures or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. There was no redemption of preference shares or debentures during the financial year.
  22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited/accepted any deposits including unsecured loans from the public during the financial year, as specified under sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules 1975. However, the company has accepted deposits from the person other than public and has filed the copy of Statement in lieu of Advertisement/necessary particulars as required, with the Registrar of Companies, NCT of Delhi & Haryana. The Company has also filed Return of Deposits with the Registrar of Companies/ other authorities in respect of the deposits accepted from the public during the previous financial year.
  24. The amounts borrowed by the Company from banks and others during the financial year are within the borrowing limits of the Company and necessary resolutions as per section 293(1)(d) of the Act was passed in Annual General Meeting held on 25th November, 1995.
  25. The Company has not invested/given guarantees or provided securities to other bodies corporate during the financial year.
  26. The Company has not altered the provisions of the Memorandum of Association with respect to Situation of the Registered office of the Company from one state to another during the financial year.
  27. The Company has not altered the provisions of the Memorandum of Association with respect to the Objects of the Company during the financial year.
  28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year.
  29. The Company has not altered the provisions of the Memorandum of Association with respect to Share Capital of the company during the year.
  30. The Company has not altered its Articles of Association during the financial year.
  31. There was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
  32. The Company has not received any money as security from its employees during the financial year.
  33. The Company has not constituted its own Provident Fund and as such the provisions of section 418 of the Act, are not applicable to the Company.

Place : Faridabad  
Date : 20.08.2008

**Mayuri Gupta**  
Company Secretary  
C.P. No. 5930

**ANNEXURE 'A'**

**Registers as maintained by the Company:**

**Statutory Registers:**

S. No.	Name of Register(s)	Under Section
1.	Register of Investment	49
2.	Register of charges & instrument creating charges	135 & 143
3.	Register of Deposits	58A
4.	Register of Members & Index thereof	150 & 151
5.	Register & Returns	163
6.	Minutes Book of General Meetings, Board Meetings & Meetings of Share Transfer Committee.	193
7.	Books of Accounts	209
8.	Register of particulars of contracts in which directors are interested.	301
9.	Register of Director, Managing Director, Manager, Secretary.	303
10.	Register of Directors' Shareholdings	307
11.	Register of loans and Investments	372A

**Other Registers:**

12.	Register of share transfers.
13.	Register of Directors' attendance.
14.	Register of duplicate share certificates

**ANNEXURE 'B'**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or any other Authorities during the financial year ended on 31/03/2008.

S. No.	Forms & Returns	(U/s) Under Section	For	Filed on
1.	Form DIN-3	Rule 6 (Directors' Identification Number)	For furnishing the particulars of directors.	22.06.2007
2.	Form-62 (Annual Return of Fixed Deposits)	58A	For the Financial year ended on 31.3.2007	20.06.2007
3.	Form No. 8	125	Modification of Charge for working capital limit.	16.07.2007
4.	Form No. 8	125	Creation of Charge.	17.09.2007
5.	Form-62 (Statement in lieu of Advertisement)	58(A) Read with Rule 4A of the Company (Acceptance of Deposit) Rules, 1975	For the Financial ended on 31st March, 2007	28.09.2007
6.	Form No. 8	125	Creation of Charge for Term Loan.	04.10.2007
7.	Form No. 8	125	Creation of Charge for Term Loan.	04.10.2007
8.	Form No. 8	125	Modification of Charge for working capital limit.	04.10.2007
9.	Form No. 8	125	Modification of Charge for working capital limit.	04.10.2007
10.	Form-23AC & 23ACA (Annual Report/Balance Sheet)	220	For the financial year ended on 31st March, 2007.	18.10.2007
11.	Form-66 (Compliance Certificate)	383A	For the financial year ended on 31st March, 2007.	18.10.2007
12.	Form 23	192	For the registration of special resolution passed in the AGM u/s 314 of the Companies Act, 1956.	22.10.2007
13.	Form-20B (Annual Return)	159	For the financial year ended on 31st March, 2007.	27.11.2007

## AUDITORS' REPORT

### To The Members of Talbros Engineering Limited

We have audited the attached Balance Sheet of Talbros Engineering Limited as at 31st March 2008 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

**for Rakesh Raj & Associates**  
Chartered Accountants

Raj Kumar Agarwal  
Partner  
M. No. 83352  
Place : Faridabad  
Date: 20.08.2008

- b) In our opinion the Company, as required by law, has kept proper books of accounts, so far as it appears from our examination of such books.
- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards specified in Section 211 (3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - i) In case of Balance Sheet, of the state of affairs of the company as at 31st March 2008; and
  - ii) In case of Profit and Loss Account, of the profit of the company for the year ended on that date; and
  - iii) In case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date on the accounts of Talbro Engineering Limited for the year ended on 31st March 2008)

1. a) The Company has maintained proper books showing full particulars, including quantitative details and situation of fixed assets.
  - b) All the Fixed assets have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us, no material discrepancies have been noticed on such physical verifications as compared to book records.
  - c) During the year the company has not disposed off a substantial part of its fixed assets.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) 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) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
3. a) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - b) In our opinion and according to the information and explanations given to us, the Company has taken loans and deposits from companies / parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 50,51,350 and year-end balance of such loans and deposits was Rs. 41,94,968.
  - c) In our opinion, the rate of interest and other terms and conditions on which the loans and deposits has been taken from companies / parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
  - d) In respect of loans and deposits taken by the company, the principal and the interest has been paid regularly.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of audit, no major weakness has been noticed in these internal controls.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) Based on the audit procedures applied by us and according to the information and explanations provided by the management, having regards to comments in 5 a) above, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of the five lacks rupees in respect of any party during the year have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
6. During the year the company has accepted deposits from the public and provisions of section 58A and 58AA of the Companies Act, 1956 and Rules framed there in, has been complied with.
7. In our opinion, the Company has an in-house internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales -tax, Wealth-tax, Customs Duty, Excise Duty, Cess and other material Statutory Dues applicable to it. According to information and explanations given to us, there are no arrears of outstanding Statutory Dues as mentioned above as at 31st March 2008 for a period of more than six months from the date they become payable.
  - b) According to the information & explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Excise Duty, Cess that have not been deposited with the appropriate authorities on account of dispute except the following: -



## TALBROS ENGINEERING LIMITED

Name of Statute	Nature of the dues	Amount (Rs.)	Forum where dispute is Pending	Assessment Year
I.T. Act*	Income Tax	77,000.00	Confirmed	2000-01
I.T. Act	Income Tax	1,25,896.00	A.O.	2002-03
I.T. Act	Income Tax	2,65,597.00	CIT(A)	2004-05
I.T. Act	Income Tax	75,81,597.00	CIT(A)	2005-06

\* Demand not raised by Income Tax Authority till Date.

10. The Company has no accumulated losses at the end of the financial year and has not incurred any cash losses in such financial year.
  11. 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.
  12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. The company is not a chit fund or a Nidhi mutual benefit fund/society. Therefore, the provisions of the clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
  14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
15. The Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
  16. According to the information and explanations given to us, we report the term loans have been applied for the purpose for which they were raised.
  17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have been partially used for long-term investment.
  18. The Company has not made any preferential allotment of shares during the year.
  19. The Company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of Companies (Auditor's Report) Order 2003 is not applicable to the Company.
  20. The Company has not raised any money through a public issue during the year.
  21. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for **Rakesh Raj & Associates**

Chartered Accountants

Raj Kumar Agarwal

Partner

M. No. 83352

Place : Faridabad

Date: 20.08.2008





# TALBROS ENGINEERING LIMITED

## BALANCE SHEET AS AT MARCH 31, 2008

PARTICULARS	SCHEDULE	As at March 31, 2008		As at March 31, 2007	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Share Capital	1	1,41,01,400		1,41,01,400	
Reserves and Surplus	2	8,85,45,592	10,26,46,992	8,48,38,204	9,89,39,604
<b>LOAN FUNDS :</b>					
Secured Loans	3	17,61,13,423		15,00,60,253	
Unsecured Loans	4	1,49,59,005	19,10,72,428	1,32,59,371	16,33,19,624
Deferred Tax Liability (Net)			1,12,40,080		1,21,07,924
<b>TOTAL</b>			<b>30,49,59,500</b>		<b>27,43,67,152</b>
<b>APPLICATIONS OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	5	24,29,92,955		21,27,87,379	
LESS: Depreciation		10,13,07,042		8,61,10,431	
<b>Net Block</b>		<b>14,16,85,913</b>		<b>12,66,76,948</b>	
Capital work-in-progress		10,41,779		9,37,393	
			14,27,27,692		12,76,14,341
<b>INVESTMENTS</b>	6		9,27,200		9,27,200
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	7	13,34,84,328		10,96,99,083	
Sundry Debtors	8	11,11,69,088		9,91,53,928	
Cash & Bank Balances	9	57,71,591		42,13,126	
Loans And Advances	10	4,10,47,691		2,30,47,103	
		29,14,72,698		23,61,13,240	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>					
Current Liabilities & Provisions	11	13,01,68,090		9,03,46,644	
		13,01,68,090		9,03,46,644	
<b>NET CURRENT ASSETS</b>			<b>16,13,04,608</b>		<b>14,57,66,596</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	12		—		59,015
<b>TOTAL</b>			<b>30,49,59,500</b>		<b>27,43,67,152</b>
<b>Accounting Policies and Notes to Accounts</b>	20				

As per our report of even date  
For **RAKESH RAJ & ASSOCIATES**  
Chartered Accountants

**Raj Kumar Agarwal**  
Partner  
M. No. 83352

**Rajesh Talwar**  
Chairman & Managing Director

**Karan Talwar**  
Director

**V.K. Datta**  
Manager - Finance

Place : Faridabad  
Date : 20.08.2008



# TALBROS ENGINEERING LIMITED

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

PARTICULARS	SCHEDULE	Year ended March 31, 2008 Rs.	Year ended March 31, 2007 Rs.
<b>INCOME</b>			
Sales	13	68,98,60,708	58,45,03,833
Less : Excise Duty		<u>8,59,44,833</u>	<u>7,57,08,415</u>
Other Income	14	77,57,626	80,62,547
Increase / (Decrease) in stocks	15	17,73,240	3,02,57,824
		<u>61,34,46,741</u>	<u>54,71,15,789</u>
<b>EXPENDITURE</b>			
Raw Material Consumed	16	31,96,52,181	28,02,67,426
Employee Remuneration & Benefits	17	5,58,32,278	4,29,19,340
Manufacturing, Administrative & Other Expenses	18	18,75,83,515	18,16,21,030
Finance Cost	19	2,65,21,806	1,89,99,595
Depreciation		1,56,46,782	1,26,92,766
Less: Charged from Revaluation Reserve		<u>(29,849)</u>	<u>(29,849)</u>
Preliminary & Share Issue Expenses written off		59,015	59,018
		<u>60,52,65,728</u>	<u>53,65,29,326</u>
<b>PROFIT BEFOR TAX</b>		<b>81,81,013</b>	<b>1,05,86,463</b>
Less : Provision for Tax			
- Current Tax		14,00,000	14,20,000
- Fringe Benefit Tax		4,00,000	4,00,000
- Deferred Tax		2,17,776	13,58,353
- Tax adjusted for earlier years		(1,714)	—
<b>PROFIT AFTER TAX</b>		<b>61,64,951</b>	<b>74,08,110</b>
<b>PROFIT BROUGHT FORWARD FROM EARLIER YEAR</b>		<b>4,08,43,387</b>	<b>3,58,62,991</b>
<b>AVAILABLE FOR APPROPRIATION</b>		<b>4,70,08,338</b>	<b>4,32,71,101</b>
<b>APPROPRIATIONS:</b>			
AMOUNT CARRIED OVER TO BALANCE SHEET		<u>4,70,08,338</u>	<u>4,32,71,101</u>
		<u>4,70,08,338</u>	<u>4,32,71,101</u>
<b>Earnings per Share (Rs.)</b>		<b>4.37</b>	<b>5.25</b>
Accounting Policies and Notes to Accounts	20		

As per our report of even date  
For **RAKESH RAJ & ASSOCIATES**  
Chartered Accountants

**Raj Kumar Agarwal**  
Partner  
M. No. 83352

**Rajesh Talwar**  
Chairman & Managing Director

**Karan Talwar**  
Director

**V.K. Datta**  
Manager - Finance

Place : Faridabad  
Date : 20.08.2008

# TALBROS ENGINEERING LIMITED



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

	As at March 31, 2008		As at March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 1 - SHARE CAPITAL</b>				
<b>AUTHORISED:</b>				
30,00,000 (30,00,000) Equity Shares of Rs. 10/- each		<b>3,00,00,000</b>		3,00,00,000
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>				
1,14,10,140 (1,14,10,140) Equity Shares of Rs.10/- each fully paid up (out of the above Shares, 7,00,000 Equity Shares allotted as fully paid up on 16.3.96 to the shareholders of Talbros Automotive Components Limited, pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Delhi wherein the Engineering Division of Talbros Automotive Components Ltd. has been transferred to and vested in the Company).		<b>1,41,01,400</b>		1,41,01,400
<b>TOTAL</b>		<b>1,41,01,400</b>		1,41,01,400
<b>SCHEDULE 2 - RESERVES AND SURPLUS :</b>				
<b>(a) REVALUATION RESERVE :</b>				
As per last Balance Sheet	<b>12,38,605</b>		12,68,454	
Less : Transfer to Profit & Loss A/c	<b>29,849</b>	<b>12,08,756</b>	<b>29,849</b>	12,38,605
<b>(b) CAPITAL SUBSIDY :</b>				
As per last Balance Sheet	<b>76,29,905</b>		60,02,483	
Add: During The Year	<b>—</b>	<b>76,29,905</b>	<b>16,27,422</b>	76,29,905
<b>(c) SHARE PREMIUM :</b>				
	<b>70,50,700</b>	<b>70,50,700</b>	70,50,700	70,50,700
<b>(d) CAPITAL RESERVE :</b>				
As per last Balance Sheet	<b>1,74,87,403</b>		1,74,87,403	
Add: During the year	<b>—</b>	<b>1,74,87,403</b>	<b>—</b>	1,74,87,403
<b>(e) GENERAL RESERVE:</b>				
As per last Balance Sheet	<b>81,60,490</b>	<b>81,60,490</b>	81,60,490	81,60,490
<b>(f) PROFIT AND LOSS ACCOUNT :</b>				
As per last Balance Sheet	<b>4,32,71,101</b>		3,58,62,991	
LESS : Employee Benefits adjusted of earlier year	<b>(24,27,714)</b>		<b>—</b>	
	<b>4,08,43,387</b>		<b>3,58,62,991</b>	
Add: Transfer from Profit and Loss Account	<b>61,64,951</b>	<b>4,70,08,338</b>	<b>74,08,110</b>	4,32,71,101
<b>TOTAL</b>		<b>8,85,45,592</b>		8,48,38,204
<b>SCHEDULE 3 - SECURED LOANS :</b>				
<b>(a) TERM LOANS</b>				
Bank of India		<b>6,90,70,715</b>		5,75,20,064
<b>(b) SALES TAX DEFEREMENT</b>				
		<b>6,09,364</b>		46,10,868
<b>(c) WORKING CAPITAL FACILITIES</b>				
From Banks :				
Cash Credit Facilities		<b>9,95,96,277</b>		8,41,29,521
Bills Discounted		<b>41,34,023</b>		26,54,944
<b>(d) VEHICLES LOANS</b>				
		<b>27,03,044</b>		11,44,856
<b>TOTAL</b>		<b>17,61,13,423</b>		15,00,60,253

**SCHEDULE 3 - SECURED LOANS (Contd.)**
**NOTES :**

1. Term Loans from Bank of India are secured by first charge by way of mortgage of the Company's immovable properties, both present and future, and further secured by hypothecation of movables, both present and future, and subject to prior charges in favour of Company's bankers on inventories and other movables as may be agreed/permitted by lenders for securing borrowings for working capital requirements. The Term Loans are further secured by personal guarantees of one Director and one member of the company.
2. Interest Free Loan under the Sales Tax Deferment scheme is secured Parri-Passu first charge over all tangible movable equipment, machinery & Plant, Vehicle, tools, accessories, spares, furniture & fixture. (The amount repaid during the year is Rs. 40.02 Lacs).
3. The working capital facilities from banks are secured by way of hypothecation of stock in trade and book debts and further secured by way of a second charge on immovable properties of the Company. The facilities from Bank of India and are further secured by personal guarantees of one Director and one member of the company.
4. Vehicles Loans are secured against hypothecation of Vehicles.

	<b>As at March 31, 2008</b>		<b>As at March 31, 2007</b>	
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE 4 - UNSECURED LOANS</b>				
FIXED DEPOSITS				
From Directors	—		—	
From Others	<b>1,40,88,824</b>		1,30,05,669	
Interest Accrued but not due	<b>4,70,181</b>	<b>1,45,59,005</b>	<b>2,53,702</b>	1,32,59,371
Loan from Directors		<b>4,00,000</b>		—
<b>TOTAL</b>		<b>1,49,59,005</b>		<b>1,32,59,371</b>

**SCHEDULE 5 : FIXED ASSETS**

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.04.2007	Additions during the year	Deduction during the year	Total Cost as at 31.03.2008	Dep. upto 31.03.2007	Dep. during the year	Dep. Written Back	Total Dep. upto 31.03.2008	W.D.V. as at 31.03.2008	W.D.V. as at 31.03.2007
	1	2	3	4	5	6	7	8	9	10
LAND	29,13,242	—	—	29,13,242	—	—	—	—	29,13,242	29,13,242
BUILDING	1,47,03,664	32,71,950	—	1,79,75,614	33,97,151	5,11,898	—	39,09,049	1,40,66,565	1,13,06,513
PLANT AND MACHINERY	18,00,97,262	2,44,42,132	3,80,172	20,41,59,222	7,58,76,290	1,41,01,878	3,41,047	8,96,37,121	11,45,22,101	10,42,20,972
VEHICLES	41,11,856	24,83,711	4,52,367	61,43,200	13,12,979	4,73,791	1,09,124	16,77,646	44,65,554	27,98,877
FURNITURE & FIXTURES	13,51,336	1,72,856	—	15,24,192	4,48,944	82,825	—	5,31,769	9,92,423	9,02,392
OFFICE EQUIPMENTS	24,51,991	1,50,961	—	26,02,952	8,83,211	1,09,927	—	9,93,138	16,09,814	15,68,780
ELECTRICAL INSTALLATIONS	44,21,024	2,96,937	—	47,17,961	18,46,224	1,96,501	—	20,42,725	26,75,236	25,74,800
TUBE-WELL	2,71,708	—	—	2,71,708	53,643	4,429	—	58,072	2,13,636	2,18,065
COMPUTERS	24,65,296	2,19,568	—	26,84,864	22,91,989	1,65,533	—	24,57,522	2,27,342	1,73,307
<b>TOTAL:</b>	<b>21,27,87,379</b>	<b>3,10,38,115</b>	<b>8,32,539</b>	<b>24,29,92,955</b>	<b>8,61,10,431</b>	<b>1,56,46,782</b>	<b>4,50,171</b>	<b>10,13,07,042</b>	<b>14,16,85,913</b>	<b>12,66,76,948</b>
CAPITAL WORK IN PROGRESS	—	—	—	—	—	—	—	—	10,41,779	9,37,393
<b>TOTAL:</b>	<b>21,27,87,379</b>	<b>3,10,38,115</b>	<b>8,32,539</b>	<b>24,29,92,955</b>	<b>8,61,10,431</b>	<b>1,56,46,782</b>	<b>4,50,171</b>	<b>10,13,07,042</b>	<b>14,27,27,692</b>	<b>12,76,14,341</b>
PREVIOUS YEAR	16,88,99,086	4,92,76,019	53,87,726	21,27,87,379	7,62,83,777	1,26,92,767	28,66,113	8,61,10,431	12,76,14,341	10,31,73,595

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

	As at March 31, 2008		As at March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 6 - INVESTMENTS</b>				
<b>NON TRADE - UNQUOTED</b>				
33,000 Fully paid up Equity Shares of Rs.10/- each of Talbro's Private Limited		8,60,000		8,60,000
US-64 Bonds with Unit Trust of India		67,200		67,200
<b>TOTAL</b>		<u>9,27,200</u>		<u>9,27,200</u>
<b>SCHEDULE 7 - INVENTORIES</b>				
- Finished Goods		92,26,226		92,82,841
- Work-in-progress		8,54,90,209		8,36,26,638
- Raw materials		2,51,46,455		43,35,543
- Stores & Spare Consumables (including loose tools)		1,19,75,754		1,04,65,663
- Scrap		14,30,653		14,64,369
- Packing Material		2,15,031		5,24,029
<b>TOTAL</b>		<u>13,34,84,328</u>		<u>10,96,99,083</u>
<b>SCHEDULE 8 - SUNDRY DEBTORS</b>				
(Unsecured but Considered Good)				
Debts outstanding for a period exceeding six months		74,86,081		74,98,542
Other Debts		10,36,83,007		9,16,55,386
<b>TOTAL</b>		<u>11,11,69,088</u>		<u>9,91,53,928</u>
<b>SCHEDULE 9 - CASH AND BANK BALANCES</b>				
Cash in hand		2,18,258		79,329
Balance With Scheduled Banks:				
In Current Accounts	41,50,448		37,86,475	
In Fixed Deposit Accounts	<u>14,02,885</u>	55,53,333	<u>3,47,322</u>	41,33,797
<b>TOTAL</b>		<u>57,71,591</u>		<u>42,13,126</u>
<b>SCHEDULE 10 - LOANS AND ADVANCES</b>				
(Unsecured but Considered Good)				
Advance recoverable in Cash or in kind or value to be received		1,82,74,822		94,61,400
Advance to Suppliers		87,26,752		75,65,367
Excise Duty Balace		1,20,05,279		31,48,290
Security Deposits		20,40,838		20,57,418
Advance Income Tax & TDS (Net)		—		8,14,628
<b>TOTAL</b>		<u>4,10,47,691</u>		<u>2,30,47,103</u>
<b>SCHEDULE 11 - CURRENT LIABILITIES &amp; PROVISIONS:</b>				
<b>CURRENT LIABILITIES:</b>				
Sundry Creditors		11,72,68,163		7,84,53,061
Advance From Customers		1,37,209		11,68,244
Provision for Fringe Benefit Tax (Net)		1,00,000		4,000
Other Liabilities		1,26,62,718		1,07,21,339
<b>TOTAL</b>		<u>13,01,68,090</u>		<u>9,03,46,644</u>

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

	As at March 31, 2008		As at March 31, 2007	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 12 - MISCELLANEOUS EXPENDITURE:</b>				
(To the extent not written off or adjusted)				
<b>(A) Share Issue Expenses</b>				
As Per Last Balance Sheet		59,015		1,18,033
Less Written off during the year		59,015		59,018
<b>TOTAL</b>		<u>—</u>		<u>59,015</u>

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

	Year ended March 31, 2008		Year ended March 31, 2007	
	Rs.		Rs.	
<b>SCHEDULE 13 - SALES :</b>				
Sales		61,69,24,999		53,64,18,763
Export Sales		7,27,09,235		4,74,86,025
Job Work Charges		2,26,474		5,99,045
<b>TOTAL</b>		<u>68,98,60,708</u>		<u>58,45,03,833</u>

**SCHEDULE 14 - OTHER INCOME :**

Interest Received		4,45,063		33,528
Miscellaneous Income		11,16,255		3,99,605
Profit on Sale of Fixed Assets (Net)		2,03,067		(9,72,148)
Discount Received		18,10,347		72,09,313
Export Incentive Received		41,82,894		13,92,249
<b>TOTAL</b>		<u>77,57,626</u>		<u>80,62,547</u>

**SCHEDULE 15 - INCREASE / (DECREASE) IN STOCKS:**
**CLOSING STOCK:**

- Finished Goods	92,26,226		92,82,841	
- Work-in-progress	8,54,90,209		8,36,26,638	
- Scrap	14,30,653	9,61,47,088	14,64,369	9,43,73,848

**Less: OPENING STOCK:**

- Finished Goods	92,82,841		57,41,241	
- Work-in-progress	8,36,26,638		5,76,37,493	
- Scrap	14,64,369	9,43,73,848	7,37,290	6,41,16,024

**INCREASE / (DECEASE) IN STOCK**

	<u>17,73,240</u>		<u>3,02,57,824</u>
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**SCHEDULE 16: RAW MATERIAL CONSUMED**

Opening Stock	43,35,543		1,88,04,426	
Add: Purchases	33,95,06,410		26,54,00,715	28,46,02,969
Cartage Inward	9,56,683	34,47,98,636	3,97,828	
Less: Closing Stock		2,51,46,455		43,35,543
<b>TOTAL</b>		<u>31,96,52,181</u>		<u>28,02,67,426</u>



# TALBROS ENGINEERING LIMITED

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

	Year ended March 31, 2008 Rs.	Year ended March 31, 2007 Rs.
<b>SCHEDULE 17 - EMPLOYEE REMUNERATION &amp; BENEFITS</b>		
<b>SALARIES, WAGES AND OTHER BENEFITS</b>		
Salary, Wages and Bonus	4,34,27,254	3,25,08,863
Workmen and Staff Welfare Expenses	66,65,791	50,07,110
Contribution to Provident & Other Funds	22,57,461	20,97,977
Gratuity	4,81,772	3,05,390
Director Remuneration	30,00,000	30,00,000
<b>TOTAL</b>	<b><u>5,58,32,278</u></b>	<b><u>4,29,19,340</u></b>
<b>SCHEDULE 18 - MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Stores, Spares and Tools Consumed	4,86,31,402	3,88,89,153
Power & Fuel	6,76,76,458	6,66,44,366
Processing Charges	1,61,61,628	22365972
<b>REPAIRS AND MAINTENANCE :</b>		
Buildings	11,24,504	14,97,619
Plant & Machinery	60,83,326	90,01,357
Other	16,53,406	5,99,832
Rent, Rates and Taxes	2,22,154	5,92,641
Insurance	6,76,039	6,25,071
Travelling Expenses	34,21,345	56,38,529
Commission On Sale	16,042	3,06,298
Discounts	1,73,561	73,630
Packing Expenses	1,55,37,893	1,35,47,120
Advertisement and Sales Promotion	11,05,015	11,74,802
Printing and Stationery	6,52,148	8,90,761
Postage and Telegram Expenses	1,95,117	1,70,853
Telephone Expenses	8,62,705	8,82,740
Legal and Professional Expenses	14,06,303	5,80,833
Membership and Subscription	96,048	1,65,348
Charity and Donation	11,501	2,821
Foreign Exchange Fluctuation	8,12,584	(5,12,737)
Security Services	13,02,240	8,04,816
Miscellaneous Expenses	8,32,457	4,80,074
Provision of Excise Duty on Closing Stock of Finished Goods	15,64,236	16,20,823
Less: Excise Duty Reversed on Opening Stock of Finished Goods	<u>(16,20,823)</u>	<u>(8,26,608)</u>
Conveyance Expenses	5,25,578	5,29,033
Vehicles Running & Maintenance Expenses	6,39,395	6,40,344
Freight Outward	1,75,63,029	1,49,09,579
Fine and Penalty	—	1,00,000
Auditors Remuneration	1,70,000	2,21,960
Director's Sitting Fee	12,000	4,000
Previous year Adjustment	76,224	—
<b>TOTAL</b>	<b><u>18,75,83,515</u></b>	<b><u>18,16,21,030</u></b>
<b>SCHEDULE 19 - FINANCE COST</b>		
Interest on Term Loans	76,83,910	52,98,170
Interest on Fixed Deposits	12,40,126	14,55,001
Interest on Working Capital	83,48,864	61,27,454
Bank Charges & Others	92,48,906	61,18,970
<b>TOTAL</b>	<b><u>2,65,21,806</u></b>	<b><u>1,89,99,595</u></b>

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2008**

**SCHEDULE 20 –SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. BASIS OF PREPARATION OF ACCOUNTS:**

The financial statements are prepared on historical cost convention except fixed assets, which are stated at revalued amounts. The accounts materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

**2. USE OF ESTIMATES:**

The Preparation of financial statement requires estimates and assumptions to be made that affect reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**3. INVESTMENTS:**

Current Investments are valued at cost or market price whichever is lower. Long Term Investments are valued at cost. Any diminution in value, other than temporary, is duly accounted for.

**4. INVENTORIES HAVE BEEN VALUED AS FOLLOWS:**

- a) Raw Materials, Stores & Spares, Tools & Packing Material etc are valued at lower cost or net realizable value. The cost is determined on first in first out (FIFO) Basis.
- b) Work in Progress and Finished Goods are valued at lower of cost or net realisable value. The excise duty liability on finished goods lying in excise bonded warehouse has been added to the cost of finished goods.

**5. FIXED ASSETS:**

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

**6. DEPRECIATION :**

6.1 Depreciation on all the fixed assets is charged on straight-line method as per rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except on the plant & machinery transferred to the company at the time of hiving off of Engineering Division of Talbro's Automotive Components Limited w.e.f. 01.04.95 which is under written down value method.

6.2 During the current year, Depreciation has been charged on double and triple shift basis, as per actual running of plants.

**7. FOREIGN CURRENCY TRANSACTIONS:**

7.1 Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction.

7.2 Foreign currency monetary items at the year end are restated using the closing rates.

7.3 Any income or expenses on account of exchange difference either on settlement or on restatement is recognized in the profit & loss account.

**8. IMPAIRMENT OF FIXED ASSETS:**

At the end of each year the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with the accounting standard 28 on impairment of assets issued by the Institute of Chartered Accountants of India. An impairment loss is charged to profit & loss A/c in the year in which asset is identified as impaired when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**9. RETIREMENT & OTHER BENEFITS:**

9.1 Retirement benefits to employees comprise contribution to Provident Fund, Gratuity and Leave Encashment under the scheme of the company. The company makes monthly contribution to the Provident Fund authorities in accordance with the provisions of the relevant statute.

9.2 Gratuity is administered by a trust formed for this purpose through the Group Gratuity with Life Insurance Corporation of India.

9.3 Leave Encashment liability, being a retirement benefit, is accounted for on actuarial valuation basis.



## 10. REVENUE RECOGNITION:

- 10.1 Sales include excise duty and are net of returns and trade discounts. Sales are recognized at the time of despatch of goods to the customers.
- 10.2 Export benefits/incentives are recognized in the profit & loss accounts, when the right to receive credit as per the terms of the scheme is established in respect of export goods.

## 11. BORROWING COST:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets prior to commencement of commercial production are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

## 12. PROVISION FOR CURRENT AND DEFERRED TAX :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from "Timing Difference" between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheets date. The deferred tax assets are recognised and carry forward only to the extent that there is reasonable certainty that the assets will be realised in future.

## 13. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions involving substantial degree of estimation in measurement are recognized with there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are recognized but are disclosed in the notes, Contingent Assets are neither recognized nor disclosed in the financial statement.

## B. NOTES TO ACCOUNTS:

### 1. CONTINGENT LIABILITIES:

- a) Bank Guarantees outstanding as on 31.03.2008 : Rs.5,10,000/- (Previous year Rs.5,35,000/-)
- b) Estimated amount of contracts remaining to be executed on capital account and not provided :

	<b>Current Year</b>	Previous Year
Total value of contracts	<b>Rs.62,71,101</b>	Rs. 73,71,427
Contracts remaining to be executed	<b>Rs.46,34,290</b>	Rs. 59,65,793

2. The excise duty liability on finished goods lying in the excise bounded warehouse has been added to the cost of finished goods amounting to Rs. 15,64,236/- and at the same time provision for excise duty payable for the similar amount has been created.
3. The company dose not have any information regarding the status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid at the end of the year together with interest paid / payables under the said Act have not been provided.

### 4. MANAGERIAL REMUNERATION :

- a) The company is of the opinion that the computation of net profits under section 349 of the Companies Act, 1956 (for the purpose of calculation of Director's remuneration) need not be furnished since no commission has been paid to the Directors this year and only the remuneration in accordance with the provisions of the Schedule XIII of the companies Act, 1956 has been paid.
- b) Managerial remuneration under section 198 and as per rules prescribed under Schedule XIII of the Companies Act, 1956 is as under: -

	<b>Current year (Rs.)</b>	Previous year (Rs.)
Salaries	<b>28,80,000</b>	28,80,000
Perquisites	<b>1,20,000</b>	1,20,000
Employees Contribution to Provident Fund	<b>2,16,000</b>	2,16,000
<b>TOTAL</b>	<b>32,16,000</b>	32,16,000

### 5. REMUNERATION TO AUDITORS:

Audit fees	<b>1,50,000</b>	1,50,000
Company's Law Matters	<b>20,000</b>	20,000
Taxation and other services	<b>—</b>	51,960
<b>TOTAL</b>	<b>1,70,000</b>	2,21,960

6. In the opinion of the Board of Directors, the current assets, loans and advances have a value on realisation atleast equal to the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made.
7. Advance to suppliers includes capital advances of Rs.16,36,811/- (Previous year Rs.14,05,634/-).
8. Installments of Term Loan and Fixed Deposits due within next 12 months are Rs. 161.86 lacs and Rs. 103.19 lacs respectively.

9. Deferred Tax Liability comprises of timing differences on account of:

Deferred Tax Liability	Deferred Tax Liability/ (Assets) as at 1.4.2007 (Rs.)	Current year Charge/(Credit) (Rs.)	Deferred Tax Liability/(Assets) as at 31.03.2008 (Rs.)
(i) Depreciation	1,20,88,060	2,37,640	1,23,25,700
(ii) Preliminary Exp.	19,864	(19,864)	Nil
(iii) Disallowance u/s 43 B*	(10,85,620)	—	(10,85,620)
<b>TOTAL</b>	<b>1,10,22,304</b>	<b>2,17,776</b>	<b>1,12,40,080</b>
<b>PREVIOUS YEAR</b>	<b>1,07,49,571</b>	<b>13,58,353</b>	<b>1,21,07,924</b>

\* Effect on account of AS-15 (Revised) on Employee Benefits (Gratuity)

10. The entire operation of the company relates to only one segment viz. Automotive Components. Hence as per AS-17 issued by ICAI, there is no Reportable Segment.

11. In compliance with the accounting standard 15 (revised 2005) "Employee Benefits", the company has got the employee benefits evaluated from actuarial valuer. As per valuation report the company has upto 31.03.2008 short provision of Rs. 35,13,334/- lacs (net of deferred tax liability of Rs. 24,27,714/- lacs) for Gratuity, which has been adjusted out of opening balance of profit & loss account and Deferred Tax Liability as on April 1, 2007.

12. Defined Benefit Plans :

12.1 In accordance with Accounting Standard 15 ( revised 2005,) the actuarial valuation carried out in respect of the aforesaid defined benefit plans of gratuity is based on the following assumption.

Actuarial Assumptions	Employee Gratuity Fund
Discount Rate ( per annum )	8 %
Rate of increase in compensation levels	5 %

**Table Showing changes in present value of obligation As on 31.03.2008**

Present Value of Obligation as at beginning of Year	5,899,887.00
Interest Cost	442,492.00
Current Service Cost	327,314.00
Benefit Paid	(200,352.00)
Actuarial ( Gain ) / Loss on obligation	(61,226.00)
Present Value of Obligation as at end of Year	6,408,115.00

**Table Showing changes in the Fair Value of Plan Assets As on 31.03.2008**

Fair Value of Plan Assets at beginning of Year	2,386,553.00
Expected Return on Plan Assets	226,808.00
Contributions	363,443.00
Benefit Paid	(200,352.00)
Actuarial ( Gain ) / Loss on Plan Assets	—
Present Value of Plan Assets at end of Year	2,776,452.00

**Table Showing Fair Value of Plan Assets**

Fair Value of Plan Assets at beginning of Year	2,386,553.00
Actual Return on Plan Assets	226,808.00
Contributions	363,443.00
Benefit Paid	(200,352.00)
Fair Value of Plan Assets at end of Year	2,776,452.00
Funded Status	(3,631,663.00)

Excess of Actual over estimated return on plan assets  
(Actual rate of return = Estimated rate of return as ARD falls on 31st Mar.)

**Actuarial Gain / Loss recognized**

Actuarial Gain / Loss on obligation	61,226.00
Actuarial Gain / Loss for the year - plan assets	—
Total Gain / Loss for the year	(61,226.00)
Actuarial Gain / Loss recognized in the year	(61,226.00)

### Net Assets / ( Liability) Recognized in Balance Sheet

Present value of obligations as at the end of year	6,408,115.00
Fair value of plan assets as at the end of the year	2,776,452.00
Fund status	(3,631,663.00)
Net Assets / ( Liability ) Recognized in Balance Sheet	3,631,663.00

### Expense Recognized in statement of profit and loss

Current Service Cost	327,314.00
Interest. Cost	442,492.00
Expected return on plan assets	(226,808.00)
Net Actuarial ( Gain ) / Loss recognized in the year	(61,226.00)
Expenses recognized in statement of profit and loss	481,772.00

13. Earning Per Share :	Current Year (Rs.)	Previous Year (Rs.)
Net Profit after Tax	61,64,951	74,08,110
Weighted Average No. of Equity Shares	14,10,140	14,10,140
Basic and Diluted Earnings per Equity Share	4.37	5.25
Face Value per Equity Share	10	10

### 14. RELATED PARTY DISCLOSURE AS PER (AS-18) ISSUED BY ICAI:-

#### Key managerial personnel and their Relatives

Mr. Rajesh Talwar	Chairman and Managing Director
Mr. Rajesh Talwar (H.U.F.)	H.U.F. of Mr. Rajesh Talwar
Mrs. Geeta Talwar	Wife of Mr. Rajesh Talwar
Mr. Tarun Talwar	Son of Mr. Rajesh Talwar
Ms. Sameena Talwar	Daughter of Mr. Rajesh Talwar

Name of Person	Nature of Transaction	Transaction's Amount		Receivables / (Payables)	
		Current Year	Prev. Year	Current Year	Prev. Year
MR. RAJESH TALWAR	SALARY	3,000,000.00	3,000,000.00	(146,205.00)	(134,558.00)
MR RAJESH TALWAR	LOAN RECEIVED	400,000.00	6,200,000.00	(400,000.00)	—
	INTT. ON LOAN	36,000.00	299,658.00	—	—
MR RAJESH TALWAR (HUF)	FD RECEIVED	175,000.00	830,000.00	(2,157,743.00)	(1,924,614.00)
	INTT. ON FD	210,372.00	90,603.00	—	—
MRS GEETA TALWAR	LOAN RECEIVED	800,000.00	2,900,000.00	—	—
	INTT. ON LOAN	61,826.00	71,926.00	—	—
MR TARUN TALWAR	FD RECEIVED	130,000.00	135,000.00	(557,612.00)	(393,229.00)
	INTT. ON FD	51,434.00	29,953.00	—	—
MS SAMEENA TALWAR	FD RECEIVED	190,000.00	305,000.00	(1,079,613.00)	(819,462.00)
	INTT. ON FD	101,247.00	70,024.00	—	—

#### Enterprises over which Key Managerial Personnel and their relatives having significant influence

J.T. Engineering Private Limited

Name of Person	Nature of Transaction	Transaction's Amount		Receivables / (Payables)	
		Current Year	Prev. Year	Current Year	Prev. Year
J.T.Engineering Private Limited.	Purchase	1,532,993.00	2,432,873.00	2,465,014.00	765,624.00
	Sale	479,344.00	475,214.00	—	—

### 15. Previous years figures have been regrouped/rearranged wherever considered necessary.

### 16. Additional information pursuant to the requirements of Part - II of Schedule VI to the Companies Act 1956.

a) LICENCED / INSTALLED CAPACITY ETC.:	Axle Shafts (Nos.)	King Pins(Nos.)
Licensed Capacity per annum	N.A.	N.A.
Installed Capacity Per annum	8,00,000	NIL
(As certified by the Management and relied upon by the Auditors being a technical matter)	(7,00,000)	(1,00,000)
Actual Production	6,80,832	NIL
	(5,60,724)	NIL

Figures in brackets represent figures for previous year.

**b) TURNOVER, PURCHASES, OPENING AND CLOSING STOCK OF GOODS, CONSUMPTION ETC. :**

	Units	Current year		Previous year	
		Quantity No.	Value (Rs.)	Quantity No.	Value (Rs.)
<b>TURNOVER</b>					
Finished Goods:					
Axle Shafts	Nos.	<b>6,82,901</b>	<b>67,07,08,905</b>	5,58,783	57,35,13,418
Scrap and Others	Kgs.	<b>12,17,705</b>	<b>1,91,51,803</b>	8,03,649	1,09,90,415
<b>TOTAL</b>			<b>68,98,60,708</b>		<b>58,45,03,833</b>

**STOCKS OF GOODS**
**Opening Stock:**

Axle Shafts	Nos.	<b>10,638</b>	<b>90,85,876</b>	8,445	55,44,276
King Pins & Kits	Nos.	<b>1,402</b>	<b>1,96,965</b>	1,402	1,96,965

**Closing Stock:**

Axle Shafts	Nos.	<b>8,569</b>	<b>90,29,261</b>	10,638	90,85,876
King Pins & Kits	Nos.	<b>1,402</b>	<b>1,96,965</b>	1,402	1,96,965

**c) CONSUMPTION ANALYSIS**
**CONSUMPTION OF RAW MATERIALS AND COMPONENTS**

Metallic Rods	Kgs	<b>95,90,099</b>	<b>31,96,52,181</b>	87,99,958	28,02,67,426
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**COMPOSITION OF RAW MATERIALS AND COMPONENTS CONSUMED**

Imported		—	—	—	—
Indigenous		<b>100%</b>	<b>31,96,52,181</b>	100%	28,02,67,426
<b>TOTAL</b>		<b>100%</b>	<b>31,96,52,181</b>	100%	28,02,67,426

**COMPOSITION OF STORES AND SPARES CONSUMED:**

Imported		—	—	—	—
Indigenous		<b>100%</b>	<b>4,86,31,402</b>	100%	3,88,89,153
<b>TOTAL</b>		<b>100%</b>	<b>4,86,31,402</b>	100%	3,88,89,153

**d) FOREIGN CURRENCY TRANSACTIONS :**

I. C.I.F. Value of Imports:					
a) Plant & Machinery			<b>4,28,663</b>		—
II. Expenditure in Foreign currency					
a) Commission on Export Sales			<b>16,042</b>		4,31,523
b) Foreign Travel (Foreign Exchange Utilized)			<b>10,04,400</b>		29,44,134
III. Earnings in Foreign Exchange					
Value of Export on F.O.B. basis			<b>6,95,87,997</b>		4,62,58,395

17. Schedule 1 to 20 are annexed to and forming part of the Balance Sheet as at 31.03.2008 and Profit and Loss Account for the year ended on that date.

As per our report of even date  
For **RAKESH RAJ & ASSOCIATES**  
Chartered Accountants

**Raj Kumar Agarwal**  
Partner  
M. No. 83352

**Rajesh Talwar**  
Chairman & Managing Director

**Karan Talwar**  
Director

**V.K. Datta**  
Manager - Finance

Place : Faridabad  
Date : 20.08.2008

# TALBROS ENGINEERING LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

(Figures in Rupees)

	Year ended March 31, 2008	Year ended March 31, 2007
<b>A OPERATING ACTIVITIES</b>		
a Net profit before Tax	81,81,013	1,05,86,463
<b>Adjustments for :</b>		
Depreciation	1,56,16,933	1,26,62,917
Capital Reserves & subsidy	—	16,27,422
Miscellaneous Expenses written off	59,015	59,018
Interest Paid	2,65,21,806	1,54,07,950
Interest / Dividend income	(4,45,063)	(33,528)
Gratuity adjusted of earlier year	(35,13,335)	—
Loss / (Profit) on Sale of Fixed Assets	(2,03,067)	9,72,148
	<b>3,80,36,289</b>	<b>3,06,95,927</b>
b Operating Profit before Working capital changes	<b>4,62,17,302</b>	<b>4,12,82,390</b>
<b>Adjustments for :</b>		
Trade and other Receivables	(3,02,13,402)	(1,56,93,858)
Inventories	(2,37,85,245)	(1,68,00,220)
Trade Payables	3,83,21,446	2,11,14,371
	<b>(1,56,77,201)</b>	<b>(1,13,79,707)</b>
	<b>3,05,40,101</b>	<b>2,99,02,683</b>
c Cash generated from Operations		
Direct Tax Paid-Income Tax	1,97,654	(8,14,628)
Excess/ (Short) Provision of Tax	1,714	—
Direct Tax Paid-Income Tax-Fringe Benefit Tax	(3,00,000)	(3,96,000)
	<b>(1,00,632)</b>	<b>(12,10,628)</b>
<b>Net Cash from / (used) in Investing Activities</b>	<b>3,04,39,469</b>	<b>2,86,92,055</b>
<b>B INVESTING ACTIVITIES</b>		
Sale / Transfer of Fixed Assets	5,85,435	15,49,469
Interest Received & Dividend Recd.	4,45,063	33,528
Decrease / (Increase) in CWIP	(1,04,386)	96,20,890
Purchase of Fixed Assets	(3,10,38,115)	(4,92,76,019)
<b>Net Cash from / (used) in Investing Activities</b>	<b>(3,01,12,003)</b>	<b>(3,80,72,132)</b>
<b>C FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	4,24,89,799	3,02,32,154
Repayment / Transfer of Borrowings	(1,60,36,628)	(72,71,408)
Fixed Deposits (Net)	12,99,634	21,93,475
Interest paid	(2,65,21,806)	(1,54,07,950)
<b>Net Cash from / (used) in Financing Activities</b>	<b>12,30,999</b>	<b>97,46,271</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>15,58,465</b>	<b>3,66,194</b>
<b>Cash and Cash Equivalent as at:</b>		
-the beginning of the year	42,13,126	38,46,932
-the end of the year	<b>57,71,591</b>	<b>42,13,126</b>

As per our report of even date  
For **RAKESH RAJ & ASSOCIATES**  
Chartered Accountants

Raj Kumar Agarwal  
Partner  
M. No. 83352

Rajesh Talwar  
Chairman & Managing Director

Karan Talwar  
Director

V.K. Datta  
Manager - Finance

Place : Faridabad  
Date : 20.08.2008



# TALBROS ENGINEERING LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (In Terms of Amendment to Schedule VI, Part-IV)

### I. Registration Details

Registration No.  -    State Code

Balance Sheet Date     
Date Month Year

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

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

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

Total Liabilities	<input type="text" value="304960"/>	Total Assets	<input type="text" value="304960"/>
Sources of Funds		Reserves & Surplus	<input type="text" value="88546"/>
Paid-up Capital	<input type="text" value="14101"/>	Unsecured Loans	<input type="text" value="14959"/>
Secured Loans	<input type="text" value="176114"/>	Investments	<input type="text" value="927"/>
Other Liabilities	<input type="text" value="11240"/>	Misc. Expenditure	<input type="text" value="NIL"/>
Application of Funds			
Net Fixed Assets	<input type="text" value="142728"/>		
Net Current Assets	<input type="text" value="161305"/>		
Accumulated Losses	<input type="text" value="NIL"/>		

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

Turnover	<input type="text" value="611673"/>	Total Expenditure	<input type="text" value="603492"/>
Profit/Loss Before Tax	<input type="text" value="8181"/>	Profit/Loss After Tax	<input type="text" value="6165"/>
Earning Per Share in Rs.	<input type="text" value="4.37"/>	Dividend Rate %	<input type="text" value="00"/>

### V. Generic Names of Three Principal Product/Services of The Company (As per terms)

Item Code No. (ITC Code)      
Product Description

As per our report of even date  
For **RAKESH RAJ & ASSOCIATES**  
Chartered Accountants

**Raj Kumar Agarwal**  
Partner  
M. No. 83352  
Place : Faridabad  
Date : 20.08.2008

**Rajesh Talwar**  
Chairman & Managing Director

**Karan Talwar**  
Director

**V.K. Datta**  
Manager - Finance

# TALBROS ENGINEERING LTD.

Regd. Office : 74-75, Sector-6, Faridabad-121 006 (Haryana)

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
being member(s) of TALBROS ENGINEERING LIMITED hereby appoint Mr./Miss/Mrs. \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her, Mr./Miss/Mrs. \_\_\_\_\_  
of \_\_\_\_\_ as my / our  
proxy to attend and vote for me / us on my / our behalf, at the 22nd ANNUAL GENERAL MEETING of the Company at  
Hotel "DELITE", 17, Neelam Bata Road, NIT, Faridabad, at 11.30 A.M. on Saturday the 20th September, 2008 and at  
any adjournment thereof.

As Witness my/our hand(s) this \_\_\_\_\_ of \_\_\_\_\_ 2008

Signed by the said \_\_\_\_\_

Affix a  
Re. 1/-  
Revenue  
Stamp

Member(s) Name(s) \_\_\_\_\_  
(in Block Letters)

Folio No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

DPID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

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

### FOR OFFICE USE ONLY

S.No. \_\_\_\_\_ Date of Receipt \_\_\_\_\_ Time of Receipt \_\_\_\_\_

## TALBROS ENGINEERING LTD.

Regd. Office : 74-75, Sector-6, Faridabad-121 006 (Haryana)

### ADMISSION SLIP

DPID No. \_\_\_\_\_

Folio No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

Name of the Member (in Block Letters) \_\_\_\_\_

I declare that I am a Registered Shareholder/Proxy/Representative. I hereby record my presence at the at the 22nd ANNUAL GENERAL MEETING of the Company at Hotel "DELITE", 17, Neelam Bata Road, NIT, Faridabad, at 11.30 A.M. on Saturday the 20th September, 2008

\_\_\_\_\_  
Member's Signature

Name of Proxy / Representative  
(in BLOCK LETTERS)

\_\_\_\_\_  
Proxy's / Representative's  
Signature

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

***U. P. C.***

*If undelivered, please return to :*

**TALBROS ENGINEERING LIMITED**  
PLOT NO. 74-75, SECTOR-6,  
FARIDABAD 121 006 (Haryana)