



Talbros Automotive
Components Ltd.

www.talbro.com

Date: May 24, 2017

The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal street, Fort, Mumbai- 400 001	The National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051
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Company Code: 505160 / TALBROAUTO

Sub: Outcome of Board Meeting and Audited Financial Results for the financial year ended 31st March, 2017.

Dear Sir/ Madam,

Pursuant to provision of the Securities and exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 we wish to inform you that the Board of Directors at its meeting held today i.e. on 24th May, 2017 has approved:

1. The Audited financial results for the quarter and financial year ended 31st March, 2017.

Please find enclosed audited financial results for the quarter and financial year ended 31st March, 2017 along with the unmodified Audit Report of M/s S. N. Dhawan & Co., Chartered Accountants, the Statutory Auditors of the Company.

In terms of Regulation 47 of the Listing Regulations, the extracts of the financial results in the prescribed format shall be published on or before 26th May, 2017 in all editions of Business Standard English and Business Standard Hindi (Delhi & NCR).

The full format of the financial results for the quarter/ year ended 31st March, 2017 shall be available on the website of the Stock exchanges where equity shares of the Company are listed i.e. www.nseindia.com and www.bseindia.com and on Company's website www.talbro.com.

2. The 60th Annual General Meeting of the will be held on Tuesday, 26th September, 2017.

3. Recommendation of Dividend

Pursuant to Regulation 30 and 43 of the SEBI (LODR) Regulations, 2015, we wish to inform you that the Board of Directors of the Company at its meeting held today have recommended payment of dividend on equity shares of Rs. 10/- each @ Rs. 1.50 per equity share aggregating to Rs. 1,85,18,445/- for the financial year ended 31st March, 2017 on the entire share capital of 12345630 shares.

The dividend, if approved by the shareholders will be paid on or before 25th October, 2017.

4. The Register and Share Transfer Books of the Company will remain closed for payment of dividend and Annual General Meeting from 19th September, 2017 to 26th September, 2017 (both days inclusive).
5. Appointment of M/s J C Bhalla & Co., Chartered Accountants, (Firm Registration No. 001111N) as the statutory auditors of the Company for a period of 5 years from the conclusion of the 60th Annual General Meeting upto 65th Annual General Meeting of the Company, in place of M/s. S. N. Dhawan (Firm Registration No.000050N), Chartered Accountants, subject to the approval of shareholders in the 60th Annual General Meeting of the Company.

The details as per Regulation 30 are as follows:

S. No.	Particulars	Detailed Information
1.	Reason of change	Mandatory appointment of Statutory Auditors as per Section 139 of the Companies Act, 2013
2.	Date of appointment & term of appointment	5 years from the conclusion of 60 th Annual General Meeting upto conclusion of 65 th Annual General Meeting subject to approval of shareholders of the Company.
3.	Brief Profile	J C Bhalla & Co. is a Chartered Accountant firm registered with ICAI having its presence in multiple cities in India. The firm registration number registered with ICAI is 001111N.

It is here by further informed that M/s. S. N Dhawan & Co., Chartered Accountants have issued unmodified opinion on the audited financial results of the Company for the quarter and year ended 31st March, 2017.

The meeting of the Board of Directors commenced at 2:30 p.m. and concluded at 6:30 p.m.

This is for your kind information and necessary records.

Thanking you,

Yours Sincerely
For Talbros Automotive Components Limited


+ Seema Narang
Company Secretary

Encl: As above

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED 31ST MARCH, 2017



Notes:

- The above consolidated financial results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 24th May, 2017.
- The consolidated results are prepared on the basis of proportionate consolidation as per the Accounting Standard (AS-27) after considering financial results of JV Companies, Nippon Leakless Talbros Pvt. Ltd., Magneti Marelli Talbros Chassis Systems Pvt. Ltd., and Talbros Marugo Rubber Pvt. Ltd.
- The company's operations comprise of only one segment viz 'Auto Components and Parts' and therefore, no separate disclosure is required to comply with requirements of the Accounting Standard (AS-17) 'Segment Reporting'.
- Exceptional Items - Represents the loss on sale of machine in one of our Joint Venture company, Magnetti Marelli Talbros Chassis Systems Private Limited.
- Figures of the quarter ended 31st March, 2017 and 31st March, 2016 are the balancing figures between audited figures in respect of full financial year and published figures upto the third quarter of the relevant financial year.
- Moulds & Dies used in production have been re-classified under Property, Plant & Equipment as against inventories effective from 1st April, 2016 in compliance of revised AS-10 notified on 30th March, 2016 and accordingly, the amortisation on Mould and Dies has been re-classified under Depreciation in place of Other Expenditure. However, this change has no bearing on the profitability of the Company.
- Figures for the previous periods/year have been re-arranged, wherever considered necessary.
- Statement of Assets and Liabilities :-

Particulars	(Rs. in lacs)			
	Standalone		Consolidated	
	As at 31st March, 2017 (Audited)	As at 31st March, 2016 (Audited)	As at 31st March, 2017 (Audited)	As at 31st March, 2016 (Audited)
EQUITY AND LIABILITIES				
1. Shareholder's Fund				
(a) Share Capital	1234.56	1234.56	1234.56	1234.56
(b) Reserves & Surplus	12361.53	11539.91	12956.78	11939.58
2. Non Current Liabilities				
(a) Long Term Borrowings	1664.44	1683.85	2033.52	2287.22
(b) Deferred Tax Liabilities (Net)	645.25	952.79	409.85	711.11
(c) Other Long Term Liabilities	22.26	22.26	11.13	22.26
(d) Long Term Provisions	295.90	310.42	336.23	339.51
3. Current Liabilities				
(a) Short Term Borrowings	8557.60	8929.08	8677.60	9056.46
(b) Trade Payable	9310.30	8927.13	11437.43	10680.19
(c) Other Current Liabilities	2451.43	2420.36	2961.84	2953.51
(d) Short Term Provisions	314.04	351.15	331.79	344.74
Total	36857.31	36371.51	40390.73	39569.14
ASSETS				
1. Non Current Assets				
(a) Property, Plant & Equipment				
i) Tangible Assets	11829.61	9143.38	14383.55	11431.23
ii) Intangible Assets	48.11	72.68	224.31	253.30
iii) Capital work in progress	105.22	0.00	126.54	83.46
iv) Intangible Assets under Development	61.32	56.46	61.32	56.46
(b) Non current investments	3314.27	3229.42	806.27	721.41
(c) Long Term Loans and Advances	981.79	1172.80	1101.45	1402.34
(d) Other Non Current Assets	57.21	47.35	57.22	47.35
2. Current Assets				
(a) Inventories	9875.82	12784.83	11144.25	14109.16
(b) Trade Receivables	7856.12	7072.11	9027.81	7980.27
(c) Cash and Cash equivalents	643.39	481.46	1249.52	813.60
(d) Short Term Loans and Advances	1959.35	2229.52	2080.10	2429.97
(e) Other Current Assets	125.10	81.50	128.39	240.59
Total	36857.31	36371.51	40390.73	39569.14

For Talbros Automotive Components Limited


Umesh Talwar
Vice Chairman & Managing Director
DIN : 00059271

Date : 24th May, 2017
Place : New Delhi

Independent Auditor's Report

To the Members of Talbros Automotive Components Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Talbros Automotive Components Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch at Pune.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that



are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31 2017, and its profit and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of one branch included in the standalone financial statements of the Company whose financial statements reflect total assets of Rs. 306,364,738/- and net assets of Rs. 207,924,380/- as at March 31, 2017 and total revenues of Rs. 672,170,382/- for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

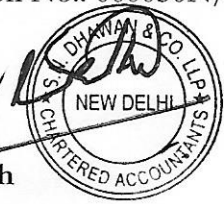
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the 'Annexure- A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditor on the separate financial statements/ financial information of the branch, referred to in the Other Matters paragraph above, we report to the extent applicable that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us;
 - c. the report on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report;



- d. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branch not visited by us;
- e. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- f. on the basis of the written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- g. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its standalone financial position in its financial statements – Refer Note no. 29 to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note no. 30 to the financial statements.

For **S.N. Dhawan & Co LLP**
(Formerly S. N. Dhawan & Co.)
Chartered Accountants
Firm Registration No.: 000050N/N500045



per **Suresh Sethi**

Partner

Membership No.: 10577

Place: New Delhi

Date: May 24, 2017

Annexure A to the Independent Auditor's Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
- (b) The Company has a regular program of physical verification of its Property, plant and equipment under which Property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain Property, plant and equipment were verified during the year and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds of all the freehold immovable properties, as stated in Note no 12 to the standalone financial statements (which are included under the head 'Property, plant and equipment) are held in the name of the Company except for the following properties

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on March 31, 2017	Net block on March 31, 2017	Remarks
Land	1	Freehold	Rs.4,65,25,676	Rs. 4,65,25,676	28,575 Sq Mtrs purchased from Haryana State Industrial Development Corporation Ltd pending registration in the name of the Company

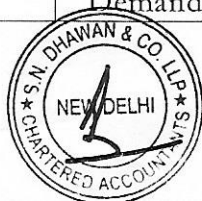
In respect of leasehold immovable properties (which are included under the head 'Property, plant and equipment), the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- (ii) According to the information and explanations given to us, inventories have been physically verified by the management at reasonable intervals during the year, except for inventories lying with third parties for which certificates confirming inventories held by them have been obtained in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and same have been properly dealt within books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.



- (iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185 of the Act. However, the Company has complied with the provisions of Sections 186 of the Act in respect of loans, investments, guarantees, and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, the dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Maharashtra VAT Act, 2005	Demand of VAT	497,936	-	2005-06 & 2008-09	Joint Commissioner of Sales Tax, Pune
Income Tax Act, 1961	Income Tax Demand	447,739	-	2004-05	CIT – Appeal
Income Tax Act, 1961	Income Tax Demand	1,398,150	-	2011-12	CIT – Appeal
Income Tax Act, 1961	Income Tax Demand	2,108,909	-	2012-13	CIT – Appeal



Central excise Act, 1944	Cenvat Credit disallowed	885,308	-	2007-08 to 2010-11	The Assistant Commissioner, Faridabad
Haryana Value Added Tax Act, 2003	Input tax disallowed	273,548	-	2006-07	The Deputy Commissioner Gurgaon
Central excise Act, 1944	Cenvat Credit disallowed	267,681	-	August 2011 to October 2013	Superintendent Range - IVB, Chennai
Custom Act, 1962	Demand of custom duty	7,96,882	-	2013-14	Deputy Commissioner of Customs, New Delhi
Custom Act, 1962	Demand of custom duty	16,83,081	-	2014-15	The Customs, Excise and Service Tax Appellate Tribunal
Central excise Act, 1944	Demand of excise duty	4,40,89,686	80,00,000	FY 2010-11 to FY 2015-16	Commissioner of Customs, Central Excise and Service Tax, Hapur

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loan were obtained.
- (x) To the best of our knowledge and according to the information and explanations given to us no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.



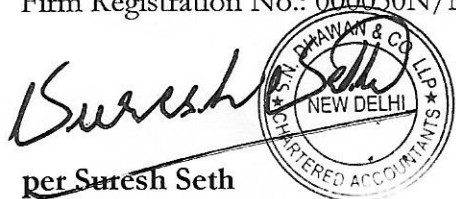
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Accordingly, provisions of clause 3 (xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3 (xvi) of the Order are not applicable.

For **S.N. Dhawan & Co LLP**

(Formerly S. N. Dhawan & Co.)

Chartered Accountants

Firm Registration No.: 000050N/N500045


per **Suresh Seth**

Partner

Membership No.: 10577

Place: New Delhi

Date: May 24, 2017

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Talbros Automotive Components Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India

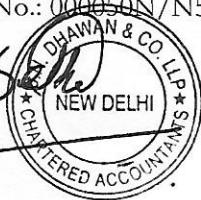
For **S.N. Dhawan & Co LLP**

(Formerly *S. N. Dhawan & Co.*)

Chartered Accountants

Firm Registration No.: 000050N/N500045


per **Suresh Sethi**
Partner



Membership No.: 10577

Place: New Delhi

Date: May 24, 2017

Independent Auditor's Report

To the Members of Talbros Automotive Components Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Talbros Automotive Components Limited, ("the Company") and its jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement, for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company and its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the Company and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and its jointly controlled entities and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material



misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its jointly controlled entities as at March 31, 2017, and their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);
 - e) on the basis of the written representations received from the directors of the Company and its jointly controlled entities as on March 31, 2017 and taken on record by the Board of Directors of the Company and its jointly controlled entities none of the directors of the Company and its jointly controlled entities, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and its jointly controlled entities and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";



g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities – Refer Note no. 30 to the consolidated financial statements;
- (ii) The Company and its jointly controlled entities did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its jointly controlled entities during the year ended March 31, 2017; and
- (iv) The Company has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained and as produced to us by the Management of the Company and its jointly controlled entities – Refer Note no. 31 to the consolidated financial statements.

For **S.N. Dhawan & Co LLP**

(Formerly S. N. Dhawan & Co.)

Chartered Accountants

Firm Registration No.: 000050N/N500045



~~per Suresh Seth~~

Partner

Membership No.: 10577

Place: New Delhi

Date: May 24, 2017

Annexure A to the Independent Auditor's Report

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Talbros Automotive Components Limited (hereinafter referred to as "the Company") and its jointly controlled entities, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the respective company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its jointly controlled companies as aforesaid, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting of the Company and its jointly controlled entities as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

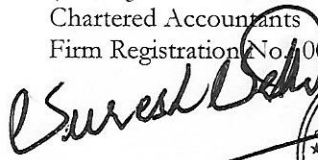
Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.N. Dhawan & Co LLP
(Formerly S. N. Dhawan & Co.)
Chartered Accountants
Firm Registration No. 1000050N/N500045


per Suresh Seth
Partner
Membership No.: 10577



Place: New Delhi

Date: May 24, 2017