

26th

Annual Report

2011-2012



TALBROS ENGINEERING LIMITED



TALBROS ENGINEERING LIMITED

**26TH ANNUAL REPORT
2011-2012**

BOARD OF DIRECTORS

TARUN TALWAR *(Managing Director)*
KARTIK TALWAR *(Director)*
SUNIL KUMAR *(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 26th Annual General Meeting of the Members of Talbro's Engineering Limited will be held on Wednesday, the 26th day of September, 2012 at 11.30 a.m. at hotel "Milleneum Plus", 57, Neelam Bata Road, Near Union Bank, Faridabad, Haryana, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2012 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 declare dividend on the equity shares for the financial year 2011-12.
3. To appoint a Director in place of Mr. Sunil Kumar, who retires by rotation and being eligible offers himself for re-appointment.
4. 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:

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

"RESOLVED that pursuant to provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and 2011 and all other applicable provisions, if any of the Companies Act, 1956 consent of the company be and is hereby accorded to the appointment of Mr. Rajesh Talwar, father of Mr. Tarun Talwar, Managing Director of the Company, to hold and continue to hold an Office or Place of Profit as President of the company (or any other designation and roles which the Board / Committee of the Board may decide from time to time) on such remuneration and terms and conditions as set out in the Explanatory Statement attached to this Notice."

RESOLVED FURTHER that the appointment shall be up to retirement age as per the policy and rules of the Company with effect from 01.09.2012 on terms and conditions as per Explanatory Statement attached hereto.

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required and to delegate all or any of its

powers herein conferred to any Committee of Directors or any Director or Secretary or Officer to give effect to the aforesaid resolution."

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

"RESOLVED THAT in supersession of the resolution passed at the extraordinary General meeting held on 25.11.1995 consent be and is hereby accorded to the Board of Directors of the Company pursuant to section 293 (1) (d) of the Companies Act, 1956, for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed in the aggregate at any one time ₹ 55,00,00,000/- (Rupees Fifty Five Crores Only) irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose."

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, as well as to execute all such documents, instruments and writings as may be required in order to give effect to the above resolution".

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to create such Charges, Mortgages and Hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks/Financial Institutions and other investing agencies to secure Rupee/foreign currency Loans and Working capital facilities availed or proposed to be availed by the Company, provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of ₹ 55,00,00,000/- (Rupees Fifty Five Crores Only).



TALBROS ENGINEERING LIMITED

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, as well as to execute all such documents, instruments and writings as may be required in order to give effect to the above resolution".

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

"RESOLVED THAT in supersession of the resolution passed at the 25th Annual General meeting held on 26.09.2011 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 payment of remuneration to Mr. Tarun Talwar, Managing Director of the Company w.e.f. 01.10.2012 for a period of 3 years as per details given hereunder:

Remuneration:

- Basic Salary: ₹ 1,40,000/- P.M.
- House Rent Allowance: ₹ 70,000/- P.M.
- Conveyance Allowance ₹ 15,000/- P.M.
- Reimbursement of Medical expenses upto ₹ 3000/- P.M.
- Other allowances ₹ 12000/- P.M.
- Perquisites upto ₹ 3000/- P.M.
- Contribution towards Provident Fund & Superannuation

Fund or Annuity Fund –As per Rules of the Company ₹ 19000/- P.M.

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 inadequacy of profit, the above salary will continue.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Tarun Talwar, Managing Director of the Company, the remuneration be paid and allowed to Mr. Tarun Talwar shall not exceed the ceiling as provided in Section II Part II of the Schedule XIII of the Companies Act, 1956 or such other amount and perquisites as may be provided in the said schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.

RESOLVED FURTHER that from the date of application of this resolution, the resolutions passed by the shareholders of the company in 25th AGM regarding fixation of remuneration of Shri Tarun Talwar will become ineffective.

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."

By order of the Board
for Talbro's Engineering Limited

(TARUN TALWAR)
Managing Director

Place: Faridabad
Date: 25.08.2012

NOTES

- 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.
- A proxy may not vote except on poll.
- The Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2012 to September 26, 2012, both days inclusive, for determining the names of the members eligible to receive dividend on equity shares, if declared in the meeting.
- Final dividend on equity shares as recommended by the directors for the year ended March 31, 2012, if declared,

at the annual general meeting will be paid on or after October 03, 2012:

- To those members whose name appear on the Company's register of members, after giving effect to all the valid transfers in physical form lodged with M/s. Beetal Financial & Computer Services Private Limited, Share Transfer Agent of the Company, on or before September 20, 2012.
 - In respect of shares held in electronic form, to those "deemed members" whose name appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on September 26, 2012.
5. The members holding shares in physical form are requested to notify immediately change of address, if any, to the Share Transfer Agent of the Company i.e. M/s.



TALBROS ENGINEERING LIMITED

- Beetal Financial & Computer Services Private Limited, BEETAL HOUSE, 3rd Floor, 99, Madangir, B/H Local Shopping Complex, New Delhi-110062. Members holding shares in demat form are requested to notify immediately change of address, if any, to their concerned Depository Participant (DP) and not to the company. Members are requested to quote their Ledger Folio Number or DP ID and client ID Number for any correspondence.
6. In order to enable the company to remit dividend through National Electronic Clearance Services (NECS), members are requested to provide details of their bank accounts indicating name of the bank, branch, account number and the nine digit MICR code (as appearing on the cheque). It is advisable to attach a photocopy of the cheque leaf / or cancelled cheque leaf. The said information should be submitted to the Share Transfer Agent of the Company i.e. M/s. Beetal Financial & Computer Services Private Limited, if the shares are held in physical form and if held in electronic form, to their concerned Depository Participant (DP). Payment through NECS shall be subject to the availability of the NECS centers and timely furnishing of the correct and complete information by the members.
 7. Members 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.
 8. Members are requested to take their seats in the Meeting Hall before the scheduled time of commencement of the Annual Proceedings.
 9. Please bring your attendance slip along with Annual Report to the meeting as the same will not be distributed in the meeting.
 10. 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.
 11. The Ministry of Corporate Affairs(MCA), Government of India, through its circular nos. 17/2011 and 18/2011, dated 21 and 29 April 2011 respectively has allowed companies to send official documents to their shareholders electronically. We request shareholders to update their email address with their concerned Depository Participant (DP) and if the shares are held in physical form to the Share Transfer Agent of the Company i.e. M/s. Beetal Financial & Computer Services Private Limited or at beetalrta@gmail.com alongwith names, address and folio number for registration.

By order of the Board
for Talbro's Engineering Limited

Place : Faridabad
Date: 25.08.2012

(Tarun Talwar)
Managing Director

TALBROS ENGINEERING LIMITED

ANNEXURE TO THE NOTICE DATED 25th AUGUST, 2012.

(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. 5

This Special resolution relates to the appointment of Mr. Rajesh Talwar, erstwhile whole time director, father of Mr. Tarun Talwar, Managing Director of the Company, to hold and continue to hold an Office or Place of Profit as President of the company. The Board of Directors at its meeting held on August 25, 2012 approved the appointment of Mr. Rajesh Talwar as "President" with effect from 01.09.2012 subject to the consent of the members is given to this appointment in the ensuing general meeting. The appointee is a relative of Managing Director and hence this appointment amounts to an Office or Place of Profit and requires the approval of the members of the Company in terms of Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and 2011.

Sh. Rajesh Talwar is 61 years of age and has done his B.Tech from The Indian Institute of Technology (IIT), Kanpur, MS and MBA from the United States. He is having more than 35 years of experience in Automotive and Engineering industry. Under his stewardship the company upgraded and improved in the manufacturing facilities by way of providing cost-effective plant & machinery. He was also engaged in the strategic planning, business promotion, monitoring long-term plan of the Company. 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.

- | | | |
|---|-----------------------------|---|
| 1 | Date of appointment | 01.09.2012 |
| 2 | Period of appointment | From 01st September, 2012 upto retirement age as per the policy of the Company. |
| 3 | Salary details | <p>Remuneration</p> <p>a) Basic Salary: ₹ 150000/- P.M.</p> <p>b) House Rent Allowance: ₹ 90000/- P.M.</p> <p>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 ₹ 10000/- per month.</p> <p>Perquisites in addition to the above</p> <p>(i) Company's Contribution towards Provident Fund & Superannuation Fund or Annuity Fund –As per Rules of the Company</p> <p>(ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.</p> <p>(iii) Encashment of leave at the end of tenure.</p> <p>(iv) Telephone facility at residence, personal long distance calls to be paid by the appointee to the company.</p> <p>(v) Free use of Company's car with Chauffer.</p> <p>(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.</p> |
| 4 | Duties and Responsibilities | <p>The appointee shall be responsible to lead strategic and long-term planning department of the Company. He shall also lend the company his expertise on technology advancements and advice the Production and Research & Development team.</p> |

The Board of Directors recommends the resolution for approval of the members.

None of the Directors of the company is concerned or interested in this resolution except Mr. Tarun Talwar, Managing Director of the company.

The above may also be treated as disclosure to members under Sec. 302 of the Companies Act, 1956.



ITEM No. 6

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Public Company cannot borrow money (a part from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting.

The shareholders of the Company at the Extraordinary General Meeting held on 25.11.1995 authorised the Board of Directors to borrow upto Rs.20 Crores. Since the company is in expansion mode and setting up new units at other locations in Faridabad, hence, it is considered necessary to enhance the said borrowing limits of the Board of Directors to ₹ 55 Crores.

The Resolution set out at item No.6 of the notice is put forth for consideration of the members as a ordinary resolution pursuant to section 293(1)(d) of the Companies Act, 1956, authorizing the Board of Directors to borrow upto a sum of ₹ 55 Crores.

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

ITEM No. 7

As per the provisions of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Public Company cannot Sell, Lease, dispose or create charge of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking without the consent of the shareholders in the General Meeting.

As the mortgage/Charge/Hypothecation by the Company on its Assets as aforesaid in favour of the Banks and Financial institutions against the borrowings may be regarded as disposal of the Company's properties/undertaking in certain events of default, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956, for creation of said charge/mortgage/Hypothecation.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

ITEM No. 8

Mr. Tarun Talwar, s/o Shri Rajesh Talwar, Director of the company, has joined this organization in 2009 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 and entrusted him with the responsibilities of Managing Director w.e.f. 01.02.2011 in the Board meeting held on 31.01.2011 and reconfirmed by the company in the AGM held on 26.09.2011.

In accordance with the provisions of Schedule XIII of the Companies Act, 1956, Mr. Tarun Talwar has been drawing a remuneration of ₹ 1,50,000 p.m. since 1st October 2011. The Board hence felt that his hard work should be suitably remunerated. The company now is reaping adequate profits hence the requirement to follow schedule XIII for payment of remuneration has been done away with. Hence, the revision of remuneration of Sh. Tarun Talwar, Managing Director, as per sections 198, 269, 309, 310 for a period of three years w.e.f 01.10.2012, subject to the approval of the members of the Company at the forthcoming Annual General Meeting, is proposed.

None of the Directors, except Mr. Tarun Talwar is concerned or interested in this resolution.

The Board recommends resolutions under Item No. 8 to be passed as ordinary resolution.

The above may also be treated as disclosure to members under Sec. 302 of the Companies Act, 1956. By order of the Board

By order of the Board
for Talbro's Engineering Limited

Place: Faridabad
Date : 25.08.2012

(Tarun Talwar)
Managing Director

DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting 26th Annual Report of the Company together with the audited accounts for the year ended on 31st March, 2012.

FINANCIAL HIGHLIGHTS:

Financial Results:	Year Ended	
	31st March, 2012	31st March, 2011
Revenue from operations (Gross)	11,626.88	9,019.58
Profit before Interest and Depreciation	1,171.30	840.14
Less: Interest	310.13	260.26
Depreciation	206.25	167.04
Profit before Tax	654.92	412.84
Less: Provision for Current Tax	206.07	109.02
Provision for Deferred Tax	6.35	43.11
Profit After Tax	442.50	260.71
Add: Balance brought forward from the previous year	781.82	588.32
Profit Available for Appropriations	1,224.32	849.03
Appropriations:		
Proposed Dividend	35.26	35.26
Tax on Dividend	5.71	5.85
Transfer to General Reserve	44.50	26.10
Balance Carried Forward	1,138.85	781.82
Total	1,224.32	849.03

DIVIDEND & APPROPRIATION OF PROFITS:

We recommend a dividend of ₹ 2.50 per share. The total dividend payout amount including Corporate Dividend Tax is ₹ 40.97 lacs as against ₹ 41.11 in the previous year. Dividend including dividend tax as a percentage of profit after tax before exceptional items is 9.26% as compared to 15.77% in the previous year.

The register of members and share transfer books will remain closed from September 20, 2012 to September 26, 2012 (both days inclusive). Our annual general meeting has been scheduled for September 26, 2012.

OPERATIONS:

- I Your company has shown sales turnover of ₹ 11626.88 Lacs in this financial year ended on 31.03.2012 as against ₹ 9019.58 Lacs for the previous financial year. Net profit after tax for this year is ₹ 442.50 Lacs as compared to ₹ 260.71 Lacs for the previous financial year.
- II Reserves & Surplus as on 31.03.2012 will stand at ₹ 1634.02 Lacs as against the paid-up capital of ₹ 141.01 Lacs.

RIGHTS ISSUE:

The company is coming up with a Rights Issue of a size of ₹ 5,00,00,000 (Rupees Five Crores) to raise fresh capital to support the Company's expansion projects. M/s. Corporate

Professionals Capital Private Limited, SEBI registered Cat. 1 Merchant Banker, has been appointed as the Lead Managers and M/s. Beetal Computer and Financial Services (P) Ltd., New Delhi is appointed as the Registrar and Transfer Agents to handle the Issue. The Merchant Banker is carrying the due diligence on the Company for this purpose. Your management hopes to raise the fund through this Rights Issue during current financial year.

EXPORTS:

Exports turnover (F.O.B. value) for the year ended on 31.03.2012 was ₹ 1899.42 Lacs as compared to ₹ 1659.61 Lacs for the previous financial year.

BUSINESS OUTLOOK FOR THE COMING YEAR:

Your company's outlook for this year is very healthy. We expect significant increase in both production and sale. Export will continue to be a leader. 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 during the financial year. To combat this company is also addressing the need for infrastructure and capacity enhancement. The company is setting up a plant at IMT, Faridabad which shall be financed by the fresh capital raised through rights issue and internal accruals of the company in addition to the borrowings from the banks.

During the first four-month period from April-July 2012 of the Financial Year 2012-13, the company has already booked total sales growth of 15.83%. The growth in export market alone during this period is 2.22%.

PERSONNEL:

None of employees are covered pursuant to Sec.217 (2A) of the Companies, Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended on 31st march 2012.

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 Plant & Machinery ₹ 84,15,943/- ,Foreign Travel ₹ 23,05,386/-,Commission on Export Sales ₹ 6,28,071 and Repair&Maint.-Plant & Machinery ₹ 8,44,204/-. Meanwhile, earning in foreign exchange value of export on F.O.B. basis is ₹ 18,99,41,781/-.



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, Mr. Tarun Talwar was redesignated as the Managing Director and Mr. Rajesh Talwar as whole time director designated as chairman whose period of office was not liable to determination by retirement of directors by rotation. Mr. Jayant H. H. Lal was re-appointed as director liable to retire by rotation along with Mr. Kartik Talwar and Mr. Sunil Kumar who were appointed as director liable to retire by rotation u/s 257 of the Companies Act, 1956 in the last Annual general meeting of the company held on 26.09.2011.

Mr. Jayant H. H. Lal and Mr M.L.Gupta tendered their resignation due to preoccupation from the post of directorship on 25.08.2012. Mr. Rajesh Talwar also resigned as director on 25.08.2012 but continue to provide his expertise and advice to the company as President of the company.

AUDITORS:

The Statutory Auditors of the company M/s.Rakesh Raj & Associates, Chartered Accountants, Regn.No.005145N, 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 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 fees for the year 2012-13.

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, 2012, 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, 2012 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

Tarun Talwar
Managing Director

Place : Faridabad
Date: 25.08.2012

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

	Current Year 2011-12	Previous Year 2010-2011
A. Power and Fuel Consumption		
1. Electricity		
(A) Purchased		
Unit	74,99,424	65,45,997
Total Amount	₹ 4,04,15,595	₹ 341,17,626
Rate Per Unit	₹ 5.39	₹ 5.21
(B) Own Generation		
(i) Through Diesei Generator Unit	27,30,441	16,50,079
Unit per ltr of Diesel Oil	6.29	5.76
Cost per Unit	₹ 6.12	₹ 6.03
(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 (ltrs.)	10,66,000	10,08,000
Total Amount	₹ 3,79,24,618	₹ 2,65,80,280
Average Rate	₹ 35.58	₹ 26.37
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		
	Current Year 1	Previous Year 1
Products (with details) Unit Axles		
Electricity (units)	9.60	9.49
LDO (ltrs)	1.05	1.23
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 company R&D : Research & Development work is carried out the company 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.

Expenditure on R&D

- Capital : Nil
- Recurring : Nil
- Total : Nil
- 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 and to expand the range of its products.
- 2. Benefits : Constant review of material construction and design resulting in increased acceptability of products.
- 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)

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, 2012 (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 10 (Ten) times on 30th April 2011, 20th May 2011, 29th June 2011, 26th July 2011, 20th August 2011, 15th October 2011, 31st October 2011, 19th November 2011, 31st January 2012 and 6th March 2012 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 20th September 2011 to 26th September 2011 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 2011 was held on 26th September, 2011 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 entered into contracts of job working with M/s J.T. Engineering Pvt. Ltd., a company falling under the category of related party. However, the transactions are made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
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) Has deposited amount in a separate bank account for the final dividend declared at the Annual General Meeting for the financial year ended on 31.03.2011 on 26.09.2011 which is within five days of declaration of dividend.
 - (iii) has posted warrants to all the members of the Company for the dividend final declared at the Annual General Meeting held on 26.09.2011 for the financial year ended on 31.03.2011. ₹ 97,342.50 (Rs. Ninety Seven Thousand Three Hundred and Forty Two and fifty paise only) has been transferred in the unpaid dividend account with Development Credit bank Limited on 31.03.2012 against the final dividend declared at the Annual General Meeting for the financial year ended on 31.03.2010. ₹ 125.50 (Rs. One Hundred and Twenty Five and fifty paise only) has been transferred in the unpaid dividend



TALBROS ENGINEERING LIMITED

- account with Development Credit bank Limited on 31.03.2012 against the final dividend declared at the Annual General Meeting for the financial year ended on 31.03.2011.
- (iv) there is no application money due for the refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years. The unpaid dividend amounts are lying in separate unpaid dividend accounts with M/s Development credit bank Limited as mentioned above and shall be liable to transfer to Investor Education and Protection fund after 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. Mr. Jayant H H Lai, who was appointed as an Additional independent non-executive Director of the company pursuant to section 260 of the Companies Act, 1956 w.e.f 31.01.2011 has been regularized as a director liable to retire by rotation. Mr. Kartik Talwar and Mr. Sunil Kumar were also appointed on 26.09.2011 as a regular director liable to retire by rotation in the category of non-independent non-executive director and independent non-executive director, respectively. All the necessary documents were uploaded on the MCA portal.
15. Mr. Tarun Talwar, s/o Shri Rajesh Talwar, erstwhile Director has been designated as Managing Director of the company whereas Mr. Rajesh Talwar resigned from the post of Managing Director but remained on Board as a director w.e.f. 01.02.2012. The company approved their appointments in the annual general meeting held on 26.09.2011. All the necessary documents were uploaded on the MCA portal.
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. The Company wherever necessary has kept 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 Dehli & 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 the extraordinary 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 : 25.08.2012

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 Investments	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 31/03/2012.

S. No.	Forms & Returns	(U/s)	For	Filed on
1.	Form 32	260	For redesignation of Mr. Tarun Talwar as Managing director and Mr. Rajesh Talwar as whole time director.	01.04.2011
2.	Form-8	125	For registration of creation of mortgage	06.04.2011
3.	Form-8	125	For registration of creation of mortgage	06.04.2011
4.	Form-8	125	For registration of creation of mortgage	06.04.2011
5.	Form-8	125	For registration of creation of mortgage	06.04.2011
6.	Form 25C	269(2) read with schedule XIII	For redesignation of Mr. Tarun Talwar as Managing director	25.04.2011
7.	Form-62 (Annual Return of Fixed Deposits)	58A	For the Financial year ended on 31st March 2011.	29.06.2011
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 2011.	19.09.2011
9.	Form 66 (Compliance Certificate)	383A	Compliance certificate for the financial year ended on 31st March 2011.	31.10.2011
10.	Form 32	260	For appointment of Mr. Kartik Talwar and Mr. Sunil Kumar and reappointment of Mr. J.H.H. Lal erstwhile additional director as regular directors liable to retire by rotation respectively.	24.10.2011
11.	Form 32	260	For redesignation of Mr. Tarun Talwar as Managing director and Mr. Rajesh Talwar a whole time director respectively.	24.10.2011
12.	Form-20B (Annual Return)	159	For the financial year ended on 31st March 2011.	25.11.2011
13.	Form 25C	269(2) read with schedule XIII	For redesignation of Mr. Tarun Talwar as Managing director	22.12.2011
14.	Form 25C	269(2) read with schedule XIII	For redesignation of Mr. Rajesh Talwar as whole time director	22.12.2011
15.	Form-23AC XBRL & 23ACA XBRL (Annual Report/Balance Sheet)	220	For the financial year ended on 31st March 2011.	27.12.2011



AUDITORS' REPORT

To The Members of Talbro's Engineering Limited

1. We have audited the attached Balance Sheet of TALBROS ENGINEERING LIMITED ('the Company') as at 31st March, 2012, the Profit and Loss Account and also the Cash Flow Statement 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.
2. We conducted our audit in accordance with the 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 a 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies (Auditor's Report) (Amendment) Order, 2004] [hereinafter referred to as 'Order'] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) 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 Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Faridabad
Date : 20.08.2012

For RAKESH RAJ & ASSOCIATES
Chartered Accountants
Firm Regn No.005145N
Annapurna Gupta
Partner
Membership No. 090858

ANNEXURE TO THE AUDITOR'S REPORT

(As referred in paragraph 3 of our report to the members of TALBROS ENGINEERING LIMITED on the accounts for the year ended 31st March, 2012)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, major fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) Fixed Assets disposed off during the year, in our opinion, do not constitute a substantial part of Fixed Assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- ii. (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of building material, stores & spares. In our opinion, the frequency of such 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. As far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.
- iii. (a) The company has not granted any loans, secured or unsecured from loan to parties covered in register maintained under section 301 of the Companies Act 1956. Hence the provisions of Clause 4 (iii) (a), (b) and (c) are not applicable to the Company.
- (b) The Company has taken loans from five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 3,27,39,797/- and the year-end balance of loan taken from such parties was ₹ 2,47,75,640/-.
- (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.
- iv. In our opinion and according to the information and explanation 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 our audit, no major weaknesses has been noticed in internal controls
- v. (a) Based on the audit procedures applied by us and according to the information and explanation provided by the management, the transactions that need to be entered into 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 v (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 rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has accepted deposits from persons other than public and necessary provisions of the Companies Act, 1956 and the rules framed therein has been complied with.
- vii. In our opinion, the Company has an in house internal audit system commensurate with the size and nature of its business and activities.
- viii. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix. (a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Custom Duty and Excise Duty
- (b) According to the information and explanations given to us, there are no dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which were in arrear as at 31st March, 2012 for a period of

more than six months from the date they become payable.

- (c) According to the information and explanations given to us, Details of dues which have not been deposited on account of any dispute are as follows:

Name of Statute	Forum where dispute is pending	Period to which amount relates	Amount Involved (₹)
Income Tax Act	High Court Chandigarh	1995-96	15,33,504/-
Income Tax Act	ITAT Delhi	2004-05	94,28,683/-
Income Tax Act	ITAT Delhi	2005-06	2,41,453/-
Income Tax Act	ITAT Delhi	2006-07	5,81,450/-
Income Tax Act	Commissioner Appeals	2008-09	34,50,000/-

- x. The Company has no accumulated losses as at 31st March, 2012 and has not incurred any cash losses during the financial year covered by our audit.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its Bankers.
- xii. In our opinion and according to the information & explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. 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 provision of clause 4(xiv) of the

- Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xv. As per the information and explanations given to us, the Company has not given corporate guarantees for loans taken by others from banks of financial institutions.
- xvi. To the best of our information and knowledge and as per records verified by us, the Company has applied its term loans for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties, firms and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued any debentures. Therefore, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by means of public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Faridabad
Date : 20.08.2012

For RAKESH RAJ & ASSOCIATES
Chartered Accountants
Firm Regn No.005145N
Annapurna Gupta
Partner
Membership No. 090858

BALANCE SHEET AS AT 31st MARCH, 2012

PARTICULARS	Notes	As at 31st March, 2012		As at 31st March, 2011	
		₹	₹	₹	₹
Equity and Liabilities					
Shareholders' funds					
Share Capital	3	1,41,01,400		1,41,01,400	
Reserves and Surplus	4	16,34,02,332	17,75,03,732	12,32,80,011	13,73,81,411
Non-current liabilities					
Long Term Borrowings	5	6,66,35,902		5,97,34,105	
Deferred Tax liabilities (Net)	6	1,82,64,475	8,49,00,377	1,76,29,572	7,73,63,677
Current liabilities					
Short Term Borrowings	7	6,66,78,052		7,19,30,336	
Trade Payables	8	10,76,24,887		8,40,93,849	
Other Current Liabilities	9	4,22,02,589		4,89,33,983	
Short term provisions	10	2,78,79,625	24,43,85,153	1,79,41,640	22,28,99,808
TOTAL			50,67,89,262		43,76,44,896
Assets					
Non-current assets					
Fixed Assets					
Tangible Assets	11	19,10,66,238		17,72,03,420	
Capital Work in Progress	11	30,81,671		7,10,950	
Non current investments	12	8,60,000		8,60,000	
Long-term loans and advances	13	1,51,51,652	21,01,59,561	48,34,687	18,36,09,057
Current assets					
Inventories	14	8,81,32,359		8,70,49,411	
Trade receivables	15	14,26,90,236		11,21,67,515	
Cash and cash equivalents	16	1,33,17,835		97,44,206	
Short term loans and advances	17	5,24,89,271	29,66,29,701	4,50,74,707	25,40,35,839
TOTAL			50,67,89,262		43,76,44,896

Summary of significant accounting policies 2

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

As per our report of even date
For **RAKESH RAJ & ASSOCIATES**
Chartered Accountants
Regd. No. 005145N

For and on behalf of the Board of Directors of
TALBROS ENGINEERING LIMITED

Annapurna Gupta
Partner
M. No. 90858
Place : Faridabad
Date : 20.08.2012

Rajesh Talwar
Chairman

Tarun Talwar
Managing Director

V.K. Datta
Manager - Finance



TALBROS ENGINEERING LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

	Notes	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
		₹	₹	₹	₹
INCOME					
Revenue from Operations (Gross)	18	1,16,26,87,865		90,19,57,545	
Less: Excise Duty		8,99,16,874	1,07,27,70,991	6,69,35,568	83,50,21,977
Other Income	19		2,37,68,735		2,38,64,502
Total Revenue			1,09,65,39,726		85,88,86,479
EXPENSES					
Cost of Raw Materials Consumed	20		55,20,57,177		40,99,73,943
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21		14,80,829		1,97,71,004
Employee Benefits Expenses	22		7,95,88,440		6,63,14,921
Finance Costs	23		3,10,13,385		2,60,25,598
Depreciation and Amortisation Expense	24		2,06,25,144		1,67,04,085
Other Expenses	25		34,62,82,948		27,88,12,822
Total Expenses			1,03,10,47,923		81,76,02,373
Profit before Tax			6,54,91,803		4,12,84,106
Tax Expenses:					
Current Tax		2,05,17,420		1,08,00,000	
Deferred Tax		6,34,903		43,10,929	
Income Tax : Earlier year		90,060	2,12,42,383	1,02,056	1,52,12,985
Profit for the Year			4,42,49,420		2,60,71,121
Earnings per Equity Share (Face Value ₹ 10/-)					
Basic and Diluted Earnings per Share (₹)			31.38		18.49
Summary of significant accounting policies	2				
The accompanying notes are an integral part of the financial statements.					

As per our report of even date
For **RAKESH RAJ & ASSOCIATES**
Chartered Accountants
Regd. No. 005145N

For and on behalf of the Board of Directors of
TALBROS ENGINEERING LIMITED

Annapurna Gupta
Partner
M. No. 90858
Place : Faridabad
Date : 20.08.2012

Rajesh Talwar
Chairman

Tarun Talwar
Managing Director

V.K. Datta
Manager - Finance

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	2011-12		2010-11	
	₹	₹	₹	₹
A OPERATING ACTIVITIES				
a. Net profit before Tax		6,54,91,803		4,12,84,106
Adjustments for:				
Depreciation	2,06,25,144		1,67,04,085	
Misc. Expenses W/off	4,61,844		—	
Interest Paid	3,10,13,385		2,60,25,598	
interest/Dividend income	(4,94,152)		(3,43,469)	
Loss (Profit) on Sale of Fixed Assets	74,713	5,16,80,934	—	4,23,86,214
b. Operating Profit before Working capital changes		11,71,72,737		8,36,70,320
Adjustments for:				
Trade and other Receivables	(2,95,20,530)		(4,17,94,806)	
Inventories	(10,82,948)		(46,64,121)	
Trade Payables	1,98,43,409	(1,07,60,069)	1,45,11,317	(3,19,47,610)
		10,64,12,668		5,17,22,710
c. Cash generated from Operations				
Direct Tax Paid-income Tax	(2,27,75,036)		(56,27,451)	
Excess / (Short) Provision of Tax	(90,060)	(2,28,65,096)	(1,02,056)	(57,29,507)
Net Cash from/(used) in Operating Activities		8,35,47,572		4,59,93,203
B INVESTING ACTIVITIES				
Sale/Transfer of Fixed Assets	10,42,273		—	
Interest received & Dividend Recd.	4,94,152		3,43,469	
Decrease/(Increase) in CWIP	(23,70,721)		—	
Purchase of Fixed Assets	(3,56,34,797)		(4,69,58,294)	
Net Cash from/(used) in Investing Activities		(3,64,69,093)		(4,66,14,825)
C FINANCING ACTIVITIES				
Proceeds from Borrowings	1,09,59,834		5,52,23,364	
Repayment/ Transfer of Borrowings	(3,16,72,419)		(4,72,28,762)	
Fixed Deposits(Net)	1,16,49,002		2,34,58,706	
Interest paid	(3,10,13,385)		(2,60,25,598)	
Dividend Paid For the F.Y. 2009-10	(34,27,882)		(35,25,350)	
Net Cash from/(used) in Financing Activities		(4,35,04,850)		19,02,360
NET INCREASE/(DECREASE) IN CASH AND CASH Equivalents (A+B+C)		35,73,629		12,80,738
Cash and Cash Equivalent as at:				
– the beginning of the year	97,44,206		84,63,468	
– the end of the year	1,33,17,835		97,44,206	

As per our report of even date
For **RAKESH RAJ & ASSOCIATES**
Chartered Accountants
Regd. No. 005145N

Annapurna Gupta
Partner
M. No. 90858

Place : Faridabad
Date : 20.08.2012

For and on behalf of the Board of Directors of
TALBROS ENGINEERING LIMITED

Rajesh Talwar
Chairman

Tarun Talwar
Managing Director

V.K. Datta
Manager - Finance



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

NOTE : 1 CORPORATE INFORMATION

Talbro's Engineering Limited (the 'Company') is a public company in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in manufacturing of Rear Axle Shafts. The company caters to both international and domestic market. The company has its manufacturing plants at Plot No 74-75, Sector-6, Faridabad-121006 and Plot No 35-38, Industrial Area, Hathin, Palwal.

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the other relevant provisions of the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

NOTE : 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for Accounting

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

2.2 Use of Estimates

The Preparation of financial statements 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.

2.3 Revenue Recognition

- a) 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.
- b) Export benefits/incentives are recognized in the profits & loss accounts, when the right to receive credit as per terms of the scheme is established in respect of export goods.

2.4 Inventories

Cost of inventory comprise of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Closing inventories have been valued as follows:

- a) Raw Materials, Stores, Spares & Packing Material are valued at lower of cost or net realisable value. The cost is determined on FIFO Basis.
- b) Work-in-Progress and Finished Goods are valued at material cost and production overhead allocated to them.

2.5 Tangible assets

Fixed assets are stated at cost of acquisition, construction, amount added on revaluation less accumulated depreciation. Cost includes taxes, duties, freight and other incidental expenses related to acquisition, improvements and installation of assets. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

2.6 Intangible assets

Intangible assets are recognized as per the criteria specified in Accounting Standard 26 " Intangible Assets" and recorded at the consideration paid for acquisition.

2.7 Depreciation on fixed assets

- a) Depreciation on all fixed assets is charged on straight line method as per rates and in the manner specified in the schedule XIV to the Companies Act, 1956, except on the plant and machinery transferred to the company at the time

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

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.

- b) During the current year, depreciation has been charged on double and triple shift basis, as per actual running of plants.

2.8 Provisions and contingencies

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Liabilities which are material and whose future outcome can not be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts. Contingent assets are neither recognized nor disclosed in the Financial statements.

2.9 Research and Development expense

Research and Development costs (other than cost of fixed asset acquired) are charged as an expense in the year in which they are incurred.

2.10 Foreign currency transactions

- a) Foreign currency transactions are recorded at exchange rate prevailing on the date of the transaction
- b) Foreign currency monetary items at the year end are restated using the closing rates.
- c) Any income or expense on account of exchange difference either on settlement or on restatement is recognized in the profit & loss accounts.

2.11 Investments

Current Investment 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.

2.12 Employee benefits

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. The contributions to the provident fund are charged to the statement of profit and loss for the year.

Gratuity

Gratuity is a defined benefit obligation. The liability is provided for on the basis of actual valuation made at the end of each financial year. Valuation is done on " Projected Unit Credit Method ". Gratuity is administered by a trust formed for this purpose through the Group Gratuity with Life Incorporation of India.

Leave encashment

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

2.13 Borrowing costs

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 the one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to statement of profit and loss.

2.14 Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Operating lease payments are recognised as expense in the profit and loss account on a straight line basis over the lease term.

2.15 Cash Flow Statement

Cash Flows are reported using the indirect method, whereby a profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash payments or receipts. The cash flows from operating, financing and investing activities of the company are segregated

2.16 Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provision of Income-Tax Act, 1961.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date.

Deferred Tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

2.17 Impairment of 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 statement of profit and loss 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.

As at 31st March, 2012
₹

As at 31st March, 2011
₹

NOTES : 3 SHARE CAPITAL

3.1 Authorised share capital

30,00,000 Equity Shares of Rs.10/- each	3,00,00,000	3,00,00,000
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3.2 Issued, Subscribed and fully paid up capital

14,10,140 Equity Shares of Rs. 10/- each fully paid up	1,41,01,400	1,41,01,400
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Total Issued, Subscribed and fully paid up capital	1,41,01,400	1,41,01,400
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3.3 Reconciliation of the shares outstanding at the beginning and the end of the reporting period

	No. of Shares as at 31.03.2012	No. of Shares as at 31.03.2011
Equity shares		
At the beginning of the year	14,10,140	14,10,140
Add: Shares issued during the year	—	—
Add: Bonus shares issued during the year	—	—
Less: Shares forfeited, etc	—	—
Outstanding at the end of the year	14,10,140	14,10,140

3.4 Terms/ rights and restrictions attached to equity shares

The company has only one class of equity shares having par value of INR ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended on 31st March, 2012, the company declared and distributed a dividend of INR ₹ 2.50 per share for F.Y. ended on 31.03.2011

In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.5 Details of shareholders holding more than 5% shares in the Company

	As at 31st March, 2012		As at 31st March, 2011	
	Number of shares	%	Number of shares	%
Equity shares of ₹ 10/- each fully paid				
Rajesh Talwar	2,47,483	17.55%	2,47,483	17.55%
Gita Talwar	2,06,356	14.63%	1,06,356	7.54%
Rakesh Talwar	1,64,621	11.67%	1,64,621	11.67%
Naini Talwar	81,850	5.80%	81,850	5.80%
Tarun Talwar	78,945	5.60%	65,294	4.63%
Sartaj K Sahni	1,29,168	9.15%	1,29,168	9.15%
Rajesh Talwar (HUF)			1,13,651	8.05%

As per the records of the company, including its register of shareholders / members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

TALBROS ENGINEERING LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

	As at 31st March, 2012		As at 31st March, 2011
	₹		₹
NOTE : 4 RESERVES AND SURPLUS			
4.1 Capital Reserve			
As per last balance sheet	1,74,87,403		1,74,87,403
4.2 Securities Premium Account			
As per last balance sheet	70,50,700		70,50,700
4.3 Revaluation reserve			
As per last balance sheet	11,19,209		11,49,058
Less: Transferred to Profit & Loss A/c	<u>(29,849)</u>	10,89,360	<u>(29,849)</u>
			11,19,209
4.4 General Reserve			
As per last balance sheet	1,18,10,000		92,00,000
Add : Transferred from Profit & Loss A/c	<u>44,50,000</u>	1,62,60,000	<u>26,10,000</u>
			1,18,10,000
4.5 Surplus / (deficit) in the statement of Profit and Loss			
As per last balance sheet	7,81,82,794		5,88,32,541
Profit for the year	4,42,49,420		2,60,71,121
Less: Appropriations			
Transfer to General reserve	44,50,000		26,10,000
Dividend proposed on equity shares	35,25,350		35,25,350
Dividend distribution tax on proposed equity dividend	<u>5,71,900</u>	11,38,84,964	<u>5,85,518</u>
			7,81,82,794
4.6 Other Reserve : Capital Subsidy			
As per last balance sheet	<u>76,29,905</u>		<u>76,29,905</u>
Total	<u><u>16,34,02,332</u></u>		<u><u>12,32,80,011</u></u>

NOTE : 5 LONG TERM BORROWINGS

Secured

Term loans & Vehicle Loans

From banks

2,82,39,458

2,74,11,320

Unsecured

Deposits

from shareholders

28,29,186

from Director's Relative

1,94,67,258

1,62,22,785

Loans and advances from related parties

1,61,00,000

1,61,00,000

3,23,22,785

Total

6,66,35,902

5,97,34,105



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

5.2 The requisite particulars in respect of secured long term borrowings are as under :

Particulars of loan /security/ guarentee	Terms of Repayment	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
1 Term loans from Bank of India			
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 moveable as may be agreed/ permitted by lenders for securing borrowings for working capital requirements.	Quarterly payment of equated quarterly Installments beginning from the month of taking the loan	Closing Balance ₹ 3,86,08,935/-	Closing Balance ₹ 5,34,53,500/-
The Term Loans are further secured by personal guarantees of two Directors of the company. The rate of Interest is at the rate of 15.25%p.a.		Current Maturity ₹ 1,47,91,910/-	Current Maturity ₹ 3,03,07,444/-
		Non-Current Maturity ₹ 2,38,17,025/-	Non-Current Maturity ₹ 2,31,46,056/-
2 Vehicle loans from Banks	Monthly payment of equated monthly Installments beginning from the month of taking the loan	Closing Balance ₹ 69,57,825/-	Closing Balance ₹ 75,73,558/-
Vehicles Loans are secured against Hypothecation of Vehicles.		Current Maturity ₹ 25,35,392/-	Current Maturity ₹ 33,08,294/-
The rate of Interest is at the rate of 10.77 %p.a to 12.08%p.a.		Non-Current Maturity ₹ 44,22,433/-	Non-Current Maturity ₹ 42,65,264/-

5.3 The company has never defaulted in paying the loan.

NOTE : 6 DEFERRED TAX LIABILITY AS PER AS-22

	Deferred Tax Liability/ (Assets) As at 31st March, 2012 ₹	Deferred Tax Liability/ (Assets) As at 31st March, 2011 ₹
(i) Fixed Assets	1,88,15,245	1,81,33,688
(ii) Disallowance u/s 43 B*	(5,50,770)	(5,04,116)
Deferred Tax Liability (Net)	<u>1,82,64,475</u>	<u>1,76,29,572</u>

NOTE : 7 SHORT TERM BORROWINGS

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Secured		
Cash Credit	6,66,78,052	7,19,30,336
Total secured short term borrowings (I)	<u>6,66,78,052</u>	<u>7,19,30,336</u>

7.1 Particulars of loan /security/ guarentee

Particulars of loan /security/ guarentee	Terms of Repayment	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Cash Credit from Bank of India	On the Basis of Utilization	Closing Balance ₹ 6,66,78,052/-	Closing Balance ₹ 7,19,30,336/-
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 the two Directors of the Company.			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
NOTE : 8 TRADE PAYABLES		
Trade Payables	10,76,24,887	8,40,93,849
Total	<u>10,76,24,887</u>	<u>8,40,93,849</u>

NOTE : 9 OTHER CURRENT LIABILITIES

A) Current maturities of long term debt borrowings	2,53,00,954	3,58,57,932
B) Interest accrued but not due on borrowings	2,67,877	4,42,279
C) Interest accrued and due	18,287	—
D) Advance from customers	34,89,780	21,14,495
E) Unpaid dividends	97,468	—
F) Other Liabilities:-		
i) Accrued Salary & Benefits	35,89,377	33,41,020
ii) Statutory Dues payable (Service tax & CST)	11,275	26,672
iii) TDS payable	9,40,441	7,16,769
iv) Others	84,87,130	64,34,816
Total	<u>4,22,02,589</u>	<u>4,89,33,983</u>

NOTE : 10 SHORT TERM PROVISIONS

Provision for Income tax	2,05,00,000	1,08,00,000
Proposed equity dividend	35,25,350	35,25,350
Provision for Wealth tax	17,420	—
Provision for tax on proposed equity dividend	5,71,900	5,85,518
Provision for employee benefits	32,64,955	30,30,772
Total	<u>2,78,79,625</u>	<u>1,79,41,640</u>

NOTE : 11 FIXED ASSETS

Tangible assets	19,10,66,238	17,72,03,420
Total	<u>19,10,66,238</u>	<u>17,72,03,420</u>
Capital work in progress	30,81,671	7,10,950
Total	<u>30,81,671</u>	<u>7,10,950</u>



NOTE : 11 TANGIBLE ASSETS FOR THE FINANCIAL YEAR 2011-12

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.2011 ₹	Additions during the year ₹	Deductions during the year ₹	Cost as at 31.03.2012 ₹	As at 01.04.2011 ₹	For the year ₹	Deductions during the year ₹	Upto 31.03.2012 ₹	As at 31.03.2012 ₹	As at 31.03.2011 ₹
1	Land	29,13,242	—	—	29,13,242	—	—	—	—	2913,242	29,13,242
2	Building	1,97,42,228	—	—	1,97,42,228	57,71,000	6,60,769	—	64,31,769	1,33,10,459	1,39,71,228
3	Plant & Machinery	26,60,88,967	3,18,99,102	22,94,049	29,56,94,020	12,93,10,614	1,74,92,506	21,85,837	14,46,17,283	15,10,76,737	13,67,78,353
4	Vehicles	1,68,53,709	29,38,705	12,51,147	1,85,41,267	26,52,126	16,65,350	4,23,625	38,93,851	1,46,47,416	1,42,01,583
5	Furniture & Fixture	37,66,805	—	—	37,66,805	9,75,098	2,19,918	—	11,95,016	25,71,789	27,91,707
6	Office Equipments	52,48,740	5,03,008	2,05,813	55,45,935	16,02,991	2,73,483	24,561	18,51,913	36,94,022	36,45,749
8	Electrical Installation	50,05,576	2,22,732	—	52,28,308	26,83,091	2,31,062	—	29,14,153	23,14,155	23,22,485
9	Tubewell	2,71,708	—	—	2,71,708	71,359	4,441	—	75,800	1,95,908	2,00,349
10	Computer	30,95,918	71,250	—	31,67,168	27,17,194	1,07,464	—	28,24,658	3,42,510	3,78,724
	Total	32,29,86,893	3,56,34,797	37,51,009	35,48,70,681	14,57,83,473	2,06,54,993	26,34,023	16,38,04,443	19,10,66,238	17,72,03,420
	Capital Work In Progress									30,81,671	7,10,950
	March 31,2011	27,60,28,599	4,69,58,294	0	032,29,86,893	12,90,49,539	1,67,33,934	0	14,57,83,473	17,79,14,370	14,76,90,010

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

As at 31st March, 2012

As at 31st March, 2011

₹

₹

NOTE : 12 NON-CURRENT INVESTMENTS

12.1 (a) Unquoted Non Trade equity instruments(At Cost)		
Investments in equity instruments	8,60,000	8,60,000
33,000 fully paid up Equity Shares of ₹ 10/- each of Talbro's Cork Products Pvt.Ltd (31.03.2011: ₹ 8,60,000/-)		
Total	8,60,000	8,60,000

NOTE : 13 LONG TERMS LOANS AND ADVANCES

Unsecured, Considered Good		
Capital advances	1,17,69,580	22,46,307
Security deposits	33,82,072	25,88,380
Total	1,51,51,652	48,34,687

NOTE : 14 INVENTORIES

(Taken, Value and certified by the Management)

Raw Materials	3,68,03,423	3,42,79,330
Work-in-Progress	4,54,27,488	4,38,49,551
Finished Goods	2,23,014	31,15,852
Stores, Spares and Loose Tools	31,62,803	31,59,838
Scrap	18,87,889	20,53,817
Others (Packing Materials)	6,27,742	5,91,023
Total	8,81,32,359	8,70,49,411

NOTE : 15 TRADE RECEIVABLES

Unsecured, Considered Good		
Outstanding for a period exceeding 6 months from the date they are due for payment	24,90,180	41,15,290
Others	14,02,00,056	10,80,52,225
Total	14,26,90,236	11,21,67,515

NOTE : 16 CASH AND CASH EQUIVALENTS

Cash on hand	2,38,862	2,46,046
Balances with banks		
- In current accounts	76,02,455	44,20,021
Fixed Deposit with Bank	54,76,518	50,78,139
Total	1,33,17,835	97,44,206

NOTE : 17 SHORT TERM LOANS AND ADVANCES

Unsecured, Considered Good		
Advance Recoverable in Cash	55,63,879	67,09,485
Loans to Employees	7,00,549	4,23,940
advance to Suppliers	23,22,848	36,25,062
Balances with Statutory/Government Authorities:-		
Excise Duty Balance	1,93,04,836	1,83,59,165
Income Tax Advance	36,06,491	10,16,321
Sales Tax Advance	69,51,355	94,26,943
Other Short Term Loans and Advances		
Advance Income Tax F.Y. 2011-2012	1,35,49,411	47,50,063
Prepaid Expenses	4,89,902	7,63,728
Total	5,24,89,271	4,50,74,707



TALBROS ENGINEERING LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

	Year Ended 31st March, 2012 ₹	Year Ended 31st March, 2011 ₹
NOTE : 18 REVENUE FROM OPERATIONS		
Sale of Products		
- Domestic Sales	95,06,54,019	72,07,71,243
- Export Sales	19,31,10,600	16,83,38,085
- Job Work Sales	—	7,87,375
- Scrap Sales	1,89,23,246	1,20,60,842
Total	1,16,26,87,865	90,19,57,545
NOTE : 19 OTHER INCOME		
Interest income	4,94,152	3,43,469
Discount Received	1,51,61,464	1,35,07,151
Export Incentive received	51,89,469	98,18,396
Duty Drawback received	25,86,955	—
Foreign Exchange Fluctuation	—	1,90,250
Liabilities written back to the extent not required	1,29,417	—
Other non-operating income (Misc.Income)	2,07,278	5,236
Total	2,37,68,735	2,38,64,502
NOTE : 20 COST OF RAW MATERIAL CONSUMED		
Opening Stock	342,79,330	87,41,837
Add: Purchases	55,23,75,826	43,49,18,644
Cartage Inward	22,05,444	5,92,792
	58,88,60,600	44,42,53,273
Less: Closing Stock	368,03,423	3,42,79,330
Total	55,20,57,177	40,99,73,943
NOTE : 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
CLOSING STOCK:		
- Finished Goods	2,23,014	31,15,852
- Work-in-progress	4,54,27,488	4,38,49,551
- Scrap	18,87,889	20,53,817
	4,75,38,391	4,90,19,220
Less: OPENING STOCK:		
- Finished Goods	31,15,852	30,15,954
- Work-in-progress	4,38,49,551	6,40,01,887
- Scrap	20,53,817	17,72,383
	4,90,19,220	6,87,90,224
Total	14,80,829	1,97,71,004
NOTE : 22 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	5,85,30,952	4,78,60,477
Contribution to provident and other funds	33,10,425	30,79,399
Director's Remuneration	43,67,910	38,26,310
Gratuity	5,65,531	11,26,184
Staff welfare expenses	1,28,13,622	1,04,22,551
Total	7,95,88,440	6,63,14,921

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
	₹	₹
NOTE : 23 FINANCE COSTS		
Interest expense	75,21,597	61,45,638
Interest on Term Loans	80,26,110	58,97,302
Interest on Working Capital	86,69,396	1,00,64,857
Interest on Fixed Deposits	53,75,969	20,48,132
Bank Charges	14,20,313	18,69,669
Total	3,10,13,385	2,60,25,598
NOTE : 24 DEPRECIATION AND AMORTISATION		
Depreciation on tangible assets	2,06,25,144	1,67,04,085
Total	2,06,25,144	1,67,04,085
NOTE : 25 OTHER EXPENSES		
Manufacturing Expenses:-		
Stores, Spares and Tools Consumed	10,11,70,383	8,80,08,107
Power & Fuel	9,55,55,049	7,03,77,599
Processing Charges	3,62,96,625	3,33,40,603
Repairs & Maintenance :		
Buildings	63,87,671	38,12,354
Plant & Machinery	2,69,54,926	1,81,21,823
Other	30,09,423	20,34,390
Total (A)	26,93,74,077	21,56,94,876
Administrative expenses		
Rent, Rates and Taxes	18,22,456	9,50,431
Insurance	11,92,409	8,35,519
Travelling Expenses	44,01,470	46,27,473
Commission on Sale	12,72,421	6,01,194
Discounts	1,25,181	2,48,849
Commission & Discnt on DEPB Licence	7,22,115	6,99,165
Packing Expenses	2,47,54,061	2,02,28,986
Advertisement & Sales Promotion	38,03,935	21,76,236
Printing & Stationary	9,60,929	8,22,501
Postage & Telegram	2,92,547	2,62,861
Telephone Expenses	9,12,658	8,04,762
Legal & Professional Charges	21,08,980	20,81,878
Membership & Subscription	1,20,825	1,21,165
Charity & Donation	55,201	27,252
Foreign Exchange Fluctuation	2,08,075	—
Security Services	16,68,707	15,38,983
Miscellaneous Expenses	3,29,763	2,98,144
Loss on Sale of Fixed Assets (Net)	74,713	—
Less :Excise Duty Reversed on Opening Stock of Finished Goods	—	(5,21,470)
Conveyance Expenses	7,70,154	6,78,277
Warranty Claim Paid	—	4,99,423
Vehicles Running & Maintenance	13,64,877	8,69,883
Freight Outward	2,89,25,550	2,35,53,513
Bad Debts written-off	4,61,844	13,87,321
Auditors Remuneration :-		
Audit Fees	3,50,000	2,20,600
Limited Review	75,000	20,000
Taxation Matter	1,10,000	65,000
Director's Sitting Fee	25,000	20,000
Total (B)	7,69,08,871	6,31,17,946
TOTAL (A+B)	34,62,82,948	27,88,12,822



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

NOTE : 26 SEGMENT REPORTING

The entire operations of the company relates to only one Segment, VIZ. Automobile Components. Hence, as per AS-17 issued by ICAI, there is no reportable Segment

NOTE : 27 FOREIGN CURRENCY TRANSACTIONS:	As at 31st March, 2012	As at 31st March, 2011
I. CIF Value of Imports :	₹	₹
a) Plant & Machinery	84,15,943	—
II. Expenditure in Foreign currency		
a) Commission on Export Sales	6,28,071	2,01,127
b) Foreign Travel (Foreign Exchange Utilized)	23,05,386	26,47,720
d) Repair & Maint. (Plant & Mach.)	8,44,204	—
III. Earnings in Foreign Exchange		
Value of Export on F.O.B. basis	18,99,41,781	16,59,61,067

NOTE : 28 DEFINED BENEFIT PLANS AS PER AS-15

28.1 Gratuity :-

Assumptions		
Discount Rate	8%	8%
Salary Escalation	6%	6%

Table showing changes in present value of obligation

Present Value of Obligation as at beginning of Year	96,45,552	82,41,307
Interest Cost	7,71,644	6,59,305
Current Service Cost	4,92,406	4,24,557
Benefit Paid	(3,51,377)	(3,99,177)
Actuarial (Gain) / Loss on obligation	1,92,907	7,19,560
Present Value of Obligation as at end of Year	107,51,132	96,45,552

Table Showing changes in the Fair Value

of Plan Assets As on 31.03.2012		
Fair Value of Plan Assets at Beginning of Year	95,11,788	72,97,105
Expected Return on Plan Assets	8,91,426	6,77,238
Contributions	6,94,415	19,36,622
Benefit Paid	(3,51,377)	(3,99,177)
Actuarial (Gain) / Loss on Plan Assets	NIL	NIL
Present Value of Plan Assets at end of Year	1,07,46,252	95,11,788

Table Showing Fair Value of Plan Assets

Fair Value of Plan Assets at Beginning of Year	95,11,788	72,97,105
Actual Return on Plan Assets	8,91,426	6,77,238
Contributions	6,94,415	19,36,622
Benefit Paid	(3,51,377)	(3,99,177)
Fair Value of Plan Assets at end of Year	1,07,46,252	95,11,788
Funded Status	(4,880)	(1,33,764)

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		
Actuarial Gain / Loss on obligation	(1,92,907)	(7,19,560)
Actuarial Gain / Loss for the year - plan assets	NIL	NIL
Total Gain / Loss for the year	1,92,907	7,19,560
Actuarial Gain / Loss recognized in the year	1,92,907	7,19,560

Net Assets / (Liability) Recognized in Balance Sheet

Present value of obligations as at the end of year	1,07,51,132	96,45,552
Fair value of plan assets as at the end of the year	1,07,46,252	95,11,788
Fund status	(4,880)	(1,33,764)
Net Assets / (Liability) Recognized in Balance Sheet	4,880	1,33,764

Expense Recognized in statement of profit and loss

Current Service Cost	4,92,406	4,24,557
Interest Cost	7,71,644	6,59,305
Expected return on plan assets	(8,91,426)	(6,77,238)
Net Actuarial (Gain) / Loss recognized in the year	1,92,907	7,19,560
Expenses recognized in statement of profit and loss	5,65,531	11,26,184

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

28.2 Leave Encashment:-

Following Basis were adopted for the computation of the said liabilities

- a) Mortality Table : LIC 1994-96 Ultimate
- b) Suitable adjustment in respect of withdrawals and other Restrictive provisions.
- c) Future (expected) payment based on terminal salary.
Determined by assuming salary rise of 5% per annum have been discounted by assuming the imputed rate of interest of 8 %

Numbers of Employees	Actuarial Value of Leave Encashment 31.03.2012 ₹	Numbers Of Employees	Actuarial Value of Leave Encashment 31.03.2011 ₹
193	16,92,670	199	13,83,842

NOTE : 29 CONTINGENT LIABILITIES AND COMMITMENTS

	Year Ended 31st March, 2012 ₹	Year Ended 31st March, 2011 ₹
29.1 Contingent liabilities		
(i) Guarantees	12,04,500	5,30,852
(ii) Bills discounted from Kotak Mahindra Bank Ltd with recourse not due for payment	3,70,77,823	2,02,59,226
(iii) Estimated amount of Contracts remaining to be executed on capital account and not provided		
Total value of Contracts	5,02,86,949	62,35,460
Contracts Remaining to be executed	3,85,17,369	39,89,153

NOTE : 30 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: -		
Salaries	41,99,370	36,53,970
Perquisites	1,68,540	1,72,340
Employer Contribution to Provident Fund	3,06,000	2,72,160
Total	46,73,910	40,98,470



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

NOTE : 31 RELATED PARTY DISCLOSURE AS PER (AS-18) ISSUED BY ICAI :

Key managerial personnel and their Relatives

Mr. Rajesh Talwar	Chairman
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
Master Amar Talwar	Daughter's son of Mr. Rajesh Talwar

Name of Person	Nature of Transaction	Transaction Amount		Receivables / (Payables)	
		31.03.12	31.03.11	31.03.12	31.03.11
		₹	₹	₹	₹
Mr. Rajesh Talwar	Salary	30,00,000	30,00,000	(1,76,867)	(1,66,669)
	FD Received	7,00,000	16,50,000	(7,00,000)	(8,50,000)
	Intt. on FD	1,11,238	78,170		
	FD Repaid	8,50,000	8,00,000		
Mr. Rajesh Talwar (HUF)	FD Received	—	6,15,000	—	—
	Intt. on FD	—	2,95,498		
	FD Repaid	—	33,89,808		

Director's Relatives

Mrs. Geeta Talwar	Loan Received	—	78,00,000	(1,61,00,000)	(1,61,00,000)
	Loan TRF From FD	—	83,00,000		
	FD Recieved	26,70,000	1,02,75,000	(8,70,000)	(61,89,158)
	Intt. on FD	5,61,148	7,79,623		
	FD Repaid/TRF	79,89,158	83,00,000		
Mr. Tarun Talwar	FD Received	5,13,304	—	(12,73,970)	(7,60,666)
	Intt. on FD	87,396	74,975	—	—
	Salary	13,67,910	8,26,310	(84,762)	(66,206)
	FD Converted	2,26,425	—		
Ms. Sameena Talwar	FD Received	32,99,205	1,40,000	(52,11,015)	(19,11,810)
	Intt. on FD	4,27,616	1,92,546		
	FD Converted	9,00,153			
Amar Talwar U/G					
Mrs. Sameena Talwar	FD Received	—	5,00,000	(6,20,655)	(5,55,478)
	Intt. on FD	65,177	61,641	—	—

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

J.T. Engineering Private Limited

Name of Person	Nature of Transaction	Transaction Amount		Receivables / (Payables)	
		31.03.12	31.03.11	31.03.12	31.03.11
J.T. Engineering Private Limited	Job work Charges Paid	39,25,143	45,62,996	(22,22,710)	(19,31,883)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

NOTE : 32 EARNING PER SHARE

Earning per share computed in accordance with Accounting Standard (AS-20)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
a) Numerator		
Net profit after taxation as per Statement of Profit and Loss	₹ 4,42,49,420	₹ 2,60,71,121
b) Denominator		
No. of Shares at the beginning of the year	14,10,140	14,10,140
Total Equity shares outstanding at the end of the year	14,10,140	14,10,140
Weighted Average no of Equity shares for the year	14,10,140	14,10,140
Weighted Average of Diluted Equity shares for the year	14,10,140	14,10,140
c) Face value per Share (₹)	10	10
d) Earning Per Share		
Basic and Diluted (₹)	31.38	18.49

NOTE : 33 LICENCED AND INSTALLED CAPACITY

	Axles Shafts (Nos.)	King Pins (Nos.)
Licensed Capacity	N.A.	N.A.
Installed Capacity Per Annum (As certified by the Management and relied upon by the Auditors being a technical matter)	12,00,000 (10,00,000)	NIL (50,000)
Actual Production	10,11,465 (8,20,452)	NIL (NIL)

NOTE : 34 TURNOVER, PURCHASE, OPENING AND CLOSING STOCK OF GOODS, CONSUMPTION ETC.

Turnover	Units	Year Ended 31st March, 2012		Year Ended 31.03.2011	
		Quantity	Value ₹	Quantity	Value ₹
Finished Goods:					
Axle Shafts	Nos.	10,13,803	1,14,37,64,619	8,21,426	88,78,67,052
Scrap and Others	Kgs	12,22,240	1,89,23,246	9,83,289	1,40,90,493
Total			1,16,26,87,865		90,19,57,545
STOCKS OF GOODS					
Opening Stock:					
Axle Shafts	Nos.	2,612	31,15,852	3,586	30,15,954
King Pins & Kits	Nos.	—		—	
Closing Stock:					
Axle Shafts		274	2,23,014	2,612	31,15,852



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

NOTE : 35 CONSUMPTION ANALYSIS

	Units	Year Ended 31st March, 2012		Year Ended 31.03.2011	
		Quantity	Value ₹	Quantity	Value ₹
Consumption of raw material and components:-					
Metalic Rods	Kgs	1,20,49,237	55,20,57,177	98,76,608	40,99,73,943
Imported		—	—	—	—
Indegeois		100%	55,20,57,177	100%	40,99,73,943
Total		100%	55,20,57,177	100%	40,99,73,943

35.1 Compositions of Stores , Spares and tools Consumed:-

Imported	—	—	—	—
Indegeois	100%	10,11,70,383	100%	8,80,08,107
Total	100%	10,11,70,383	100%	8,80,08,107

36. 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 or all known liabilities have been made.
37. The company has initiated the process of obtaining confirmations 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 the outstanding balance or interest due is not disclosed as it is not determinable
38. Previous year figures have been redrawn to confirm to the current year's classification as per the notification of Revised Schedule VI under the companies Act 1956 for the financial year commencing on or after 01.04.2011
39. All amounts in the financial statements are rounded off to the nearest of Rupees, except as otherwise stated.
40. Note No. 1 to 39 are annexed to and form an integral part of the Balance sheet and Statement of Profit and loss for the year ended as on that Date.

As per our report of even date
For **RAKESH RAJ & ASSOCIATES**
Chartered Accountants
Regd. No. 005145N

For and on behalf of the Board of Directors of
TALBROS ENGINEERING LIMITED

Annapurna Gupta
Partner
M. No. 90858
Place : Faridabad
Date : 20.08.2012

Rajesh Talwar
Chairman

Tarun Talwar
Managing 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 26th ANNUAL GENERAL MEETING of the Company at Hotel "MILLENEUM PLUS", 57, Neelam Bata Road, Near Union Bank, Faridabad, Haryana, at 11.30 A.M. on Wednesday the 26th September, 2012 and at any adjournment thereof.

As Witness my/our hand(s) this _____ of _____ 2012

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 26th ANNUAL GENERAL MEETING of the Company at Hotel "MILLENEUM PLUS", 57, Neelam Bata Road, Near Union Bank, Faridabad, Haryana, at 11.30 A.M. on Wednesday the 26th September, 2012.

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.

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