

53rd Annual Report 2009-2010

Gaskets • Forgings • Sheet Metal & Rubber Components

Talbro Automotive Components Ltd.



TALBROS AUTOMOTIVE COMPONENTS LIMITED
Registered Office: 14/1, Delhi-Mathura Road
Faridabad-121 003

NOTICE

NOTICE is hereby given that the 53rd Annual General Meeting of the members of Talbros Automotive Components Limited will be held on Wednesday the 21st day of the July 2010 at 10.30 a.m. at **Hotel ATRIUM, Shooting Range Road, Suraj Kund, Faridabad –121 001 (Haryana)** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on paid-up Equity Share Capital for the financial year ended on 31st March 2010.
3. To appoint a Director in place of Mr. Nikhil Talwar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. Mohan, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting i.e. for the financial year 2010-2011 on such remuneration to each firm as may be mutually agreed upon between the Board of Directors and the Auditors, plus service tax, out of pocket, traveling and living expenses etc. M/s. S.N. Dhawan & Co., Chartered Accountants, New Delhi, the retiring Auditors of the Company are eligible and offer themselves for re-appointment. M/s. R. Sundaraman & Co., Chartered Accountants, Chennai and M/s. Chandrakant G. Doshi & Co., Chartered Accountants, Pune also the retiring Auditors of the company's Chennai & Pune Branches respectively, are eligible and offer themselves for re-appointment.

By Order of the Board
For Talbros Automotive Components Limited

Place: New Delhi
Dated: 31.05.2010

Seema Narang
Company Secretary

NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY STAMPED, COMPLETED AND SIGNED SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING. THE PROXY FORM IS ENCLOSED HERewith.**
- 2) The Register of Members and Share Transfer Books will remain closed from 12th July 2010 to 21st July 2010 (both days inclusive) for payment of dividend on equity shares.
- 3) Consequent upon amendment in Section 205-A of the Companies Act, 1956 and introduction of Section 205-C by the

Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years, will be transferred to Investor Education and Protection Fund set up by Government of India and no payment shall be made in respect of any such claim by the fund.

Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2003 or any subsequent dividend payment(s) are requested to make their claim to the Company. Members who have so far not claimed the unpaid dividend for the year 2002-2003 are being notified in this connection.

- 4) The dividend on the Equity Shares as recommended by the Board of Directors when declared at the Annual General Meeting will be paid to those shareholders whose names stand on the Register of Members of the Company as on 21st July 2010.
- 5) **Queries, if any, regarding accounts may please be sent to the Company Secretary at least 10 days before the date of the Annual General Meeting so as to enable the Company to keep the information ready.**
- 6) All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Meeting and also at the Meeting.
- 7) Please bring your Attendance Slip along with Annual Report to the Meeting.
- 8) Members are requested to please send their requests for transfer, demat, issue of duplicate share certificates, transmission of their shares and correspondence relating to all other matters directly to Karvy Computershare Pvt Ltd, Registrars and Share Transfer Agent of the Company at their address at Plot No.17-24, Vithal Rao Nagar, Madhapur, Hyderabad – 500 081.
- 9) Members holding shares in physical form are requested to notify any change in address, bank mandates, if any, to the Registrar and Transfer Agent by mail or to their respective depository participants if the shares are held in electronic form.
- 10) As per the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders and fixed deposit holders in respect of the shares or fixed deposits held by them.
- 11) 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.
- 12) Children who are not members of the company would not be allowed to attend the Annual General Meeting.

By Order of the Board
For Talbros Automotive Components Limited

Place: New Delhi
Dated: 31.05.2010

Seema Narang
Company Secretary

Talbro Automotive Components Ltd.

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

Name of the Director	Mr. Nikhil Talwar	Mr. V.Mohan
Date of Birth	07.02.1970	06.01.1951
Date of Appointment	15.07.2001	31.01.2004
Qualifications	B.com (H), M.B.A	B Com ,FCA
Nature of expertise in specific Functional areas	15 years of experience in the Auto Components Industry	Acts as a Corporate Advisor for many Companies.
Directorship and Trusteeship in other Companies	QH Talbro Limited	1. Lloyd Insulations (India) Limited 2. Champion Industries Limited 3. Lakhanpal Private Ltd. 4. Punj Sons Private Ltd. 5. Vascon Engineers Ltd 6. Aaren Initiative Outdoor Advertising Private Limited 7. QH Talbro Limited
Members of Committees of other Companies	None	2
No. of share held	6,99,866	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 53rd Annual Report on the business and operations of the Company and the Financial Statements for the year ended 31st March 2010.

(Rs. in lakh)

Financial Results:	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Revenue from Operations (Gross)	24701.69	21449.11
Profit before Interest and Depreciation	2915.49	2107.55
Less : Interest	1455.44	1116.89
Depreciation	918.19	881.79
Profit before Tax	541.86	108.87
Less : Provision for Taxation	65.00	2.15
Provision for Deferred Tax	21.79	196.28
Provision for Fringe Benefit Tax	-	58.00
MAT Credit Entitlement	(65.00)	(2.15)
Add : Excess provision of tax for earlier years written back	(86.36)	17.10
Profit after Tax	606.42	(162.51)
Add : Balance Brought forward from last year	870.00	1104.73
Profit available for appropriations	1476.42	942.22
Appropriations:		
Proposed Dividend	123.46	61.73
Tax on Dividend	20.50	10.49
Transfer to General Reserve	50.00	-
Balance carried forward	1282.46	870.00
Total	1476.42	942.22

FINANCIAL REVIEW

You would recall that during 2008-09 the global economy experienced world's worst economic downturn since the Great Depression and India was not immune to these tumultuous times. The suddenness and severity of the turmoil caught everybody by surprise and almost every sector was effected from the adverse impact of this crisis.

The Indian economy based on its inherent resilience coupled with significant domestic demand comprising of about 70% of our GDP, bounced back in the beginning of 2009-10. Stimulus packages announced by the Government and softening of interest rates rekindled demand for automobile companies.

In the face of such challenges, your company with the advantage of holding the highest share in the Indian Gasket Industry, resorted to various austerity and innovative measures so as to insulate its profitability and achieve steady growth. Expenses were pruned, wherever possible, and capital investments were deferred, barring strategic investments.

You would notice that as a result of the concerted efforts put in by the management, there has been a growth of over 15% in the gross turnover of the company to reach at Rs. 247.02 crores as against Rs. 214.49 crores in the previous year.

It may be pertinent to note that the core business of your company, i.e., manufacturing and supply of gaskets registered a handsome turnover growth of about 30% over the previous year.

We are committed to continuously upgrade our technology and add new parts to our product range. During the year under review, your company introduced new domestic customers at its Forging plant and successfully developed new components at its Sheet metal Division for Maruti-Suzuki's new models and achieved a single source status.

The dedicated efforts put in by your team have not only combated the effects of the downturn but also boosted the profitability of your company. The net profit before tax jumped from Rs. 108.87 lacs in the previous year to Rs. 541.86 lacs in the year under review registering a growth of about 400%.

Talbro's Automotive Components Ltd.

The future is more challenging but exciting and full of promises. Export markets particularly in Europe and US which continued to be depressed during the first three quarters up to December 2009 are also expected to pick-up momentum. With all these changes we are confident that your company's management is poised to deliver excellent results.

DIVIDEND

Keeping in view the increase in profitability, your Directors are pleased to recommend a 10% dividend for the year 2009-10 as against 5% declared last year. This would amount to Rs. 1.00 per share, aggregating to Rs. 143.96 lacs (including tax on dividend) on the paid up share capital of the company.

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

The Company shall, in accordance with Section 205C of the Companies Act, 1956, transfer the unclaimed dividend for the year 2002-03 standing unpaid for a period of seven years to Investor Education and Protection Fund on or 24th October 2010.

The shareholders who have not encashed the dividend warrant(s) so far the financial year 2002-03 or any subsequent dividend payments are requested to lodge their claims to the Company. Members who have so far not claimed the unpaid dividend for the year 2002 -03 are being intimated.

FIXED DEPOSIT

The Fixed Deposit received by the Company from the public amounted to Rs. 1286.87 lacs on March 31, 2010. Your Company is complying with the "Residuary Non-Banking Companies (Reserve Bank) Directions, 1987" issued by the Reserve Bank of India.

Out of the total Fixed Deposits 13 fixed deposits aggregating to Rs 3.85 lacs matured for payment, which were neither claimed nor renewed by the depositors.

OPERATIONS AND BUSINESS PERFORMANCE

Kindly refer to Management Discussion and Analysis covered under Report on Corporate Governance which forms part of this Report.

NEW INITIATIVES

NEW GASKET MANUFACTURING PLANT:

Your company went ahead with the strategic investment in Uttarakhand state and set up its 4th gasket manufacturing plant in ELDECO-SIDCUL Industrial Park, Sitargunj, Uttarakhand. This being a notified Industrial zone, the Uttarakhand Plant will enjoy exemption from the excise duty, income-tax etc. and will further add to the operating margins.

NEW BUSINESS:

Your company also forged a new Technical Assistance Agreement with Sanwa Packaging Co. Ltd., Japan for manufacturing Heat Shields a product with considerable

potential in the future. This could be a natural diversification of the gasket business.

DEVELOPMENT OF NEW MATERIALS:

Your Company has successfully developed Non-Asbestos Beater Addition Jointings, one of the raw materials required for manufacturer of gaskets, with the technical support from Ahlstrom Altenkirchen GmbH, Germany. In house manufacturing of this environment friendly material conforming to international standards will not only enhance the competitiveness in the market but may also pave way for a new line of business subject to commercial considerations. It also holds potential for export of raw material.

BOARD OF DIRECTORS

In accordance with the provisions of Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the company, Mr. Nikhil Talwar and Mr. V. Mohan, directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure from them.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review;
- 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;
- The Directors have prepared the annual accounts for the financial year ended 31 March 2010 on a 'going concern' basis.

CORPORATE GOVERNANCE

The company has always been committed to benchmark itself with the prevailing Indian Standard in all areas for good Corporate Governance.

Your company views corporate governance in its widest sense almost like a trusteeship, a philosophy to be progressed, a value to be imbibed and an ideology to be ingrained into the corporate culture. It involves aligning its activities to shareholders benefit, employees growth and customer satisfaction, thereby delighting all its stakeholders. The primary objective is to create and adhere

to a corporate culture of consciousness, transparency, fairness, accountability, sustainable value creation and ethical practices, thereby creating an outperforming organization.

A report on Corporate Governance, along with a Certificate from Auditors of the Company and a Certificate from Vice Chairman and Managing Director and CFO, have been included in the annual report, detailing the compliances of Corporate Governance norms as enumerated in clause 49 of the Listing Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

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

AUDITORS

M/s. S.N. Dhawan & Co., Chartered Accountants and Statutory Auditors of the company, M/s. R. Sundraraman & Co, Chartered Accountants & Auditors for the Chennai Plant and M/s. Chandrakant G. Doshi & Co., Chartered Accountants & Auditors for the Pune Plant hold office till the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment, have confirmed that their re-appointment if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. S.N. Dhawan & Co. as Statutory Auditors of the company and M/s. R. Sundraraman & Co. as auditors for the Chennai Plant and M/s. Chandrakant G. Doshi & Co., as auditors for the Pune Plant of the Company.

The Auditor's observations and the relevant notes on the accounts are self-explanatory and therefore, do not call for further comments.

JOINT VENTURE COMPANY (JV Co)

In line with the Accounting Standard 27 (AS 27) relating to Financial Reporting of interests in Joint Ventures, the Consolidated Financial Statements comprise of the operating results of your company and 40% share in the operating results of the Joint Venture company. Consolidated Revenue from Operations (Net sales) grew by 20.6 % to Rs. 246.52 crores as compared to Rs. 204.31 crores in the previous year. The consolidated net profit after tax for the year has been Rs. 876.42 lakh as compared to Rs. 64.37 lacs in the previous year.

The JV Company during the year has set up a new facility at Begampur, near Haridwar, primarily to cater to the demands of Hero Honda in the State of Uttrakhand. The commercial production from the said plant started only in the month of March, 2010. This being a notified industrial zone with considerable tax benefits, the operations from Uttrakhand will further add to the profitability of the JV company.

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

Information pursuant to sub-section 1(e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure-I to this Report.

PERSONNEL & PARTICULARS OF EMPLOYEES

The industrial relations with the workers and staff members of the company remained cordial throughout the year. There was unity of objective among all levels of employees-continuously striving for improvement in work practices and productivity. Training and development of employees continue to be an area of prime importance.

A statement u/s 217(2A) containing list of employees drawing remuneration exceeding Rs.24.00 lacs per annum or Rs.2.00 lacs per month is attached with this report as Annexure II.

ACKNOWLEDGEMENT

The Directors would like to express gratitude towards shareholders, customers, suppliers, collaborators, bankers, financial institutions and all other business associates and various departments of Central Government and State Government for the incessant support provided by them to the company and their confidence in its management. Your Directors also wish to place on record their sincere appreciation for the devotion and dedicated efforts put in by the employees at all levels.

For and on behalf of the Board

Place : New Delhi
Date : 31.05.2010

NARESH TALWAR
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under section 217(1) of the Companies Act, 1956 read with Rules therein, forming part of the Directors' Report for the year ended 31st March, 2010.

ANNEXURE – I

A. CONSERVATION OF ENERGY

1. Rehabilitation of compressed air pipelines to arrest air leakage resulting into reduction in compressor load of about 37 KW.
2. Replaced conventional tube lights with T5 energy saving lights and old conventional fans (180W) with new energy effective fans (60W).
3. Undertaken Energy Audit by Petroleum Conservation Research Association and their recommendations particularly relating to replacement of conventional welding machine with inverter based machines are being implemented.

B. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION.

1. RESEARCH & DEVELOPMENT (R&D)

- (a) Specific areas where R&D is being carried out by the Company

i. Gasket Division.

- Adoption/Development of new gasket manufacturing technologies.
- Development of gaskets for new generation engines.
- Development of Heat Shields Technology.
- Noise and vibration harness for vehicles.
- Development/Assessment of new materials with an objective to phase out asbestos.

ii) Forging Division

- Required Developmental Activities only to achieve the product specifically desired by the customers.

iii) Rubber and Stamping Division:

- Required R&D activities for in-house testing of rubber compound and validating the specification of imported compound.

(b) Benefits derived as a result of the R&D (Gasket Division)

- Indigenisation of some of the imported materials at Gasket Division.
- Introduction of alternate Cost Effective Raw materials & other inputs.
- Development of products & product technologies for new application.
- Reducing cost of production resulting in cost competitiveness.
- Introduction of Heat Shields and NVH solutions.

(c) Future Plan of Action

- Upgradation of R&D facilities wherever required.
- Introduction of cost effective solutions meeting customers requirements.

(d) Expenditure on R&D (Gasket & Forging Division)

- Capital Expenditure Rs. 4.10 lacs
- Salaries and Allowances Rs. 53.18 lacs
- Other recurring expenses Rs. 22.68 lacs
- Total Rs. 79.96 lacs

Total as percentage of Revenue from operations 0.32 %.

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- (a) Efforts in brief towards technology absorption, adaptation and innovation.

i) Gasket Division

- Introduction of MLS gaskets, Steel Elastomer gaskets, Elastomer gaskets and Heat Shields for new generation engines / new applications.

- Continuous upgradation of technical capabilities with the help of our technical partner.

ii) Forging Division

- Continuous upgradation of technical capabilities with the help of our technical partner and as per the specification required for Customers.

iii) Rubber and Stamping Division:

- New progressive stamping line added to improve the production and capacity..
- Injection Molding with Cold runner system to reduce the wastage was installed.
- ERP under development to control the Inventory Accounts, Production, Planning & Control etc to reduce the inventory cost and improve efficiency

- (b) Benefits derived as a result of the above efforts:

i) Gasket Division

- Continuous upgradation of technical capabilities to global standards with the help of technical partners.
- Upgradation of manufacturing technology & processes to meet global standards of quality & productivity.
- Reduction in Product Development time and improved productivity

ii) Forging Division & Rubber and Stamping Division

- Reduction in Product Development time and improved productivity.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports and initiatives taken to increase exports :

The company participated in overseas Automotive trade Fairs to display its products and to tap new overseas customers.

- b) Total foreign exchange used and earned

Earning	Rs. 2470.91 Lakh
Outgo	Rs. 3995.86 Lakh

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

	<u>Current Year</u> Rs. in Lacs	<u>Previous Year</u> Rs. in Lacs
Power & Fuel Consumption		
1. Electricity		
(a) Purchased	Nil	Nil
Unit		
Total Amount	Nil	Nil
Rate / Unit	Nil	Nil
(b) Own Generation		
Through Captive Power Plant (HFO based)		
Furnance Oil Rs./liter	24.21	24.11
Unit (KWH in lacs)	93.36	69.79
Total amount (Rs. in lacs)	637.35	503.57
Cost / Unit	6.83	7.22

For and on behalf of the Board

Place : New Delhi
Date : 31.05.2010

NARESH TALWAR
Chairman

ANNEXURE - II
A STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2010

Employed throughout the year and were in receipt of remuneration for the year in aggregate not less than Rs. 24,00,000 per annum or Rs. 2,00,000 per month if employed part of the year.

Name	Designation & Nature of Duties	Remuneration (in Rs.)	Nature of Employment whether Contractual or otherwise	Qualification	Experience (in years)	Date of Commencement	Age (Yrs)	Particulars of last Employment
Mr. Umesh Talwar	Vice Chairman & Managing Director Overall Management	32,87,200	Contractual	B.Com(Hons), MBA	33	18.04.2000	59	Vice Chairman & Managing Director OH Talbros Ltd
Mr. Varun Talwar	Joint Managing Director Overall operation of Forging Plant	26,51,200	Contractual	BS in Business Administration from Drexel University Philadelphia,US	14	01.01.2006	41	Joint Managing Director Sunrise Medicare (P) Ltd.
Mr. K.Sairam	Group COO Overall Operation & Management	52,46,824	Otherwise	BE,PGDBM (MBA)	36	05.04.2001	60	Associate Vice President Goetze India Ltd
Mr. Sujat Vora	President Operation-Gasket & Stamping and Rubber Division	31,88,095	Otherwise	B.A.(Eco Hons)	33	10.01.1984	54	Jamna Auto Industries & Shriram Pistons
Mr. Mahender Chandiramani	President Operation- Forging Division	34,69,800	Otherwise	B.E. Mechanical	33	18.10.2007	54	M/S. Amforge Industries Ltd. Mumbai

- Mr. Umesh Talwar is brother of Mr. Naresh Talwar, Chairman of the Company and Mr. Varun Talwar is son of Mr. Naresh Talwar.
- Remuneration includes Salary, House Rent Allowance, Company's Contribution to Provident Fund , Medical Reimbursement, Gratuity and other perquisites.
- None of the employees mentioned above , except Mr. Umesh Talwar, holds 2% or more share capital of the company.

For and on behalf of the Board

Place: New Delhi
Date: 31.05.2010

NARESH TALWAR
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A part of the Directors Report)

The overall auto industry has revived during the year 2009-10 after experiencing an exceptional and major recessionary situation in the second half of the previous year affecting not only India but all the major countries across the globe.

The Highlights of the company's performance during the year on a consolidated basis are:

- The Consolidated Revenue from Operations (Gross) went up by 16.3% from Rs. 231.36 crores in the previous year to Rs. 269.04 crores.
- Consolidated earning before Interest, Depreciation and Taxes (EBIDTA) jumped from Rs. 24.87 crores during 2008-09 to Rs. 33.76 crores in the year 2009-10 registering a handsome growth of about 36%.
- The consolidated net profits after tax which were mere Rs. 0.64 crores in the previous year due to the global turmoil, bounced back to reach Rs. 8.76 crores nullifying the effect of slow down.

INDUSTRIAL STRUCTURE AND DEVELOPMENT

The automobile industry in India is the seventh largest in the world with an annual production of over 2.6 million units during 2009 and India is considered to be one of the fastest growing vehicle markets.

India's large middle class population with increasing purchasing power is the main factor pushing domestic demand for vehicles. On the other hand availability of skilled manpower and the required technology are some of the main contributors for the growth of the automobile industry in India.

OPPORTUNITIES AND THREATS

Opportunities:

- a) Government initiatives and the high priority assigned to infrastructure development including roads, will provide necessary impetus for the growth of auto industry.
- b) Rise in the per capita income and growth in middle class population will boost the demand for two wheelers and cars.
- c) TATA's initiative of small and economical car, Nano has opened new avenues and a few more vehicle manufacturers are following in TATA's footsteps as they see a huge opportunity in this segment.
- d) Consistent pressure for cost reduction on global OEMs will compel them to outsource more and more from low cost countries like India.

Threats:

- a) Stringent emission norms and safety regulations could bring new complexities and cost increases for automotive industry.

- b) Free Trade Agreements being signed between different countries/continents and removal of trade barriers could make the market more competitive for local manufacturers.
- c) Increase in fuel prices may have an adverse impact on automobile demand.
- d) Introduction of rapid mass road transport systems and metro rails may have dampening effect on the domestic passenger vehicle demand.

CURRENT YEAR OUTLOOK

In 2009 India emerged as Asia's fourth largest exporter of automobile behind Japan, South Korea and Thailand. By 2050 the country is expected to top the world in car volumes with approximately 611 million vehicles on the road.

Several Indian automobile manufacturers such as TATA Motors, Maruti Suzuki and Mahindra and Mahindra, expanded their domestic and international operations. India's robust economic growth led to the further expansion of its domestic automobile market which attracted significant India-specific investment by multinational automobile manufacturers.

India has emerged as one of the world's largest manufacturers of small cars. According to New York Times, India's strong engineering base and expertise in the manufacturing of low cost, fuel-efficient cars has resulted in the expansion of manufacturing facilities of several automobile companies like Hyundai Motors, Nissan, Toyota, Volkswagen and Suzuki.

According to BloombergL.P., in 2009 India surpassed China as Asia's fourth largest exporter of cars. Ford Motors plans to increase its manufacturing capacities in India to 225,000 cars per annum for the Indian market as well as for exports. Nissan Motors plans to export 250,000 vehicles manufactured in its Indian plant by 2011.

Presently, there are six electric car manufacturers in India, Tata, Reva, Hero Electric, Tara International, Mahindra and Ajanta group and in the years to come the demand for such cars is expected to go up significantly.

RISKS AND CONCERNS

Increase in the prices of inputs like metals, fuel oil etc., movements in exchange rates and volatility in foreign exchange markets may create pressure on operating margins.

India is largely an agriculture based country. The earnings of farmers and other agriculture based communities are directly related to weather conditions particularly monsoons which in turn may significantly affect the demand for tractors and two wheelers.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company has a proper and adequate system of internal controls. This ensures that all assets are safeguarded and protected and all transactions are authorised, recorded and reported correctly. The internal control systems have been designed so as to ensure that the financial and other records are reliable for preparing the required financial statements and for maintaining accountability.

A well defined programme of internal audits and management reviews supplement the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The company has continued its efforts to align all its processes and controls with the best practices in the industry.

The Company has an Audit Committee comprising of Independent, Non-Executive and professionally qualified Directors which interacts with the Statutory Auditors and Internal Auditors, wherever required. The Committee mainly deals with accounting matters, financial reporting and internal controls. During the year under review, the Committee met 5 times.

FINANCIAL AND OPERATIONAL PERFORMANCE

During the financial year 2009-10, your company achieved total revenue from operations of Rs 247.02 crores being

15% higher than the previous year figure of Rs. 214.49 crores on stand-alone basis. Earning before Interest, Depreciation, Taxes and Amortization (EBIDTA) registered a growth of 38.3% over the previous year and reached to Rs. 29.15 crores as against Rs. 21.08 crores in the previous year.

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

HEALTH, SAFETY, SECURITY ENVIRONMENT

Your company is committed to ensure continual improvement in the occupational health and safety of its workers and staff through effective implementation of health and safety management system. Regular training is imparted at all levels. The increased focus on safety has resulted in improved safety records at all our Plants and thus has improved the working environment.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The management is pleased to mention that the employer-employee relations have been very cordial during the year and the management has been successful in keeping the employees motivated and committed towards achievement of company goals. Where the management continued to give top priority to the training and development of employees; the employees have contributed significantly towards various cost saving schemes.

CORPORATE GOVERNANCE REPORT

Corporate Governance is the mechanism by which the values, principles, policies and procedures of a Corporation are inculcated and manifested. The Board believes that Good Governance is voluntary and self-disciplining with the strongest impetus coming from Directors and the Management itself, and ultimately leads to enhancement of value for all stakeholders. The Board lays significant emphasis on integrity, transparency and accountability

1. COMPANY'S PHILOSOPHY

The Company endeavors to inculcate supreme standards of Corporate Governance, so as to deliver paramount satisfaction to all within its realm of operations. This is reflected in the following key areas:

Composition of the Board of Directors

The company's board consists of enlightened and professionally qualified individuals having multidisciplinary knowledge and experience. In addition, they are also popular within social circles and some of them are associated with CII, FICCI, and ACMA etc.

Company's values

- To achieve Customer satisfaction;
- Wealth maximization for shareholders;
- Recognizing and managing business risks;
- Highest importance to Investor Relations;
- Legal and statutory compliance in its true spirit;
- Adherence to Corporate ethics and Code of Conduct;
- Fulfill social responsibilities;
- Overall Development of the employees;
- Healthy and safe environment;

Business Strategy

The company strives to:

- Remain leading manufacturer of gaskets in India and supply to all OEMs, Overseas and Replacement market
- Emerge as a major contributor in the Indian Forging industry, Rubber Products and Sheet Metal industry

Veracity of Financial Reporting

The Company has installed an adequate internal control system to ensure authentic and timely financial statements. The Internal Auditors and the Audit committee keep evaluating the system to detect and redress any deficiency in the system.

Disclosure of information to investors

The Company ensures timely disclosure of information to the investors through stock exchanges or news papers announcements to keep the stakeholders abreast with all the information as may be required under law.

Insider Trading Policy

The Company has implemented an Insider Trading policy in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

2. BOARD OF DIRECTORS

Composition of the Board

The Company has an appropriate mix of executive and independent directors on the Board for the effective management of the Company.

The Board comprises of 9 directors— 2 Executive Director and 7 Non-Executive Directors, out of which 5 directors are independent.

The Chairman of the Board is Non-Executive Promoter Director and the number of independent directors is not less than half of the total number of directors of the Company. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director.

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

The Company's definition of independent directors

An Independent director shall mean a non-executive director of the Company who:

- apart from receiving director's remuneration, does not have any material pecuniary relations or transaction with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates that may affect independence of the director;
- is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- has not been an executive of the Company in the immediately preceding three financial years;
- is not a partner or an executive or was not a partner or an executive during the preceding three years, of any of the following:
 - the statutory audit firm or the internal audit firm that is associated with the Company, and
 - the legal firm(s) and consulting firm(s) that have a material association with the Company.
- is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director; and
- is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.

Background of directors:

- Mr. Naresh Talwar, Promoter and Non-executive Chairman**

Mr. Naresh Talwar, aged 69 years, is a Graduate from St. Stephen College, Delhi University, having wide experience

in the Automotive Components Industry for more than 43 years. Mr. Naresh Talwar has set-up QH Talbros Limited in 1986 for manufacturing of suspension, tie-rods, and ball joints etc. He has also co-promoted T & T Motors Limited, the authorized dealers for Mercedes Benz cars. In the year 1996, he co-promoted XO Infotech Limited to manufacture mother board for computers. He has also co-promoted Sunrise Medicare Private Limited to provide healthcare services.

ii) Mr. Umesh Talwar, Promoter and Vice Chairman and Managing Director

Mr. Umesh Talwar, aged 59 years, has done B.Com (Hons) from Hindu College, Delhi University and MBA from XLRI, Jamshedpur. He has more than 33 years of varied experience in the Automotive Components and other Industries. Mr. Umesh Talwar is also a promoter director of QH Talbros Limited and Sunrise Medicare Private Limited. Under leadership of Mr. Umesh Talwar our Company has achieved various milestones including receiving of Quality System Certification ISO/TS 16949 and Certification ISO 14001 Environmental Management System.

Mr. Umesh Talwar is a member of CII, Haryana State Council and also a member of Executive Committee of Automotive Components Manufacturers Association of India (ACMA).

iii) Mr. Varun Talwar, Joint Managing Director and CEO-Forging Division

Mr. Varun Talwar aged 41 years, has done BS in Business Administration from Drexel University, Philadelphia USA. He has worked overseas with Stoffel Seals Corporation i.e. a New York based Company besides American Express Bank, New York. He has more than 14 years of rich experience in the IT Sector, Auto Components and Health & Care Industry.

iv) Mr. Nikhil Talwar, Promoter and Non Executive Director

Mr. Nikhil Talwar, aged 40 years, has done B Com (Hons) from Delhi University and MBA from Durham University of Business School, U K. He has worked overseas with internationally renowned companies such as Coopers Payen Limited, UK. He has also worked with A.E. Clevite at Ann Arbor in USA on several projects. Mr. Nikhil Talwar has more than 15 years of rich experience in the auto components industry.

v) Mr. Anil Kumar Mehra, Non-Executive & Independent Director

Mr. Anil Kumar Mehra, aged 65 years, is a Bachelor in Commerce (Hons.) from Sri Ram College of Commerce, Delhi University. Mr. Anil Kumar Mehra is Fellow Member of the Institute of Chartered Accountants of England and Wales and the Institute of Chartered Accountants of India. He has over 35 years of experience in statutory audit, internal audit, management audit and special investigative audits. Mr. Anil Kumar Mehra has been advising various

companies on financial management and corporate planning.

Presently Mr. Anil Kumar Mehra is serving as Managing Director of Living Media India Limited and also holds directorships in companies inter-alia TV Today Network Limited, Integrated Databases India Limited and Radio Today Broadcasting Limited etc.

vi) Mr. Rajive Sawhney, Non-Executive & Independent Director

Mr. Rajive Sawhney, aged 63 years is a Bachelor in Arts from St. Stephen College, Delhi and an LLB from the Delhi University. He has more than 38 years of experience as a corporate law expert and he is designated Senior Advocate of the Supreme Court of India. Mr. Rajive Sawhney holds directorships in companies inter alia Win Medicare Limited, Thermo Plastic India Private Limited, D D Fincap Private Limited etc.

vii) Mr. V.Mohan, Non-Executive & Independent Director

Mr. V. Mohan, aged 59 years, is a Bachelor in Commerce from the Madras University and is a Fellow Member of the Institute of Chartered Accountants of India. He is partner of M/s. V Sankar Aiyar & Co., a Chartered Accountants firm and is presently on the board of several companies. Mr. V. Mohan has also been a Corporate Advisor to many companies. Mr. V. Mohan inter-alia holds directorship in companies like Lloyd Insulations (India) Limited, Champion Industries Limited, Lakhanpal Private Limited, QH Talbros Limited, Vascon Engineer Limited etc.

viii) Mr. Amit Burman, Non-Executive & Independent Director

Mr. Amit Burman aged 41 years, has done MBA from University of Cambridge, UK and MSC in Industrial Engineering from Columbia University. Mr. Amit Burman has started his carrier 1990 and he has 20 years of rich experience to his credit. He has worked with Colgate Palmolive, Tishcon Corporation, New York, USA before he joined Dabur India Limited. Presently Mr. Amit Burman is serving as Vice Chairman of Dabur India Limited and he is responsible for driving business strategy, Development and Communication for various companies of the Dabur Group.

ix) Mr. Brian Williams, Non-Executive & Independent Director

Mr. Brian Williams, aged 63 years, is a Mechanical Engineering by qualification and besides this he has done Management and Finance courses from UK. Mr. Brian Williams has more than 41 years of rich experience and exposure in the Auto Component Industry. Mr. Brian Williams has also been associated with the Company as director from 01.08.1997 to 29.08.2003 as a nominee of Federal Mogul Sealing System (Slough) UK. He has 41 years of rich experience.

Talbro Automotive Components Ltd.

Board Meetings

During the year under review there have been six Board meetings on 30th April, 2009, 31st July 2009, 19th August 2009, 30th October 2009, 29th January 2010 and 22nd March 2010. The maximum gap between any two meetings did not exceed

four months as stipulated under clause 49 of the listing agreements.

The table below sets out the names of directors, status and number of directorship held in other companies.

Name of the Director, Designation	Category	Number of other Directorships ¹	Number of Committee ² Membership and Chairmanship in all Companies including Talbro Automotive Components Ltd.		No. of Board Meetings attended during the year	Attendance at the last AGM held on September 29, 2009
			Memberships	Chairmanship		
Naresh Talwar, Chairman	Promoter, Non Executive	4	1	1	6	Yes
Umesh Talwar, Vice Chairman and Managing Director	Promoter, Executive	4	-	-	5	Yes
Varun Talwar, Joint Managing Director and CEO – Forging Division	Executive	2	-	-	5	Yes
Nikhil Talwar	Promoter, Non Executive	1	-	-	2	No
Anil K. Mehra	Independent	7	2	1	6	No
Rajve Sawhney	Independent	1	2	-	4	No
V. Mohan	Independent	4	1	1	3	No
Amit Burman	Independent	5	-	-	5	No
Brian Williams	Independent	-	-	-	0	No

- The directorships held by the directors, as mentioned above, do not include the directorships held in foreign companies, private limited companies and companies under Section 25 of the Companies Act.
- The committees considered for the purpose are those prescribed under Clause 49(1)(C)(ii) of the Listing Agreement(s) viz. Audit Committee and Investor Grievance Committee of Indian Public Limited Companies.

Directors retiring and seeking re-appointment

Mr. Nikhil Talwar and Mr. V. Mohan, directors of the Company, shall be retiring by rotation on the forthcoming Annual General Meeting of the Company and they being eligible have offered themselves for the re-appointment.

Disclosure of Director's interest in Transactions with the Company

None of the non-executive directors had any pecuniary transaction with the Company pursuant to provisions of Clause 49 of the Listing Agreement.

Relationship between Directors

Mr. Naresh Talwar and Mr. Umesh Talwar are brothers and Mr. Naresh Talwar is father of Mr. Varun Talwar. None of the other directors is related to each other.

Information available to the Board

All the relevant information within the Company is accessible to the Board all the times. Moreover the Board has been provided with various information on regular basis for the effective discussion and contribution of the Board. The information so provide includes the following:

- Annual operating plans, budgets and any updates therein;
- Capital budgets and any updates therein;
- Quarterly results for the Company and its operating divisions or business segments;
- Minutes of meetings of audit committee and other committees of the Board;
- Information on recruitment/remuneration of senior officers just below the Board level;
- Material show cause, demand, prosecution notices and penalty notices, if any ;
- Fatal or serious accidents, dangerous occurrences;
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature, if any
- Details of any joint venture or collaboration agreement;
- Transactions involving substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions.

- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Material non-compliance of any regulatory, statutory listing requirement and shareholders services such as non-payment of dividend, delay in share transfer etc.
- Details of investment of surplus funds available with the Company

The above information is generally provided as part of the agenda papers of the Board meeting and/or is placed at the table during the course of the meeting and/or is placed at the table during the course of the meeting.

The Company in consultation with the Chairman, prepares the agenda. All Board members are at liberty to suggest agenda items for inclusion. The detailed agenda is sent to the members a week before the Board meeting date.

Compliance to various laws

The compliance certificates duly signed by the Business Heads of the respective divisions, Managers of the factories, CFO and Company Secretary, ensuring the compliance with various laws as applicable to the Company are placed before the Board on quarterly basis. Board reviews the compliance certificates as well as steps taken by the company to rectify instances of non-compliances, if any.

Code of Conduct

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

3. AUDIT COMMITTEE

Terms of reference

The Audit Committee of the Company was constituted pursuant to Section 292A of the Companies Act 1956 read with Clause 49 of the Listing Agreement.

The Terms of reference of the Audit committee are inter alia as follows:

- Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 - Reviewing, with the management, the annual financial statements before submission to the board for approval.
 - Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - Discussion with internal auditors regarding any significant findings and follow up there on.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Composition and attendance

The Audit Committee comprises of 5 members all being non-executive directors and out of which 4 members are independent directors. The Chairman of the Committee Mr. V. Mohan, an independent director, is a Chartered Accountant with rich and relevant experience. Group CFO, Sr. Vice President (Finance), the Internal Auditor and Statutory Auditors are permanent invitees. The Company Secretary acts as secretary to the committee.

There have been five meetings of the Audit Committee during the year under review, held on 30th April, 2009, 31st July 2009, 19th August 2009, 30th October 2009 and 29th January 2010.

Name of Director	No. of meetings attended
Mr. V.Mohan	2
Mr. Naresh Talwar	5
Mr. Anil Kumar Mehra	5
Mr. Rajive Sawhney	3
Mr. Amit Burman	4

Talbro's Automotive Components Ltd.

4. REMUNERATION COMMITTEE

Terms of reference

The Remuneration committee of the directors reviews and recommends the remuneration of executive directors. The recommendations of the Remuneration Committee are based on the following:

- Overall financial performance and profitability of the company;
- Evaluation of personal contribution of the individual director;
- Prevailing general economic conditions and emoluments being offered by other companies in the industry.

Composition and attendance

The Remuneration committee is comprised of three members all being non-executive independent directors i.e. Mr. A.K.Mehra, Mr. Rajive Sawhney and Mr. V.Mohan. The Chairman of the Committee is Mr. A.K.Mehra.

No meeting of the Remuneration Committee was held during the year as there was no proposal for variation in the remuneration of Executive Directors.

Remuneration policy

The Remuneration policy of the Company is to ensure that executive directors of the Company are rewarded in a fair and responsible manner, for their individual contributions to the success of the Company and are provided with appropriate incentives to encourage enhanced performance. The remuneration paid to the Executive Director is recommended by the Remuneration Committee and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities as and when required.

Non-executive Independent Directors are paid sitting fees pursuant to Section 309(2) of the Companies Act, 1956 for attending Board meetings and the Audit Committee meetings plus reimbursement of related actual travel and out of pocket expenses if any.

Remuneration of Directors

Executive Directors

Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Varun Talwar, Joint Managing Director and CEO – Forging Division of the company were, during the year under review, paid remuneration and perquisites, value of which has been calculated as per Income Tax Act, 1961, as follows:

	Mr. Umesh Talwar Rs.	Mr. Varun Talwar Rs.
Basic Salary	15,60,000/-	12,60,000/-
Perquisites	17,27,200/-	13,91,200/-
Total	32,87,200/-	26,51,200/-

Perquisites include Company leased accommodation/ HRA, Company maintained car, telephone facility at home, Employer's contribution to the Provident Fund, Superannuation fund and Gratuity.

Other terms and conditions:

	Mr. Umesh Talwar	Mr. Varun Talwar
Term of Appointment	Five years, from 01.04. 2007 to 31.03.2012	Five years, from 01.09. 2008 to 31.08.2013
Performance link incentive, Stock Options, Severance Pay	Nil	Nil

Non Executive Directors

The Non-Executive Independent Directors are entitled for sitting fee of Rs.10,000/- for every Board Meeting of the Board and Rs.5,000/- for every Audit Committee Meeting . They are also reimbursed all traveling and other expenses incurred by them in connection with attending meetings of the Board of directors or of Committee thereof or which they may otherwise incur in the performance of their duties as Director.

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

5. SHAREHOLDERS GRIEVANCE COMMITTEE

Terms of reference

The Shareholders Grievance Committee of the Company was constituted pursuant to Clause 49 of the Listing Agreement. The committee focuses on strengthening investor relations and ensuring quick redressal of investor concerns.

Composition and attendance

The Shareholders Grievance Committee comprises of 4 non-executive directors, of which 3 are independent directors.

There has been four committee meeting during the year under review held on April 30 2009, 31st July,2009, 31st October 2009 and 29th January,2010..

S.No.	Name of Director	No. of meetings attended
1.	Mr. Naresh Talwar	4
2.	Mr. V.Mohan	2
3.	Mr. Anil Kumar Mehra	4
4.	Mr. Rajive Sawhney	2

The Chairman of the Committee is Mr. Naresh Talwar who is a non-executive and non-independent director.

Name and designation of Compliance Officer

Mrs. Seema Narang, Company Secretary of the Company is the Compliance Officer for complying with

the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India. The Company has provided an exclusive Email ID i.e. memberservice@talbros.com, for the members to send their queries/grievances to the concerned department.

Status of Queries/Complaints received and resolved during the year

Number of Shareholders' Queries/Complaints received during the period 01.04.2009 to 31.03.2010	52
Number of Shareholders Complaints solved to the satisfaction of Shareholders	52
Number of Shareholders Complaints pending as on 31.03.2010	Nil

6. SHARE ISSUE COMMITTEE

Terms of reference

Pursuant to Article No 71 of the Article of Association of the Company, the Share Issue committee of the Company was constituted to deal with all the matters concerning Bonus Issue of shares and Public Issue under Book Building Process and to do all other acts including appointment of all concerned Intermediaries.

Composition

The Share Issue Committee comprises of one executive director, Mr. Umesh Talwar besides Mr. Naresh Talwar and other officials as Members i.e. Mr. Navin Juneja, Mr. R.P.Grover and Mrs. Seema Narang.

Meetings and attendance during the year

No meeting of the Share Issue Committee was held during the year.

7. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings (AGMs) of the Company

Financial Year	2006-07	2007-08	2008-2009
Location	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana
Date and Time	26 th September, 2007 (Wednesday), 10:30am	29 th September, 2008 (Monday), 10:30am	29 th September, 2009 (Tuesday), 10:30am
Type of resolutions passed	O.R: 5 S.R: 2	O.R: 8 S.R: 1	O.R: 5 S.R: 0
Special Resolution Passed	i) Appointment of Mr. Umesh Talwar as Vice Chairman and Managing Director ii) Amendment in the Article of Association of the Company	i) Appointment of Mr. Varun Talwar as Joint Managing Director and CEO –Forging Division	

O.R. stands for Ordinary Resolution

S.R. stands for Special Resolution

During the year under review two Special Resolutions were passed through Postal Ballot on 18th June, 2009 in respect of payment of remuneration to Mr. Umesh Talwar and Mr. Varun Talwar, whole time Directors of the Company.

8. DISCLOSURES

Related Party Transactions

There has been no materially significant related party transaction with the Company's promoters, directors, management or their relatives, which may have a potential conflict with the interests of the Company. Members may refer to the notes to the accounts for details of other related party transactions.

Compliance with Rules and Regulations

Your Company has complied with the all requirements of the concerned regulatory authorities on capital markets. During the year under review, there have been no instances of non-compliance by the Company on any matters related to the capital markets, nor has any penalty or stricture been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority.

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreements entered into with the stock exchanges.

Accounting Standards

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

Risk Management

The Board of Directors constituted a Risk Assessment Committee for inter alia laying down and periodically reviewing risk assessment and minimization procedures. Mr. K.Sairam-Group COO, Mr. R.P. Grover-Sr. VP (Finance) and Mrs. Seema Narang, Company Secretary are members of the Committee.

Management

The Managements' Discussion and Analysis Report is given separately and forms part of this Annual Report

Shareholders- Disclosures Regarding appointment / re-appointment of Directors

The information as required under clause 49 (G) of the Listing agreement with respect to the appointment / re-appointment of the directors forms part of the explanatory statement annexed with the Notice of the ensuing Annual General Meeting and the same is attached with this report.

CEO/CFO certificate

The certificate from Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. R.P. Grover, Chief Financial Officer as placed before the Board in terms of

Talbro Automotive Components Ltd.

Clause 49(v) of the Listing Agreement is enclosed at the end of this report.

9. MEANS OF COMMUNICATION

The Company's financial results are published in English daily and vernacular Hindi newspapers as under:

News Paper Name	Language
Business Standard, Financial Express	English
Jansatta, Veer Arjun	Hindi

Company's financial results are also available on the Company's website www.talbro.com. All the relevant corporate filings have been filed through SEBI edifar website www.sebiedifar.nic.in in accordance with Clause 51 of the Listing Agreement.

The financial results and all material information about the Company is promptly sent through facsimile and/or e-mail to the Stock Exchanges where the shares of the Company are listed.

10. GENERAL SHAREHOLDER INFORMATION

53rd Annual General Meeting

The 53rd Annual General Meeting will be held on 21st July 2010 at 10.30 A.M at Royal Room in Hotel Atrium, Shooting Range, Faridabad-121001 (Haryana)

Financial Year

The Financial year of the Company starts from 1st April and ends on 31st March.

Book Closure

The date of book closure is from 12th July, 2010 to 21st July, 2010 (both days inclusive).

Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2010	2 nd Week of August 2010
July – September 2010	2 nd Week of November 2010.
October – December 2010	2 nd Week of February 2011.
January – March 2011	4 th Week of May 2011.

Dividend Payment

The Board has recommended a dividend of 10% on the paid up share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend if declared by the shareholders shall be paid to all the members as on the date of Annual General Meeting within the statutory limit of 30 days from the date of declaration.

Stock Exchange Listing

The Company's shares are currently listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fee for the year 2010-11 has been duly paid.

Stock Code:

BSE Script code : 505160,
NSE symbol : TALBROAUTO
ISIN : INE187D01011

Market Price Data

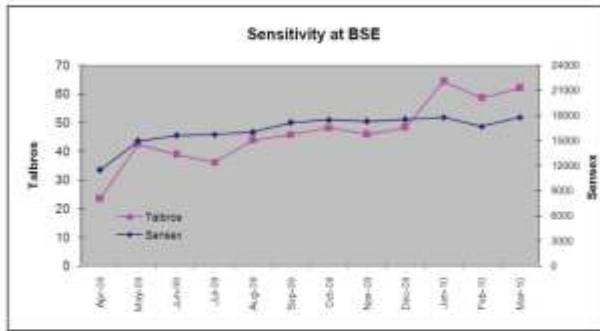
Monthly High Low for the year under review

Month	Share Price at BSE		Share Price at NSE	
	High (Rs)	Low (Rs)	High	Low
April 2009	23.50	16.00	22.90	16.70
May 2009	42.50	20.05	40.00	19.55
June 2009	38.85	29.70	39.70	30.00
July 2009	36.25	32.35	35.90	32.45
August 2009	43.85	33.65	44.45	34.20
September 2009	45.85	39.25	46.00	40.00
October 2009	48.25	40.00	48.00	38.55
November 2009	46.00	39.55	46.65	41.00
December 2009	48.35	43.00	48.85	42.80
January 2010	64.40	44.70	64.90	42.50
February 2010	58.60	49.10	58.35	49.00
March 2010	62.00	50.10	61.80	49.25

Performance of TALBROS Share price in comparison to:

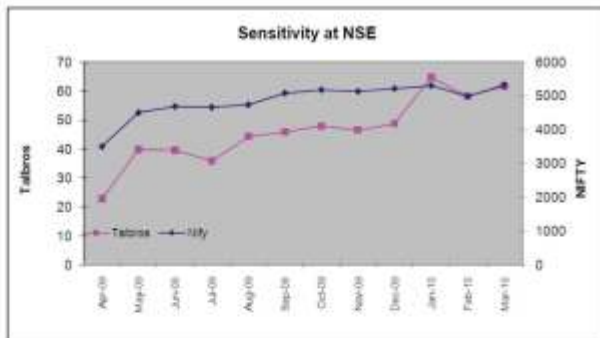
BSE SENSEX

Month	Share Price		Sensex	
	High (Rs)	Low (Rs)	High	Low
April 2009	23.50	16.00	11,492.10	9,546.29
May 2009	42.50	20.05	14,930.54	11,621.30
June 2009	38.85	29.70	15,600.30	14,016.95
July 2009	36.25	32.35	15,732.81	13,219.99
August 2009	43.85	33.65	16,002.46	14,684.45
September 2009	45.85	39.25	17,142.52	15,356.72
October 2009	48.25	40.00	17,493.17	15,805.20
November 2009	46.00	39.55	17,290.48	15,330.56
December 2009	48.35	43.00	17,530.94	16,577.78
January 2010	64.40	44.70	17,790.33	15,982.08
February 2010	58.60	49.10	16,669.25	15,651.99
March 2010	62.00	50.10	17,793.01	16,438.45



NSE NIFTY

Month	Share Price		Nifty	
	High (Rs)	Low (Rs)	High	Low
April 2009	22.90	16.70	3517.25	2965.70
May 2009	40.00	19.55	4509.40	3478.70
June 2009	39.70	30.00	4693.20	4143.25
July 2009	35.90	32.45	4669.75	3918.75
August 2009	44.45	34.20	4743.75	4353.45
September 2009	46.00	40.00	5087.60	4576.60
October 2009	48.00	38.55	5181.95	4687.50
November 2009	46.65	41.00	5138.00	4538.50
December 2009	48.85	42.80	5221.85	4943.95
January 2010	64.90	42.50	5310.85	4766.00
February 2010	58.35	49.00	4992.00	4675.40
March 2010	61.80	49.25	5329.55	4935.35



Registrar and Transfer (R&T) Agent

M/s Karvy Computershare Private Limited,
Unit: Talbros Automotive Components Limited,
Plot No.17-24, Vithal Rao Nagar,
Madhapur, Hyderabad -500 081 Tel: 040-23420815-825
Fax: 040-23420814 Email: ksreddy@karvy.com

Share Transfer System

Shares to be transferred physically may be submitted with the Company at its registered office or directly with the R&T Agent M/s Karvy Computershare Private Limited at the address mentioned above. The company holds fortnightly Share Transfer Meetings in which all the shares received for transfer/transmission etc are transferred /dealt with.

Shareholding Pattern

Distribution Schedule as on March 31, 2010				
Shareholding of Nominal Value (Rs)	Number of Shareholders	% of Total	Number of shares	% of Total
Upto 5000	19528	94.08	1821400	14.75
5,001 to 10,000	628	3.03	494889	4.01
10,001 to 20,000	303	1.46	442008	3.58
20,001 to 30,000	85	0.41	209516	1.70
30,001 to 40,000	33	0.16	115388	0.93
40,001 to 50,000	35	0.17	161481	1.31
50,001 to 1,00,000	56	0.27	392677	3.18
1,00,001 and above	89	0.43	8708271	70.54
Total	20757	100.00	12345630	100.00

Shareholding Pattern as on March 31, 2010		
Category	Number of shares held	Percentage
Promoter and Promoter Group	50,72,485	41.09
Institutional Investors	11,91,219	9.65
Non Institutions:		
Bodies Corporate	14,75,465	11.95
Non Resident Indians	87,062	0.71
Overseas Corporate Bodies	3,26,827	2.64
Individuals	41,54,295	33.65
others	38,277	0.31
Grand Total	1,23,45,630	100.00



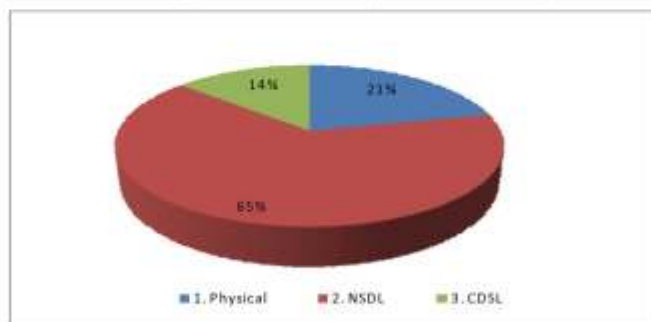
Dematerialization of Shares and Liquidity

Shares of the Company can be held and traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialized form only, by all investors. The Company has entered into agreements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate trading in dematerialized form in India.

Talbro Automotive Components Ltd.

The breakup of Equity Share capital held with depositories and in physical form is as follows:

Category	No. of shareholders	No. of equity shares	% of Capital
Physical	4,212	26,65,067	21.59
NSDL	12,799	80,00,291	64.80
CDSL	3,746	16,80,272	13.61
Total	20,757	1,23,45,630	100



Plant Locations

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

Particulars	Address
Gasket Plant I, Stamping & Rubber Division and Registered Office	14/1, Delhi- Mathura Road, Faridabad -121003
Gasket Plant II	22-B, SIDCO Industrial Estate Ambattur, Chennai-600098
Gasket Plant III	Plot No 68, F-11, MIDC, Pimpri, Pune - 411018
Gasket Plant IV	Plot No. B-177, Ph-I, Eldeco Sidcul Industrial Park, Sitarganj, Utrakhand-262405
Forging Division	Plot NO.39 to 46, Sector-6, Industrial Growth Centre Bawal-123501 Distt. Rewari (Haryana)
IT Division	28, Electronic City, Sector-18, Gurgaon-122016
Material Division	Village Atta Sohna, Gurgaon -122001

Address for Correspondence

For change of address:

- Shareholders holding shares in dematerialized form may contact their respective depository participant.
- Shareholders holding shares in physical form may contact the Share Transfer Agents M/s Karvy Computershare Pvt. Ltd.

For all matters relating to investor relations please contact:

Company Secretary & Compliance officer
Talbro Automotive Components Ltd.
14/1, Delhi -Mathura Road,
Faridabad -121003
Tel: +91-129-4047694
Fax: +91-129-2277240
Email: seema_narang@ talbro.com
memberservice@talbro.com

Unclaimed Dividends

By virtue of Section 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid/unclaimed for seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The date of declaration of dividend and corresponding dates when the unpaid/unclaimed dividend is due for transfer to the IEPF are given below:

Year	Date of Declaration	Due date for transfer
2002-03	26.09.2003	24.10.2010
2003-04	25.09.2004	23.10.2011
2004-05 (Interim)	10.11.2004	08.12.2011
2004-05 (Final)	05.08.2005	03.09.2012
2005-06	04.07.2006	02.08.2013
2006-07	26.09.2007	24.10.2014
2007-08	29.09.2008	01.11.2015
2008-09	29.09.2009	01.11.2016

Members who have not encashed their dividend warrants so far are requested to have the same revalidated to encash and avoid transfer to IEPF as already requested by the Company vide its letter dated 25th May, 2010.

Nomination

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

12. AUDITOR'S CORPORATE GOVERNANCE CERTIFICATE

The Company has obtained a certificate from S.N.Dhawan & Co, Statutory Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated in the Listing Agreement with Stock Exchanges. The Certificate is annexed to the Directors Report 2010.

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

We, Umesh Talwar, Vice Chairman, Managing Director and R.P. Grover, Sr. Vice President (Finance) & Investors Relations of Talbros Automotive Components Limited to the best of our knowledge and belief, certify that

1. We have reviewed the financial statements and cash flow statements for the year and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
 - a) Deficiencies in the design or operation of internal controls, if any, which come to our notice and steps have been taken / proposed to be taken to rectify these deficiencies;
 - b) Significant changes in internal control over financial reporting during the year;
 - c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - d) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

Umesh Talwar
Vice Chairman and
Managing Director

R.P. Grover
Sr. Vice President (Finance)
& Investors relations

Place: New Delhi
Date: 31-05-2010

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

To the Members of

Talbros Automotive Components Limited

We have examined the compliance of the conditions of Corporate Governance by **Talbros Automotive Components Limited** for the year ended March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

We state that in respect of Investor grievances received during the year ended March 31, 2010, no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.N. DHAWAN & CO.
Chartered Accountants

(Vijay Dhawan)
Partner

Place : New Delhi
Date : May 31, 2010

M. No.12565
Firm Reg. No. 000050N

Talbro Automotive Components Ltd.

Auditors' Report

To
The Members of
TALBROS AUTOMOTIVE COMPONENTS LIMITED

1. We have audited the attached Balance Sheet of **Talbro Automotive Components Limited** as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of Gasket Plant-II at Chennai and Gasket Plant-III at Pune audited by Branch Auditors. 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 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, 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 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us. The Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with;
 - 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 and with the audited returns from the branches;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the 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 March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 accounts, read together with the Significant Accounting Policies and Notes on Accounts give the information required by the 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 March 31, 2010;
 - (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.

For S.N. DHAWAN & CO.
Chartered Accountants

(Vijay Dhawan)
Partner

M. No.12565

Firm Reg. No. 000050N

Place: New Delhi
Date : May 31, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED FOR THE YEAR ENDED MARCH 31, 2010

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. Discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
(c) According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- ii) (a) As explained to us, the inventories of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals during the year, except for materials lying with third parties for which certificates confirming stocks held by them have been obtained.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) (a) The Company has granted inter corporate deposit to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of inter corporate deposit was Rs.190 Lacs.
(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such inter corporate deposit are not prima facie prejudicial to the interest of the Company.
(c) According to the information and explanations given to us, the Inter Corporate Deposits are repayable on demand and during the year the Company has not made any demand for repayment. The repayment of interest is regular except for overdue interest referred to in clause (d) below.
(d) The overdue amount of interest recoverable from these companies is Rs.23.45 Lacs as on March 31, 2010.
(e) According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956 except 4 fixed deposits from directors and their relatives. The maximum amount involved during the year was Rs.147.40. Lacs and the year-end balance of such fixed deposits were Rs.111.40 Lacs.
(f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of such deposits are not, prima-facie, prejudicial to the interest of the Company.
(g) The principal amounts were renewed and interest was paid during the year.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, 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 lacs 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, except for items stated to be of a specialized nature where no comparison is possible.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and other material statutory dues applicable to it. Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the details of statutory dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty which have not been deposited on account of any dispute are given below:
- x) In our opinion, the Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, banks or debenture holders.
- xii) According to the information and explanations 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 (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
- xv) The Company has given corporate guarantee for term borrowing by one of its Associate Company. According to the information and explanations given to us, we are of the opinion that terms and conditions thereof are not prima-facie prejudicial to the interest of the Company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were applied for the purposes for which they 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 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 and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures. Therefore, the provisions of clause (xix) of paragraph 4 of the Order are not applicable to the Company.
- xx) The Company has not raised any money by public issue during the year under review.
- xxi) To the best of our knowledge and belief and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs.)	Forum where dispute is pending
Central Excise Act, 1944	Classification of paper gasket	1998-2002	14,17,866	The Assistant Commissioner, Faridabad
Central Excise Act, 1944	Cenvat credit disallowed	2004-05	58,496	The Assistant Commissioner, Faridabad
Central Excise Act, 1944	Cenvat credit disallowed	2008-09	4,46,377	The Assistant Commissioner, Faridabad
Central Sales Tax	Central Sales Tax	2006-07 & 2007-08	1,19,180	The Sales Tax Authorities Mumbai
Employee State Insurance Act, 1948	ESI Demand	1995-99	8,01,587	Civil Judge, Gurgaon
Income Tax Act, 1961	Income Tax Demand	2004-05	4,47,739	CIT - Appeal, Chandigarh, Camp at Gurgaon
Central Excise Act, 1944	Demand on assessable value	2006-07	9,45,837	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Demand on assessable value	2008-09	28,93,658	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Cenvat Credit disallowed	2009-10	32,50,898	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Cenvat Credit disallowed	2009-10	2,54,536	The Deputy Commissioner, Faridabad
Central excise Act, 1944	Cenvat Credit disallowed	2008-09	1,06,000	The Deputy Commissioner, Faridabad

For S.N. DHAWAN & CO.
Chartered Accountants

(Vijay Dhawan)
Partner

Place: New Delhi
Date : May 31, 2010

M. No.12565
Firm Reg. No. 000050N

Talbro's Automotive Components Ltd.

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010		As at March 31, 2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	1	12,34,56,300		12,34,56,300	
Reserves and Surplus	2	62,28,17,489	74,62,73,789	57,66,76,998	70,01,33,298
Loan Funds:					
Secured Loans	3	89,33,21,764		77,64,51,096	
Unsecured Loans	4	21,93,34,399	1,11,26,56,163	18,15,23,452	95,79,74,548
Deferred Tax Liabilities (Net) (Refer note 5 of Schedule 14B)			6,59,44,935		7,25,18,469
TOTAL			1,92,48,74,887		1,73,06,26,315
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block	5	1,71,56,53,492		1,56,90,22,111	
Less: Depreciation		73,02,58,177		64,26,41,648	
		98,53,95,315		92,63,80,463	
Capital Work in Progress		5,70,60,650	1,04,24,55,965	6,14,21,526	98,78,01,989
Investments	6		5,36,20,670		5,36,20,770
Current Assets, Loans and Advances:					
Interest accrued on Investments and Deposits	7	1,65,91,051		1,57,63,569	
Inventories		60,07,25,085		48,01,83,228	
Sundry Debtors		50,24,80,473		41,71,61,223	
Cash and Bank Balances		3,03,80,173		2,90,93,147	
Loans and Advances		30,89,09,639		31,86,73,220	
		1,45,90,86,421		1,26,08,74,387	
Less: Current Liabilities & Provisions:					
Current Liabilities	8	58,37,60,282		53,58,72,611	
Provisions		4,65,27,887		3,61,35,728	
		63,02,88,169		57,20,08,339	
Net Current Assets			82,87,98,252		68,88,66,048
Miscellaneous Expenditure: (To the extent not written off or adjusted)	9		-		3,37,508
TOTAL			1,92,48,74,887		1,73,06,26,315
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	14				

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year Ended March 31, 2010		Year Ended March 31, 2009	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Revenue from Operations (Gross)		2,47,01,69,052		2,14,49,11,339	
Less: Excise Duty		17,87,34,507		22,61,25,887	
Revenue from Operations (Net)			2,29,14,34,545		1,91,87,85,452
Other Income	10	4,17,16,620		2,23,80,508	
Increase /(Decrease) in Stock of Finished Goods and Work-in-Progress	11	5,41,71,984	9,58,88,604	3,40,43,236	5,64,23,744
			2,38,73,23,149		1,97,52,09,196
EXPENDITURE:					
Raw Materials Consumed		1,10,37,45,509		92,01,53,812	
Purchases-Other Components		16,22,53,754		11,45,53,248	
Manufacturing, Selling, Administrative and Other Expenses	12	82,97,75,081		72,97,47,690	
Interest & Finance Charges	13	14,55,44,317	2,24,13,18,661	11,16,88,834	1,87,61,43,584
Profit before Depreciation/Amortisation			14,60,04,488		9,90,65,612
Depreciation/Amortisation		9,19,24,870		8,82,96,866	
Less : Transfer of Depreciation from Revaluation Reserve		1,06,067	9,18,18,803	117,852	8,81,79,014
Profit for the Year Before Tax			5,41,85,685		1,08,86,598
Less: Provision for Taxation :					
Current Tax / MAT		65,00,000		2,15,000	
Fringe Benefit Tax		-		58,00,000	
Deferred Tax (Refer note 5 of Schedule 14B)		21,79,210		1,96,27,747	
MAT Credit Entitlement (Refer note 21 of Schedule 14B)		(65,00,000)		(2,15,000)	
(Excess) / Short Provision for Tax for Earlier Years Written Back / Provided		(86,36,168)	(64,56,958)	17,10,138	2,71,37,885
Net Profit /(Loss) for the Year After Tax			6,06,42,643		(1,62,51,287)
Add:					
Balance Brought Forward from Last Year			8,69,99,774		11,04,72,946
Balance Available for Appropriation			14,76,42,417		9,42,21,659
APPROPRIATIONS:					
Proposed Dividend		1,23,45,630		61,72,815	
Corporate Dividend Tax		20,50,455	1,43,96,085	10,49,070	72,21,885
Transfer to General Reserve			50,00,000		-
Surplus carried to Balance Sheet			12,82,46,332		8,69,99,774
Total			14,76,42,417		9,42,21,659
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
	14				
EARNINGS PER SHARE(Face Value Rs.10)					
Basic Earnings per Share (Rs.)			4.91		(1.34)
Diluted Earnings per Share (Rs.)			4.91		(1.34)

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

Talbro's Automotive Components Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 1-SHARE CAPITAL:				
Authorised:				
2,00,00,000 Equity Shares of Rs.10 each		20,00,00,000		20,00,00,000
Issued, Subscribed and Paid-up:				
1,23,45,630 Equity Shares of Rs.10 each fully paid up.* (1,23,45,630 Equity Shares of Rs.10 each fully paid up.)		12,34,56,300		12,34,56,300
These include:*				
a) 47,37,145 Equity Shares allotted as fully paid up Bonus Shares by capitalisation of the General Reserve /Share Premium and Capital Reserve Account				
b) 75,358 Equity Shares allotted as fully paid up on 22.6.1978 to erstwhile shareholders of AEW Janson Limited, pursuant to the sanction of the Hon'ble High Court of Delhi, to a scheme of amalgamation of the said Company with the Company under Section 391 read with Section 394 of the Companies Act, 1956.				
c) 49,01,963 Equity Shares allotted as fully paid up by way of Public Issue during 2005-06.				
d) 5,24,349 Equity Shares allotted as fully paid up on 16.08.2007 to erstwhile shareholders of XO Stampings Limited, pursuant to the sanction of the Hon'ble High Court of Punjab & Haryana, to a scheme of arrangement of the said Company with the Company under Section 391 read with Section 394 of the Companies Act, 1956 for consideration other than cash.				
e) 2,03,315 Equity Shares allotted as fully paid up on 16.08.2007 to the shareholders of XO Infotech Limited, pursuant to the sanction of the Hon'ble High Court of Punjab & Haryana to a scheme of arrangement of the said Company with the Company under Section 391 read with Section 394 of the Companies Act, 1956 for consideration other than cash.				
		12,34,56,300		12,34,56,300
SCHEDULE 2 - RESERVES AND SURPLUS:				
a) Securities Premium Account:				
As per last Balance Sheet	46,78,30,274		44,52,80,274	
Add:Received during the year	-	46,78,30,274	2,25,50,000	46,78,30,274
b) Revaluation Reserve:				
As per last Balance Sheet	55,03,235		56,21,087	
Less: Transferred to Profit & Loss Account	1,06,067	53,97,168	1,17,852	55,03,235
c) Capital Reserve:				
Forfeiture of application money on 2,34,000 share - warrants @ Rs.6.50		15,21,000		15,21,000
d) General Reserve:				
As per last Balance Sheet	1,48,22,715		2,57,53,122	
Add:Transferred from Profit & Loss Account	50,00,000		-	
Less:Merger/Demerger related costs	-		(1,00,000)	
Less:Exchange Gain on ECB Loan for earlier years (Refer note 13 of Schedule 14B)	-	1,98,22,715	(1,08,30,407)	1,48,22,715
e) Profit & Loss Account				
Surplus, being balance as per Profit & Loss Account		12,82,46,332		8,69,99,774
TOTAL		62,28,17,489		57,66,76,998

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 3 - SECURED LOANS:				
From Banks				
a) Working Capital Loans:				
i) State Bank of India *	23,09,69,699		21,87,65,776	
ii) ICICI Bank *	1,36,84,954		2,30,94,390	
iii) Standard Chartered Bank *	6,99,48,109		6,96,70,824	
iv) State Bank of Patiala *	10,08,20,115		9,95,91,273	
v) Barclays Bank Plc *	5,00,00,000		-	
vi) Interest accrued & due on above	4,45,890		5,08,562	
		46,58,68,767		41,16,30,825
b) Term Loans:				
i) State Bank of India **	31,71,07,000		20,42,55,828	
ii) ICICI Bank - ECB Loan ***	5,25,09,572		8,36,74,605	
iii) IDBI ****	1,45,46,800		2,90,92,600	
iv) Interest accrued & due on above	31,97,679		21,54,844	
v) Against security of movable fixed assets on Hire Purchase basis	1,50,58,927		1,41,29,373	
		40,24,19,978		33,33,07,250
From Others				
Against security of movable fixed assets on Hire Purchase basis		2,50,33,019		3,15,13,021
TOTAL		89,33,21,764		77,64,51,096

NOTES:

- * Working Capital Loans from State Bank of India, ICICI Bank, Standard Chartered Bank, State Bank of Patiala & Barclays Bank are secured by way of first pari-passu charge of hypothecation on the Company's entire current assets, both present & future. Further, secured by second charge on all the fixed assets of the Company, both present & future, ranking pari-passu.
- ** Term Loans from SBI are secured by first charge on fixed assets of the Company, excluding specific fixed assets on which other lenders are holding first charge and equitable mortgage over land & building at Faridabad, Chennai, Pune, Sitarganj & Sohna Plants of the Company and second pari-passu charge on current assets of the Company with other term lenders. Further secured by equitable mortgage over the Land and Building at Plot no.28, Electronic city, Gurgaon, once the existing term loan of IDBI is repaid and its charges are satisfied.
- *** ECB Loan from ICICI Bank is secured by way of first charge on the specific fixed assets including movable fixed assets and movable properties financed out of this loan. Further, secured by second pari-passu charge over all the existing fixed assets of the Company situated at Faridabad, Chennai, Pune, Sohna & Bawal plants.
- **** Term Loan from IDBI is secured by first charge on immovable properties, both present & future and further secured by way of hypothecation of whole of movable plant & machinery, spares, tools and accessories and other movables both present & future all ranking pari-passu of the IT Division.

SCHEDULE 4 - UNSECURED LOANS:

(a) Fixed Deposits:				
i) From Directors	5,50,000		5,50,000	
ii) From Others	12,86,87,220	12,92,37,220	4,69,77,220	4,75,27,220
(b) Inter Corporate Deposit				
		4,30,00,000		2,80,00,000
(c) Others:				
i) From Barclays Bank Plc	-		5,32,14,131	
ii) From DBS Bank Ltd.	4,68,88,960		5,26,81,279	
iii) Interest accrued & due on above	2,08,219	4,70,97,179	1,00,822	10,59,96,232
TOTAL		21,93,34,399		18,15,23,452

Talbro Automotive Components Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 5 - FIXED ASSETS:

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01.04.2009 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	Cost as at 31.03.2010 (Rs.)	As at 01.04.2009 (Rs.)	For the year (Rs.)	Deductions during the year (Rs.)	Upto 31.03.2010 (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
Tangible Assets										
Land										
-Freehold	3,45,80,866	-	4,531	3,45,76,335 *	-	-	-	-	3,45,76,335	3,45,80,866
-Leasehold	4,06,27,288	7,71,690	-	4,13,98,978	2,96,067	4,59,800	-	7,55,867	4,06,43,111	4,03,31,221
Buildings	24,56,84,454	5,86,90,127	14,20,458	30,29,54,123	5,98,45,330	85,50,238	11,578	6,83,83,990	23,45,70,133	18,58,39,124
Plant, Machinery & Equipments										
Office Equipments	1,04,73,98,409	7,02,23,642	51,58,491	1,11,24,63,560@	49,37,17,581	6,37,11,855	12,30,638	55,61,98,798	55,62,64,762	55,36,80,828
Motor Vehicles	5,99,71,971	1,28,12,961	43,29,660	6,84,55,272**	2,97,04,370	87,06,340	30,00,222	3,54,10,488	3,30,44,784	3,02,67,601
Furniture, Fixtures & Office Equipments	4,50,39,564	22,11,783	75,184	4,71,76,163	2,58,22,246	27,21,653	65,903	2,84,77,996	1,86,98,167	1,92,17,318
Electrical Installations	5,25,52,365	48,85,612	-	5,74,37,977	1,12,41,961	16,29,949	-	1,28,71,910	4,45,66,067	4,13,10,404
Air-Conditioning Plant	67,10,214	-	-	67,10,214	16,57,864	(33,110)	-	16,24,754	50,85,460	50,52,350
Tube-Well	10,51,423	-	-	10,51,423	3,35,430	31,528	-	3,66,958	6,84,465	7,15,993
Intangible Assets										
Technical Know-How	2,54,97,346	55,52,580	-	3,10,49,926	1,40,01,195	34,80,000	-	1,74,81,195	1,35,68,731	1,14,96,151
Software	99,08,211	24,71,310	-	1,23,79,521	60,19,604	26,66,617	-	86,86,221	36,93,300	38,88,607
								98,53,95,315	92,63,80,463	
								5,70,60,650	6,14,21,526	
Capital Work in Progress										
TOTAL	1,56,90,22,111	15,76,19,705	1,09,88,324	1,71,56,53,492	64,26,41,648	9,19,24,870	43,08,341	73,02,58,177	1,04,24,55,965	98,78,01,989
Previous Year	1,33,13,96,179	25,29,32,440	1,53,06,508	1,56,90,22,111	56,43,72,273	8,82,96,866	1,00,27,491	64,26,41,648	98,78,01,989	

*Includes Land valuing Rs.2,55,59,804 for which the title is yet to be registered in the Company's name.

** Includes cost of Vehicles Rs.3,41,19,314 (Previous Year Rs.4,84,71,332) acquired under hire purchase arrangement,

@ Includes cost of Machineries Rs.3,91,64,513 (Previous Year Rs.3,91,64,513) acquired under hire purchase arrangement,

SCHEDULE 6 - INVESTMENTS: LONG TERM AT COST

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
A. QUOTED:				
Non-Trade Investments:				
a) 1,00,000 Units of Rs.10/-of SBI Infrastructure Fund-1-Growth		10,00,000		10,00,000
B. UNQUOTED:				
Trade Investments:				
Joint Ventures:				
i) 48,00,000 Equity Shares of Nippon Leakless Talbro Pvt. Ltd. at Rs.10 each.	4,80,00,000		4,80,00,000	
Others:				
ii) Nil (2,390) Equity Shares of Talbro International Ltd. of Rs. 10 each (Includes 2,380 Bonus Shares)		-		100
iii) 1,77,962 Equity Shares of Q H Talbro Ltd., of Rs. 10 each a Company under the same management	32,45,680	5,12,45,680	32,45,680	5,12,45,780
Non-Trade Investments:				
iv) 83,333 Equity Shares of T & T Motors Ltd., of Rs. 10 each		13,74,990		13,74,990
TOTAL		5,36,20,670		5,36,20,770
Notes:				
1) Aggregate market value of quoted investments		10,34,000		5,42,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES:				
CURRENT ASSETS:				
Interest accrued on Investments and Deposits		1,65,91,051		1,57,63,569
Inventories:				
(Taken, valued and certified by the Management at lower of cost or net realisable value unless otherwise stated)				
Stores & Spare Parts (including loose tools)		15,23,35,147		13,72,76,749
Stock-in-Trade (including Goods in Transit)				
-Finished Goods	10,68,50,108		9,74,16,009	
-Work-in-Progress	17,41,59,827		12,94,21,943	
-Raw Materials	16,73,80,003	44,83,89,938	11,60,68,527	34,29,06,479
		<u>60,07,25,085</u>		<u>48,01,83,228</u>
Sundry Debtors :				
Unsecured:				
Debts outstanding for a period exceeding six months				
-Considered Good	2,53,55,695		4,56,79,527	
-Considered Doubtful	57,49,356	3,11,05,051	44,04,939	5,00,84,466
Other Debts-Considered Good*		47,71,24,778		37,14,81,696
		<u>50,82,29,829</u>		<u>42,15,66,162</u>
Less:Provision for Doubtful Debts		57,49,356		44,04,939
		<u>50,24,80,473</u>		<u>41,71,61,223</u>
Cash and Bank Balances:				
Cash in Hand (including imprest)		15,57,912		24,86,350
Cheques in Hand		-		7,56,422
Balances with Scheduled Banks:				
-Current / Cash Credit Accounts	1,57,16,651		1,72,18,645	
-Margin Money (Pledged with Banks)	1,13,63,276		70,39,088	
-Deposit Accounts	17,42,334	2,88,22,261	15,92,642	2,58,50,375
		<u>3,03,80,173</u>		<u>2,90,93,147</u>
LOANS AND ADVANCES:				
Unsecured:Considered Good:				
Inter-Corporate Deposits		7,34,50,000		6,82,50,000
Advances recoverable in cash or in kind or for value to be received **				
-Considered Good	11,15,92,369		14,61,97,557	
-Considered Doubtful	37,50,000		-	
	<u>11,53,42,369</u>		<u>14,61,97,557</u>	
Less:Provision for Doubtful Advances	37,50,000	11,15,92,369	-	14,61,97,557
Advance Tax (net of provision)	3,18,39,895		3,98,41,088	
Less:Provision for Taxation	1,63,15,000	1,55,24,895	2,54,15,000	1,44,26,088
MAT Credit Entitlement (Refer note 21 of Schedule 14B)		3,07,65,000		2,42,65,000
Balance with Central Excise & Custom Authorities		6,87,54,884		5,70,11,055
Security Deposits		71,81,110		83,84,235
Claims Receivable		16,41,381		1,39,285
		<u>30,89,09,639</u>		<u>31,86,73,220</u>
TOTAL		<u>1,45,90,86,421</u>		<u>1,26,08,74,387</u>

*Includes balances due from

- a Company under the same Management
QH Talbros Ltd.

13,48,53,240

11,62,50,727

** Includes balance due from

- Companies under the same Management

As at
31.03.2010
Maximum balance
outstanding at any
time during the Year

As at
31.03.2009
Maximum balance
outstanding at any
time during the Year

QH Talbros Ltd.

71,06,993

73,10,380

27,87,375

62,97,413

Talbros Automotive Components Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS:				
Current Liabilities:				
Acceptances		16,88,31,061		18,12,85,882
Sundry Creditors(Refer note 11 of Schedule 14B)				
-Micro and small enterprises	2,72,13,503		1,40,88,747	
-Others	<u>35,66,61,644</u>	38,38,75,147	<u>31,02,77,789</u>	32,43,66,536
Statutory Liabilities		2,28,63,453		2,48,92,457
Interest accrued but not due				
-on Secured Loans		22,95,621		20,18,684
-on Unsecured Loans		38,34,486		10,33,816
Liability towards Investors Education and Protection Fund *				
i) Unclaimed Dividend	15,65,179		17,40,928	
ii) Unclaimed Fixed Deposits	3,85,000		4,12,000	
iii) Unclaimed Fractional Shares	3,087		3,087	
iv) Interest Accrued on above	<u>1,07,248</u>	20,60,514	<u>1,19,221</u>	22,75,236
Total		<u>58,37,60,282</u>		<u>53,58,72,611</u>
* There are no amounts due for payment to Investor - Education Protection Fund				
Provisions For:				
Proposed Dividend		1,23,45,630		61,72,815
Corporate Dividend Tax		20,50,455		10,49,070
Leave Encashment		66,07,920		61,27,649
Gratuity		2,55,23,882		2,27,86,194
Total		<u>4,65,27,887</u>		<u>3,61,35,728</u>
Total		<u>63,02,88,169</u>		<u>57,20,08,339</u>

SCHEDULE -9 - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

Voluntary Retirement Compensation		-		3,37,508
TOTAL		<u>-</u>		<u>3,37,508</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Year Ended March 31, 2010</u>		<u>Year Ended March 31, 2009</u>	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10 - OTHER INCOME:				
a) Interest (Gross)				
- Term Deposits with Banks	7,79,397		9,62,412	
- Others	<u>76,11,967</u>	83,91,364	<u>89,33,561</u>	98,95,973
(Tax Deducted at Source Rs.9,54,899, Previous Year Rs.18,76,203)				
b) Dividend from :				
- Long Term (Trade Investments)		2,42,19,629		1,00,86,572
- Long Term (Non -Trade Investments)		-		4,568
c) Profit on sale of Fixed Assets(net)		3,03,819		-
d) Profit on sale of Investment(net)		23,800		-
e) Exchange Fluctuation(Net)		75,15,607		-
f) Miscellaneous Income		12,62,401		23,93,395
TOTAL		<u>4,17,16,620</u>		<u>2,23,80,508</u>

**SCHEDULE 11 - INCREASE/(DECREASE)
IN STOCK OF FINISHED GOODS AND
WORK-IN-PROGRESS**

Closing Stock:				
- Finished Goods	10,68,50,108		9,74,16,009	
-Work-in-Progress	<u>17,41,59,828</u>	28,10,09,936	<u>12,94,21,943</u>	2,26,837,952
Less: Opening Stock:				
- Finished Goods	9,74,16,009		9,97,99,211	
- Work-in-Progress	<u>12,94,21,943</u>	22,68,37,952	<u>9,29,95,505</u>	19,27,94,716
TOTAL		<u>5,41,71,984</u>		<u>3,40,43,236</u>

Talbro's Automotive Components Ltd.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year Ended March 31, 2010		Year Ended March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12 - MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES:				
Stores & Spares Consumed		12,81,55,882		9,05,04,105
Fuel, Light and Power		10,71,63,230		9,01,07,884
Labour and Processing Charges		4,47,20,967		3,34,39,246
Royalty		46,36,818		55,15,013
Salaries, Wages and Other Benefits:				
– Salaries, Wages, Allowances and Bonus	24,06,93,498		21,78,65,671	
– Workmen and Staff Welfare Expenses	1,95,50,586		1,96,09,659	
– Contribution to:				
Provident Fund (including Family Pension Schemes)	1,23,38,751		1,20,76,302	
Employees State Insurance Fund	14,47,587		22,27,938	
Employees Group Gratuity-Cum-Life Assurance Fund	1,01,19,888		91,82,609	
Super Annuation Fund	27,87,456		28,97,399	
Leave Encashment	27,56,313	28,96,94,079	26,01,968	26,64,61,546
Repairs and Maintenance:				
– Buildings	42,44,708		30,91,162	
– Plant and Machinery	2,42,31,881		1,55,23,106	
– Other Assets	50,72,108	3,35,48,697	51,52,551	2,37,66,819
Rent		18,22,104		13,93,850
Rates and Taxes		24,60,685		2,1,50,241
Insurance		56,04,035		57,27,977
Commission (Foreign Agents)		27,59,030		30,14,540
Travelling, Tour and Conveyance		3,72,61,243		4,20,29,383
Brokerage and Discount on Sales		4,19,62,917		3,44,52,819
Sales Promotion Expenses		2,40,22,120		21,8,20,214
Packing, Freight and Forwarding		5,07,79,295		4,33,87,181
Printing, Stationery, Postage, Telegrams				
Telephones and Telex		1,65,01,618		1,51,26,859
Advertisement and Publicity		1,77,137		2,80,600
Remuneration to Auditors		11,44,214		5,93,000
Directors' Fee		2,80,000		1,65,000
Donations		1,09,236		91,373
Increase / (Decrease) in Excise Duty on the Stock of Finished Goods		19,96,150		(45,00,750)
Provision for doubtful debts / advances		50,94,417		22,57,978
Amounts written off (net) (Refer note 17 of Schedule 14B)		1,80,380		–
Loss on Sale of Fixed Assets (net)		–		2,64,458
Exchange Fluctuation (net)		–		1,91,21,444
Miscellaneous Expenditure Written off		3,37,508		2,99,669
Other Miscellaneous Expenses		2,93,63,319		3,22,77,241
TOTAL		8,297,75,081		72,97,47,690

SCHEDULE 13 - INTEREST AND FINANCE CHARGES

A. Interest

a) On Fixed Deposits:				
i) Directors	55,001		55,001	
ii) Others	77,45,485	78,00,486	34,99,945	35,54,946
b) On Inter Corporate Deposit		43,89,041		12,26,300
c) On Term loans		3,73,90,473		1,67,15,646
d) Others		7,51,28,350		7,91,05,519

B Finance Charges

Bank & Finance Charges		2,08,35,967		1,10,86,423
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TOTAL		14,55,44,317		11,16,88,834
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SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :****A SIGNIFICANT ACCOUNTING POLICIES:****1. Accounting Convention:**

The financial statements are prepared on accrual basis, under the historical cost convention in accordance with applicable Accounting principles in India, applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of Companies Act, 1956.

2. Investments:

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

3. Inventory Valuation:

Raw Materials and Stores & spare parts are valued at lower of cost or net realizable value. Cost represents landed cost and is determined on First In First Out (FIFO) basis. Tools are amortised over their expected useful life.

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

4. Fixed Assets**Tangible**

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

Intangible

4.2 Technical know-how fee is recognized as an Intangible Asset in accordance with Accounting Standard 26 "Intangible Assets". Amortization of the asset is being done over the period of the Agreement.

4.3 Expenditure on Major Software Products is written off over a period of three years excepting Forging Division where the Software products are written off over a period of five years.

5. Depreciation / Amortisation

Depreciation in Gasket Division is charged on straight line method on assets comprising plant, machinery and equipments (except on items acquired prior to 1.9.1978 at the Chennai plant and prior to 31.12.1985 at Faridabad plant which are depreciated on written down value method) and on written value method on all other depreciable assets, as per the rates prescribed in schedule XIV to the Companies Act 1956.

In IT Division, plant, machinery and equipments are depreciated at a rate arrived at on the basis of their useful life and on all other assets depreciation is charged on written value method as per the rates prescribed in schedule XIV to the Companies Act 1956.

Depreciation in Forging and Stamping Division is charged on straight line method on all fixed assets other than vehicles as per the rates prescribed in schedule XIV to the Companies Act 1956. Depreciation on vehicles is provided on written down value method.

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

Leasehold Land is amortised over the period of the lease.

6. Revenue Recognition:

6.1 Revenue from Operations includes excise duty and is net of returns and trade discounts. Excise duty relating to sales is adjusted against Revenue from Operation. Excise duty on the increase/decrease in the stock of finished goods is recognized as part of the manufacturing expenses.

6.2 Dividend is accounted for on accrual basis when the right to receive the dividend is established.

6.3 Export incentives are accounted on accrual basis.

7. Foreign Currency Transactions:

Transactions in foreign currency are accounted at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognized in the Profit and Loss Account except in the case of long term monetary items relating to acquisition of fixed assets where such gains/losses are adjusted to the cost of fixed assets.

Foreign currency monetary items are converted at the exchange rate prevailing as at the year end and resultant gain/loss is charged to Profit and Loss Account, except in case of long term monetary items representing liabilities relating to acquisition of fixed assets which are adjusted to the cost of the respective assets. In respect of transactions covered by foreign exchange

forward contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

8. Employee Benefits:

- i) Provident Fund is a defined contribution scheme (Government scheme) and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- ii) Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the fund are due.
- iii) Gratuity liability is a defined benefit obligations and is provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- iv) Long Term compensated absences are provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- v) Actuarial gains/losses are immediately taken to the Profit & Loss Account and are not deferred.
- vi) Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss Account over a five years period.

9. Borrowing Costs:

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

10. Leases

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

11. Deferred Tax

Deferred tax is recognized, subject to the consideration of prudence on timing, differences, representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets viz, unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Profit & Loss Account to the extent the carrying amount exceeds recoverable amount.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursements will be received.

Contingent Liability is disclosed in the case of

- a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) A possible obligation, of which the probability of outflow of resources is remote.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date. Contingent Assets are neither recognized nor disclosed.

14. Financial Instruments

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

In respect of derivatives that qualify for hedge accounting and/or other financial assets and liabilities being derivative not qualifying for hedge accounting, the company has pre-adopted the Accounting Standard (AS-30).

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

B. NOTES ON FINANCIAL STATEMENTS :

1 Estimated Amount of Contracts :

Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances) -Rs. 2,57,73,970 (Previous Year Rs. 84,93,276).

2 Contingent Liabilities:

2.1 Bills discounted with Banks Rs. 2,08,31,448 (Previous year Rs. 32,58,277).

2.2 Demands disputed by the Company and not provided for :

		(Amount in Rs.)	
	NATURE OF DUES	As at March 31,2010	As at March 31, 2009
(a)	Central Excise Classification of paper gasket	14,17,866	14,17,866
(b)	Central Excise Cenvat credit disallowed	1,64,496	3,80,543
(c)	Service Tax Cenvat credit disallowed	39,51,811	23,96,100
(d)	Central Excise Interest on Cenvat Credit	-	6,18,626
(e)	Central Excise Interest on Excise duty	-	4,02,001
(f)	Central Sales Tax Central Sales Tax	1,19,180	11,67,568
(g)	Central Excise Demand on Assessable value	38,39,495	-
(h)	E.S.I ESI Demand (Includes Rs.4,34,130 paid under protest)	12,35,717	8,01,587
(i)	Income Tax Income Tax demand	4,47,739	4,47,739
(j)	Demand from HSIIDC Demands for enhancement of land cost by HSIIDC	86,88,515	86,88,515
(k)	High Court, Mumbai Fees for building work	2,05,000	-
(l)	Demand from building contractor Disputed amount for building work	14,08,880	-
Total		<u>2,14,78,699</u>	<u>1,63,20,545</u>

2.3 Guarantees executed in favour of Customs / Excise / Sales Tax / Customers amounting to Rs.23,75,445 (Previous year Rs.19,46,747)

2.4 Corporate Guarantee executed in favour of ICICI Bank Ltd. amounting to Rs. 8.73 Crore (USD 1.91 Millions) (Previous year Rs. 9.65 Crores (USD 1.91 Millions)) against term borrowing of QH Talbros Ltd., an Associate Company.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
3 REMUNERATION TO VICE CHAIRMAN & MANAGING DIRECTOR AND JOINT MANAGING DIRECTOR		
a) Salaries	28,20,000	22,95,000
b) Other Perquisites	31,18,400	27,07,020
TOTAL	<u>59,38,400</u>	<u>50,02,020</u>

The Managing Director of the Company was paid remuneration (without any commission) in accordance with the provisions of Schedule XIII to the Companies Act, 1956. Therefore computation of net profit under section 198 of the Companies Act, 1956 is not applicable. Remuneration paid to Mr. Varun Talwar, Joint Managing Director during previous year was for the period from Sep-08 to Mar-09 only.

4 FIXED ASSETS ACQUIRED UNDER FINANCE LEASES

- i) Addition to Gross Block of Fixed Assets include Rs.2,75,65,588 being the assets acquired between 1st April 2009 and 31st March 2010 under finance lease and capitalised in line with the requirement of Accounting Standards-19 "Leases". Depreciation for the year includes an amount of Rs.17,84,501 being depreciation charged on these assets.
- ii) The yearwise break-up of outstanding lease obligations as at Balance Sheet date.

	2009-2010 (Rs.)	2008-2009 (Rs.)
Vehicles /Machines taken on lease		
Total minimum lease payment at the year end	4,74,70,579	5,63,75,765
Present value of minimum lease payments	3,99,54,974	4,53,63,646
Not later than one year		
Minimum lease payment	1,85,65,245	1,87,40,737
Present value as on 31.03.2010	1,43,13,776	1,38,75,429
Later than one year but not later than five years		
Minimum Lease Payment	2,89,05,334	3,76,35,028
Present value as on 31.03.2010	2,56,41,198	3,14,88,217

5 DEFERRED TAX ASSETS / LIABILITIES (NET)

The deferred tax assets / liabilities as at 31st March, 2010 comprise the following :

Particulars	Deferred Tax Assets/(Liabilities) As at 01.04.2009	Previous year adjustment	(Charge)/ Credit during the year	Deferred Tax Assets/(Liabilities) As at 31.03.2010
Depreciation	(6,93,56,961)	-	(56,03,944)	(7,49,60,905)
Disallowable u/s 43B	(31,61,508)	72,55,505	17,32,878	58,26,875
Provision for doubtful debts/advances	-	14,97,239	16,91,856	31,89,095
Total	(7,25,18,469)	87,52,744	(21,79,210)	(6,59,44,935)

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

6 TURNOVER, PURCHASES, OPENING AND CLOSING STOCK OF GOODS AND CONSUMPTION ETC (as certified by the management)

	Year Ended March 31, 2010		Year Ended March 31, 2009	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
6.1 TURNOVER:				
a) Finished Goods:				
Auto Components & Parts	12,05,33,677 Nos 13,09,708 Sets	2,35,84,15,680	9,13,55,150 Nos 7,83,878 Sets	2,03,16,81,854
Hardware , Software & Leasing		3,15,91,183		3,23,87,976
b) Other Raw Material & Scrap/Waste		8,01,62,189		8,08,41,509
TOTAL		2,47,01,69,052		2,14,49,11,339
6.2 PURCHASES (Other Components):				
Auto Components & Parts	2,49,05,139 Nos 4,04,504 Sets	16,22,53,754	1,90,79,177 Nos Sets	11,45,53,248
		16,22,53,754		11,45,53,248
STOCK OF GOODS (FINISHED GOODS):				
6.3 a) Produced:				
Auto Components & Parts	76,03,947 Nos. 69,655 Sets	9,35,58,938	78,95,486 Nos. 50,543 Sets	8,82,50,941
b) Purchased:				
Other Components	28,97,047 Nos. 34,452 Sets	1,32,91,170	29,11,128 Nos. 38,166 Sets	91,65,068
TOTAL		10,68,50,108		9,74,16,009
6.4 CONSUMPTION OF RAW MATERIALS AND COMPONENTS:				
Copper	58,987.95 Kg.	2,02,94,892	45,987.32 Kg.	1,81,70,261
Tinplate/P.C.R.C.A/Steel	40,69,504.49 Kg. 83,023.00 Mtrs.	26,53,85,323	18,56,581.23 Kg. 21,776.50 Mtrs.	19,68,92,554
Cork/Cork composition	1,09,600.79 Sh. No.	2,52,52,811	77,699.39 Sh. 6,795.00 No.	1,43,37,220
Jointing Products	4,72,897.45 Sh. 10,35,257.34 Kg. 1,74,109.62 Mtrs.	26,92,98,592	89,723.47 Sh. 6,98,888.83 Kg. 1,43,140.79 Mtrs.	19,11,76,765
Raw Asbestos Fibre	2,12,535.00 Kgs.	52,48,762	1,93,721.00 Kgs.	60,25,154
Latex	68,311.00 Kgs.	55,00,657	53,471.00 Kgs.	50,54,823
Vegetable Fibre	4,15,751.21 Mtrs. 58,536.00 Kgs.	5,76,69,816	3,41,631.29 Mtrs. 44,027.00 Kgs.	4,71,65,500
Chemicals	2,54,196.29 Kgs. 70,431.00 Ltrs.	6,49,31,993	2,29,547.45 Kgs. 48,218.11 Ltrs.	5,97,62,574
Forging Steels	53,35,686.00 Kgs.	23,23,73,918	41,64,851.00 Kgs.	23,19,80,897
Iron CRC & HRC Sheet	19,40,963 Kgs.	7,45,78,539	15,25,785 Kgs.	6,80,68,197
Forgings	24,47,543.00 No.	3,80,27,181	17,55,346.00 No.	2,97,46,386
Components	46,51,527.00 No.	2,30,77,474	29,42,779.00 No.	2,22,22,197
Steels Tubes,Bright Bar etc.		41,37,896		54,01,518
Other Items		3,39,36,527		4,51,05,871
Duty Drawback / DEPB Entitlement		(1,59,68,872)		(2,09,56,105)
TOTAL		1,10,37,45,509		92,01,53,812

Talbros Automotive Components Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010 SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

6.5 COMPOSITION OF RAW MATERIALS AND COMPONENTS CONSUMED: - IMPORTED & INDIGENOUS

	Year Ended March 31, 2010		Year Ended March 31, 2009	
	%	Rs.	%	Rs.
Imported	30.01%	33,11,84,958	26.41%	24,30,36,522
Indigenous	69.99%	77,25,60,551	73.59%	67,71,17,290
TOTAL	100.00%	1,10,37,45,509	100.00%	92,01,53,812

6.6 COMPOSITION OF STORES AND SPARES CONSUMED: - IMPORTED & INDIGENOUS

	Year Ended March 31, 2010		Year Ended March 31, 2009	
	%	Rs.	%	Rs.
Imported	12.43%	1,59,29,084	3.52%	31,83,660
Indigenous	87.57%	11,22,26,798	96.48%	8,73,20,445
TOTAL	100.00%	12,81,55,882	100.00%	9,05,04,105

7 REMUNERATION TO AUDITORS:

This comprises the following:

Audit Fee (Includes Rs.1,25,000 for previous year)	5,35,000	2,25,000
Tax Audit Fee (Includes Rs.1,00,000 for previous year)	2,16,000	93,000
For Limited Review	2,07,500	1,70,000
For other certification	1,85,714	1,05,000
Service Tax	1,17,854	61,079
TOTAL	12,62,068	6,54,079

8 LICENSED/INSTALLED CAPACITY ETC:*

	Auto Components & Parts	IT Activities
8.1 Licensed Capacity	Not Applicable	Not Applicable
8.2 Installed Capacity (As certified by the Management and on which Auditors have placed reliance, this being a technical matter)	Not ascertainable due to the nature & varieties of the end product	Not ascertainable due to the nature & varieties of the end product
8.3 Actual Production (Completed)	11,39,49,280 (8,72,82,824)	- -

* (Note: Corresponding figures for the previous year, wherever applicable, appear in brackets)

9 FOREIGN CURRENCY TRANSACTIONS:

9.1 Value of Imports Calculated on C.I.F.basis:

a) Raw Materials, Stores & spares	33,01,18,955	28,20,56,560
b) Plant and Machinery	1,21,48,188	2,83,34,850
c) Tools & Dies	60,43,668	27,49,654

9.2 Expenditure etc:

a) Selling Agency Commission remitted	12,72,410	34,59,426
b) Foreign Travel (Foreign Exchange utilised)	83,92,647	92,01,592
c) Foreign Subscription, Newspaper & Periodicals	99,348	28,551
d) Royalty remitted (Net of Tax Rs.4,75,479 (Previous year Rs. 10,08,830)	40,73,641	66,91,173
e) Technical Support remitted (Net of Tax Rs.3,19,695 (Previous year Rs. 2,14,052)	26,83,804	17,47,451
f) Export Promotion Expenses	6,53,881	8,00,591
g) Exhibits & Shows	7,04,474	8,32,074
h) Interest on ECB Loans	62,72,565	67,97,259
i) ECB Loans Repayments	2,71,22,547	2,37,98,601

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

9.3 Remittance in Foreign Currency on account of Dividend

Year	Nos. of Shares held	Nos. of non-resident Shareholders	Year Ended March 31, 2010	Year Ended March 31, 2009
			Rs.	Rs
2009-10	3,66,752	26	1,83,381	5,50,133

9.4 Earnings in Foreign Exchange:

- Value of Exports on F.O.B. basis	24,70,90,993	33,41,67,417
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10 EXCISE DUTY:

The finished goods at Sohna plant (Material Division), Gurgaon is considered as raw material for the company because the same is used for manufacturing gaskets at Faridabad and other plants. Accordingly the excise duty liability on excisable goods manufactured at Sohna, but pending removal / clearance from the factory premises as at 31.03.2010, estimated at Rs.3,84,600 (Previous year Rs. 1,78,512) is not accounted for. If the said liability would have been accounted, it would have resulted in a higher charge of excise duty with corresponding adjustment of liability and a higher inventory by Rs.3,84,600 (Previous year Rs.1,78,512). However, this would have no effect on the net profit of the Company for the accounting year or on the net current assets as at 31.03.2010.

- 11** The Micro & Small Enterprises have been indentified by the Company from the available information. According to such identification, the disclosure in respect of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is as under:

	Particulars	Amount (Rs.)
a.	The principal amount remaining unpaid to such suppliers	2,72,13,503
b.	The interest due thereon remaining unpaid to such suppliers	Nil
c.	The amount of interest paid in terms of Section 16 of the MSMED Act along with the amount of the payment made to the suppliers beyond the appointed date	Nil
d.	The amount of interest due and payable for the period of delay in making payment	Nil
e.	The amount of interest due and payable and remaining unpaid	Nil
f.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	Nil

- 12** Small Industries Development Bank of India (SIDBI) has sanctioned a limit of Rs. 500 lacs for discounting hundies of SSI vendors .This facility is secured by way of second pari - passu charge in favour of SIDBI on all the current assets of the Company including stock, raw material, stock in process, finished & semifinished goods, consumable stores, etc. both present and future. The hundies accepted by the Company and outstanding balance as at 31st March, 2010 amounted to Rs.4,55,12,851 (Previous Year Rs.3,36,81,463)

- 13** Pursuant to the notification dated March 31, 2010 issued by the Ministry of Corporate affairs, the Company has exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS -11 " The Effect of Changes in Foreign Exchanges Rates" to add or deduct the foreign Exchange fluctuation to Capital cost of the Assets. As a result, the exchange gain of Rs.32.73 lacs during the year has been deducted from the cost of fixed assets.

14 SEGMENT REPORTING - AS-17 :

a) Primary Segment:

The Company's operations comprise of two segments viz , "Auto Components & Parts" and " IT Activities " . In terms of the disclosure requirements of Accounting Standard (AS - 17) "Segment Reporting " , IT Activities segment does not fall within the purview of Reportable Segments .

Talbro's Automotive Components Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010 SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

b) **Secondary Segment :**

The company caters to the needs of the Indian as well as foreign market. The risk and returns vary from country to country and export to none of the countries exceeds 10% of the sales turnover of the Company. Hence it is not reportable

15 RELATED PARTY DISCLOSURE

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

a) **Relationship**

i) **Joint Ventures**

Nippon Leakless Talbro's Pvt. Ltd.

ii) **Associates**

QH Talbro's Ltd.,
Talbro's International Ltd.

iii) **Key Management personnel (Whole time Directors)**

Mr. Umesh Talwar, Mr. Varun Talwar

iv) **Relatives of Key Management Personnel**

Mr. Anuj Talwar, Son of Mr. Umesh Talwar

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

Nature of Transactions	Joint Venture	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Sale of goods	676	40,42,15,757	-	-	40,42,16,433
Receivables/Debtors	-	13,48,53,240	-	-	13,48,53,240
Receivables/Others	-	71,06,993	-	-	71,06,993
Payables/Creditors	78,40,956	-	-	-	78,40,956
Rendering of services (Income)	1,61,03,487	-	-	-	1,61,03,487
Purchase of goods	3,76,06,807	73,48,559	-	-	4,49,55,366
Dividend	2,40,00,000	1,77,962	-	-	2,41,77,962
Remuneration	-	-	59,38,400	22,58,800	81,97,200

Note: Details of remuneration to whole time directors are given under Point No. 3 above.

16 Employee Benefits

16.1 Defined Contribution Plans:

	2009-10 (Rs.)	2008-09 (Rs.)
a) Employer's Contribution to Superannuation Fund	27,87,456	28,97,399
b) Employer's Contribution to Provident Fund	1,23,38,751	1,20,76,302

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

16.2 Defined Benefit Plans:

a) Gratuity Fund/Compensated Absences

i) Change in the Present Value of the Obligation:

	GRATUITY		COMPENSATED ABSENCES	
	2009-10	2008-09	2009-10	2008-09
- Obligation at the beginning of the year	4,34,00,538	3,76,06,394	61,27,649	48,54,178
- Current Service Cost	36,97,119	25,72,773	32,70,690	27,89,735
- Interest Cost	34,72,043	29,70,146	4,18,356	3,31,892
- Actuarial Gains/ Loss	23,62,854	55,21,650	(7,97,150)	(5,19,659)
- Benefits paid during the year	(32,80,882)	(52,70,425)	(24,11,625)	(13,28,497)
- Obligation at the end of the year	4,96,51,672	4,34,00,538	66,07,920	61,27,649
ii) Change in the Fair Value of the Plan Assets				
- Plan Assets at the beginning of the year	2,17,47,416	2,17,80,900	-	-
- Expected return on Plan Assets	21,38,691	18,81,960	-	-
- Contributions by employer	67,47,848	33,54,981	-	-
- Actuarial Gains/ Loss	-	-	-	-
- Benefits Paid during the year	(32,80,882)	(52,70,425)	(24,11,625)	(13,28,497)
- Plan Assets at the end of the year	2,73,53,073	2,17,47,416	(24,11,625)	(13,28,497)
iii) Amount of Obligations & Assets recognized in the Balance Sheet				
- Present Value of Obligations at the end of the year	4,96,51,672	4,34,00,538	66,07,920	61,27,649
- Fair Value of Assets at the end of the year	2,73,53,073	2,17,47,416	-	-
- Net Obligation recognized in the Balance Sheet	2,22,98,599	2,16,53,122	66,07,920	61,27,649
iv) Expenses Recognized in the Profit and Loss Account				
- Current Service Cost	(36,97,119)	(25,72,773)	(32,70,690)	(27,89,735)
- Interest Cost	(34,72,043)	(29,70,146)	(4,18,356)	(3,31,892)
- Expected return on Plan Assets	(1,82,126)	18,81,960	-	-
- Actuarial Gains/ Loss	(23,62,854)	(55,21,650)	7,97,150	5,19,659
- Excess provided earlier years	-	-	-	-
- Total	(97,14,142)	(91,82,609)	(28,91,896)	(26,01,968)

v) Actuarial Assumptions

	LIC(1994-96) ULTIMATE			
	1%To 3% depending on age			
- Mortality Rate				
- Withdrawal Rate				
- Discount Rate	8.00%	8.00%	8.50%	7.50%
- Salary Escalation	6.00%	6.00%	6%	5%
- Expected Rate of return on Plan Assets	9.25%	9.25%	-	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Talbro Automotive Components Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010 SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

- 17 Amounts written off (net) include advances of Rs. 37,67,182.00 that are not recoverable and have been written off and Rs. 35,86,802.00 being amounts due to different parties that are no more payable and have been written back.
- 18 Letters seeking confirmation of outstanding balances at year end have been sent to all the customers/ suppliers/ recoverables. Confirmations have been received in few cases. Adjustments, if any, will be made in the current year on receipt / reconciliation of remaining confirmations.

19 Interest in Joint Venture

The Company has a joint venture in M/s. Nippon Leakless Talbro Private Limited, a Company incorporated in India engaged in manufacturing Gaskets, wherein Company holds 40% ownership interest. The proportionate assets, liabilities, expenses and incomes have been disclosed in the Consolidated Financial Statements.

20 Earnings Per Share

	Basic Earnings	2009-10	2008-09
a)	Calculation of weighted average number of equity shares @ Rs. 10 each		
	Number of equity shares at the beginning of the year	1,23,45,630	1,19,35,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,21,42,315
b)	Net Profit after tax available for equity holders	6,06,42,643	(1,62,51,287)
c)	Basic earning per share of Rs.10 each based on weighted average number of equity shares	4.91	(1.34)
	Diluted Earnings		
a)	Calculation of weighted average number of equity shares @ Rs. 10 each		
	Number of equity shares at the beginning of the year	1,23,45,630	1,19,35,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,21,42,315
b)	Net Profit after tax available for equity holders	6,06,42,643	(1,62,51,287)
c)	Diluted earning per share of Rs.10 each based on weighted average number of equity shares	4.91	(1.34)

21 The Company has provided Minimum Alternate Tax (MAT) due to carrying forward of unabsorbed accumulated losses and unabsorbed depreciation, and further, the Company is entitled to MAT Credit amounting to Rs.3,07,65,000 (Previous Year Rs.2,42,65,000) as per provisions of Income Tax Act, 1961.

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

Schedules 1 to 14 are annexed to and form an integral part of the Balance Sheet as at March 31,2010 and the Profit & Loss Account for the year ended on that date.

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

**PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	<u>2009-10</u>		<u>2008-09</u>	
	Rs.	Rs.	Rs.	Rs.
A. Cash flows from Operating Activities				
a. Net Profit before tax		5,41,85,685		1,08,86,598
Adjustments for:				
Depreciation / Amortisation	9,18,18,803		8,81,79,014	
Misc. Expenses Written off	3,37,508		2,99,669	
Interest Expense	14,55,44,317		11,16,88,834	
Foreign Exchange Fluctuation	(7,24,938)		(25,08,967)	
Interest Income	(83,91,364)		(98,95,973)	
Dividend Income	(2,42,19,629)		(1,00,91,140)	
Profit on Sale of Assets	(3,03,819)		2,64,458	
Profit on sale of Investments	(23,800)		-	
Provision for doubtful debts	50,94,417		22,57,978	
	<u>20,91,31,495</u>		<u>22,57,978</u>	<u>18,01,93,873</u>
b. Operating profit before Working Capital changes		26,33,17,180		19,10,80,471
Adjustments for:				
Current Assets, Loans and advances	(5,72,77,741)		(32,36,247)	
Inventories	(12,05,41,857)		(3,04,44,101)	
Current Liabilities	4,38,94,145	(13,39,25,453)	(7,51,33,959)	(10,88,14,307)
		<u>12,93,91,727</u>	<u>95,87,630</u>	<u>8,22,66,164</u>
c. Cash generated from Operations		12,93,91,727		8,22,66,164
Direct Taxes paid	(12,15,383)	(12,15,383)	95,87,630	95,87,630
Net Cash from Operating Activities		12,81,76,344		9,18,53,794
B. Cash flows from Investing Activities				
Proceeds from sale of Fixed Assets	69,83,802		50,14,559	
Movement in Inter-Corporate Deposits	(52,00,000)		1,09,00,000	
Interest Received	75,63,882		98,95,973	
Dividends Received	1,22,19,629		1,00,91,140	
Purchase of Fixed Assets	(14,99,85,332)		(16,59,66,785)	
Proceeds from sale of Investments	23,900		4,06,000	
Net Cash flow from investing activities		(12,83,94,119)		(12,96,59,113)
C. Cash flows from Financing Activities				
Interest Paid	(14,14,86,547)		(11,46,30,158)	
Margin Money - Release (Increase)	(43,24,188)		42,25,256	
Payments against Share Warrants	-		2,24,64,000	
Merger/Demerger expenses	-		(1,00,000)	
Proceeds from Borrowings	23,01,80,418		39,09,88,443	
Repayment of Borrowings	(7,97,52,463)		(26,44,17,260)	
Forfeiture of application money	-		15,21,000	
Dividends Paid	(63,87,537)		(1,74,28,762)	
Dividend Tax Paid	(10,49,070)		(30,42,691)	
Net Cash flow from Financing Activities		(28,19,387)		1,95,79,828
D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)		(30,37,162)		(1,82,25,491)
Cash and Cash Equivalents as at:				
-the beginning of the year		2,20,54,059		4,02,79,550
-the end of the year		1,90,16,897		2,20,54,059

Note:

1. Margin money pledged with banks has not been included in cash & cash equivalents.
2. Cash & cash equivalents include cash in hand, demand deposits with Banks and short term highly liquid investments.
3. Previous year figures have been regrouped wherever necessary.

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

Talbro Automotive Components Ltd.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED MARCH 31, 2010.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details	<table border="1"><tr><td>0</td><td>3</td><td>3</td><td>1</td><td>0</td><td>7</td></tr></table>	0	3	3	1	0	7	State Code	<table border="1"><tr><td>0</td><td>5</td></tr></table>	0	5												
0	3	3	1	0	7																		
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Registration No.																							
Balance Sheet	<table border="1"><tr><td>3</td><td>1</td></tr></table>	3	1	<table border="1"><tr><td>0</td><td>3</td></tr></table>	0	3	<table border="1"><tr><td>2</td><td>0</td><td>1</td><td>0</td></tr></table>	2	0	1	0												
3	1																						
0	3																						
2	0	1	0																				
	Date	Month	Year																				
II. Capital Raised during the year (Amount in Rs. Thousands)																							
Public Issue	<table border="1"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-	Right Issue	<table border="1"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-		
-	-	-	N	I	L	-	-	-															
-	-	-	N	I	L	-	-	-															
Bonus Issue	<table border="1"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-	Private Placement	<table border="1"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	N	I	L	-	-	-		
-	-	-	N	I	L	-	-	-															
-	-	-	N	I	L	-	-	-															
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)																							
Total Liabilities	<table border="1"><tr><td></td><td></td><td>1</td><td>9</td><td>2</td><td>4</td><td>8</td><td>7</td><td>5</td></tr></table>			1	9	2	4	8	7	5	Total Assets	<table border="1"><tr><td></td><td></td><td>1</td><td>9</td><td>2</td><td>4</td><td>8</td><td>7</td><td>5</td></tr></table>			1	9	2	4	8	7	5		
		1	9	2	4	8	7	5															
		1	9	2	4	8	7	5															
Source of Funds																							
Paid up Capital	<table border="1"><tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>			1	2	3	4	5	6	Reserves & Surplus	<table border="1"><tr><td></td><td></td><td>6</td><td>2</td><td>2</td><td>8</td><td>1</td><td>7</td></tr></table>			6	2	2	8	1	7				
		1	2	3	4	5	6																
		6	2	2	8	1	7																
Secured Loans	<table border="1"><tr><td></td><td></td><td>8</td><td>9</td><td>3</td><td>3</td><td>2</td><td>2</td></tr></table>			8	9	3	3	2	2	Unsecured Loans	<table border="1"><tr><td></td><td></td><td>2</td><td>1</td><td>9</td><td>3</td><td>3</td><td>5</td></tr></table>			2	1	9	3	3	5				
		8	9	3	3	2	2																
		2	1	9	3	3	5																
Deferred Tax Liabilities (Net)	<table border="1"><tr><td></td><td></td><td>6</td><td>5</td><td>9</td><td>4</td><td>5</td></tr></table>			6	5	9	4	5															
		6	5	9	4	5																	
Application of Funds																							
Net Fixed Assets	<table border="1"><tr><td></td><td></td><td>1</td><td>0</td><td>4</td><td>2</td><td>4</td><td>5</td><td>6</td></tr></table>			1	0	4	2	4	5	6	Investments	<table border="1"><tr><td></td><td></td><td></td><td></td><td>5</td><td>3</td><td>6</td><td>2</td><td>1</td></tr></table>					5	3	6	2	1		
		1	0	4	2	4	5	6															
				5	3	6	2	1															
Net Current Assets	<table border="1"><tr><td></td><td></td><td>8</td><td>2</td><td>8</td><td>7</td><td>9</td><td>8</td></tr></table>			8	2	8	7	9	8	Misc. Expenditure	<table border="1"><tr><td>-</td><td>-</td><td>-</td><td>N</td><td>i</td><td>i</td><td></td><td></td><td></td></tr></table>	-	-	-	N	i	i						
		8	2	8	7	9	8																
-	-	-	N	i	i																		
Accumulated Losses	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td></tr></table>			N	I	L																	
		N	I	L																			
IV. Performance of Company (Amount in Rs. thousands)																							
Turnover (Gross)	<table border="1"><tr><td></td><td></td><td>2</td><td>5</td><td>1</td><td>1</td><td>8</td><td>8</td><td>6</td></tr></table>			2	5	1	1	8	8	6	Total Expenditure	<table border="1"><tr><td></td><td></td><td>2</td><td>4</td><td>5</td><td>7</td><td>7</td><td>0</td><td>0</td></tr></table>			2	4	5	7	7	0	0		
		2	5	1	1	8	8	6															
		2	4	5	7	7	0	0															
Profit Before Tax	<table border="1"><tr><td></td><td></td><td></td><td></td><td>5</td><td>4</td><td>1</td><td>8</td><td>6</td></tr></table>					5	4	1	8	6	Profit After Tax	<table border="1"><tr><td></td><td></td><td></td><td></td><td>6</td><td>0</td><td>6</td><td>4</td><td>3</td></tr></table>					6	0	6	4	3		
				5	4	1	8	6															
				6	0	6	4	3															
Earning Per Share in Rs.	<table border="1"><tr><td></td><td></td><td></td><td></td><td>4</td><td>.</td><td>9</td><td>1</td></tr></table>					4	.	9	1	Dividend Rate %	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>1</td><td>0</td></tr></table>								1	0			
				4	.	9	1																
							1	0															
V. Generic Name of Principal Products of the Company (as per monetary terms)																							
Item Code No.	<table border="1"><tr><td></td><td></td><td></td><td>8</td><td>4</td><td>8</td><td>4</td><td>1</td><td>0</td></tr></table>				8	4	8	4	1	0													
			8	4	8	4	1	0															
Product Description	<table border="1"><tr><td>A</td><td>U</td><td>T</td><td>O</td><td></td><td>C</td><td>O</td><td>M</td><td>P</td><td>O</td><td>N</td><td>E</td><td>N</td><td>T</td><td>S</td></tr></table>								A	U	T	O		C	O	M	P	O	N	E	N	T	S
A	U	T	O		C	O	M	P	O	N	E	N	T	S									

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(JUMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

Place : New Delhi
Dated : 31.05.2010

**CONSOLIDATED
BALANCE SHEET
AND
PROFIT & LOSS ACCOUNT**

Talbro Automotive Components Ltd. _____

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED

To
The Board of Directors
TALBROS AUTOMOTIVE COMPONENTS LIMITED

"Consolidated Financial Statements" and AS-27
"Financial Reporting of Interest in Joint Ventures" issued
by the Institute of Chartered Accountants of India.

1. We have audited the attached Consolidated Balance Sheet of **Talbro Automotive Components Limited** as at March 31, 2010, the Consolidated Profit and Loss Account and also the Consolidated 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.

In our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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.

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- (b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

3. We report that Consolidated Financial Statements have been prepared by the management of Talbro Automotive Components Limited in accordance with the requirements of Accounting Standard AS-21

For S.N. DHAWAN & CO.
Chartered Accountants

(Vijay Dhawan)
Partner

Place: New Delhi
Date: 31.05.2010

M. No.12565
Firm Reg. No. 000050N

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010		As at March 31, 2009	
		Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	1	12,34,56,300		12,34,56,300	
Reserves and Surplus	2	<u>66,86,50,375</u>	79,21,06,675	<u>62,35,43,328</u>	74,69,99,628
Loan Funds:					
Secured Loans	3	89,33,21,765		77,68,85,822	
Unsecured Loans	4	<u>21,93,34,399</u>	1,11,26,56,164	<u>18,15,23,452</u>	95,84,09,274
Deferred Tax Liabilities (Net) (Refer note 4 of Schedule 14B)					
			6,93,61,353		7,54,60,091
TOTAL			<u>1,97,41,24,192</u>		<u>1,78,08,68,993</u>
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block	5	1,78,79,33,812		1,63,00,35,989	
Less: Depreciation		<u>74,11,66,595</u>		<u>65,06,26,351</u>	
		1,04,67,67,217		97,94,09,638	
Capital Work in Progress		<u>5,72,91,645</u>	1,10,40,58,862	<u>6,14,21,526</u>	1,04,08,31,164
Investments:					
Proportionate consolidation eliminations	6	6,20,25,442		6,57,62,366	
Investments		<u>(4,80,00,000)</u>	1,40,25,442	<u>(4,80,00,000)</u>	1,77,62,366
Current Assets, Loans and Advances:					
Interest accrued on Investments and Deposits	7	1,66,25,527		1,58,66,911	
Inventories		63,60,81,456		49,88,03,988	
Sundry Debtors		52,99,81,107		43,71,85,179	
Cash and Bank Balances		5,37,24,443		5,24,18,574	
Loans and Advances		<u>31,30,97,823</u>		<u>31,97,36,964</u>	
		1,54,95,10,356		1,32,40,11,616	
Less: Current Liabilities & Provisions:					
Current Liabilities	8	63,27,67,041		55,45,96,321	
Provisions		<u>6,07,03,427</u>		<u>4,74,77,340</u>	
		69,34,70,468		60,20,73,661	
Net Current Assets			85,60,39,888		72,19,37,955
Miscellaneous Expenditure: (To the extent not written off or adjusted)					
	9		-		3,37,508
TOTAL			<u>1,97,41,24,192</u>		<u>1,78,08,68,993</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
	14				

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

Talbro's Automotive Components Ltd.

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year Ended March 31, 2010		Year Ended March 31, 2009	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Turnover (Gross)		2,69,04,14,355		2,31,36,14,608	
Less: Excise Duty		19,65,44,365		24,57,63,910	
Turnover (Net)			2,49,38,69,990		2,06,78,50,698
Proportionate consolidation eliminations			(2,86,73,545)		(2,47,55,521)
			2,46,51,96,445		2,04,30,95,177
Other Income	10	4,38,76,602		2,30,80,782	
Increase /(decrease) in Stock of Finished Goods and Work-in-Progress	11	5,77,51,034	10,16,27,636	3,18,72,080	5,49,52,862
			2,56,68,24,081		2,09,80,48,039
EXPENDITURE:					
Raw Materials Consumed		1,22,13,86,867		99,52,01,344	
Purchases-Other Components		16,69,89,176		11,46,64,612	
Manufacturing, Selling, Administrative and other Expenses.	12	86,95,27,600		76,42,52,868	
Interest & Finance Charges	13	14,60,68,763	2,40,39,72,406	11,17,62,338	1,98,58,81,162
Proportionate consolidation eliminations			(2,86,73,545)		(2,47,55,521)
			2,37,52,98,861		1,96,11,25,641
			19,15,25,220		13,69,22,398
Profit before Depreciation/Amortisation					
Depreciation/Amortisation		9,55,11,798		9,17,97,120	
Less Transfer of depreciation from Revaluation Reserve		1,06,067	9,54,05,731	1,17,852	9,16,79,268
Profit for the year before Tax			9,61,19,489		4,52,43,130
Less: Provision for Taxation :					
Current Tax / MAT		2,09,60,000		1,12,89,960	
Fringe Benefit Tax		-		59,17,664	
Deferred Tax(Refer note 4 of Schedule 14B)		26,54,006		2,01,03,066	
MAT Credit Entitlement (Refer note 12 of Schedule 14B)		(65,00,000)		(2,15,000)	
Excess / (Short) provision for Tax for earlier years written back/provided		(86,36,168)	84,77,838	17,10,138	3,88,05,828
Net Profit for the year after Tax			8,76,41,651		64,37,302
Add:					
Balance Brought forward from last Year			13,15,97,245	14,58,82,206	14,58,82,206
Balance Available for Appropriation			21,92,38,896		15,23,19,508
APPROPRIATIONS:					
Interim Dividend Paid		1,20,00,000		-	
Corporate Dividend Tax Paid on Interim Dividend		20,39,400		-	
Proposed Dividend		2,43,45,630		1,57,72,815	
Corporate Dividend Tax		40,43,506	4,24,28,536	26,80,590	1,84,53,405
Transfer to General Reserve			76,99,900		22,68,858
Surplus carried to Balance Sheet			16,91,10,459		13,15,97,245
Total			21,92,38,896		15,23,19,508
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
	14				
EARNINGS PER SHARE(Face Value Rs.10)					
Basic Earnings per Share (Rs.)			7.10		0.53
Diluted Earnings per Share (Rs.)			7.10		0.53

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SCHEDULE 1-SHARE CAPITAL:		
Authorised Capital:		
2,00,00,000 Equity Shares of Rs.10 each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed and Paid-up Capital:		
1,23,45,630 Equity Shares of Rs.10 each . (1,23,45,630) Equity Shares of Rs.10 each .	17,14,56,300	17,14,56,300
Proportionate consolidation elimination	(4,80,00,000)	(4,80,00,000)
	<u>12,34,56,300</u>	<u>12,34,56,300</u>

SCHEDULE 2 - RESERVES AND SURPLUS :

a) Securities Premium Account:				
As per last Balance Sheet	46,78,30,274		44,52,80,274	
Add:Received during the year	<u>-</u>	46,78,30,274	<u>2,25,50,000</u>	46,78,30,274
b) Revaluation Reserve:				
As per last Balance Sheet	55,03,235		56,21,087	
Less: Transferred to Profit & Loss Account	<u>1,06,067</u>	53,97,168	<u>1,17,852</u>	55,03,235
c) General Reserve:				
As per last Balance Sheet	1,70,91,574		2,57,53,122	
Add:Transferred from Profit & Loss Account	76,99,900		22,68,859	
Less:Merger /Demerger related costs	-		(1,00,000)	
Less:Exchange Gain on ECB Loan for earlier years (Refer note 6 of Schedule 14B)	<u>-</u>	2,47,91,474	<u>(1,08,30,407)</u>	1,70,91,574
d) Capital Reserve				
Forfeiture of application money on 2,34,000 share-Warrants @ Rs.6.50 not opted for conversion to equity shares		15,21,000		15,21,000
e) Profit & Loss Account				
Surplus, being balance as per Profit & Loss Account		16,91,10,459		13,15,97,245
TOTAL		<u>66,86,50,375</u>		<u>62,35,43,328</u>

Talbros Automotive Components Ltd.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 3 - SECURED LOANS:				
From Banks				
a) Working Capital Loans*:				
i) State Bank of India	23,09,69,699		21,87,65,776	
ii) ICICI Bank	1,36,84,954		2,30,94,390	
iii) Standard Chartered Bank	6,99,48,109		6,96,70,824	
iv) State Bank of Patiala	10,08,20,115		9,95,91,273	
v) Barclays Bank Plc	5,00,00,000		-	
vi) Interest accrued & due on above	4,45,890		5,08,562	
		46,58,68,767		41,16,30,825
b) Term Loans*:				
i) State Bank of India	31,71,07,000		20,42,55,828	
ii) ICICI Bank - ECB Loan	5,25,09,572		8,36,74,605	
iii) IDBI	1,45,46,800		2,90,92,600	
iv) Interest accrued & due on above	31,97,679		21,54,844	
v) Against security of movable fixed assets on Hire Purchase basis	1,50,58,927	40,24,19,978	1,41,29,373	33,33,07,250
From Others				
i) HSIIDC	-		4,34,726	
ii) Against security of movable fixed assets on Hire Purchase basis	2,50,33,020	2,50,33,020	3,15,13,021	3,19,47,747
TOTAL		89,33,21,765		77,68,85,822

NOTES:

* Loans under different categories are secured against certain assets, properties, equipments and other immovable properties, inventories and receivables.

SCHEDULE 4 - UNSECURED LOANS:

Fixed Deposits

i) From Directors	5,50,000		5,50,000	
ii) From Others	12,86,87,220	12,92,37,220	4,69,77,220	4,75,27,220
Inter Corporate Deposit		4,30,00,000		2,80,00,000
Others:				
i) From Barclays Bank Plc	-		5,32,14,131	
ii) From DBS Bank Ltd.	4,68,88,960		5,26,81,279	
iii) Interest accrued & due on above	2,08,219	4,70,97,179	1,00,822	10,59,96,232
TOTAL		21,93,34,399		18,15,23,452

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
SCHEDULE 5 - FIXED ASSETS: TALBROS AUTOMOTIVE COMPONENTS LIMITED

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01.04.09	Additions during the year	Deductions during the year	Cost as at 31.03.10	As at 01.04.09	For the year	Deductions during the year	Upto 31.03.10	As at 31.03.10	As at 31.03.09
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Tangible Assets										
Land										
-Freehold	3,45,80,866	-	4,531	3,45,76,335	-	-	-	-	3,45,76,335	3,45,80,866
-Leasehold	4,06,27,288	7,71,690	-	4,13,98,978	2,96,067	4,59,800	-	7,55,867	4,06,43,111	4,03,31,221
Buildings	24,56,84,454	5,86,90,127	14,20,458	30,29,54,123	5,98,45,330	85,50,238	11,578	6,83,83,990	23,45,70,133	18,58,39,124
Plant, Machinery & Equipments	1,04,73,98,409	7,02,23,642	51,58,491	1,11,24,63,560	49,37,17,581	6,37,11,855	12,30,638	55,61,98,798	55,62,64,762	55,36,80,828
Motor Vehicles	5,99,71,971	1,28,12,961	43,29,660	6,84,55,272	2,97,04,370	87,06,340	30,00,222	3,54,10,488	3,30,44,784	3,02,67,601
Furniture, Fixtures & Office Equipments	4,50,39,564	22,11,783	75,184	4,71,76,163	2,58,22,246	27,21,653	65,903	2,84,77,996	1,86,98,167	1,92,17,318
Elect.Installations	5,25,52,365	48,85,612	-	5,74,37,977	1,12,41,961	16,29,949	-	1,28,71,910	4,45,66,067	4,13,10,404
Air-Conditioning Plant	67,10,214	-	-	67,10,214	16,57,864	(33,110)	-	16,24,754	50,85,460	50,52,350
Tube-Well	10,51,423	-	-	10,51,423	3,35,430	31,528	-	3,66,958	6,84,465	7,15,993
Intangible Assets										
Technical Know-How	2,54,97,346	55,52,580	-	3,10,49,926	1,40,01,195	34,80,000	-	1,74,81,195	1,35,68,731	1,14,96,151
Software	99,08,211	24,71,310	-	1,23,79,521	60,19,604	26,66,617	-	86,86,221	36,93,300	38,88,607
Capital Work in Progress									98,53,95,315	92,63,80,463
									5,70,60,650	6,14,21,526
TOTAL	1,56,90,22,111	15,76,19,705	1,09,88,324	1,71,56,53,492	64,26,41,648	9,19,24,870	43,08,341	73,02,58,177	1,04,24,55,965	98,78,01,989
Previous Year	1,33,13,96,179	25,29,32,440	1,53,06,508	1,56,90,22,111	56,43,72,273	8,82,96,866	1,00,27,491	64,26,41,648	98,78,01,989	

SCHEDULE 5 - FIXED ASSETS: JOINT VENTURE

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01-04-09	Additions during the year	Deductions during the year	Cost as at 31.03.10	As at 01-04-09	For the year	Deductions during the year	Upto 31-03-10	As at 31-03-10	As at 31-03-09
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Tangible Assets										
Land										
-Freehold	1,09,66,304	5,87,746	-	1,15,54,050	-	-	-	-	1,15,54,050	1,09,66,304
-Leasehold	-	-	-	-	-	-	-	-	-	-
Buildings	1,65,55,025	76,99,957	-	2,42,54,982	23,89,867	16,09,015	-	39,98,882	2,02,56,100	1,41,65,158
Plant, Machinery & Equipments	2,95,31,534	50,69,368	26,36,708	3,19,64,194	36,73,651	14,21,602	4,63,634	46,31,619	2,73,32,575	2,58,57,883
Motor Vehicles	12,11,389	3,38,700	2,83,212	12,66,877	6,14,080	2,16,308	1,99,579	6,30,809	6,36,068	5,97,309
Furniture, Fixtures & Office Equipments	24,09,739	4,39,728	-	28,49,467	9,70,295	3,19,972	-	12,90,267	15,59,200	14,39,444
Elect.Installations	-	-	-	-	-	-	-	-	-	-
Air-Conditioning Plant	-	-	-	-	-	-	-	-	-	-
Tube-Well	-	-	-	-	-	-	-	-	-	-
Intangible Assets										
Technical Know-How	-	-	-	-	-	-	-	-	-	-
Software	3,39,887	50,864	-	3,90,751	3,36,810	20,032	-	3,56,842	33,909	3,077
Capital Work in Progress									2,30,995	-
TOTAL	6,10,13,878	1,41,86,362	29,19,920	7,22,80,320	79,84,703	35,86,928	6,63,213	1,09,08,418	6,16,02,898	5,30,29,175
Previous Year	5,22,04,423	88,09,455	-	6,10,13,878	44,84,449	35,00,254	-	79,84,703	5,30,29,175	

SCHEDULE 5 - FIXED ASSETS: CONSOLIDATED

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as at 01-04-09	Additions during the year	Deductions during the year	Cost as at 31.03.10	As at 01-04-09	For the year	Deductions during the year	Upto 31-03-10	As at 31-03-10	As at 31-03-09
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Tangible Assets										
Land										
-Freehold	4,55,47,170	5,87,746	4,531	4,61,30,385	-	-	-	-	4,61,30,385	4,55,47,170
-Leasehold	4,06,27,288	7,71,690	-	4,13,98,978	2,96,067	4,59,800	-	7,55,867	4,06,43,111	4,03,31,221
Buildings	26,22,39,479	6,63,90,084	14,20,458	32,72,09,105	6,22,35,197	1,01,59,253	11,578	7,23,82,872	25,48,26,233	20,00,04,282
Plant, Machinery & Equipments	1,07,69,29,943	7,52,93,010	77,95,199	1,14,44,27,754	49,73,91,232	6,51,33,457	16,94,272	56,08,30,417	58,35,97,337	57,95,38,711
Motor Vehicles	6,11,83,360	1,31,51,661	46,12,872	6,97,22,149	3,03,18,450	89,22,648	31,99,801	3,60,41,297	3,36,80,852	3,08,64,910
Furniture, Fixtures & Office Equipments	4,74,49,303	26,51,511	75,184	5,00,25,630	2,67,92,541	30,41,625	65,903	2,97,68,263	2,02,57,367	2,06,56,762
Elect.Installations	5,25,52,365	48,85,612	-	5,74,37,977	1,12,41,961	16,29,949	-	1,28,71,910	4,45,66,067	4,13,10,404
Air-Conditioning Plant	67,10,214	-	-	67,10,214	16,57,864	(33,110)	-	16,24,754	50,85,460	50,52,350
Tube-Well	10,51,423	-	-	10,51,423	3,35,430	31,528	-	3,66,958	6,84,465	7,15,993
Intangible Assets										
Technical Know-How	2,54,97,346	55,52,580	-	3,10,49,926	1,40,01,195	34,80,000	-	1,74,81,195	1,35,68,731	1,14,96,151
Software	1,02,48,098	25,22,174	-	1,27,70,272	63,56,414	26,86,649	-	90,43,063	37,27,209	38,91,684
Capital Work in Progress									1,04,67,67,217	97,94,09,638
									5,72,91,645	6,14,21,526
TOTAL	1,63,00,35,989	17,18,06,067	1,39,08,244	1,78,79,33,812	65,06,26,351	9,55,11,798	49,71,554	74,11,66,595	1,10,40,58,862	1,04,08,31,164
Previous Year	1,38,36,00,602	26,17,41,895	1,53,06,508	1,63,00,35,989	56,88,56,722	9,17,97,120	1,00,27,491	65,06,26,351	1,04,08,31,164	

Talbro Automotive Components Ltd.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 6 - INVESTMENTS:

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
LONG TERM (AT COST)				
A. QUOTED: INVESTMENTS				
Non-Trade Investments:				
1,00,000 Units of Rs.10/- of SBI Infrastructure Fund-I-Growth		10,00,000		10,00,000
B. UNQUOTED INVESTMENTS:				
Trade Investments:				
(Fully paid Equity Shares of Rs.10 each)				
Joint Ventures:				
i) 48,00,000 Equity Shares of Nippon Leakless Talbro Pvt.Ltd.	4,80,00,000		4,80,00,000	
Others :				
i) Nil (2,390) Equity Shares of Talbro International Ltd. (Includes 2,380 Bonus Shares)		-		100
ii) 1,77,962 Equity Shares of QH Talbro Ltd., a Company under the same management	32,45,680	5,12,45,680	32,45,680	5,12,45,780
Non-Trade Investments:				
83,333 Equity Shares of T & T Motors Ltd.		13,74,990		13,74,990
C. CURRENT INVESTMENTS:				
QUOTED :				
a) 10,16,607.8955 SBI-SHF-Ultra Short Fund-Institutional @ of Rs.10.005 each Unit	40,68,465		40,68,465	
Add:19,98,920.583 @ Rs.10.0054 each Unit	80,00,000		-	
Add:54,971.3143 @ Rs.10.005 each -Div. Recd. Reinvested	2,19,995		-	
	1,22,88,460		40,68,465	
Less : Sold during the year	1,22,88,460	-	-	40,68,465
b) 20,11,945.098 HDFC CMF-Treasuruy Advantage Plan	80,73,131		80,73,131	
Add:82,650.052 @ Rs.10.0315 each -Div. Recd. Reinvested	3,31,641	84,04,772	-	80,73,131
SUB-TOTAL		6,20,25,442		6,57,62,366
Proportionate consolidation eliminations		(4,80,00,000)		(4,80,00,000)
TOTAL		1,40,25,442		1,77,62,366
Notes: Aggregate market value of quoted investments		94,38,772		1,26,83,596

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at March 31, 2010</u>		<u>As at March 31, 2009</u>	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES:				
CURRENT ASSETS:				
Interest accrued on Investments and Deposits		1,66,25,527		1,58,66,911
Inventories: (Taken, valued and certified by the Management at lower of cost or net realisable value or as otherwise stated)				
Stores & Spare Parts (including loose tools)		15,57,35,404		13,93,69,751
Stock-in-Trade (including goods in transit)				
- Finished Goods	11,23,51,807		10,23,30,269	
- Work-in-Progress	17,95,47,138		13,18,17,643	
- Raw Materials	<u>18,84,47,107</u>	<u>48,03,46,052</u>	<u>12,52,86,325</u>	<u>35,94,34,237</u>
		<u>63,60,81,456</u>		<u>49,88,03,988</u>
Sundry Debtors :				
Unsecured:				
Debts outstanding for a period exceeding six months				
-Considered good	2,53,55,695		4,66,16,969	
-Considered doubtful	<u>57,49,356</u>	<u>3,11,05,051</u>	<u>44,04,939</u>	<u>5,10,21,908</u>
-Other Debts		<u>50,77,61,794</u>		<u>39,75,58,739</u>
		<u>53,88,66,845</u>		<u>44,85,80,647</u>
Less:Provision for doubtful debts		<u>57,49,356</u>		<u>44,04,939</u>
		<u>53,31,17,489</u>		<u>44,41,75,708</u>
Proportionate consolidation eliminations		<u>31,36,382</u>		<u>69,90,529</u>
		<u>52,99,81,107</u>		<u>43,71,85,179</u>
Cash and Bank Balances:				
Cash in hand (including imprest)		15,68,960		24,93,871
Cheques in hand		-		7,56,422
Balances with Scheduled Banks:				
-Current / Cash Credit Accounts	3,50,39,873		3,25,36,551	
-Margin Money (Pledged with Banks)	1,13,63,276		70,39,088	
-Deposit Accounts	<u>57,52,334</u>	<u>5,21,55,483</u>	<u>95,92,642</u>	<u>4,91,68,281</u>
		<u>5,37,24,443</u>		<u>5,24,18,574</u>
LOANS AND ADVANCES:				
Unsecured:Considered Good:				
Inter - Corporate Deposits		7,34,50,000		6,82,50,000
Advances recoverable in cash or in kind or for value to be received				
-Considered good	11,15,92,369		14,65,52,047	
-Considered doubtful	<u>37,50,000</u>		<u>-</u>	
	<u>11,53,42,369</u>		<u>14,65,52,047</u>	
Less:Provision for doubtful advances		<u>37,50,000</u>		<u>-</u>
	<u>11,30,68,560</u>	<u>11,30,68,560</u>	<u>14,65,52,047</u>	<u>14,65,52,047</u>
Advance Tax	5,72,70,338		5,10,59,421	
Less:Provision for Taxation	<u>(4,21,12,272)</u>	<u>1,51,58,066</u>	<u>(3,67,52,272)</u>	<u>1,43,07,149</u>
MAT Credit Entitlement(Refer note 12 of Schedule 14B)		3,07,65,000		2,42,65,000
Balance with Central Excise & Custom Authorities		7,15,25,206		5,73,66,348
Security Deposits		74,89,610		88,57,135
Claims Receivable		<u>16,41,381</u>		<u>1,39,285</u>
		<u>31,30,97,823</u>		<u>31,97,36,964</u>
TOTAL		<u>1,54,95,10,356</u>		<u>1,32,40,11,616</u>

Talbros Automotive Components Ltd.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31ST, 2010

	As at March 31, 2010		As at March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS:				
Current Liabilities:				
Acceptances		16,88,31,061		18,12,85,882
Sundry Creditors				
-Micro and small enterprises	2,73,63,468		1,40,88,747	
-Others	<u>40,65,96,399</u>	43,39,59,867	<u>33,38,16,405</u>	34,79,05,152
Proportionate consolidation eliminations		31,36,382		69,90,529
		<u>43,08,23,485</u>		<u>34,09,14,623</u>
Statutory Liabilities		2,49,21,874		2,70,68,080
Interest accrued but not due on Secured Loans		22,95,621		20,18,684
Interest accrued but not due on Unsecured Loans		38,34,486		10,33,816
Liability towards Investors Education And Protection Fund				
i) Unclaimed Dividend	15,65,179		17,40,928	
ii) Unclaimed Fixed Deposits	3,85,000		4,12,000	
iii) Unclaimed Fractional Shares	3,087		3,087	
iv) Interest Accrued on above	<u>1,07,248</u>	20,60,514	<u>1,19,221</u>	2,275,236
Total		<u>63,27,67,041</u>		<u>55,45,96,321</u>
Provisions For:				
Proposed Dividend		2,43,45,630		1,57,72,815
Corporate Dividend Tax		40,43,505		26,80,590
Leave Encashment		67,27,548		62,18,505
Gratuity		<u>2,55,86,744</u>		<u>2,28,05,430</u>
Total		<u>6,07,03,427</u>		<u>4,74,77,340</u>
Total		<u>69,34,70,468</u>		<u>60,20,73,661</u>

SCHEDULE -9 - MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

Voluntary Retirement Compensation		-		3,37,508
TOTAL		<u>-</u>		<u>3,37,508</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year Ended March 31, 2010		Year Ended March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 10 - OTHER INCOME:				
a) Interest (Gross)				
- Term Deposits with Banks	15,34,294		10,65,754	
- Others	76,11,967	91,46,261	89,33,561	99,99,315
(Tax deducted at source Rs.10,28,235; Previous Year Rs. 18,97,684)				
b) Dividend from :				
- Long Term (Trade Investments)		2,42,19,629		1,00,86,572
- Long Term (Non-Trade Investments)		-		4,568
- Current Investments		5,51,636		2,61,630
c) Profit on sale of fixed assets(net)		18,441		-
d) Profit on sale of Investment		23,800		-
e) Exchange Fluctuation (net)		84,01,426		-
f) Miscellaneous Income		15,15,409		27,28,697
TOTAL		4,38,76,602		2,30,80,782

**SCHEDULE 11 - INCREASE/(DECREASE)
IN STOCK OF FINISHED GOODS AND
WORK-IN-PROGRESS**

Closing Stock:				
- Finished Goods	11,23,51,807		10,23,30,269	
- Work-in-progress	17,95,47,139	29,18,98,946	13,18,17,643	23,41,47,912
Less: Opening Stock:				
- Finished Goods	10,23,30,269		10,58,35,175	
- Work-in-progress	13,18,17,643	23,41,47,912	9,64,40,657	20,22,75,832
TOTAL		5,77,51,034		3,18,72,080

Talbro's Automotive Components Ltd.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2010

	Year Ended March 31, 2010		Year Ended March 31, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12 - MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES:				
Stores & Spares Consumed		13,25,88,045		9,45,39,683
Fuel, Light and Power		10,79,91,563		9,08,55,772
Labour and Processing Charges		4,47,20,967		3,48,69,539
Royalty		74,99,892		79,39,436
Salaries, Wages and Other Benefits:				
- Salaries, Wages, Allowances and Bonus	24,70,13,913		22,21,89,583	
- Workmen and Staff Welfare Expenses	2,07,61,077		2,06,00,614	
- Contribution to:				
Provident Fund (including Family Pension Schemes)	1,27,18,618		1,23,46,500	
Employees State Insurance Fund	14,92,544		22,69,494	
Employees Group Gratuity-Cum-Life Assurance Fund	1,03,10,164		92,33,178	
Super Annuation Fund	27,87,456		28,97,399	
Leave Encashment	28,20,395	29,79,04,167	26,55,683	27,21,92,451
Repairs and Maintenance:				
- Buildings	43,81,360		31,92,311	
- Plant and Machinery	2,45,07,503		1,58,96,334	
- Other Assets	53,75,607	3,42,64,469	53,37,823	2,44,26,468
Rent		25,01,604		19,45,850
Rates and Taxes		25,40,699		22,21,628
Insurance		58,26,496		59,50,222
Commission (Foreign Agents)		27,59,030		30,14,540
Travelling, Tour and Conveyance		3,79,04,873		4,23,09,495
Brokerage and Discount on Sales		4,19,62,917		3,44,52,819
Sales Promotion Expenses		2,40,31,200		2,18,23,069
Packing, Freight and Forwarding		5,15,37,790		4,39,47,923
Printing, Stationery, Postage, Telegrams, Telephones and Telex		1,68,61,451		1,54,24,277
Advertisement and Publicity		1,77,137		2,80,600
Remuneration to Auditors		12,32,214		6,65,000
Directors' Fee		2,80,000		1,65,000
Donations		1,09,236		91,373
Increase / (decrease) in Excise Duty on the stock of Finished Goods		20,05,901		(48,40,085)
Provision for doubtful debts / advances		50,94,417		22,57,978
Amounts Written off (net) (Refer note 9 of Schedule 14B)		1,80,380		-
Loss on sale of fixed assets (net)		-		2,64,458
Exchange Fluctuation (net)		-		2,05,76,068
Management consultancy fees		1,79,71,630		1,47,15,120
Miscellaneous Expenditure Written off		3,37,508		2,99,669
Other Miscellaneous Expenses		3,12,44,013		3,38,64,515
TOTAL		86,95,27,600		76,42,52,868

SCHEDULE 13 - INTEREST AND FINANCE CHARGES:

A. Interest				
a) On Fixed Deposits:				
i) Directors	55,001		55,001	
ii) Others	77,45,485	78,00,486	34,99,945	35,54,946
b) On Inter Corporate Deposit		43,89,041		12,26,300
c) On Term loans		3,73,90,473		1,67,15,646
d) Others		7,55,62,802		7,91,05,611
B Finance Charges				
Bank and Finance Charges		2,09,25,961		1,11,59,835
TOTAL		14,60,68,763		11,17,62,338

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Accounting Conventions:**

The financial statements are prepared on accrual basis, under the historical cost convention in accordance with applicable Accounting principles in India, applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956, which have been notified by the Companies (Accounting Standards) Rules, 2006 and the provisions of Companies Act, 1956.

2. Investments:

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

3. Inventory Valuation:

Raw Materials and Stores & spare parts are valued at lower of cost or net realizable value. Cost represents landed cost and is determined on First In First Out (FIFO) basis. Tools are amortised over their expected useful life.

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

4. Fixed Assets**Tangible**

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

Intangible

4.2 Technical know-how fee is recognized as an Intangible Asset in accordance with Accounting Standard 26 "Intangible Assets". Amortization of the asset is being done over the period of the Agreement.

4.3 Expenditure on Major Software Products is written off over a period of three years excepting Forging Division where the Software products are written off over a period of five years.

5. Depreciation / Amortisation

Depreciation in Gasket Division is charged on straight line method on assets comprising plant, machinery and equipments (except on items acquired prior to 1.9.1978 at the Chennai plant and prior to 31.12.1985 at Faridabad plant which are depreciated on written down value method) and on written value method on all other depreciable assets, as per the rates prescribed in schedule XIV to the Companies Act 1956.

In IT Division, plant, machinery and equipments are depreciated at a rate arrived at on the basis of their useful life and on all other assets depreciation is charged on written value method as per the rates prescribed in schedule XIV to the Companies Act 1956.

Depreciation in Forging and Stamping Division is charged on straight line method on all fixed assets other than vehicles as per the rates prescribed in schedule XIV to the Companies Act 1956. Depreciation on vehicles is provided on written down value method.

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

Leasehold Land is amortised over the period of the lease.

6. Revenue Recognition:

6.1 Revenue from Operations includes excise duty and is net of returns and trade discounts. Excise duty relating to sales is adjusted against Revenue from Operation. Excise duty on the increase/decrease in the stock of finished goods is recognized as part of the manufacturing expenses.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

6.2 Dividend is accounted for on accrual basis when the right to receive the dividend is established.

6.3 Export incentives are accounted on accrual basis.

7. Foreign Currency Transactions:

Transactions in foreign currency are accounted at the exchange rates prevailing at the dates of the transactions. Gains/losses arising out of fluctuation in exchange rates on settlement are recognized in the Profit and Loss Account except in the case of long term monetary items relating to acquisition of fixed assets where such gains/losses are adjusted to the cost of fixed assets.

Foreign currency monetary items are converted at the exchange rate prevailing as at the year end and resultant gain/loss is charged to Profit and Loss Account, except in case of long term monetary items representing liabilities relating to acquisition of fixed assets which are adjusted to the cost of the respective assets. In respect of transactions covered by foreign exchange forward contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

8. Employee Benefits:

- i) Provident Fund is a defined contribution scheme (Government scheme) and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- ii) Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the fund are due.
- iii) Gratuity liability is a defined benefit obligations and is provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- iv) Long Term compensated absences are provided for based on actuarial valuation made at the end of each financial year based on the projected unit cost method.
- v) Actuarial gains/losses are immediately taken to the Profit & Loss Account and are not deferred.
- vi) Payments made under the Voluntary Retirement Scheme are charged to the Profit & Loss Account over a five years period.

9. Borrowing Costs:

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

10. Leases

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

11. Deferred Tax

Deferred tax is recognized, subject to the consideration of prudence on timing, differences, representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets viz, unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Impairment of Assets:

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Profit & Loss Account to the extent the carrying amount exceeds recoverable amount.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursements will be received.

Contingent Liability is disclosed in the case of :

- i) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii) A possible obligation, of which the probability of outflow of resources is remote.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date. Contingent Assets are neither recognized nor disclosed.

14. Financial Instruments

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

In respect of derivatives that qualify for hedge accounting and/or other financial assets and liabilities being derivative not qualifying for hedge accounting, the Company has pre-adopted the Accounting Standard (AS-30).

B. NOTES ON CONSOLIDATED FINANCIAL STATEMENTS:

1 Principles of Consolidation :

- a) The Consolidation of accounts is prepared in accordance with the requirement of Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Venture" issued by The Institute of Chartered Accountants of India.

The consolidated Financial Statements (CFS) comprise the financial statements of Talbros Automotive Components Ltd. and its interest in Joint Venture as on 31.03.2010 , using proportionate consolidation method as per AS-27

Joint Venture

Name of the Company	Nippon Leakless Talbros Pvt. Ltd.
Status	Audited
Country of Incorporation	India
Ownership Interest	40%
Financial Statements As on	31.03.2010

- b) The consolidated financial statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies.

2 Estimated Amount of Contracts:

Estimated amount of contracts remaining to be executed on capital account not provided for (Net of advances) - Rs. 2,57,97,970 (Previous Year Rs. 84,93,276).

3 Contingent Liabilities:

- 3.1 Bills discounted with Banks Rs. 2,08,31,448 (Previous year Rs. 32,58,277).

Talbro's Automotive Components Ltd.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.):

3.2 Demands disputed by the Company and not provided for - Rs.2,14,78,699 (Previous year Rs.1,63,20,545).

(Amount in Rs.)

NATURE OF DUES		As at March 31, 2010			As at March 31, 2009
		Talbro's Automotive Components Ltd.	Joint Venture	Total	
(a)	Central Excise Classification of paper gasket	14,17,866	NIL	14,17,866	14,17,866
(b)	Central Excise Cenvat credit disallowed	1,64,496	NIL	1,64,496	3,80,543
(c)	Service Tax Cenvat credit disallowed	39,51,811	NIL	39,51,811	23,96,100
(d)	Central Excise Interest on Cenvat credit	-	NIL	-	6,18,626
(e)	Central Excise Interest on Excise duty	-	NIL	-	4,02,001
(f)	Central Sales Tax Central Sales Tax	1,19,180	NIL	1,19,180	11,67,568
(g)	Central Excise Demand on Assessable value	38,39,495	NIL	38,39,495	-
(h)	E.S.I. ESI Demand (Includes Rs.4,34,130 paid under protest)	12,35,717	NIL	12,35,717	8,01,587
(i)	Income Tax Income Tax demand	4,47,739	NIL	4,47,739	4,47,739
(j)	Demand from HSIDC Demands for enhancement of land cost by HSIDC	86,88,515	NIL	86,88,515	86,88,515
(k)	High Court, Mumbai Fees for building work	2,05,000	NIL	2,05,000	-
(l)	Demand from building contractor Disputed amount for building work	14,08,880	NIL	14,08,880	-
Total		2,14,78,699	NIL	2,14,78,699	1,63,20,545

3.3 Guarantees executed in favour of Customs/ Excise / Sales Tax / Customers amounting to Rs. 23,75,445 (Previous Year Rs. 19,46,747)

3.4 Corporate Guarantee executed in favour of ICICI Bank Ltd. amounting to Rs. 8.73 Crore (USD 1.91 Millions) (Previous Year Rs. 9.65 Crore (USD 1.91 Millions) against term borrowing of QH Talbro's Ltd., an Associate Company.

Note: Figures in bracket are previous years figures.

4 DEFERRED TAX ASSETS / LIABILITIES (NET)

The deferred tax assets / liabilities as at 31st March 2010 comprise the following :

Particulars	Deferred Tax Assets/(Liabilities) As at 01.04.2009	Previous year adjustment	(Charge)/Credit during the year	Deferred Tax Assets/(Liabilities) As at 31.03.2010
Depreciation	(7,24,90,720)	-	(59,26,341)	(7,84,17,061)
Disallowable u/s 43B	(31,61,508)	72,55,505	17,72,616	58,66,613
Preliminary Expenses	1,92,137	-	(1,92,137)	-
Provision for doubtful debts / advances	-	14,97,239	16,91,856	31,89,095
Total	(7,54,60,091)	87,52,744	(26,54,006)	(6,93,61,353)

5 MANAGERIAL REMUNERATION :*

The total remuneration of the directors included in the Profit and Loss Account is as under:

	Year Ended March 31, 2010	Year Ended March 31, 2009
	Rs.	Rs.
a) Salaries	56,02,387	47,41,500
b) Contribution to Provident Fund & Super Annuation Fund	6,35,406	6,61,650
c) Remuneration related to earlier years (2006-07)	-	4,87,122
d) Other Perquisites	8,66,026	6,86,870
TOTAL	71,03,820	65,77,142

*The Managing Director of the Company was paid remuneration (without any commission) in accordance with the provisions of Schedule XIII to the Companies Act , 1956 . Therefore computation of net profit under section 198 of the Companies Act , 1956 is not applicable. Remuneration paid to Mr. Varun Talwar, Joint Managing Director during previous year was for the period from Sep-08 to Mar-09 only.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010
SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.):

6. Pursuant to the notification dated March 31, 2010 issued by the Ministry of Corporate affairs, the Company has exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS - 11 "The Effect of Changes in Foreign Exchange Rates" to add or deduct the foreign exchange fluctuation to Capital cost of the Assets. As a result, the exchange gain of Rs. 32.73 lacs during the year has been deducted from the cost of fixed assets
7. **SEGMENT REPORTING - AS-17 :**
- a) **Primary Segment :** The Company's operations comprise of two segments viz , "Auto Components & Parts" and " IT Activities ". In terms of the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", IT Activities segment does not fall within the purview of Reportable Segments.
- b) **Secondary Segment :** The company caters to the needs of the Indian as well as foreign market. The risk and returns vary from country to country and export to none of the countries exceeds 10% of the sales turnover of the Company. Hence it is not reportable

8 RELATED PARTY DISCLOSURE

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

a) Relationship

- i) Associates
 QH Talbros Ltd.,
 Talbros International Ltd.
- ii) Holding Company of Joint Venture
 Nippon Leakless Corporation , Japan
- iii) Key Management personnel (Whole time Directors)
- of Talbros Automotive Components Ltd.
 Mr. Umesh Talwar, Mr. Varun Talwar
- of Joint Venture Company
 Mr. Koji Homma
- iv) Relatives of Key Management Personnel
 Mr. Anuj Talwar, Son of Mr. Umesh Talwar

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

Amount In Rs.

Nature of Transactions	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
	Rs.	Rs.	Rs.	Rs.
Sale of goods	40,42,15,757	-	-	40,42,15,757
Receivables/Debtors	13,48,53,240	-	-	13,48,53,240
Receivables/Others	71,06,993	-	-	71,06,993
Payables/Creditors	-	-	-	-
Purchase of goods	73,48,559	-	-	73,48,559
Dividend	1,77,962	-	-	1,77,962
Remuneration	-	-	22,58,800	22,58,800

Remuneration to whole time directors is given under Note No. 5

Talbro Automotive Components Ltd.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009 SCHEDULE 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.):

- 9 Amounts written off (net) include advances of Rs. 37,67,182.00 that are not recoverable and have been written off and Rs. 35,86,802.00 being amounts due to different parties that are no more payable and have been written back.
- 10 Letters seeking confirmation of outstanding balances at year end have been sent to all the customers/suppliers/recoverables. Confirmations have been received in few cases. Adjustments, if any, will be made in the current year on receipt / reconciliation of remaining confirmations.

11 Earnings Per Share :

Basic Earnings		2009-10	2008-09
a)	Calculation of weighted average number of equity shares @ Rs. 10 each		
	Number of equity shares at the beginning of the year	1,23,45,630	1,19,35,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,21,42,315
b)	Net Consolidated Profit after tax available for equity holders	8,76,41,651	64,37,301
c)	Basic earning per share of Rs.10 each based on weighted average number of equity shares	7.10	0.53
Diluted Earnings			
a)	Calculation of weighted average number of equity shares @ Rs. 10 each		
	Number of equity shares at the beginning of the year	1,23,45,630	1,19,35,630
	Number of equity shares at the end of the year	1,23,45,630	1,23,45,630
	Weighted average number of equity shares outstanding during the year	1,23,45,630	1,21,42,315
b)	Net Consolidated Profit after tax available for equity holders	8,76,41,651	64,37,301
c)	Diluted earning per share of Rs.10 each based on weighted average number of equity shares	7.10	0.53

- 12 The Company has provided Minimum Alternate Tax (MAT) due to carrying forward of unabsorbed accumulated losses and unabsorbed depreciation, and further, the Company is entitled to MAT Credit amounting to Rs. 3,07,65,000 (Previous year Rs. 2,42,65,000) as per provisions of Income Tax Act, 1961.
- 13 Previous year figures have been regrouped / rearranged wherever necessary.

Schedules 1 to 14 are annexed to and form an integral part of the Balance Sheet as at March 31, 2010 and the Profit & Loss Account for the year ended on that date.

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

**PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
A. Cash flows from Operating Activities				
a. Net Profit before tax		9,61,19,489		4,52,43,130
Adjustments for:				
Depreciation/Amortisation	9,54,05,731		9,16,79,268	
Misc. Expenses Written off	3,37,508		2,99,669	
Interest Expense	14,60,68,763		11,17,62,338	
Foreign Exchange Fluctuation	(13,22,956)		(25,08,967)	
Interest Income	(91,46,261)		(99,99,315)	
Dividend Income	(2,47,71,266)		(1,03,52,770)	
Profit on Sale of Assets	(18,441)		2,64,458	
Profit on Sale of Long Term Investments	(23,800)		-	
Provision for doubtful debts	50,94,417	<u>21,16,23,696</u>	<u>22,57,978</u>	<u>18,34,02,659</u>
b. Operating profit before Working Capital changes		30,77,43,184		22,86,45,790
Adjustments for:				
Current Assets, Loans and advances	(6,42,03,736)		52,797	
Inventories	(13,72,77,468)		(2,91,26,669)	
Current Liabilities	7,09,93,463		(8,12,19,171)	
Misc. Expenditure	-	<u>(13,04,87,741)</u>	<u>(15,24,536)</u>	<u>(11,18,17,579)</u>
c. Cash generated from Operations		17,72,55,444		11,68,28,210
Direct Taxes paid	(1,54,27,493)	<u>(1,54,27,493)</u>	<u>(16,25,130)</u>	<u>(16,25,130)</u>
Net Cash from Operating Activities		16,18,27,950		11,52,03,080
B. Cash flows from Investing Activities				
Proceeds from sale of Fixed Assets	1,08,02,866		50,14,559	
Movement in Inter-Corporate Deposits	(52,00,000)		1,09,00,000	
Movement in Investments	42,88,460		(1,03,03,357)	
Interest Received	83,18,779		99,99,315	
Dividends Received	1,22,19,629		1,03,52,770	
Purchase of Fixed Assets	(16,62,50,424)		(17,32,51,704)	
Proceeds from sale of Investments	23,900		4,06,000	
Net Cash flow from investing activities		(13,57,96,790)		(14,68,82,417)
C. Cash flows from Financing Activities				
Interest Paid	(14,20,10,993)		(11,47,03,662)	
Margin Money - Release (Increase)	(43,24,188)		42,25,256	
Payments against Share Warrants	-		2,24,64,000	
Merger /Demerger Expenses	-		(100,000)	
Proceeds from Borrowings	23,01,80,418		390,988,443	
Repayment of Borrowings	(8,01,87,189)		(264,923,867)	
Forfeiture of application money	-		1,521,000	
Dividends Paid	(2,79,87,537)		(17,428,762)	
Dividend Tax Paid	(47,19,990)		(3,042,691)	
Net Cash flow from Financing Activities		(2,90,49,479)		1,89,99,717
D. Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)		(30,18,319)		(1,26,79,620)
Cash and Cash Equivalents as at:				
-the beginning of the year		4,53,79,486		5,80,59,106
-the end of the year		4,23,61,167		4,53,79,486

Note:

- Margin money pledged with banks has not been included in cash & cash equivalents.
- Cash & cash equivalents include cash in hand, demand deposits with Banks and short term highly liquid investments.
- Previous year figures have been regrouped wherever necessary.

(SEEMA NARANG)
Company Secretary

(R.P. GROVER)
Sr. V.P. (Finance)

(UMESH TALWAR)
Vice Chairman &
Managing Director

(NARESH TALWAR)
Chairman

AS PER OUR REPORT OF EVEN DATE
FOR S.N. DHAWAN & CO.
Chartered Accountants

Place : New Delhi
Dated : 31.05.2010

Vijay Dhawan
Partner
Membership No. F-12565

Talbro automotive components limited
Registered office:
 14/1, Delhi Mathura Road, Faridabad-121003

PROXY FORM

I/We.....being member(s) of TALBROS AUTOMOTIVE COMPONENTS LIMITED hereby appoint Mr/Miss/Mrs.....of.....or failing him/her Mr./Miss/Mrs..... as my/our Proxy to attend and vote for me/us and on my/our behalf, at the 53rd Annual General Meeting of the Company, to be held on Wednesday the 21st July 2010 and at any adjournment thereof.

Affix Re. 1/- Revenue Stamp

Signed..... of2010

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 Member of the Company.

FOR OFFICE USE ONLY

S. No..... Date of Receipt..... Time of Receipt.....

Talbro automotive components limited
Registered office:
 14/1, Delhi Mathura Road, Faridabad-121003

53RD ANNUAL GENERAL MEETING
ADMISSION SLIP

Folio No.
 No. of Shares.....

DPID No.
 Client No.

Name of the Member (in BLOCK LETTERS).....

I declare that I am Registered Shareholder/Proxy/Representative. I hereby record my presence at the 53rd Annual General Meeting of the company at Hotel ATRIUM, Shooting Range Road, Suraj Kund, Faridabad –121 001 (Haryana) at 10:30 A.M. on Wednesday 21st July 2010.

Member's Signature

Name of Proxy/Representative
 (in Block Letters)

Proxy/Representative
 Signature

Note: A Member/Proxy/Representative attending the meeting must fill this Admission Slip and hand it over at the entrance.

BOOK POST

If undelivered, return to:



Talbros Automotive
Components Ltd.

14/1, Mathura Road
Faridabad - 121 003
Haryana, India
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Fax: +91-129-227 7240, 227 2263
E-mail: talbros@talbros.com
Website: www.talbros.com