

Letter of Offer
January 13, 2014
For Equity Shareholders of the Company only



TALBROS ENGINEERING LIMITED

(The Company was incorporated as Talbro's Superseals Spark Plugs Limited on October 09, 1986 under the Companies Act, 1956 in NCT of Delhi and obtained the Certificate of Commencement of Business on December 10, 1992. The name of our Company was changed to T. Engineering Components Limited on July 12, 1991 and further changed to its existing name Talbro's Engineering Limited w.e.f. November 8, 1994. The Corporate Identification Number of the Company is L74210HR1986PLC033018. For details of changes in the name and address of the Registered Office of the Company, please refer to page no 17 of this Letter of Offer)

Registered Office: Plot No. 74-75, Sector-6, Faridabad-121006, Haryana, India.

Tel No: +91 129 4284300 **Fax No:** +91 129 4061541

Contact Person: Mr. Tarun Talwar

E-mail: axleshfts@bnt-talbro's.com **website:** www.bnt-talbro's.com

Promoters of the Company: Mr. Rajesh Talwar, Mrs. Gita Talwar and Mr. Tarun Talwar

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

ISSUE OF 1,128,112 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 34 PER EQUITY SHARE (I.E. AT AN ISSUE PRICE OF RS. 44 PER EQUITY SHARE) AGGREGATING TO AN AMOUNT OF RS. 49,636,928 TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 8 EQUITY SHARE FOR EVERY 10 EQUITY SHARES HELD BY THE SHAREHOLDERS ON THE RECORD DATE, I.E., JANUARY 24, 2014. THE ISSUE PRICE OF EQUITY SHARE IS 4.4 TIMES OF THE FACE VALUE OF RS. 10/- PER EQUITY SHARE.

FOR DETAILS REFER TO THE SECTION TITLED "OFFERING INFORMATION" ON PAGE NO. 156 OF THIS LETTER OF OFFER.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number(s) 9.

ISSUER'S ABSOLUTE RESPONSIBILITY

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the offer document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on The Delhi Stock Exchange Limited (DSE). The Company has received "In-principle" approval from DSE for listing of securities being offered through this Letter of Offer vide its letter dated July 29, 2013. For the purpose of this Issue, the Designated Stock Exchange is DSE.

LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
 <p>Corporate Professionals WHERE EXCELLENCE IS LAW</p> <p>CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED D-28, South Extn. Part 1, New Delhi - 110049</p> <p>Contact Person: Mr. Manoj Kumar/ Ms. Ruchi Hans Ph.: 91-11-40622228/51 Fax: 91-11-40622201</p> <p>Email: manoj@indiacp.com/ ruchi@indiacp.com Website: www.corporateprofessionals.com SEBI Regn. No: INM000011435</p>		 <p>BEETAL FINANCIAL & COMPUTER SERVICES PRIVATE LIMITED</p> <p>BEETAL House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi-110062.</p> <p>Contact Person: Mr. Punit Mittal Ph.: 011-29961281/82/83; Fax: 011-29961284</p> <p>Email: beetalrta@gmail.com SEBI Regn. No.: INR 000000262</p>	
Issue Programme			
Issue Opens on	Last Date for Request for Split Application Forms	Issue Closes on	
January 31, 2014	February 14, 2014	March 01, 2014	

TABLE OF CONTENTS

Topics	Page No.
SECTION I – GENERAL	
DEFINITIONS AND ABBREVIATIONS	3
ISSUE RELATED TERMS	4
COMPANY / INDUSTRY RELATED TERMS	5
NOTICE TO OVERSEAS SHAREHOLDERS	6
CURRENCY OF FINANCIAL PRESENTATION	7
FORWARD LOOKING STATEMENTS	8
SECTION II – RISK FACTORS	
SECTION III – INTRODUCTION	
SUMMARY OF INDUSTRY OVERVIEW	16
SUMMARY OF BUSINESS OVERVIEW	17
ISSUE SUMMARY	18
SUMMARY OF FINANCIAL INFORMATION	19
GENERAL INFORMATION	24
CAPITAL STRUCTURE	32
SECTION IV – PARTICULARS OF THE ISSUE	
OBJECTS OF THE ISSUE	42
BASIC TERMS OF ISSUE	45
BASIS FOR ISSUE PRICE	46
STATEMENT OF TAX BENEFITS	48
SECTION V – ABOUT THE ISSUER	
INDUSTRY OVERVIEW	54
BUSINESS OVERVIEW	62
KEY INDUSTRY REGULATIONS	70
HISTORY AND CORPORATE STRUCTURE	72
MANAGEMENT	77
PROMOTERS	85
CURRENCY OF PRESENTATION	90
DIVIDEND POLICY	91
SECTION VI - FINANCIAL STATEMENTS	
FINANCIAL STATEMENTS	92
MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	134
SECTION VII – LEGAL AND OTHER INFORMATION	
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	143
GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS	146
OTHER REGULATORY AND STATUTORY DISCLOSURES	149
SECTION VIII - OFFERING INFORMATION	
TERMS OF THE ISSUE	156
ISSUE PROCEDURE	159
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES	176
SECTION IX - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION	
SECTION X -MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	
DECLARATION	189

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Conventions / General Terms

Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
CARO	Companies (Auditors' Report) Order, 2003
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act
DSE	The Delhi Stock Exchange Limited
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earning per Equity Share
Equity Shares or Shares	Equity Shares of the Company of face value of Rs.10/- each unless otherwise specified in the context thereof
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed hereunder
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
Financial Year/Fiscal Year /FY	The period of twelve months ended March 31 of that particular year, unless specifically otherwise stated
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IRR	Internal rate of return
NAV	Net Asset Value
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NRE Account	Non Resident External Account
NRI / Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
ROC	Registrar of Companies
RONW	Return on Net Worth
SCRA	Securities Contracts (Regulations) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI effective from August 26, 2009, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

ISSUE RELATED TERMS

Term	Description
Allotment / Allot	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by the investors to make a Bid authorizing the SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Investor	An applicant who: (a) holds the shares of the Company in dematerialized form as on the record date and has applied for entitlements and / or additional shares in dematerialized form; (b) has not renounced his / her entitlements in full or in part; (c) is not a renouncee; (d) is applying through a Bank account maintained with SCSBs.
Banker(s) to the Issue	The Bank with which the Account for the Rights issue will be opened and which acts as such, in terms of this Letter of Offer.
CAF	Composite Application Form
Controlling Branches	Such Branches of SCSB which co-ordinates applications under the Issue by the ASBA Investor with the Registrar to the Issue and the Stock Exchanges and the list of which is available at http://www.sebi.gov.in/ .
Designated Branches	Such branches of the SCSBs which shall collect CAF from ASBA investor and a list of which is available on http://www.sebi.gov.in/
Designated Stock Exchange	The Designated Stock Exchange for this Issue shall be DSE
Draft Letter of Offer	The Draft Letter of Offer dated January 30, 2013 filed with SEBI.
Equity Shares	Equity Shares of the Company of face value of Rs.10 each, unless otherwise specified in the context thereof.
Issue / Rights Issue	Issue of 1,128,112 Equity Shares of Rs. 10/- each at a price of Rs. 44 per Equity Share for amount of Rs. 49,636,928 to the existing shareholders on rights basis in the ratio of 8 equity shares for every 10 equity shares held by the shareholders on the record date i.e. January 24, 2014. For details refer to the section titled "Offering Information" on page no. 156 of this Letter of Offer.
Issue Closing Date	March 01, 2014
Issue Opening Date	January 31, 2014
Issue Price	Rs. 44 per equity share.
Investor	Shall mean the Equity Shareholders and Renouncees
Lead Manager / LM	Corporate Professionals Capital Private Limited
Letter of Offer	Letter of Offer dated January 13, 2014 as filed with the Stock Exchange after incorporating SEBI comments on the Letter of Offer.
Promoters and Promoter Group	Promoters: Mr. Rajesh Talwar, Mrs. Gita Talwar and Mr. Tarun Talwar, Promoter Group: Mr. Kartik Talwar, Rakesh Talwar HUF, Ms. Naini Talwar, Mr. Karan Talwar and Mr. Rakesh Talwar
Record Date	January 24, 2014
Registrar / Registrar to the Issue	Beetal Financial & Computer Services Private Limited
Renouncees	Shall mean the person who have acquired rights entitlements from Equity Shareholders
Rights Entitlement	Being 8 equity shares for every 10 equity share held as on the Record Date
SAF	Split Application Form
Stock Exchange	DSE where the Equity Shares of the Company are presently listed
SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/ .

COMPANY / INDUSTRY RELATED TERMS

Term	Description
Talbro Engineering Limited / TEL / We / Us / the Company / Our Company / the Issuer	Unless the context otherwise indicates or implies refers to M/s Talbro Engineering Limited.
Auditors	The statutory auditors of our Company M/s Rakesh Raj & Associates, Chartered Accountants
Board / Board of Directors	The Board of Directors of Talbro Engineering Limited
Compliance Officer for the Issue	Mr. Tarun Talwar, Managing Director
Director(s)	Director(s) of our Company unless otherwise specified
MOA / Memorandum / Memorandum of Association	The Memorandum of Association of Talbro Engineering Limited
OEM	Original Equipment Manufactured
ROC	Registrar of Companies, Delhi & Haryana
Registered Office of the Company	Registered office of the Company situated at Plot No. 74-75, Sector-6, Faridabad-121006, Haryana, India

Abbreviations

Term	Description
AS	Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006
AY	Assessment Year
BPLR	Bank's Prime Lending Rate
CDSL	Central Depository Services (India) Limited
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identification Number
DIN	Director Identification Number
D/E Ratio	Debt Equity Ratio
DP	Depository Participant
DSE	The Delhi Stock Exchange Association Limited
EAI	Equated Annual Installments
EMI	Equated Monthly Installments
EPS	Earnings Per Share
EQI	Equated Quarterly Installments
FCCB	Foreign Currency Convertible Bonds
FDI	Foreign Direct Investment
HUF	Hindu Undivided Family
INR / Rs. /	Indian Rupees
IPO	Initial Public Offer
MAT	Minimum Alternate Tax
MMT	Million Metric Tonnes
NAV	Net Asset Value
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
P.A	Per Annum
PAN	Permanent Account Number
P/E Ratio	Price/Earnings Ratio
RBI	The Reserve Bank of India
RTGS	Real Time Gross Settlement
TAN	Tax Deduction Account Number
WC	Working Capital

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Equity Shares on a rights basis to its Equity Shareholders, and will dispatch the Abridged Letter of Offer and Composite Application Form (“CAF”) to overseas shareholders who have an Indian address and QIBs who have provided to our Company (and from whom our Company has accepted) a duly executed Investor Representation Letter.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with the SEBI for observations. Accordingly, the Rights Issue Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer and/or Abridged Letter of Offer and/or CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer and/or Abridged Letter of Offer and/or CAF must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer and/or Abridged Letter of Offer and/or CAF should not, in connection with the issue of the Rights Issue Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer and/or Abridged Letter of Offer and/or CAF in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. A shareholder shall not renounce his entitlement to any person resident in the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

Neither the delivery of the Letter of Offer and/or Abridged Letter of Offer and/or CAF nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer.

The contents of the Letter of Offer and/or Abridged Letter of Offer and/or CAF should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Entitlements or Rights Issue Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Entitlements or Rights Issue Equity Shares. In addition, neither our Company nor any Lead Manager is making any representation to any offeree or purchaser of the Rights Entitlements or Rights Issue Equity Shares regarding the legality of an investment in the Rights Entitlements or Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

CURRENCY OF FINANCIAL PRESENTATION

In this Letter of Offer, unless the context otherwise requires, all references to the word “lakh” or “lac” means “one hundred thousand”, the word “ten lakh” means “one million”, the word “crore” means “ten million”, the word “billion” means “one thousand million” and the word “trillion” means one thousand billion”. In this Letter of Offer, any discrepancies in any table between the total and the sum of the amounts listed may be due to rounding off.

Throughout this Letter of Offer, all the figures have been expressed in Rupees, except when stated otherwise. All reference to “rupee symbol” “Rupees” and “Rs.” in this Letter of Offer are to the legal currency of India.

Unless stated otherwise, the financial information given in this Letter of Offer is derived from the financial statements as for 6 months ended September 30, 2013 and for the financial year ended on March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 approved by the Board of Directors.

For additional definitions used in this Letter of Offer, see the section Definitions and Abbreviations on page 3 of this Letter of Offer. In the section entitled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

USE OF MARKET DATA

Unless stated otherwise, market data used throughout this Letter of Offer has been obtained from industry publications and Government sources. Industry publication and other website data generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in this Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as “will”, “may”, “aim”, “is likely to result”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- General economic and business conditions in the markets in which the Company operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/ areas in which the Company operates;
- Increased competition in the sector/ areas in which the Company operates;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through the Issue;
- The Company’s ability to meet the capital expenditure requirements;
- Fluctuations in operating costs;
- Changes in technology;
- Changes in political and social conditions in India or in countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which the Company is involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors” of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither us nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchanges requirements, we as Lead Managers shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II- RISK FACTORS

Any investment in Equity Shares involves a high degree of risk and so you should carefully consider all of the information in this Letter of Offer including the risks and uncertainties described below before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence has not been disclosed in the applicable risk factors. We have numbered the risk factors to facilitate ease of reading and reference, and such numbering should not indicate the importance, relative or otherwise, of any risk factor over another.

Investors are advised to read the risk factors described below carefully before making an investment decision in this offering. In making an investment decision, prospective investors must rely on their own examination of our business and operations and the terms of the Issue, including the merits and risks involved. This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and under "Forward Looking Statements" on page 8.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- (a) Some events may not be material individually but may be found material collectively.
- (b) Some events may have material impact qualitatively instead of quantitatively.
- (c) Some events may not be material at present but may be having material impact in future.

Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

1. ***There are outstanding litigations involving our Company. We cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes described below, our business and results of operations may be adversely affected.***

Summary of litigations outstanding involving our Company:

<i>Nature of Litigations</i>	<i>No. of Cases</i>	<i>Amount Involved</i>
Labour Laws	1	Not ascertainable
Government / Tax Authorities Notices / Proceedings and Appeals	5	Rs. 134.22 lacs

Our Company has not made any provisions in respect of the outstanding litigations. Any adverse outcomes of any of the pending cases could adversely affect our business reputation and may also affect the operations of our business. For further details, please refer to the section titled 'Outstanding Litigations and Material Developments' on page 143 of this Letter of Offer.

2. ***The Company has an outstanding secured loan of Rs. 2479.08 Lacs provided by Bank of India (BOI). In the event of failure in repayment of loans, the property of the Company secured in favour of BOI may be attach for the realization of the loan amount which may have the adverse affect on the business of the Company and consequent profitability.***

The Company has total secured Indebtedness of Rs.2479.08 Lacs as on September 30, 2013 in aggregate for Working Capital Loans (including fund based as well as Non-Fund based) and Term Loans availed from Bank of India. Following are the properties charged and undertakings given against the Working Capital and Term Loans availed from Bank of India as a security for the facilities:

- a. Hypothecation of Stock and Book Debts.
- b. Equitable Mortgage of Immovable Properties of the Company situated at:
 - i. Plot No. 74-75, Sector-6, Faridabad; and
 - ii. Plot No. 35, 36, 37, 38 and 57, Industrial Area, Hathin, Faridabad.

- c. Extended charge on plant and machinery, furniture and fixtures etc. both present and future of the company situated at Plot No. 74-75, Sector-6, Faridabad; and Plot No. 35, 36, 37 38 and 57, Industrial Area, Hathin, Faridabad.
- d. Guarantee by Mr. Rajesh Talwar and/ or Mr. Tarun Talwar and/ or M/s J.T. Engineering Private Limited.

In the event of failure in repayment of loans, the Bank can attach the property of the Company for the realization of the loan amount which may have the adverse affect on the business of the Company and consequent profitability. However, as of now, the Company has never defaulted in repayment of loans.

3. The brand name 'Talbro's' under which we are marketing our products is not registered in our name.

We are marketing the products manufactured by us under the brand 'Talbro's' which is not registered in our name. As per the Memorandum of Understanding dated September 28, 2002 for disassociation of family businesses, the "Talbro's" style and logo would be the property of Talbro's Automotive Components Limited, however, our Company is allowed to use the same style and logo for the products meant for automobile and industrial applications. In case of infringement of trademark, we depend upon the entity which is not controlled by us.

Further, on December 19, 2012, we have filed an application for registration of trademark "Talbro's" with the word "Axles" which is under process before Trade Mark Registry.

4. We are dependent on a few numbers of Customers for our Business. The loss of anyone or more of which would have a material adverse effect on the issuer.

The Company is dependent on a limited numbers of customers. Two customers, Mahindra and Mahindra Limited and Spicer India Limited account for almost 65.11% percent of our total turnover. There can be no assurance that customers will be receptive to our products in the future or that market acceptance will meet our expectations, in which case we may not be able to realize the intended economic benefits of our investments and our result of operations may be adversely affected.

5. In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects of this Issue which would in turn affect our revenues and results of operations.

The funds that we receive would be utilized for the objects of the Issue as has been stated in the section "Objects of the Issue" on page 42. The proposed schedule of implementation of the objects of the Issue is based on our management's estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, the additional demand will not be met and this may affect our revenues and results of operations.

6. The shares of our company are listed only on Delhi Stock Exchange Limited (DSE) since September 10, 1996. There has been no trading in the shares of our company during the last 12 years. There can be no assurance that an active trading market for our shares will revive or be sustained and as such the exit options available to the shareholders may be limited.

In the absence of trading at DSE, there would be no exit option to the investors at the exchange. In this scenario, as there is no liquidity in the scrip of the Company, therefore the exit options to the shareholders are very limited. However, they can off load their shareholding by way of off-market deals only.

7. The contingent liabilities could adversely affect the financial condition of the Company.

As on September 30, 2013, March 31, 2013, March 31, 2012 and March 31, 2011, we have not provided for the following contingent liabilities:

(Amt. In Rs.)					
	Particulars	As at 30 th September, 2013 (Unaudited)	As at 31 st March, 2013 (Audited)	As at 31 st March, 2012 (Audited)	As at 31 st March, 2011 (Audited)
i.	Guarantees	1,204,500	1,204,500	1,204,500	530,852
ii.	Bills discounted from Kotak Mahindra Bank Ltd with recourse not due for payment	28,787,685	41,505,050	37,077,823	20,259,226
iii.	Estimated amount of contracts remaining to be executed on capital account and not provided				
	Total Value of Contracts	63,940,342	73,471,668	50,286,949	6,235,460

	Less:- Advance Paid (Capital Advance)	23,373,751	22,127,468	11,769,580	2,246,307
	Contracts remaining to be executed	40,566,591	51,344,200	38,517,369	3,989,153

8. ***There has been delays in filing of disclosure under Regulation 8(3) of SEBI (SAST) Regulations, 1997 by the Company for the year 1998, 2000 and 2001 for which the Company has filed the consent application with SEBI on September 24, 2013 in terms of SEBI Circular No.EFD/ED/Cir.-01/2007 dated 20th April 2007.***

9. ***Our product portfolio is limited. Thus, any change in regulatory regime or technology etc. could adversely affect our business operation and our future profitability.***

Our Company manufactures only axle shafts. On account of this limited product portfolio, our ability to exploit various market opportunities, to absorb any shock on account of change in regulatory regime or technological change and/or increase in raw material price etc. is limited which would have adverse impact on the profitability of the Company.

The automobile sector is characterized by continuous up-gradation in terms of technology, manufacturing process and design capability. Consequently, we have to meet with the aforesaid demands and invest continuously to upgrade technology and process and keep abreast with the latest innovations in the automobile industry. In case we are unable to keep up with the growth rate of technology improvement or process change, we may be unable to service the demand which would adversely affect the revenue.

10. ***The loss, shutdown or slowdown of operations at any of the Company's facilities could have a material adverse effect on the Company's results of operations and financial condition.***

The Company's facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect the Company's operations by causing production facilities to shut down or slow down. Although the Company takes reasonable precautions to minimize the risk of any significant operational problems at its facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on the Company's results of operations and financial condition.

11. ***Our Company may raise funds in future from the fresh issue of shares / convertible securities or through the incurrence of debt which may not be in the interest of the existing shareholders at the material time.***

Our Company is in a growth phase and may need to raise additional capital from time to time, depending on business requirements. Any fresh issue of shares / convertible securities would dilute the stake of existing holders, and such issuance may not be done on terms and conditions, which are favourable to the existing shareholders of the Company. If the Company decides to raise additional funds through the incurrence of debt, the interest obligations would increase, and may be subject to additional covenants, which could limit its ability to access cash flows from the operations.

12. ***Company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of future dividend payments of the Company, if any, will depend upon its future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that it will be able to pay dividends. However, for the last 3 years, the Company is regularly paying dividend to its shareholders.

13. ***We have entered into certain related party transactions***

The Company has entered into related party transactions with the promoters, directors, key management personnel, relatives of key management personnel and its group entities. For detailed information refer to the section "Financial Statements" on page 92 of this Letter of Offer.

14. ***Our Company is dependent upon the expertise of its Promoters and key management for its future performance and the loss of any such personnel could harm our business.***

The Company is dependent on the experience and the continued efforts of its Promoters and key management personnel. The future performance may be affected in the absence of the services of the Promoters and key

management who are having the experience in different fields and who are involved in its day-to-day activities. In the event of one or more members of its team being unable or unwilling to continue in their present positions, it may find it difficult to find suitable replacements and as a result its business could be adversely affected.

15. *Fluctuation of the Rupee against foreign currencies may have an adverse effect on our results of operations.*

While we report our financial results in Indian rupees, portions of our total income and expenses are denominated, generated or incurred in currencies other than Indian rupees. Further, we incur expenditures and also procure same materials in foreign currencies. The Company generates around 15% revenue from export sales which is in foreign currency. However, the company has not taken any hedging or other facilities to mitigate foreign exchange fluctuation risk. To the extent that our income and expenditures are not denominated in Indian rupees, exchange rate fluctuations could affect the amount of income and expenditure we recognize.

16. *Increase in Warranty Claim may have adverse financial implications*

The product i.e. Axle Shafts manufactured by the Company are 90% used by Original Equipment Manufacturers (OEMs) and sometimes are not accepted by them. In such cases, the Company pays the warranty claims to them. For instance, the Company has paid the warranty claim of an amount of Rs. 96, 957, Rs.1,154,560, Rs.499,423, Rs. Nil and Rs.57,769 for the financial years ended on March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and March 31, 2013 respectively. Any increase in warranty claim on account of increase in rejection of Axle Shafts manufactured by the Company, might have adverse financial implications.

17. *The deployment of the issue proceeds expected to be received pursuant to the present issue is entirely at the discretion of the issuer and is not subject to any monitoring by any independent agency.*

18. *The lead manager has done only sample verification of few Creditors and Debtors of the Company.*

19. *The lead manager has not carried out a physical verification of all assets and has not done the Independent Valuation of assets of the Company.*

EXTERNAL RISK FACTORS

20. *Global and Indian economic conditions could have a significant adverse impact on the business of the Company.*

The Indian automotive industry is substantially affected by general economic conditions in India. The demand for automobiles in the Indian market is influenced by factors including the growth rate of the Indian economy, availability of credit, level of disposable income among Indian consumers, interest rates, freight rates and fuel prices. In the past, economic slowdowns have harmed manufacturing industries including the automobile and automobile components manufacturing industry. There can be no assurance that the Indian economy will not experience a downturn, and weakening of economic activity. Increases in interest rates, increases in inflation rates and/or increases in fuel prices are examples of developments that could impact general economic conditions in India and could lead to a decline in the demand for automobiles in the Indian market as well as impact Company's costs, which could significantly affect its sales and future results of operations in an adverse manner.

Further, consumer decisions as to whether and when to make a vehicle purchase may be affected significantly by general economic conditions, including the cost of purchasing and operating a vehicle and the availability and cost of credit and fuel.

We are highly dependent on prevailing economic conditions in India as well as other countries and our results of operation are significantly affected by factors influencing their economy. Factors that may adversely affect the economy, and hence our results of operations, may include:

- any increase in interest rates or inflation;
- any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and lead to scarcity of purchase products by our customers;
- relative increases or decreases in activity in or profitability key sectors of the economy;
- prevailing income conditions among consumers and corporations;
- changes in present tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and

- Other significant regulatory or economic developments in or affecting India or its real estate development sector.
Any slowdown or perceived slowdown in the Indian or global economy, or in specific sectors of the Indian and global economy, could adversely impact our business and financial performance and the price of our equity shares.

21. Force Majeure events, terrorist attacks, civil unrest and other acts of violence or war involving India, or other countries could adversely affect the financial markets, and adversely affect our business.

Certain events are beyond our control, such as force majeure events, terrorist attacks and other acts of violence or war, civil unrest and military activity. Any such event could happen at or otherwise result in a loss of business confidence, affect one or more of our businesses, which would adversely affect our business, results of operations and financial condition. Moreover, these and other similar events may adversely affect worldwide financial markets and could lead to global economic recession. Such events may also result in a loss of business confidence or have other consequences that could adversely affect our business, results of operations and financial condition.

22. Increasing competition may materially and adversely affect our business and results of operations.

a. From Domestic Companies

The market for automotive component manufacturers is highly competitive, and we expect competition to intensify and increase from a number of sources. The principal competitive factors in our markets are price, service quality, sales and marketing skills, the ability to manufacture customized products and technological and industry expertise. We face significant competition from several entities located in India and several other countries.

We cater to OEM market and replacement markets. In this industry several existing players are present and there are no entry barriers. The market is very price sensitive and we face stiff competition from the unorganized sector that is able to compete at lower prices. We may not be able to match the price provided by the unorganized sector which would limit the growth potential. Some of the existing and future competitors may have greater financial, personnel and other resources, longer operating histories, a broader range of product offerings, greater technological expertise, more recognizable brand names and more established relationships in industries that we currently serve or may serve in the future. In addition, some of our competitors may enter into strategic or commercial relationships among themselves or with larger, more established companies in order to increase their ability to address client needs, or enter into similar arrangements with potential clients.

Increased competition, our inability to compete successfully against competitors, pricing pressures or loss of market share could have a material adverse effect on our business, results of operations, financial condition and cash flows.

b. From other countries

The biggest threat to Indian auto components industry is from China. However, the two countries have unique strengths enabling them to find their own niche in the world market. India has an edge in engineering-driven supply of automotive components industry while China holds an edge in cost-driven components supply.

23. Taxes and other levies imposed by the central or state governments in India, or regulations applying to us may have a material adverse effect on the demand for our products.

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties on imports of capital goods, raw materials and components, excise duty on the manufacture of automotive vehicles, service tax, central and state sales tax, octroi duties, value added tax, road and registration tax. These taxes and levies affect the cost of production and prices of our products and therefore the demand for our products. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse impact on our business, results of operations and financial condition.

24. Natural disasters, accidents or loss of or shutdown of operations at any of our manufacturing facilities could disrupt our operations and result in loss of revenues and increased costs.

Our plants are vulnerable to natural disasters and accidents such as explosions, fire, earthquakes, storms, floods as well as acts of violence from terrorists and war. The occurrence of any of the above events could disturb the operations of our plants and we may have to shut down our plant for carrying out repairs that will result in loss of revenues and increased costs. Further, our facilities are subject to operational risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, natural disasters, industrial accidents and the need to comply with the directives of relevant

government authorities. The occurrence of any of these risks could significantly affect our operating results. We are required to carry out planned shutdowns of our plants for maintenance, statutory inspections and testing. We also shut down plants for capacity expansion and equipment upgrades. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

25. Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company.

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot provide any assurance that the process of liberalization will be sustained in future. There could be a slowdown in the pace of economic development. The rate of economic liberalization could change specific laws and policies, foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well. Any adverse change in Government policies in general may have an impact on our profitability.

All our facilities are located in India and our officers and directors are residents in India. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

26. Our Company is subject to risk arising from changes in interest rates and banking policy.

We are dependent on various banks for arranging our working capital requirements, etc. Accordingly, any change in the existing banking policy or increase in interest rates may have an adverse impact on our Company's profitability.

27. If the rate of price inflation in India increases, our business and results of operations may be adversely affected.

In the recent past, due to the global economic downturn, India has experienced fluctuating wholesale price inflation, as compared to historical levels. Constant high rate of inflation in India could cause a rise in the price of raw materials and wages and all other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations.

28. Any disruption in supply of power, water or other basic infrastructure facilities could adversely affect the business and production process of our Company or subject it to excess cost.

Prominent Notes:

1. The Investors may contact the Lead Manager to the Issue or Compliance Officer or Registrar to the Issue for any complaint / clarification / information pertaining to the Issue.
2. The Net Worth of the Company as on September 30, 2013, March 31, 2013 and March 31, 2012 was Rs. 2466.59 Lacs, Rs.2223.58 Lacs & Rs. 1764.14 Lacs respectively.
3. Issue is of 1,128,112 Equity Shares of Rs. 10/- each at a price of Rs. 44 per Equity Share for cash aggregating to an amount of Rs. 49,636,928 to the existing shareholders on rights basis in the ratio of 8 equity shares for every 10 equity shares held by the shareholders on the record date i.e. January 24, 2014.

For details refer to the section titled "Offering Information" on page no. 156 of this Letter of Offer.

4. The following group Companies have business interests or other interests in our Company:

Name of Group Company	Value of Transaction as on 30 th September, 2013 (Rs. In Lacs)	Value of Transaction as on 31 st March, 2013 (Rs. In Lacs)	Value of Transaction as on 31 st March, 2012 (Rs. In Lacs)	Value of Transaction as on 31 st March, 2011 (Rs. In Lacs)
J. T. Engineering Private Limited	11.80 Lacs	40.22 Lacs	39.25 Lacs	45.63 Lacs

5. Except as disclosed in the “Related Party Transactions” on page 118 of this Letter of Offer, we have not paid any consideration to our Promoters / Promoter Group Entities / Directors / Key Management Personnel.
6. The name of Talbros Engineering Limited has not changed at any time during the last three years immediately preceding the date of filing Letter of Offer with SEBI.
7. There have been no financing arrangements whereby the promoter group, the directors of the Talbros Engineering Limited and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Letter of Offer with the Board.
8. Our Company and the Lead Managers shall make all the information available to the public and the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY OVERVIEW

The Industry in which our Company Operates

Our Company is the manufacturer of rear axle shafts and forgings of the Auto Component Industry. The company has a good OEM customer base as well as a sound aftermarket distribution and dealership network. Since our Company's existing products are categorized as "Automobile Components" and are supplied to the Automotive Sector, our operations are fully dependent on the Automobile sector.

Indian Auto Components Industry: Brief Introduction

The Indian market conditions are acting as a catalyst for luxury and premium carmakers, which receive a boost from new launches and numerous offers from carmakers, thereby giving impetus to the auto components industry. The industry is expected to invest around Rs 70 billion (US\$ 1.17 billion) over the next three years on new projects, as per rating agency ICRA's estimates. The investments are foreseen on back of auto manufacturers, such as Maruti Suzuki, Hero MotoCorp and Ford, planning to establish greenfield facilities in Gujarat, prompting component makers to invest around these facilities.

In addition, the automotive aftermarket is poised for robust growth, as per a McKinsey & Co report titled, 'Scaling the Indian Automotive Aftermarket: Path to Profitable Growth'. The report highlighted that the growth outlook continues to be positive, driven by sustained increase in vehicle population and a shift towards higher-end vehicles.

Market Structure

The Indian auto component industry's turnover is reported to be US\$ 40.6 billion in 2012-13 and is projected to touch US\$ 115 billion by 2020-21, according to data provided by Automotive Component Manufacturers Association (ACMA). The industry is estimated to grow at a compound annual growth rate (CAGR) of 14 per cent during 2013-21. Moreover, the industry's exports were recorded at US\$ 9.3 billion in 2012-13 and are projected to touch US\$ 30 billion by 2020-21, as per ACMA.

More so, the tyre production in India is anticipated to reach 191 million units by the end of FY 2016, highlighted an RNCOS research report titled, 'Indian Tyre Industry Forecast to 2015'. The manufacturers are expected to invest huge amount into the industry over the next few years, with a major proportion of this investment directed towards the radial tyre capacity expansion

India – The Global Auto Hub

Indicative of growing relevance of Indian technological expertise; Pratt & Whitney, the US-based aerospace engine manufacturer, is exploring opportunities to source components for its global operations from India.

- Wheels India entered into a 10 year technical agreement with Turkish manufacturing and engineering company EGE Endustri, one of the major suppliers to original equipment market (OEM) in Europe. As per the agreement, Wheels India would get technology access in the Lift axle market
- Honda Cars India Ltd (HCIL) plans to export diesel engine components to Asian and European markets from India
- Apollo Tyres has opened a sales office in Bangkok, Thailand, making it the hub for Association of Southeast Asian Nations (ASEAN) operations. This is the second hub outside the company's operations in India

Furthermore, the amount of cumulative FDI inflow into the Indian automobile industry during April 2000 to April 2013 was worth US\$ 8.32 million, amounting to 4 per cent of the total FDI inflows (in terms of US\$), as per data published by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, Government of India.

For further details, please see the section on "Industry Overview" beginning from page no. 54 of this Letter of Offer.

SUMMARY OF BUSINESS OVERVIEW

Talbro Engineering Limited was originally incorporated as “Talbro Superseals Spark Plugs Limited” under the Companies Act, 1956 on October 09, 1986 with the ROC of Delhi & Haryana and obtained certificate of commencement of business on December 10, 1992. The name of the Company was changed to “T. Engineering Components Limited” on July 12, 1991 and further changed to its present name on November 8, 1994. The company had changed its registered office from NCT of Delhi to the State of Haryana vide certificate of registration dated March 07, 1996. Presently the registered office of the Company is situated at 74-75, Sector-6, Faridabad- 121 006, Haryana.

The Company manufactures Rear Axle Shafts. TEL strategy is to strengthen its position as one of the leading automotive Rear Axle Shaft manufacturers and suppliers by further increasing customer base.

The market for TEL has been divided into two parts:

- i. **OEM (Original Equipment Manufactured)**
- ii. **Export Market**

90% of all axle shafts made by Talbro are used by Original Equipment Manufacturers (OEMs) or Tier 1 suppliers.

Following are the major OEM customers of the Company:

1. American Axle and Manufacturing.
2. Automotive Axles Ltd.
3. Force Motors Ltd.
4. Hindustan Motor Ltd.
5. Mahindra & Mahindra Ltd.
6. New Holland Tractors Ltd.
7. Same Deutz Fhar Ltd.
8. Spicer India Ltd.
9. Tractor & Farm Equipment Ltd.

The Company has its plants located at following places for carrying out the respective activities:

1. Plot No. 74-75, Sector-6, Industrial Area, Faridabad, Haryana.
2. Plot No. 35, 36, 37, 38 and 57, Hathin, Dist Palwal, Haryana.

The Quality System at Talbro is certified to be in conformance with the requirements of **ISO 9001: 2008 /ISO/TS 16949: 2009**. Our every single shaft is:

- **100% Hardness Checked** - After induction hardening by using hardness testers located at each station.
- **100% Ultrasonically Tested** - After the straightening process, post induction hardening, to ensure the absence of internal flaws in steel - not only on account of rolling at the steel mill, but also any that could possibly have been introduced by the forging or heat treatment processes.
- **100% Magnaflux Detection** - After the grinding operation, in both linear and circular direction, for detection of any kind of surface defect even on the ground portion.

For further details, please see the section on “Business Overview” beginning from page no. 62 of this Letter of Offer.

ISSUE SUMMARY

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “Offering Information” of this Letter of Offer.

Securities proposed to be issued by the Company	1,128,112 Equity Shares
Rights Entitlement	8 Equity Shares for every 10 Equity Share held on the Record Date i.e. January 24, 2014
Record Date	January 24, 2014
Issue Price per Equity Share (Face Value of Rs. 10/- each)	Rs. 44
Issue Size	Rs. 49,636,928
Equity Shares outstanding prior to the issue	1,410,140 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	2,538,252 Equity Shares
Terms of the Issue	For more information, please see “Offering Information” on page 156 of this Letter of Offer.
Objects of the Issue	Please refer to section “Objects of the Issue” on page 42 of this Letter of Offer

Terms of payment for equity shares

	Due date	Face Value	Premium	Total
On application		10/-	34/-	44/-
Total →		10/-	34/-	44/-

For more information see “Offering Information” on page 156 of this Letter of Offer.

SUMMARY OF FINANCIAL INFORMATION

Statement of Assets and Liabilities as at 6 months ended September 30, 2013 and year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009

(Amount in Rs.)

	Particulars	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
1	Fixed Assets						
	Gross Block	245,733,170	248,709,567	214,773,053	194,618,455	163,207,227	154,365,527
	Less: Depreciation	14,141,075	24,398,032	20,625,144	16,704,085	15,517,217	15,263,636
	Net Block	231,592,095	224,311,535	194,147,909	177,914,370	147,690,010	139,101,891
	Less: Revaluation Reserve	1,044,585	1,059,511	1,089,360	1,119,209	1,149,058	1,178,907
	Net Block after adjustment for Revaluation Reserve	230,547,510	223,252,024	193,058,549	176,795,161	146,540,952	137,922,984
2	Non-current Investments	860,000	860,000	860,000	860,000	860,000	860,000
3	Long term Loans and Advances	26,927,185	25,680,902	15,151,652	4,834,687	3,858,030	3,170,558
4	Current Assets, Loans and Advances						
	Inventories	147,969,507	121,435,809	88,132,359	87,049,411	82,385,290	73,234,616
	Trade Receivables	174,280,481	190,106,492	142,690,236	112,167,515	82,691,585	126,957,238
	Cash and Cash equivalents	107,418,574	40,329,030	13,317,835	9,744,206	8,463,468	7,496,852
	Short term Loans and Advances	56,568,286	76,597,861	52,489,271	45,074,707	31,165,244	32,218,657
	Right Issue Expenses (Misc. Exp Not W/off.)	415,125	292,125	-	-	-	-
	Total	486,651,973	428,761,317	296,629,701	254,035,839	204,705,587	239,907,363
5	TOTAL ASSETS (1+2+3+4)	744,986,668	678,554,243	505,699,902	436,525,687	355,964,569	381,860,905

6	Non-current liabilities						
	Long Term Borrowings	73,682,220	86,220,623	66,635,902	59,734,105	30,312,998	49,803,427
	Deferred Tax liabilities (Net)	20,531,932	20,531,932	18,264,475	17,629,572	13,318,643	11,104,312
		94,214,152	106,752,555	84,900,377	77,363,677	43,631,641	60,907,739
7	Current Liabilities						
	Short Term Borrowings	202,688,928	124,759,687	66,678,052	71,930,336	79,542,603	90,385,802
	Trade Payables	122,351,747	133,594,926	107,624,888	84,093,849	73,625,506	84,135,433
	Other Current Liabilities	72,093,113	59,643,617	42,202,589	48,933,983	35,519,112	29,069,168
	Short term provisions	6,979,999	31,445,117	27,879,625	17,941,640	9,343,758	9,281,763
	Total	404,113,787	349,443,347	244,385,154	222,899,808	198,030,979	212,872,166
8	TOTAL LIABILITIES (6+7)	498,327,939	456,195,902	329,285,531	300,263,485	241,662,620	273,779,905
9	Net worth (5-8)	246,658,729	222,358,341	176,414,371	136,262,202	114,301,949	108,081,000
10	Represented by						
	Share Capital	14,101,400	14,101,400	14,101,400	14,101,400	14,101,400	14,101,400
	Reserves	233,601,914	209,316,452	163,402,331	123,280,011	101,349,607	95,158,507
	Less: Revaluation Reserve	1,044,585	1,059,511	1,089,360	1,119,209	1,149,058	1,178,907
	Reserves (Net of revaluation reserves)	232,557,329	208,256,941	162,312,971	122,160,802	100,200,549	93,979,600
	Net worth	246,658,729	222,358,341	176,414,371	136,262,202	114,301,949	108,081,000

Statement of Profit and Loss for the year ended 6 months ended September 30, 2013 and year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009

(Amount in Rs.)

	6 months ended 30 th September 2013		Year Ended 31st March 2013		Year Ended 31st March 2012		Year Ended 31st March 2011		Year Ended 31st March 2010		Year Ended 31st March 2009	
Income												
Revenue from operations (gross)	645,671,227		1,429,913,466		1,162,687,865		901,957,545		663,684,424		684,365,575	
Less: excise duty	61,084,738	584,586,489	132,310,891	1,297,602,575	89,916,874	1,072,770,991	66,935,568	835,021,977	42,113,676	621,570,748	67,352,403	617,013,172
Other income		16,579,454		14,194,343		23,768,735		23,864,502		15,521,280		10,386,360
Total Revenue		601,165,943		1,311,796,918		1,096,539,726		858,886,479		637,092,028		627,399,532
Expenses												
Cost of raw material and components consumed		311,389,091		670,433,628		552,057,177		409,973,943		322,302,205		311,155,358
(Increase)/ decrease in inventories of finished goods, work in progress and traded goods		(27,950,595)		(40,721,766)		1,480,829		19,771,004		(11,164,306)		38,521,170
Employee benefits expenses		50,719,763		96,646,511		79,588,440		66,314,921		54,940,621		49,260,366
Finance costs		19,411,760		35,819,555		31,013,385		26,025,598		19,860,863		31,071,709
Net depreciation & amortization expense		14,141,075		24,398,032		20,625,144		16,704,085		15,517,217		15,263,636
Other expenses		203,254,463		450,118,412		346,282,948		278,812,822		220,777,676		172,074,211
Total Expense		570,965,557		1,236,694,372		1,031,047,923		817,602,373		622,234,276		617,346,450
Profit Before Tax		30,200,386		75,102,546		65,491,803		41,284,106		14,857,752		10,053,082
Tax Expense												
Current tax	5,900,000		22,500,000		20,500,000		10,800,000		2,475,000		3,150,000	
Deferred tax			2,267,457		634,903		4,310,929		2,214,331		(135,768)	
Wealth Tax			41,320		17,420		-		-			
FBT											400,000	
Income Tax: Earlier year		5,900,000	(566,899)	24,241,878	90,060	21,242,383	102,056	15,212,985	(163,086)	4,526,245	(3,914)	3,410,318
Profit for the Year		24,300,386		50,860,668		44,249,420		26,071,121		10,331,507		6,642,764
Earnings per equity share (Face value of share Rs.10/-) Basic and Diluted Earnings per Share (Rs.)		17.23		36.07		31.38		18.49		7.33		4.71

Cash Flow Statement for the year ended 6 months ended September 30, 2013 and year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009

(Amount in Rs.)

		6 Month Ended 30th September 2013		Year Ended 31st March 2013		Year Ended 31st March 2012		Year Ended 31st March 2011		Year Ended 31st March 2010		Year Ended 31st March 2009	
A.	CASH FLOW FROM OPERATING ACTIVITIES :												
a.	Net profit before Tax		30,200,386		75,102,546		65,491,803		41,284,106		14,857,752		10,053,082
	Adjustment for :												
	Depreciation	14,141,075		24,398,032		20,625,144		16,704,085		15,517,217		15,263,636	
	Misc. Expenses W/Off			268,016		461,844		-		-		-	
	Interest Paid	19,411,760		35,819,555		31,013,385		26,025,598		19,860,863		31,071,709	
	Interest/Dividend Income	(255,070)		(573,647)		(494,152)		(343,469)		(525,762)		(1,264,002)	
	Gratuity Adjusted of Earlier Year	-		-		-		-		-		-	
	Sales & Services	(2,233,508)		(865,520)									
	Warranty Claim Paid	-		57,769									
	Loss/(Profit) on Sale of Assets	-	31,064,257	256,321	59,360,526	74,713	51,680,934	-	42,386,214	(136,201)	34,716,117	618,525	45,689,868
b.	Operating Profit before Working Capital Changes		61,264,643		134,463,072		117,172,737		83,670,320		49,573,869		55,742,950
	Adjustment for :												
	Trade and Other Receivables	26,409,303		(66,482,666)		(29,520,530)		(41,794,806)		45,317,774		(10,616,395)	
	Inventories	(26,533,698)		(33,303,450)		(1,082,948)		(4,664,121)		(9,150,674)		60,249,712	
	Trade Payables	(9,001,939)	(9,126,334)	26,699,100	(73,087,016)	19,843,409	(10,760,069)	14,511,317	(31,947,610)	(13,961,462)	22,205,638	(32,126,192)	17,507,125
c.	Cash Generated From Operations		52,138,309		61,376,056		106,412,668		51,722,710		71,779,507		73,250,075
	Direct Tax Paid - Income Tax	(10,347,236)		(27,904,188)		(22,775,036)		(5,627,451)		(4,236,181)		1,653,361	
	Excess / (Short) provision of tax	268,378	(10,078,858)	566,899	(27,337,289)	(90,060)	(22,865,096)	(102,056)	(5,729,507)	163,086	(4,073,095)	3,914	1,657,275
	Net Cash from/(used) in Operating Activities		42,059,451		34,038,767		83,547,572		45,993,203		67,706,412		74,907,350

B.	CASH FLOW FROM INVESTING ACTIVITIES :											
	Sale/Transfer of Fixed Assets	3,699		345,000		1,042,273		-		158,449		1,886,599
	Interest Received & Dividend Recd.	255,070		573,647		494,152		343,469		525,762		1,264,002
	Decrease/(Increase) in CWIP	-		-		(2,370,721)		-		409,579		(78,750)
	Purchase of Fixed Assets	(20,957,579)		(58,274,494)		(35,634,797)		(46,958,294)		(24,567,012)		(14,094,058)
	Sale of Investment	-										67,200
	Net Cash from (used) in Investing Activities		(20,698,810)		(57,355,847)		(36,469,093)		(46,614,825)		(23,473,222)	(10,955,007)
C.	CASH FLOW FROM FINANCING ACTIVITIES											
	Proceeds from Borrowings	80,545,610		78,381,981		10,959,834		55,223,364		11,003,641		7,469,280
	Dividend Paid	(4,230,420)		(3,434,056)		(3,427,882)		(3,525,350)		-		-
	Repayment /Transfer of Borrowings	(12,258,409)		(4,739,314)		(31,672,419)		(47,228,762)		(32,629,096)		(37,394,456)
	Fixed Deposit (Net)	668,757		15,647,094		11,649,002		23,458,706		(1,780,256)		(1,230,197)
	Interest Paid	(19,411,760)		(35,819,555)		(31,013,385)		(26,025,598)		(19,860,863)		(31,071,709)
	Right Issue Expense	415,125		292,125								
	Net Cash From/(used) Financing Activities		45,728,903		50,328,275		(43,504,850)		1,902,360		(43,266,574)	(62,227,082)
	Net Increase (Decrease) in CASH AND CASH Equivalents(A+B+C)		67,089,544		27,011,195		3,573,629		1,280,738		966,616	1,725,261
	Cash and cash equivalents as at:-											
	:- the beginning of the year	40,329,030		13,317,835		9,744,206		8,463,468		7,496,852		5,771,591
	:- the end of the year	107,418,574		40,329,030		13,317,835		9,744,206		8,463,468		7,496,852

GENERAL INFORMATION

The equity shares now being issued are subject to the terms and conditions of this Letter of Offer, the enclosed CAF, the Memorandum and Articles of Association, Government and RBI approval, if applicable, the provisions of the Companies Act, 1956, Regulations/ Guidelines issued by SEBI, Listing Agreements with Stock Exchanges where the equity shares are proposed to be listed and such other notifications and regulations as may be issued by statutory authorities in this regard from time to time.

This issue is pursuant to the resolutions passed by the Board of Directors of our Company in their meetings held on June 15, 2012.

PRESENT ISSUE:

ISSUE OF 1,128,112 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 34 PER EQUITY SHARE (I.E. AT AN ISSUE PRICE OF RS. 44 PER EQUITY SHARE) AGGREGATING TO AN AMOUNT OF RS. 49,636,928 TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 8 EQUITY SHARE FOR EVERY 10 EQUITY SHARES HELD BY THE SHAREHOLDERS ON THE RECORD DATE, I.E, JANUARY 24, 2014. THE ISSUE PRICE OF EQUITY SHARES IS 4.4 TIMES OF THE FACE VALUE OF RS. 10/- PER EQUITY SHARE.

FOR DETAILS REFER TO THE SECTION TITLED “OFFERING INFORMATION” ON PAGE NO. 156 OF THIS LETTER OF OFFER.

For details refer to the section titled “Offering Information” on page no. 156 of this Letter of Offer.

REGISTERED OFFICE OF THE COMPANY

Talbro Engineering Limited

Plot No 74-75, Sector-6,

Faridabad-121006

Haryana, India

Tel.: + 91 129 4284300

Fax: + 91 129 4061541

Website: www.bnt-talbro.com

Company Registration No.: 033018.

Corporate Identification Number: L74210HR1986PLC033018

Registrar of Companies:

Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019

Board of Directors

S. No	Name, Father's Name, Address, Qualification, Experience, Occupation, Term & DIN	Age (in years)	Designation	Date of Appointment	Directorships held in Indian Companies
1.	Mr. Tarun Talwar S/o Mr. Rajesh Talwar W-80, Greater Kailash Part-II New Delhi-110048 India Qualification: Master of Science in the Faculty of Accountancy from University of Notre Dam, USA. Member of Institute of Certified Public Accountants Experience: 3 years in Business Occupation: Business Term: Upto 26.09.2016 DIN: 02276634	32	Managing Director	15/05/2009	• Nil

2.	Mr. Sanjay Sharma S/o Mr. Sundershan Kumar Sharma 1002, Sector-8, Faridabad- 121006 Qualification: Post Graduate Diploma in Mechanical Engineering Experience: 24 years in Technical Services Occupation: Service Term: upto 30.09.2015 (Retirement by rotation) DIN: 06394774	45	Executive Director	01/10/2012	• Nil
3.	Mr. Vijay Kumar Sharma S/o Mangat Lal Sharma H No. 309, Sector – 3 Ballabgarh, Faridabad-121004 Qualification: Diploma in Mechanical Engineering Experience: 22 years in Technical Services Occupation: Services Term: upto 30.09.2015 (Retirement by rotation) DIN: 06394784	50	Executive Director	01/10/2012	• Nil
4.	Mr. Kartik Talwar S/o Mr. Rakesh Talwar W-80, Greater Kailash Part-II New Delhi-110048 India Qualification: Bachelor of Hotel and Tourism Management Experience: 2 years in business and 4 years in services Occupation: Business Term: Retirement by rotation DIN: 03266391	31	Non-Executive Director	27/09/2011	• Naintara Hospitality Private Limited
5.	Mr. Sunil Kumar S/o Mr. Harish Kumar 1449/1, Jawahar Nagar Palwal, Haryana-121102 India Qualification: M. Phil Experience: 12 years in teaching Occupation: Educational Business Term: Retirement by rotation DIN: 03619831	37	Independent Non-Executive Director	27/09/2011	• Nil

For further details of our Board of Directors, please refer to the chapter titled “Management” on page 77 of this Offer Document.

Listing

The Equity Shares of the Company are listed on The Delhi Stock Exchange Limited (DSE) since September 10, 1996. The Company has received “in-principle” approval from DSE for listing of securities being offered through this Letter of Offer vide letter dated July 29, 2013. For the purpose of this Issue, the Designated Stock Exchange is DSE.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	January 31, 2014
Last date for receiving requests for split application forms	February 14, 2014
Issue Closing Date	March 01, 2014

Company Secretary

The Company has not employed a Whole Time Company Secretary as it is not mandatory for the Company as per the provisions of Section 383A of Companies Act, 1956.

Compliance Officer for the Issue

Mr. Tarun Talwar
Managing Director
74-75, Sector-6, Faridabad- 121 006, Haryana
Tel.: + 91 129 4284300
Fax: + 91 129 4061541
E-mail: axleshafits@bnt-talbro.com
Website: www.bnt-talbro.com

Auditors of the Company

Rakesh Raj & Associates

Chartered Accountants
Plot No. 565, Sector 7B,
Faridabad
Tel: +0129-2243491-92
E-mail: rfaibd@taxindia.net
Contact Person: Mrs. Annapurna Gupta & Mrs. Ruchi Jain
The Auditor has been subjected to Peer Review Process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate no. 005691 dated February 10, 2012 issued by "Peer Review Board" of ICAI.

Bankers of the Company

Bank of India
Tel: 011-23739794 / 27323588
Fax: 011-2332280
E-mail: newdelhi@bankofindia.co.in
Website: <http://www.bankofindia.co.in>
Contact Person: Mr. Narendar Singh

Note: Investors are advised to contact the Compliance Officer or the Registrar to the Issue in case of any pre / post issue related problems such as non-receipt of Letter of Offer / CAF / allotment advice / share certificate(s) / refund orders.

Experts

Except for the reports of the Statutory Auditor of the Company, M/s Rakesh Raj & Associates, Chartered Accountants on the Financial Statements dated December 28, 2013 and Statement of Tax Benefits dated December 28, 2013 included in this Letter of Offer, the Company has not obtained any expert opinion in respect of the Issue.

ISSUE MANAGEMENT TEAM

Lead Manager to the Issue

CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED

D-28, South Extn., Part I,
New Delhi - 110049
Contact Person: Mr. Manoj Kumar/ Ms. Ruchi Hans
Ph.: 91-11-40622228/51
Fax: 91-11-40622201
Email: manoj@indiapcp.com/ ruchi@indiapcp.com
SEBI Regn. No: INM000011435

Registrar to the Issue

Beetal Financial & Computer Services Private Limited

Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre, New Delhi-110062
Contact Person: Mr. Punit Mittal
Ph.: 011-29961281/82/83; **Fax:** 011-29961284
Email: beetalrta@gmail.com
Website: www.beetalfinancial.com
SEBI Regn. No.: INR000000262

Bankers to the Issue		Refund Banker
Punjab National Bank Capital Market Services Branch 5, Sansad Marg, New Delhi-110001 Email: bo4552@pnb.co.in Fax: 011-23737528 Contact Person: Mr. Baljit Kumar Mahan, M: 9560547548 Mr. N K Sharma, M: 9871485971	Development Credit Bank Limited 6 th Floor, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai- 400013 Email: reshma.kerkar@dcbbank.com Fax: 022-66187208 Contact Person: Reshma Kerkar, T: 022-66187097	Punjab National Bank Capital Market Services Branch 5, Sansad Marg, New Delhi-110001 Email: bo4552@pnb.co.in Fax: 011-23737528 Contact Person: Mr. Baljit Kumar Mahan, M: 9560547548 Mr. N K Sharma, M: 9871485971

Self Certified Syndicate Banks

The list of banks who have been notified by SEBI to act as Self Certified Syndicate Banks (SCSBs) for ASBA process is available at <http://www.sebi.gov.in/>.

Inter-se Allocation of Responsibilities

Not applicable.

Credit Rating

This being a rights issue of equity shares, no credit rating is required.

IPO Grading

This being a rights issue of equity shares, no IPO Grading is required.

Trustees

This being a Rights Issue of Equity Shares, appointment of Trustees is not required.

Appraising Agency

The issue has not been appraised.

Monitoring Agency

There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. The Rights Issue Committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to section titled 'Objects of the Issue' on page no.42 of Letter of Offer.

Underwriting / Standby Support

The present issue has not been underwritten.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act which is reproduced below:

“Any person who

- (a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years.”*

Minimum Subscription

If the Issuer does not receive the minimum subscription of ninety percent of the issue size, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), the Issuer will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

Declaration by the Board on creation of separate account

The Board of Directors declares that funds received against this issue will be transferred to a separate bank account other than the Bank account referred to in sub-section (3) of the Section 73 of the Companies Act.

Note:

1. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company at the close of business hours on the Record Date i.e. January 24, 2014.
2. Your attention is drawn to the section on risk factors appearing on page no. 9 of this Letter of Offer.
3. Please ensure that you have received the CAF with the Letter of Offer.
4. Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the Letter of Offer or the CAF.
5. All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrar to the Issue, Beetal Financial & Computer Services Private Limited quoting the Registered Folio number / DP and Client ID number and the CAF numbers as mentioned in the CAF.
6. The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.
7. All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange has been complied with.
8. The Lead Managers and the Company shall update the Letter of Offer and keep the public informed of any material changes till the listing of shares.

Principle terms of Secured Loans and Assets charged as securities:

Secured Loans	Nature of Loan	Loan Outstanding as on 30.09.2013 (Rs. In Lacs)	Loan availed/ first disbursed		Rate of Interest	Repayment Schedule		Security Offered
			Amount (Rs. in lacs)	Date		No. of Installments	Commencing from	
A. TERM LOANS								
Bank of India, New Delhi.	Term Loan	8.34	124.75	20.02.2009	14.00	20 Quarterly	May, 2009	Refer Note (1) (I) below
	Term Loan	36.75	105.00	23.03.2010	14.00	20 Quarterly	November, 2010	Refer Note (1) (II) below
	Term Loan	135.00	270.00	16.03.2011	14.00	20 Quarterly	June, 2011	Refer Note (1) (III) below
	Term Loan	240.00	300.00	04.12.2012	14.00	20 Quarterly	December, 2012	Refer Note (1) (IV) below
	Term Loan	20.05	975.00	05.08.2013	14.00	20 Quarterly	November, 2013	Refer Note (1) (V) below
TOTAL		440.14						
B. WORKING CAPITAL LOANS								
Bank of India, New Delhi.	Working Capital Loan	2026.89	2000.00	25.06.2013	13.50	(Refer Note 2 below)
C. NON FUND BASED								
Bank of India, New Delhi.	Bank Guarantee L.C.(1)	12.05	-	-	-	-	-	(Refer Note 2 below)
TOTAL								
D. VEHICLE LOANS								
ICICI Bank Ltd.	Vehicle Loan	0.15	4.60	30.10.2010	10.77	36	15.11.2010	(Refer Note 3 below)
ICICI Bank Ltd	Vehicle Loan	0.15	4.60	30.10.2010	10.77	36	15.11.2010	
ICICI Bank Ltd.	Vehicle Loan	0.11	3.30	30.10.2010	11.00	36	15.11.2010	
ICICI Bank Ltd.	Vehicle Loan	0.11	3.30	30.10.2010	11.00	36	15.11.2010	

ICICI Bank Ltd.	Vehicle Loan	0.11	3.30	30.10.2010	11.00	36	15.11.2010
ICICI Bank Ltd.	Vehicle Loan	0.10	3.28	30.10.2010	11.00	36	15.11.2010
ICICI Bank Ltd.	Vehicle Loan	0.44	4.50	15.12.2010	11.00	36	01.01.2011
ICICI Bank Ltd.	Vehicle Loan	15.45	23.50	27.10.2011	10.56	60	15.11.2011
Tata Capital Financial Services Limited	Vehicle Loan	16.87	35.00	31.12.2010	5.51	60	31.12.2010
Axis Bank Ltd	Vehicle Loan	10.08	12.00	15.09.2012	10.75	60	15.10.2012
Audi Finance	Vehicle Loan	26.56	32.02	21.09.2012	8.50	60	10.10.2012
ICICI Bank Ltd	Vehicle Loan	4.59	5.45	15.05.2013	10.52	36	15.03.2013
TOTAL		74.72					

Further, the Company has also taken following facilities from Kotak Mahindra Bank:

	Facilities	Margin	Amt. (Rs. in Lacs)	Max Tenor	R/NR*	S/U#	Validity
A	Receivable Finance under-BAS of M&M*	-	550.00	30 days	R	U	10.01.2015
	Total Exposure		550.00				

*Note:

Repayment Condition:

Facility A: The amount due is to be paid on respective due dates.

Securities offered:

1. Securities given for securing the various Terms Loans from Bank of India are as follows:
 - (I) **For Term Loan of Rs. 124.75 Lacs**
 - i. Equitable mortgage of company's immovable properties situate at Plot No.74-75 Sector-6, Faridabad and Plot No-35-36-37-38 & 57 Indl. Area Hathin, Faridabad.
 - ii. First pari-passu charge on plant and machinery, furniture and fixtures etc. both present and future, of the company, situated at Plot No.74-75, Sector-6, Faridabad and Plot No.35-36-37-38 & 57 Indl Area Hathin, Faridabad on pari - passu basis with Sales Tax Deptt., Haryana.
 - (II) **For Term Loan of Rs. 105 Lacs**
 - i. Equitable mortgage of company's immovable properties situate at Plot No.74-75 Sector-6, Faridabad and Plot No-35-36-37-38 & 57 Indl. Area Hathin, Faridabad.
 - ii. Extended charge on plant and machinery, furniture and fixtures etc. both present and future, of the company, situated at Plot No.74-75, Sector-6, Faridabad and Plot No.35-36-37-38 & 57 Indl Area Hathin, Faridabad.
 - (III) **For Term Loan of Rs. 270 Lacs**
 - i. Equitable mortgage of company's immovable properties situate at Plot No.74-75 Sector-6, Faridabad and Plot No-35-36-37-38 & 57 Indl. Area Hathin, Faridabad.
 - ii. Extended charge on plant and machinery, furniture and fixtures etc. both present and future, of the company, situated at Plot No.74-75, Sector-6, Faridabad and Plot No.35-36-37-38 & 57 Indl Area Hathin, Faridabad.
 - (IV) **For Term Loan of Rs. 300 Lacs**
 - i. Equitable mortgage of company's immovable properties situate at Plot No.74-75 Sector-6, Faridabad and Plot No-35-36-37-38 & 57 Indl. Area Hathin, Faridabad.
 - ii. Extended charge on plant and machinery, furniture and fixtures etc. both present and future, of the company, situated at Plot No.74-75, Sector-6, Faridabad and Plot No.35-36-37-38 & 57 Indl Area Hathin, Faridabad
 - (V) **For Term Loan of Rs. 975 Lacs**
 - i. Equitable mortgage of company's immovable properties situate at Plot No.74-75 Sector-6, Faridabad and Plot No-35-36-37-38 & 57 Indl. Area Hathin, Faridabad.
 - ii. Extended charge on plant and machinery, furniture and fixtures etc. both present and future, of the company, situated at Plot No.74-75, Sector-6, Faridabad and Plot No.35-36-37-38 & 57 Indl Area Hathin, Faridabad
2. **The working capital loan and non fund based facilities are secured as follows:**
 - (I) Working Capital Limits are /will be primarily secured by hypothecation of Stocks/book-Debts.

- (II) Equitable mortgage of factory land and building at Faridabad and Hathin and Hypothecation charge on Plant & Machinery (Present and Future) created for Term Loans to be extended for covering Fund Based Limits as well as Non Fund Based Limits.
 - (III) All the present/proposed fund based and non fund based facilities will be guaranteed by joint and several guarantee of Shri. Rajesh Talwar, Shri Tarun Talwar & Corporate guarantee of M/s J. T. Engineering Pvt. Ltd.
- 3. Vehicle loans from banks are secured by way of hypothecation of vehicle financed by them.**
All the equated installments regarding the repayment of all kinds of loans are being paid and the Company has not defaulted in the repayment of the loan.

Principle terms of unsecured loans outstanding as on September 30, 2013:

i. Loans and Advances from related parties

Unsecured Loans	Nature of loan	Loan outstanding as on 30.09.13 (Rs. in lacs)	Rate of Interest	Date of Deposit	Date of Maturity
Loans and Advances from related parties	Loans and Advances		15.00 %		
• Mrs. Gita Talwar & Mr. Rajesh Talwar		7.00		26.10.2010	25.10.2013
• Mrs. Gita Talwar & Mr. Rajesh Talwar		6.00		03.01.2011	02.01.2014
• Mrs. Gita Talwar & Mr. Rajesh Talwar		20.00		12.02.2011	11.02.2014
• Mrs. Gita Talwar & Mr. Rajesh Talwar		20.00		12.02.2011	11.02.2014
• Mrs. Gita Talwar & Mr. Rajesh Talwar		20.00		12.02.2011	11.02.2014
• Mrs. Gita Talwar & Mr. Rajesh Talwar		10.00		12.02.2011	11.02.2014
• Mrs. Gita Talwar & Mr. Rajesh Talwar		78.00		31.03.2011	30.03.2014
Total		161.00			

ii. Fixed Deposit

Unsecured Loans (Long Term i.e. To be Matured after September 30, 2014)	Nature of loan	Loan outstanding as on 30.09.13 (Rs. in lacs)	Rate of Interest	Tenure
Fixed Deposit-Shareholders	FDR	168.75	12.50%	3 years (On Renewable Basis)
Fixed Deposit-Director's relatives & friends.	FDR	222.20	12.50%	3 years (On Renewable Basis)
Fixed Deposit-Director's relatives & friends.	FDR	4.00	10.00%	2 years (On Renewable Basis)
Total		394.95		

iii. Fixed Deposit

Unsecured Loans (Current Maturity) i.e. To be matured before September 30, 2014)	Nature of loan	Loan outstanding as on 30.09.13 (Rs. in lacs)	Rate of Interest	Tenure
Fixed Deposit-Director's relatives & friends	FDR	73.24	12.50 %	3 years (On Renewable Basis)
Fixed Deposit-Director's relatives & friends.	FDR	0.53	10.00%	2 years (On Renewable Basis)
Total		73.77		

CAPITAL STRUCTURE

1. Capital Structure of the Company

(In Rs. unless otherwise stated)

	Share Capital	Aggregate value at face value	Aggregate Value at Issue Price
A.	Authorised Share Capital		
	3,000,000 Equity Shares of Rs. 10/- each	30,000,000	
B.	Current Issued, Subscribed & Paid up Capital before the Issue		
	1,410,140 Equity Shares of Rs. 10/- each	14,101,400	
C.	Present Issue being Offered to the Equity Shareholders through this Letter of Offer:		
	Equity Shares: 1,128,112 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 34 per equity share	11,281,120	49,636,928
D.	Issued, Subscribed and Paid-up Capital after the Issue:		
	2,538,252 Equity Shares of Rs. 10/- each outstanding after the issue	25,382,520	
E.	Share Premium Account:		
	Before the Issue	7,050,700	
	After the Issue	45,406,508	

Changes in Authorised Share Capital

Date of change	Nature of increase/change	Type of Share	Number of Shares	Face Value (in Rs.)	Cumulative authorized Share Capital (in Rs.)
On incorporation	Incorporation	Equity	1,000,000	10	10,000,000
30.09.1997	Increase	Equity	2,000,000	10	30,000,000

2. Share Capital History of our Company

Date of allotment	Number of shares allotted	Face value	Form of consideration	Nature of Issue	Cumulative No. of Equity Shares
11.10.1986	70	Rs. 10	Cash	Initial subscription at the time of incorporation of the company	70
07.04.1993	5,000	Rs. 10	Cash	Issues as per Board Resolution dated 07.04.1993	5,070
16.03.1996	7,00,000	Rs. 10	Shares allotted for consideration other than cash	As per order of Hon'ble Delhi High Court	705,070
20.07.1998	705,070	Rs. 20	Cash	Rights Issue	1,410,140

3. In accordance with the order passed by the Hon'ble High Court of Delhi on 28th July, 1995 under Section 394(2) of the Companies Act, 1956, the Engineering division of Talbros Automotive Components Ltd. ("TACL") was transferred without further act or deed to Talbros Engineering Ltd. along with the properties, rights and powers and all liabilities & duties attached with that division. Pursuant to the said scheme of arrangement 700,000 shares were allotted on 16th March, 1996 for consideration other than cash.

For more information regarding the scheme, please see "History and Corporate Structure" on page 72 of this Letter of Offer.

4. There will be no further issue of Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of this Letter of Offer with SEBI until the Securities have been listed.
5. At present we do not have any proposals or intentions, negotiations and considerations to alter the capital structure by way of split or consolidation of the denomination of the shares, or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement, within a period of six months from the date of opening of the present issue.

6. Details of shareholding of Promoters

Date of allotment	Nature of Issue	Total Number of shares in the Company -Pre	Pre Shareholding-Promoter	No. of Equity Shares Allotted /Acquired/Sold	Total Number of shares in the Company -Pre	Post Shareholding-Promoter	Face Value (Rs .)	Issue/ acquisition Price (Rs .)	% of pre issue capital	% of post issue capital	Lock in period	No. & % of pledged shares
Mr. Rajesh Talwar												
11.10.1986	Subscriber to MOA and AOA	-	-	10	70	10	10	10	-	14.29	Nil	Nil
Not Available	Off Market	70	10	71	5,070	81	10	Not Available	14.29	1.60	Nil	Nil
16.03.1996	High Court Order	5,070	81	61	705,070	142	10	NA	1.60	0.02	Nil	Nil
30.03.2002	Consolidation	705,070	142	153,300	1,410,140	153,442	10	NA	0.02	10.88	Nil	Nil
15/05/2002	Consolidation	1,410,140	153,442	1,810	1,410,140	155,252	10	NA	10.88	11.01	Nil	Nil
12/09/2002	Off Market	1,410,140	155,252	150	1,410,140	155,402	10	10	11.01	11.02	Nil	Nil
30/01/2004	Off Market	1,410,140	155,402	200	1,410,140	155,602	10	10	11.02	11.03	Nil	Nil
31/12/2004	Inter se	1,410,140	155,602	5,280	1,410,140	160,882	10	10	11.03	11.41	Nil	Nil
31/05/2005	Inter se	1,410,140	160,882	25,000	1,410,140	185,882	10	10	11.41	13.18	Nil	Nil
31/07/2006	Off Market	1,410,140	185,882	162	1,410,140	186,044	10	10	13.18	13.19	Nil	Nil
25/06/2007	Inter se	1,410,140	186,044	3,600	1,410,140	189,644	10	10	13.19	13.45	Nil	Nil

10/09/2007	Consolidation	1,410,140	189,644	45,895	1,410,140	235,539	10	NA	13.45	16.70	Nil	Nil
10/10/2007	Inter se	1,410,140	235,539	2,100	1,410,140	237,639	10	20	16.70	16.85	Nil	Nil
10/10/2007	Inter se	1,410,140	237,639	2,332	1,410,140	239,971	10	20	16.85	17.02	Nil	Nil
24/12/2011	Consolidation of Joint Holding	1,410,140	239,971	7,512	1,410,140	247,483	10	NA	17.02	17.55	Nil	Nil
Mrs. Gita Talwar												
07.04.1993	Allotment	70	-	1,485	5,070	1,485	10	Not Applicable	0	29.29	Nil	Nil
16/03/1996	High Court Order	5,070	1,485	1,485	705,070	2,970	10	NA	29.29	0.42	Nil	Nil
31/07/2001	Off market	705,070	2,970	10,000	1,410,140	12,970	10	10	0.42	0.92	Nil	Nil
15/10/2001	Off market	1,410,140	12,970	15,000	1,410,140	27,970	10	10	0.92	1.98	Nil	Nil
31/10/2001	Consolidation	1,410,140	27,970	2,500	1,410,140	30,470	10	NA	1.98	2.16	Nil	Nil
12/09/2002	Off market	1,410,140	30,470	3,068	1,410,140	33,538	10	10	2.16	2.38	Nil	Nil
31/12/2004	Inter se	1,410,140	33,538	11,970	1,410,140	45,508	10	10	2.38	3.23	Nil	Nil
28/02/2005	Inter se	1,410,140	45,508	1,716	1,410,140	47,224	10	10	3.23	3.35	Nil	Nil
31/05/2005	Inter se	1,410,140	47,224	12,816	1,410,140	60,040	10	10	3.35	4.26	Nil	Nil
31/05/2005	Inter se	1,410,140	60,040	6,428	1,410,140	66,468	10	10	4.26	4.71	Nil	Nil
25/06/2007	Consolidation	1,410,140	66,468	600	1,410,140	67,068	10	NA	4.71	4.76	Nil	Nil
21/06/2010	Inter se	1,410,140	67,068	21,786	1,410,140	88,854	10	20	4.76	6.3	Nil	Nil
19/09/2011	Consolidation	1,410,140	88,854	16,002	1,410,140	104,856	10	NA	6.3	7.44	Nil	Nil
19/09/2011	Consolidation	1,410,140	104,856	1,500	1,410,140	106,356	10	NA	7.44	7.54	Nil	Nil
19/09/2011	Share from Rajesh Talwar HUF dissolution	1,410,140	106,356	100,000	1,410,140	206,356	10	10	7.54	14.63	Nil	Nil
Mr. Tarun Talwar												
30.03.2010	Gift	1,410,140	-	65,294	1,410,140	65,294	10	20	0	4.63	Nil	Nil

19.09.2011	Share from Rajesh Talwar HUF dissolution	1,410,140	65,294	13,651	1,410,140	78,945	10	10	4.63	5.60	Nil	Nil
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There have been 4 allotments in the Company i.e. on 11.10.1986, 07.04.1993, 16.03.1996 and 20.07.1998 and all the shares allotted on these dates have been made fully paid up on the same date.

7. Details of the shareholding of the Promoter Group in our Company as on September 30, 2013 is as under:

Sr. No.	Name of the Promoters	Total shares held	
		Number of shares	As a % of grand total (A)+(B)+(C)
(I)	(II)	(III)	(IV)
1.	Kartik Talwar	11,382	0.81
2.	Rakesh Talwar HUF	75,671	5.37
3.	Naini Talwar	81,850	5.80
4.	Karan Talwar	29,180	2.07
5.	Rakesh Talwar	164,621	11.67
	Total	362,704	25.72

8. The promoters of the Company have not pledged any shares.
9. None of the shares of our Company are under lock-in.
10. There has been no acquisition or sale of Equity Shares by the Promoter Group and/or by the Directors of the Company which is a Promoter of The Issuer and/or by the Directors of The Issuer and their immediate relatives within six months immediately preceding the date of filing Letter of Offer with the Board.
11. There has been no financing arrangements whereby the Promoter Group, the Directors of the Company which is a Promoter of The Issuer, the Directors of The Issuer and their relatives have financed the purchase by any other person of securities of The Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Letter of Offer with SEBI.
- 12. Buy-back and Standby arrangements**
The Promoters and Directors of the Company and Lead Manager to the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer.
- The Promoters intend to subscribe to the full extent of their entitlement in the Issue and such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.
13. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this Letter of Offer. We have no partly paid up equity shares or call in arrears.
14. The Equity Shares offered through this Issue shall be made fully paid up or will be forfeited for non-payment of calls within 12 months from the date of allotment of securities.

15. List of top 10 shareholders of the Company and the number of equity shares held by them is as under:

i. As on date of letter of offer i.e. January 13, 2014

Name of Shareholders	Number of shares held	% of Total paid up capital of the Company
Rajesh Talwar	247,483	17.5502
Gita Talwar	206,356	14.6337
Rakesh Talwar	240,292	17.0403
Sartaj K. Sahni	129,168	9.1599
Naini Talwar	81,850	5.8044
Tarun Talwar	78,945	5.5984
Karan Talwar	29,180	2.0693
General Insurance Corporation of India	17,950	1.2729
Kartik Talwar	11,382	0.8072
United India Insurance Company Limited	9,301	0.660

ii. Two years prior to the date of this Letter of Offer i.e. January 13, 2014

Name of Shareholders	Number of shares held	% of Total paid up capital of the Company
Rajesh Talwar	247,483	17.5502
Gita Talwar	206,356	14.6337
Rakesh Talwar	240,292	17.0403
Sartaj K. Sahni	129,168	9.1599
Naini Talwar	81,850	5.8044
Tarun Talwar	78,945	5.5984
Rakesh Talwar HUF	75,671	5.37
Karan Talwar	29,180	2.0693
General Insurance Corporation of India	17,950	1.2729
Kartik Talwar	11,382	0.8072

iii. Ten days prior to the date of this Letter of Offer i.e. January 13, 2014

Name of Shareholders	Number of shares held	% of Total paid up capital of the Company
Rajesh Talwar	247,483	17.5502
Gita Talwar	206,356	14.6337
Rakesh Talwar	240,292	17.0403
Sartaj K. Sahni	129,168	9.1599
Naini Talwar	81,850	5.8044
Tarun Talwar	78,945	5.5984
Karan Talwar	29,180	2.0693
General Insurance Corporation of India	17,950	1.2729
Kartik Talwar	11,382	0.8072
United India Insurance Company Limited	9,301	0.660

16. Details of persons holding more than 1% of the shares of our Company as on September 30, 2013

Sr. No.	Name of the shareholder	Total shares held		Shares pledged or otherwise encumbered		
		Number of shares	As a % of total equity share capital of the company	Number	As a percentage of Total Shares held	As a % of total equity share capital of the company
Category: Promoter and Promoter Group						
1.	Gita Talwar	206,356	14.63	0	0.00	0.00
2.	Rajesh Talwar	247,483	17.55	0	0.00	0.00
3.	Rakesh Talwar HUF	75,671	5.37	0	0.00	0.00
4.	Naini Talwar	81,850	5.80	0	0.00	0.00
5.	Karan Talwar	29,180	2.07	0	0.00	0.00
6.	Rakesh Talwar	164,621	11.67	0	0.00	0.00
7.	Tarun Talwar	78,945	5.60	0	0.00	0.00
Category: Non-Promoters						
8.	Sartaj K. Sahni	129,168	9.16	0	0.00	0.00
9.	General Insurance Corporation of India	17,950	1.27	0	0.00	0.00

17. Details of Partly paid up shares/outstanding convertible securities and warrants of the Company as September 30, 2013

Partly paid up shares	No. of partly paid up shares	As a % of total no. of partly paid up shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0	0
Held by Public	0	0	0
Total	0	0	0
Outstanding convertible securities			
	No. of outstanding securities	As a % of total no. of Outstanding convertible securities	As a % of total no. of shares of the company assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by Public	0	0	0
Total	0	0	0
Warrants			
	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of the company assuming full conversion of warrants
Held by promoter/promoter group	0	0	0
Held by Public	0	0	0
Total	0	0	0
Total paid up capital of the company assuming full conversion of warrants and convertible securities	1,410,140		

18. The Shareholding Pattern of our Company as on September 30, 2013 as filed with Stock Exchange:

Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of(A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(I V)*100
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	0	0	0	0	0	0	0
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0
©	Bodies Corporate	0	0	0	0	0	0	0
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(e)	Any Others(Specify)	0	0	0	0	0	0	0
(e-i)	Directors and their relatives	8	895,488	895,488	63.50	63.50	0	0
	Sub Total(A)(1)	8	895,488	895,488	63.50	63.50	0	0
2	Foreign							
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Qualified Foreign Investor	0	0	0	0	0	0	0
(e)	Any Others(Specify)	0	0	0	0	0	0	0
	Sub	0	0	0	0	0	0	0

	Total(A)(2)							
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	8	895,488	895,488	63.50	63.50	0	0
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	2	4,043	4,043	0.29	0.29	0	0
(b)	Financial Institutions Banks	8	46,075	45,715	3.27	3.27	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	0	0	0	0	0	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
(h)	Qualified Foreign Investor	0	0	0	0	0	0	0
(i)	Any Other (specify)	0	0	0	0	0	0	0
	Sub-Total (B)(1)	10	50,118	49,758	3.55	3.55	0	0
B 2	Non-institutions							
(a)	Bodies Corporate	64	8,927	5,702	0.63	0.63	0	0
(b)	Individuals							
I	Individual shareholders holding nominal share capital up to Rs 1 lakh	5,721	320,598	135,765	22.74	22.74	0	0
II	Individual shareholders holding nominal share capital in excess of Rs. 1	0	0	0	0	0	0	0

	lakh.							
(c)	Qualified Foreign Investor	0	0	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0	0	0
(d-i)	Trusts	1	20	20	0	0	0	0
(d-ii)	Non-Resident Indians	22	131,152	1024	9.30	9.30	0	0
(d-iii)	Clearing Members	0	0	0	0.00	0.00	0	0
(dc-iv)	HUF	41	3,837	3,837	0.27	0.27	0	0
	Sub-Total (B)(2)	5,849	464,534	146,348	32.94	32.94	0	0
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	5,859	514,652	196,106	36.50	36.50	0	0
	TOTAL (A)+(B)	5,867	1,410,140	1,091,594	100.00	100.00	0	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group	0	0	0	0	0	0	0
2	Public	0	0	0	N.A	0	0	0
	Sub-Total (C)	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	5,867	14,10,140	10,91,594	N.A	100.00	0	0

19. Pre and Post-Issue Shareholding of Promoter and Promoter Group of our Company:

Sr. No.	Name of the Promoters	Pre Issue (As on Sep 30, 2013)		Post Issue
		Number of shares	As a % of equity share capital	As a % of equity share capital
	Promoters			
1.	Rajesh Talwar	247,483	17.55	9.75
2.	Tarun Talwar	78,945	5.60	3.11

3.	Gita Talwar	206,356	14.63	8.13
	Promoter Group			
4.	Kartik Talwar	11,382	0.81	0.45
5.	Rakesh Talwar HUF	75,671	5.37	2.98
6.	Naini Talwar	81,850	5.80	3.22
7.	Karan Talwar	29,180	2.07	1.15
8.	Rakesh Talwar	164,621	11.67	6.49
	Total holding of Promoter and Promoter Group	895,488	63.50	35.28

20. The details of shareholding, if any, of the Lead Manager and their associates in the Company.
Nil
21. There are no options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of the Company.
22. The Company has not instituted any employee stock option scheme as on the date of this Letter of Offer.
23. The total number of members in our Company as on September 30, 2013 was 5867.
24. Our Company presently does not have any intention or proposal to alter its capital structure for a period of 6 months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise.
25. The Company had made a Rights Issue of Equity Shares in the year 1998. All the relevant and applicable rules and regulations had been complied with at the time of making the said issues.
26. At any given time, there shall be only one denomination of the Equity Shares and we shall comply with such disclosure and accounting norms specified by SEBI from time to time.

SECTION IV – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The manufacturing facilities of Talbros Engineering Limited are located at the following locations:

1. Plot No. 74-75, Sector-6, Industrial Area, Faridabad, Haryana.
2. Plot No. 35, 36, 37, 38 & 57, Hathin, Dist Palwal, Haryana

At present, the Company has an installed capacity of manufacturing 13,00,000 Rear Axle shafts p.a. Our company is the single source supplier for Rear Axle Shafts to M/s Mahindra & Mahindra Ltd and has many running orders from reputed OEM automobile companies like Tractor & Farm Equipment Ltd, Force Motor Ltd, Automotive Axle Ltd, Carraro India Ltd, Hindustan Motor Ltd, New Holland Tractors Ltd, Same Deutz Fhar Ltd, Spicer India Ltd etc. Presently, our installed capacity is posing a constraint in fulfilling the orders in hand.

Therefore the company needs funds to increase its installed capacity to complete these orders in hand.

Deployment of Net proceeds

We intend to deploy the Net Proceeds of the Issue to:

1. Fund the procurement of plant and machinery.
2. General Corporate Purpose
3. Issue related expenses

The main objects set out in our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us through this Issue.

Issue Proceeds and its proposed utilization

Net Proceeds of the Issue

(Rs. in Lacs)

Particulars	Amount
Gross proceeds of the Issue	496.37
Net Proceeds of the Issue	476.87

We intend to utilize the Net Proceeds of the Issue for financing the objects as set forth below:

(Rs. in Lacs)

Particulars	Amount
Procurement of plant and machinery	447.52
General Corporate Purpose	29.35
Total	476.87

Details of the Objects of the Issue:

a. Procurement of plant and machinery

In line with our strategy of increasing our manufacturing capacities, the company proposes to purchase plant and machinery. We propose to acquire equipment which is ready to use. The equipment that we acquire will be installed at our factories located at Plot No 74-75, Sector-6, Faridabad and Plot No.35-38 & 57, Industrial. Area, Hathin, Palwal.

The break-up of the machinery proposed to be acquired and other incidental expenses is as follows:

S. No.	Name of Machinery	Nos.	Name of manufacturer/Supplier	Estimated Cost (Rs. In Lacs)
1.	Hydraulic Lathe Tracers	5	Deepti Hydromech, New Delhi.	3.67
2.	Cylindrical Grinder M/c	1	Bestek Engineering Pvt. Ltd., Ghaziabad, U.P.	56.11
3.	Radial Drilling M/c	1	Batliboi Ltd., Faridabad	7.56

4.	Cooling Tower	2	Kool Drop Cooling Towers (P) Ltd., New Delhi	2.20
5.	6" Forging upsetter*	1	Orol Trading Ltd., Canada	125.55**
6.	Bar End Heater	1	Electrotherm (India) Ltd. Ahmedabad/ Inductotherm India Pvt. Ltd, Ahmedabad.	29.23
7.	Hobbing machines	2	Auto Impex Inc., USA	19.44
8.	Induction Hardening M/c	1	Electrotherm (India) Ltd. Ahmedabad /Inductotherm India Pvt. Ltd, Ahmedabad.	48.14
9.	Simple turn CNC Lathe M/c	2	ACE Designers Ltd., Bangalore.	28.88
10.	Heavy Duty CNC Lathe M/c	2	Lakshmi Machine Works Ltd, Coimbatore	64.52
11.	500KVA Genset	2	Sudhir Gensets Ltd, Jammu.	62.22
			Total	447.52

*Second Hand Machinery: The residual working life of this machine would be estimated at a minimum of 15 years providing it is used within its designed capacity, and well maintained throughout the entire period.

The orders for all the plant and machineries as shown above are yet to be placed except 6" Forging upsetter. No secondhand machinery has been bought or is proposed to be bought except 6" Forging upsetter and Hobbing machines for which an advance of Rs.37.46 Lacs has been paid from the internal accruals.

**This amount excludes the advance of Rs.37.46 lacs already paid by the Company.

Approvals

The proposed installation of the machineries does not require us to take any new approvals or licenses or modification of existing licenses and approvals. The existing approvals under labour laws and environment protection laws allow the installation of the new machineries. In the event we choose to install the machineries at any other location, we may be required to procure labour, industrial, environmental and other clearances.

The Promoters or the Directors or the Promoter Group entities do not have any interest in the proposed procurement of any equipment/ machinery as stated above or any of the entities from whom we have obtained quotations/ machinery.

Commencement of commercial production

The Company will get installed the machines within 6 months from the date of receipt and start production. These machines are purchased for expansion and smooth line our productions.

b. Issue Related expenses

The total expenses of the Issue are estimated to be approximately Rs. 19.50 Lacs. The Issue related expenses include, Issue management fees, Registrar fees, printing and distribution expenses, advertisement and listing fees to the Stock Exchanges etc. The break-up of total Issue expenses is set out below:

Category	Estimated expenses (Rs. in Lacs)	% of the Issue expenses	% of total Issue size
Fees to the Lead Manager	6.00	30.77	1.21
Fees to the Registrar to the Issue	1.50	7.69	0.30
Advertising, Publicity and Stationery Expenses , dispatch	6.00	30.77	1.21
Contingency & Other Expenses including Stamp duty, Statutory fees, Listing Fees, Depository Charges etc	6.00	30.77	1.21
Total	19.50	100	3.93

Means of Finance

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds of the Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan and estimates from time to time and consequently our funding requirements and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds, subject to compliance with applicable law.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose will be met from internal accruals and/or entering into debt or equity arrangements as required.

We may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling, revising or canceling the planned expenditure and fund requirements and increasing or decreasing the expenditure for a particular purpose from its planned expenditure mentioned below at the discretion of our management. In addition, the estimated dates of completion of the installation of the plants and machineries, as described in this section, are based on management's current expectations and are subject to change due to various factors including those described above, some of which may not be in our control. Accordingly, the net proceeds of the Issue would be used to meet all or any of the uses of the funds described herein.

APPRAISAL

No appraisal of the issue proceeds has been done. It is based upon Management estimates.

BASIC TERMS OF ISSUE

Securities proposed to be issued by the Company	1,128,112 Equity Shares
Rights Entitlement	8 Equity shares for every 10 Equity Share held on the Record Date
Issue Price per Equity Share (Face Value of Rs. 10/- each)	Rs. 44
Issue Size	Rs. 49,636,928
Equity Shares outstanding prior to the issue	1,410,140 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	2,538,252 Equity Shares

For more information, please see “Terms of the issue” on page 156 of this Letter of Offer

BASIS FOR ISSUE PRICE

Investors should read the following summary along with the sections titled “Risk Factors” and “Financial Statements” beginning on page nos. 9 And 92 Respectively of this Letter of Offer, and other details about the Company included in the section entitled “History and Corporate Structure” beginning on page no. 72 of this Letter of Offer.

QUALITATIVE FACTORS

1. TALBROS is a well known brand name in the industry.
2. The promoters have 30 years of experience in the automobile industry.
3. Existing profit making and dividend paying company.

QUANTITATIVE FACTORS

Information presented in this section is derived from the Company’s financial statements prepared in accordance with Indian GAAP and SEBI Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Earning Per Share (EPS) and Diluted Earning Per Share

Year	EPS (In Rs.)	Weight
2010-11	18.49	1
2011-12	31.38	2
2012-13	36.07	3
As on September 2013 (On an annualized basis)	34.46	4
Weighted Average	32.73	

Notes:

- The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2, 3 and 4 for the fiscal years ending March 31 2011, 2012 and 2013 and for the six Months ending September 30, 2013 respectively.
- The above statement should be read with “Financial Statements” beginning on page 92 of this Letter of Offer.

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. 44 per share

Particulars	PE (No. of times)
a) As on September 2013 (On an annualized basis), the Earnings per Share is Rs. 34.46	1.28
b) Based on weighted average, the EPS is Rs. 34.46	1.34
c) Industry P/E	14.74
Highest	25.07
Lowest	4.41
Average	14.74

*Source: capitaline dated 30/9/2013

3. Average Return on Net Worth

Year	RONW (%)	Weight
2010-11	19.13	1
2011-12	25.08	2
2012-13	22.87	3
As on September 2013 (On an annualized basis)	19.70	4
Weighted Average	21.67	

Notes:

- Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, as per the Company’s financial statements.

4. Minimum Return on Total Net Worth needed after the Issue to maintain pre-Issue EPS (as on March 31, 2013) of Rs. 36.07 is 30.90%.

5. Net Asset Value per Equity Share

Particulars	Amount (in Rs.)
Net Asset Value Per Share (Pre Issue) (as on 30.09.2013)	174.92
Net Asset Value (Post Issue)	116.73
Issue Price	44

The Issue price of Rs. 44 has been arrived at in consultation between our Company and the Lead Manager i.e. Corporate Professionals Capital Private Limited. The Issue Price of equity shares is 4.4 times of the face value of Rs. 10/- per equity share.

Peer Group Comparison- On Standalone Basis

S.No.	Name of the company	As on March 31, 2012			
		Face Value (Rs. Per Share)	EPS (Rs.)	RoNW (%)	Book value per share (Rs.)
	Talbro Engineering Limited	10.00	31.38	25.08	125.10
Peer Group**					
1.	M/s Guru Nanak Auto Enterprises Ltd.	10.00	1.01	5.42	18.56
2.	M/s SPM Auto Pvt. Ltd.	10.00	2.18	8.60	25.29
3.	M/s Raja Forgings And Gears Ltd.*	10.00	2.85	10.30	27.68

Source: www.mca.gov.in

*Based on the financials figures for the period ended March 31, 2011 as the financials for period ended March 31, 2012 are not available on www.mca.gov.in.

**The Peer Group companies are closely held companies.

Calculations with respect to above Peer Group Comparison

Year	Name of the Company	Share issued by the Company	Profit (In Rs.)	EPS (In Rs.)	Shareholder equity / Net worth (In Rs.)	Book value per share (In Rs.)	Face Value (In Rs.)	Return on Net Worth (%)
2012	Talbro Engineering Limited	14,101,40	44,249,420.00	31.38	176,414,371.00	125.10	10.00	25.08
2012	M/s Guru Nanak Auto Enterprises Ltd.	20,853,850	20,992,214.16	1.01	387,127,750.61	18.56	10.00	5.42
2011	M/s Raja Forgings and Gears Ltd	16,608,655	47,324,809.00	2.85	459,667,729.00	27.68	10.00	10.30
2012	M/s SPM Auto Pvt. Ltd.	7,464,000	16,240,791.00	2.18	188,753,187.00	25.29	10.00	8.60

STATEMENT OF TAX BENEFITS

To
The Board of Directors
M/s Talbros Engineering Limited
Plot No. 74-75, Sector-6, Faridabad-121 006,
Haryana, India

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to Talbros Engineering Limited ("The Company") and its Shareholders under the tax laws currently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company is currently availing any of these benefits or will avail these benefits in future
- The Company's shareholders will avail these benefits in future; or
- The conditions prescribed for availing the benefits have been/would be met with.

The contents of this annexure are based on information, explanations, and representations received from the Company and on the basis of our understanding of the business activities and operations of the Company.

This Report is intended solely for informational purpose for the inclusion in the offer document in connection with the proposed Right issue of the Company and is not to be used in, referred to or distributed for any other purpose.

For **Rakesh Raj & Associates**
Chartered Accountants
Firm Regn. No. 0005145N

(Ruchi Jain)
Partner
FCA-99920

Place: Faridabad
Date: 28.12.2013

TAX BENEFITS AVAILABLE TO THE COMPANY

A.1. UNDER THE INCOME TAX ACT, 1961 (I.T ACT)

1. Under section 32 of I.T Act, the company is entitled to claim depreciation on Tangible and Intangible assets for the use thereof in the company's business as explained in the said section. Unabsorbed depreciation, if any, for an Assessment year can be carried forward without any time limit and set off against any source of income in the subsequent Assessment year.
2. Under Section 35D of I.T Act the company is eligible to claim deduction of preliminary expenses, subject to limits specified in sub-section (3) of the said section.
3. Under section 35DDA, the Company is eligible for deduction in respect of payments made to its employee in connection with their voluntary retirements in accordance with any scheme or schemes of an amount equal to 1/5th of such payments over 5 successive assessment years subject to conditions and limits specified in that section.
4. Under Section 35, the Company is eligible for deduction in respect of any expenditure (not being expenditure on the acquisition of any land) on scientific research related to the business subject to conditions specified in that section. Under section 35(2AB), subject to fulfillment of conditions specified therein, by extending weighted deduction a sum equal to two times of expenditure not being expenditure on the acquisition of any land or building) for in-house research & development for companies engaged in any business of manufacture or production of any article or thing except those provided in the Eleventh Schedule of the Act.
5. **Set off & Carry forward of business losses**
Business loss (not from Speculative business),if any, can be set off against any income of that year & the balance can be carry forward and set off against business profit for eight subsequent assessment years.
6. Under section 10(34) of I.T Act, dividend income referred to in section 115-O is exempt from tax in the hands of the company. However, it is pertinent to note that section 14A of the IT Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to exempt income.
7. Under section 10(38) of I.T Act, income arising from transfer of long-term capital asset, being an equity share of a company or unit of an equity oriented mutual fund is exempt from Tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1, 2004 and such transaction is chargeable to STT under that Chapter.

Provided that the income by way of long term capital gain of a company shall be taken into account in computing the book profit and Income Tax payable under section 115JB.
8. Under section 111A of I.T Act, the short term capital gain *on* transfer of equity share or units of *an* equity oriented mutual funds shall be chargeable to Tax @ 15% (plus applicable surcharge and education cess), if the transaction of *such sales has been entered into on or after the date on which chapter VII of the Finance (No.2) Act, 2004* being Securities Transaction Tax (STT) has come into force i.e. on or after October 1,2004 and such transaction is chargeable to STT under that Chapter. Deduction under Chapter VI-A of I.T Act is not available on such income.
9. Under section 112 and other relevant provisions of I.T Act, the long term capital gains arising on transfer of long term capital assets shall be taxed at the rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 of I.T Act. However, in case of transfer of listed securities or unit or zero coupon bond, the long term capital gain (not covered under section 10(36) & 10(38) of I.T Act) can be taxed at 10% (plus applicable surcharge and education cess) without indexation, at the option of Company. Deduction under Chapter VI-A of I.T Act is not available on such income.

10. MAT Credit

The Company would be required to pay tax on its book profits under the provisions of section 115JB in case where tax on its "total income" [the term defined under section 2(45) of the IT Act] is less than 18.5% (plus applicable

surcharge and education cess), of its book profit (the term defined under section 115JB of the I.T Act). Such tax is referred to as Minimum Alternate Tax (MAT.)

The difference between the MAT payable under section 115JB of the I.T Act and the tax on its total income payable for that assessment year shall be allowed to be carried forward as "MAT credit" upto tenth assessment year immediately succeeding the assessment year in which the tax credit under MAT has been paid. The MAT credit can be utilized to be set off against taxes payable on the total income computed under the provisions of the I.T Act other than 115JB thereof if any, in the subsequent assessment years in accordance with the provisions & limit specified in section 115JAA of the I.T Act.

11. Under section 54EC of the I.T Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of capital asset by the Company will be exempt from capital gains tax if the capital gains arising there from are invested within a period of 6 months after the date of such transfer in eligible bonds (to be held for a minimum period of 3 years from the date of their acquisition) issued by-
 - National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956; However, the investment made in the specified bonds during the financial year should not exceed Rs 50 lacs.
12. As per section 70 read with section 74, short term capital loss arising during a year is allowed to be set off against short term as well as long term capital gain arising in that year. Balance loss if any, should be carried forward and available for set-off against subsequent year's short term or long term capital gains for subsequent 8 years.
13. As per section 70 read with section 74, long term capital loss arising during a year is allowed to be set off only against long term capital gains. Balance loss if any, should be carried forward and available for set-off against subsequent year's long term capital gains for subsequent 8 years

A.2 UNDER THE WEALTH TAX ACT, 1957

The company is liable to pay wealth tax as per the provisions of Wealth Tax Act, 1957 at the rate of 1% in respect of certain assets owned by the company subject to the basic exemption of Rs.30 Lacs.

A.3 UNDER THE GIFT TAX ACT, 1958

Gifts of Shares of the Company made on or after October 1, 1998 are not liable to Gift Tax since abolished.

A. TAX BENEFITS AVAILABLE TO THE MEMBERS

B.I UNDER THE INCOME-TAX ACT, 1961 (I.T ACT)

TO RESIDENT MEMBERS:

1. Under section 10(34) of I.T Act, dividend income referred to in section 115-O is exempt from tax in the hands of the shareholders. However it is pertinent to note that section 14A of the I.T Act provides that no deduction shall be allowed in respect of any expenditure incurred in relation to exempt income.
2. Under section 10(38) of I.T Act, the long term capital gains arising on transfer of the shares of the Company, is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1, 2004 and such transaction is chargeable to STT under that Chapter.
Provided that the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB.
3. Under section 111A of I.T Act, the short term capital gain on transfer of equity shares of the Company shall be chargeable to tax @ 15% (plus applicable surcharge, education cess and secondary and higher education cess), if the transaction of such sale has been entered into on or after the date on which chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1,2004 and such

transaction is chargeable to STT under that Chapter. Deduction under Chapter VI-A of I.T Act is not available on such income.

(Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act, 2009)

4. Under section 112 and other relevant provisions of I.T Act, the long term capital gains arising on transfer of the shares of the Company, shall be taxed at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) after indexation as provided in the second proviso to section 48 of I.T Act. However, at the option of the shareholder, instead of above, the long-term capital gain arising from the transfer of the equity shares of the Listed Company, if not covered under section 10(36) & 10(38) of I.T Act, can be taxed at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess) without indexation. Deduction under Chapter VI-A of I.T Act is not available on such income. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act, 2009)
5. Under section 54EC of the Income Tax Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares in the Company will be exempt from capital gains tax if the capital gains arising there from are invested within a period of 6 months after the date of such transfer in eligible bonds (to be held for a minimum period of 3 years from the date of their acquisition) issued by-
 - National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, [1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;However, the investment made in the specified bonds during the financial year should not exceed Rs 50 lakhs.
6. In accordance with section 54F of I.T Act and subject to the conditions provided therein, long term capital gains arising on transfer of shares in the company held by an individual or HUF shall be exempt from tax if the net sale consideration from the transfer of the shares in the Company is utilized within a period of one year before or two years after the date of transfer for purchase of a new residential house or construction of a new residential house within a period of three years from the date of such transfer.

TO NON-RESIDENT MEMBERS:

1. Under section 10(34) of I.T Act, dividend income referred to in section 115-O of I.T Act is exempt from tax in the hands of the shareholders.
2. Under section 10(38) of I.T Act, the long term capital gains arising on transfer of the shares of the Company, is exempt from tax, if the transaction of such sale has been entered into on or after the date on which Chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1, 2004 and such transaction is chargeable to STT under that Chapter. Provided that the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB.
3. Under section 111A of I.T Act, the short term capital gain on transfer of equity share of the Company shall be chargeable to tax @ 15% (plus applicable surcharge, education cess and secondary and higher education cess), if the transaction of such sale has been entered into on or after the date on which chapter VII of the Finance (No.2) Act, 2004 being Securities Transaction Tax (STT) has come into force i.e. on or after October 1 , 2004 and such transaction is chargeable to STT under the Chapter. Deduction under Chapter VI-A of I.T Act is not available on such income. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act, 2009)
4. Under section 112 and other relevant provisions of I.T Act, the long term capital gains arising on transfer of the shares of the Company, shall be taxed at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) after indexation as provided in the second proviso to section 48 of I.T Act. Indexation is not available if investment made in foreign currency as per second proviso to section 48 of I.T Act read with first proviso to section 48 of the I.T Act. However, at the option of the shareholder, instead of above, the long-term capital gain arising from the transfer of the equity shares of the Listed Company, if not covered under section 10(36) & 10(38) of I.T Act, can be taxed at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess) without indexation. Deductions under Chapter VI-A of I.T Act are not available on such income. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act, 2009).

5. Under the first proviso to section 48 of I.T Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuation in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. However, the capital gain will be taxed as per the provision of Section 111A or 112 of I.T Act as applicable.
6. As per the provisions of section 115A of I.T Act, in the case of a non resident or a foreign company, the tax payable on dividends other than dividends referred to in section 115-O of I.T Act shall be 20% (plus applicable surcharge, education cess and secondary and higher education cess) of such income. It shall not be necessary for such assessee to furnish the Return of Income if their only source of income is investment income and tax has been deducted at source from such income under the provisions of chapter XVIIB of I.T Act. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act, 2009)
7. Under section 54EC of the Income Tax Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares in the Company will be exempt from capital gains tax if the capital gains arising there from are invested within a period of 6 months after the date of such transfer in eligible bonds (to be held for a minimum period of 3 years from the date of their acquisition) issued by-
 - National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956; However, the investment made in the specified bonds during the financial year should not exceed Rs 50 lakhs
8. In accordance with section 54F of I.T Act and subject to the conditions provided therein, long term capital gains arising on transfer of shares in the company held by an individual or HUF shall be exempt from tax if the net sale consideration from the transfer of the shares in the Company is utilized within a period of one year before or two years after the date of transfer for purchase of a new residential house, or for construction of a new residential house within a period of three years from the date of such transfer.

9. SPECIAL PROVISIONS FOR NON-RESIDENT INDIAN MEMBERS:

- 9.1. A Non-Resident Indian (i.e. individual being a citizen of India or person of Indian origin) has the option to be governed by the special provisions of chapter XII-A of I.T Act, according to which:
- 9.2. Under section 115E of I.T Act, where shares in a company are subscribed or acquired for in convertible foreign exchange by a non-resident Indian then. income from long term capital gains (not covered under section 10(36) & 10(38) of I.T Act) on transfer of these shares shall be charged to tax @ 10% (plus applicable surcharge, education cess and secondary and higher education cess) without indexation as per first proviso to section 48 of I.T Act. (Levy of Surcharge in the case of individual has been removed vide finance (No 2) Act,2009)
- 9.3. Under section 115F of I.T Act, the long term capital gains arising from the transfer of shares of the company, where these were acquired or subscribed in convertible foreign exchange, shall be exempt from tax provided that the net consideration from the transfer of the shares in the Company is invested in any specified asset (including share in the company) within six months from the date of transfer of the asset. The amount so exempt from tax shall, however, be chargeable to tax subsequently as long-term capital gains, if the new asset is transferred or converted into money within three years from the date of their acquisition.
- 9.4. Under section 115G of I.T Act, a non-resident Indian is not required to file a Return of Income under section 139(1) of I.T Act, if his total income consists only of income from investments as defined under Special provisions of Chapter XII-A of IT Act or long term capital gains earned on transfer of such investments or both and tax has been deducted at source from such income under the provisions of chapter XVIIB of I.T Act.
- 9.5. Under section 115-1 of I.T Act, a non-resident Indian has the option of not being governed by the special provisions of chapter XII-A for any assessment year by furnishing his return of income under section 139 of I.T Act declaring therein that the provision of this chapter shall not apply to him for that assessment year.

10.1. Foreign Institutional Investors (FIIs)

- In terms of section 10(34) of the IT Act, dividend income referred to in section 115-O of the IT Act, is exempt from tax in the hands of the shareholder.

- In accordance with section 10(38) of the IT Act, income arising from transfer of long term capital asset, being an equity share in a company or a unit of an equity oriented fund which are subject to Securities Transaction Tax, are exempt in the hands of the shareholder. .
- The income by way of short term capital gains or long term capital gains realized by FIIs (notified by the Central Government) on sale of shares in the company would be taxed at the following rates as per section 115AD of the IT Act.
- Short term capital gains - 30% (plus applicable surcharge, education cess and Secondary and higher education cess). However as per the provisions of section 111A of the IT Act and subject to the conditions and restrictions mentioned thereunder, short term capital gains arising from transfer of a short term capital asset, being an equity share in a Indian Company, shall be taxed at 15% (plus applicable surcharge, education cess and secondary and higher education cess).
- Long term capital gains - 10% (plus applicable surcharge, education cess and secondary and higher education cess) but without indexation / foreign exchange-rupee fluctuation benefits.
(Shares held in a company would be considered as a long-term capital asset provided they are held for a period exceeding 12 months.)

10.2. Venture Capital Companies/ Funds/ Mutual Funds

- In terms of section 10(23FB) of the Income Tax Act, all Venture capital companies/ funds registered with Securities and Exchange Board of India, subject to the conditions specified in the said section, are eligible for exemption from income tax on all their income, including; income from sale of shares of the company.
- In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein, are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.

10.3. Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

Scope Limitation

- Our comments are based on the law as of date and are available only to the sole/first named holder in the case the shares are held by joint holders unless otherwise provided in the Act. Tax rates mentioned above are that which are currently applicable. Tax laws are subject to changes from time to time and as such any changes may affect the advice contained in our opinion. We have no responsibility to update our advice for events and circumstances occurring after the date of this opinion, unless specifically requested by you.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be subject to any further benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
- The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

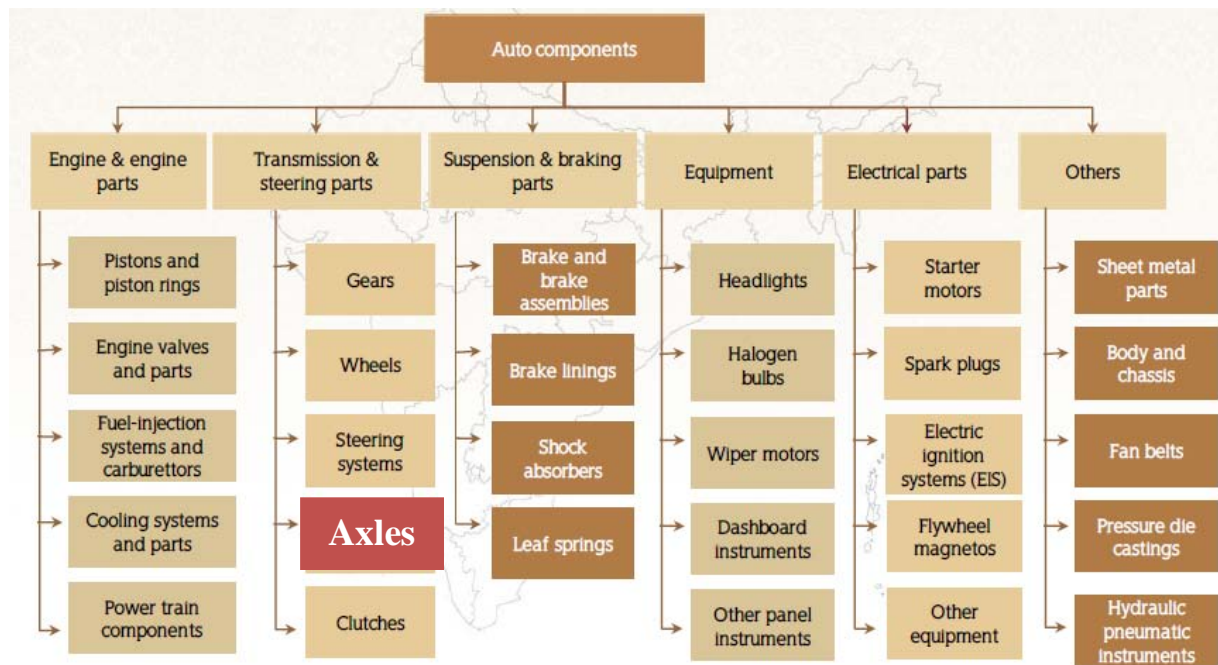
SECTION V – ABOUT THE ISSUER

INDUSTRY OVERVIEW

The Industry information presented in this section has been extracted from various publicly available sources. This information has not been verified by our Company, the Lead Manager or any other person connected with the Issue. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. The information may not be consistent with other information compiled by third parties within or outside India.

The Industry in which our Company Operates

Our Company is the manufacturer of rear axle shafts and forgings of the Auto Component Industry. The company has a good OEM customer base as well as a sound aftermarket distribution and dealership network. Since our Company's existing products are categorized as "Automobile Components" and are supplied to the Automotive Sector, our operations are fully dependent on the Automobile sector. Hence, we give below information on the "Automobile Industry" and the "Automobile Components Industry".



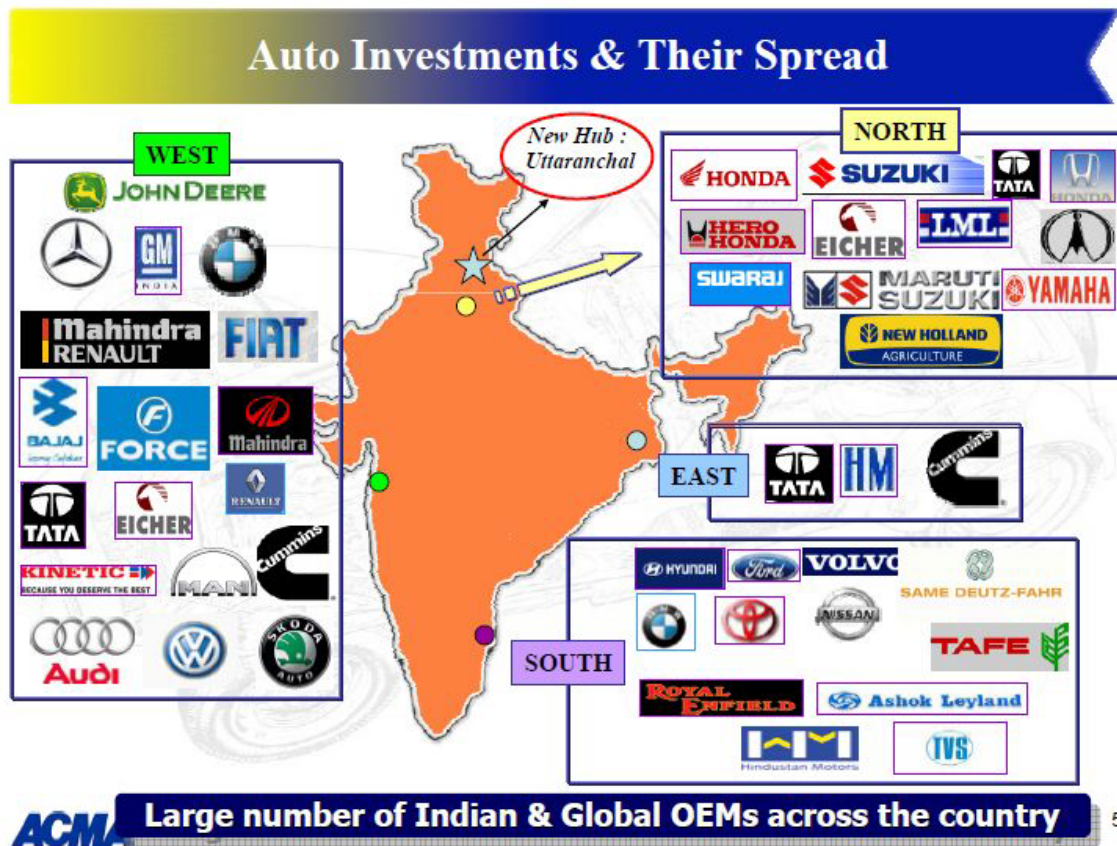
Indian Auto Components Industry: Brief Introduction¹

The Indian market conditions are acting as a catalyst for luxury and premium carmakers, which receive a boost from new launches and numerous offers from carmakers, thereby giving impetus to the auto components industry. The industry is expected to invest around Rs 70 billion (US\$ 1.17 billion) over the next three years on new projects, as per rating agency ICRA's estimates. The investments are foreseen on back of auto manufacturers, such as Maruti Suzuki, Hero MotoCorp and Ford, planning to establish greenfield facilities in Gujarat, prompting component makers to invest around these facilities.

In addition, the automotive aftermarket is poised for robust growth, as per a McKinsey & Co report titled, 'Scaling the Indian Automotive Aftermarket: Path to Profitable Growth'. The report highlighted that the growth outlook continues to be positive, driven by sustained increase in vehicle population and a shift towards higher-end vehicles.

¹<http://www.ibef.org/industry/autocomponents-india.aspx>

Auto Investments and Their Spread



Indian Auto Components Industry Profile²

According to a recent study by the Automotive Component Manufacturers' Association of India (ACMA), original equipment manufacturers (OEMs) account for 41 per cent of the auto components consumed in the Indian aftermarket.

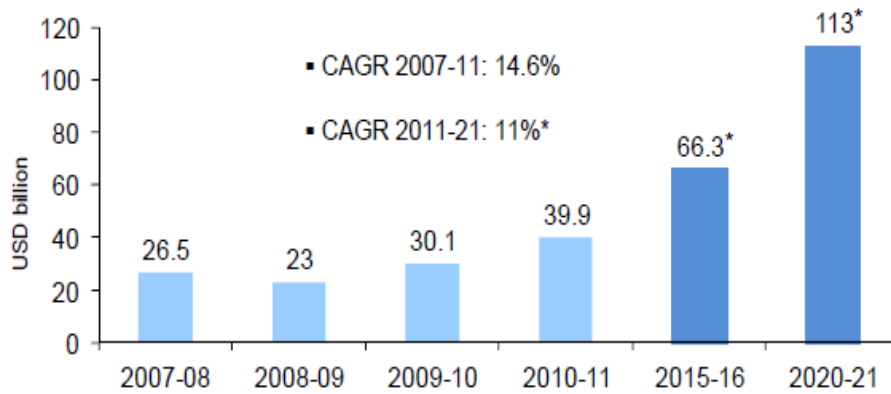
The study estimated current size of Indian components business at Rs 24,800 crore (US\$ 4.87 billion), 49.7 per cent of which is formed by two-wheeler segment. Passenger vehicles, commercial vehicles and three-wheelers follow with 24.7 per cent, 23.1 per cent and 2.5 per cent of the share respectively.

According to Arvind Kapur, President, ACMA, a large market in Indian spares business is dominated by organised, semi-organised and a number of small, unorganised players. He thus acknowledged the need for a process of accreditation to ensure better customer service.

The study further projected that OEM-authorized network of service stations would account for 20-30 per cent of the Indian auto components market by 2017 while that of multi-brand organised service chains would grow to 5-10 per cent from 1-2 per cent. Similarly semi-organised service centres' and unorganised garages' market share would be 20-30 per cent and 45-55 per cent, respectively, in 2017.

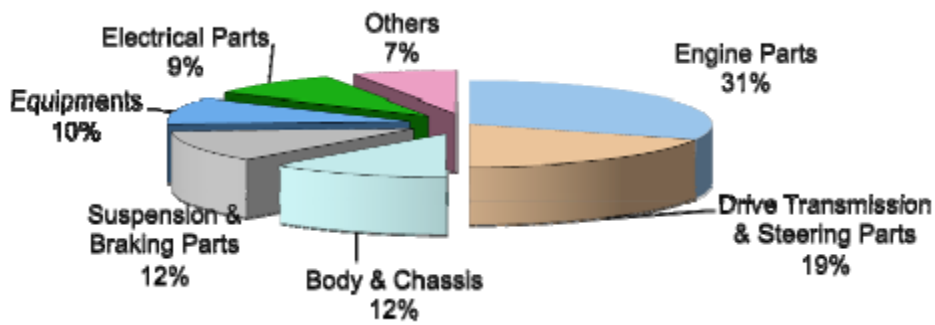
²<http://globalautomotiveindustrynews.com/Asia-Automotive/indian-auto-components-industry-brief-introduction-and-downloadable-report/>

Turnover³

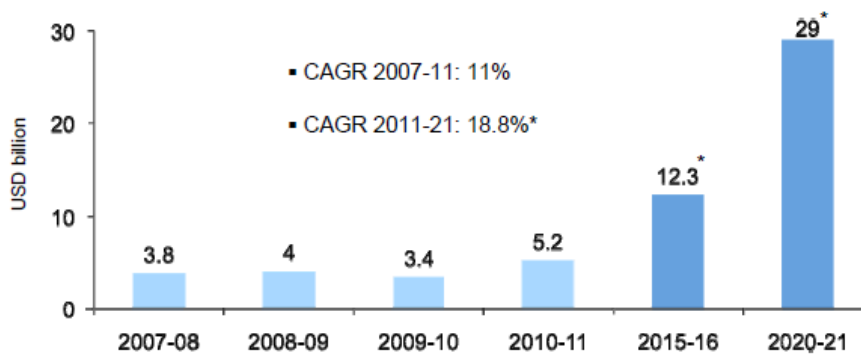


Figures for financial year – April to March
(* Estimates)

Comprehensive Product Range³



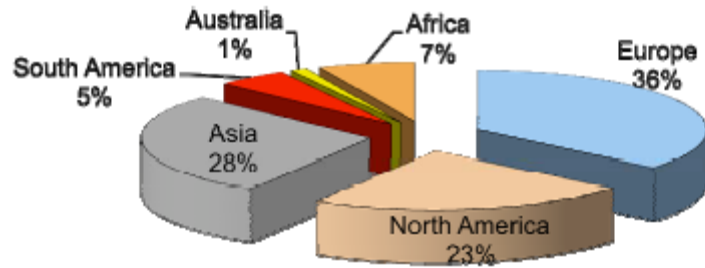
Exports³



Figures for financial year – April to March
(* Estimates)

³http://www.acmainfo.com/pdf/Status_Indian_Auto_Industry.pdf

Exports Destinations³



OEM/Tier 1 account for 80%; Aftermarket for 20%

India – The Global Auto Hub⁴

Indicative of growing relevance of Indian technological expertise; Pratt & Whitney, the US-based aerospace engine manufacturer, is exploring opportunities to source components for its global operations from India.

- Wheels India entered into a 10 year technical agreement with Turkish manufacturing and engineering company EGE Endustri, one of the major suppliers to original equipment market (OEM) in Europe. As per the agreement, Wheels India would get technology access in the Lift axle market
- Honda Cars India Ltd (HCIL) plans to export diesel engine components to Asian and European markets from India
- Apollo Tyres has opened a sales office in Bangkok, Thailand, making it the hub for Association of Southeast Asian Nations (ASEAN) operations. This is the second hub outside the company's operations in India.

Furthermore, the amount of cumulative FDI inflow into the Indian automobile industry during April 2000 to April 2013 was worth US\$ 8.32 million, amounting to 4 per cent of the total FDI inflows (in terms of US\$), as per data published by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, Government of India.

SWOT Analysis

STRENGTHS

The major strengths of the Indian auto component sector to grow globally are

1. Cost competitiveness in terms of Labour and Raw material
2. Established manufacturing base
3. Qualified and skilled man power
4. Growing domestic automotive industry
5. Manufacturing capabilities with international quality standards
6. High operational efficiency

OPPORTUNITIES

1. The growing need to outsource
2. Huge opportunity in the tier- 1 and tier 0.5
3. Continuous pressure on global OEMs and Tier 1s to reduce cost and source from low cost countries
4. Higher frequency of introducing of newer models by automakers
5. Global market opportunity itself is the ultimate opportunity provided by auto industry.
6. Leverage on product engineering expertise to improve the worthiness and exports of auto component.
7. Acquisition in foreign markets.

³http://www.acmainfo.com/pdf/Status_Indian_Auto_Industry.pdf

⁴<http://www.ibef.org/industry/autocomponents.aspx>

WEAKNESSES

1. Low investment in Research and Development
2. Limited knowledge of product liability and offshore warranty handling
3. Limited domestic market for various components inhibiting capacity creations.
4. Comparatively poor infrastructure for supply chain and exports
5. Lack of experience in system integration

THREATS

1. Competition from other low cost countries like China, Taiwan, Thailand etc.
2. Free Trade Agreements / Preferential Trade Agreements (FTA's)
3. Expansion of the European Union inclusion of Hungary, Czech Republic Poland etc which are major exporting countries to western Europe.
4. Appreciation of Rupee
5. Developments of new technologies like fuel cell, hydrogen powered vehicles, which may affect the auto component industry.
6. Large number of OEMs entering in Indian market may result into migration of talents from supplier to OEMs

Problems⁵

The industry is currently facing two critical short-term challenges apart from some of the longer term challenges depicted below:

Challenges India is committed to address

- Infrastructure Deficit
- Talent Crunch
- Scaling-Up the industry
- Access to World-class Technology and Quality Practices
- Remaining cost competitive
- Access to and availability of cost-effective capital
- Trade Policy

These challenges are:

- A. A slowing down of investment in the OEM auto sector, and
- B. A sharp rise in imports, mainly from ASEAN countries.

A Investment Slowdown

According to a Business Today report (August, 2011), the Indian automobile industry is currently feeling a bit hobbled due to several factors. The industry talks of six Ms that determine investments in the automobile sector. These are men (labour), money (capital), material (inputs), matter (energy, water), mandarin (policies) and market (domestic and global).

According to auto makers, India scores well only in two of these 6 Ms: Men and Market. The current problem, however, is that there are problems in these two areas as well. First, when it comes to Men (labour), there two issues: lack of skilled workers and increasing militancy in the last few years which has even led to the death of a chief executive of an auto component maker in Greater Noida and of course, the strike at Maruti's Manesar plant.

With regard to the market again there are two issues: the slowdown in North American and European markets and a demand slump in the short run because of a sharp switch in customer preference for diesel engines due to an equally sharp rise in fuel costs. Apart from these two detrimental factors, the recent increase in interest rates has further skewed the picture against India as an investment destination when it comes to another critical M – Money (capital).

⁵Report on Auto-components industry in India: Need to resolve two key issues- Federation of Indian Micro and Small & Medium Enterprises (FISME)

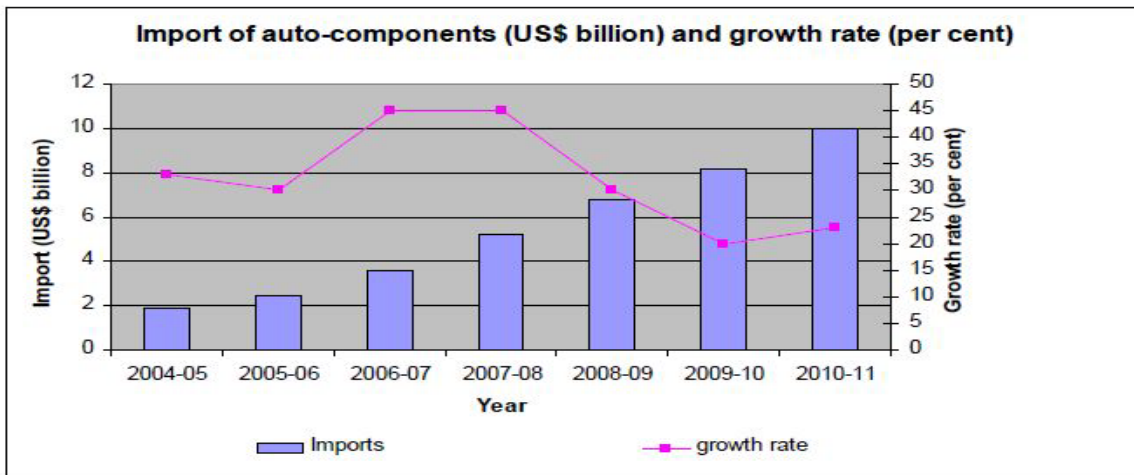
As a consequence of these issues, automobile manufacturers have either put on hold their investment plans or are going slow on them. As of now, as much as Rs 15,648 crore of investment by auto majors are in the pipeline.

Investment in the auto components industry is also likely to be affected if auto majors continue to defer their investment plans.

B Threat from Cheap Imports

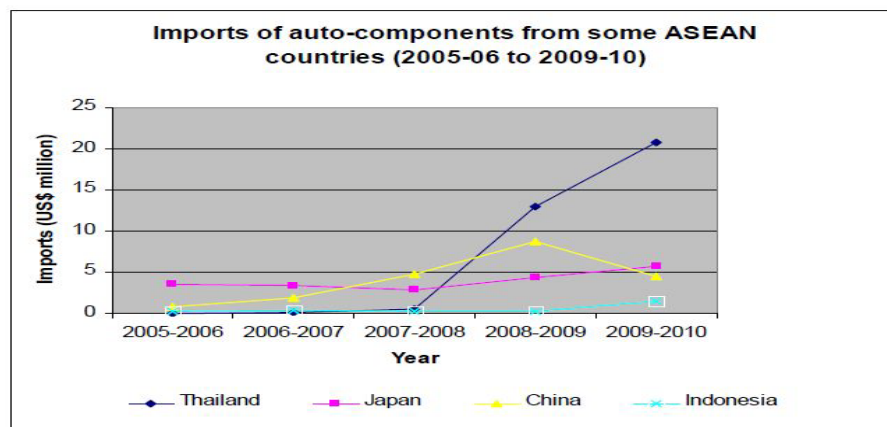
The second major issue that auto component makers are facing is with regard to sharply rising imports of auto components from ASEAN countries following the coming into effect of the Free Trade Agreement between India and ASEAN in January, 2010.

Rising Imports



While imports as a whole from all countries have also risen, the increase in imports from ASEAN countries such as Thailand, China and Japan, is proving to be worrisome for Indian component makers.

Sharply Rising Imports from ASEAN



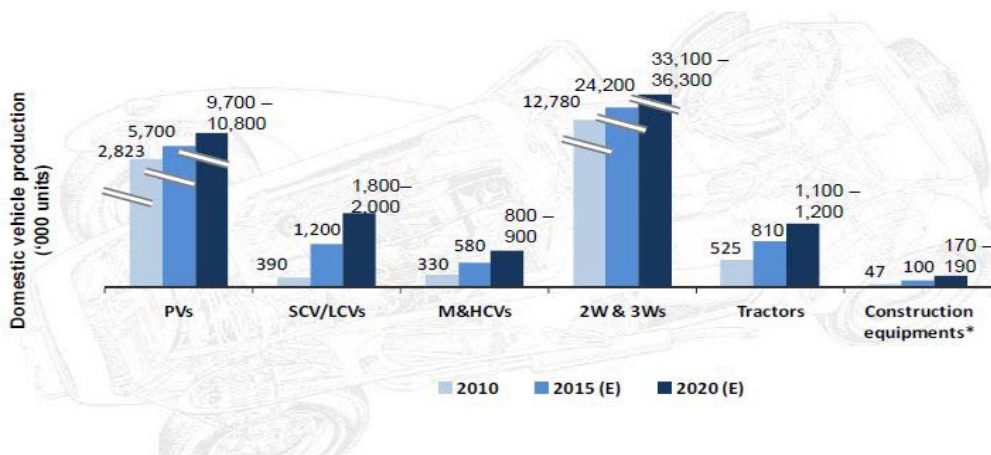
Government Initiatives⁶

The Union Budget 2013-14 presented by Mr P Chidambaram, the Union Finance Minister, Government of India, in the Parliament on February 28, 2013, had a few add-ons for the industry. The analysis by Deloitte on the Union Budget highlighted the following:

- The period of concession available for specified part of electric and hybrid vehicles till April 2013 has been extended upto March 31, 2015
- The basic customs duty (BCD) on imported luxury goods such as high-end motor vehicles, motor cycles, yachts and similar vessels was increased. The duty was raised from 75 percent to 100 percent on cars/motor vehicles (irrespective of engine capacity) with CIF value more than US\$ 40,000; from 60 percent to 75 percent on motorcycles with engine capacity of 800 cc or more and on yachts and similar vessels from 10 percent to 25 percent
- An increase in excise duty from 27 to 30 per cent has been allowed for SUVs with engine capacity exceeding 1,500 cc, while excise duty was decreased from 80 to 72 per cent, in case of SUVs registered solely for taxi purposes
- An exemption from BCD on lithium ion automotive battery for manufacture of lithium ion battery packs for supply to manufacturers of hybrid and electric vehicles
- The excise duty on chassis of diesel motor vehicles for transport of goods reduced from 14 per cent to 13 per cent

Additionally, the Automotive Mission Plan (AMP) 2006-2016, highlighted that the contribution of automotive sector in the gross domestic product (GDP) is expected to double, reaching to touch a turnover worth US\$ 145 billion in 2016, with special focus on export of small cars, multi-utility vehicles (MUV), two & three wheelers and auto components.

Projected Growth



Road Ahead⁶

Global and Indian manufacturers are focussing their efforts to develop innovative products, technologies and supply chains in the industry. With an ever-increasing influx of car makers, Mr Srivats Ram, MD, Wheels India, observed that this is an opportunity for us to build our internal strength.

Over the medium term, factors such as growing thrust on localisation and expanding businesses in new geographies should allow the components industry to grow at a relatively faster pace than the auto OEM segment, according to a study by ICRA. Overall, the market foresees better demand for times to come.

Exchange Rate Used: INR 1 = US\$ 0.01675 as on July 23, 2013

⁶<http://www.ibef.org/industry/autocomponents.aspx>

Industry Association⁷

- **ATMA**-Automotive Tyre Manufacturers Association
- **CII**-Confederation of Indian Industry
- **IGEP**-Indo-German Export Promotion Project
- **IMTMA**-Indian Machine Tool Manufacturers Association
- **MAIT**-Manufacturers Association for Information Technology
- **SIAM**- Society of Indian Automobile Manufacturers

International Automotive Information Sites⁷

- Autopolis, UK
- Automotive News International
- Truck and Bus Builder
- Auto Asia Online
- Automotive Industry Data
- Asian Automotive Business Review Industry
- Stark's Truck and Off-highway Ledger
- Suppliersbusiness.com

⁷<http://www.acmainfo.com/Important-Links.htm>

BUSINESS OVERVIEW

1. Details of Business of the Issuer

a. Location of the Plant

The Company has its plants located at following places for carrying out its activities:

1. Plot No. 74-75, Sector-6, Industrial Area, Faridabad, Haryana.
2. Plot No. 35, 36, 37, 38 and 57 Hathin, Dist Palwal, Haryana.

b. Plant and machinery to be brought out of issue proceeds:

The break-up of the machinery proposed to be acquired and other incidental expenses is as follows:

S. No.	Name of Machinery	Nos.	Name of manufacturer/Supplier	Estimated Cost (Rs. In Lacs)
1.	Hydraulic Lathe Tracers	5	Deepti Hydromech, New Delhi.	3.67
2.	Cylindrical Grinder M/c	1	Bestek Engineering Pvt. Ltd., Ghaziabad, U.P.	56.11
3.	Radial Drilling M/c	1	Batliboi Ltd., Faridabad	7.56
4.	Cooling Tower	2	Kool Drop Cooling Towers (P) Ltd., New Delhi	2.20
5.	6" Forging upsetter*	1	Orol Trading Ltd., Canada	125.55**
6.	Bar End Heater	1	Electrotherm (India) Ltd. Ahmedabad/ Inductotherm India Pvt. Ltd, Ahmedabad.	29.23
7.	Hobbing machines	2	Auto Impex Inc., USA	19.44
8.	Induction Hardening M/c	1	Electrotherm (India) Ltd. Ahmedabad /Inductotherm India Pvt. Ltd, Ahmedabad.	48.14
9.	Simple turn CNC Lathe M/c	2	ACE Designers Ltd., Bangalore.	28.88
10.	Heavy Duty CNC Lathe M/c	2	Lakshmi Machine Works Ltd, Coimbatore	64.52
11.	500KVA Genset	2	Sudhir Gensets Ltd, Jammu.	62.22
			Total	447.52

*Second Hand Machinery: The residual working life of this machine would be estimated at a minimum of 15 years providing it is used within its designed capacity, and well maintained throughout the entire period.

The orders for all the plant and machineries as shown above are yet to be placed except 6" Forging upsetter. No secondhand machinery has been bought or is proposed to be bought except 6" Forging upsetter and Hobbing machines for which an advance of Rs.37.46 Lacs has been paid from the internal accruals.

**This amount excludes the advance of Rs.37.46 lacs already paid by the Company.

c. Collaborations, any performance guarantee or assistance in marketing by the collaborators:

Nil

d. INFRASTRUCTURE FACILITIES:

Raw materials

Mainly the company requires Alloy and Non-alloy steel in the shape of round bars as raw material. The Company has an established supplier base with whom we have been dealing for years.

Some of our Major Raw Material Suppliers are as follows:-

- M/s Bhushan Power & Steel Ltd.
- M/s Adhunik Metalics Ltd.
- M/s JSW Steel Ltd.
- M/s Arti Steels Ltd.
- M/s Bhupendra Steel P Ltd.
- M/s Mass Metals P Ltd.

Water

The Company has a Municipal Corporation Faridabad water supply connections and bore tubewell from which it can meet its water requirements. The water used in the manufacturing process is recycled.

Electricity

The total power requirement of Faridabad plant is met by power supply from Haryana State Electricity Board (HSEB) and captive power generation. 2435 KW are the load sanctioned by HSEB and 2355 KVA are obtained from captive generation from own diesel generator sets of varying capacities. The Company buys its diesel requirements from M/s Bharat Petroleum Corp. Ltd and has its own diesel storage tank and dispensing pump. For Hathin plant 1340 KW power have been sanctioned by Haryana State Electricity Board and 610 KVA from captive generation from own diesel generator sets of varying capacities.

Effluent Treatment & Discharge

The effluent discharged is used water which is recycled in the cooling towers.

The company has received consent from Haryana State Pollution Control Board under Water (Prevention and Control of Pollution) Act, 1974 for discharge of water pollutants and under Air (Prevention and Control of Pollution) Act, 1981 for discharge / emission of air pollutants for Faridabad and Hathin plant which is valid upto March 31, 2015.

Manpower

Details of manpower employed in the Company are as follows:

Total employees in the Company	479
Regular Employees	217
Contractual Employees	262

e. PRODUCTS OR SERVICES OF TALBROS ENGINEERING LIMITED

i. Our Product Range

The Company manufactures Rear Axle Shafts and basically caters to the automobile sectors.

The market for TEL has been divided into two parts:

i. OEM (Original Equipment Manufactured)

ii. Export market

Following are the major OEM customers of the Company:

1. American Axle and Manufacturing.
2. M/s Automotive Axles Ltd.
3. M/s Force Motors Ltd.
4. M/s Hindustan Motor Ltd.
5. M/s Mahindra & Mahindra Ltd.
6. M/s New Holland Tractors Ltd.

7. M/s Same Deutz Fhar Ltd.
8. M/s Spicer India Ltd.
9. M/s Tractor & Farm Equipment Ltd.

The export market is also characterized by replacement market by dealer or directly by buyers. The main countries to which the products of TEL are exported are UK, Africa, South America.

MANUFACTURING PROCESS

Round steel bars with diameter from 28 mm to 70 mm is cut into required sizes, by cutting machines, after which one end is forged into round flange shape. The forged shaft is heat treated to achieve metallurgical properties to this. The shaft is machined and spline hobbled into it, so that it fits with the differential gears, as per the design and specifications of the customer. After machining operations, the axle shaft is induction hardened and tempered to impart strength. Next, crack detection is performed for detecting surface cracks then drilled holes and grind the required area. After final inspection the axles are applied rust preventive oil.

QUALITY

The Quality System at Talbros is certified to be in conformance with the requirements of **ISO / TS16949**. Our every single shaft is:

- **100% Hardness Checked** - After induction hardening by using hardness testers located at each station.
- **100% Ultrasonically Tested** - After the straightening process, post induction hardening, to ensure the absence of internal flaws in steel - not only on account of rolling at the steel mill, but also any that could possibly have been introduced by the forging or heat treatment processes.
- **100% Magnaflux Detection** - After the grinding operation, in both linear and circular direction, for detection of any kind of surface defect even on the ground portion.

Such metallurgical testing is complemented and supported by a fully equipped laboratory having all facilities to check chemistry, grain size, inclusion rating, porosity, and hardenability amongst other relevant metallurgical controls.

Dimensionally, Talbros axles are machined to the highest OEM standards. This is ensured and supported by a round the year temperature and humidity controlled Standards Room, which has all the equipment to guarantee perfect fitment. It houses a CMM gauge that checks flange holes positioning, spline Go / No-Go gauges ensuring side gear fitment, jigs and fixtures, and surface finish testers all necessary in controlling correct fitment of bearing, seals, brake drums etc. All this equipment is calibrated fully in-house on a routine basis to ensure timely replacement of worn instruments and gauges. It is also important to mention that Talbros axles have a unique traceability system that is maintained permanently and updated continuously.



MANUFACTURING FACILITIES

FORGING		
Electrical Upsetter MGM 150kva	Hasenclever	2 Nos.
Friction Screw Press 1250T	Hasenclever	1 Nos.

6" Horizontal Upsetter	National	1 Nos.
5" Horizontal Upsetter	National	2 Nos.
4" Horizontal Upsetter	Smeral	1 Nos.
3" Horizontal Upsetter	Kieserling	1 Nos.

HEAT TREATMENT		
Continuous PLC controlled quench and temper furnaces		2 Nos.

INDUCTION HARDENING		
Vertical scanning induction heating stations		22 Nos.

MACHINING		
CNC Machining Centers		16 Nos.
VMC Machining Stations		5 Nos.
CNC Grinding Centres		4 Nos.
Cold Spline Rolling Machines (GROB)		3 Nos.
Spline Hobbling Machines (WMW)		16 Nos.
Battery of Drilling & Grinding Machines with Auto Gauging		>30 Nos.

The approach to marketing and proposed marketing set up.

The company has competitive advantage because of its time bound execution of various contracts and therefore some of the major clients have been reposing their faith repeatedly in the Company. The other means of generation of business is follow up with various prospective customers who are likely to generate business in future.

Experienced executive management team

We believe that our qualified and experienced management team has substantially contributed to the growth of our business operations. Our senior management team, have helped us to leverage our existing production skills and market visibility to further enhance our existing strength in the industry and to expand our product offerings and geographic presence.

2. BUSINESS STRATEGY

a. Our Business Strategy

The Company proposes to increment its production line and existing capacity in line with demand and geographic spread. The Company emphasizes better performance and quality to ensure repeat orders from the existing clients.

b. Future Prospects

Capacity and Capacity Utilisation

LICENCED and installed capacity	Proposed Capacity	Existing production/capacity		
		2012-13	2011-12	2010-11

	Axles Shafts	Axles Shafts	King Pins	Axles Shafts	King Pins	Axles Shafts	King Pins
	(Nos.)	(Nos.)	(Nos.)	(Nos.)	(Nos.)	(Nos.)	(Nos.)
Licensed Capacity	N.A.	N.A.	N.A.			N.A.	N.A.
Installed Capacity Per Annum (As certified by the Management and relied upon by the Auditors being a technical matter)	14,00,000	13,00,000	50,000	12,00,000	50,000	10,00,000	50,000
Actual Production		1,195,843	NIL	1,011,465	NIL	820,452	NIL

3. INTELLECTUAL PROPERTY RIGHTS

Patents

The Company does not own any patent for any product or process.

Trade Marks

The Company does not own any trademark in its name. However as per the Memorandum of Understanding dated September 28, 2002 for disassociation of family business, the “Talbro” style and logo would be the property of Talbro Automotive Components Limited, however, our Company is allowed to use the same style and logo only for the products meant for automobile and industrial applications.

Further, on December 19, 2012, the Company has applied for registration of trademark “Talbro” with the word “Axles” which is currently pending for examination before Trade Mark Registry.

Designs & Copyrights

The Company has no Designs or Copyrights subsisting and registered in its name.

4. PROPERTY

Location	Total Area	Units	Leased Or Owned	Type
Plot No. 74, Sector-6, Faridabad	4985.20	Yards ²	Owned	Plant
Plot No. 75, Sector-6, Faridabad	5000.00	Yards ²	Owned	Plant
Plot No. 35, Hathin, Dist. Faridabad	800.00	M ²	Owned	Plant
Plot No. 36, Hathin, Dist. Faridabad	800.00	M ²	Owned	Plant
Plot No. 37, Hathin, Dist. Faridabad	800.00	M ²	Owned	Plant
Plot No. 38, Hathin, Dist. Faridabad	800.00	M ²	Owned	Plant
Plot No. 57, Hathin, Dist. Faridabad	800.00	M ²	Owned	Plant
Plot No. 77, Sector-68, IMT, Faridabad	4050	Sq. Metre	Owned	Plot

Particulars of the Land owned by the Company:

1. Land at Plot No. 74, Industrial Area, Sector-6, Faridabad, Haryana

Acquired through order of Hon'ble High Court dated 28th July 1995 allowing the scheme of arrangement between Talbros Automotive Components Limited and Talbros Engineering Limited for transfer of land measuring 4985.20 sq. yards situated at Plot No. 74, Indl Area, Sector 6, Faridabad, Haryana with factory shed and building, boundary walls thereon and bounded as follows:

East:- Dividing Road Sector 6 & Sector 7.

West:- Haryana Stamping Pvt Ltd, Plot No. 79, Sector-6, Faridabad.

North:- TACL OE Plant No. 75, Sector-6, Faridabad.

South:- Suprim Plastic, Plot No. 73, Sector-6, Faridabad.

Together with plant & machinery, tubewell appurtenment rights, tenaments & here-ditaments as well as electric installations, fixtures, fittings & office equipments etc. installed therein.

The Land was transferred in the name of the Company by Haryana Urban Development Authority vide there Memo No. 21165 dated 22nd June 2006 pursuant to application of the Company dated 25th May 2006 and 15th June 2006.

2. Land at Plot No. 75, Industrial Area, Sector-6, Faridabad, Haryana

Acquired through order of Hon'ble High Court dated 28th July 1995 allowing the scheme of arrangement between Talbros Automotive Components Limited and Talbros Engineering Limited for transfer of land measuring 5000 sq. yards situated at Plot No. 75, Indl. Area, Sector 6, Faridabad, Haryana with factory shed and building, boundary walls thereon and bounded as follows:

East:- Dividing Road Sector 6 & Sector 7.

West:- Lumax Industries, Plot No. 78, Sector-6, Faridabad.

North:- Helex Engineering, Plot No. 76, Sector-6, Faridabad.

South:- TACL ED, Plot No. 74, Sector-6, Faridabad.

Together with plant & machinery, appurtenment rights, tenaments & here-ditaments as well as electric installations, fixtures, fittings & office equipments etc. installed therein.

The Land was transferred in the name of the Company by Haryana Urban Development Authority vide there Memo No. 3782 dated 31st January 2011 pursuant to application of the Company dated 30th June 2006 and 24th January 2011.

3. Land at Plot No. 35, Industrial Area, Hathin, Distt. Faridabad, Haryana

Acquired through Deed of Conveyance of Building site dated 23rd February 2000 admeasuring 1/4 acres (800 sq. metre) in favour of Talbros Engineering Limited by Haryana Urban Development Authority (HUDA).

4. Land at Plot No. 36, Industrial Area, Hathin, Distt. Faridabad, Haryana

Acquired through Deed of Conveyance of Building site dated 23rd February 2000 admeasuring 1/4 acres (800 sq. metre) in favour of Talbros Engineering Limited by Haryana Urban Development Authority (HUDA).

5. Land at Plot No. 37, Industrial Area, Hathin, Distt. Faridabad, Haryana

Purchase vide sale deed dated 6th May 1996 for the land admeasuring 1/4 acres (800 sq. metre) from Haryana Financial Corporation, a body corporate established in the State of Haryana under the State Financial Corporation Act 1951.

The property was sold by Haryana Financial Corporation to the Company by invoking the mortgage in its favour for default in repayment of loan advanced to M/s Nemi Nath Auto & Stove Equipments (P) Ltd, Hathin vide mortgaged deed dated 20th April 1992.

6. Land at Plot No. 38, Industrial Area, Hathin, Distt. Faridabad, Haryana

Purchase vide sale deed dated 6th May 1996 for the land admeasuring 1/4 acres (800 sq. metre) from Haryana Financial Corporation, a body corporate established in the State of Haryana under the State Financial Corporation Act 1951.

The property was sold by Haryana Financial Corporation to the Company by invoking the mortgage in its favour for default in repayment of loan advanced to M/s Indu Industries, Hathin vide mortgaged deed dated 27th May 1992.

7. Land at Plot No. 57, Industrial Area, Hathin, Distt. Faridabad, Haryana

Purchase vide sale deed dated 21st August 2012 for the land admeasuring 1/4 acres (800 sq. metre) from Smt. Urmila Rathi.

8. Land at Plot No. 77, Sector-68, IMT, Faridabad, Haryana

Allotted on 20th July, 2012 and got the possession on 18th April, 2013 for the land admeasuring 4050 sq. metre from Haryana State Industrial & Infrastructure Development Corporation Limited.

5. INSURANCE POLICIES

The Company has obtained insurance coverage for all major losses covering fire, earthquake, Burglary, Marine Cargo, Money in transit.

Standard Description of Insurance Policies taken by the Company

S. No.	Policy Name	Brief Description of Risks Covered	Sum insured
1.	Standard Fire and Special Perils Policy	On Building, Stock, Plant and Machinery, Furniture and Fixtures, Office Equipments, AC Plant with add on description: Earthquake (Fire and Shock) for the property situated at plants located at 74-75 Sector 6, Faridabad and 35-38, Hathin Industrial Area, Palwal, Distt. Faridabad.	Rs. 347,500,000/-
2.	Burglary B.P.	All kinds of Automobile Parts at 35-38, Hathin Industrial Area, Palwal, Distt. Faridabad.	Rs. 40,000,000/-
3.	Standard Fire and Special Peril Policy (OSP Fire)	Building and Stock. To cover stock of non hazardous engineering goods lying or stored with add on description of earthquake (Fire and Shock).	Rs. 40,000,000/-
4.	Burglary B P (OSP Burglary)	All kind of Raw Materials, Finished/ Semi Finished whilst held in trust with vendors	Rs. 40,000,000/-
5.	Marine Cargo (Open Policy)-Domestic	Consignment containing Axel Shaft, King Pin & other Finished items related to insured's trade	Rs. 300,000,000/-
6.	Marine Cargo (Open Policy)-Export	Consignment containing Axel Shaft, King Pin & other Finished items related to insured's trade	Rs. 40,000,000/-
7.	Marine Cargo (Open Policy)	Consignment containing LDO, HSD.	Rs. 20,000,000/-

8.	Individual Personal Accident Policy	Insured Person: Mr. Rajender Singh Assignee: Mrs. Shakuntla	Rs. 100,000/-
9.	Burglary B P (Stock in House)	All kind of Raw Materials, Finished/ Semi Finished, Stock in Progress	120,000,000/-
10.	Fidelity- Individual Name	Rajinder Singh, Cashier	Rs. 500,000/-
11.	Money Insurance	Money in transit and Money in safe.	Rs. 15,500,000/-

KEY INDUSTRY REGULATIONS

THE PAYMENT OF WAGES ACT, 1936

The Payment of Wages Act, aims at ensuring payment of wages in a particular form at regular intervals without unauthorized deductions. It regulates the payment of wages to certain classes of employed persons and provides for the imposition of fines and deductions and lays down wage periods and time and mode of payment of wages. This Act shall not apply to wages payable in respect of a wage-period which, over such wage-period, average one thousand six hundred rupees a month or more

CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970 is to regulate the employment and protect the interests of the workers who are hired on basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards Provident Fund etc.

THE FACTORIES ACT, 1948

The provisions of the Factories Act, 1948 provides that before the occupier occupies or uses any premises as a factory, he has to inform Chief Inspector of Factories of certain particulars by giving a written notice namely: -

- a. Name and Situation of factory.
- b. Name and Address of occupier.
- c. Name and Address of the owner of the premises or building.
- d. Address to which communication relating to factory may be sent
- e. Nature of manufacturing process.
- f. Total rated horse power installed
- g. Name of the manager.
- h. Number of workers likely to be employed..
- i. Average number of workers per day employed

EMPLOYEES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952

All the establishments to which the Employees Provident Fund and Miscellaneous Provisions Act, 1952 applies are required to be registered under the Act with the Provident Fund Commissioners. Also, in accordance with the provisions of the Act, the employer is required to contribute to the Employees' Provident Fund, the prescribed percentage of the basic wages, dearness allowances and retaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund.

EMPLOYEES' COMPENSATION ACT 2010

The Employer is liable to pay compensation to the employees if injury is caused to him by an accident arising out of and in the course of his employment, and in case of a fatal injury, his dependants should be compensated.

THE WORKMEN'S COMPENSATION ACT, 1923

The Workmen's Compensation Act, aims to provide workmen and their dependents, compensatory payment, in case of accidents arising out of and in course of employment and causing either death or disablement of workmen. It applies to factories, mines, docks, construction establishments, plantations, oilfields and other establishment listed in Schedule II and III of the Workmen's Compensation Act but excludes establishments covered by the Employees' State Insurance Act. Every employee including those employed through a contractor except casual employees, who is engaged for the purposes of employer's business and who suffers an injury in any accident arising out of and in the course of his employment is entitled to compensation under the Workmen's Compensation Act.

INDUSTRIAL DISPUTES ACT, 1947

The Industrial Disputes Act, 1947 (the “ID Act”) provides the machinery and procedure for the investigation and settlement of industrial disputes and certain safeguards to the workers. The ID Act aims to improve the service conditions of industrial labour. When a dispute exists or is apprehended, the appropriate government is empowered to refer the dispute to an authority mentioned under the ID Act in order to prevent the occurrence or continuance of the dispute. Reference may be made to a labour court, tribunal or arbitrator, as the case may be, to prevent a strike or lock –out while a proceeding is pending. Wide powers have been given to the labour courts and tribunals under the ID Act while adjudicating a dispute to grant appropriate relief such as modification of contract of employment or to reinstate workmen with ancillary relief.

Environmental Legislations

- a) Air (Prevention and Control of Pollution) Act, 1981 The Air Act mandates that no person can, without the previous consent of the State Pollution Control Board, establish or operate any industrial plant in an air pollution control area. The Central and State Pollution Control Boards constituted under the Water Act are also to perform functions as per the Air Pollution Act for the prevention and control of air pollution.
- b) Water (Prevention and Control of Pollution) Act 1974. The Water Act provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The Water Act debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State and Central Pollution Control Boards.
- c) Environment Protection Act, 1986. The Environment Protection Act has been enacted for the protection and improvement of the environment. The EPA empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution. In addition, the Ministry of Environment and Forests looks into EIA. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects. The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the Pollution Control Boards are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

HISTORY AND CORPORATE STRUCTURE

HISTORY AND MAJOR EVENTS

The company was incorporated on October 9, 1986 with an intent to float a joint venture between Talbros group, Super Seal group and Champion Spark Plug, USA. Hence it was named as “ Talbros Superseal Spark Plugs Limited”. However, the Joint Venture failed and the company lied dormant. In the year 1991, the Superseal and Talbros group decided to segregate and the Talbros group took charge of the company. To depict this, the word Superseals was dropped and the name of the company was changed to “T. Engineering Components Limited” on July 12, 1991. Vide certificate dated December 10, 1992, the Company obtained its certificate of Commencement of Business. In the year 1994, the Talbros group decided to start manufacturing units (such as axles, king pins for automotive segments) under this company. “Talbros “ was a well known brand and the word T. in the name was not showing it conspicuously hence it was changed back to “Talbros”. The word components was not very generic hence it was dropped and the company finally got its present name, “Talbros Engineering Limited” on November 8, 1994. Presently the registered office of the Company is situated at 74-75, Sector-6, Faridabad- 121 006, Haryana.

Our present promoters are Mr. Rajesh Talwar, Mr. Tarun Talwar and Ms. Gita Talwar and promoter group constitutes of Mr. Kartik Talwar, Rakesh Talwar HUF, Ms. Naini Talwar, Mr. Karan Talwar and Mr. Rakesh Talwar.

Our company is engaged in manufacturing of only axle shafts and has received ISO 9001:2008 and ISO/TS 16949:2009 certification. Conveniently located around 30 kms from the heart of New Delhi, the facilities are spread across 150,000 square feet at two manufacturing locations in the state of Haryana. The factories are integrated and by themselves each is complete and stand-alone. All manufacturing facilities of forging, heat treatment, CNC turning, spline cutting, and induction hardening are available at both locations under one roof.

90% of all axle shafts made by Talbros are used by Original Equipment Manufacturers (OEMs) or Tier 1 suppliers.

Background of the Company

Our Company belongs to the BNT Talbros Group. The group began operations in 1956, setting up different manufacturing and service facilities across the automotive industry. Companies within the group possess a pool of experience that has been gained over the years and are now successfully channeling that experience and expertise into growth and progress in the ever changing face of the global economy.

MAJOR EVENTS IN THE COMPANY

Year 1995 - Demerger of Engineering Division of Talbros Automotive Components Ltd. into Talbros Engineering Ltd.

The Engineering Division of Talbros Automotive Components Ltd. (TACL) was started in 1975 as a separate company called AEW Janson Ltd. by importing second hand plant from Germany for manufacturing shock absorbers and hydraulic jacks. AEW Janson Ltd. was merged with TACL in 1978 and functioned as the Engineering Division. The Engineering Division commenced operation in 1980 and subsequently the product mix was changed to axle shafts. It manufactured rear axle shafts for application in automotive industry, particularly for passenger cars, trucks, LCVs and tractors. TACL also added other products viz. lift shafts and PTO shafts to its product range. In 1990 it started manufacturing King Pins which are used in front suspension assembly of heavy vehicles like trucks and buses. It also added in-house forging facility in November, 1994.

In accordance with the order passed by the Hon'ble High Court of Delhi on 28th July, 1995 under Section 394(2) of the Companies Act, 1956, the Engineering division of Talbros Automotive Components Ltd. (“TACL”) was transferred without further act or deed to Talbros Engineering Ltd. (“TEL”) along with the properties, rights and powers and all liabilities & duties attached with that division. Upon the scheme becoming effective, the equity shareholders of TACL bearing distinctive nos. 1 to 1400000, had been allotted one equity share of Rs. 10/- each as fully paid up in TEL for every two equity share held by such equity shareholders in TACL as on record date as fixed by the Board of Directors of TEL.

The properties transferred to TEL pursuant to the restructuring were as follows:

1. All land measuring 4985.20 Sq. yards situated at plot no. 74 Industrial area, Sector -6 Faridabad Haryana.
2. All land measuring 5000 sq. yards situated at plot no. 75 Industrial area, Sector-6, Faridabad Haryana.

The salient features of Scheme of Arrangement are:

1. That all the properly, rights and powers of the Engineering division of TACL (specified the first, second and third parts of the Schedule II of the ORDER) and all other property, rights and powers of the Engineering division of TACL be transferred without further act or deed to TEL and accordingly the same shall pursuant to section 394(2) of the companies Act, 1956 be transferred to and rest in TEL for the all the estimate and interest of TACL therein but subject nevertheless to all charges now affecting the same;
2. That all the liabilities and duties of the Engineering Division of TACL be transferred without further act or deed to TEL and accordingly the same shall pursuant to Section 394(2) of the Companies Act, 1956 be transferred to and become the liabilities and duties to TEL; and
3. That all proceedings now pending by or against the Engineering Division of TACL be continued by or against TEL; and
4. That TEL do without further application allot to such members of the Engineering Division of TACL as have not given such notice of dissent as is required by clause given in the Scheme of Arrangement herein the shares in TEL to which they are entitled under the said arrangement; and
5. That the Engineering Division of TACL do within 30 days after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and the Registrar of Companies shall place all documents relating to Engineering Division of TACL and registered with him on the file kept by him in relation to TEL and the files relating to the said two companies i.e. Engineering Division of TACL and TEL Shall be consolidated accordingly; and
6. That any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.

The important terms and conditions, other than those consequent to the above mentioned points, are :

1. The business of the Engineering Division between the date of arrangement and the effective date to be carried on by TACL for and on account of and in trust for the Company.
2. All the permanent employees of TACL engaged with the Engineering Division upto the date of arrangement/effective date have been taken on rolls of the Company.
3. The shareholders of TACL to be issued one equity share of Rs.10/- each credited as fully paid up for every two equity shares of Rs.10/- each held by them in TACL. Consequently the paid up equity share capital of the Company has increased from Rs.50,700/- to Rs.7,050,700/- owing to the issue of 700,000 equity shares of Rs.10/- each to the equity shareholders of TACL on 16.3.1996, i.e. the record date of allotment of the equity shares after fixing the record date for determining the eligibility of members.

Year 1998-Rights Issue

In the year 1998, the Company came out with an Rights issue of 705,070 equity shares of Rs. 10 each at a premium of Rs.10/- per share aggregating to Rs.14,101,400 on right basis in the ratio of 1:1 to the existing shareholders of the Company.

The details of the Rights Issue are as follows:

Date of allotment of Securities	The Equity Shares pursuant to the Rights Issue of the Company were allotted on July 10, 1998.
Object of the Issuer	The Rights Issue was made to finance the Company's requirement of funds for the balancing equipment, the installation of which was expected to increase the capacity from 6.00 lacs pcs p.a. of Rear Axle Shafts to 7.00 lacs pcs p.a. and

	from 2.00 lacs pcs p.a. of Kingpins to 3.00 lacs pcs p.a. and for working capital.
Whether the objects has been met	Yes. Please note that the Company has utilized the funds raised through Rights Issue towards the purchase of balancing equipment to increase the capacity from 6.00 lacs pcs p.a. of Rear Axle Shafts to 7.00 lacs pcs p.a. However, the installed capacity of King-Pins was not increased due to less demand in the market.

Year 2002-Family Arrangement

Our Promoters and Mr. Naresh Talwar Group have, vide Memorandum of Understanding dated September 28, 2002, entered into a family arrangement for disassociation of family businesses whereby:

Following companies shall be owned, controlled and managed by our Promoters:

- a) M/s Talbros Engineering Limited
- b) M/s Talbros Private Limited (presently known as Talbros Cork Products Private Limited)
- c) M/s B N Talwar & Bros Private Limited
- d) M/s Talbros Polymers & Components Limited

Following companies shall be owned, controlled and managed by Mr. Umesh Talwar and Mr. Naresh Talwar Group:

- a) M/s Talbros Automotive Components Limited
- b) M/s QH Talbros Limited
- c) M/s Talbros Motors Private Limited
- d) M/s Talbros International Limited

As per the terms of the said MoU, cross shareholdings, directorships and guarantees have been swapped between the respective groups over a period of time. As per the terms of the said MoU, the existing 'Talbros' style and its logo would be the property of Talbros Automotive Components Limited, however, Talbros Engineering Limited and Talbros Private Limited shall be allowed to use the same style and logo only for products meant for automobile and industrial applications.

Subsidiary Company

The Company has no subsidiary as on the date of this Letter of Offer.

Holding Company

The Company is not having any Holding Company.

Group Company

Our Company has the following Group Company:

M/s J.T. Engineering Private Limited

M/s J.T. Engineering Private Limited has been incorporated in the year 1984 and is presently having the registered office at W-80, Greater Kailash-II, New Delhi-110048. The paid up capital of J.T. Engineering is Rs. 24,97,000/- (Rupees Twenty Four Lakh Ninety Seven Thousand Only).

JT Engineering is presently engaged in the activities of executing job work done of processing of raw material for Talbros Engineering Limited and is having its plant at Mahobewala Saharanpur Road, Dehradun.

Board of Directors of J T Engineering comprises of:

DIN	Full Name	Designation
01555149	Mr. Ashok Kumar	Director
01798493	Mr. Kuldeep Singh	Director

The shareholding pattern of the Company as on the date is as follows:

Name	No. of Shares held	% of Shareholding
Mrs Gita Talwar	5,385	21.57
Mrs Gita Talwar jointly with Mr Rajesh Talwar	15,700	62.88
Mr. Rakesh Talwar	2,760	11.05
Mrs. Naini Talwar	1,000	4.00
Mr. Karan Talwar	125	0.50
	24,970	100

CORPORATE PROFILE OF THE COMPANY

Description of activities and Services provided by the Company

Our company manufactures Axle Shafts.

Description of the market of each segment

The company deals only in one segment i.e. Automobile Components

Details of the growth of the Company

From the last three years, the Company had been showing a constantly growth trend. In the year 2009-10, the turnover of the Company (excluding other income) was Rs. 6215.71 Laacs, which increased to Rs. 8350.22 Laacs in the year 2010-11 and further to Rs. 10727.71 in the year 2011-12. Thus, the Company has shown an upward growth trend during the last three financial years.

Details of the standing of the Company with reference to the prominent competitors and to its products, management, major suppliers and customers, environmental issues, segment, i.e. geographical, etc.

The Company is in the business of manufacturing of Axle Shafts since 1980 and has received ISO 9001:2008 and ISO/TS 16949:2009 certification. It has competitive advantage because of its time bound execution of various contracts and therefore some of the major clients have been reposing their faith repeatedly in the Company. 90% of all axle shafts made by Company are used by Original Equipment Manufacturers (OEMs) or Tier 1 suppliers. The major clients of the Company are as follows:

1. Mahindra & Mahindra Ltd
2. Spicer India Ltd
3. VE Commercial Vehicles Limited
4. Force Motors Limited

The Company has been serving these clients for last 15 years.

Injunction or restraining orders: Nil

Technology, market, managerial competence and capacity built-up

The Company have qualified and experienced management team which has substantially contributed to the growth of our business operations. Our senior management team, have helped us to leverage our existing production skills and market visibility to further enhance our existing strength in the industry and to expand our product offerings and geographic presence.

Continuous efforts are being made to achieve higher quality standards and to expand the range of its products. Continuous access to latest technology is required to expand export as well as domestic market.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets etc:

Nil

Our Company has 5867 shareholders as on September 30, 2013 was 5867.

Main Objects as per Memorandum of Association:

1. To carry on the business of manufacturers of Spark Plugs, Glow Plugs and other related accessories for the automotive or mechanical industries and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in Spark Plugs, Glow Plugs and other related accessories of all kinds.
2. To carry on the business of manufacturers, importers, exporters and otherwise dealers either in wholesale or in retail, of accessories and spare parts for all kinds of vehicles and automobile.
3. To carry on the business of manufacturers and dealers of internal compression engine components and other automobile components and ancillaries of all kinds including Electronic Ignition Devices, Distributors, Magnets, Ignition Coils, Dynamos and Alternators, Starters, Wiring Systems, Wiper Motors arms and Blades, Batteries, Plugs, Lights, Bulbs, Instrumentation and Switches, Fuel Pumps, Fuel Delivery System, Exhaust Emission and other pollution control devices, Water and Oil Pumps, Braking System and Components, Engine Cooling System and Components, Pipes, Hoses, Belts and Engine, Transmission and Body Parts of all kinds.
4. To carry on the manufacturers of Gaskets, Rear Axle Shafts, shafts, spline shafts, king pins and other related components for the engineering mechanical or automobile industries including the manufacture of machinery of all descriptions and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in Gaskets, Rear Axle Shafts, shafts, spline shafts, king pins and other related components of all kinds.

Changes in Memorandum of Association of the Company

Effective Date of change	Nature of Alteration
July 12, 1991	Clause I of Memorandum was altered whereby the name of the Company was change from M/s Talbros Superseals Spark Plugs Limited to M/s T. Engineering Components Limited.
November 8, 1994	Clause I of Memorandum was altered whereby the name of the Company was change from M/s T. Engineering Components Limited to M/s Talbros Engineering Limited.
March 07, 1996	Clause II of Memorandum was altered whereby the registered office of the Company was change from NCT of Delhi to the State of Haryana.
September 30, 1997	Clause V of Memorandum was altered whereby the Authorised Share Capital of the Company was increased from Rs. 10,000,000 to Rs.30,000,000/

SHAREHOLDERS AGREEMENT

There are no shareholder agreements as on the date of Filing of the Letter of Offer with SEBI.

OTHER AGREEMENTS

Except the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

STRATEGIC PARTNERS

There are no strategic partners of the Company.

FINANCIAL PARTNERS

There are no financial partners of the Company.

MANAGEMENT

Board of Directors

The overall management of the Company is vested with the Board of Directors, which consists of the following Directors as on date:

- | | |
|---------------------------|--------------------------------------|
| 1. Mr. Tarun Talwar | : Managing Director |
| 2. Mr. Sanjay Sharma | : Executive Director |
| 3. Mr. Vijay Kumar Sharma | : Executive Director |
| 4. Mr. Kartik Talwar | : Non Executive Director |
| 5. Mr. Sunil Kumar | : Independent Non Executive Director |

The particulars of the Directors are given below:

S. No	Name, Father's Name, Address, Occupation, Term & DIN	Age (in years)	Designation	Date of Appointment	Directorships held in Indian Companies
1.	Mr. Tarun Talwar S/o Mr. Rajesh Talwar W-80, Greater Kailash Part-II New Delhi-110048 India Occupation: Business Term: Upto 26.09.2016 DIN: 02276634	32	Managing Director	15/05/2009	• Nil
2.	Mr. Sanjay Sharma S/o Mr. Sundershan Kumar Sharma 1002, Sector-8, Faridabad- 121006 Occupation: Service Term: upto 30.09.2015 (Retirement by rotation) DIN: 06394774	46	Executive Director	01/10/2012	• Nil
3.	Mr. Vijay Kumar Sharma S/o Mangat Lal Sharma H No. 309, Sector – 3 Ballabgarh, Faridabad-121004 Occupation: Service Term: upto 30.09.2015 (Retirement by rotation) DIN: 06394784	51	Executive Director	01/10/2012	• Nil
4.	Mr. Kartik Talwar S/o Mr. Rakesh Talwar W-80, Greater Kailash Part-II New Delhi-110048 India Occupation: Business Term: Retirement by rotation DIN: 03266391	31	Non-Executive Director	27/09/2011	• Naintara Hospitality Private Limited

5.	Mr. Sunil Kumar S/o Mr. Harish Kumar 1449/1, Jawahar Nagar Palwal, Haryana-121102 India Occupation: Educational Business Term: Retirement by rotation DIN: 03619831	37	Independent Non-Executive Director	27/09/2011	• Nil
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Nature of family relationship between any of the directors

Mr. Tarun Talwar and Mr. Kartik Talwar are related to each other being Mr. Tarun Talwar is the son of Mr. Rajesh Talwar who is the brother of Mr. Kartik Talwar father.

Any arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which of the directors are selected as a director or member of senior management

Nil

THERE ARE NO SERVICE CONTRACTS ENTERED INTO BY THE DIRECTORS WITH THE COMPANY PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT.

Details of Borrowing Powers

In terms of the Articles of Association, the Board may, from time to time, raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they think fit, in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage or charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being. The board shall exercise such power only by means of resolution passed at a Meeting of the Directors and not by circular resolution.

In the Annual General Meeting of the Company held on September 26, 2012, the approval of the shareholders of the Company has been obtained under Section 293(1)(d) of the Companies Act, 1956 allowing the Board of Directors to borrow on behalf of the Company which together with the money already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed in the aggregate at any one time Rs. 55,00,00,000/- (Rupees Fifty Five Crores Only).

Compensation of Managing Director/Executive Director

1. Mr. Tarun Talwar, Managing Director

In the Annual General Meeting of the Company held on 26th September 2011, the shareholders have approved the reappointment of Mr. Tarun Talwar, Director of the Company who was designated as the Managing Director of the Company by the Board of Directors with effect from 1st February 2011, as the Managing Director for a period of 5 years w.e.f. 27.09.2011. The terms & conditions of his present appointment are as under:

Period:

In the Annual General Meeting held on 26th September 2012, the remuneration of Mr. Tarun Talwar has been reviewed, the details of which are given below. The payment of remuneration is effective for the period of 3 years with effect from 1st October 2012 i.e. till 30th September 2015.

Functions

Subject to the superintendence, control and direction of the Board of Directors of the Company, he is vested with substantial powers of management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated / assigned to him by the Board of Directors/Committee of Directors from time to time.

2. Mr. Sanjay Sharma, Executive Director

In the Meeting of Board of Directors of the Company held on 01st October 2012, Mr. Sanjay Sharma was appointed as the Additional Executive Director of the Company with effect from 1st October 2012 and was regularized as Executive Director in the Annual General Meeting held on September 28, 2013. The terms & conditions of his present appointment are as under:

Period:

The tenure of appointment will be effective from 1st October 2012 to 30th September 2015 and are subject to retirement by rotation. The payment of remuneration is effective for the period of 3 years with effect from 1st October 2012 i.e. 30th September 2015.

3. Mr. Vijay Kumar Sharma, Executive Director

In the Meeting of Board of Directors of the Company held on 01st October 2012, Mr. Sanjay Sharma was appointed as the Additional Executive Director of the Company with effect from 1st October 2012 was regularized as Executive Director in the Annual General Meeting held on September 28, 2013. The terms & conditions of his present appointment are as under:

Period:

The tenure of appointment will be effective from 1st October 2012 to 30th September 2015 and are subject to retirement by rotation. The payment of remuneration is effective for the period of 3 years with effect from 1st October 2012 i.e. 30th September 2015.

Functions

Subject to the superintendence, control and direction of the Board of Directors of the Company, he is vested with substantial powers of management including day to day affairs of the Company and shall exercise other duties and functions as may be delegated / assigned to him by the Board of Directors/Committee of Directors from time to time.

Details in terms of Education Qualification, Experience and Remuneration of Directors are tabulated below:

Name of the Director	Educational Qualifications	Experience	Remuneration	
Mr. Tarun Talwar	Master of Science in the Faculty of Accountancy from University of Notre Dam, USA. Member of Institute of Certified Public Accountants	3 years in Business	Basic Salary	Rs.140,000 P.M.
			H.R.A.	Rs.70,000 P.M.
			Conveyance Allowance	Rs.15,000 P.M.
			Reimbursement of Medical Expenses	Rs.3,000 P.M.
			Other's Allowance	Rs.12,000 P.M.
			Perquisites	Upto Rs.3,000 P.M.
			Contribution to P.F.	Rs.19,000 P.M.
Mr. Sanjay Sharma	Post Graduate Diploma in Mechanical Engineering	24 years in Technical Services	Basic Salary	Rs.20,185 P.M.
			H.R.A.	Rs.21,802 P.M.
			Other Allowances	Rs. 21,706 P.M.
			Perquisites	Rs. 3,364

				P.M.
			Contribution to P.F.	Rs.2,760
Mr. Vijay Kumar Sharma	Diploma in Mechanical Engineering	22 years in Technical Services	Basic Salary	Rs.19,975 P.M.
			H.R.A.	Rs.21,475 P.M.
			Other's Allowance	Rs. 21,609 P.M.
			Perquisites	Rs. 3,329 P.M.
			Contribution to P.F.	Rs.2,730
Mr. Kartik Talwar	Bachelor of Hotel and Tourism Management	2 years in business and 4 years in services		-
Mr. Sunil Kumar	M. Phil	12 years in teaching		-

Shareholding of the Directors

S. No.	Name	No. of shares held	% w.r.t. paid up capital
1.	Mr. Tarun Talwar	78,945	5.60
2.	Mr. Kartik Talwar	11,382	0.81

No qualification shares are held by the Directors.

Interest of our Promoters and Directors

Except as stated in "Related Party Transactions" on page 118 of this Letter of Offer and to the extent of shareholding in our Company, our Promoters and Promoter group entities do not have any other interest in our business.

All Directors of the Company may be deemed to be interested to the extent of remuneration / sitting fees, if any, payable to them for attending meetings of the Board or a Committee. The Managing Director will be interested to the extent of remuneration paid to him for services rendered by him as officer of the Company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held in our Company by them or their relatives or companies, firms and trust, in which they are interested as directors, members, partners and / or trustees, or that may be subscribed for and allotted to them, under the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The following table set forth details of sitting fee paid to the Independent Directors for the year ended March 31, 2013 & March 31, 2012:

Sr. No.	Name	Sitting Fee (in Rs.)	
		As on March 31, 2013	As on March 31, 2012
1.	Mr. Mohan Lal Gupta	0	10,000
2.	Mr. Jayant Hari Har Lal	0	10,000
3.	Mr. Sunil Kumar	5,000	5,000

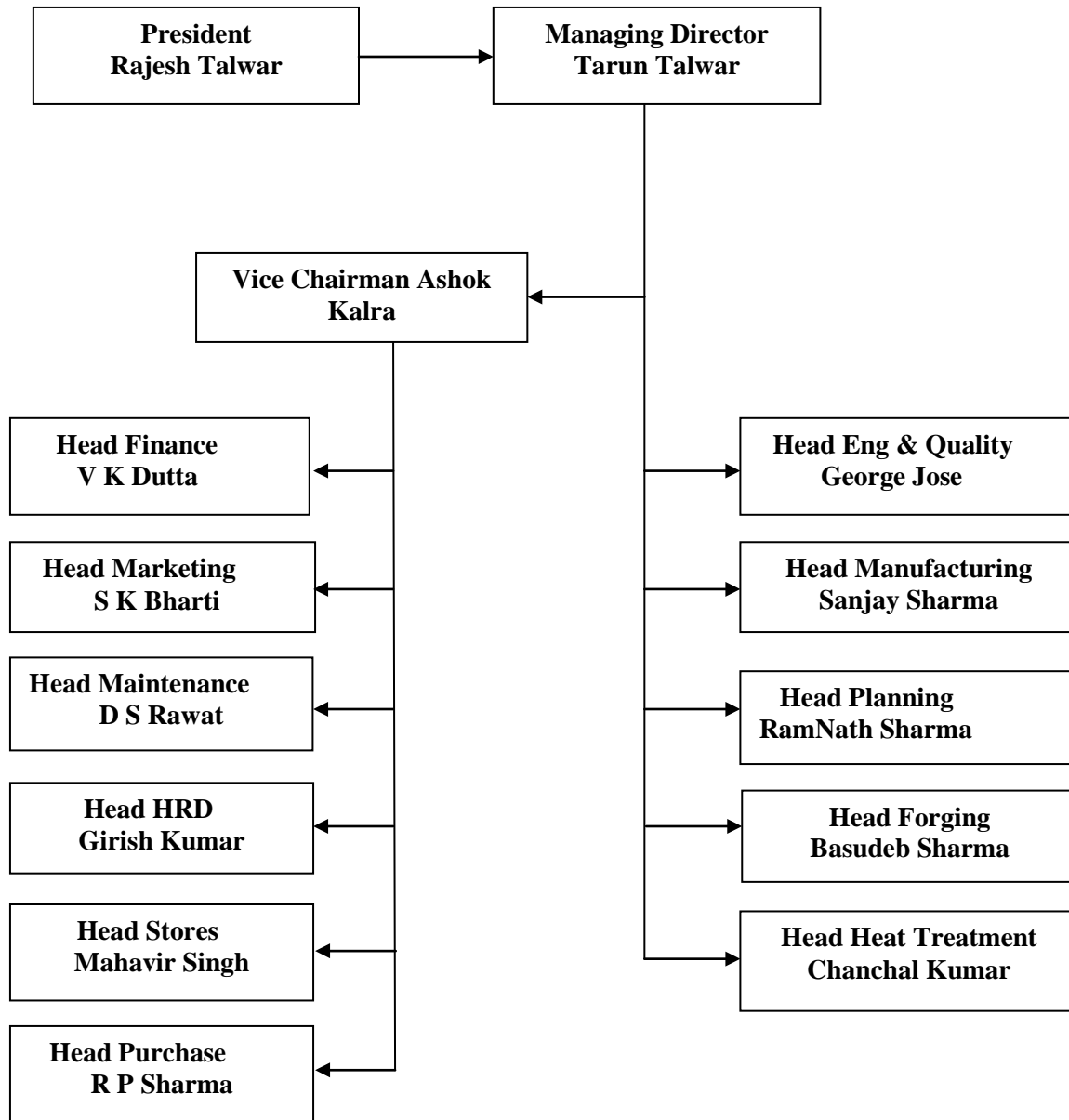
Other than as mentioned above, no other compensation is being paid to any other Director of the Company.

Changes in Our Board of Directors during the last three years

The following are the changes in the Board of Directors in last 3 years:

S. No.	Name	Date of Appointment	Date of Cessation	Remarks
1.	Mr. Karan Talwar	01.10.2002	15.05.2009	Resigned due to personal occupation
2.	Mr. Tarun Talwar	15.05.2009	Continuing	Change in designation to Managing Director on 27.09.2011
3.	Mr. Tushar Kanti Chopra	01.10.2002	20.01.2011	Resigned due to personal occupation
4.	Mr. Kartik Talwar	27.09.2011	Continuing	Appointed as Additional Non-Executive Director on 01.02.2011
5.	Mr. Jayant Hari Har Lal	31.01.2011	25.08.2012	Resigned as Director
6.	Mr. Mohan Lal Gupta	30.07.2003	25.08.2012	Resigned as Director
7.	Mr. Rajesh Talwar	01.12.1995	25.08.2012	Resigned as Whole Time Director
8.	Mr. Sunil Kumar	27.09.2011	Continuing	Appointed as Non-Executive Independent Director
9.	Mr. Sanjay Sharma	01.10.2012	Continuing	Appointed as Additional Executive Director
10.	Mr. Vijay Kumar Sharma	01.10.2012	Continuing	Appointed as Additional Executive Director

ORGANIZATIONAL STRUCTURE CHART



Corporate Governance

Pursuant to **Circular No. SEBI/CFD/DIL/CG/1/2004/12/10** dated **October 29, 2004**, Clause-49 of Listing Agreement i.e. Corporate Governance Code is not applicable to the Company.

The Company has formed the following committees to ensure the better compliance:

Committees of the Board

1. Audit Committee

In terms of section 292A of the Companies Act, 1956, the paid up capital of the Company is less than Rs. 5 crore, therefore the Company is not required to constitute an Audit Committee.

2. Remuneration Committee

The Company has not constituted Remuneration Committee.

3. Shareholders' Grievance Committee

The Board had constituted the Shareholders Grievance Committee comprising its members from among the Board of Directors in the Company for redressal of the Investor complaints.

The list of members of the Shareholders Grievance Committee as constituted by the Board of Directors of the Company is:

Sr. No	Name of Member	Designation
1.	Mr. Tarun Talwar	Managing Director
2.	Mr. Sanjay Sharma	Director

4. Rights Issue Committee

The Board had constituted the Rights Issue Committee comprising its members from among the Board of Directors in the Company for redressal of the Investor complaints.

The list of members of the Rights Issue Committee as constituted by the Board of Directors of the Company is:

Sr. No	Name of Member	Designation
1.	Mr. Tarun Talwar	Managing Director
2.	Mr. Sanjay Sharma	Director
3.	Mr. Vijay Kumar Sharma	Director

KEY MANAGEMENT PERSONNEL

In addition to the Directors, a brief profile of Mr. Rajesh Talwar, Key Managerial Employee is given below:

Name, Designation, Qualification	Date of Joining	Age (Years)	Term of office with date of expiration of term	Details of service contracts including termination /retirement Benefits	Experience (years)	Previous Employment
Mr. Rajesh Talwar Designation: President Qualification: B. Tech, MS and MBA	01.09.2012	61	From 01.09.2012 upto retirement age as per the policy of the Company	Company shall pay basic salary, house rent allowance, perquisites, Superannuation pension, PF, Gratuity as per its policies.	More than 35 years of experience in Automotive and Engineering industry	-

Brief Profile

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

Nature of any family relationship between any of the Key Managerial Personnel:

Mr. Rajesh Talwar is the father of Mr. Tarun Talwar, Managing Director of the Company.

Details of any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel, was selected as a director or member of senior management

Nil

No compensation was paid to the Key Managerial Personnel in the last financial year pursuant to a bonus or profit-sharing plan.

All the Key Managerial Personnel as stated above are Permanent employees of the Company.

Shareholding of Key Managerial Personnel

As on the date of filing of Letter of Offer, Mr. Rajesh Talwar holds 247,483 Equity Shares constituting 17.55% of the paid up capital of the Company.

Bonus or profit sharing plan of the Key Management Personnel

The Company does not have any bonus or profit sharing plan of the Key Management Personnel.

Interests of Key Management Personnel

The key management personnel of the Company do not have any interest in the Company other than to the extent of the remuneration, employee stock options held, if any, or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of the key management personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the Key Management Personnel

The changes in the key management personnel in the last three years are as follows:

S. No.	Name	Date of Joining	Date of Leaving	Reason
1.	Mr. Rajesh Talwar	01.09.2012	-	Joined

EMPLOYEES**Employees Stock Option Scheme / Employees Stock Purchase Scheme**

Presently, we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

Except the payment of salaries and perquisites, the Company does not make any payments to its officers.

PROMOTERS

Promoters

The following are the Promoters of the Company:

1. Mr. Rajesh Talwar,
2. Mr. Tarun Talwar,
3. Mrs. Gita Talwar

Group Companies of Promoters

The following companies have been promoted by the Promoters of the Company and are referred to in this Letter of Offer as the “Group Companies of Promoters”. The Group Companies of Promoters are companies, firms and ventures in which the Promoters (i) exercise control; or (ii) have been named as promoters by such entity in any filing with the stock exchanges in India. We define “control” as the:

- a. ownership, directly or indirectly through subsidiaries, of 50% or more of the equity share capital or voting interest of the entity; or
- b. power to appoint the majority of the directors or similar governing body of such entity; or
- c. power to control the management or policy decisions of the entity, directly or indirectly, including through the exercise of shareholding or management or similar rights or voting arrangements or in any other manner.

In addition, if two or more Promoters together exercise control over an entity, such entity has been included as a Group Company of Promoters. Based on the above, the Group Companies of Promoters are as follows:

1. J. T. Engineering Private Limited

Promoter Group

The details of the Promoter Group are as follows:

The following natural persons, HUFs, companies and partnerships constitute our promoter group under the SEBI ICDR Regulations (the “Promoter Group”):

The natural persons who are part of the Promoter Group, other than the Promoters named above, are as follows:

Sr. No.	Name	Shareholding in Talbros Engineering Limited
1.	Mr. Kartik Talwar	11,382
2.	Ms. Naini Talwar	81,850
3.	Mr. Karan Talwar	29,180
4.	Mr. Rakesh Talwar	240,292

The companies that are part of the Promoter Group are as follows:

Nil

The details of the Promoters are as follows:

Mr. Rajesh Talwar



Age	62 years
Personal Address	W-80, Greater Kailash Part-II, New Delhi-110048, India
Designation	President
Educational qualification	B. Tech, MS and MBA
Experience	More than 35 years of experience in Automotive and Engineering industry
Directorship held	<ul style="list-style-type: none"> • Naintara Farms Private Limited • B.N. Talwar And Bros Private Limited
Voter ID No.	NEC1058361
Driving Licence No.	137/B/2004 (O.S)
Permanent Account No.	AABPT7765Q
Passport No.	F6173733
Bank Account No.	604110110000101 (Bank of India)
DIN	00048440

Mr. Rajesh Talwar owns 247,483 Equity Shares, representing 17.55% of the pre-Issue share capital and 9.75 % of the post-Issue share capital of the Company.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Mr. Rajesh Talwar other than as mentioned in this Letter of Offer.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Rajesh Talwar is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Letter of Offer with them.

Mr. Tarun Talwar



Age	32 years
Personal Address	W-80, Greater Kailash Part-II, New Delhi-110048, India
Designation	Managing Director
Educational qualification	Master of Science in the Faculty of Accountancy from University of Notre Dam , USA
Experience	3 years in Automotive industry

Directorship held	Talbro Engineering Limited
Voter ID No.	A 048729 (Overseas Citizen of India)
Driving Licence No.	DL-0320080002067 (P)
Permanent Account No.	ACDPT2544B
Passport No.	482559997
Bank Account No.	604110110000219 (Bank of India)
DIN	02276634

Mr. Tarun Talwar owns 78,945 Equity Shares, representing 5.60% of the pre-Issue share capital and 3.11 % of the post-Issue share capital of the Company.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Mr. Tarun Talwar other than as mentioned in this Letter of Offer.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Tarun Talwar is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Letter of Offer with them.

Mrs. Gita Talwar



Age	59 Years
Personal Address	W-80, Greater Kailash Part-II, New Delhi-110048, India
Designation	Promoter
Educational qualification and personal experience	B.A. English (Hons.)
Directorship held	-
Voter ID No.	NEC1374081
Driving Licence No.	162/B/2005 (O.S.)
Permanent Account No.	AAAPT1107H
Passport No.	Z1346221
Bank Account No.	604110110000102 (Bank of India)
DIN	-

Mrs. Gita Talwar owns 206,356 Equity Shares, representing 14.63% of the pre-Issue share capital and 8.13% of the post-Issue share capital of the Company.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Mrs. Gita Talwar other than as mentioned in this Letter of Offer.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Gita Talwar is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Letter of Offer with them.

Except as disclosed in the “Related Party Transactions” on page 118 of this Letter of Offer and otherwise in this Letter of Offer, the promoters do not have any interest in the Issuer.

Information in respect of Group Companies

1. J.T. Engineering Private Limited

Type of Organisation

The Company was incorporated as a Private Company on the June 28, 1984. Its Company Identification No. is U74899DL1984PTC018756.

Brief Description of Business:

JT Engineering is presently engaged in the activities of executing job work done of processing of raw material for Talbros Engineering Limited and is having its plant at Mahobewala Saranpur Road, Dehradun.

Nature and extent of interest of the promoters

Name	No. of shares held in J. T. Engineering Pvt. Ltd.	Percentage (%)
Mrs Gita Talwar	5,385	21.57
Mrs. Gita Talwar jointly with Mr. Rajesh Talwar	15,700	62.88
Mr. Tarun Talwar	Nil	Nil

Except as stated in “Related Party Transactions” on page 118 of this Letter of Offer and to the extent of shareholding in the Company, our Promoters and Promoter group entities do not have any other interest in the business of J T Engineering Private Limited.

Financial Performance

(Amount in Rs.)

Particulars	30.09.2013	31.03.2013	31.03.2012	31.03.2011
Authorised Equity Capital	2,500,000	2,500,000	2,500,000	2,500,000
Paid up Equity Capital	2,497,000	2,497,000	2,497,000	2,497,000
Reserves & Surplus (excluding revaluation reserves)	599,473	587,775	554,257	510,307
Diluted Earning per Share (In Rs.)	9.36	26.85	35.20	30.20
NAV (In Rs.)	12.40	12.35	12.22	12.04

Common Pursuits

As on date, there are no common pursuits that may lead to conflict of interest in the business of the Company and other firms/companies promoted by the Promoters.

Interest of the Promoters

The Promoters of the Company are interested to the extent of their shareholding in the Company.

Except as stated otherwise in this Letter of Offer, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Letter of Offer in which the Promoter is directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or

arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Payment of benefits to the Promoter

Except as stated in the section titled “Related Party Transactions” on page 118 of this Letter of Offer, there has been no payment of benefits to the Promoter during the two years prior to the filing of this Letter of Offer.

Related Party Transaction

For details of related party transactions please refer to page no. 118 of the Letter of Offer.

Confirmations

Further, the Promoters have not been declared as a wilful defaulter by the RBI or any other governmental authority and there are no proceedings relating to violations of securities laws pending against them except as disclosed in section titled “Outstanding Litigation and Material Developments” beginning on page 143 of this Letter of Offer.

CURRENCY OF PRESENTATION

In the Letter of Offer, all references to “Rupees” and “Rs.” and “Indian Rupees” and “symbol” are to the legal currency of the Republic of India. Throughout the sections on ‘Financial Information’ and ‘Summary of Financial Information’ and ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ in the Letter of Offer figures have been expressed in Rupees.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and elsewhere in the Letter of Offer, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP. In the Letter of Offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the members of the Company. The factors that may be considered by the Board before making any recommendations for the dividend, include but are not limited to profits earned during the financial year, liquidity of the Company, obligations towards repayment of debt including maintaining debt service reserves, future expansion plans and capital requirements, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time.

The Board may also, from time to time, pay to the members, interim dividend, as appears to the Board to be justified by the profits of the Company.

The details with respect to payment of dividend during the last 10 years by the Company are tabulated below:

Year	Dividend	Rate of Dividend
2002-03 to 2008-09	Not Paid	-
2009-10	Paid	25%
2010-11	Paid	25%
2011-12	Paid	25%
2012-13	Paid	30%

SECTION VI- FINANCIAL STATEMENTS

AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To
The Board of Directors
Talbro Engineering Limited
Plot No. 74-75, Sector-6,
Faridabad-121006, Haryana

Dear Sirs

Sub: Proposed Rights Issue for an amount not exceeding Rs. 500 Lacs

1. We have examined the attached financial information of Talbro Engineering Limited (the 'Company') for the 6 months ended September 30, 2013 and as at financial year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 attached to this report and initialed by us for identification. These Financial Statements has been prepared in terms of the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the 'ICDR Regulations') in connection with the proposed "Right Issue of Equity Shares" by the Company.

The preparation and presentation of these financials information is the responsibility of the Company's Management.

Our responsibility is to express an opinion on these Financials Statement based on our examination. We have examined these Financial Statements taking into consideration the terms of our engagement agreed upon with you in accordance with our engagement letter dated June 20, 2012 in connection with the proposed Right Issue of equity shares of the Company.

2. The financial information for the 6 months ended September 30, 2013 and as at financial year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 have been adopted by the Board of Directors / Members of the company and audited by us.
3. We have performed such tests and procedures, which in our opinion, were necessary for the examination of these financial information. These procedures, mainly involved comparison of the attached financial information with the Company's audited/unaudited financial statements for the respective years/periods.
4. We report that the Financial Statement are correctly extracted from the audited/unaudited financial statements of the Company for relevant year/period and are prepared and presented in accordance with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006, accounting policies of the Company and with the ICDR Regulations as amended from time to time relating to Right Issue of the Equity Shares by the Company.
5. We have examined the attached financial information comprising of:
 - a. Statement of Assets and Liabilities for the 6 months ended September 30, 2013 and as at financial year ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009. (**Annexure I**)
 - b. Profit & Loss Account for the 6 months ended September 30, 2013 and for the year ended on March 31, 2013, March 31, 2012, March 31, 2011 March 31, 2010, March 31, 2009. (**Annexure II**)
 - c. Cash Flow Statement for the 6 months ended September 30, 2013 and for the year ended on March 31, 2013, March 31, 2012, March 31, 2011 March 31, 2010, March 31, 2009 (**Annexure III**)

- d. The “Financial Statements” have to be read in conjunction with the Notes to financial statements and Summary of Significant Accounting Policies given in **Annexure IV** of this report.
6. In accordance with the requirements of the ICDR Regulations, and the terms of our engagements agreed with you, we have also examined the other financial information prepared by the Management and approved by the Board of Directors of the Company for the purpose of inclusion in the Letter of Offer as mentioned below:-
 - a) Statement of Dividend paid
 - b) Statement of Accounting Ratios
 - c) Capitalization Statement as of March 31, 2013.
 - d) Statement of Sundry Debtors
7. In our opinion the attached financial information of the Company, as mentioned in paragraph 1 and 6 above have been extracted and prepared in accordance with the ICDR Regulations and applicable provisions of the Companies Act as amended from time to time and in terms of our engagement as agreed with you.
8. This report is intended solely for use of the Management for inclusion in the Letter of Offer in connection with Rights Issue of the Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.
9. We confirm that our firm Rakesh Raj & Associates has been subjected to Peer Review Process of Institute of Chartered Accountants of India (ICAI) and firm hold a valid certificate no 005691 dated 10th February 2012 issued by “Peer Review Board” of ICAI.

For RAKESH RAJ & ASSOCIATES
Chartered Accountants,
Firm Registration Number 005145N

(RUCHI JAIN)
Partner
M. No. FCA-99920

Place: Faridabad
Dated: 28.12.2013

TALBROS ENGINEERING LIMITED

Statement of Assets and Liabilities

Annexure I

(Amount in Rs.)

	Particulars	Notes	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
1	Fixed Assets							
	Gross Block	11	245,733,170	248,709,567	214,773,053	194,618,455	163,207,227	154,365,527
	Less: Depreciation		14,141,075	24,398,032	20,625,144	16,704,085	15,517,217	15,263,636
	Net Block		231,592,095	224,311,535	194,147,909	177,914,370	147,690,010	139,101,891
	Less: Revaluation Reserve		1,044,585	1,059,511	1,089,360	1,119,209	1,149,058	1,178,907
	Net Block after adjustment for Revaluation Reserve		230,547,510	223,252,024	193,058,549	176,795,161	146,540,952	137,922,984
2	Non-current Investments	12	860,000	860,000	860,000	860,000	860,000	860,000
3	Long term Loans and Advances	13	26,927,185	25,680,902	15,151,652	4,834,687	3,858,030	3,170,558
4	Current Assets, Loans and Advances							
	Inventories	14	147,969,507	121,435,809	88,132,359	87,049,411	82,385,290	73,234,616
	Trade Receivables	15	174,280,481	190,106,492	142,690,236	112,167,515	82,691,585	126,957,238
	Cash and Cash equivalents	16	107,418,574	40,329,030	13,317,835	9,744,206	8,463,468	7,496,852
	Short term Loans and Advances	17	56,568,286	76,597,861	52,489,271	45,074,707	31,165,244	32,218,657
	Right Issue Expenses (Misc. Exp Not W/off.)		415,125	292,125	-	-	-	-
	Total		486,651,973	428,761,317	296,629,701	254,035,839	204,705,587	239,907,363
5	TOTAL ASSETS (1+2+3+4)		744,986,668	678,554,243	505,699,902	436,525,687	355,964,569	381,860,905

6	Non-current liabilities							
	Long Term Borrowings	5	73,682,220	86,220,623	66,635,902	59,734,105	30,312,998	49,803,427
	Deferred Tax liabilities (Net)	6	20,531,932	20,531,932	18,264,475	17,629,572	13318643	11,104,312
			94,214,152	106,752,555	84,900,377	77,363,677	43,631,641	60,907,739
7	Current Liabilities							
	Short Term Borrowings	7	202,688,928	124,759,687	66,678,052	71,930,336	79,542,603	90,385,802
	Trade Payables	8	122,351,747	133,594,926	107,624,888	84,093,849	73,625,506	84,135,433
	Other Current Liabilities	9	72,093,113	59,643,617	42,202,589	48,933,983	35,519,112	29,069,168
	Short term provisions	10	6,979,999	31,445,117	27,879,625	17,941,640	9,343,758	9,281,763
	Total		404,113,787	349,443,347	244,385,154	222,899,808	198,030,979	212,872,166
8	TOTAL LIABILITIES (6+7)		498,327,939	456,195,902	329,285,531	300,263,485	241,662,620	273,779,905
9	Net worth (5-8)		246,658,729	222,358,341	176,414,371	136,262,202	114,301,949	108,081,000
10	Represented by							
	Share Capital	3	14,101,400	14,101,400	14,101,400	14,101,400	14,101,400	14,101,400
	Reserves		233,601,914	209,316,452	163,402,331	123,280,011	101,349,607	95,158,507
	Less: Revaluation Reserve		1,044,585	1,059,511	1,089,360	1,119,209	1,149,058	1,178,907
	Reserves (Net of revaluation reserves)	4	232,557,329	208,256,941	162,312,971	122,160,802	100,200,549	93,979,600
	Net worth		246,658,729	222,358,341	176,414,371	136,262,202	114,301,949	108,081,000
	Summary of significant accounting policies	2						

For Rakesh Raj & Associates

Chartered Accountants
Regn No. 005145 N

Ruchi Jain
Partner
Membership No: 99920
Place: Faridabad
Date :-28.12.2013

For and on behalf of the Board of
Directors of
Talbro Engineering Ltd

Tarun Talwar
Managing Director

Statement of Profit and Loss

Annexure II (Amount in Rs.)

	Notes	6 months ended 30 th September 2013		Year Ended 31st March 2013		Year Ended 31st March 2012		Year Ended 31st March 2011		Year Ended 31st March 2010		Year Ended 31st March 2009	
Income													
Revenue from operations (gross)	18	645,671,227		1,429,913,466		1,162,687,865		901,957,545		663,684,424		684,365,575	
Less: excise duty		61,084,738	584,586,489	132,310,891	1,297,602,575	89,916,874	1,072,770,991	66,935,568	835,021,977	42,113,676	621,570,748	67,352,403	617,013,172
Other income	19		16,579,454		14,194,343		23,768,735		23,864,502		15,521,280		10,386,360
Total Revenue			601,165,943		1,311,796,918		1,096,539,726		858,886,479		637,092,028		627,399,532
Expenses													
Cost of raw material and components consumed	20		311,389,091		670,433,628		552,057,177		409,973,943		322,302,205		311,155,358
(Increase)/ decrease in inventories of finished goods, work in progress and traded goods	21		(27,950,595)		(40,721,766)		1,480,829		19,771,004		(11,164,306)		38,521,170
Employee benefits expenses	22		50,719,763		96,646,511		79,588,440		66,314,921		54,940,621		49,260,366
Finance costs	23		19,411,760		35,819,555		31,013,385		26,025,598		19,860,863		31,071,709
Net depreciation & amortization expense	24		14,141,075		24,398,032		20,625,144		16,704,085		15,517,217		15,263,636
Other expenses	25		203,254,463		450,118,412		346,282,948		278,812,822		220,777,676		172,074,211
Total Expense			570,965,557		1,236,694,372		1,031,047,923		817,602,373		622,234,276		617,346,450
Profit Before Tax			30,200,386		75,102,546		65,491,803		41,284,106		14,857,752		10,053,082
Tax Expense													
Current tax		5,900,000		22,500,000		20,500,000		10,800,000		2,475,000		3,150,000	
Deffered tax				2,267,457		634,903		4,310,929		2,214,331		(135,768)	
Wealth Tax				41,320		17,420		-		-			
FBT												400,000	

Income Tax: Earlier year			5,900,000	(566,899)	24,241,878	90,060	21,242,383	102,056	15,212,985	(163,086)	4,526,245	(3,914)	3,410,318
Profit for the Year			24,300,386		50,860,668		44,249,420		26,071,121		10,331,507		6,642,764
Earnings per equity share (Face value of share Rs.10/-)													
Basic and Diluted Earnings per Share (Rs.)			17.23		36.07		31.38		18.49		7.33		4.71
Summary of significant accounting policies	2												
The accompanying notes are an integral part of the financial statements													

For Rakesh Raj & Associates

**Chartered Accountants
Regn No. 005145 N**

**Ruchi Jain
Partner
Membership No: 99920
Place: Faridabad
Date :-28.12.2013**

**For and on behalf of the Board of
Directors of
Talbro Engineering Ltd**

**Tarun Talwar
Managing Director**

Cash Flow Statement

Annexure III
(Amount in Rs.)

		6 Month Ended 30th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009						
A.	CASH FLOW FROM OPERATING ACTIVITIES :												
a.	Net profit before Tax		30,200,386	75,102,546	65,491,803	41,284,106	14,857,752	10,053,082					
	Adjustment for :												
	Depreciation	14,141,075	24,398,032	20,625,144	16,704,085	15,517,217	15,263,636						
	Misc. Expenses W/Off		268,016	461,844	-	-	-						
	Interest Paid	19,411,760	35,819,555	31,013,385	26,025,598	19,860,863	31,071,709						
	Interest/Dividend Income	(255,070)	(573,647)	(494,152)	(343,469)	(525,762)	(1,264,002)						
	Gratuity Adjusted of Earlier Year	-	-	-	-	-	-						
	Sales & Services	(2233,508)	(865,520)										
	Warranty Claim Paid	-	57,769										
	Loss/(Profit) on Sale of Assets	-	31,064,257	256,321	59,360,526	74,713	51,680,934	-	42,386,214	(136,201)	34,716,117	618,525	45,689,868
b.	Operating Profit before Working Capital Changes		61,264,643	134,463,072	117,172,737	83,670,320	49,573,869	55,742,950					
	Adjustment for:												
	Trade and Other Receivables	26,409,303	(66,482,666)	(29,520,530)	(41,794,806)	45,317,774	(10,616,395)						
	Inventories	(26,533,698)	(33,303,450)	(1,082,948)	(4,664,121)	(9,150,674)	60,249,712						
	Trade Payables	(9,001,939)	(9,126,334)	26,699,100	(73,087,016)	19,843,409	(10,760,069)	14,511,317	(31,947,610)	(13,961,462)	22,205,638	(32,126,192)	17,507,125
c.	Cash Generated From Operations		52,138,309	61,376,056	106,412,668	51,722,710	71,779,507	73,250,075					
	Direct Tax Paid - Income Tax	(10,347,236)	(27,904,188)	(22,775,036)	(5,627,451)	(4,236,181)	1,653,361						
	Excess / (Short) provision of tax	268,378	(10,078,858)	566,899	(27,337,289)	(90,060)	(22,865,096)	(102,056)	(5,729,507)	163,086	(4,073,095)	3,914	1,657,275
	Net Cash from/(used) in Operating Activities		42,059,451	34,038,767	83,547,572	45,993,203	67,706,412	74,907,350					
B.	CASH FLOW FROM INVESTING ACTIVITIES :												
	Sale/Transfer of Fixed Assets	3,699	345,000	1,042,273	-	158,449	1,886,599						

	Interest Received & Dividend Recd.	255,070		573,647		494,152		343,469		525,762		1,264,002	
	Decrease/(Increase) in CWIP	-		-		(2,370,721)		-		409,579		(78,750)	
	Purchase of Fixed Assets	(20,957,579)		(58,274,494)		(35,634,797)		(46,958,294)		(24,567,012)		(14,094,058)	
	Sale of Investment	-										67,200	
	Net Cash from (used) in Investing Activities		(20,698,810)		(57,355,847)		(36,469,093)		(46,614,825)		(23,473,222)		(10,955,007)
C.	CASH FLOW FROM FINANCING ACTIVITIES												
	Proceeds from Borrowings	80,545,610		78,381,981		10,959,834		55,223,364		11,003,641		7,469,280	
	Dividend Paid	(4,230,420)		(35,819,555)		(3,427,882)		(3,525,350)		-		-	
	Repayment /Transfer of Borrowings	(12,258,409)		(4,739,314)		(31,672,419)		(47,228,762)		(32,629,096)		(37,394,456)	
	Fixed Deposit (Net)	668,757		15,647,094		11,649,002		23,458,706		(1,780,256)		(1,230,197)	
	Interest Paid	(19,411,760)		(3,434,056)		(31,013,385)		(26,025,598)		(19,860,863)		(31,071,709)	
	Right Issue Expense	415,125		292,125									
	Net Cash From/(used) Financing Activities		45,728,903		50,328,275		(43,504,850)		1,902,360		(43,266,574)		(62,227,082)
	Net Increase (Decrease) in CASH AND CASH Equivalents(A+B+C)		67,089,544		27,011,195		3,573,629		1,280,738		966,616		1,725,261
	Cash and cash equivalents as at:-												
	:- the beginning of the year	40,329,030		13,317,835		9,744,206		8,463,468		7,496,852		5,771,591	
	:- the end of the year	107,418,574		40,329,030		13,317,835		9,744,206		8,463,468		7,496,852	

For Rakesh Raj & Associates

Chartered Accountants
 Regn No. 005145 N
 Ruchi Jain
 Partner
 Membership No: 99920
 Place: Faridabad
 Date :-28.12.2013

For and on behalf of the Board of Directors of
 Talbros Engineering Ltd

Tarun Talwar
 Managing Director

Notes to financial statements

1. CORPORATE INFORMATION

Talbro Engineering Limited (the 'Company') is a public company in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in manufacturing of Rear Axle Shafts. The company caters to both international and domestic market. The company has its manufacturing plants at Plot No.74-75, Sector-6, Faridabad,-121006 and Plot No.35-38 & 57 Industrial Area Hathin Palwal.

Basis of preparation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1. Basis for Accounting**

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

2.2. Use of Estimates

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

2.3. Revenue Recognition

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

2.4. Inventories

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

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

2.5. Tangible assets

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

2.6. Intangible assets

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

2.7. Depreciation on fixed assets

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

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

2.8. Provisions and contingencies

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

2.9. Research and Development expense

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

2.10. Foreign currency transactions

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

2.11. Investments

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

2.12. Employee benefits

Retirement benefits to employees comprise contribution to Provident Fund, Gratuity and Leave Encashment under the scheme of the company. The company makes monthly contribution to the Provident Fund authorities in accordance with the provisions of the relevant statute. The contributions to the provident fund are charged to the statement of profit and loss for the year.

Gratuity

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

Leave encashment

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

2.13. Borrowing costs

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

2.14. Leases

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

2.15. Cash Flow Statement

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

2.16. Taxation

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

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

2.17. Impairment of assets

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

3. Share Capital

		6 months ended 30th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
3.1	Authorized Share Capital						
	3,000,000 Equity Shares of Rs.10/- each	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
3.2	Issued, Subscribed and Fully Paid Up Capital						
	1,410,140 Equity Shares of Rs. 10/- each fully paid up	14,101,400.00	14,101,400.00	14,101,400.00	14,101,400.00	14,101,400.00	14,101,400.00
	Total Issued, Subscribed and fully paid up capital	14,101,400.00	14,101,400.00	14,101,400.00	14,101,400.00	14,101,400.00	14,101,400.00

3.3. Reconciliation of the shares outstanding at the beginning and the end of the reporting period

Equity shares	6months ended 30th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
At the beginning of the year	1,410,140.00	1,410,140.00	1,410,140.00	1,410,140.00	1,410,140.00	1,410,140.00
Add: Shares issued during the year	-	-	-	-	-	-
Add: Bonus shares issued during the year	-	-	-	-	-	-
Less: Shares forfeited, etc	-	-	-	-	-	-
Outstanding at the end of the year	1,410,140.00	1,410,140.00	1,410,140.00	1,410,140.00	1,410,140.00	14,101,40.00

3.4. Terms/ rights and restrictions attached to equity shares

The company has only one class of equity shares having par value of Rs.10/-per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Director.

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

	6 months ended 30th September 2013		Year Ended 31st March 2013		Year Ended 31st March 2012		Year Ended 31st March 2011		Year Ended 31st March 2010		Year Ended 31st March 2009	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Equity shares of Rs. 10/- each fully paid												
Rajesh Talwar	247,483	17.55	247,483	17.55	247,483	17.55	247,483	17.55	247,483	17.55	247,483	17.55
Gita Talwar	206,356	14.63	206,356	14.63	206,356	14.63	106,356	7.54	90,582	6.42	90,582	6.42
Rakesh Talwar	164,621	11.67	164,621	11.67	164,621	11.67	164,621	11.67	164,621	11.67	164,621	11.67
Naini Talwar	81,850	5.80	81,850	5.80	81,850	5.80	81,850	5.80	60,064	4.26	60,064	4.26
Tarun Talwar	78,945	5.60	78,945	5.60	78,945	5.60	65,294	4.63	65,294	4.63	65,294	4.63
Sartaj K Sahni	129,168	9.15	129,168	9.15	129,168	9.15	129,168	9.15	129,168	9.15	129,168	9.15
Rajesh Talwar (HUF)	-	-	-	-	-	-	113,651	8.05	81,151	5.75	81,151	5.75
Rakesh Talwar (HUF)	75,671	5.37	75,671	5.37	75,671	5.37	75,671	5.37	43,171	3.06	43,171	3.06

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

4. Reserves And Surplus

4	RESERVES AND SURPLUS	6 months ended 30th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
4.1	Capital Reserve						
	As per last balance sheet	17,487,403	17,487,403	17,487,403	17,487,403	17,487,403	17,487,403
	Add/less: adjustment during the year	-	-	-	-	-	-
	Closing balance	17,487,403	17,487,403	17,487,403	17,487,403	17,487,403	17,487,403
4.2	Securities Premium Account						
	As per last balance sheet	7,050,700	7,050,700	7,050,700	7,050,700	7,050,700	7,050,700
	Add/less: adjustment during the year	-	-	-	-	-	-
	Closing balance	7,050,700	7,050,700	7,050,700	7,050,700	7,050,700	7,050,700

4.3	Revaluation Reserve						
	As per last balance sheet	1,059,511	1,089,360	1,119,209	1,149,058	1,178,907	1,208,756
	Add/less: adjustment during the year	(14,926)	(29,849)	(29,849)	(29,849)	(29,849)	(29,849)
	Closing balance	1,044,585	1,059,511	1,089,360	1,119,209	1,149,058	1,178,907
4.4	General Reserve						
	As per last balance sheet	21,360,000	16,260,000	11,810,000	9,200,000	8,160,490	8,160,490
	Add/less: adjustment during the year	-	5,100,000	4,450,000	2,610,000	1,039,510	-
	Closing balance	21,360,000	21,360,000	16,260,000	11,810,000	9,200,000	8,160,490
4.5	Surplus / (deficit) in the statement of Profit and Loss						
	As per last balance sheet	154,728,933	113,884,964	78,182,794	58,832,541	53,651,102	47,008,338
	Profit for the year	24,300,386	50,860,668	44,249,419	26,071,121	10,331,507	6,642,764
	Less: Appropriations						
	Transfer to General reserve	-	5,100,000	4,450,000	2,610,000	1,039,510	-
	Dividend proposed on equity shares	-	4,230,420	3,525,350	3,525,350	3,525,350	-
	Dividend distribution tax on proposed equity dividend	-	686,279	571,900	585,518	585,208	-
	Total appropriations	-	10,016,699	8,547,250	6,720,868	5,150,068	-
	Net surplus in the statement of Profit and loss	179,029,319	154,728,933	113,884,963	78,182,794	58,832,541	53,651,102
4.6	Other Reserves : Capital Subsidy						
	As per last balance sheet	7,629,905	7,629,905	7,629,905	7,629,905	7,629,905	7,629,905
	Add/less: adjustment during the year	-	-	-	-	-	-
	Closing balance	7,629,905	7,629,905	7,629,905	7,629,905	7,629,905	7,629,905
	Total	233,601,914	209,316,452	163,402,331	123,280,011	101,349,607	95,158,507
	Less:- Revaluation Reserves:-	1,044,585	1,059,511	1,089,360	1,119,209	1,149,058	1,178,907
	Net Reserves	232,557,329	208,256,941	162,312,971	122,160,802	100,200,549	93,979,600

5.1. Long Term Borrowings

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Secured						
Term loans & Vehicle Loans						
From banks	34,133,456	42,562,357	28,239,458	27,411,320	18,856,668	36,406,221
	34,133,456	42,562,357	28,239,458	27,411,320	18,856,668	36,406,221
Unsecured						
Deposits						
• from shareholders	16,875,000	14,545,000	2,829,186	7,744,677	4,899,634	2,152,450
• from Director's Relative	22,673,764	29,113,266	19,467,258	8,478,108	2,900,365	10,844,756
Loans and advances from related parties	-	-	16,100,000	16,100,000	3,656,331	4,00,000
	39,548,764	43,658,266	38,396,444	32,322,785	11,456,330	13,397,206
Total	73,682,220	8,622,0623	66,635,902	59,734,105	30,312,998	49,803,427

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

	Particulars of loan /security/ guarantee	Terms of repaymen t	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
1	Term Loans from Bank of India							
	Term Loans from Bank of India are secured by First charge by way of mortgage of the Company's immovable properties, both present and future, and further secured by hypothecation of movables both present and future, and subject to prior charges in favour of Company's Banker on	Quarterly payment of equated quarterly Installments beginning from the month of taking the loan	Closing Balance Rs.44,013,658/-	Closing Balance Rs.52,624,115/-	Closing Balance Rs. 38,608,935/-	Closing Balance Rs. 53,453,500/-	Closing Balance Rs. 41,318,018/-	Closing Balance Rs. 51,259,036/-
			Current Maturity Rs. 14,523,950/-	Current Maturity Rs. 15,986,250/-	Current Maturity Rs. 14,791,910/-	Current Maturity Rs. 30,307,444/-	Current Maturity Rs. 23,504,620/-	Current Maturity Rs. 17,442,094/-
			Non-Current Maturity Rs. 29,489,708/-	Non-Current Maturity Rs. 36,637,865/-	Non-Current Maturity Rs. 23,817,025/-	Non-Current Maturity Rs. 23,146,056/-	Non-Current Maturity Rs. 17,813,398/-	Non-Current Maturity Rs. 33,816,942/-

	inventories and other movables as may be agreed/permitted by lenders for securing borrowings for working capital requirements. The term loans are further secured by personal guarantees of two directors of the Company. The rate of interest is 14.50%.							
2	Vehicle Loans from Banks Vehicles Loans are secured against Hypothecation of Vehicles. The rate of Interest is at the rate of 10.77 % p.a to 12.08%p.a.	Monthly payment of equated monthly Installments beginning from the month of taking the loan	Closing Balance Rs. 7,472,098 /-	Closing Balance Rs. 8,503,679/-	Closing Balance Rs. 6,957,825/-	Closing Balance Rs. 7,573,558/-	Closing Balance Rs. 4,102,171/-	Closing Balance Rs. 4,543,409/-
			Current Maturity Rs. 2,828,350 /-	Current Maturity Rs. 2,579,187 /-	Current Maturity Rs. 2,535,392/-	Current Maturity Rs. 3,308,294/-	Current Maturity Rs. 3,058,901/-	Current Maturity Rs. 1,954,130/-
			Non-Current Maturity Rs. 4,643,748/-	Non-Current Maturity Rs. 5,924,492/-	Non-Current Maturity Rs. 4,422,433/-	Non-Current Maturity Rs. 4,265,264/-	Non-Current Maturity Rs. 1,043,270/-	Non-Current Maturity Rs. 2,589,279/-

5.3. The company has never defaulted in paying the loan.

6. Deferred Tax Liability as Per AS-22

	Deferred Tax Liability/ (Assets) As at 30.09.13	Deferred Tax Liability/ (Assets) As at 31.03.13	Deferred Tax Liability/ (Assets) As at 31.03.12	Deferred Tax Liability/ (Assets) As at 31.03.11	Deferred Tax Liability/ (Assets) As at 31.03.10	Deferred Tax Liability/ (Assets) As at 31.03.09
(i) Fixed Assets	21,194,698	21,194,698	18,815,245	18,133,688	13,986,213	11,240,080
(ii) Disallowance u/s 43 B*	(662,766)	(662,766)	(550,770)	(504116)	(667570)	(135,768)
Deferred Tax Liability (Net)	20,531,932	20,531,932	18,264,475	17,629,572	13,318,643	11,104,312

7. SHORT TERM BORROWINGS

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Secured						
Working Capital Loans						
From Bank						
Bank of India	202,688,928	124,759,687	66,678,052	71,930,336	79,542,603	90,385,802
Sales tax Deferment	-	-	-	-	-	-
Bills Discounting	-	-	-	-	-	-
Total	202,688,928	124,759,687	66,678,052	71,930,336	79,542,603	90,385,802

7.1	Particulars of loan /security/ guarantee	Terms of repayment	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
	Cash Credit from Bank of India							
	The working capital facilities from banks are secured by way of hypothecation of stock in trade and book debts and further secured by way of a second charge on immovable properties of the company. The facilities from bank of India and are further secured	On the Basis of Utilization	Closing Bal. Rs. 202,688,928/-	Closing Bal. Rs. 124,759,687/-	Closing Bal. Rs. 66,678,052/-	Closing Bal. Rs. 71,930,336/-	Closing Bal. Rs. 79,542,603/-	Closing Bal. Rs. 90,385,802/-

8. Trade Payables

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Trade Payables	122,351,747	133,594,926	107,624,888	84,093,849	73,625,506	84,135,433
Total	122,351,747	133,594,926	107,624,888	84,093,849	73,625,506	84,135,433

9. Other Current Liabilities

		6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
A)	Current maturities of long term debt borrowings	40,563,690	36,998,568	25,300,954	35,857,932	26,563,521	19,396,224
B)	Interest accrued but not due on borrowings	211,957	251,362	286,164	442,279	92,222	331,602
C)	Advance from customers	2,344,700	4,162,780	3,489,780	2,114,495	1,024,521	549,245
D)	Unpaid dividends	188,573	188,573	97,468	-	-	-
E)	Other Liabilities:-						
	i) Accrued Salary & Benefits	4,612,960	4,157,128	3,589,377	3,341,020	2,899,917	2,238,232
	ii) Statutory Dues payable (Service tax & CST)	9,130,370	2,089,357	11,275	26,672	25,065	984,500
	iii) TDS payable	507,072	1,142,934	940,441	716,769	427,317	528,045
	iv) Others	14,533,792	10,652,915	8,487,130	6,434,816	4,486,549	5,041,320
	Total	72,093,113	59,643,617	42,202,589	48,933,983	35,519,112	29,069,168

10. Short Term Provisions

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Provision for Income tax	5,900,000	22,500,000	20,500,000	10,800,000	2,475,000	3,150,000
Proposed equity dividend	-	4,230,420	3,525,350	3,525,350	3,525,350	-

Provision for Wealth tax	-	41,320	17,420	-	-	-
Provision for FBT	-	-	-	-	-	400,000
Provision for tax on proposed equity dividend	-	686,279	571,900	585,518	585,208	-
Provision for employee benefits	1,079,999	3,987,098	3,264,955	3,030,772	2,758,200	5,731,763
Total	6,979,999	31,445,117	27,879,625	17,941,640	9,343,758	9,281,763

11. Fixed Assets

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Tangible assets	231,592,095	224,311,535	191,066,238	177,203,420	146,979,060	137,981,362
Total	231,592,095	224,311,535	191,066,238	177,203,420	146,979,060	137,981,362
Capital work in progress	-	-	3,081,671	710,950	710,950	1,120,529
Total	-	-	3,081,671	710,950	710,950	1,120,529

12. Non Current Investments

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
12.1.						
(a) Unquoted Non Trade equity instruments (At Cost)						
Investments in equity instruments	860,000	860,000	860,000	860,000	860,000	860,000
33000 fully paid up Equity Shares of Rs. 10/- each of Talbros Cork Products Pvt.Ltd (31.03.2011: Rs. 8,60,000/-)						
	860,000	860,000	860,000	860,000	860,000	860,000

13. Long Term Loans And Advances

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Unsecured, considered good						
Capital advances	23,373,751	22,127,468	11,769,580	2,246,307	1,796,350	1,098,220
Security deposits	3,553,434	3,553,434	3,382,072	2,588,380	2,061,680	2,072,338
Total	26,927,185	25,680,902	15,151,652	4,834,687	3,858,030	3,170,558

14. Inventories

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Raw materials	28,998,101	30,414,998	36,803,423	34,279,330	8,741,837	8,062,104
Work-in-progress	112,926,386	85,411,457	45,427,488	43,849,551	64,001,887	49,681,749
Finished goods	229,678	172,448	223,014	3,115,852	3,015,954	7,125,609
Stores ,Spares and Loose Tools	2,730,334	2,730,334	3,162,803	3,159,838	4,344,444	7,500,202
Scrap	3,054,688	2,676,252	1,887,889	2,053,817	1,772,383	818,561
Others(Packing Materials)	30,320	30,320	627,742	591,023	508,785	46,391
Total	147,969,507	121,435,809	88,132,359	87,049,411	82,385,290	73,234,616

15. Trade Receivable

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Unsecured, considered good						
Outstanding for a period exceeding 6 months from the date they are due for payment	4,993,702	4,743,978	2,490,180	4,115,290	9,266,613	16,110,790
Others	169,286,779	185,362,514	140,200,056	108,052,225	73,424,972	110,846,448
	174,280,481	190,106,492	142,690,236	112,167,515	82,691,585	126,957,238

16. Cash And Bank Balances

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Cash and Cash Equivalents						
Cash on hand	467,230	257,463	238,862	246,046	339,304	353,760
Balances with banks					-	
- In current accounts	100,762,299	34,137,591	7,602,455	4,420,021	2,256,091	1,789,502
Other Bank Balances						
Fixed Deposit with Bank	6,189,045	5,933,976	5,476,518	5,078,139	5,868,073	5,353,590
Total	107,418,574	40,329,030	13,317,835	9,744,206	8,463,468	7,496,852

17. Short Term Loans and Advances

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Unsecured, Considered Good						
Advance Recoverable in Cash	970,559	1,306,811	4,142,634	6,709,485	7,003,059	10,799,050
Loans to Employees	561,555	486,334	700,549	423,940	370,946	723,418
Advance to Suppliers	4,500,489	5,894,184	2,322,848	3,625,062	2,965,641	5,122,854
Balances with Statutory/Government Authorities:-						
Excise Duty Balance	13,700,268	27,106,482	19,304,836	18,359,165	13,820,890	1,613,002
Income Tax Advance	3,934,113	3,613,688	3,606,491	1,016,321	1,101,014	9,566,797
Sales Tax Advance	23,952,872	15,637,290	6,951,355	9,426,943	3,315,763	2,492,710
Duty Drawback receivable	461,391	1,844,695	1,421,245			
Other Short Term Loans and Advances						
Advance Income Tax	82,000,000	20,084,386	13,549,411	4,750,063	2,182,820	1,496,639
Prepaid Expenses	287,037	623,991	489,902	763,728	405,111	404,187
Total	56,568,286	76,597,861	52,489,271	45,074,707	31,165,244	32,218,657

18. Revenue From Operations

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Sale of products						
- Domestic Sales	530,269,940	1,181,513,526	950,654,019	720,771,243	543,121,685	590,581,807
- Export Sales	89,014,500	2,22,005,153	193,110,600	168,338,085	119,900,317	93,378,596
- Job Work Sales	-	8,000	-	787,375	662,422	405,172
- Scrap Sales	26,386,787	26,386,787	18,923,246	12,060,842	-	-
	645,671,227	1,429,913,466	1,162,687,865	901,957,545	663,684,424	684,365,575

19. Other Income

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Interest income	255,070	573,647	494,152	343,469	525,762	1,264,002
Discount Received	10,929,107	3,890,347	15,161,464	13,507,151	8,742,698	1,310,923

Sales & Services	2,233,508	865,520	-	-	-	-
Export Incentive received	598,269	-	5,189,469	9,818,396	7,054,580	5,373,001
Duty Drawback received	1,299,495	4,942,880	2,586,955	-	-	-
Foreign Exchange Fluctuation	1,030,602	1,628,531	-	190,250	(1,279,260)	3,004,773
Liabilities written back to the extent not required	45,550	1,922,523	129,417	-	339,602	-
Other non-operating Income (Misc. Income)	187,853	370,895	207,278	5,236	137,898	(566,339)
	16,579,454	14,194,343	23,768,735	23,864,502	15,521,280	10,386,360

20. Cost Of Raw Material Consumed

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Opening Stock	30,414,998	36,803,423	34,279,330	8,741,837	8,062,104	25,146,455
Add: Purchases	309,443,560	661,784,579	552,375,826	434,918,644	321,857,568	293,399,505
: Cartage Inward	528,634	2,260,624	2,205,444	592,792	1,124,370	671,502
	340,387,192	700,848,626	588,860,600	444,253,273	331,044,042	319,217,462
Less: Closing Stock	28,998,101	30,414,998	36,803,423	34,279,330	8,741,837	8,062,104
	311,389,091	670,433,628	552,057,177	409,973,943	322,302,205	311,155,358

21. Changes In Inventories Of Finished Goods, Work In Progress And Stock In Trade

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
CLOSING STOCK:						
- Finished Goods	229,678	172,448	223,014	3,115,852	3,015,954	7,125,609
- Work-in-progress	112,926,386	85,411,457	45,427,488	43,849,551	64,001,887	49,681,749
- Scrap	3,054,688	2,676,252	1,887,889	2,053,817	1,772,383	818,560
	116,210,752	88,260,157	47,538,391	49,019,220	68,790,224	57,625,918
Less: OPENING STOCK:						
- Finished Goods	172,448	223,014	3,115,852	3,015,954	7,125,609	9,226,226
- Work-in-progress	85,411,457	45,427,488	43,849,551	64,001,887	49,681,749	85,490,209
- Scrap	2,676,252	1,887,889	2,053,817	1,772,383	818,560	1,430,653
	88,260,157	47,538,391	49,019,220	68,790,224	57,625,918	96,147,088
(INCREASE) / DECREASE IN STOCK	(27,950,595)	(40,721,766)	1,480,829	19,771,004	(11,164,306)	38,521,170

22. Employee Benefits Expense

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Salaries and Wages	38,926,393	72,183,294	58,530,952	47,860,477	39,677,287	36,784,379
Contribution to Provident and Other Funds	2,024,353	3,710,361	3,310,425	3,079,399	2,600,533	2,351,283
Director's Remuneration	2,256,192	4,330,452	4,367,910	3,826,310	3,417,922	2,856,000
Gratuity	927,732	1,707,997	565,531	1,126,184	930,603	1,027,760
Staff Welfare Expenses	6,585,093	14,714,407	12,813,622	10,422,551	8,314,276	6,240,944
Total	50,719,763	96,646,511	79,588,440	66,314,921	54,940,621	49,260,366

23. Finance Costs

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Interest Expense	3,971,428	9,550,436	7,521,597	6,145,638	4,977,154	6,599,186
Interest on Term Loans	3,782,603	6,457,708	8,026,110	5,897,302	6,358,140	8,201,943
Interest on Working Capital	3,992,410	9,804,114	8,669,396	10,064,857	5,882,159	13,024,880
Interest on Fixed Deposits	4,356,455	7,969,874	5,375,969	2,048,132	1,420,587	1,245,044
Bank Charges	3,308,864	2,037,423	1,420,313	1,869,669	1,222,823	2,000,656
	19,411,760	35,819,555	31,013,385	26,025,598	19,860,863	31,071,709

24. Depreciation And Amortizations

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Depreciation on Tangible Assets	14,141,075	24,398,032	20,625,144	16,704,085	15,517,217	15,263,636
	14,141,075	24,398,032	20,625,144	16,704,085	15,517,217	15,263,636

25. Other Expenses

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Manufacturing Expenses:-						
Stores, Spares and Tools Consumed	59,787,672	138,802,762	101,170,383	88,008,107	60,699,319	50,032,109
Power & Fuel	64,142,424	138,938,616	95,555,049	70,377,599	63,742,409	52,023,235
Processing Charges	17,410,806	35,746,782	36,296,625	33,340,603	28,962,602	16,866,883

Repairs & Maintenance :						
Buildings	1,912,937	5,515,594	6,387,671	3,812,354	2,501,321	1,083,895
Plant & Machinery	15,631,513	39,480,522	26,954,926	18,121,823	9,988,003	7,315,052
Other	1,459,003	3,675,649	3,009,423	2,034,390	1,855,754	1,719,954
Total (A)	160,344,355	362,159,926	269,374,077	215,694,876	167,749,408	129,041,128
Administrative Expenses						
Rent, Rates and Taxes	17,050	1,007,301	1,822,456	950,431	379,333	462,186
Insurance	662,701	1,078,660	1,192,409	835,519	749,749	764,327
Travelling Expenses	4,600,962	2,940,468	4,401,470	4,627,473	3,834,617	2,316,291
Commission on Sale	807,913	2,035,282	1,272,421	601,194	90,498	237,183
Discounts	34,685	95,202	125,181	248,849	154,879	107,713
Commission & Discount on DEPB Licence	-	187,783	722,115	699,165	793,873	221,761
Packing Expenses	14,593,414	32,455,991	24,754,061	20,228,986	13,661,764	12,584,553
Advertisement & Sales Promotion	461,816	744,881	3,803,935	2,176,236	4,174,985	1,997,332
Printing & Stationary	592,361	1,040,627	960,929	822,501	726,484	600,594
Postage & Telegram	155,891	341,521	292,547	262,861	159,799	171,300
Telephone Expenses	382,691	818,421	912,658	804,762	776,919	736,554
Legal & Professional Charges	1,034,649	1,466,280	2,108,980	2,081,878	1,205,592	1,251,104
Membership & Subscription	97,363	316,246	120,825	121,165	106,000	106,717
Charity & Donation	23,100	583,701	55,201	27,252	22,000	-
Foreign Exchange Fluctuation	-	-	208,075	-	-	-
Security Services	1,427,561	2,297,495	1,668,707	1,538,983	1,093,069	1,029,246
Miscellaneous Expenses	172,576	502,057	329,763	298,144	279,612	325,678
Loss on Sale of Fixed Assets (Net)	-	256,321	74,713	-	-	-
Less :Excise Duty Reversed on Opening Stock of Finished Goods	-	-	-	(521,470)	(447,621)	(595,145)
Conveyance Expenses	353,812	694,392	770,154	678,277	418,030	465,450
Warranty Claim Paid	31,242	57,769	-	499,423	1,154,560	96,957
Vehicles Running & Maintenance	972,267	1,697,658	1,364,877	869,883	678,780	664,545
Freight Outward	16,378,932	36,642,415	28,925,550	23,553,513	19,794,561	17,253,722
Bad Debts written-	(268,378)	268,016	461,844	1,387,321	2,754,785	2,057,015

off						
Auditors Remuneration :-						
Audit Fees	137,000	350,000	350,000	220,600	270,000	170,000
Limited Review	75,000	75,000	75,000	20,000	20,000	-
Taxation Matter	-	-	110,000	65,000	170,000	-
Director's Sitting Fee	7,500	5,000	25,000	20,000	6,000	8,000
Total (B)	42,910,108	87,958,486	76,908,871	63,117,946	53,028,268	43,033,083
TOTAL (A+B)	203,254,463	450,118,412	346,282,948	278,812,822	220,777,676	172,074,211

26. Segment Reporting:

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

27. Foreign currency transactions:

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
I. CIF Value of Imports :						
a) Plant & Machinery	-	10,086,232	84,15,943	-	-	-
II. Expenditure in Foreign currency						
a) Commission on Export Sales	692,892	1,707,660	628,071	201,127	-	253,225
b) Foreign Travel (Foreign Exchange Utilized)	2,648,041	1,423,810	2,305,386	2,647,720	2,073,794	324,250
d) Repair & Maint. (Plant & Mach.)	789,989	384,768	844,204	-	-	551,832
e) Entertainment Expenses	-	-	-	-	74,869	-
III. Earnings in Foreign Exchange						
Value of Export on F.O.B. basis	88,815,872	217,042,467	189,941,781	165,961,067	116,542,190	91,782,457

28. Defined Benefit Plans as Per AS-15

28.1. Gratuity :-

Assumptions	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Discount Rate	8%	8%	8%	8%	8%	8%
Salary Escalation	6%	6%	6%	6%	6%	6%
Table showing changes in present value of						

obligation						
Present Value of Obligation as at beginning of Year	10,751,132	10,751,132	9,645,552	8,241,307	7,589,392	6,408,115
Interest Cost	860,091	860,091	771,644	659,305	607,151	512,649
Current Service Cost	561,227	561,227	492,406	424,557	405,803	350,637
Benefit Paid	(699,680)	(699,680)	(351,377)	(399,177)	(601,843)	(117,297)
Actuarial (Gain) / Loss on obligation	1,333,637	1,333,637	192,907	719,560	240,804	435,288
Present Value of Obligation as at end of Year	12,806,407	12,806,407	10,751,132	9,645,552	8,241,307	7,589,392
Table Showing changes in the Fair Value of Plan Assets As on 31.03.2012						
Fair Value of Plan Assets at Beginning of Year	10,746,252	10,746,252	951,1788	7,297,105	3,299,870	2,776,452
Expected Return on Plan Assets	1,046,958	1,046,958	891,426	677,238	323,155	270,814
Contributions	1,407,382	1,407,382	694,415	1,936,622	4,275,923	369,901
Benefit Paid	(699,680)	(699,680)	(351,377)	(399,177)	(601,843)	(117,297)
Actuarial (Gain) / Loss on Plan Assets	NIL	NIL	NIL	NIL	NIL	-
Present Value of Plan Assets at end of Year	12,500,912	12,500,912	10,746,252	9,511,788	7,297,105	3,299,870
Table Showing Fair Value of Plan Assets						
Fair Value of Plan Assets at Beginning of Year	10,746,252	10,746,252	9,511,788	7,297,105	3,299,870	2,776,452
Actual Return on Plan Assets	1,046,958	1,046,958	891,426	677,238	323,155	270,814
Contributions	1,407,382	1,407,382	694,415	1,936,622	4,275,923	369,901
Benefit Paid	(699,680)	(699,680)	(351,377)	(399,177)	(601,843)	(117,297)
Fair Value of Plan Assets at end of Year	12,500,912	12,500,912	10,746,252	9,511,788	7,297,105	3,299,870
Funded Status	(305,495)	(305,495)	(4,880)	(133,764)	(944,202)	(4,289,522)
Excess of Actual over estimated return on plan assets	-	-	-	-	-	-
(Actual rate of return = Estimated rate of return as ARD falls on 31st March)	-	-	-	-	-	-
Actuarial Gain / Loss recognized	-	-	-	-	-	-
Actuarial Gain / Loss on obligation	(1,333,637)	(1,333,637)	(192,907)	(719,560)	(240,804)	(435,288)
Actuarial Gain / Loss for the year - plan assets	NIL	NIL	NIL	NIL	NIL	-
Total Gain / Loss for the year	1,333,637	1,333,637	192,907	719,560	240,804	435,288
Actuarial Gain / Loss	1,333,637	1,333,637	192,907	719,560	240,804	435,288

recognized in the year						
Net Assets / (Liability) Recognized in Balance Sheet						
Present value of obligations as at the end of year	12,806,407	12,806,407	10,751,132	9,645,552	8,241,307	7,589,392
Fair value of plan assets as at the end of the year	12,500,912	12,500,912	10,746,252	9,511,788	7,297,105	3,299,870
Fund status	(305,495)	(305,495)	(4,880)	(133,764)	(944,202)	(4,289,522)
Net Assets / (Liability) Recognized in Balance Sheet	(305,495)	(305,495)	4,880	133,764	944,202	4,289,522
Expense Recognized in statement of profit and loss						
Current Service Cost	561,227	561,227	492,406	424,557	405,803	350,637
Interest Cost	860,091	860,091	771,644	659,305	607,151	512,649
Expected return on plan assets	(1,046,958)	(1,046,958)	(891,426)	(677,238)	(323,155)	(270,814)
Net Actuarial (Gain) / Loss recognized in the year	1,333,637	1,333,637	192,907	719,560	240,804	435,288
Expenses recognized in statement of profit and loss	1,707,997	1,707,997	565,531	1,126,184	930,603	1,027,760

28.2. Leave Encashment:-

Following Basis were adopted for the computation of the said liabilities

- Mortality Table : LIC 1994-96 Ultimate
- Suitable adjustment in respect of withdrawals and other Restrictive provisions.
- Future (expected) payment based on terminals salary.

Determined by assuming salary rise of 5% per annum have been discounted by assuming the imputed rate of interest of 8 %

Determined by assuming salary rise of 5% per annum have been discounted by assuming the imputed rate of interest of 8 %	Numbers Of Employees	Leave Encashment Provisional	Numbers Of Employees	Leave Encashment Provisional	Numbers Of Employees	Actuarial Value of Leave Encashment	Numbers Of Employees	Actuarial Value of Leave Encashment	Numbers Of Employees	Actuarial Value of Leave Encashment	Numbers Of Employees	Actuarial Value of Leave Encashment
	6 months ended 30th September 2013		Year Ended 31st March 2013		Year Ended 31st March 2012		Year Ended 31st March 2011		Year Ended 31st March 2010		Year Ended 31st March 2009	
	214	1,985,387	210	2,042,736	193	1,692,670	199	1,383,842	199	1,216,220	199	1,131,098

29. Contingent Liabilities And Commitments

		6 months ended 30th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
29.1	Contingent Liabilities						

(i)	Guarantees	1,204,500	1,204,500	1,204,500	530,852	182,000	25,000
(ii)	Bills discounted from Kotak Mahindra Bank Ltd with recourse not due for payment	28,787,685	41,505,050	37,077,823	20,259,226	NIL	NIL
(iii)	Estimated amount of contracts remaining to be executed on capital account and not provided						
	Total Value of Contracts	63,940,342	73,471,668	50,286,949	6,235,460	6,671,520	3,090,528
	Contracts remaining to be executed	40,566,591	51,344,200	38,517,369	3,989,153	4,875,170	1,992,308

30. Managerial Remuneration

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

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Salaries	2,274,192	4,189,512	4,199,370	3,653,970	3,283,875	2,736,000
Perquisites	18,000	140,940	168,540	172,340	134,047	120,000
Employer Contribution to Provident Fund	132,368	273,715	306,000	272,160	252,630	205,200
Total	2,424,560	4,604,167	4,673,910	4,098,470	3,670,552	3,061,200

31. Related Party Disclosure As Per (As-18) Issued By ICAI:-

Key managerial personnel and their Relatives

Mr. Rajesh Talwar	President
Rajesh Talwar (HUF)	HUF of Mr. Rajesh Talwar
Mrs. Gita Talwar	Wife of Mr. Rajesh Talwar
Mr. Tarun Talwar	Son of Mr. Rajesh Talwar
Ms. Sameena Talwar	Daughter of Mr. Rajesh Talwar
Master Amar Talwar	Daughter's son of Mr. Rajesh Talwar
Mr. Sanjay Sharma	Director
Mr. Vijay Kumar Sharma	Director

Name of Person	Nature of Transaction	Transaction Amount						Receivables / (Payables)					
		30.09.2013	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	30.09.2013	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
MR. RAJESH TALWAR	SALARY	1,500,000	3,000,000	3,000,000	3,000,000	2,964,000	2,856,000	(158,148)	(158,148)	(176,867)	(166,669)	(167,384)	(136,745)
	FD RECEIVED	1,400,000	-	700,000	1,650,000	500,000		(2,100,000)	(700,000)	(700,000)	(850,000)	-	(400,000)
	INTT. ON FD	85,034	87,500	111,238	78,170	9,063	39,000	-	-	-	-	-	-
	FD REPAID			850,000	800,000	500,000	-	-	-	-	-	-	-
MR. RAJESH TALWAR (HUF)	FD RECEIVED	-	-	-	615,000	570,000	-	-	-	-	-	(2,874,808)	(2,226,998)
	INTT. ON FD	-	-	-	295,498	310,397	230,609	-	-	-	-	-	-
	FD REPAID	-	-	-	3,489,808	-	-	-	-	-	-	-	-
MR. TARUN TALWAR	FD RECEIVED	200,000	-	513,304	-	-	500,000	(,253,123)	(1,053,123)	(1,273, 970)	(760,666)	(735,191)	(1,102,569)
	INTT. ON FD	62,500	154,092	87,396	74,975	81,602	105,480	-	-	-	-	-	-
	SALARY	1,422,000	2,236,213	1,367,910	826,310	526,530		(150,798)	(143,153)	(84,762)	(66,206)	(36,819)	-
	FD CONVERTED	-	226,425	226,425	-	-	-	-	-	-	-	-	-
MR. SANJAY SHARMA	SALARY	418,998	382,158	-	-	-	-	(57,685)	(42,487)	-	-	-	-
MR. VIJAY SHARMA	SALARY	415,194	378,354	-	-	-	-	(53,799)	(38,541)	-	-	-	-
DIRECT OR'S RELATIVES													
MRS. GEETA TALWAR	LOAN RECEIVED	-	1,000,000	-	7,800,000	-	2,050,000	(16,100,000)	(16,100,000)	(16,100,000)	(16,100,000)	-	-
	LOAN TRF. FROM FD	-	1,000,000	-	8,300,000	-	-	-	-	-	-	-	-
	FD	3,000,000	11,975,000	2,670,000	10,275,000	3,490,000	1,100,000	(15,845,000)	(12,845,000)	(870,000)	(6,189,158)	(4,190,000)	(1,100,000)

	RECEIVED												
	INTT ON FD	978,981	1,495,447	561,148	779,623	401,584	37,926	-	-	-	-	-	-
	FD REPAID/TRF.	-	-	7,989,158	8,300,000	401,589	3,150,000	-	-	-	-	-	-
MS. SAMEEN A TALWAR	FD RECEIVED	270,000	1,705,000	3,299,205	140,000	105,000	230,000	(7,208,547)	(6,934,107)	(5,211,015)	(1,911,810)	(1,645,070)	(1,416,331)
	INTT. ON FD	436,422	825,393	427,616	192,546	173,445	142,522	-	-	-	-	-	-
	FD CONVERTED	132,002	218,802	900,153	-	-	-	-	-	-	-	-	-
AMAR TALWAR U/G Mrs. SAMEEN A TALWAR	FD RECEIVED	-	-	-	500,000	-	-	(697,553)	(693,480)	(620,655)	(555,478)	-	-
	INTT. ON FD	4,525	80,917.00	65,177	61,641	-	-		-	-	-	-	-

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

J.T. Engineering Private Limited

Name of Person	Nature of Transaction	Transaction Amount						Receivables / (Payables)					
		6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
		J.T.Engin eering Private Limited.	Job Work Charge s Paid	1,179,849	4,021,919	3,925,143	4,562,996	4,425,230	2,091,650	(154,559.65)	(115,540)	(2,222,710.65)	(1,931,883)

32. Earnings Per Share

	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
a) Numerator						
Net profit after taxation as per Statement of Profit and Loss	24,300,386	50,860,668	44,249,420	26,071,121	10,331,507	6,642,764
b) Denominator						
No. of Shares at the beginning of the year	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140
Total Equity shares outstanding at the end of the year	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140
Weighted Average no of Equity shares for the year	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140
Weighted Average of Diluted Equity shares for the year	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140
c) Face value per Share (In Rs.)	10	10	10	10	10	10
d) Earnings Per Share						
Basic and Diluted	17.23	36.07	31.38	18.49	7.33	4.71

33. Licenced And Installed Capacity

	Axles Shafts	Axles Shafts	Axles Shafts	King Pins	Axles Shafts	King Pins	Axles Shafts	King Pins
	(Nos.)	(Nos.)	(Nos.)	(Nos.)	(Nos.)	(Nos.)	(Nos.)	(Nos.)
Licensed Capacity	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Installed Capacity Per Annum (As certified by the Management and relied upon by the Auditors being a technical matter)								
	1,530,000	1,300,000	1,200,000	NIL	800,000	50,000	800,000	50,000
	(1,300,000)	(1,200,000)	(1,000,000)	(50,000)	(800,000)	(50,000)	(800,000)	NIL
Actual Production	525,901	1,195,843	1,011,465	NIL	668,699	NIL	598,305	3,398
	(1,195,843)	(1,011,465)	(820,452)	(NIL)	(598,305)	(NIL)	(680,832)	NIL

34. Turnover, Purchase, Opening and Closing Stock of Goods, Consumption Etc.

Turnover		6 months ended 30 th September 2013		Year Ended 31st March 2013		Year Ended 31st March 2012		Year Ended 31st March 2011		Year Ended 31st March 2010		Year Ended 31st March 2009	
		Units	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity
Finished Goods:													
Axle Shafts	Nos.	529,336	632,368,650	1,195,876	1,403,526,679	1,013,803	1,143,764,619	821,426	887,867,052	672,878	658,263,327	599,109	672,284,870
King Pins	Nos.	-	-	-	-	-	-	-	-	-	-	4,800	247,450
Scrap and Others	Kgs.	389,510	13,302,577	1,382,650	26,386,787	1,222,240	18,923,246	983,289	14,090,493	485,347	5,421,097	616,715	11,833,255
TOTAL			645,671,227		1,429,913,466		1,162,687,865		901,957,545		663,684,424		684,365,575
STOCKS OF GOODS													
Opening Stock:													
Axle Shafts	Nos.	241	172,448	274	223,014	2,612	3,115,852	3,586	3,015,954	7,765	7,125,609	8,569	9,026,261
King Pins & Kits	Nos.	-	-	-	-	-	-	-	-	-	-	1,402	196,965
Closing Stock:													
King Pins & Kits													
Axle Shafts	Nos.	409	229,678	241	172,448	274	223,014	2,612	3,115,852	3,586	3,015,954	7,765	7,125,609

35. Consumption Analysis

	6 months ended 30th September 2013		Year Ended 31st March 2013		Year Ended 31st March 2012		Year Ended 31st March 2011		Year Ended 31st March 2010		Year Ended 31st March 2009	
Consumption of raw material and components:-												
Metalic Rods Kgs	6,537,976	311,389,091	14,396,265	670,433,628	12,049,237	552,057,177	9,876,608	409,973,943	8,776,861	322,302,205	7,442,283	311,155,358
Imported	-	-	-	-	-	-	-	-	-	-	-	-
Indigenous	100%	311,389,091	100%	670,433,628	100%	552,057,177	100%	409,973,943	100%	322,302,205	100%	311,155,358
Total	100%	311,389,091	100%	670,433,628	100%	552,057,177	100%	409,973,943	100%	322,302,205	100%	311,155,358
Compositions of Stores , Spares and tools Consumed:-												
Imported	-	-	-	-	-	-	-	-	-	-	-	-
Indigenous	100%	59,787,672	100%	138802762	100%	101,170,383	100%	88,008,107	100%	60,699,319	100%	50,032,109
Total	100%	59,787,672	100%	138802762	100%	101,170,383	100%	88,008,107	100%	60,699,319	100%	50,032,109

36. In the opinion of the Board of Directors, the current assets, loans and advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet and provision or all known liabilities have been made.
37. The company has initiated the process of obtaining confirmations from suppliers regarding the registration under Micro, Small and Medium Enterprises Development Act, 2006, The Suppliers are not registered wherever the confirmations are received and in other cases, the company is not aware of their registration status and hence information relating to the outstanding balance or interest due is not disclosed as it is not determinable.
38. Previous year figures have been redrawn to confirm to the current year's classification as per the notification of Revised Schedule VI under the companies Act 1956 for the financial year commencing on or after 01.04.2011
39. All amounts in the financial statements are rounded off to the nearest of Rupees, except as otherwise stated.
40. **Note** No.1 to 39 are annexed to and form an integral part of the Balance sheet and Statement of Profit and loss for the year ended as on that Date.

For Rakesh Raj & Associates
Chartered Accountants
Regn No. 005145N

For and on behalf of the Board of Directors
of Talbros Engineering Ltd

Ruchi Jain
Partner
Membership No: 99920

Tarun Talwar
Managing Director

Place: Faridabad
Date: 28.12.2013
Tangible Assets As At 30.09.2013

S. No.	NAME OF ASSETS	Gross Block				Depreciation					Net Block	
		COST AS AT 01-04-2013	ADDITIO NS DURING THE YEAR	DEDUCTI ON DURING THE YEAR	Other adjustments	COST AS AT 30.09.2013	AS AT 01.04.2013	FOR THE YEAR	DEDUCTI ONS DURING THE YEAR	UP TO 30.09.2013	AS AT 30.09.2013	AS AT 31.03.2013
1	Land	5,635,342	-			5,635,342					5,635,342	5,635,342
	Leasehold	-	-			-					-	-
2	Building	20,242,228	-			20,242,228	7,091,205	338,971		7,430,176	12,812,051	13,151,023
3	Plant & Machinery	344,437,681	19,284,732	1,780,741		361,941,672	16,5520,282	12,172,595	2,259,722	175,433,155	186,508,518	178,917,399
4	Vehicles	22,572,261	765,546			23,337,807	5,254,614	1,107,860		6,362,474	16,975,333	17,317,647
5	Furniture & Fixture	3,766,805	-	-		3,766,805	1,410,623	106,910		1,517,533	2,249,272	2,356,182
6	Office Equipments	6,074,249	886,846	-		6,961,095	2,174,550	221,805		2,396,355	4,564,740	3,899,699
7	Electrical Installation	5,520,625	20,455			5,541,080	3,156,748	129,352		3,286,100	2,254,980	2,363,877
8	Tubewell	271,708	-			271,708	80,229	2,220		82,449	189,259	191,479
9	Computer	3,436,308	-			3,436,308	2,957,421	76,287		3,033,708	402,600	478,887
	Total	411,957,207	20,957,579	1,780,741		431,134,045	187,645,672	14,156,000	2,259,722	199,541,950	231,592,095	224,311,535
	* Capital Work In Progress					-	-	-	-	-	-	
	March 31,2013	354,870,681	58,274,494	1,187,968		411,957,207	163,804,438	24,427,881	586,647	187,645,672	224,311,535	191,066,238

*Capital Work in Progress Transferred to Plant & Machinery

11. Tangible Assets as at 31.03.2013

S. No.	Particulars	Gross Block					Depreciation				Net Block	
		1 April 2012	Addition	Disposal	Other adjustments	31 March 2013	1 April 2012	For the year	Disposal/ Adjustments	31 March 2013	31 March 2013	31 March 2012
1	Land											
	Freehold	2,913,242	2,722,100			5,635,342					5,635,342	2,913,242
	Leasehold	-	-			-					-	-
2	Building	19,742,228	500,000			2,024,2228	6,431,769	659,436		7,091,205	13,151,023	13,310,459
3	Plant & Machinery	295,694,020	48,743,661			34,4437,681	144,617,283	20,902,999		165,520,282	17,8917,399	151,076,737
4	Vehicles	18,541,267	5,218,962	1,187,968		22,572,261	3,893,851	1,947,410	586,647	5,254,614	17,317,647	14,647,416
5	Furniture & Fixture	3,766,805	-			3,766,805	1,195,016	215,607		1,410,623	2,356,182	2,571,789
6	Office Equipments	5,545,935	528,314			6,074,249	1,851,913	322,637		2,174,550	3,899,699	3,694,022
8	Electrical Installation	5,228,308	292,317.00			5,520,625	2,914,153	242,595		3,156,748	2,363,877	2,314,155
9	Tubewell	271,708	-			271,708	75,800	4,429		80,229	191,479	195,908
10	Computer	3,167,168	269,140			3,436,308	2,824,653	132,768		2,957,421	478,887	342,510
	Total	354,870,681	58,274,494	1,187,968		411,957,207	163,804,438	24,427,881	586,647	18,7645,672	224,311,535	191,066,238
	Capital Work In Porgress	3,081,671	5298,597	8,380,268							-	3,081,671
	Total	354,870,681	58,274,494	1,187,968	-	411,957,207	163,804,438	24,427,881	586,647	187,645,672	224,311,535	194,147,909
	March 31,2012	322,986,893	35,634,797	3,751,009	-	35,4870,681	14,5783,473	2,0654,993	2,634,023	163,804,443	194,147,909	177,914,370

*Capital Work in Progress Transferred to Plant & Machinery

10. Tangible Assets for the F.Y,2011-2012

S. No.	Particulars	Gross Block					Depreciation				Net Block	
		1 April 2011	Addition	Disposal	Other adjustments	31 March 2012	1 April 2011	For the year	Disposal/ Adjustments	31 March 2012	31 March 2012	31 March 2011
1	Land											
	Freehold	2,913,242	-	-	-	2,913,242	-	-	-	-	2,913,242	2,913,242
	Leasehold	-	-	-	-	-	-	-	-	-	-	-
2	Building	19,742,228	-	-	-	19,742,228	5,771,000	660,769	-	6,431,769	13,310,459	13,971,228
3	Plant & Machinery	266,088,967	31,899,102	2,294,049	-	295,694,020	129,310,614	17,492,506	2,185,837	144,617,283	151,076,737	136,778,353
4	Vehicles	16,853,709	2,938,705	1,251,147	-	18,541,267	2,652,126	1,665,350	423,625	3,893,851	14,647,416	14,201,583
5	Furniture & Fixture	3,766,805	-	-	-	3,766,805	975,098	219,918	-	1,195,016	2,571,789	2,791,707
6	Office Equipments	5,248,740	503,008	205,813	-	5,545,935	1,602,991	273,483	24,561	1,851,913	3,694,022	3,645,749
8	Electrical Installation	5,005,576	222,732	-	-	5,228,308	2,683,091	231,062	-	2,914,153	2,314,155	2,322,485
9	Tubewell	271,708	-	-	-	271,708	71,359	4,441	-	75,800	195,908	200,349
10	Computer	3,095,918	71,250	-	-	3,167,168	2,717,194	107,464	-	2,824,658	342,510	378,724
	Total	322,986,893	35,634,797	3,751,009	-	354,870,681	145,783,473	20,654,993	2,634,023	163,804,443	191,066,238	177,203,420
	Capital Work In Progress										3,081,671	710,950
	March 31,2011	276,028,599	46,958,294	-	-	322,986,893	129,049,539	16,733,934	-	145,783,473	177,914,370	147,690,010

11. Tangible Assets for the F.Y, 2010-11

S. No.	Particulars	Gross Block					Depreciation				Net Block	
		1 April 2010	Addition	Disposal	Other adjustments	31 March 2011	1 April 2010	For the year	Disposal / Adjustments	31 March 2011	31 March 2011	31 March 2010
1	Land											
	Freehold	2,913,242	-	-	-	2,913,242	-	-	-	-	2,913,242	2,913,242
	Leasehold	-	-	-	-	-	-	-	-	-	-	-
2	Building	19,742,228	-	-	-	19,742,228	5,111,610	659,390	-	5,771,000	13,971,228	14,630,618
3	Plant & Machinery	227,866,700	38,222,267	-	-	266,088,967	115,100,486	14,210,128	-	129,310,614	136,778,353	112,766,214
4	Vehicles	8,588,879	8,264,830	-	-	16,853,709	1,575,749	1,076,377	-	2,652,126	14,201,583	7,013,130
5	Furniture & Fixture	3,766,805		-	-	3,766,805	755,402	219,696	-	975,098	2,791,707	3,011,403
6	Office Equipments	4,912,626	336,114	-	-	5,248,740	1,334,112	268,879	-	1,602,991	3,645,749	3,578,514
8	Electrical Installation	4,965,193	40,383	-	-	5,005,576	2,483,086	200,005	-	2,683,091	2,322,485	2,482,107
9	Tubewell	271,708		-	-	271,708	66,930	4,429	-	71,359	200,349	204,778
10	Computer	3,001,218	94,700	-	-	3,095,918	2,622,164	95,030	-	2,717,194	378,724	379,054
	Total	276,028,599	46,958,294	-	-	322,986,893	129,049,539	16,733,934	-	145,783,473	177,203,420	146,979,060
	Capital Work In Progress										710,950	710,950
	March 31, 2010	252,444,668	24,567,012	983,081	-	276,028,599	114,463,306	15,547,066	960,833	129,049,539	147,690,010	139,101,891

11. Tangible Assets for the F.Y, 2009-10

S. No.	Particulars	Gross Block					Depreciation				Net Block	
		1 April 2009	Addition	Disposal	Other adjustments	31 March 2010	1 April 2009	For the year	Disposal/ Adjustments	31 March 2010	31 March 2010	31 March 2009
1	Land											
	Freehold	2,913,242	-	-	-	2,913,242	-	-	-	-	2,913,242	2,913,242
	Leasehold	-	-	-	-	-	-	-	-	-	-	-
2	Building	19,742,228	-	-	-	19,742,228	4,452,220	659,390	-	5,111,610	14,630,618	15,290,008
3	Plant & Machinery	209,096,382	19,753,399	983,081	-	227,866,700	102,550,413	13,510,906	960,833	115,100,486	112,766,214	106,545,969
4	Vehicles	7,273,531	1,315,348	-	-	8,588,879	831,351	744,398	-	1,575,749	7,013,130	6,442,180
5	Furniture & Fixture	1,844,843	1,921,962	-	-	3,766,805	621,612	133,790	-	755,402	3,011,403	1,223,231
6	Office Equipments	3,520,160	1,392,466	-	-	4,912,626	1,124,350	209,762	-	1,334,112	3,578,514	2,395,810
8	Electrical Installation	4,908,756	56,437	-	-	4,965,193	2,271,638	211,448	-	2,483,086	2,482,107	2,637,118
9	Tubewell	271,708	-	-	-	271,708	62,501	4,429	-	66,930	204,778	209,207
10	Computer	2,873,818	127,400	-	-	3,001,218	2,549,221	72,943	-	2,622,164	379,054	324,597
	Total	252,444,668	24,567,012	983,081	-	276,028,599	114,463,306	15,547,066	960,833	129,049,539	146,979,060	137,981,362
	Capital Work In Progress										710,950	1,120,529
	March 31, 2009	242,992,955	14,094,058	4,642,345	-	252,444,668	101,307,042	15,293,485	2,137,221	114,463,306	1,391,101,891	142,727,692

11.Tangible Assets for the F.Y, 2008-09

S. No.	Particulars	Gross Block					Depreciation				Net Block	
		1 April 2008	Addition	Disposal	Other adjustments	31 March 2009	1 April 2008	For the year	Disposal/ Adjustments	31 March 2009	31 March 2009	31 March 2008
1	Land											
	Freehold	2,913,242	-	-	-	2,913,242	-	-	-	-	2,913,242	2,913,242
	Leasehold	-	-	-	-	-	-	-	-	-	-	-
2	Building	17,975,614	2,005,364	238,750	-	19,742,228	3,909,049	543,171	-	4,452,220	15,290,008	14,066,565
3	Plant & Machinery	204,159,222	7,041,340	2,104,180	-	209,096,382	89,637,121	13,569,104	655,812	102,550,413	106,545,969	114,522,101
4	Vehicles	6,143,200	3,429,746	2,299,415	-	7,273,531	1,677,646	635,114	1,481,409	831,351	6,442,180	4,465,554
5	Furniture & Fixture	1,524,192	320,651	-	-	1,844,843	531,769	89,843	-	621,612	1,223,231	992,423
6	Office Equipments	2,602,952	917,208	-	-	3,520,160	993,138	131,212	-	1,124,350	2,395,810	1,609,814
8	Electrical Installation	4,717,961	190,795	-	-	4,908,756	2,042,725	228,913	-	2,271,638	2,637,118	2,675,236
9	Tubewell	271,708	-	-	-	271,708	58,072	4,429	-	62,501	209,207	213,636
10	Computer	2,684,864	188,954	-	-	2,873,818	2,457,522	91,699	-	2,549,221	324,597	227,342
	Total	242,992,955	14,094,058	4,642,345	-	252,444,668	101,307,042	15,293,485	2,137,221	114,463,306	137,981,362	141,685,913
	Capital Work In Progress										1,120,529	1,041,779
	March 31,2008	212,787,379	31,038,115	832,539	-	242,992,955	86,110,431	15,646,782	450,171	101,307,042	142,727,692	127,614,341

ANNEXURE A

Statement of dividend paid:

Particulars	6 months ended 30 th September 2013	Year Ended 31st March 2013	Year Ended 31st March 2012	Year Ended 31st March 2011	Year Ended 31st March 2010	Year Ended 31st March 2009
Equity Shares	14,10,140	14,10,140	14,10,140	14,10,140	14,10,140	14,10,140
Rate of Dividend (%)	-	30%	25%	25%	25%	Nil
Dividend Paid	-	42,30,420	35,25,350	35,25,350	35,25,350	Nil
Dividend Distribution Tax	-	686,279	571,900	585,518	585,208	Nil

ANNEXURE - B

Accounting Ratios

Particulars	30.09.2013	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Networth	246,658,729	222,358,341	176,414,371	136,262,202	114,301,949	108,081,000
Net Profit/ (Loss) after Tax (as per Profit & Loss Account) (Rs. in lacs)	24,300,386	50,860,668	44,249,420	26,071,121	10,331,507	6,642,764
No. of equity shares (Year end)	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140
No. of equity shares (Weighted)	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140	1,410,140
Earning per share (EPS) (Rs.)						
Basic After Extra-ordinary items	17.23	36.07	31.38	18.49	7.33	4.71
Diluted After Extra-ordinary items	17.23	36.07	31.38	18.49	7.33	4.71
Net Asset Value (NAV) per Share (Rs.)	174.92	157.69	125.10	96.63	81.06	76.65
Return on Net Worth (%)	9.85 %	22.87 %	25.08 %	19.13 %	9.04 %	6.15 %

a. EPS = Net Loss for the year / Weighted Average No. of equity shares (As per AS-20)

b. Net asset value per equity share (Rs.) = Net worth / No. of equity shares outstanding at year end

c. Return on Net Worth (%) = Loss attributable to Equity Shareholders / Net Worth

d. Net Worth = (Equity Share Capital + Reserves & Surplus - Miscellaneous Expenditure not written off Accumulated Losses)

Capitalisation Statement

(Rs. In lacs)

Particulars	Pre Issue As at 31.03.2013	Post Issue *
Debt		
Short Term (A)		
Working Capital Facilities	1247.59	
Long Term (B)		
Term Loan	526.24	
Vehicle Loan	85.04	
From Body Corporate	-	
Total Debt (C = A + B)	1858.87	
Shareholders Fund		
Share Capital	141.01	
Equity Share Capital	-	
Preference Share Capital		
Reserves	2093.16	
Total	2234.17	
Less: Miscellaneous Expenditure not yet written off & or adjusted		
Less: Accumulated Losses		
Total Shareholders Fund (D)	2234.17	
Long Term Debt / Total Shareholders Fund (B/D)	0.24	
Total Debt / Total Shareholders Fund (C/D)	0.83	

* The post offer capitalisation can be ascertained only after completion of the offer.

Notes:

- Short Term debt represents debts which are due within 12 months from 31.03.2013 and include current portion of long term debt - secured and current portion of long term debt – unsecured
- Long term debt represent other than short term debts as defined above.

FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of group company, irrespective of whether it is covered under section 370(1) (B) of the Companies Act, 1956 or not is given hereunder:

J. T. Engineering Private Limited

The Company was incorporated as a Private Company on the June 28, 1984. Its Company Identification No. is U74899DL1984PTC018756.

Brief Description of Business:

JT Engineering is presently engaged in the activities of executing job work done of processing of raw material for Talbros Engineering Limited and is having its plant at Mahobewala Saranpur Road, Dehradun.

Financial Performance

(Amount in Rs.)

Particulars	30.09.2013	31.03.2013	31.03.2012	31.03.2011
Authorised Equity Capital	2,500,000	2,500,000	2,500,000	2,500,000
Paid up Equity Capital	2,497,000	2,497,000	2,497,000	2,497,000
Reserves & Surplus (excluding revaluation reserves)	599,473	587,775	554,257	510,307
Diluted Earning per Share (In Rs.)	9.36	26.85	35.20	30.20
NAV (In Rs.)	12.40	12.35	12.22	12.04

J.T. engineering Private Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Letter of Offer with SEBI.

Information regarding significant adverse factors related to the group company:

- J.T. engineering Private Limited has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- J.T. engineering Private Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing offer document with the SEBI.
- The Promoters have not disassociated themselves from J.T. Engineering Private Limited during the three years preceding the date of filing the offer document.

Common Pursuits-

JT Engineering (P) Ltd is doing Job Work for TALBROS ENGINEERING LIMITED

The related business transactions within the group and their significance on the financial performance of the issuer.

Nature	Transaction Amount						Receivable / (Payable)					
	30.09.13	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09	30.09.13	31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
Job Work Charges Paid	1,179,849	4,021,919	3,925,143	4,562,996	4,425,230	2,091,650	(154,559.65)	(115,540)	(2,222,710)	(19,31,883)	(727,770)	1,231,657

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There has been no change in the accounting policies of Talbros Engineering Ltd. in the last three years :-

STATEMENT OF SUNDRY DEBTORS

(Amount in Rs.)						
Age Wise Breakup	AS AT 31ST MARCH					
	30.09.2013	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Less than six Months	169,286,779	185,362,514	140,200,056	108,052,225	73,424,972	110,846,448
More than six Months	4,993,702	4,743,978	2,490,180	4,115,290	9,266,613	16,110,790
Total	174,280,481	190,106,492	142,690,236	112,167,515	82,691,585	126,957,238

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is the discussion of the financial condition and results of operations together with the Company's audited financial statements for the fiscal years ended March 31, 2013, 2012, 2011, 2010 and 2009 and for the six month period ended on Sept. 30, 2013. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and as required under the SEBI Regulations.

Unless indicated otherwise, the financial data in this section is derived from the Company's financial statements prepared in accordance with Indian GAAP and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and included in Letter of Offer. The Company's fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in the Letter of Offer, particularly under "Risk Factors" beginning on page no.9 of this Letter of Offer.

i. OVERVIEW OF THE BUSINESS OF THE COMPANY

Talbros Engineering Limited (the 'Company') is a public company in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in manufacturing of Rear Axle Shafts and has received ISO 9001:2008 and ISO/TS 16949:2009 certification. The company caters to both international and domestic market. The company has its manufacturing plants at Plot No 74-75, Sector-6, Faridabad-121006,(Haryana) and Plot No 35-38, Industrials Area, Hathin, Palwal (Haryana) and Plot No.57 Industrial Area ,Hathin ,Palwal (Haryana). The factories are integrated and by themselves each is complete and stand-alone. All manufacturing facilities of forging, heat treatment, CNC turning, spline cutting, and induction hardening are available at Plot No 74-75, Sector-6, Faridabad-121006(Haryana) and Plot No 35-38 & 57 Industrials Area, Hathin, Palwal(Haryana).

ii. SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

Save as mentioned in the Letter of Offer, in the opinion of the Board of Directors of the Company, there have not arisen any circumstances since Sept 30, 2013 which materially and adversely affect, or are likely to materially and adversely affect, the Company's business or the profitability of the Company, or the value of the assets, or the Company's ability to pay its liabilities within the next 12 months.

iii. FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS

The financial condition of the Company and its results of operations are affected by numerous factors including the following:

General economic and business conditions:

The demand for the Company's services and business is dependent on general economic conditions in India and, may be affected if there are changes in business conditions in the country. In the era of globalization and cutthroat competition, the Indian Industry is facing hurdles, which depend upon the following factors:

a) Competition:

Selling prices of the Company's services may be affected if competition intensifies. After globalization, India was facing many difficulties, due to competition from various nations and incompetence in the internal governance. Main threats are from foreign nations. Hence it is necessary to analyze India's position in global arena.

b) Raw Material

Raw material for Company's development is mainly steel. Fluctuations in its cost may alter the cost structure and affect profitability.

c) Other Factors:

The Company's results of operations are dependent upon its success in managing its manpower. The Company has to schedule out project implementation process and procurements according to delivery schedule of customers. Any change in schedule may affect its operation in the short run.

d) Labour:

The Infrastructural Development Industry is labour intensive. The competitive strength of the Company is also dependent upon the availability and efficiency of its labour force. The management-labour relations are cordial.

e) Changes in laws and regulations that apply to the industry:

There are some laws and regulations, such as Emission Norms, applicable to the industry in which the Company operates, which it has to comply/ follow. In case of a failure to comply with these laws and regulations or to obtain or renew the necessary permits and approvals, its business may be affected.

f) Changes in the foreign exchange control regulations, interest rates and tax laws in India.

Any change in the foreign exchange control regulation, mainly interest rates and tax laws pertaining to India affects the liquidity of cash in the market which in turn affects the purchasing power of the economy.

Key factors influencing results of operations

Several factors influence the Company's results of operations, financial condition and cash flow significantly. The key factors affecting its operations include:

1. Fluctuation and increase in raw material prices.
2. New competitive businesses.
3. Government Regulations and Policies.
4. Any slowdown in the economic growth.

For more information on these and other factors/developments, which have or may affect the Company, please refer to the section titled "Risk Factors" in the Letter of Offer.

SUMMARY AND COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE OF THE COMPANY

The following table sets forth selected financial data from our profit and loss accounts –

	For 6 months ended		For the year ended									
	30-Sept-13		31-Mar-13		31-Mar-12		31-Mar-11		31-Mar-10		31-Mar-09	
	Amt. in Rs.	%	Amt. in Rs.	%	Amt. in Rs.	%	Amt. in Rs.	%	Amt. in Rs.	%	Amt. in Rs.	%
Income												
Revenue from operations (gross)	645,671,227		1,429,913,466		1,162,687,865		901,957,545		663,684,424		684,365,575	
Less: excise duty	61,084,738		132,310,891		89,916,874		66,935,568		42,113,676		67,352,403	
	584,586,489	97.24	1,297,602,575	98.92	1,072,770,991	97.83	835,021,977	97.22	621,570,748	97.56	617,013,172	98.34
Other income	16,579,454	2.78	14,194,343	1.08	23,768,735	2.17	23,864,502	2.78	15,521,280	2.44	10,386,360	1.66
Total Revenue	601,165,943	100	1,311,796,918	100	1,096,539,726	100	858,886,479	100	637,092,028	100	627,399,532	100
Expenses												
Cost of raw material and components consumed	311,389,091	51.80	670,433,628	51.11	552,057,177	50.34	409,973,943	47.73	322,302,205	50.59	311,155,358	49.60
(Increase)/decrease in inventories of finished goods, work in progress and traded goods	(27,950,595)	(4.65)	(40,721,766)	(3.10)	1,480,829	0.14	19,771,004	2.30	(11,164,306)	(1.75)	38,521,170	6.14
Employee benefits expenses	50,719,763	8.44	96,646,511	7.37	79,588,440	7.26	66,314,921	7.72	54,940,621	8.62	49,260,366	7.85
Finance costs	19,411,760	3.23	35,819,555	2.73	31,013,385	2.83	26,025,598	3.03	19,860,863	3.12	31,071,709	4.95
Net	14,141,075	2.35	24,398,032	1.86	20,625,144	1.88	16,704,085	1.95	15,517,217	2.44	15,263,636	2.43

depreciation & amortization expense												
Other expenses	203,254,463	33.66	450,118,412	34.31	346,282,948	31.58	278,812,822	32.46	220,777,676	34.65	172,074,211	27.43
Total Expense	570,965,557	94.98	1,236,694,372	94.27	1,031,047,923	94.03	817,602,373	95.19	622,234,276	97.67	617,346,450	98.40
Profit Before Tax	30,200,386	5.02	75,102,546	5.73	65,491,803	5.97	41,284,106	4.81	14,857,752	2.33	10,053,082	1.60
Tax Expense												
Current tax	5,900,000	0.98	22,500,000	1.72	20,500,000	1.87	10,800,000	1.26	2,475,000	0.39	3,150,000	0.50
Deferred tax	0.00	0.00	2,267,457	0.17	634,903	0.05	4,310,929	0.50	2,214,331	0.35	(135,768)	(0.02)
Wealth Tax	0.00	0.00	41,320	0.00	17,420	0.00	0	0.00	0	0.00	0	0.00
FBT	0.00	0.00		0	0	0	0	0.00	0	0.00	400,000	0.06
Income Tax: Earlier year	0.00	0.00	(566,899)	(0.04)	90,060	0.01	102,056	0.01	(163,086)	(0.03)	(3,914)	0.00
Profit for the Year	24,300,386	4.04	50,860,668	3.88	44,249,420	4.04	26,071,121	3.04	10,331,507	1.62	6,642,764	1.06

(% is in relation to total revenue)

A material part of the Income of Talbros Engineering Limited is dependent upon a few major customers.
The Company is dependent on a few numbers of customers. The top clients and their respective contribution in the company's turnover are as under.

S. No.	Name	Turnover Contribution (As on 30.09.2013) (in Rs. Lacs)	Turnover Contribution (As on 31.03.2013) (in Rs. Lacs)
1.	Mahindra & Mahindra Ltd	2511.30	5205.72
2.	Mahindra Vehicle Manufacturers Ltd	514.33	1323.26
3.	Spicer India Ltd	1178.60	3449.68
4.	VE Commercial Vehicles Limited	198.60	340.61
5.	Force Motors Limited	216.48	506.93

Talbros Engineering Limited has not followed any unorthodox procedure for recording sales and revenues.

Details of the nature of miscellaneous income and miscellaneous expenditure for the interim period and the preceding years.

The miscellaneous income and expenses of the company constitutes:-

Other Income	30.09.2013	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Interest Income	255,070	573,647	494,152	343,469	525,762	1,264,002
Discount Received	10,929,107	389,0347	15,161,464	13,507,151	8,742,698	1,310,923
Sales & Services	2,233,508	865,520	-	-	-	-
Export Incentive Received	598,269	-	5,189,469	9,818,396	7,054,580	5,373,001
Duty Drawback Received	1,299,495	4,942,880	2,586,955	-	-	-
Foreign Exchange Fluctuation	1,030,602	1,628,531	-	190,250	(1,279,260)	3,004,773
Liabilities Written Back	45,550	1,922,523	129,417	-	339,602	-
Other Non-Operating Income: Misc. Income Profit/(loss) on Sale of Fixed Assets:-	187,853	370,895	207,278	5,236	137,898	52,186
						(6,18,525)
Total	16,579,454	14,194,343	23,768,735	23,864,502	15,521,280	10,386,360

Other Expenses	30.09.2013	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Manufacturing Exp.:-						
Stores, spares & Tools Consumed	59,787,672	138,802,762	101,170,383	88,008,107	60,699,319	50,032,109
Power & Fuel	64,142,424	138,938,616	95,555,049	70,377,599	63,742,409	52,023,235
Processing Charges	17,410,806	35,746,782	36,296,625	33,340,603	28,962,602	16,866,883
Repairs & Maint:-						
Building	1,912,937	5,515,594	6,387,671	3,812,354	2,501,321	1,083,895
Plant & Mach.	15,631,513	39,480,522	26,954,926	18,121,823	9,988,003	7,315,052
Other	1,459,003	3,675,649	3,009,423	2,034,390	1,855,754	1,719,954
Total (A)	160,344,355	362,159,926	269,374,077	215,694,876	167,749,408	129,041,128
Administrative Expenses:-						
Rent Rates & Taxes	17,050	1,007,301	1,822,456	950,431	379,333	462,186
Insurance	662,701	1,078,660	1,192,409	835,519	749,749	764,327
Traveling Exp.	4,600,962	2,940,468	4,401,470	4,627,473	3,834,617	2,316,291
Commission on Sale	807,913	2,035,282	1,272,421	601,194	90,498	237,183
Discounts	34,685	95,202	125,181	248,849	154,879	107,713
Commission & Disc on DEPB	-	187,783	722,115	699,165	793,873	221,761
Packing Exp	14,593,414	32,455,991	24,754,061	20,228,986	13,661,764	12,584,553
Advertisement & Sales Promotion	461,816	744,881	3,803,935	2,176,236	4,174,985	1,997,332
Printing & Stat.	592,361	1,040,627	960,929	822,501	726,484	600,594
Postage & Telegram	155,891	341,521	292,547	262,861	159,799	171,300
Telephone Exp.	382,691	818,421	912,658	804,762	776,919	736,554
Legal & Professional Charges	1,034,649	1,466,280	2,108,980	2,081,878	1,205,592	1,251,104
Membership & subscription	97,363	316,246	120,825	121,165	106,000	106,717
Charity & Donation	23,100	583,701	55,201	27,252	22,000	-
Foreign Exch. Fluc.	-	-	208,075	-	-	-
Security Services	1,427,561	2,297,495	1,668,707	1,538,983	1,093,069	1,029,246
Misc. Exp	172,576	502,057	329,763	298,144	279,612	325,678
Loss on sale of Assets Net	-	256,321	74,713	-	-	-
Less:- Excise Duty reverse on Opening Stock of Finished Goods	-	-	-	(521,470)	(447,621)	(595,145)
Conveyance Exp.	353,812	694,392	770,154	678,277	418,030	465,450
Warranty Claim Paid	31,242	57,769	-	499,423	1,154,560	96,957
Vehicle Running & Maint.	972,267	1,697,658	1,364,877	869,883	678,780	664,545
Freight Outward	16,378,932	36,642,415	28,925,550	23,553,513	19,794,561	17,253,722
Bad Debts W/Off	(268,378)	268,016	461,844	1,387,321	2,754,785	2,057,015
Auditor's Remuneration:-						
Audit Fees	137,000	350,000	350,000	220,600	270,000	170,000
Limited review	75,000	75,000	75,000	20,000	20,000	-
Taxation Matter	-	-	110,000	65,000	170,000	-
Director's Sitting Fees	7,500	5,000	25,000	20,000	6,000	8,000
Total (B)	42,910,108	87,958,486	76,908,871	63,117,946	53,028,268	43,033,083
Total (A+B)	203,254,463	450,118,412	346,282,948	278,812,822	220,777,676	172,074,211

COMPARISON OF FIGURES OF THE MAJOR HEADS OF THE PROFIT AND LOSS STATEMENT, INCLUDING AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE

Comparison of Un-Audited Accounts for six months ended Sept. 30, 2013 and Sept 30, 2012.

Revenue from Operations

The Company achieved Net Sales of Rs. 5845.86 Lacs for six months ended on Sept 30, 2013 as against Rs. 5870.77Lacs during the six months ended on Sept 30, 2012.

Other Income

The Company has earned other income of Rs. 165.80 Lacs for six months ended on Sept 30, 2013 as against Rs. 129.59 Lacs during the six months ended on Sept. 30, 2012.

Consumption of Raw Materials

Raw material consumption has gone down from Rs. Rs.3383.96 Lacs during the six months ended on Sept.30,2012 to Rs. 3113.89 Lacs during the six months ended on Sept 30, 2013. This decrease in Raw materials consumption is in line with decrease in sales.

Employee Benefit Expenses

The Employees Benefit Expenses include their salary and wages, contribution to provident and other funds, Director's Remuneration, Gratuity and Staff welfare expenses. The expenses have gone up from Rs. 448.38 Lacs during the six months ended on Sept 30, 2012 to Rs. 507.20 Lacs during the six months ended on Sept 30, 2013 mainly on account of increase in salary and wages, Director's Remuneration and Staff welfare.

Depreciation and Amortisation Expense

This has gone up from Rs. 113.60 Lacs during the six months ended on Sept 30, 2012 to Rs. 141.41 Lacs during the six months ended on Sept. 30, 2013 which is mainly on account of additions to fixed assets.

Finance Charges

Interest & Finance Charges accounted for Rs. 194.12 Lacs during the six months ended on Sept 30, 2013 as compared to Rs. 152.59 Lacs during the six months ended on Sept 30, 2012. The increase in interest & finance charges was due to corresponding increase in the loans amount.

Profit before Tax

Profit Before Tax for the six months ended on Sept. 30, 2013 was Rs. 302.00 Lacs as compared to Rs. 316.82 Lacs during the six months ended on Sept 30, 2012. Reason for decrease in profit before tax is due to decrease in inventory of finished goods, w.i.p .and trade goods.

Comparison of Audited Accounts for the Year ended March 31, 2013 and Year ended March 31, 2012.

Revenue from Operations

The Company achieved Net Sales of Rs.12976.03 Lacs for the year ended on March 31, 2013 as against Rs. 10727.71 Lacs in the previous financial year ended on March 31, 2012. The growth in sales is due to increase in Domestic Sales and Export sales.

Other Income

The Company has earned other income of Rs. 141.94 Lacs for the year ended on March 31, 2013 as against Rs. 237.69. Lacs in the previous financial year ended on March 31, 2012.

Consumption of Raw Materials

Raw material consumption has gone up from Rs. 5520.57 Lacs in 2011-2012 to Rs.6704.34 Lacs in 2012-2013. This increase in Raw materials consumption is in line with increase in sales.

Employee Benefit Expenses

The Employees Benefit Expenses include their salary and wages, contribution to provident and other funds, Director's Remuneration, Gratuity and Staff welfare expenses. The expenses have gone up from Rs. 795.88 Lacs in the year 2011-2012 to Rs. 966.47 Lacs in the year 2012-2013 mainly on account of increase in salary and wages, Director's Remuneration and Staff welfare.

Depreciation and Amortisation Expense

This has gone up from Rs. 206.25 Lacs in 2011-12 to Rs.243.98 Lacs in 2012-13 which is mainly on account of additions to fixed assets during the financial year 2012-2013.

Finance Charges

Interest & Finance Charges accounted for Rs. 358.20 Lacs during the year 2012-13 as compared to Rs. 310.13 Lacs during the year 2011-12. The increase in interest & finance charges was due to corresponding increase in the loans amount.

Profit before Tax

Profit before Tax for the financial year 2012-13 was Rs. 751.03 Lacs as compared to Rs. 654.92 Lacs in the financial year 2011-12. Reason for increase in profit before tax in the financial year 2012-13 is due to rate of decrease in expense and increase in income/sales.

Profit after Tax

Net Profit after Tax for the financial year 2012-13 was Rs. 508.61 Lacs as compared to Rs. 442.49 Lacs in the financial year 2011-12. Reason for increase in profit after tax in the financial year 2012-13 is due to rate of increase in profit.

Comparison of Audited Accounts for the Year ended March 31, 2012 and Year ended March 31, 2011.**Revenue from Operations**

The Company achieved Net Sales of Rs.10727.71 Lacs for the year ended on March 31, 2012 as against Rs. 8350.22 Lacs in the previous financial year ended on March 31, 2011. The growth in sales is due to increase in Domestic Sales and Export sales.

Other Income

The Company has earned other income of Rs. 237.69 Lacs for the year ended on March 31, 2012 as against Rs. 238.65 Lacs in the previous financial year ended on March 31, 2011.

Consumption of Raw Materials

Raw material consumption has gone up from Rs. 4099.74 Lacs in 2010-2011 to Rs.5520.57 Lacs in 2011-2012. This increase in Raw materials consumption is in line with increase in sales.

Employee Benefit Expenses

The Employees Benefit Expenses include their salary and wages, contribution to provident and other funds, Director's Remuneration, Gratuity and Staff welfare expenses. The expenses have gone up from Rs. 663.14 Lacs in the year 2010-2011 to Rs. 795.88 Lacs in the year 2011-2012 mainly on account of increase in salary and wages, Director's Remuneration and Staff welfare.

Depreciation and Amortisation Expense

This has gone up from Rs. 167.04 Lacs in 2010-11 to Rs.206.25 Lacs in 2011-12 which is mainly on account of additions to fixed assets during the financial year 2011-2012.

Finance Charges

Interest & Finance Charges accounted for Rs. 310.13 Lacs during the year 2011-12 as compared to Rs. 260.26 Lacs during the year 2010-11. The increase in interest & finance charges was due to corresponding increase in the loans amount.

Profit before Tax

Profit before Tax for the financial year 2011-12 was Rs. 654.92 Lacs as compared to Rs. 412.84 Lacs in the financial year 2010-11. Reason for increase in profit before tax in the financial year 2011-12 is due to rate of decrease in expense and increase in income/sales.

Profit after Tax

Net Profit after Tax for the financial year 2011-12 was Rs. 442.49 Lacs as compared to Rs. 260.71 Lacs in the financial year 2010-11. Reason for increase in profit after tax in the financial year 2011-12 is due to rate of increase in profit.

Comparison of Audited Accounts for the Year ended March 31, 2011 and Year ended March 31, 2010.**Revenue from Operations**

The Company achieved Net Sales of Rs.8350.22 Lacs for the year ended on March 31, 2011 as against Rs. 6215.71 Lacs in the previous financial year ended on March 31, 2010. The growth in sales is due to increase in Export Sales and Domestic sales.

Other Income

The Company has earned other income of Rs. 238.65 Lacs for the year ended on March 31, 2011 as against Rs. 155.21 Lacs in the previous financial year ended on March 31, 2010.

Consumption of Raw Materials

Raw material consumption has gone up from Rs. 3223.02 Lacs in 2009-2010 to Rs.4099.74 Lacs in 2010-2011. This increase in Raw materials consumption is in line with increase in sales.

Employee Benefit Expenses

The Employees Benefit Expenses include their salary and wages, contribution to provident and other funds, Director's Remuneration, Gratuity and Staff welfare expenses. The expenses have gone up from Rs. 549.40 Lacs in the year 2009-2010 to Rs. 663.15 Lacs in the year 2010-2011 mainly on account of increase in salary and wages, Director's Remuneration and Staff welfare.

Depreciation and Amortisation Expense

This has gone up from Rs. 155.17 Lacs in 2009-10 to Rs. 167.04 Lacs in 2010-11 which is mainly on account of additions to fixed assets during the financial year 2010-2011.

Finance Charges

Interest & Finance Charges accounted for Rs. 260.26 Lacs during the year 2010-11 as compared to Rs. 198.61 Lacs during the year 2009-10. The increase in interest & finance charges was due to corresponding increase in the loans amount.

Profit before Tax

Profit before Tax for the financial year 2010-11 was Rs. 412.84 Lacs as compared to Rs. 148.58 Lacs in the financial year 2009-10. Reason for increase in profit before tax in the financial year 2010-11 is due to rate of decrease in expense and increase in income/sales.

Profit after Tax

Net Profit after Tax for the financial year 2010-11 was Rs. 260.71Lacs as compared to Rs. 103.32 Lacs in the financial year 2009-10. The Profit after tax has increased in the financial year 2010-11 due to increase in profit.

Comparison of Audited Accounts for the Year ended March 31, 2010 and Year ended March 31, 2009.**Revenue from Operations**

The Company achieved Net Sales of Rs.6215.71 Lacs for the year ended on March 31, 2010 as against Rs. 6170.13 Lacs in the previous financial year ended on March 31, 2009. The growth in sales is due to increase in Export sales.

Other Income

The Company has earned other income of Rs. 155.21 Lacs for the year ended on March 31, 2010 as against Rs. 103.86 Lacs in the previous financial year ended on March 31, 2009.

Consumption of Raw Materials

Raw material consumption has gone up from Rs. 3111.55 Lacs in 2008-2009 to Rs.3223.02 Lacs in 2009-2010. This increase in Raw materials consumption is in line with increase in sales.

Employee Benefit Expenses

The Employees Benefit Expenses include their salary and wages, contribution to provident and other funds, Director's Remuneration, Gratuity and Staff welfare expenses. The expenses have gone up from Rs. 492.60 Lacs in the year 2008-2009 to Rs. 549.40 Lacs in the year 2009-2010 mainly on account of increase in salary and wages, Director's Remuneration and Staff welfare.

Depreciation and Amortisation Expense

This has gone up from Rs. 152.64 Lacs in 2008-09 to Rs. 155.17 Lacs in 2009-10 which is mainly on account of additions to fixed assets during the financial year 2009-2010.

Finance Charges

Interest & Finance Charges accounted for Rs. 198.61 Lacs during the year 2009-10 as compared to Rs. 310.72 Lacs during the year 2008-09. The decrease in interest & finance charges was due to corresponding decrease in the loans amount.

Profit before Tax

Profit before Tax for the financial year 2009-10 was Rs. 148.58 Lacs as compared to Rs. 100.53 Lacs in the financial year 2008-09. Reason for increase in profit before tax in the financial year 2009-10 is due to rate of decrease in expense and increase in income/sales.

Profit after Tax

Net Profit after Tax for the financial year 2009-10 was Rs. 103.32Lacs as compared to Rs. 66.43 Lacs in the financial year 2008-09. The Profit after tax have increased in the financial year 2009-10 due to increase in profits.

Discussion of other aspects as mandated by SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- a) **Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**

Nil

- b) **Significant economic changes that materially affected or are likely to affect income from continuing operations;**

Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

- c) **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;**

Except as described in the Letter of Offer and as mentioned in this "Management's Discussion and Analysis of Financial Condition and Results of Operations", there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

- d) **Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;**

The main input used in the providing our services are steel and manpower. Prices of inputs may tend to remain very volatile. In the event of any significant increase in the prices of these inputs and inadequate and timely supply of inputs would affect our profitability adversely.

- e) **Details of the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;**

This has been covered in the Comparison of figures of the major heads as mentioned above.

- f) **Details of the total turnover of each major industry segment in which the issuer operated;**

Talbro Engineering Limited operates in only one industry segment. For details of the turnover, kindly refer to Financial Statement as incorporated in the Letter of Offer.

- g) **Details of status of any publicly announced new products or business segment;**

Nil

- h) **Details of the extent to which business is seasonal;**

No

- i) **Details of significant dependence on a single or few suppliers or customers;**

The Company is dependent on a single or few suppliers for supply of materials. The major suppliers and the respective purchases made from them are as under:

Supplier(s)	From April 2013 to September 2013 (Rs. in Lacs)	From April 2012 to March 2013 (Rs. in Lacs)
Bhushan Power & Steel Ltd	1938.36	4058.76
JSW Steel Ltd	20.54	1129.62
Bhupendra Steel P Ltd	65.93	143.71
Arti Steel Ltd.	478.90	397.68
Adhunik Metalik Ltd	512.11	536.82

Mass Metal P Ltd.	-	555.44
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j) Competitive conditions.

Our main competitors are as below:-

1. M/s Guru Nanak Auto Enterprises Ltd., Ludhiana
2. M/s GNA Axles, Ludhiana.
3. M/s SPM Auto Pvt. Ltd., Behror and Faridabad.
4. M/s Raja Forgings and Gears Ltd., Chandigarh.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, and there are no defaults of statutory dues, banks / Institutional dues and dues payable to holders of any debentures, bonds or fixed deposits issued by our company, other unclaimed liabilities against our company and no disciplinary action has been taken by SEBI or any stock exchange against our Company.

Summary of litigations outstanding involving our Company:

<i>Nature of Litigations</i>	<i>No. of Cases</i>
<i>Criminal</i>	<i>0</i>
<i>Civil</i>	<i>0</i>
<i>Labour</i>	<i>1</i>
<i>Government / Tax Authorities Notices</i>	<i>5</i>

Set forth below are details of certain material outstanding litigations against us and details of proceedings of certain material proceedings filed by us.

A. Labour Cases

Sl. No	Parties in the Suit/ Show Cause Notices	Case Number / Court/ Authority	Nature of the Case	Amount Involved (Rs.)	Present Status
1	Bhim Singh vs Talbros Engineering Limited	145/2008	Disciplinary removal of worker/employee; Demand for Reinstatement with full back wages	Not ascertainable	Pending before the labour Court

B. Government / Tax Authorities Cases

Sl. No	Parties in the Suit/ Show Cause Notices	Case Number / Court/ Authority	Nature of the Case	Amount Involved	Present Status
1.	The Chief Commissioner of Income Tax, Faridabad vs. Talbros Engineering Limited	ITA No. 497/2006 at (Assessment Year 1996-97) High Court of Punjab and Haryana	The Company filed its return of income declaring income of Rs. 2,163,875. However the Assessing Officer did not allow the deduction u/s 80-I at RS. 3,333,704 as the requisite conditions for claim of deduction were not fulfilled.. Aggrieved by the assessment order we filed an appeal before the Commissioner of Income Tax (Appeals), Faridabad, who vide its order dated 21.04.1999 deleted the additions made by Assessing Officer. Thereafter, the Department filed appeal before Hon'ble ITAT. The Hon'ble ITAT vide its order dated 18.11.2005 dismissed the appeal of the revenue. Subsequently, the Chief Commissioner of Income Tax (OSD) filed an appeal before High Court of Punjab and Haryana against the order of ITAT, which is pending .	Rs. 15.34 Lacs	Pending before Punjab & Haryana High Court
2.	Asstt. Commissioner of Income Tax	ITA No. 534/2009 C.O. 25/09	A notice dated 30.10.2006 was issued under section 142(1) and 143(2) of the Income Tax Act, 1961 for the	Rs. 94.29 Lacs	Pending before Income Tax Appellate

Sl. No	Parties in the Suit/ Show Cause Notices	Case Number / Court/ Authority	Nature of the Case	Amount Involved	Present Status
	Faridabad vs. Talbros Engineering Limited	(Assessment Year 2005-06) Before ITAT, Delhi	<p>Assessment Year 2005-06. The Assessing Officer vide its Assessment Order dated 18.12.2007 assessed our total income to be Rs. 41,894,110 as against the returned income of Rs. 1,46,73,940 and made a demand for additional tax on Rs. 27,220,167. Thus it was held that the Company is required to pay Rs. 13,426,281.</p> <p>Aggrieved by the assessment order, the Company filed an appeal before the Commissioner of Income Tax (Appeals), Faridabad. Commissioner of Income Tax (Appeals), Faridabad partly allowed our appeal giving a relief of Rs. 27,048,495 and confirmed addition of Rs. 171,672.</p> <p>Asst. Commissioner of Income Tax file appeal against the order of Commissioner of Income Tax (Appeal) with Income Tax Appellant Tribunal that CIT(A) has erred on facts and in law in deleting the addition of Rs. 25,766,709 made by the Assessing Officer for the Assessment year 2005-06.</p> <p>The appeal filed is pending as on date.</p>		Tribunal
3.	Asstt. Commissioner of Income Tax Faridabad vs. Talbros Engineering Limited	ITA No 3872/2010 (Assessment Year 2006-07) Before ITAT, Delhi	<p>A notice dated 26.08.2008 was issued under section 143(2) and 115WE (2) of the Income Tax Act, 1961 for the Assessment Year 2006-07. The Assessing Officer vide its Assessment Order dated 28.11.2008 assessed our total income to be Rs. 6,286,020 as against the returned income of Rs. 5,339,860 and made a demand for additional tax on Rs. 946,160. Thus it was held that the Company is required to pay Rs. 358,288. Aggrieved by the assessment order we filed an appeal before the Commissioner of Income Tax (Appeals), Faridabad.</p> <p>Commissioner of Income Tax (Appeals), Faridabad partly allowed the appeal giving a relief of Rs. 890,469 and confirmed the addition of Rs. 55,690 to the Income.</p> <p>However, The Asst. Commissioner of Income Tax filed the Appeal before Income Tax Appellant Tribunal against CIT(A) that it has erred on facts and law in deleting the addition Rs. 717,329 made by the Assessing Officer. The appeal is pending before Income Tax Appellate Tribunal.</p>	Rs. 2.41 Lacs	Pending before Income Tax Appellate Tribunal
4.	Asstt.	ITA No.	A notice dated 09.09.2008 was issued	Rs. 6.51 lacs	Pending before

Sl. No	Parties in the Suit/ Show Cause Notices	Case Number / Court/ Authority	Nature of the Case	Amount Involved	Present Status
	Commissioner of Income Tax Faridabad vs. Talbros Engineering Limited	4035/2010 (Assessment Year 2007-08) Before ITAT, Delhi	<p>under section 143(2) of the Income Tax Act, 1961 for the Assessment Year 2007-08. The Assessing Officer vide its Assessment Order dated 16.11.2009 assessed our total income to be Rs. 5,673,100 as against the returned income of Rs. 3,945,681 and made a demand for additional tax on Rs. 1,727,422. Thus it was held that the Company is required to pay Rs. 651,224. Aggrieved by the assessment order we filed an appeal before the Commissioner of Income Tax (Appeals), Faridabad.</p> <p>The Commissioner of Income Tax (Appeals), Faridabad allowed the appeal and the addition of Rs. 1,727,422 to the Income stands deleted.</p> <p>Against the order of Commissioner of Income Tax (Appeals), Asst. Commissioner of Income Tax filed the Appeal before Income Tax Appellant Tribunal, which is pending.</p>		Income Tax Appellate Tribunal
5.	Commissioner of Income Tax (Appeals)	028 dated 19.01.2012 (Assessment Year 2009-10)	A notice dated 01.09.2012 was issued under section 143(2) and 142(1) of the Income Tax Act, 1961 for the Assessment Year 2009-10. The Assessing Officer vide its Assessment Order dated 30.12.2011 assessed our total income to be Rs. 19,357,610 as against the returned income of Rs. 9,207,850 and made a demand for additional tax amounting to Rs. 5,154,437/-. Aggrieved by the assessment order, we filed an appeal before the Commissioner of Income Tax (Appeals), Faridabad. The Company has already deposited 50% of the due amount i.e. Rs. 2,578,000/-. Further, an amount of Rs.358,288/- and Rs.651,224/- for the Assessment Year 2006-07 and 2007-08 is due as refund from the department.	Rs. 15.67 Lacs	Pending before the Commissioner of Income Tax (Appeals)

Material developments since the date of last Balance Sheet:

In the opinion of our Board, there have not arisen since the date of the last financial statements disclosed in this Letter of Offer, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months otherwise than as disclosed in this Letter of Offer.

GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS

The Company has all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those mentioned separately hereunder, and those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Factors.

The Company does not require any other approvals or renewals, except as mentioned specifically hereunder.

In view of the approvals listed below, the Company can undertake this Issue and its current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

Particulars	Issuing authority	Registration no.	Issued on	Validity period	Remarks/ Comments
GENERAL COMPLIANCES					
Certificate of Incorporation	Registrar of Companies, Delhi & Haryana	25703	09.10.1986	Perpetual	Registration No. of the Company is changed to 05-33018 pursuant to shifting of registered office from NCT of Delhi to State of Haryana.
Certificate of Commencement of Business	Registrar of Companies, Delhi & Haryana	25703	10.12.1992	Perpetual	-
PAN	Income Tax Department	AABCT0247L		Perpetual	-
TAN	Income Tax Department	RTKT01151D	-	Perpetual	-
TAX LAWS					
Haryana Value Added Tax, 2003	Haryana Value Added Tax, 2003	TIN: 06281211040 TIN: 06841314619	01.04.2003 for Plot No. 74-75, Faridabad 01.04.2003 for Plot NO. 35-38, Indl. Area, Hathin, Distt Palwal, (Haryana)	Perpetual	-
Central Excise Registration Certificate under Rule 9 of the Central Excise Rules, 2002	Assistant Commissioner- Central Excise Deputy Commissioner - Central Excise	AABCT0247L XM001 AABCT0247L XM002	20.12.2002 for Plot NO. 35-38, Indl. Area, Hathin, Distt Palwal, (Haryana) 09.12.2002 for Plot No. 74-75, Faridabad	Perpetual	-
INDUSTRIAL LAWS					

Particulars	Issuing authority	Registration no.	Issued on	Validity period	Remarks/ Comments
Registration under Factories Act, 1948	Chief Inspector of Factories	Plot No 74, Sector 6, Faridabad: GGN/t-52/12554 Plot No. 75, Sector 6, Faridabad: FBD/t-95/7945 Plot No. 35-38, Hathin: FBD/t-97/8728	2008	Upto 31.12.2012.	The Company has applied for renewal of the licenses for the five years from 2013-2017 vide letters dated November 21, 2012.
LABOUR LAWS					
Registration under Employees Provident Funds and Miscellaneous Provisions Act, 1952	Regional Provident Fund Commissioner	Code No. HR/FD/9203/EB-III/3693	17/10/1997	Perpetual	Pursuant to shifting of registered office from Delhi to Haryana, Regn. Code No. HR/1668 was allotted and subsequently, upon application by the company, separate code was allotted for Hathin Plant. However, the initial /registration letter is in the name of Talbros Automotive Components Limited.
Registration under Employees State Insurance Act, 1948	Employees State Insurance Corporation, Faridabad	13/16965/67	12/08/1993	Perpetual	–
Registration under Contract Labour (Regulation and Abolition) Act, 1970	Office of Additional Labour Commissioner (NCR) Gurgaon & Registering Officer	CLA/ALL/GG M-2011/291/2757	21/09/2011 for Plot No 75, Faridabad	31/12/2013	The Company has applied for renewal of the licenses for the three years from 2014-2016 vide letters dated December 21, 2013.
Registration under Contract Labour (Regulation and Abolition) Act, 1970	Office of Additional Labour Commissioner (NCR) Gurgaon & Registering Officer	CLA/ALL/GG M-2011/290/2772	21/09/2011 for Plot No 74, Faridabad	31/12/2013	The Company has applied for renewal of the licenses for the three years from 2014-2016 vide letters dated December 21, 2013.
Registration under Contract Labour (Regulation and Abolition) Act, 1970	Office of Additional Labour Commissioner (NCR) Gurgaon & Registering Officer	CLA/ALL/GG M-2011/289/2755	21/09/2011 for Plot NO. 35-38, Inhl. Area, Hathin, Distt Palwal, (Haryana)	31/12/2013	The Company has applied for renewal of the licenses for the three years from 2014-2016 vide letters dated December 21, 2013.

Particulars	Issuing authority	Registration no.	Issued on	Validity period	Remarks/ Comments
ENVIRONMENT LAWS					
Consent for emission of pollutants under Water (Prevention and Control of pollution) Act	Haryana State Pollution Control Board	No. HSPCB:BR:2 012:5116	02.02.2012 for Plot No 74-75, Faridabad	31.03.2015	-
Consent for emission of air under Air (Prevention and Control of pollution) Act	Haryana State Pollution Control Board	No. HSPCB:BR:2 012:5116	02.02.2012 for Plot No 74-75, Faridabad	31.03.2015	-
Consent for emission of air under Air (Prevention and Control of pollution) Act	Haryana State Pollution Control Board	No. HSPCB/901	22.01.2013 for Plot NO. 35-38, Incl. Area, Hathin, Distt Palwal, (Haryana)	31.03.2015	-
Consent for emission of pollutants under Water (Prevention and Control of pollution) Act	Haryana State Pollution Control Board	No. HSPCB/2012/ 712	25.10.2012 for Plot NO. 35-38, Incl. Area, Hathin, Distt Palwal, (Haryana)	31.03.2015	-
EXPORT REGISTRATIONS					
Registration cum Membership Certificate	EEPC	EPC/D/R-4049/ENGG.(LS)	05.04.2010	31.03.2014, subject to changes in new FTP and revalidation every year.	-
Importer-Exporter Code	Jt. Director General of Foreign Trade	0595037887	30.10.1995	Perpetual	-

The Company possesses certifications as set out herein below:

S. No	Particulars	Type	Agency	Validity
1.	Manufacture of Axle Shafts	Quality Management System complying with requirements of ISO/ TS 16949:2009 without product design	Quality Austria Training, Certification and Evaluation Limited	5 th December 2013

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Present Issue

This issue is pursuant to the resolution passed by the Board in their meeting held on June 15, 2012.

The Company has decided to offer 1,128,112 Equity shares of Rs. 10/- each at premium of Rs 34 per share aggregating to amount of Rs. 49,636,928 to the existing Equity shareholders of the Company on rights basis in the ratio of 8 equity shares for the every 10 Equity Share held as on the Record Date January 24, 2014. For details refer to the Section titled "*Offering Information*" on page no. 156 of this Letter of Offer.

Prohibition by SEBI

Neither our Company, nor our Promoters, our Directors or any of the Promoter Group Entities, or companies or entities with which the Company's Directors are associated with, as directors or promoters, or persons in control of our Promoters have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither we nor our Directors, our Promoters, Promoter Group Entities or relatives of Promoters have been identified as willful defaulters by RBI / Government authorities and there are no proceedings relating to violations of securities laws pending against them.

None of our Directors is associated with the Securities Market.

Eligibility for the Issue

Talbro Engineering Limited is a company registered under the Companies Act, 1956, whose Equity Shares are listed on the DSE. It is eligible to offer this Issue in terms of SEBI ICDR Regulations.

Talbro Engineering Limited is in compliance with all the provisions specified in Part E of Schedule VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 except clause (1) and as it not satisfying the conditions specified in clause (1) of part E, the disclosures in this document have been made in Compliance with part A of the Schedule alongwith relevant disclosure as mentioned in Part E.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI.

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED HAS FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) A DUE DILIGENCE CERTIFICATE DATED JANUARY 22, 2013 WHICH READS AS FOLLOWS:

- 1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

- 2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
- a. THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c. THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE
- 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS. NOT APPLICABLE
- 6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS. NOT APPLICABLE
- 7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE © AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE
- 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/ LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF SEBI REGULATIONS.

- 10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- 11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- 12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - a. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - b. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- 13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- 14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC. AS ANNEXURE V.
- 15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY AS ANNEXURE VI.
- 16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. NOT APPLICABLE

THE FILING OF DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED RIGHTS ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER."

Caution / Disclaimer clause of the Issuer and the Lead Manager

The Issuer and the Lead Manager accepts no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his / her / their own risk.

Investor who invest in the Issuer will be deemed to have been represented by the Issuer and Lead Manager and their respective Directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with SEBI.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations there under. The distribution of the Letter of Offer and the Issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons in whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Haryana, India only.

Listing

The Equity Shares of the Company are listed on the Delhi Stock Exchange Limited (DSE) since September 10, 1996. The company has made application to DSE for permission to deal in and for an official quotation in respect of the securities being offered in terms of Letter of Offer.

The Company has received in-principle approval from the DSE by letter dated July 29, 2013. The company will apply to DSE for listing of the securities to be issued pursuant to this issue.

If such money is not repaid within eight days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest, as prescribed under Section 73 of the Companies Act 1956.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of this Issue will be **Delhi Stock Exchange Limited (DSE)**.

Disclaimer Clause of the Delhi Stock Exchange Limited (DSE)

Delhi Stock Exchange Ltd. has given its no objection to the company vide its letter dated July 29, 2013 to use the name of the Exchange in this Offer Document as one of the Stock Exchanges on which the company's securities are proposed to be listed. The Delhi Stock Exchange has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the company.

Delhi Stock Exchange does not in any manner

- (a) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document.
- (b) Warrant that this company's securities will be listed or continue to be listed on DSE.
- (c) Take any responsibility for the financial or other soundness of this company, its Promoters, the Management or any scheme Or project of this company,

and it should not be, for any reason be deemed or construed that this Offer Document has been cleared or approved by DSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent enquiry, investigations and analysis and shall not have any claim against DSE, whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated in the Offer Document or any other reason whatsoever.

Filing

The Letter of Offer was filed with SEBI, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi - 110001. All legal requirements applicable till date of filing this Letter of Offer with the Stock Exchange have been complied with.

A copy of the Letter of the Offer, required to be filed under the SEBI Regulations would be filed with all the Stock Exchange(s) where the equity shares of our Company are listed.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below:

“Any person

- a. who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or*
- b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”*

Dematerialised Dealing

The Company has agreements dated February 6, 2002 and February 20, 2002 with NSDL and CDSL respectively and its Equity Shares bear the ISIN No. INE717E01013.

Consents

Consents in writing of the Auditors of the Company, Lead Manager to the Issue, Registrar to the Issue to act in their respective capacities have been obtained and filed with SEBI, along with a copy of the Draft Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the Stock Exchange. The Auditors of the Company have given their written consent for the inclusion of their

Report in the form and content as appearing in this Draft Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the stock exchange.

To the best of the Company's knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by the Company.

Expert Opinion, if any

Save and except as indicated elsewhere in this Letter of Offer, no other expert opinion has been obtained by the Company.

Issue Expenses

The other expenses of the Issue payable by the Company including, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at Rs. 19.50 Lakhs (around 3.93 % of the total Issue size) and will be met out of the proceeds of the Issue. The following table provides a break up of estimated issue expenses:

Category	Estimated expenses (Rs. in lakhs)	% of the Issue expenses	% of total Issue size
Fees to the Lead Manager	6.00	30.77	1.21
Fees to the Registrar to the Issue	1.50	7.69	0.30
Advertising, Publicity and Stationery Expenses , dispatch	6.00	30.77	1.21
Contingency & Other Expenses including Stamp duty, Statutory fees, Listing Fees, Depository Charges etc	6.00	30.77	1.21
Total	19.50	100	3.93

Underwriting Commission, Brokerage and Selling Commission:

Since the Issue is not being underwritten, no underwriting commission, brokerage and selling commission are paid or payable.

Previous Public or Rights issues, if any during the last five years:

Nil

Previous issues of securities otherwise than for cash:

Nil

Commission or brokerage on previous issues:

Not Available

Neither Talbros Engineering Limited nor any other listed group- company/ subsidiary/ associate made any capital issue during the last three years.

Performance vis-à-vis objects

Talbros Engineering Limited

- a) Details of all the public/rights issues made during the period of ten years immediately preceding the date of filing the offer document with the SEBI, along with the year of issue.
Nil
- b) Performance vis-à-vis objects - Last three issues of the Talbros Engineering Limited during the period of ten years immediately preceding the date of filing offer document with the Board were met.
Not Applicable
- c) Details of non-achievement of objects.
Not Applicable

Listed Group Companies of Talbros Engineering Limited – Not Applicable

Details of all Outstanding debentures or bonds and redeemable preference shares and other instruments issued by Talbros Engineering Limited outstanding as on the date of offer document.

Nil

Stock market data for equity shares of Talbros Engineering Limited

Our Equity shares were last traded on DSE on October 15, 1996 at Rs. 35 per share. All the information as stated below must be read in context of this fact.

a.	High, low and average market prices of the share of the Company during the preceding three years	Our shares are not actively traded
b.	Monthly high and low prices for the six months preceding the date of filing the offer document with the SEBI	Our shares are not actively traded
c.	Number of shares traded on the days when high and low prices were recorded in the relevant stock exchange(s) during the said period of (a) and (b) above.	Our shares are not actively traded
d.	The market price immediately after the date on which the resolution of the board of directors approving the issue was approved	Not Available. Our shares are not actively traded
e.	The volume of securities traded in each month during the six months preceding the date on which the offer document is registered with the Stock Exchange	Not Available. Our shares are not actively traded

Mechanism evolved for redressal of investor grievances in the Company

Details of the arrangements or mechanism evolved by the issuer for redressal of investor grievances.

The Company's share transfer work and investor grievances are handled by the share transfer agent appointed by the Company. The Practicing Company Secretary looks after these matters and monitors the investors complaints. On receipt of the letter from shareholder, the transfer agent examines the record. Individual replies are sent to the investors on receipt of their complaints.

Details of the number of investor complaints received during the three years preceding the filing offer document with the SEBI and the number of complaints disposed off during that period.

Period	Investor complaints received	Complaints disposed off
October 2010-December 2010	01	01
January 2011 – March 2011	NIL	NIL
April 2011 – June 2011	NIL	NIL
July 2011 – September 2011	01	01
October 2011 – December 2011	NIL	NIL
January 2012 – March 2012	01	01
April 2012 – June 2012	NIL	NIL
July 2012 – September 2012	NIL	NIL
October 2012-December 2012	01	01
January 2013-March 2013	Nil	Nil
April 2013-June 30, 2013	2	2
July 30, 2013-September 30, 2013	Nil	Nil
Total	06	06

Details of the number of investor complaints pending on the date of offer document with the Board.

Nil

Details of the number of investor complaints pending on the date of filing offer document with the SEBI in respect of the five largest (in terms of market capitalization) listed group companies.

Nil

Details of the time normally taken for disposal of various types of investor grievances.

The nominal time taken by the Company for disposal of investor grievance is as follows:

	Nature of Complaint/Grievance	Redressal Time
i.	Share transfer	7-20 days
ii.	Non-receipt of share certificate	7-20 days
iii.	Non-receipt of dividend	7-20 days
iv.	Non-receipt of Annual Report	2-10 days
v.	Transmission	7-20 days
vi.	Name correction	7-20 days
vii.	Change of address	4-10 days

Details of Change, if any, in the auditors of Talbros Engineering Limited during the last three years, and reasons, thereof.

Nil

Details of Capitalization of reserves or profits (during last five years) by Talbros Engineering Limited.

Nil

Details of Revaluation of assets, if any (during the last five years) by Talbros Engineering Limited.

Nil

SECTION VIII- OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares now being offered are subject to the provisions of the Companies Act, 1956 and the terms and conditions of this Letter of Offer, the Abridged Letter of Offer, the CAF, the Memorandum and Articles of Association of the Company, the approvals from the Government of India, FIPB and RBI, if applicable, Regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and / or other statutory authorities and bodies from time to time, Listing Agreements entered into by the Company with Stock Exchanges, terms and conditions as stipulated in the allotment advise or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time.

Ranking of equity shares

The Equity Shares allotted pursuant to Letter of Offer shall rank pari-passu in all respects with the existing fully paid up Equity Shares of the Company including in respect of dividend, if any, declared by the Company, for the financial year, in which these Equity Shares are allotted.

Mode of payment of dividend

The dividend is paid to all the eligible shareholders in terms of the provisions of the Companies Act, 1956 with regard to payment of dividend. The unclaimed dividend if any are transferred to Investor Protection Fund as prescribed under the Act.

Face value

Each Equity Share shall have the face value of Rs. 10/-.

Issue Price

Equity Share of face value of Rs. 10/- each is being offered at a premium of 34 per share through this Issue.

Terms of payment

Due date	Face Value	Premium	Total
On application (Rs.)	10/-	34/-	44/-
Total (Rs.) →	10/-	34/-	44/-

Where an applicant has applied for additional equity shares and is allotted lesser number of equity shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within fifteen days from the closure of the Issue, and if there is a delay beyond eight days from the stipulated period, our Company will pay interest on the monies in terms of the section 73 of the Companies Act.

Principal terms and conditions of the Issue: Equity Shares

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For Equity Shareholders wishing to apply through ASBA process for rights issues, kindly refer section titled “Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process” on page no. 166 of this Letter of Offer.

Rights entitlement ratio

As your name appears as beneficial owner in respect of Equity Shares held in electronic form or appear in the register of members as an Equity Shareholder of the Company on Record Date, you are entitled to the number of Equity Shares set out in Part A of the enclosed CAF.

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 8 Equity Shares for every 10 Equity Share held as on Record Date.

Fractional entitlements

The equity shares are being offer on the Rights basis to the Existing equity shareholders of our company in the ratio of 8 Equity Shares of every 10 equity Shares held on the record date. For the Equity shares being offered on the Right basis under this Issue, if the shareholding of any equity shareholders is less than 10 Equity Shares or is not in multiple of 10, the Fractional Entitlement of such Equity shareholders shall be ignored for computation of the Rights Entitlement. However, Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the allotment of one additional Equity Share each, if such Equity Shareholder have applied for additional equity shares

Arrangement for Odd Lot Equity Shares

The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder.

Market lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one. However, since the Equity Shares of the Company are listed on DSE on which there has been no trading during the last 8 years, therefore, there has been no trading in the Equity Shares of the Company also.

In case of holding in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate"). In respect of the Consolidated Certificate, the Company will, upon receipt of a request from the Equity Shareholder, split such Consolidated Certificate into smaller denomination within one month's time from the request of the Equity Shareholder in accordance with the provisions of the Articles of Association.

Nomination facility

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires change in the nomination, they are requested to inform their respective DP.

Restrictions on transfer and transmission of shares and on their consolidation / splitting

There are no restrictions on transfer and transmission and on their consolidation / splitting of shares issued pursuant to this Issue.

Minimum Subscription

If the Issuer does not receive the minimum subscription of ninety percent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the Issue. If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), the company will pay interest for the delayed period, at rates prescribed under subsections (2) and (2A) of Section 73 of the Companies Act, 1956.

The Issue will become under-subscribed, if the number of shares applied for falls short of the number of shares offered, after considering the number of shares applied for as per the entitlement plus additional shares.

For further details please refer to section titled "Basis of Allotment" beginning on page 172 of this Letter of Offer.

Joint-Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

Offer to non-resident equity shareholders / applicants

Applications received from NRIs and non-residents for allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of receipt and refund of application moneys and the allotment of Equity Shares, issue of letter of allotment / share certificates, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of the Equity Shares, payment of dividend etc. to the non-resident shareholders. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

FII's will not need permission of the FIPB / RBI for investment in the Issue to the extent of their Rights Entitlement. However, in case of applications from such entities in excess of their Rights Entitlement, allotment will be subject to restrictions under applicable laws, including existing ceilings on FII holdings in the Company and the sectoral caps on FDI in the Company, as applicable.

Letter of Offer and CAF to non resident Equity Shareholders shall be dispatched only to their address mentioned in the Register of Members in India as provided under Section 53 of the Companies Act.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation and one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation at the place where registered office of the Company is situated and / or will be sent by ordinary post to the registered holders of the Equity Share from time to time.

Issue of duplicate equity share certificate

If any Equity Share certificate(s) is / are mutilated or defaced or the cages for recording transfers of Equity Shares are fully utilized, the Company against the surrender of such certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any Equity Share certificate(s) is / are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity / surety and / or such other documents as the Company may deem adequate, duplicate Equity Share certificate(s) shall be issued.

Option to subscribe Equity Shares in dematerialized form

Applicants to the Equity Shares of the Company issued through this Issue shall be allotted the securities in dematerialized form at the option of the applicant. The CAF shall contain space for indicating number of shares applied for in demat and physical form or both. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and/or dematerialized form should be made.

Responsibility for correctness of information filled in the CAF vis-à-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.

The Equity Shares pursuant to this Offer allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice / refund order, if any would be sent directly to the applicant by the Registrar to the Issue. Renounees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue in demat form. In case these details are incomplete or incorrect, the application is liable to be rejected.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM. HOWEVER, THE SHARES OF THE COMPANY ARE LISTED ON DSE ON WHICH THERE HAS BEEN NO TRADING DURING LAST 8 YEARS.

ISSUE PROCEDURE

The CAF would be printed in black ink for all shareholders. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, Beetal Financial and Computer Services Private Limited, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. The applicant can renounce the right to apply for equity shares offered either in full or in part in favour of any other person or persons. Such renounees can only be in favour of Indian Nationals / Limited Companies incorporated under and governed by the Act, statutory corporations / institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust / society is authorised under its constitution / bye laws to hold equity shares in a company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Letter of Offer could be illegal or require compliance with securities laws.

Option available to the Equity Shareholders

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. Equity Shareholder shall have the following options:

- Apply for his entitlement in full;
- Apply for his entitlement in full and apply for additional Equity Shares;
- Apply for his entitlement in part;
- Apply for his entitlement in part and renounce the other part;
- Renounce his entire entitlement.

Additional equity shares

The equity shareholders are eligible to apply for additional equity shares provided the applicant has applied for all the equity shares offered to him without renouncing them in full or in part.

The application for the additional equity shares shall be considered and allotment shall be made at the sole discretion of the Board and in consultation if necessary with the Designated Stock Exchange. This allotment of additional equity shares will be made on equitable basis with reference to number of shares held by the applicant on the Record Date.

Renounees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Renunciation

This Issue shall be deemed to include a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons subject to the approval of the Board. Such renounees can only be Indian Nationals (including minor through their natural / legal guardian) / limited companies incorporated under and governed by the Act, statutory corporations / institutions, trusts (registered under the Indian Trust Act), societies (registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution / bye laws to hold equity shares in a company and cannot be a partnership firm, foreign nationals or nominees of any of them (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Letter of Offer could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by the Board.

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s) / renounee(s) obtaining the approval of the FIPB and / or necessary permission of the RBI under the Foreign Exchange Management Act, 1999 (FEMA) and other applicable laws, as may be required and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approval are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of renounees, shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s). Your attention is drawn to the fact that the Company shall not allot and / or register any Equity Shares in favor of:

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company)

The right of renunciation is subject to the express condition that the Board / Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renouncee(s) without assigning any reason thereof.

Procedure for renunciation

To renounce the whole offer in favour of one renouncee

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favor renunciation has been made should complete and sign Part C of the CAF. In case of joint renouncees, all joint renouncees must sign Part C of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

Please note that:

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Issue has been made. If used, this will render the application invalid.
- Request by the applicant for the Split Application Form should reach the Company on or before February 14, 2014.
- Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

How to Apply

Applications should be made on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given elsewhere in the Letter of Offer. Payment should be made by cheque / bank draft / drawn on any Bank (including a Co-operative Bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is submitted and which is participating in the clearing at the time of submission of the application. Outstation cheques / money orders / postal orders will not be accepted and CAFs accompanied by such cheques / money orders / postal orders are liable to be rejected.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares
- Part B: Form for renunciation

- Part C: Form for application for renounees
- Part D: Form for request for split application forms

Option	Option Available	Action Required
A.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
B.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
C.	Renounce your entitlement in full to one person (Renounee) (Joint renounees not exceeding three are considered as one renounee).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand over the entire CAF to the renounee. The renounees must fill in and sign Part C of the CAF (All joint renounees must sign)
D.	1. Accept a part of your entitlement and renounce the balance to one or more renounee(s) OR 2. Renounce your entitlement to all the Equity Shares offered to you to more than one renounee	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1). (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand over the split CAFs to the renounees. (iii) Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them.
E.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renounees must fill in & sign Part C.

For applicants residing at places other than designated Bank Collecting branches.

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post / speed post to the Registrars to the Issue, alongwith bank drafts, net of bank charges and postal charges, payable at New Delhi in favor of “TEL - Rights Issue” crossed “A/c Payee only” so that the same are received on or before closure of the Issue (i.e. March 01, 2014). The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue, are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below.

All application forms duly completed together with cheque / demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrars not having any liabilities to such applicants.

Non-resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment / certificates / payment of dividends etc. The Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.

Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Indian Mutual Fund registered with SEBI and such applications in respect of more than one scheme of the Indian Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Rights Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Applications by Non Resident Indians

1. CAFs have been made available for eligible NRIs at our Registered Office, Registrar to the Issue and with the Lead Manager.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. Thus in case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.

Request for Split Forms

- Request for split forms should be addressed to the Registrar to the Issue so as to reach them on or before the last date for receiving of request for split forms by filling in Part D of the CAF.
- Requests for Split Forms will be entertained only once.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Talbros Engineering Limited.
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number / DP ID No. and Client ID No.
- Number of shares held as on Record Date
- Certificate numbers and distinctive numbers, if held in physical form.
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for out of entitlement
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Amount paid on application at the rate of Rs. 44 per Equity Share of face value of Rs. 10/- each (including Rs. 34 towards securities premium)
- Particulars of cheque / draft
- Savings / Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order
- In case of Non Resident Shareholders, NRE / FCNR / NRO account no., name and address of the Bank and branch should be given
- PAN number of the applicant and in case of joint applicants, for each of the applicant, irrespective of the total value of the equity shares applied pursuant to this issue except for applications on behalf of the Central or State Government and the officials appointed by the Courts.
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company and
- Payments in such cases, should be through a cheque / demand draft payable at New Delhi be drawn in favor of "TEL - Rights Issue" and marked "A/c payee only" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favor of "TEL - Rights Issue NR" in case of non-resident shareholders applying on repatriable basis and marked "A/c payee only".

Please note that those who are making the application on plain paper shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Application under Power of Attorney

In case of application under power of Attorney or by Limited Companies or Bodies Corporate or Societies registered under the applicable laws, a certified copy of the Power of Attorney or the relevant authority, as the case may be, along with the certified copy of Power of Attorney or the relevant authority, as the case may be, along with the certified copy of Memorandum & Article of Association or Bye-Laws, as the case may be, must be lodged separately by registered post at the office of the Registrar to the Issue simultaneously with the submission of the CAF, indicating the serial number of CAF and the name of the bank and the branch office where the application is submitted within 10 days of closure of the offer, failing which the application is liable to be rejected. In case the Power of Attorney is already registered with the company, then the same need not be furnished again. However, the serial number of the Registration under which the Power of Attorney has been registered with the Company must be mentioned below the signature of the Applicant.

Quoting of Permanent Account Number in the application forms

In terms of circular No. SEBI/CFD/DIL/DIP/28/2007/29/11 dated November 29, 2007, every applicant shall disclose the Permanent Account Number (PAN), allotted under the Income Tax Act, 1961, in the application form, irrespective of the amount for which application is made. Application forms without this information will be considered incomplete and are liable to be rejected. However the applications on behalf of the Central or State Government and the officials appointed by the courts are exempted from the said requirements.

Last date of application

The last date for receipt of the duly filled in CAF by the Bankers to the Issue, together with the amount payable on application is March 01, 2014.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section entitled "Basis of Allotment" on Page No. 172.

Incomplete Application

CAF's, which are not complete or are not accompanied with the application money amount payable, are liable to be rejected.

Mode of payment for Resident Shareholders / Applicant

Payment(s) must be made by cheque/demand draft and drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the Bankers' Clearing House located at the centre where the CAF is submitted. A separate cheque/draft must accompany each CAF. Only one mode of payment should be used. Money orders, postal orders and outstation cheques will not be accepted and applications accompanied by any such instruments will be rejected. Shareholders/Applicants residing at places other than those mentioned in the CAF and applicants who wish to send their applications but not having collection centres should send their application by Registered Post, only to the Registrar to the Issue enclosing a Cheque / Demand draft, net of bank charges and postal charges, drawn on a clearing Bank and payable at New Delhi only before the closure of the issue.

Such cheque / drafts should be payable to "TEL - Rights Issue". All cheque/ drafts must be crossed 'A/c Payee only'. No receipt will be issued for the application money received. However, the Collection Centre receiving the application will acknowledge receipt of the application by stamping and returning the acknowledgement slip at the bottom of each CAF. The Company is not responsible for any postal delay/ loss in transit on this account.

Mode of payment for Non-Resident Equity Shareholders/ Applicants

As regards the application by non-resident Equity Shareholders, the payment must be made by demand draft / cheque payable at New Delhi/Mumbai depending upon the place where the application is submitted (net of demand draft charges and postal charges) or funds remitted from abroad in any of the following ways:

1. Application with repatriation benefits

- (a) By Indian Rupee drafts purchased from abroad and payable at New Delhi/Mumbai depending upon the place where the application is submitted or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- (b) By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained and drawn on New Delhi/Mumbai depending upon the place where the application is submitted; or
- (c) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable at New Delhi/Mumbai depending upon the place where the application is submitted; or
- (d) FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- (e) Non resident investors applying with repatriation benefits should draw cheques / drafts in favour of “**TEL - Rights Issue NR**” payable at New Delhi/Mumbai depending upon the place where the application is submitted and must be crossed “account payee only” for the full application amount.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected. In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF.

In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor’s Bankers.

2. Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in New Delhi/ Mumbai depending upon the place where the application is submitted or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at New Delhi/Mumbai depending upon the place where the application is submitted. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

All cheques/demand drafts submitted by nonresidents applying on Non-Repatriation basis should be drawn in favour of the Bankers to the Issue and marked “**TEL - Rights Issue**” payable at New Delhi/Mumbai depending upon the place where the application is submitted and must be crossed “Account Payee only” for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF. Applicants may note that where payment is made by drafts purchased from NRE / FCNR / NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE / FCNR / NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Note:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to IT Act.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines / rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.
- Our Company is not responsible for any delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected.
- Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.
- Renounees who are NRIs/FIIs/Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque/demand draft payable at New Delhi so that the same are received on or before the closure of the Issue.

Investments by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

APPLICATIONS WILL NOT BE ACCEPTED BY THE LEAD MANAGER OR THE COMPANY**Rights Entitlement**

As your name appears in the Register of Members of the Company on the Record Date, you are entitled to this Rights Offer on the basis mentioned above. The number of equity shares to which you are entitled as a Shareholder of the company is shown in part A of the CAF.

Bank details of the applicant

The applicant must fill in the relevant column in the CAF giving particulars of saving Bank / Current Account Number and the Name of the Bank with whom such account is held, to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the name of the Payees. Please note that provision of Bank Account details has now been made mandatory and applications not containing such details are liable to be rejected.

Application number on the Cheque or Demand Draft

To avoid any misuse of instruments, the applicants are advised to write the application number and name of the first applicant on the reverse of the cheque/demand draft.

General instructions for applicants

All applications should be made on the printed CAF provided by the Company and should be complete in all respects. Applications, which are not complete in all respects or are made otherwise than as herein provided or not accompanied by proper application money in respect thereof will be refunded without interest.

- Please read the instructions in the enclosed CAF carefully.
- All communications in connection with your application for the equity shares including any change in your registered address should be addressed to the registrar to the issue.
- Application Forms must be filled in ENGLISH in BLOCK LETTERS.
- Signatures should be either in English or Hindi or the languages specified in the Eighth Schedule to the Constitution of India. Signatures other than in the aforementioned languages or thumb impressions must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal.
- In case of Joint Holders, all joint holders must sign the relevant parts of the Application Form in the same order and as per the specimen signatures recorded with the Company.
- In case of joint applicants, refunds and all payments will be made to the person whose name appears first on the application form and all communications will be addressed to him/her. To prevent any fraudulent encashment of refund orders by third parties, the Sole/First Applicant must indicate Saving / Current Account number and the name of the bank and its branch with whom such account is held in the space provided in the CAF for the purpose so that Refund Orders are printed with these details after the name. Applications without this information are liable to be rejected.
- The Application Form should be presented to the Bank in its entirety. If any of the Part(s) A, B, C and D of the Application Form(s) is /are detached or separated, such application will forthwith be rejected.
- All shareholders must submit the CAF along with remittance only to the Bankers to the Issue mentioned elsewhere in this Letter of Offer and not to the Company, the Registrar or the Lead Manager.
- Any dispute or suit action or proceedings arising out of or in relation to this Letter of Offer or in respect of any matter or thing herein contained and claimed by either party against the other shall be instituted or adjudicated upon or decided solely by the appropriate Court where Registered Office of the Company is situated.
- The last date for receipt of CAF alongwith the amount payable is March 01, 2014. If the CAF together with the amount payable thereunder is not received by the bankers to the issue on or before the closure of the banking hours on the aforesaid date, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose the Rights hereby offered. For further instructions please read CAF carefully.

Grounds for technical rejection

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of first applicant not given;
- Except for CAFs on behalf of the Central or State Government and the officials appointed by the Courts PAN not given irrespective of the amount of application;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renounees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by US persons;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety. Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Shareholder do not exceed the applicable limits under laws or regulations.

The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations.

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned link.

ASBA Process

An ASBA Investor can submit his application through CAF / plain paper, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Investor or bank account utilised by the ASBA Investor is maintained. The SCSB shall block an amount equal to the application amount in the ASBA Account specified in the CAF, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the CAF. The application data shall thereafter be uploaded by the SCSB in the web enabled interface of the Stock Exchanges as prescribed under circular issued by SEBI -SEBI/CFD/DIL/DIP/38/2009/08/20 dated August 20, 2009 or in such manner as may be decided in consultation with the Stock Exchanges. The amount payable on application shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the amount against the allocated Equity Shares to the separate account opened by the Company for Rights Issue or until failure of the Issue or until rejection of the ASBA application, as the case may be. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Investors to the separate account opened by the Company for Rights Issue. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Please note that since the shares of the Company are listed on DSE, therefore, the Company has taken the platform from BSE Limited for accepting the applications through ASBA Process.

The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

“Please note that in terms of **SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011** QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process provided such applicants are eligible ASBA Investor.”

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Shareholders of the Company on the Record Date and who:

- Is holding Equity Shares in dematerialised form and has applied for entitlements or additional Securities in the Issue in dematerialised form;
- Have not renounced his entitlements in full or in part;
- Are not renouncees
- Who applies through a bank account with one of the SCSBs.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their entitlement on the Record Date for the Issue. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars:

- Name of the issuer, being Talbros Engineering Limited;
- Name and address of the Equity Shareholder, including any joint holders;
- Registered folio number / DP ID number and client ID number;
- Number of Equity Shares held as on the Record Date;
- Rights Entitlement;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Savings / Current Account Number alongwith name and address of the SCSB and Branch from which the money will be blocked ;
- The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary

evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;

- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- In case of Non Resident Shareholders, NRE / FCNR / NRO A/c no., name and address of the SCSB and Branch
- In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:
 - A) That he / she is an ASBA Investor as per the SEBI ICDR Regulations and
 - B) That he / she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his / her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by the Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc

The Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

If an applicant makes an application in more than one mode i.e both in the Composite Application Form and on plain paper, then both the applications may be liable for rejection.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAF sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date.

Mode of payment

The Shareholder applying under the ASBA Process agrees to block the entire amount payable on application (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB. After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act, 1956. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

“Please note that in terms of **SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011** QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process provided such applicants are eligible ASBA Investor.”

Options available to the Shareholder applying under the ASBA Process

The summary of options available to the Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF received from Registrar:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
2.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

The Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required details as mentioned therein. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

The equity shareholder is eligible to apply for additional Equity Shares over and above the number of Equity Shares that he is entitled too, provided that he has applied for all the Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 172 of this Letter of Offer.

If you desire to apply for additional shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

Renunciation under the ASBA Process

Renounees cannot participate in the ASBA Process.

Last date of Application

The last date for submission of the duly filled in CAF is March 01, 2014. The Issue will be kept open for a period of 30 (Thirty) days. If the CAF together with the amount payable is not received by the SCSB on or before the close of banking hours on the aforesaid last date, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under "Basis of Allotment" on page 172 of this Letter of Offer.

Option to receive Securities in Dematerialized Form

SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.

Issuance of Intimation Letters

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF / plain paper and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.
- (c) The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application except for applications on behalf of the Central or State Government and the officials appointed by the Courts. CAFs / plain paper application without PAN will be considered incomplete and are liable to be rejected.

- (e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Thumb impression and Signatures other than in English or Hindi must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF /plain paper application as per the specimen signature recorded with the Company / Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Shareholder, folio numbers and CAF number.
- (i) Only the person or persons to whom Securities have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

Do's:

- (a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under the para "Application on plain paper" appearing under the procedure for application under ASBA.
- (b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- (c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (d) Ensure that the CAF / plain paper application is submitted at the SCSBs whose details of bank account have been provided in the CAF / plain paper application.
- (e) Ensure that you have mentioned the correct bank account number in the CAF / plain paper application.
- (f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price per Equity Shares as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF / plain paper application before submitting the CAF to the respective Designated Branch of the SCSB.
- (g) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.
- (h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF / plain paper application in physical form.
- (i) Except for bids on behalf of the Central or State Government and the officials appointed by the Courts, each applicant should mention their Permanent Account Number ("PAN") allotted under the Income Tax Act.
- (j) Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF / plain paper application.
- (k) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- (a) Do not apply on duplicate CAF after you have submitted a CAF / plain paper application to a Designated Branch of the SCSB.
- (b) Do not pay the amount payable on application in cash, money order or by postal order.
- (c) Do not send your physical CAFs / plain paper application to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (e) Do not instruct their respective banks to release the funds blocked under the ASBA Process.

"Please note that in terms of **SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011** QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process provided such applicants are eligible ASBA Investor."

Grounds for Technical Rejection for ASBA Process:

In addition to the grounds listed under “Grounds for Technical Rejection” mentioned on page 166 of this Letter of Offer, applications under ASBA Process may be rejected on following additional grounds:

- (a) Application for entitlements or additional shares in physical form.
- (b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.
- (c) Sending CAF / plain paper application to the Lead Manager / Issuer / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- (d) Renounee applying under the ASBA Process.
- (e) Insufficient funds are available with the SCSB for blocking the amount.
- (f) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.
- (g) Account holder not signing the CAF / plain paper application or declaration mentioned therein.
- (h) Application on split form.

“Please note that in terms of **SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011** QIB applicants and other applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process provided such applicants are eligible ASBA Investor.”

Depository account and bank details for Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION.

Shareholders applying under the ASBA Process should note that on the basis of name of these Shareholders, Depository Participant’s name and identification number and beneficiary account number provided by them in the CAF / plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of these Shareholders such as address, bank account details for printing on refund orders / advice and occupation (“Demographic Details”). Hence, Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.

These Demographic Details would be used for all correspondence with such Shareholders including mailing of the letters intimating unblock of bank account of the respective Shareholder. The Demographic Details given by Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAF / plain paper application, the Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Shareholders applying under the ASBA Process and none of the SCSBs, Company or the Lead Manager shall be liable to compensate the Shareholder applying under the ASBA Process for any losses caused to such Shareholder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, account number of the ASBA Bank Account and the Designated Branch or the collection centre of the SCSB where the CAF / plain paper application was submitted by the ASBA Investors.

BASIS OF ALLOTMENT

The basis of allotment shall be finalized by the Committee of Directors of the Company authorized in this behalf by the Board of the Company. The Committee of Directors will proceed to allot the equity Share in consultation with Designated Stock Exchange in the following order of priority.

- a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has / have applied for Equity Shares renounced in their favor, in full or in part.
- b) For equity shares being offered on rights basis under this issue, if the shareholding of any of the equity shareholder is less than 10 equity shares or is not in multiple of 10, the fractional entitlement of such holders will be ignored. Shareholders whose fractional entitlements are ignored would be given preference for allotment of one additional equity share, if they apply for additional shares. Allotment under this head shall be considered if there are any unsubscribed equity shares after allotment under (a) above. If the number of equity shares required for allotment under this head are more than number of shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- c) Equity Shareholders who having applied for all the Equity Shares offered to them and have also applied for additional Equity Shares, the allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The allotment of such Equity Shares will be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- d) Allotment to the renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a), (b) and (c) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the Issue and not as preferential allotment.
- e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b) (c) and (d) above.
- f) The Company shall not retain any over-subscription.

After taking into account allotment to be made under (a), (b) (c) and (d) above, if there is any unsubscribed portion, then the same shall be underwritten by the underwriter appointed for the Issue to the extent of the entitlement of the public shareholders.

Underwriting

There is no underwriting arrangement.

Allotment / Refund Order

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

In case of those applicants who have opted to receive their Rights Entitlement in physical form, the Company will issue the corresponding share certificates under section 113 of the Companies Act or other applicable provisions, of any.

The allotment advice/letters of allotment and refund orders for Applicants not applying through ASBA process will be sent by registered post / speed post or through such other mode that may be permitted, to the sole/first applicant's registered address in India. Such refund orders will be payable at par at all places where the

applications were originally accepted. The same will be marked "A/c payee only" and will be drawn in favor of the sole/first applicant.

Adequate funds will be made available to the Registrar to the Issue for this purpose.

The Company shall ensure at par facility is provided for encashment of refund orders / pay orders at the places where applications are accepted.

Mode of payment of refund

Applicants should note that on the basis of name of the applicants, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Composite Application Form, the Registrar to the Issue will obtain from the Depositories, the applicant's bank account details including nine digit MICR code. Hence, applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant's sole risk and neither the Lead Manager nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS - Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. Our Company in consultation with the Lead Managers may decide to use NEFT as a mode of making refunds. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational\ feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.
3. Direct Credit - Applicants having bank accounts with the Refund Banker(s), in this case being, Punjab National Bank shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
4. RTGS - Investors desirous of taking direct credit of refund through RTGS, will have to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed post/ registered post or through such other mode that may be permitted. Such refunds will be made by cheques, pay orders or demand drafts drawn on Punjab National Bank and payable at par.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on the refund orders.

Bank account particulars will be printed on the refund orders, which can then be deposited only in the account specified. In case the share held in demat mode, such bank account particulars will be obtained from the Depository.

The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Interest in case of delay on allotment / dispatch

The Company will issue and dispatch allotment advice / share certificates / demat credit and/ or letters of rejection along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Companies Act.

Disposal of application and application money

No receipt will be issued for the application moneys received. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF / application on plain paper will acknowledge its receipt. In the event of shares not being allotted in full, the excess amount paid on application will be refunded to the applicant within 15 days of the Issue Closing date.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within 15 days from the close of the Issue in accordance with section 73 of the Act.

Undertakings by the Company

1. The complaints received in respect of the Issue would be attended to be as expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of Basis of Allotment.
3. The funds required for making refund to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrars to the Issue by the Issuer
4. That where the refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 15 days of the closure of the issue giving details of the Bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangement shall be made to collect all ASBA applications and to consider them similar to Non-ASBA applications while finalizing the basis of allotment
6. The dispatch of Share Certificates / refund orders and demat credit is completed and the allotment and listing documents will be submitted to the Stock Exchanges within the prescribed time.
7. The certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within specified time
8. The Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the date of closure of the Issue for the period of delay beyond 8 days from the day the Company becomes liable to pay.
9. No issue of securities shall be made till the securities offered through this Letter of Offer are listed or application moneys refunded on account of non-listing / under subscription.
10. The Company undertakes that it shall comply with such disclosure, monitoring of the utilisation of proceeds of the Issue and accounting norms specified by SEBI from time to time.
11. The Company undertakes that at any given time, there shall be only one denomination for the equity shares of the issuer.

Utilisation of Issue Proceeds

The Board of Directors declares that:

1. all monies received out of issue of specified securities to public shall be transferred to separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act.
2. details of all monies utilised out of the issue referred to in clause (1) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies has been utilised.
3. details of all unutilised monies out of the issue of specified securities referred to in clause (1) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The funds received against this Issue will be kept in a separate bank account. Our Company will utilize the issue proceeds only after the basis of allotment is finalized in consultation with the Designated Stock Exchange.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below

- a) *“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or*
- b) *otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”*

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed 'Talbro Engineering Limited-Rights Issue' on the envelope) to the Registrar to the Issue at the following address:

BEETAL FINANCIAL & COMPUTER SERVICES PRIVATE LIMITED

BEETAL House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre, New Delhi-110062.

Contact Person: Mr. Punit Mittal

Ph.: 011-29961281/82/83; **Fax:** 011-29961284

Email: beetalrta@gmail.com

SEBI Regn. No.: INR 000000262

It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled 'Risk Factors' beginning on page 9 of this Letter of Offer.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA.

While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a nonresident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI Takeover Regulations, 2011 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines/regulations prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

SECTION IX-MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

(THE COMPANIES ACT, 1956)

(PUBLIC COMPANY LIMITED BY SHARES)

ARTICLES OF ASSOCIATION

OF

TALBROS ENGINEERING LIMITED

<p>1. The Regulations contained in Table 'A' in Schedule I to the Companies Act, 1956, as amended from time to time shall apply to the Company unless contrary to the provisions in these Articles.</p>	<p>Application of Table "A"</p>
<p>INTERPRETATIONS</p> <p>2. Unless in these Articles there be something in the context or subject inconsistent therewith:</p> <p>a) "The Company" or "this Company" means the above named Company.</p> <p>b) "The Act" means the Companies Act, 1956</p> <p>c) "The Office" means the Registered Office for the time of the Company.</p> <p>d) "The Register" means the Register of Members of the Company</p> <p>e) "Dividend" includes bonus.</p> <p>f) "Director" means a Director for the time being of the Company.</p> <p>g) "Board of Director" or "Board" means the Board of Directors for the time being of the Company.</p> <p>h) "Person" includes a Corporation and a firm.</p> <p>i) "In Writing or Written" includes words printed, lithographed or otherwise pre-presented or reproduced by any mode in a visible form.</p> <p>j) Words imparting the singular number include the plural number and vice-versa.</p> <p>k) Words imparting masculine gender include the feminine and neutral gender and vice-versa.</p> <p>l) All other words or expressions herein used shall, unless repugnant to the subject or context thereof bear the same meaning as in the Act or Regulations contained in Table "N of the Schedule I to the Act.</p> <p>m) Any reference to the Act or to the Companies Act, 1956, shall be deemed to include reference to any statutory modification or reenactment thereof for the time being in force, and any reference to any section or provision of the Act or the Companies Act, 1956 shall be deemed to include reference to the relative Section or provision in the modified or re-enacted statute.</p> <p>n) Any reference to Table "A" or Schedule I to the Act or to the Companies Act, 1956, shall be deemed to include reference to the relative Table, Schedule or equivalent in any statutory modification or re-enactment thereof, and any reference to any Regulation or provision of table "A" or Schedule I to the Act or to the Companies Act, 1956 shall be deemed to include reference to the relative Regulation or provision in the modified or re-enacted Table.</p> <p>2A (1) (a) "Member" means the duly registered holder from time to time of the shares of the company and includes every person whose name is entered as a beneficial owner in the records maintained by a Depository under the Depositories Act, 1996.</p> <p>(b) "Beneficial Owner" shall mean a person or persons whose name(s)-is/are recorded as</p>	<p>Interpretation</p>

such with a depository under the Depositories Act, 1996.

- (c) "Depository" shall mean a Depository as defined under Clause (e) of Sub-section (I) of Section 2 of the Depositories Act, 1996.
- (d) "Security" means such security as may be specified by SEBI from time to time.
- (e) "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- (f) Words and expressions used and defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them.

Dematerialization of Securities (2) Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize its existing as well as new shares and other securities and to offer the same in a dematerialized form pursuant to the Depositories Act, 1996.

Issue of Securities and options for investors (3) (a) Notwithstanding anything contained in these Articles, every issue of securities by the company may be in dematerialized form and the company shall intimate the details of allotment to the depository immediately on allotment of such securities.

- (b) Every existing member or any person subscribing to securities offered by the company shall have the option either to receive security certificates or to hold the securities with a depository. Such a member or person who is the beneficial owner of the securities can, at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Security. (c) if a person opts to hold his security with a depository, the company shall intimate such depository the details of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Rights of Depositories and Beneficial Owners (4) (a) Notwithstanding anything contained in any other Law for the time being in force or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights in respect of the securities held by it (c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all liabilities in respect of the securities, which are held by a depository.

Distinctive numbers of Securities held in a depository (5) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with depository (ies).

2A. CAPITAL	
3. The Share Capital of the Company is Rs. 3,00,00,000 (Three crores) divided into 30,00,000 (Thirty lakhs) Equity Shares of Rs. 10 (Rs. Ten) each.	Capital
4. Subject of Section 17 of the Act, the Company may by an ordinary resolution in General Meeting from time to time alter the conditions of the Memorandum as follows, that is to say it may: a. increase its share capital by such amount as it thinks expedient by issuing new shares of such amount as may be deemed expedient and the new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given, as	Increase or Alteration of Share Capital

the Board of Directors shall determine, but that no greater right or higher privilege shall in any event be created over the then existing shares and not inconsistent with any provisions of these Articles;

- b. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- c. Convert all or any of its fully paid up shares into stock and reconvert the stock into fully paid up shares of any denomination;
- d. sub-divide its shares or any of them into shares of small amount than is fixed by the memorandum, so however, that in the subdivision the proportion between the amount paid and the amount
- e. Cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of it's share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this clause shall not be deemed to be a reduction of share capital within the meaning of the Act.
- 5. Except so far provided by the conditions of issue or by these presents with no greater right or higher privilege being created over the then existing issued shares but otherwise ranking pari passu in all other respects, any capital to be raised by the creation of new shares shall be considered part of the then existing unissued capital and shall be subject to the provisions herein contained and of the Act applicable to the shares of the Company
- 6. Subject to the provisions of the Act the Company may by Special Resolution in General meeting reduce its share capital or Share Premium Account in any way and capital may be paid off upon the footing that it may be called again or otherwise, and paid up capital may be cancelled without reducing the nominal amount of the shares by the like amount to the extent that the unpaid and uncalled capital shall be increased by the like amount

How Far New Shares to rank with shares of New Capital

Reductions of share Capital

SHARES

- 7. The shares in the capital shall be numbered progressively
- 8. Subject to the provisions of the Act and these Articles, the shares shall be under the control of the Board of Directors, who may allot or otherwise dispose off them to such persons on such terms and conditions and either at a premium or at par or at a discount and at such times as the Board thinks fit.
- 9. Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the capital of the Company as payment for any property sold or transferred or for services rendered to the Company in the conduct of its business, or otherwise for consideration other than cash and any shares which may be so issued shall be deemed to be fully paid up shares
- 10. An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein shall be an acceptance of the shares and every person who thus or otherwise accepts any shares and whose name is on the Register shall be a shareholder of the Company.
- 11. The money (if any) which the Directors shall on allotment of any shares being made by them require or direct to be paid by way of deposit, call or otherwise in respect of any share, shall immediately on allotment of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.
- 12. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every installment shall, when due, be paid to the Company, by the person who for the time being and from time to time shall be the registered holder of the share or by his heirs, executors, administrators and legal representatives, as the case may be.

Shares to be numbered
Shares at the disposal of the directors

The Board may issue shares as fully paid up

Acceptance of Shares

Deposits and Calls to be a debt payable immediately

Installments on shares to be paid

CERTIFICATE

- 13. (a) Certificates of title to shares shall be issued under the seal of the company which shall be affixed in the presence of and signed by two Directors and the secretary or some other person approved by the Board for the purpose.

Certificate

- (b) A Director may sign a share certificate by affixing his signatures thereon by means of any machine, equipment or other mechanical means such as engraving in metal or

<p>lithography, but not by means of a rubber stamp; provided, however, that notwithstanding anything contained in this Article, the certificate of title to shares may be executed and issued in accordance with such other provisions of the act or the rules made thereunder as may be in force for the time being and from time to time. The certificate shall be made out in favour of not more than four persons.</p>	
<p>14. Every member shall be entitled free of charge to one certificate for all the shares registered in his name and .if.he sells part of his holding, to one certificate for the balance, or he may (upon paying such fee as the Board of Directors, may be from time to time determine) have several certificates, each for one or more share (s). The Company shall, within three months after the allotment of any of its shares, debentures stock or within two months after the application for the registration of the transfer of any shares, debentures or debenture stock complete and have ready for delivery the certificates of all shares; debentures and the certificates of all debenture stock' allotted or transferred, as the case may be unless the conditions of issue of the shares, debentures or debenture stock otherwise provide. Every certificate of shares shall specify the numbers and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon.</p>	<p>Members right of Certificate</p>
<p>15. If any certificate is lost or destroyed or defaced, mutilated or torn or has no further space on the back thereof for endorsement of transfer than, (i) in case of lost or destroyed certificate(s) upon proof to the satisfaction of the Board of Directors as to its loss or destruction and on execution of such indemnity as the Board deems adequate, and (ii) in any other case, upon surrender of the certificate to the Company, a new certificate in lieu thereof shall be issued to the person entitled to such certificate. Any new or renewed certificate may be marked as such.</p>	<p>Issue of new Certificate in place of one defaced, lost or destroyed</p>
<p>16. The Company shall not charge any fee:</p> <p>(a) for sub-division and consolidation of share and debenture certificates and for sub-division of letter of Allotment and split, consolidation, renewal and pucca transfer Receipts into denominations corresponding to the market units of trading;</p> <p>(b) for sub-division of renounceable letter of Right; and</p> <p>(c) for issue of new certificates in replacement of those which are old, decrepit or worn out or where the spaces on the reverse for recording transfer have been fully utilised</p>	<p>Exemption from fee</p>
<p>17. The certificate of shares registered in the names of two or more persons shall be delivered to the person first named in the Register.</p>	<p>Joint holders certificate to be issued</p>
<p>18. If any share stands in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notice and all and any other matters connected with the Company and the rights of the shareholders (except with regard to the transfer of shares), be deemed the sole holder thereof.</p>	<p>The first name of joint –holders deemed sole holders</p>
<p>19. The Board shall comply with the Rules, Regulations and Requirements of any stock exchange or the Rules made under the Act and under the Securities Contracts Regulation Act, 1956 or any other law of Rules applicable relating to the issue of Certificates.</p>	<p>Compliance with Stock Exchange Regulations</p>
<p>UNDERWRITING AND BROKERAGE</p>	
<p>20. Subject to the provisions of the Act, the Company may at any time pay a commission to any person in consideration of:</p> <p>(a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of, the Company or</p> <p>(b) his procuring or agreeing to procure t he Subscription, whether absolutely or conditionally, for any shares in or debentures of the Company.</p>	<p>Commission for placing shares</p>
<p>21. Subject to the provision of the Act, the Company may pay interest on Share capital out of capital.</p>	<p>Payment of interest on Share Capital</p>
<p>TRANSFER AND TRANSMISSION OF SHARES</p>	
<p>22. The Company shall keep a book called "The Register of Transfers" and therein shall fairly and distinctly enter the particulars of every transfer or transmission of any share.</p>	<p>Register of Transfers</p>

<p>23. The Board of Directors may decline to register any transfer of or the transmission by operation of law of the rights of any shares in or debentures of the Company, provided that registration of a transfer of a share shall not be refused on the ground alone that the transferor either singly or jointly with any other Person(s) is indebted to the company on any account whatsoever except a lien on the share(s). The Registration of a transfer shall be conclusive evidence of the approval by the Board of the transfer, but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise.</p>	<p>Directors may refuse to Register Transfer or Transmission</p>
<p>24. Every instrument of transfer duly executed and stamped shall be left at the Registered Office of the Company for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor his right to transfer the shares. The instrument of transfer shall be in writing and all the provisions of section 108 of the Companies Act 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof</p>	<p>Instrument of Transfer to be left at office as evidence of till given</p>
<p>25. All instruments of transfer which shall be registered shall be retained by the Company. The Board of Directors may cause to be destroyed all transfer deeds lying with the. company after such period as they may determine</p>	<p>Where Instrument of Transfer to be retained</p>
<p>26. No share held in the names of two or more persons shall be transferred except upon the signature of all joint holders of the share for the time being and all acts required to be done by the holder of a share relating to the transfer thereof shall be required to be done in respect of a share held in the name of two or more persons in whose names the share is held for the time being. Nothing herein stated shall, however, entitle anyone or more joint' holders of a share to transfer his/their interest in the share without the transfer of the share as a whole.</p>	<p>Transfer in shares held in Joint names</p>
<p>27. The executors or administrators of a deceased shareholder or the holder of a Succession Certificate shall be the only person to be recognised by the Company as having any title to his share except in case of joint holders in which case the surviving holder or holders or the executors or administrators of the last surviving holder shall be the only person(s) entitled to be so recognised but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. Provided always that it shall be lawful for the Board of Directors in their absolute discretion to dispense with the production of probate or letters of Administration or Succession Certificate or other legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit.</p>	<p>Transmission of shares</p>
<p>28. No fee shall be charged by the Company for the registration of a transfer or transmission of any shares or debentures or for the registration of any power of Attorney, Probate, Letters of Administration or similar document.</p>	<p>Fee on Transfer or Transmissions</p>
<p>29. The company shall incur no liability or responsibility in consequence of its registering or giving effect to any transfer of shares made or purported to be made by any apparent legal owner thereof (as shown or appearing on the Register) to the prejudice of any person(s) having or claiming any equitable or beneficial right, title or interest to or in the same notwithstanding that the Company may have had notice of such' right, title or interest, or may have received notice prohibiting registration of such transfer.</p>	<p>Company not liable for disregard of notice prohibiting Registration of Transfer</p>
<p>30. The provisions of these Articles shall mutatis mutandis apply to the transmission of the right to debentures of the Company</p>	<p>Transmission of Debentures</p>
<p>31. The Board shall comply with the Rules, Regulations and Requirements of any Stock Exchange or the Rules made under the Securities Contracts Regulations Act, 1956 or any other law or Rules applicable relating to the transfer or transmission of shares or debentures</p>	<p>Compliance of Stock Exchange Regulations</p>
<p>CALLS AND LIEN ON SHARES</p>	
<p>32. Air calls shall be made on a uniform basis on all shares under the same class. Calls, Shares of the same nominal value on which different amounts have been paid-Up shall not be deemed to fall under the same class</p>	<p>Calls</p>
<p>33. (a) In place of the words "five per cent" appearing in Regulation 16(1) of Table "An to Schedule I of the Act shall be read the words "twelve per cent".</p>	<p>Charge of interest on default</p>
<p>(b) In place of the words "fourteen days" appearing in Regulation 10 and Regulation 13(2)</p>	

<p>of table "A" to Schedule I of the Act shall be read the words "thirty days".</p>	
<p>34. (a) The Board of Directors may from time to time at its discretion extend the time fixed for the payment of any call and may extend such time as to all or any of the shareholders who in the opinion of the Directors may fairly be entitled to such extension, but no shareholder shall be entitled to such extension save as a matter of grace and favor.</p>	<p>Directors may extend time</p>
<p>(b) Any amount paid up in advance of calls on any share shall not in respect thereof confer a right to dividend or to participate in the profits.</p>	<p>Payment in advance of calls</p>
<p>35. On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the member sued is entered in the Register as the holder of the shares in respect of which such debt accrued, and that the resolution making a call is duly recorded in the minute book of the Board of Directors; and it shall not be necessary to prove the appointment of Directors who made such call nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>	<p>Proof</p>
<p>36. Fully paid shares shall be free from all liens. The Company's lien on partly paid-up shares shall be restricted to money called or payable at a fixed time in respect of such shares. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall not operate as waiver of the Company's lien if any on such shares</p>	<p>Lien</p>
<p>FORFEITURE</p>	
<p>37. (a) Instead of the words "fourteen days" appearing in Regulation 30 of Table "A" to Schedule I of the Act shall be read the word "thirty days".</p>	<p>Notice prior to forfeiture</p>
<p>(b) When any share shall have been forfeited notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture. Provided that the failure to give the notice shall not in any way invalidate the forfeiture.</p>	<p>Notice after Forfeiture</p>
<p>38. Any member whose share(s) shall have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at the rate of twelve per cent per annum and the Board of Directors may enforce the payments of such money or any part thereof if they think fit, but shall not be under any obligation so to do.</p>	<p>Arrear to be paid notwithstanding forfeiture</p>
<p>39. Any purchaser or allottee of forfeited shares shall not (unless by express agreement) be liable to pay any calls, amount, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall be entitle (unless by express agreement) to any dividend, interest or bonus accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment</p>	<p>Title of purchase and allottee of forfeited shares</p>
<p>40. Neither a judgement nor a decree in favour of the Company for calls or other money due in respect of any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall at any time be due from any member in respect of any share either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter and at any time preceding to enforce a forfeiture of such share as herein provided.</p>	<p>Partial Payment to preclude forfeiture</p>
<p>GENERAL MEETINGS</p>	
<p>41. No. resolution submitted to a meeting, unless proposed by the Chairman of the meeting, shall be discussed or put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting</p>	<p>Business confined to election of Chairman while chair Vacant</p>
<p>42. No member shall be entitled to demand a poll if any calls or other sums presently payable by him in respect of any shares registered in his name have not been paid or in regard to which the Company has exercised any right of lien</p>	<p>Member not entitled to vote will not be entitled to demand a poll</p>
<p>43. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll</p>	<p>Chairman to be the sole judge of the validity of the vote tendered at poll</p>

VOTING RIGHTS

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| <p>44. A person becoming entitled to a share by reason of the death or insolvency of the holder may vote in General Meeting in respect thereof in the same manner as if he were the registered holder of such share provided that at least forty eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall have satisfied the Board of Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If more than one person be entitled to a share by reason of death or insolvency as aforesaid, and if the names of such persons be not entered in the Register, then all jointly shall only be entitled to exercise the rights and vote in respect of the share.</p> | <p>Vote in respect of shares of deceased or insolvent members</p> |
| <p>45. Any instrument of appointment shall be confined to the object of appointing an attorney or proxy or substitute and shall remain permanently or for such time as the Board of Directors may determine, in the custody of the Company</p> | <p>Custody of instruments of Proxy</p> |

DIRECTORS

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| <p>46. The number of Directors shall not be more than twelve. The first directors shall be:</p> <p>(i) Wishwa Nath Talwar
(ii) Rag Nath Talwar
(iii) Pran Talwar and
(iv) Anil Talwar</p> | <p>Number of Directors</p> |
| <p>47. A Director shall not be required to hold any qualification shares</p> | <p>Qualification of shares</p> |
| <p>48. In addition to any remuneration payable to the Directors or any of them, each Director may be paid out of the funds of the Company by way of remuneration for his services for attending meeting of the Board or Committee of the Board a fee not exceeding Rs. 5,000/- (Rupees Five Thousand only) for each meeting of the Board or Committee of the Board attended by him as may from time to time be fixed by the Board</p> | <p>Remuneration of director</p> |
| <p>49. If any Director is called upon to go or reside out of his usual place of residence on the Company's business or to otherwise perform extra service or make special exertion or effort, the Board may arrange with such Director for special remuneration for such extra service or special exertion or effort either by a fixed sum or otherwise as may be determined by the Board, Subject to Section 314 of the Companies Act, 1956.</p> | <p>Special Remuneration</p> |
| <p>50. The Board may appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meetings of the Board and to attend and vote there at accordingly, but shall ipsofacto vacate office if and when the original Director returns to the state in which meetings of the Board are ordinarily held or the original Director vacates office as a Director.</p> | <p>Appointment of an Alternate Director</p> |
| <p>51. Where any investment and finance corporation such as the Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India, or any other Corporation, or any Bank or the Appointment of Central or State Government makes a loan to or gives a guarantee for Directors by Finance Corporation the supply of machinery or other equipment for the Company, such Corporation, Bank, Government or Body shall be entitled to appoint a Director or Directors of the Company if that be agreed to as a condition for granting the loan or giving the guarantee. The Director(s) so appointed shall subject to the provisions of the Act, not be a Director(s) whose period of office is liable to determination by retirement by rotation. The Director(s) so appointed shall have the same powers and privileges as other Director(s) of the Company, and shall hold office at the pleasure of and shall be removable or substituted by another person by such Corporation, Bank, Government or Body, as the case may be</p> | <p>Appointment of Directors by Finance Corporations</p> |
| <p>52. a) The Directors may from time to time appoint one or more of their Managing Director body to be the Managing Director or Managing Directors or whole-and Whole time Directors time Director or whole-time Directors of the Company for a term not exceeding five years at a time and may from time to time remove or dismiss him or them <i>from</i> office</p> | <p>Managing Director and Whole time Directors</p> |

subject to the provisions of the Act.

(b) The Managing Director or the Managing Directors while he or they continue to hold that office, subject to the provisions of the Act, not be directors whose period of office is liable to determination by retirement by rotation but he or they cease to hold the office of a director for any cause. However, whole time or executive director or directors other than Managing director(s) may be appointed whose period of office is liable to determination by retirement by rotation. For the purpose of this article a Managing director or a whole time director shall not be understood to have ceased to hold office of managing director or a whole time director, if being required to retire as a director he retires and is reappointed.

(c) The remuneration of a Managing Director or Managing Directors or whole-time Director or whole-time Directors shall be from time to time fixed by the Board and subject to the provisions of the Act, may be by way of fixed salary and/or commission and or in any other mode, and may be in addition to any other remuneration which he may be entitled to as a Director.

(d) The Board of Director may from time to time subject to the provisions of the Act, entrust to or confer upon the Managing Director or Managing Directors or whole-time Director or whole-time Directors for the time being such of the power(s) exercisable by such Director under these articles and the Act, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions, as they think expedient, and they may confer such powers either collectively with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers, provided that the Board shall not delegate the power to make calls on shareholders and to issue debentures or to raise new capital.

53. If in any financial year the Company has no profits, or its profits are Minimum Managerial inadequate, the Company may pay to any Director (s) (including any Managing Director or whole-time Director), its Manager, if any or if there are two or more of them holding office in the Company to all of them together, by way of minimum remuneration such sum as it considers desirable subject to the provisions of the Act.

Minimum Managerial remuneration in the absence or inadequacy of profits

54. (a) Any trust deed for securing debentures or debenture stock may, Debenture Directors if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture stock of any person to be a Director or Directors of the Company and may empower such trustees or holders of debentures or debenture stock from time to time to remove any Director (s) so appointed.

Debenture Directors

(b) The Managing Director or the Managing Directors while he or they continue to hold that office, subject to the provisions of the Act, not be directors whose period of office is liable to determination by retirement by rotation but he or they cease to hold the office of a director for any cause. However, whole time or executive director or directors other than Managing director(s) may be appointed whose period of office is liable to determination by retirement by rotation. For the purpose of this article a Managing director or a whole time director shall not be understood to have ceased to hold office of managing director or a whole time director, if being required to retire as a director he retires and is reappointed.

(c) The trust deed may contain such ancillary provisions relating to the Management of the Company or otherwise as may be arranged between the Company and the trustees, and such provisions shall have effect notwithstanding any of the other provisions herein contained

55. Notwithstanding anything contained in these Articles, not less than Proportional two-third of the total number of Directors shall be appointed at an Annual General Meeting and are liable to retirement by rotation

Proportional representations'

56. At an Annual General Meeting of the Company in every year one third One third Directors of such of the Directors for the time being as are liable to retire by to retire annually rotation and if their number is not three or a multiple of three, then the how determined number nearest to one third shall retire from office by 'rotation, and the, retiring Directors shall be those who have been longest in office.

One third Directors to retire annually how determined

<p>57. Retiring Directors shall be eligible for re-appointment.</p> <p>58. In case any question shall arise as to which of Directors who became Decision of question Directors on the same day shall retire, the same shall, in default of as to retirement and subject to any agreement among themselves, be determined by the Board by lot.</p> <p>59. The continuing Directors may act notwithstanding any vacancy in the Directors may act Board but if and so long as their number is reduced below the quorum fixed by the article for a meeting of Board the continuing Directors or vacancy Director shall not act except for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose</p> <p>60. The Company at any General Meeting at which Directors retire in the Appointment of manner above mentioned, shall fill up the vacated offices, by appointing Successors a like number of persons to be Directors and may fill up any other vacancies.</p> <p>61. (a) If the place of the retiring Director is not so filled up and meeting shall stand adjourned to the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.</p> <p>(b) If at the adjourned meeting also the place of retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-elected at the adjourned meeting unless:</p> <p>(i) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost.</p> <p>(ii) the retiring Director, has, by notice in writing addressed to the Company or its Board expressed his unwillingness to be so appointed.</p> <p>(iii) he is not qualified or disqualified for appointment.</p> <p>(iv) a resolution, whether special or ordinary is required for his appointment or reappointment by virtue of any provisions of the Act; or</p> <p>(v) the proviso to sub-section (2) of Section 263 of sub-section (3) of Section 280 of the Act is applicable to the case</p> <p>62. A Director may at any time give notice in writing of his wish to resign by delivering such notice to the Secretary or leaving the same at the registered office of the Company; and there upon his office shall be vacated.</p> <p>63. Any casual vacancy occurring in the office of a Director caused by resignation, retirement or otherwise, may be filled up by the Board, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred.</p> <p style="text-align: center;">BORROWING POWERS</p> <p>64. The Board of Directors may from time to time raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respect as they think fit, in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage, Charge or other security on the undertaking or the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being. The board shall exercise such power only by means of resolution (s) passed at a Meeting of the Directors and not by circular resolution.</p> <p>65. Debentures, debenture stock, bonds or other securities may be made assignable free from any equities between the company and the person to whom the same be issued</p> <p>66. Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any special privileges as to redemption, surrender, drawings allotment of shares, appointment of Directors and otherwise, provided however, that no debentures with the right to conversion into or allotment of shares shall be issued except with consent of the company in General Meeting.</p>	<p>Retiring Directors</p> <p>Decision of question as to retirement</p> <p>Directors may act notwithstanding vacancy</p> <p>Appointment of successors</p> <p>Retiring Directors to remain in office till successor appointed and automatic reappointment of retiring directors</p> <p>Resignation of Directors</p> <p>Board may fill up casual vacancy</p> <p>Condition on which money may be borrowed</p> <p>Debentures may be assignable free from equities Securities may be issued at a discount or with special privileges</p>
<p>67. If any uncalled capital of this company is included in or charged by any mortgage or other security, the Board of Directors may by instrument under the company's seal authorise the</p>	<p>Mortgage of uncalled capital</p>

person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions herein before contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Board's powers or otherwise and shall be assignable if expressed so to be.

POWERS OF DIRECTORS

68. Subject to the provisions of the Act, the control of the company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts, matters, deeds and things that the company is authorised to exercise and do, except those which are required to be exercised by the Company in the General Meeting.

General power of Company vested in the Board

DIVIDENDS

69. Subject to Sec. 205A of the Act and in addition to the powers in Regulation 96 of Table "A" To Schedule I to the Act, any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend and the dividend may, if so arranged between the company and the member, be set off against the call.

Dividend and call together

70. A transfer of shares shall not pass the right to dividend declared thereon before the registration of the transfer.

Effect of transfer

71. The Directors may retain the dividends payable upon shares in respect of which any person is under regulation 28 of Table "A" To Schedule I to the Act entitled to become a member or which any person under that Regulation is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.

Retention of certain cases

72. All unpaid/unclaimed dividend shall be dealt with in accordance with section 205 A of the Companies Act 1956.

Unclaimed Dividend

SECRECY

73. Subject to provisions of Act, no member shall be entitled to require discovery of any information respecting any details of the company's trading or any matter in the nature of a trade secret mystery of trade or secret process which may relate to the conduct of the business of the company and which in the opinion of directors, it may not be expedient in the interests of the members of the company to communicate to the public.

Secrecy

INDEMNITY

74. (a) Subject to the provisions of the Act, every Director, Manager, Managing Director or other officer of the company and any person (whether an officer of the company or not) employed by the company as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Manager, Managing Director, Officer or Auditor.

Indemnity

(b) Subject to the provisions of the Act, no Directors, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to or incurred by the Company through the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or for any loss occasioned by any error of judgement, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

Individual responsibility of Directors

SEAL

75. The company shall have a common seal and the Board of Directors shall provide for the safe custody thereof. Subject to as otherwise required by the Act and the rules framed thereunder, the Seal shall not be affixed to any instrument except by the authority of a resolution of the Board and except in the presence of at least one Director and the

Seal

Secretary or such other persons as the Board may appoint for the purpose, and such Director and Secretary or such other person as aforesaid shall sign every instrument which the Seal of the Company is so affixed in their presence.

MISCELLANEOUS

76. An option of right to call of shares may be given only to a person with the sanction of the company in General Meeting.

Call of shares

77. Save as provided herein above in respect of any matter not covered under these Articles the provisions of the Act with such statutory modifications, rules, regulations or amendments, as may for the time being in force, shall apply.

Applicability of the Act to matters not covered by Articles

78. Wherever in the Act it is provided that the Company shall not have any right, privilege or authority or that the company cannot or shall not do or permit any act, deed, matter or thing unless the company is so authorised by its Articles, in the absence of specific authority in this behalf herein or in the Regulations in Table "A" To Schedule I to the Act, this Article hereby specifically authorizes the company and confers upon the company the necessary authority for the company to have such right, privilege or authority and to do or permit to be done such act, deed, matter or thing as the case may be.

Residual Authority

SECTION X- MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Letter of Offer), which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company situated at Plot No. 74-75, Sector-6, Faridabad-121006, Haryana, India from 10.00 AM to 12.00 Noon from the date of the Letter of Offer until the date of closure of the Rights Issue.

A. Material Contracts

1. MOU dated June 19, 2012 entered between our Company and Lead Manager.
2. MOU dated June 19, 2012 entered between our Company and Registrar to the Issue.
3. Agreement dated January 06, 2014 entered between our Company, Banker to the Issue, Lead Manager and Registrar to the Issue.

B. Documents available for inspection

1. Certificate of Incorporation of the Company dated October 09, 1986, Fresh Certificates of Incorporation dated July 12, 1991 and November 8, 1994 issued pursuant to the change of name of the Company.
2. Certificate for Commencement of Business dated December 10, 1992
3. Memorandum and Articles of the Company.
4. Copy of Board Resolution dated June 15, 2012 approving this Issue
5. Consents of the Directors, Lead Manager to the Issue, Registrar to the Issue, Bankers to the Company, Bankers to the Issue, Statutory Auditors and Compliance Officer to the Issue to include their names in the Letter of Offer to act in their respective capacities.
6. Letter of Offer in respect of Rights Issue made in the year 1998.
7. Copy of NOC obtained from Bank of India for raising funds through Rights Issue.
8. Copy of resolution appointing the Managing Director and Additional Executive Director.
9. Shareholders Resolution passed at the Annual General Meeting held on September 26, 2012 re-appointing Rakesh Raj & Associates, Chartered Accountants, as statutory auditors.
10. Annual Reports of the Company for the last five Financial Years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009.
11. Statement of Tax Benefits dated December 28, 2013 received from the Auditors of the Company.
12. In-principle listing approval for this Issue dated July 29, 2013 from DSE.
13. Due Diligence certificate dated January 22, 2013.
14. Tripartite agreements dated February 6, 2002 entered into with NSDL.
15. Tripartite agreements dated February 20, 2002 entered into with CDSL.
16. SEBI Observation letter no.CFD/DIL/Talbro Engineering/6461/2013 dated August 30, 2013.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the Regulations, instructions etc. issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all statements made in this Letter of Offer are true and correct.

On behalf of the Board of Directors of Talbros Engineering Limited

Name	Signature
Mr. Tarun Talwar Managing Director	Sd/-
Mr. Vijay Kumar Sharma Executive Director	Sd/
Mr. Sanjay Sharma Executive Director	Sd/
Mr. Kartik Talwar Non-Executive Director	Sd/
Mr. Sunil Kumar Independent Non-Executive Director	Sd/

Place: Haryana

Date: January 13, 2014