



ISO / TS16949 : 2002
Registered

23rd

Annual Report

2008-2009



TALBROS ENGINEERING LIMITED



TALBROS ENGINEERING LIMITED

23rd ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS

RAJESH TALWAR (Chairman & Managing Director)
TUSHAR K. CHOPRA (Director)
TARUN 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 : 0129-4284300

WORKS

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

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

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NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Talbro's Engineering Limited will be held on Saturday, the 19th day of September, 2009 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, 2009 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 an **Ordinary Resolution:**

"RESOLVED THAT Mr. Tarun Talwar, who was appointed as an Additional Director of the company pursuant to section 260 of the Companies Act, 1956, and holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice from a shareholder under section 257 of the Companies Act, 1956, in writing, proposing his candidature to the office of Director, be and is, hereby, appointed as director of the company subject to retirement by rotation."

By order of the Board
for Talbro's Engineering Limited

(RAJESH TALWAR)
Chairman & Managing Director

Place: Faridabad

Date: 20.08.2009

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 17th Sept. 2009 to 19th Sept. 2009, 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 Talbro's Engineering Limited

(Rajesh Talwar)
Chairman & Managing Director

Place : Faridabad

Date: 20.08.2009



TALBROS ENGINEERING LIMITED

ANNEXURE TO THE NOTICE DATED 20th AUGUST, 2009.

(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 Statement sets out all material facts relating to Special Business mentioned in the Notice:

ITEM No. 3

Mr. Tarun Talwar, s/o Shri Rajesh Talwar, Chairman and Managing Director of the company, has joined this organization in 2008 as Manager-Operations. The company richly benefited by his vision and expertise, so the Board of directors appointed him as an Additional Director of the company pursuant to section 260 of the Companies Act, 1956 w.e.f 15.05.2009 in the Board meeting held on 30.04.2009. He will hold office upto the date of this Annual General Meeting and the company has received a notice from a shareholder under section 257 of the Companies Act, 1956,

in writing, proposing his candidature to the office of Director. A brief resume of Mr. Tarun Talwar is annexed hereto:-

Mr. Tarun Talwar has earned degree of Master of Science in the faculty of Accountancy from University of Notre Dam, United States of America. He is also a member of the prestigious Institute of Certified Public Accountants (CPA). He has worked with KPMG as consultant for 3 years in New York. He has been associated with our company since February 2008.

The directors recommend the "ordinary resolution" for your approval.

None of the directors except Mr. Tarun Talwar himself is interested in the resolution, to the extent his appointment as director is concerned.

Place: Faridabad
Date: 20.08.2009

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 23rd Annual Report of the Company together with the audited accounts for the year ended on 31st March 2009.

Financial Highlights:

| Financial Results: | (Rs. in Lacs) | |
|-----------------------------------------------------|--------------------------------|--------------------------------|
| | Year Ended 31st March, 2009 | Year Ended 31st March, 2008 |
| Sales Turnover (Gross) | 6843.66 | 6898.61 |
| Profit before Interest and Depreciation | 563.89 | 503.20 |
| Less: Interest | 310.72 | 265.22 |
| Depreciation | <u>152.64</u> | <u>156.17</u> |
| Profit before Taxation | 100.53 | 81.81 |
| Less: Provision for Current Tax & F.B.T. | 35.46 | 17.98 |
| Provision for Deferred Tax | <u>(1.36)</u> | <u>2.18</u> |
| Profit After Tax | 66.43 | 61.65 |
| Add: Balance brought forward from the previous year | <u>470.08</u> | <u>408.43</u> |
| Profit Available for Appropriation | 536.51 | 470.08 |
| Appropriations: | | |
| Balance carried over to | | |
| Balance Sheet | <u>536.51</u> | <u>470.08</u> |

DIVIDEND & APPROPRIATION OF PROFITS:

The profit after tax is Rs. 66.43 Lacs. Your directors have decided to re-invest the funds available for appropriation in the business carried out by the Company. The Promoters' share is being met entirely by internal accruals. Therefore, the directors do not recommend any dividend for the Financial Year 2008-2009.

OPERATIONS:

- I. Your company has shown sales turnover of Rs. 6843.66 Lacs in this financial year ended on 31.03.2009 as against Rs.6898.61 Lacs for the previous financial year. Net profit after tax for this year is Rs. 66.43 Lacs as compared to Rs. 61.65 Lacs for the previous financial year.
- II. Reserves & Surplus as on 31.03.2009 will stand at Rs. 951.59 Lacs as against the paid up capital of Rs.141.01 Lacs.

EXPORTS:

Exports turnover (F.O.B. value) for the year ended on 31.03.2009 was Rs. 917.82 Lacs as compared to Rs. 695.88 Lacs for the previous financial year.

BUSINESS OUTLOOK FOR THE COMING YEAR:

While production for 2009-10 is expected to be maintained, the Sales turnover is expected to reduce due to reduction in

steel prices passed on to the customers. However, profitability will not be affected. The order book is currently healthy but the consequences of an adverse monsoon can be felt later in the year especially in the tractor segment.

PERSONNEL:

The particulars of employees covered pursuant to Sec.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 2009 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 and 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.2,53,225/-, Freight & Forwarding Rs.2,66,064/-, Legal & Professional Rs. 29,760/-, Ball Pens Rs.15,124/-, Repair & Maintenance-Plant & Machinery Rs.2,40,884/- and for Foreign Travel amounted to Rs.3,24,250/-. Meanwhile, earning in foreign exchange value of export on F.O.B. basis is of Rs.917,82,457/-.

AUDITORS' OBSERVATION:

The observation 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:

During the year under review, Shri Karan Talwar resigned from the post of Directorship of the Company.

Shri Tarun Talwar was appointed as Additional Director in terms of Section 260 of the Companies Act, 1956 with effect from May 15, 2009. He holds office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidatures of Shri Tarun Talwar for the office of director, under section 257 of the Companies Act, 1956.



TALBROS ENGINEERING LIMITED

AUDITORS:

The Statutory Auditors of the company M/s.Rakesh Raj & Associates, Chartered Accountants, Plot No. 565, Sector-7B, Faridabad retire at the forthcoming Annual General Meeting. The company has received intimation under Section 224(1-B) of the Companies Act, 1956 from them regarding their eligibility to be 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 2009-2010.

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 2009, 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 judgments 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 2009 on a going concern basis.

DEMATERIALIZATION OF SHARES:

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

COMPLIANCE CERTIFICATE:

As per provisions of Sec. 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: 20.08.2009

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

| | 2008-2009 Current Year | 2007-2008 Previous Year |
|--------------------------------------------------------|---------------------------|----------------------------|
| A. Power and Fuel Consumption | | |
| 1. Electricity | | |
| (A) Purchased | | |
| Unit | 47,00,820 | 56,21,694 |
| Total Amount | Rs. 2,09,84,224 | Rs. 2,49,85,513 |
| Rate Per Unit | Rs. 4.46 | Rs. 4.44 |
| (B) Own Generation | | |
| (i) Through Diesel Generator Unit | 14,23,354 | 22,81,516 |
| Unit per ltr of Diesel Oil | 5.54 | 5.38 |
| Cost per Unit | Rs. 5.80 | Rs. 5.30 |
| (ii) Through Steam Turbine/Generator Unit | NIL | NIL |
| Unit per ltr of Fuel Oil/Gas Cost/Unit | NIL | NIL |
| 2. Coal (Specify Quality and where used) | NIL | NIL |
| Quantity (Tonnes) | | |
| Total Cost | | |
| Average Rate | | |
| 3. LDO | | |
| Quantity (K.ltrs.) | 9,28,000 | 15,98,790 |
| Total Amount | Rs. 2,29,48,152 | Rs. 3,06,43,751 |
| Average Rate | Rs. 24.73 | Rs. 19.17 |
| 4. Others/Internal Generation (Please give details) | | |
| Quantity | NIL | NIL |
| Total Cost | NIL | NIL |
| Rate Per Unit | NIL | NIL |
| (B) Consumption per unit of Production | | |
| Products (with details) Unit | Axles | 1 |
| Electricity (units) | 9.16 | 9.29 |
| LDO (K.ltrs) | 1.54 | 2.35 |
| Coal (Specify Quality) | NIL | NIL |
| Others (Specify) | NIL | NIL |
| (C) Consumption per unit of Production | | |
| Products (with details) Unit | King Pins | 1 |
| Electricity (units) | 4.12 | NIL |
| LDO (K.ltrs) | 0.62 | NIL |
| Coal (Specify Quality) | NIL | NIL |
| Others (Specify) | NIL | NIL |



**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 there under and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on 31st March, 2009 (the financial year). In my opinion and to the best of my 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 there under 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 there under.
3. The company being a public limited company has the minimum prescribed paid up capital.
4. The Board of Directors duly met 8 (Eight) times on 30th April 2008, 31st July 2008, 20th August 2008, 31st October 2008, 15th November 2008, 10th January 2009, 30th January 2009 & 16th March 2009 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 18th September 2008 to 20th September 2008 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March 2008 was held on 20th September, 2008 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. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
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,



TALBROS ENGINEERING LIMITED

- 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 Deposits) 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/ Reserve Bank of India/ 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 : 20.08.2009

Mayuri Gupta
Company Secretary
C.P. No. 5930

TALBROS ENGINEERING LIMITED

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 31/03/2009.

| S. No. | Forms & Returns | (U/s) | For | Filed on |
|--------|-------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------|
| 1. | Form-62 (Annual Return of Fixed Deposits) | 58A | For the Financial year ended on 31st March 2008. | 30.06.2008 |
| 2. | Form 66 (Compliance Certificate) | 383A | For the Financial year ended on 31st March 2008. | 19.10.2008 |
| 3. | Form 23B | 224(1A) | For the registration of consent of the auditor of the company to act as statutory auditor for the year 2007-08. | 20.10.2008 |
| 4. | Form 23B | 224(1A) | For the registration of consent of the auditor of the company to act as statutory auditor for the year 2008-09. | 20.10.2008 |
| 5. | Form 23 | 192 | For the registration of special resolution passed in the AGM regarding revision of remuneration of the Managing Director. | 20.10.2008 |
| 6. | Form-23AC & 23ACA (Annual Report/Balance Sheet) | 220 | For the Financial year ended on 31st March 2008. | 17.11.2008 |
| 7. | Form-20B (Annual Return) | 159 | For the Financial year ended on 31st March 2008. | 17.11.2008 |
| 8. | Form-62 (Statement in Lieu of Advertisement) | 58A read with Rule 4A of the Companies (Acceptance of Deposit) Rules, 1975 | For the Financial year ended on 31st March 2008. | 19.11.2008 |
| 9. | Form 25C | 269(2) and Schedule XIII | Return of reappointment of Managing Director | 12.12.2008 |
| 10. | Form 23 | 192 | For the registration of resolution passed in the Board Meeting regarding revision of rate of interest on Fixed Deposits. | 12.12.2008 |
| 11. | Form No. 8 | 125 | Modification of Charge for working capital limit. | 03.02.2009 |
| 12. | Form No. 8 | 125 | Creation of charge | 03.02.2009 |



AUDITORS' REPORT

To The Members of Talbro's Engineering Limited

We have audited the attached Balance Sheet of Talbro's Engineering Limited as at March 31, 2009 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.
 - 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, 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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 March 31, 2009; and
 - ii) In case of Profit and Loss Account, of the profit of the company for the year ended on that date.
 - iii) In case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

for **Rakesh Raj & Associates**
Chartered Accountants

Raj Kumar Agarwal
Partner
M. No. 83352
Place : Faridabad
Date: 20.08.2009

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date on the accounts of Talbro's Engineering Limited for the year ended on 31st March 2009)

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 involved during the year was Rs. 83,46,987 and year-end balance of such loans and deposits was Rs. 62,45,898.
 - 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.
 - 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: -
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 lacs 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 their 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 2009 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 | 62,819.00 | ITAT | 2005-06 |
| I.T. Act | Income Tax | 3,58,288.00 | CIT (A) | 2006-07 |

* 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: 20.08.2009

TALBROS ENGINEERING LIMITED



BALANCE SHEET AS AT MARCH 31, 2009

| PARTICULARS | SCHEDULE | As at March 31, 2009 | | As at March 31, 2008 | |
|--------------------------------------------------|----------|----------------------|----------------------------|----------------------|----------------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| SOURCES OF FUNDS | | | | | |
| SHAREHOLDER'S FUNDS | | | | | |
| Share Capital | 1 | 1,41,01,400 | | 1,41,01,400 | |
| Reserves and Surplus | 2 | <u>9,51,58,507</u> | 10,92,59,907 | <u>8,85,45,592</u> | 10,26,46,992 |
| LOAN FUNDS : | | | | | |
| Secured Loans | 3 | 14,61,88,247 | | 17,61,13,423 | |
| Unsecured Loans | 4 | <u>1,37,28,808</u> | 15,99,17,055 | <u>1,49,59,005</u> | 19,10,72,428 |
| Deferred Tax Liability (Net) | | | 1,11,04,312 | | 1,12,40,080 |
| TOTAL | | | <u><u>28,02,81,274</u></u> | | <u><u>30,49,59,500</u></u> |
| APPLICATIONS OF FUNDS | | | | | |
| FIXED ASSETS | | | | | |
| Gross Block | 5 | 25,24,44,668 | | 24,29,92,955 | |
| LESS: Depreciation | | <u>11,44,63,306</u> | | <u>10,13,07,042</u> | |
| Net Block | | 13,79,81,362 | | 14,16,85,913 | |
| Capital work-in-progress | | <u>11,20,529</u> | | <u>10,41,779</u> | |
| | | | 13,91,01,891 | | 14,27,27,692 |
| INVESTMENTS | 6 | | 8,60,000 | | 9,27,200 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| Inventories | 7 | 7,32,34,616 | | 13,34,84,328 | |
| Sundry Debtors | 8 | 12,69,57,238 | | 11,11,69,088 | |
| Cash & Bank Balances | 9 | 74,96,852 | | 57,71,591 | |
| Loans And Advances | 10 | <u>3,53,89,214</u> | | <u>4,25,50,037</u> | |
| | | <u>24,30,77,920</u> | | <u>29,29,75,044</u> | |
| LESS: CURRENT LIABILITIES AND PROVISIONS | | | | | |
| Current Liabilities & Provisions | 11 | 10,27,58,537 | | 13,16,70,436 | |
| | | <u>14,03,19,383</u> | | <u>16,13,04,608</u> | |
| NET CURRENT ASSETS | | | 14,03,19,383 | | 16,13,04,608 |
| MISCELLANEOUS EXPENDITURE | 12 | | — | | — |
| (To the extent not written off or adjusted) | | | | | |
| TOTAL | | | <u><u>28,02,81,274</u></u> | | <u><u>30,49,59,500</u></u> |
| 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

Tarun Talwar
Director

V.K. Datta
Manager - Finance

Place : Faridabad
Date : 20.08.2009



TALBROS ENGINEERING LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

| PARTICULARS | SCHEDULE | Year ended March 31, 2009 Rs. | Year ended March 31, 2008 Rs. |
|-------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| INCOME | | | |
| Sales | 13 | 68,43,65,575 | 68,98,60,708 |
| Less : Excise Duty | | <u>6,73,52,403</u> | <u>8,59,44,833</u> |
| Other Income | 14 | 1,03,86,360 | 69,45,042 |
| Increase / (Decrease) in stocks | 15 | <u>(3,85,21,170)</u> | <u>17,73,240</u> |
| | | <u>58,88,78,362</u> | <u>61,26,34,157</u> |
| EXPENDITURE | | | |
| Raw Material Consumed | 16 | 31,11,55,358 | 31,96,52,181 |
| Employee Remuneration & Benefits | 17 | 4,92,60,366 | 5,58,32,278 |
| Manufacturing, Administrative & Other Expenses | 18 | 17,20,74,211 | 18,67,70,931 |
| Finance Cost | 19 | 3,10,71,709 | 2,65,21,806 |
| Depreciation | | 1,52,93,485 | 1,56,46,782 |
| Less: Charged from Revaluation Reserve | | <u>(29,849)</u> | <u>(29,849)</u> |
| Preliminary & Share Issue Expenses written off | | — | 59,015 |
| | | <u>57,88,25,280</u> | <u>60,44,53,144</u> |
| PROFIT BEFORE TAX | | 1,00,53,082 | 81,81,013 |
| Less : Provision for Tax | | | |
| - Current Tax | | 31,50,000 | 14,00,000 |
| - Fringe Benefit Tax | | 4,00,000 | 4,00,000 |
| - Deferred Tax | | (1,35,768) | 2,17,776 |
| - Tax adjusted for earlier years | | (3,914) | (1,714) |
| PROFIT AFTER TAX | | 66,42,764 | 61,64,951 |
| PROFIT BROUGHT FORWARD FROM EARLIER YEAR | | 4,70,08,338 | 4,08,43,387 |
| AVAILABLE FOR APPROPRIATION | | <u>5,36,51,102</u> | <u>4,70,08,338</u> |
| APPROPRIATIONS: | | | |
| AMOUNT CARRIED OVER TO BALANCE SHEET | | <u>5,36,51,102</u> | <u>4,70,08,338</u> |
| | | <u>5,36,51,102</u> | <u>4,70,08,338</u> |
| Earnings per Share (Rs.) | | 4.71 | 4.37 |
| 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

Tarun Talwar
Director

V.K. Datta
Manager - Finance

Place : Faridabad
Date : 20.08.2009

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

| | As at March 31, 2009 | | As at March 31, 2008 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|----------------------|----------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE 1 - SHARE CAPITAL | | | | |
| AUTHORISED: | | | | |
| 30,00,000 (30,00,000) Equity Shares of Rs. 10/- each | | <u>3,00,00,000</u> | | <u>3,00,00,000</u> |
| ISSUED, SUBSCRIBED AND PAID UP: | | | | |
| 14,10,140 (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 Talbro's Automotive Components Limited, pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Delhi wherein the Engineering Division of Talbro's Automotive Components Ltd. has been transferred to and vested in the Company). | | <u>1,41,01,400</u> | | <u>1,41,01,400</u> |
| TOTAL | | <u><u>1,41,01,400</u></u> | | <u><u>1,41,01,400</u></u> |
| SCHEDULE 2 - RESERVES AND SURPLUS : | | | | |
| (a) REVALUATION RESERVE : | | | | |
| As per last Balance Sheet | 12,08,756 | | 12,38,605 | |
| Less : Transfer to Profit & Loss A/c | <u>29,849</u> | 11,78,907 | <u>29,849</u> | 12,08,756 |
| (b) CAPITAL SUBSIDY : | | | | |
| As per last Balance Sheet | | 76,29,905 | | 76,29,905 |
| (c) SHARE PREMIUM : | | | | |
| | | 70,50,700 | | 70,50,700 |
| (d) CAPITAL RESERVE : | | | | |
| As per last Balance Sheet | | 1,74,87,403 | | 1,74,87,403 |
| (e) GENERAL RESERVE : | | | | |
| As per last Balance Sheet | | 81,60,490 | | 81,60,490 |
| (f) PROFIT AND LOSS ACCOUNT : | | | | |
| As per last Balance Sheet | 4,70,08,338 | | 4,32,71,101 | |
| LESS : Employee Benefits adjusted of earlier year | <u>—</u> | | <u>(24,27,714)</u> | |
| | 4,70,08,338 | | 4,08,43,387 | |
| Add: Transfer from Profit and Loss Account | <u>66,42,764</u> | 5,36,51,102 | 61,64,951 | 4,70,08,338 |
| TOTAL | | <u><u>9,51,58,507</u></u> | | <u><u>8,85,45,592</u></u> |
| SCHEDULE 3 - SECURED LOANS : | | | | |
| (a) TERM LOANS | | | | |
| Bank of India | | 5,12,59,036 | | 6,90,70,715 |
| (b) SALES TAX DEFEREMENT | | | | |
| | | — | | 6,09,364 |
| (c) WORKING CAPITAL FACILITIES | | | | |
| From Banks : | | | | |
| Cash Credit Facilities | | 9,03,85,802 | | 9,95,96,277 |
| Bills Discounted | | — | | 41,34,023 |
| (d) VEHICLES LOANS | | | | |
| | | <u>45,43,409</u> | | <u>27,03,044</u> |
| TOTAL | | <u><u>14,61,88,247</u></u> | | <u><u>17,61,13,423</u></u> |



TALBROS ENGINEERING LIMITED

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. 6.09 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.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

| | As at March 31, 2009 | | As at March 31, 2008 | |
|-------------------------------------|----------------------|--------------------|----------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE 4 - UNSECURED LOANS | | | | |
| FIXED DEPOSITS | | | | |
| Loan from Directors | | 4,00,000 | | 4,00,000 |
| From Others | 1,29,97,206 | | 1,40,88,824 | |
| Add : Interest Accrued but not due | 3,31,602 | 1,33,28,808 | 4,70,181 | 1,45,59,005 |
| | | <u>1,37,28,808</u> | | <u>1,49,59,005</u> |

SCHEDULE 5 : FIXED ASSETS

| NAME OF ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|-----------------------|---------------------------|---------------------------|-----------------------------|----------------------|----------------------|-------------------|----------------------------|-------------------------|-------------------------|
| | Cost as at 01.04.2008 | Additions during the year | Deduction during the year | Total Cost as at 31.03.2009 | Dep. upto 31.03.2008 | Dep. during the year | Dep. Written Back | Total Dep. upto 31.03.2009 | W.D.V. as at 31.03.2009 | W.D.V. as at 31.03.2008 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| LAND | 29,13,242 | — | — | 29,13,242 | — | — | — | — | 29,13,242 | 29,13,242 |
| BUILDING | 1,79,75,614 | 20,05,364 | 2,38,750 | 1,97,42,228 | 39,09,049 | 5,43,171 | — | 44,52,220 | 1,52,90,008 | 1,40,66,565 |
| PLANT AND MACHINERY | 20,41,59,222 | 70,41,340 | 21,04,180 | 20,90,96,382 | 8,96,37,121 | 1,35,69,104 | 6,55,812 | 10,25,50,413 | 10,65,45,969 | 11,45,22,101 |
| VEHICLES | 61,43,200 | 34,29,746 | 22,99,415 | 72,73,531 | 16,77,646 | 6,35,114 | 14,81,409 | 8,31,351 | 64,42,180 | 44,65,554 |
| FURNITURE & FIXTURES | 15,24,192 | 3,20,651 | — | 18,44,843 | 5,31,769 | 89,843 | — | 6,21,612 | 12,23,231 | 9,92,423 |
| OFFICE EQUIPMENTS | 26,02,952 | 9,17,208 | — | 35,20,160 | 9,93,138 | 1,31,212 | — | 11,24,350 | 23,95,810 | 16,09,814 |
| ELECTRICAL INSTALLATIONS | 47,17,961 | 1,90,795 | — | 49,08,756 | 20,42,725 | 2,28,913 | — | 22,71,638 | 26,37,118 | 26,75,236 |
| TUBE-WELL | 2,71,708 | — | — | 2,71,708 | 58,072 | 4,429 | — | 62,501 | 2,09,207 | 2,13,636 |
| COMPUTERS | 26,84,864 | 1,88,954 | — | 28,73,818 | 24,57,522 | 91,699 | — | 25,49,221 | 3,24,597 | 2,27,342 |
| TOTAL: | 24,29,92,955 | 1,40,94,058 | 46,42,345 | 25,24,44,668 | 10,13,07,042 | 1,52,93,485 | 21,37,221 | 11,44,63,306 | 13,79,81,362 | 14,16,85,913 |
| CAPITAL WORK IN PROGRESS | — | — | — | — | — | — | — | — | 11,20,529 | 10,41,779 |
| TOTAL: | 24,29,92,955 | 1,40,94,058 | 46,42,345 | 25,24,44,668 | 10,13,07,042 | 1,52,93,485 | 21,37,221 | 11,44,63,306 | 13,91,01,891 | 14,27,27,692 |
| Previous Year | 21,27,87,379 | 3,10,38,115 | 8,32,539 | 24,29,92,955 | 8,61,10,431 | 1,56,46,782 | 4,50,171 | 10,13,07,042 | 14,27,27,692 | 12,76,14,341 |

TALBROS ENGINEERING LIMITED



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

| | As at March 31, 2009 | | As at March 31, 2008 | |
|--------------------------------------------------------------------------------|----------------------|----------------------------|----------------------|----------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE 6 - INVESTMENTS | | | | |
| NON TRADE - UNQUOTED | | | | |
| 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 |
| TOTAL | | <u><u>8,60,000</u></u> | | <u><u>9,27,200</u></u> |
| SCHEDULE 7 - INVENTORIES | | | | |
| (As taken, Valued and Certified by the management) | | | | |
| - Finished Goods | | 71,25,609 | | 92,26,226 |
| - Work-in-progress | | 4,96,81,749 | | 8,54,90,209 |
| - Raw materials | | 80,62,104 | | 2,51,46,455 |
| - Stores & Spare Consumables (including loose tools) | | 75,00,202 | | 1,19,75,754 |
| - Scrap | | 8,18,561 | | 14,30,653 |
| - Packing Material | | 46,391 | | 2,15,031 |
| TOTAL | | <u><u>7,32,34,616</u></u> | | <u><u>13,34,84,328</u></u> |
| SCHEDULE 8 - SUNDRY DEBTORS | | | | |
| (Unsecured but Considered Good) | | | | |
| Debts outstanding for a period exceeding six months | | 1,61,10,790 | | 74,86,081 |
| Other Debts | | 11,08,46,448 | | 10,36,83,007 |
| TOTAL | | <u><u>12,69,57,238</u></u> | | <u><u>11,11,69,088</u></u> |
| SCHEDULE 9 - CASH AND BANK BALANCES | | | | |
| Cash in hand | | 3,53,760 | | 2,18,258 |
| Balance With Scheduled Banks: | | | | |
| In Current Accounts | 17,89,502 | | 41,50,448 | |
| In Fixed Deposit Accounts | 53,53,590 | 71,43,092 | 14,02,885 | 55,53,333 |
| TOTAL | | <u><u>74,96,852</u></u> | | <u><u>57,71,591</u></u> |
| SCHEDULE 10 - LOANS AND ADVANCES | | | | |
| (Unsecured but Considered Good) | | | | |
| Advance recoverable in Cash or in kind or value to be received | | 2,39,86,162 | | 1,82,74,822 |
| Advance to Suppliers | | 62,21,073 | | 87,26,752 |
| Excise Duty Balance | | 16,13,002 | | 1,20,05,279 |
| Security Deposits | | 20,72,338 | | 20,40,838 |
| Advance Income Tax & TDS | | 11,66,639 | | 12,02,346 |
| Advance Fringe Benefit Tax | | 3,30,000 | | 3,00,000 |
| TOTAL | | <u><u>3,53,89,214</u></u> | | <u><u>4,25,50,037</u></u> |
| SCHEDULE 11 - CURRENT LIABILITIES & PROVISIONS: | | | | |
| CURRENT LIABILITIES & PROVISIONS : | | | | |
| Sundry Creditors | | 8,41,35,432 | | 11,72,68,163 |
| Advance From Customers | | 5,49,245 | | 1,37,209 |
| Other Liabilities | | 1,45,23,860 | | 1,24,65,064 |
| Provision for Income Tax | | 31,50,000 | | 14,00,000 |
| Provision for Fringe Benefit Tax | | 4,00,000 | | 4,00,000 |
| TOTAL | | <u><u>10,27,58,537</u></u> | | <u><u>13,16,70,436</u></u> |



TALBROS ENGINEERING LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

| | As at March 31, 2009 | | As at March 31, 2008 | |
|-------------------------------------------------|----------------------|----------|----------------------|----------|
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE 12 - MISCELLANEOUS EXPENDITURE: | | | | |
| (To the extent not written off or adjusted) | | | | |
| (A) Share Issue Expenses | | | | |
| As Per Last Balance Sheet | | — | | 59,015 |
| Less Written off during the year | | — | | 59,015 |
| TOTAL | | <u>—</u> | | <u>—</u> |

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

| | Year ended | | Year ended | |
|------------------------------|----------------|---------------------|----------------|---------------------|
| | March 31, 2009 | | March 31, 2008 | |
| | Rs. | Rs. | Rs. | Rs. |
| SCHEDULE 13 - SALES : | | | | |
| Sales | | 59,05,81,807 | | 61,69,24,999 |
| Export Sales | | 9,33,78,596 | | 7,27,09,235 |
| Job Work Charges | | 4,05,172 | | 2,26,474 |
| TOTAL | | <u>68,43,65,575</u> | | <u>68,98,60,708</u> |

SCHEDULE 14 - OTHER INCOME :

| | | | | |
|-----------------------------------------------|--|--------------------|--|------------------|
| Interest Received | | 12,64,002 | | 4,45,063 |
| Miscellaneous Income | | 52,186 | | 11,16,255 |
| Profit / (Loss) on Sale of Fixed Assets (Net) | | (6,18,525) | | 2,03,067 |
| Discount Received | | 13,10,923 | | 18,10,347 |
| Export Incentive Received | | 53,73,001 | | 41,82,894 |
| Foreign exchange fluctuation (Net) | | 30,04,773 | | (8,12,584) |
| TOTAL | | <u>1,03,86,360</u> | | <u>69,45,042</u> |

SCHEDULE 15 - INCREASE / (DECREASE) IN STOCKS:

CLOSING STOCK:

| | | | | |
|--------------------|-------------|-------------|-------------|-------------|
| - Finished Goods | 71,25,609 | | 92,26,226 | |
| - Work-in-progress | 4,96,81,749 | | 8,54,90,209 | |
| - Scrap | 8,18,560 | 5,76,25,918 | 14,30,653 | 9,61,47,088 |

Less: OPENING 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 |

INCREASE / (DECREASE) IN STOCK

| | | | | |
|--|--|----------------------|--|------------------|
| | | <u>(3,85,21,170)</u> | | <u>17,73,240</u> |
|--|--|----------------------|--|------------------|

SCHEDULE 16: RAW MATERIAL CONSUMED

| | | | | |
|---------------------|--------------|---------------------|--------------|---------------------|
| Opening Stock | 2,51,46,455 | | 43,35,543 | |
| Add: Purchases | 29,33,99,505 | | 33,95,06,410 | |
| Cartage Inward | 6,71,502 | 31,92,17,462 | 9,56,683 | 34,47,98,636 |
| Less: Closing Stock | | 80,62,104 | | 2,51,46,455 |
| TOTAL | | <u>31,11,55,358</u> | | <u>31,96,52,181</u> |

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

| | Year ended March 31, 2009 Rs. | Year ended March 31, 2008 Rs. |
|-----------------------------------------------------------|-------------------------------------|-------------------------------------|
| SCHEDULE 17 - EMPLOYEE REMUNERATION & BENEFITS | | |
| Salary, Wages and Bonus | 3,67,84,379 | 4,34,27,254 |
| Workmen and Staff Welfare Expenses | 62,40,944 | 66,65,791 |
| Contribution to Provident & Other Funds | 23,51,283 | 22,57,461 |
| Gratuity | 10,27,760 | 4,81,772 |
| Director Remuneration | 28,56,000 | 30,00,000 |
| TOTAL | <u>4,92,60,366</u> | <u>5,58,32,278</u> |

SCHEDULE 18 - MANUFACTURING, ADMINISTRATIVE AND OTHER EXPENSES

| | | |
|-----------------------------------|-------------|-------------|
| Stores, Spares and Tools Consumed | 5,00,32,109 | 4,86,31,402 |
| Power & Fuel | 5,20,23,235 | 6,76,76,458 |
| Processing Charges | 1,68,66,883 | 1,61,61,628 |

REPAIRS AND MAINTENANCE :

| | | | |
|---------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| Buildings | 10,83,895 | 11,24,504 | |
| Plant & Machinery | 73,15,052 | 60,83,326 | |
| Other | 17,19,954 | 1,01,18,901 | 16,53,406 |
| Rent, Rates and Taxes | 4,62,186 | 7,64,327 | 2,22,154 |
| Insurance | 23,16,291 | 2,37,183 | 6,76,039 |
| Travelling Expenses | 1,07,713 | 2,37,183 | 34,21,345 |
| Commission On Sale | 1,25,84,553 | 1,07,713 | 16,042 |
| Discounts | 19,97,332 | 1,25,84,553 | 1,73,561 |
| Packing Expenses | 6,00,594 | 19,97,332 | 1,55,37,893 |
| Advertisement and Sales Promotion | 1,71,300 | 6,00,594 | 11,05,015 |
| Printing and Stationery | 7,36,554 | 1,71,300 | 6,52,148 |
| Postage and Telegram | 7,36,554 | 7,36,554 | 1,95,117 |
| Telephone Expenses | 12,51,104 | 12,51,104 | 8,62,705 |
| Legal and Professional charges | 1,06,717 | 1,06,717 | 14,06,303 |
| Membership and Subscription | — | — | 96,048 |
| Charity and Donation | 10,29,246 | 10,29,246 | 11,501 |
| Security Services | 6,35,599 | 6,35,599 | 13,02,240 |
| Miscellaneous Expenses | 9,69,091 | 6,35,599 | 5,11,535 |
| Provision of Excise Duty on Closing Stock of Finished Goods | (15,64,236) | (15,64,236) | 15,64,236 |
| Less: Excise Duty Reversed on Opening Stock of Finished Goods | (5,95,145) | (5,95,145) | (16,20,823) |
| Conveyance Expenses | 4,65,450 | 4,65,450 | (56,587) |
| Vehicles Running & Maintenance Expenses | 6,64,545 | 6,64,545 | 5,25,578 |
| Freight Outward | 1,72,53,722 | 1,72,53,722 | 6,39,395 |
| Bad Debts Written-off | 20,57,015 | 20,57,015 | 1,75,63,029 |
| Auditors Remuneration | 1,70,000 | 1,70,000 | 3,20,922 |
| Director's Sitting Fee | 8,000 | 8,000 | 1,70,000 |
| Previous year Adjustment | 8,797 | 8,797 | 12,000 |
| TOTAL | <u>17,20,74,211</u> | <u>17,20,74,211</u> | <u>18,67,70,931</u> |

SCHEDULE 19 - FINANCE COST

| | | | |
|-----------------------------|---------------------------|---------------------------|---------------------------|
| Bank Interest : | | | |
| Interest on Term Loans | 82,01,943 | 76,83,910 | |
| Interest on Working Capital | 1,30,24,880 | 2,12,26,823 | 1,60,32,774 |
| Interest on Fixed Deposits | 12,45,044 | 83,48,864 | 12,40,126 |
| Other Interest | 65,99,186 | 65,99,186 | 84,39,634 |
| Bank Charges | 20,00,656 | 20,00,656 | 8,09,272 |
| TOTAL | <u>3,10,71,709</u> | <u>3,10,71,709</u> | <u>2,65,21,806</u> |



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2009

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 material cost and production overhead allocated to them. 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 31.03.2009 : Rs.25,000/- (Previous year Rs.5,10,000/-)
- b) Estimated amount of contracts remaining to be executed on capital account and not provided :

| | Current Year | Previous Year |
|------------------------------------|----------------------|---------------|
| Total value of contracts | Rs. 30,90,528 | Rs.62,71,101 |
| Contracts remaining to be executed | Rs. 19,92,308 | Rs.46,34,290 |

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. 969091/- and at the same time provision for excise duty payable for the similar amount has been created.
3. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under Micro, Small and Medium Enterprises Development Act, 2006. The suppliers are not registered wherever the confirmations are received and in other cases, the company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.

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: -

| | Current year (Rs.) | Previous year (Rs.) |
|-----------------------------------------|---------------------------|---------------------|
| Salaries | 27,36,000 | 28,80,000 |
| Perquisites | 1,20,000 | 1,20,000 |
| Employer Contribution to Provident Fund | 2,05,200 | 2,16,000 |
| TOTAL | 30,61,200 | 32,16,000 |

5. REMUNERATION TO AUDITORS:

| | | |
|-----------------------|-----------------|----------|
| Audit fees | 1,50,000 | 1,50,000 |
| Company's Law Matters | 20,000 | 20,000 |
| TOTAL | 1,70,000 | 1,70,000 |

6. In the opinion of the Board of Directors, the current assets, loans and advances have a value on realisation at least 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.10,98,220/- (Previous year Rs.16,36,811/-).
8. Installments of Term Loan and Fixed Deposits due within next 12 months are Rs. 199.49 lacs and Rs. 37.61 lacs respectively.



TALBROS ENGINEERING LIMITED

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

| Deferred Tax Liability | Deferred Tax Liability/ (Assets) as at 1.4.2008 (Rs.) | Current year Charge/(Credit) (Rs.) | Deferred Tax Liability/(Assets) as at 31.03.2009 (Rs.) |
|------------------------------|-------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------|
| (i) Depreciation | 1,23,25,700 | 3,28,190 | 1,26,53,890 |
| (iii) Disallowance u/s 43 B* | (10,85,620) | (4,63,958) | (15,49,578) |
| TOTAL | 1,12,40,080 | (1,35,768) | 1,11,04,312 |
| PREVIOUS YEAR | 1,10,22,304 | 2,17,776 | 1,12,40,080 |

* 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. **Defined Benefit Plans :**

11.1 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 % | 8% |
| Salary Escalation | 6 % | 5% |

Table Showing changes in present value of obligation As on 31.03.2009

| | As at 31.03.2009 | As at 31.03.2008 |
|-----------------------------------------------------|------------------|------------------|
| Present Value of Obligation as at beginning of Year | 64,08,115.00 | 58,99,887.00 |
| Interest Cost | 5,12,649.00 | 4,42,492.00 |
| Current Service Cost | 3,50,637.00 | 3,27,314.00 |
| Benefit Paid | (1,17,297.00) | (2,00,352.00) |
| Actuarial (Gain) / Loss on obligation | 4,35,288.00 | (61,226.00) |
| Present Value of Obligation as at end of Year | 75,89,392.00 | 64,08,115.00 |

Table Showing changes in the Fair Value of Plan Assets As on 31.03.2009

| | | |
|------------------------------------------------|---------------|---------------|
| Fair Value of Plan Assets at beginning of Year | 27,76,452.00 | 23,86,553.00 |
| Expected Return on Plan Assets | 2,70,814.00 | 2,26,808.00 |
| Contributions | 3,69,901.00 | 3,63,443.00 |
| Benefit Paid | (1,17,297.00) | (2,00,352.00) |
| Actuarial (Gain) / Loss on Plan Assets | — | — |
| Present Value of Plan Assets at end of Year | 32,99,870.00 | 27,76,452.00 |

Table Showing Fair Value of Plan Assets

| | | |
|------------------------------------------------|----------------|----------------|
| Fair Value of Plan Assets at beginning of Year | 27,76,452.00 | 23,86,553.00 |
| Actual Return on Plan Assets | 2,70,814.00 | 2,26,808.00 |
| Contributions | 3,69,901.00 | 3,63,443.00 |
| Benefit Paid | (1,17,297.00) | (2,00,352.00) |
| Fair Value of Plan Assets at end of Year | 32,99,870.00 | 27,76,452.00 |
| Funded Status | (42,89,522.00) | (36,31,663.00) |

Excess of Actual over estimated return on plan assets

(Actual rate of return = Estimated rate of return as ARD falls on 31st March)

Actuarial Gain / Loss recognized as on 31.03.2009

| | | |
|--------------------------------------------------|---------------|-------------|
| Actuarial Gain / Loss on obligation | (4,35,288.00) | 61,226.00 |
| Actuarial Gain / Loss for the year - plan assets | — | — |
| Total Gain / Loss for the year | 4,35,288.00 | (61,226.00) |
| Actuarial Gain / Loss recognized in the year | 4,35,288.00 | (61,226.00) |

TALBROS ENGINEERING LIMITED



Net Assets / (Liability) Recognized in Balance Sheet

| | | |
|--------------------------------------------------------|----------------|----------------|
| Present value of obligations as at the end of year | 75,89,392.00 | 64,08,115.00 |
| Fair value of plan assets as at the end of the year | 32,99,870.00 | 27,76,452.00 |
| Fund status | (42,89,522.00) | (36,31,663.00) |
| Net Assets / (Liability) Recognized in Balance Sheet | 42,89,522.00 | 36,31,663.00 |

Expense Recognized in statement of profit and loss

| | | |
|------------------------------------------------------|---------------|---------------|
| Current Service Cost | 3,50,637.00 | 3,27,314.00 |
| Interest. Cost | 5,12,649.00 | 4,42,492.00 |
| Expected return on plan assets | (2,70,814.00) | (2,26,808.00) |
| Net Actuarial (Gain) / Loss recognized in the year | 4,35,288.00 | (61,226.00) |
| Expenses recognized in statement of profit and loss | 10,27,760.00 | 4,81,772.00 |

| | | |
|---------------------------------------------|---------------------------|----------------------------|
| 12. Earning Per Share : | Current Year (Rs.) | Previous Year (Rs.) |
| Net Profit after Tax | 66,42,764 | 61,64,951 |
| Weighted Average No. of Equity Shares | 14,10,140 | 14,10,140 |
| Basic and Diluted Earnings per Equity Share | 4.71 | 4.37 |
| Face Value per Equity Share | 10 | 10 |

13. 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 | 28,56,000 | 30,00,000 | (1,36,745) | (1,46,205) |
| MR. RAJESH TALWAR | Loan Received | — | 4,00,000 | (4,00,000) | (4,00,000) |
| | Intt. on Loan | 39,000 | 36,000 | — | — |
| MR. RAJESH TALWAR (HUF) | FD Received | — | 1,75,000 | (22,26,998) | (21,57,743) |
| | Intt. on FD | 2,30,609 | 2,10,372 | — | — |
| MRS GEETA TALWAR | Loan Received | 20,50,000 | 8,00,000 | — | — |
| | Intt. on Loan | 1,71,359 | 61,826 | — | — |
| | Loan Repaid | 20,50,000 | 8,00,000 | — | — |
| | FD Received | 11,00,000 | — | (11,00,000) | — |
| | Intt. on FD | 37,926 | — | — | — |
| MR. TARUN TALWAR | FD Received | 5,00,000 | 1,30,000 | (11,02,569) | (5,57,612) |
| | Intt. on FD | 1,05,480 | 51,434 | — | — |
| MS SAMEENA TALWAR | FD Received | 2,30,000 | 1,90,000 | (14,16,331) | (10,79,613) |
| | Intt. on FD | 1,42,522 | 1,01,247 | — | — |

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 | 20,91,650.00 | 1,532,993.00 | 12,31,657.00 | 2,465,014.00 |
| | Sale | — | 479,344.00 | — | — |

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

15. 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 | 50,000 |
| (As certified by the Management and relied upon by the Auditors being a technical matter) | (8,00,000) | (NIL) |
| Actual Production | 5,98,305 | 3,398 |
| Figures in brackets represent figures for previous year. | (6,80,832) | NIL |



TALBROS ENGINEERING LIMITED

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

| | Units | Current year | | Previous year | |
|------------------|-------|--------------|---------------------|---------------|---------------------|
| | | Quantity No. | Value (Rs.) | Quantity No. | Value (Rs.) |
| TURNOVER | | | | | |
| Finished Goods: | | | | | |
| Axle Shafts | Nos. | 5,99,109 | 67,22,84,870 | 6,82,901 | 67,07,08,905 |
| King Pins | Nos. | 4,800 | 2,47,450 | — | — |
| Scrap and Others | Kgs. | 6,16,715 | 1,18,33,255 | 12,17,705 | 1,91,51,803 |
| TOTAL | | | 68,43,65,575 | | 68,98,60,708 |

STOCKS OF GOODS

Opening Stock:

| | | | | | |
|------------------|------|-------|-----------|--------|-----------|
| Axle Shafts | Nos. | 8,569 | 90,29,261 | 10,638 | 90,85,876 |
| King Pins & Kits | Nos. | 1,402 | 1,96,965 | 1,402 | 1,96,965 |

Closing Stock:

| | | | | | |
|------------------|------|-------|-----------|-------|-----------|
| Axle Shafts | Nos. | 7,765 | 71,25,609 | 8,569 | 90,29,261 |
| King Pins & Kits | Nos. | — | — | 1,402 | 1,96,965 |

c) CONSUMPTION ANALYSIS

CONSUMPTION OF RAW MATERIALS AND COMPONENTS

| | | | | | |
|---------------|-----|-----------|--------------|-----------|--------------|
| Metallic Rods | Kgs | 74,42,283 | 31,11,55,358 | 95,90,099 | 31,96,52,181 |
|---------------|-----|-----------|--------------|-----------|--------------|

COMPOSITION OF RAW MATERIALS AND COMPONENTS CONSUMED

| | | | | | |
|--------------|-------------|---------------------|-------------|---------------------|---|
| Imported | — | — | — | — | — |
| Indigenous | 100% | 31,11,55,358 | 100% | 31,96,52,181 | |
| TOTAL | 100% | 31,11,55,358 | 100% | 31,96,52,181 | |

COMPOSITION OF STORES AND SPARES CONSUMED:

| | | | | |
|--------------|-------------|--------------------|-------------|--------------------|
| Imported | — | — | — | — |
| Indigenous | 100% | 5,00,32,109 | 100% | 4,86,31,402 |
| TOTAL | 100% | 5,00,32,109 | 100% | 4,86,31,402 |

d) FOREIGN CURRENCY TRANSACTIONS :

| | | | |
|-----------------------------------------------|--|-------------|-------------|
| I. C.I.F. Value of Imports: | | | |
| a) Plant & Machinery | | — | 4,28,663 |
| II. Expenditure in Foreign currency | | | |
| a) Commission on Export Sales | | 2,53,225 | 16,042 |
| b) Foreign Travel (Foreign Exchange Utilized) | | 3,24,250 | 10,04,400 |
| c) Freight and Forwarding | | 2,66,064 | — |
| d) Legal and Professional | | 29,760 | — |
| e) Ball Pens | | 15,124 | — |
| f) Repair Maintenance - Plant Machinery | | 2,40,884 | — |
| III. Earnings in Foreign Exchange | | | |
| Value of Export on F.O.B. basis | | 9,17,82,457 | 6,95,87,997 |

16. Schedule 1 to 20 are annexed to and forming part of the Balance Sheet as at 31.03.2009 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

Place : Faridabad

Date : 20.08.2009

Rajesh Talwar

Chairman & Managing Director

Tarun Talwar

Director

V.K. Datta

Manager - Finance

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

| | Year ended March 31, 2009 | Year ended March 31, 2008 |
|----------------------------------------------------------------------|------------------------------|------------------------------|
| (Figures in Rupees) | | |
| A OPERATING ACTIVITIES | | |
| a Net profit before Tax | 1,00,53,082 | 81,81,013 |
| Adjustments for : | | |
| Depreciation | 1,52,63,636 | 1,56,16,933 |
| Miscellaneous Expenses written off | — | 59,015 |
| Interest Paid | 3,10,71,709 | 2,65,21,806 |
| Interest / Dividend income | (12,64,002) | (4,45,063) |
| Gratuity adjusted of earlier year | — | (35,13,335) |
| Loss / (Profit) on Sale of Fixed Assets | 6,18,525 | (2,03,067) |
| | <u>4,56,89,868</u> | <u>3,80,36,289</u> |
| b Operating Profit before Working capital changes | 5,57,42,950 | 4,62,17,302 |
| Adjustments for : | | |
| Trade and other Receivables | (1,06,16,395) | (3,02,13,402) |
| Inventories | 6,02,49,712 | (2,37,85,245) |
| Trade Payables | (3,21,26,192) | 3,83,21,446 |
| | <u>1,75,07,125</u> | <u>(1,56,77,201)</u> |
| | 7,32,50,075 | 3,05,40,101 |
| c Cash generated from Operations | | |
| Direct Tax Paid-Income Tax | 19,83,361 | 1,97,654 |
| Excess/ (Short) Provision of Tax | 3,914 | 1,714 |
| Direct Tax Paid-Income Tax-Fringe Benefit Tax | (3,30,000) | (3,00,000) |
| Net Cash from / (used) in Investing Activities | <u>7,49,07,350</u> | <u>3,04,39,469</u> |
| B INVESTING ACTIVITIES | | |
| Sale / Transfer of Fixed Assets | 18,86,599 | 5,85,435 |
| Interest Received & Dividend Recd. | 12,64,002 | 4,45,063 |
| Decrease / (Increase) in CWIP | (78,750) | (1,04,386) |
| Purchase of Fixed Assets | (1,40,94,058) | (3,10,38,115) |
| Sale of Investments | 67,200 | — |
| Net Cash from / (used) in Investing Activities | <u>(1,09,55,007)</u> | <u>(3,01,12,003)</u> |
| C FINANCING ACTIVITIES | | |
| Proceeds from Borrowings | 74,69,280 | 4,24,89,799 |
| Repayment / Transfer of Borrowings | (3,73,94,456) | (1,60,36,628) |
| Fixed Deposits (Net) | (12,30,197) | 12,99,634 |
| Interest paid | (3,10,71,709) | (2,65,21,806) |
| Net Cash from / (used) in Financing Activities | <u>(6,22,27,082)</u> | <u>12,30,999</u> |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C) | <u>17,25,261</u> | <u>15,58,465</u> |
| Cash and Cash Equivalent as at: | | |
| -the beginning of the year | 57,71,591 | 42,13,126 |
| -the end of the year | <u>74,96,852</u> | <u>57,71,591</u> |

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

Tarun Talwar
Director

V.K. Datta
Manager - Finance

Place : Faridabad
Date : 20.08.2009



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="280281"/> | Total Assets | <input type="text" value="280281"/> |
| Sources of Funds | | Reserves & Surplus | <input type="text" value="95159"/> |
| Paid-up Capital | <input type="text" value="14101"/> | Unsecured Loans | <input type="text" value="13729"/> |
| Secured Loans | <input type="text" value="146188"/> | | |
| Other Liabilities | <input type="text" value="11104"/> | Investments | <input type="text" value="860"/> |
| Application of Funds | | Misc. Expenditure | <input type="text" value="NIL"/> |
| Net Fixed Assets | <input type="text" value="139102"/> | | |
| Net Current Assets | <input type="text" value="140319"/> | | |
| Accumulated Losses | <input type="text" value="NIL"/> | | |

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

| | | | |
|--------------------------|-------------------------------------|-----------------------|-------------------------------------|
| Turnover | <input type="text" value="627399"/> | Total Expenditure | <input type="text" value="617346"/> |
| Profit/Loss Before Tax | <input type="text" value="10053"/> | Profit/Loss After Tax | <input type="text" value="66.43"/> |
| Earning Per Share in Rs. | <input type="text" value="4.71"/> | 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

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 23rd ANNUAL GENERAL MEETING of the Company at Hotel "DELITE", 17, Neelam Bata Road, NIT, Faridabad, at 11.30 A.M. on Saturday the 19th September, 2009 and at any adjournment thereof.

As Witness my/our hand(s) this _____ of _____ 2009

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 23rd ANNUAL GENERAL MEETING of the Company at Hotel "DELITE", 17, Neelam Bata Road, NIT, Faridabad, at 11.30 A.M. on Saturday the 19th September, 2009

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)