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Cautionary Statement Regarding Forward-Looking Statement: This document contains statements about expected future events and financials of Talbros Automotive Components Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

Investor Information

■ Market Capitalisation	
as at 31 st March, 2021	: ₹ 251.54 crores
■ BSE Code	: 505160
■ NSE Symbol	: TALBROAUTO
■ Bloomberg Code	: TALB:IN
■ Dividend Declared	: ₹ 2 per share
■ AGM Date	: 27 th September, 2021
■ AGM Mode	: Video Conferencing

Future

Tomorrow belongs to those who prepare for it today.

Ten years back, the scale of changes and the amount of shift in cycles that the auto industry has undergone in a decade were totally unimaginable. Electric mobility, autonomous vehicles and ride sharing are just some of the prominent disruptions responsible for the upheavals in the auto and auto ancillary industries experienced even before the COVID-19 crisis hit the world.

They say the best way to predict the future is to create it. But it isn't as simple as it sounds. It takes imagination, strength, abilities and above all, preparedness to create a vision. It takes more than just research to identify potential opportunities and seize them.

At Talbros Automotive Components Limited, we believe in being ahead of the curve. For decades, we have tapped the untapped opportunities and focussed on introducing the best technology to the industry. We have consistently worked hard to offer unmatched quality to our customers while exploring the possibilities of excelling as we advance. All our endeavours and efforts are guided, keeping only one vision in mind – Tomorrow's need. And as we move along our journey, our emphasis is only on bringing the Future to you today!

₹ **444.20** crores

Consolidated Revenue from
Operations in 2020-21

₹ **39.13** crores

Consolidated PAT*
in 2020-21

* PAT: Profit after Tax

Corporate Overview

History is the best guide to the future

The History of Talbros Automotive Components Limited

Talbros Automotive Components Limited (hereafter 'Talbros' or 'The Company') is one of the leading manufacturers of automotive components in India.

Established in 1956, the Company enjoys a good presence worldwide. Since its inception, Talbros has been known for paying close attention to its clients' requirements by consistently adding value and focusing on delivering excellent quality and superior technology.

The Company, along with its joint venture companies, boasts of an extensive product portfolio which includes Gaskets, Heat Shields, Forgings, Chassis Systems, Suspension Systems, Anti-vibration Components and Hoses. Backed by its diversified product basket, the Company caters to different automobile segments, including Passenger Vehicles, Commercial Vehicles, Two-wheelers, Three-wheelers, Agricultural machinery, Off-loaders and Industrial vehicles, among others. Talbros strategically collaborated with renowned global players and world-class manufacturing facilities. These alliances have allowed the Company to deliver the best-in-class auto components to its customers through the years.

Our Markets



OEMs



Exports



After-market

Our Strategic Tie-ups

- Nippon Leakless Talbros Private Limited (Joint venture with Nippon Leakless Corporation, Japan)
- Marelli Talbros Chassis Systems Private Limited (Joint venture with Marelli Suspension Systems Italy S.P.A)
- Talbros Marugo Rubber Private Limited (Joint venture with Marugo Rubber Industries Limited, Japan)



Vision

Talbro's group's endeavour is to be a significant global player in the auto industry by being a brand of choice for all our customers and continuously enhancing employee satisfaction and stakeholder value.



Mission

Gasket:

To be committed to foster and uphold our leadership in providing comprehensive sealing solutions at economical price to our customers across all manufacturing sectors, while sustaining a rewarding work environment for our supreme assets, our employees, nurtured by strong brand image & pioneering narrations.

Forging:

To develop wide range of market-driven product for Auto/Non-Auto Customer through timely delivery of quality products by having trained human resources and customer-oriented work culture.

Plant Locations

Gaskets

- Faridabad, Haryana (Plant and R&D Centre)
- Pune, Maharashtra
- Sitarganj, Uttarakhand

Forging

- Bawal, Haryana

Nippon Leakless Talbro's Private Limited

- Bawal, Haryana
- Haridwar, Uttarakhand

Marelli Talbro's Chassis Systems Private Limited

- Faridabad, Haryana
- Manesar, Haryana
- Pune, Maharashtra

Talbro's Marugo Rubber Private Limited

- Manesar, Haryana

Certifications

- IATF 16949:2016
- ISO 14001:2015
- ISO 14001:2018
- Also certified by the Third-party Audit as asbestos-free and environmental-friendly

Our Key Competencies

The Company differentiates itself from its peers through constant focus on enhancing key competencies. Some of the prominent competencies that give Talbro's an edge in the market include:

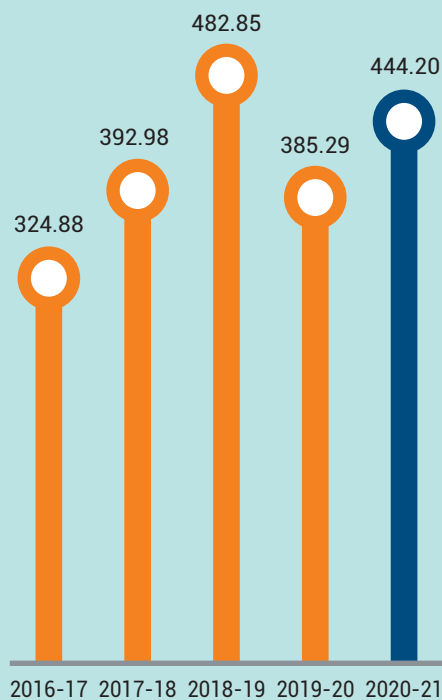
- Global Synergies
- Diversified Product Suite
- Large Customer Base
- Cutting-edge Innovation
- Wide Geographical Footprint
- State-of-the-art Infrastructure
- People Expertise



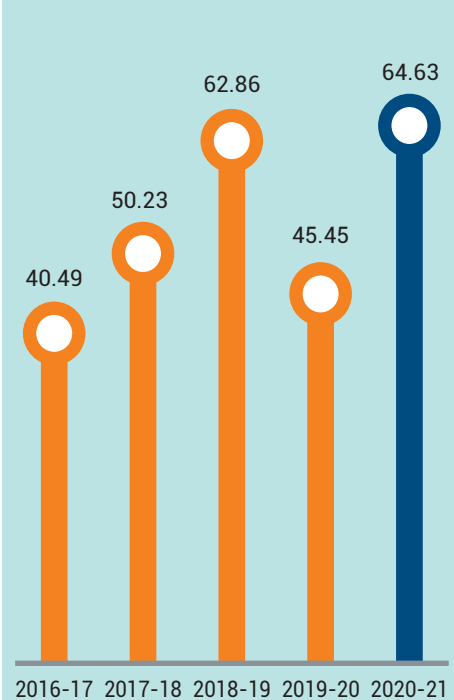
Future is about achieving your vision, one goal at a time

Standalone Financial Highlights

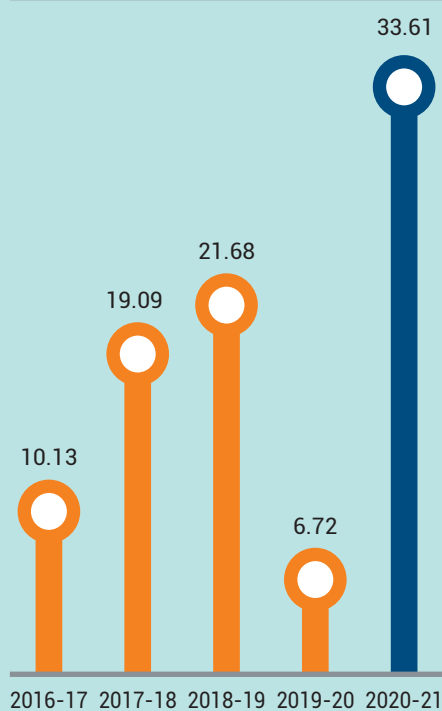
Revenue from Operations
(₹ in crores)



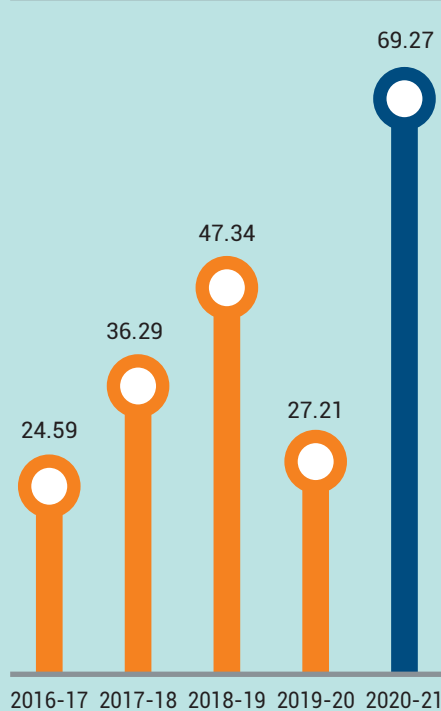
EBITDA
(₹ in crores)



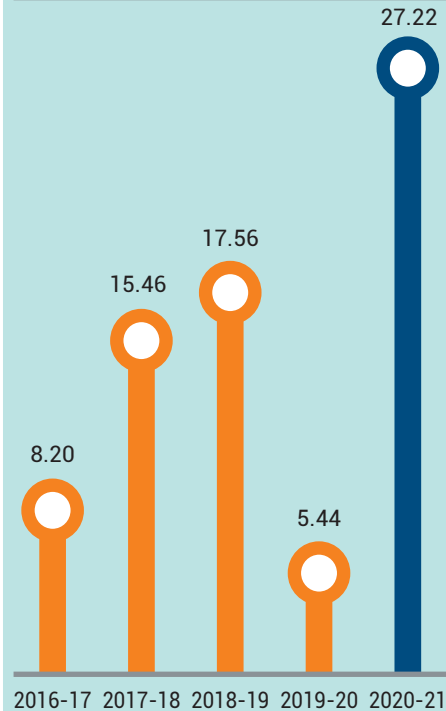
Profit After Tax (₹ in crores)



Cash Profit (₹ in crores)



EPS (Earnings Per Share) (₹)



Chairman's Message



Despite all the disruptions that have collectively and perpetually changed our sense of the 'normal', I am sure we will emerge stronger, resilient and wiser out of this crisis.

Dear Shareholders,

I do hope and pray that you and your families are safe and well in these challenging times and taking due precautions.

The COVID-19 pandemic continued unabated and impacted each day of the last financial year, posing extreme challenges for people, communities and businesses alike. Never have we felt so dependent and in need of the human ability to come to the fore. Let me take this opportunity to pay my sincerest and most heartfelt gratitude to each one in the medical fraternity, sanitation workers, essential service providers and the law enforcement agencies who have been tirelessly working at the frontline. These are the heroes combating the pandemic, fighting an unseen enemy for keeping the rest of the world safe. Their collective efforts have endeavoured to make the world safer and more convenient place for all of us. The world is still reeling under the impact of Covid-19 pandemic. Despite all the disruptions that have collectively and perpetually changed our sense of the 'normal', I am sure we will emerge stronger, resilient and wiser out of this crisis.

Macroeconomic and Industrial Scenario

Last year, the macroeconomic environment was challenging with lower GDP growth rates, liquidity crunch and peaking unemployment rate. What followed was sluggish demand and weakening consumer sentiment.

The Indian Government adopted a four-pillar strategy of containment, fiscal, financial and long-term structural reforms. Various measures were initiated to boost the economy including direct benefit transfer and increased allocations to key sectors like infrastructure, agriculture and MSMEs. The Make in India initiative was revamped and relaunched by the Government with Atma Nirbhar Bharat project, linked incentives to new industrial clusters and imposing import restrictions to help gain market share. The Reserve Bank of India announced repo rate cuts several times on a cumulative basis. This was done with the intent to support the aggregate demand and private investment and to ease liquidity under the COVID-19 situation. The slew of policy measures undertaken and announcements helped the Company arrest and reverse the slowdown to some extent. Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption and investment while unlocking.

Even before the pandemic, the automotive sector was undergoing numerous changes like muted global growth, mounting trade tensions, stricter emission norms and uncertainty on the usage of diesel, uptrend in commodity prices and enhanced electrification regulations. Collectively, these changes were responsible for altering the landscape of the industry. India is in the early stages of Electric Vehicles adoption. The Government is encouraging the move towards alternate vehicle technology with the introduction of the FAME-II scheme. On the other hand, the Passenger Vehicle

industry already in the midst of its longest slowdown in the last three decades slipped further with the lockdowns. However, as the lockdowns were relaxed, a growing need for personal mobility has been noticed working in the segment's favour.

The production and demand of the auto component industry is directly proportional to that of the automobiles industry. Although a sizeable portion of auto components production caters to OEMs, the after-market or the replacement markets have emerged as crucial sources of revenue for the auto components industry over the past few years. In recent years, the manufacturing of auto components has been gradually gaining traction in Asian countries such as China, India and others. The reason behind this shift is the presence of higher market potential and low-cost manufacturing.

Performance Highlight

Despite all the pull-down factors mentioned above and COVID-19 pandemic impact, the global automotive industry recovered from the second half of 2020. Various factors, including buoyant consumer demand and the younger generation's mindset in the domestic market, can be accredited. Considering the socio-economic situations and deployment of Government policies for the revival, we expect that the automotive industry will continue its recovery and bounce back in the coming years.

Business Review

Our focus was on standing by all the stakeholders and employees by offering them all support within our means. Employee mobility, the shutdown of operations, regulatory restrictions, logistical and supply chain issues were the major constraints we faced. During the pandemic, a management task force monitored the situation and took measures for the upkeep of plant, supply chain, stakeholder updates, implementing COVID-19 guidelines, employee health, stay & safety and vaccination to eligible employees.

Our business is broadly divided into: Standalone business of Gaskets, Forgings and three Joint Ventures.

With world-class technical capabilities, our Gasket business is now totally BS-VI ready. We have started supplying BS-VI compliant Gaskets to Hero, Volvo, Tata Motors and Tata Cummins. We continued to focus on capturing newer markets and enhancing our activities towards OE contracts with exports.

The Gasket business generated revenue of ₹ 277.23 crores during the year 2020-21 and holding 40% of the Indian market share. The Company manufactures Heat Shield Gaskets, which are critical for heat, sound and vibration insulation and went aggressively investing in the BS-VI technology, which will pay us dividends as we move forward. We are also working determinedly on the post coating lines, which helps us to reduce imports. The market response to the BS VI vehicles that have been introduced,

has been excellent and customers appreciate new technology and the "greenness" of the vehicles. During the year, we signed up exclusive contract with Sanwa-Packing Industry Co. Ltd., Japan for Light Weight Aluminium Heat Shields. These are used for automotive applications, especially in the Passenger Vehicle segment and is a futuristic product technology.

The Forging business generated revenue of ₹ 166.97 crores during the year 2020-21 and is a one-stop solution for hot forging. We completed the 2,500 tons press installation, which will place it as a one-stop solution provider for forging between 750 tons to 2,500 tons. We also enjoy a strong presence in the overseas market & are suppliers to the top Tier-I companies. Our Forging business has been an outlier for the last couple of quarters. The growth that we will talk about in the future presentation is incredibly strong. We have a fantastic product mix of almost 50% supply to the OE export market and 50% domestic in the Forging business. We are working here again to try and increase our retail ratios by moving towards heavier machine components in the forging space.

Our first JV Company, Nippon Leakless Talbros Private Limited (LTL), expanded the business with Two-wheeler OEM's. This was done by successfully developing Gaskets for the BS-VI engine. The revenues stood at ₹ 81.65 crores during the year.

Our second JV Company, Marelli Talbros Chassis Systems Private Limited (MTCS) reported a revenue of ₹ 124.23 crores during the year. It is a dominant player in the domestic market. And about 16% now comes from exports to our European car maker within this division. During the year, MTCS received multi-year orders from a large European car manufacturer for supplying BIW (Body in White design) parts.

Our third JV Company, Talbros Marugo Rubber Private Limited (TMR), reported revenue of ₹ 41.12 crores during the year. It is a global leader in the supply of Anti-vibration products and Hoses. During the year, we won a multi-year order from a large European car manufacturer. This clubbed with other order in pipelines and is further enhancing our revenue visibility and will lead to operating benefits.

Acknowledgement

I would like to take this opportunity to express my gratitude to you, our shareholders and other stakeholders for your continued trust and confidence in us which has always been a source of great strength to all in the Company. Also, I want to thank and express my appreciation for the senior management and our entire staff, who have worked diligently to help Talbros meet its objectives.

Best wishes,

Naresh Talwar
Chairman

Giving it your best today is the safest bet to a successful future

Business Review

Gaskets (Standalone business)

Over six decades, Talbros among the leaders in offering complete Sealing and Thermal management solutions with gasket and heat shield products.

Talbros is a diversified auto component player with presence across automobile categories in two-wheelers, passenger vehicles, commercial vehicles and farm equipment. Talbros prides itself on being the preferred pick for the world's largest OEMs like Ashok Leyland, Bajaj Auto, Cummins India, Eicher India, Escorts, Hero Honda, Honda, Hyundai, Mahindra & Mahindra, Maruti Suzuki, Suzuki, TAFE, Tata Motors, Tata Cummins, Simpsons and many international corporates. Talbros continues to hold 40% market share in Gasket segment.

With Customer Satisfaction as our ultimate goal, Talbros has strong competencies to design, develop and customize products to suit application requirement. The Company has abilities in providing innovative gasket solutions to its customers underpinned by advanced technology and

modernized manufacturing facilities. Equipped with state-of-the-art machines and in-house tool designing, the Company delivers the best quality products to its customers across the globe.

The Company is currently supplying gaskets for BS-VI / Euro VI engines and working on innovative gaskets designs to cater the requirement of next emission norm Euro VII and to enhance business with global engine makers.

Talbros has also got business for new generation heat shields, which is developed from know-how from JV partner Sanwa-Packing Industry Co. Ltd., Japan. With large requirement in the domestic, the new product line has huge potential to go in future.

Diversified Products Range

- Multi-layer Steel Gasket
- Exhaust Manifold Gasket
- Rubber Molded Gasket
- Cylinder Head Gasket
- Gasket with Electrical Controls
- Edge Molded Gasket
- Heat Shield

2020-21: Key Highlights

- Acquired business for new generation Heat Shields
- Supplying Gaskets for BS-VI/ Euro VI Engines
- A new line of Plastic and Rubber Injection Moulding installed for Gaskets



Revenue Trend

(₹ in crores)

₹ **277.23** crores

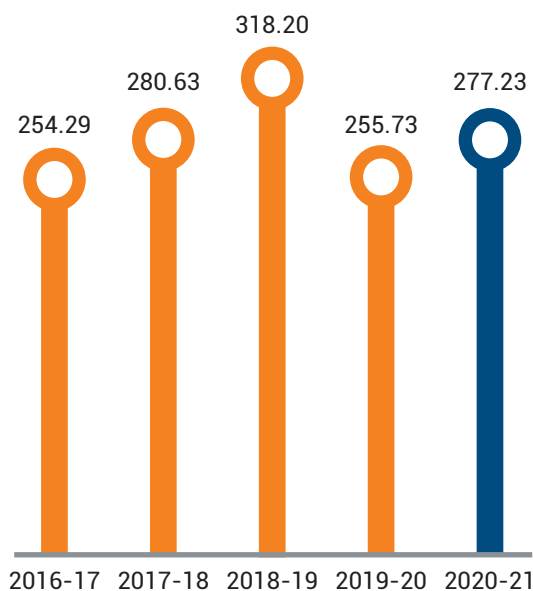
Total revenue in 2020-21

62%

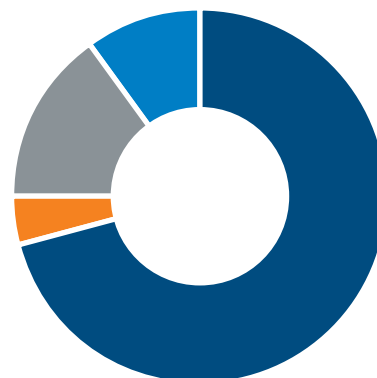
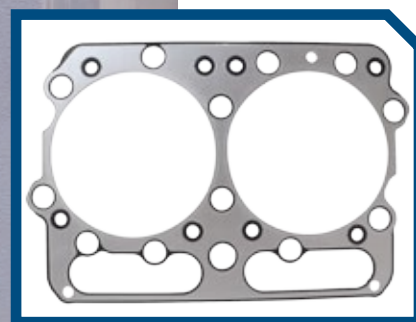
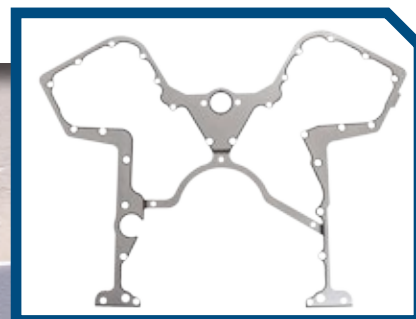
Contribution to total revenue

19.08 crores (units)

Annual installed capacity



Revenue Break-up

OEM **71%**Export **15%**After-market **10%**Others **04%**

There are better opportunities waiting in the future, always

Forging Division

Over the years, Talbros has grown to become a well-known manufacturer of forged and machined parts. It offers sub-assembly for a wide range of customers in the automotive, agriculture, defence, marine and off-highway vehicle industries. The Company provides a complete end-to-end solution including Simulation, Die Design, from forged to machined parts and a PLC-controlled Continuous Heat Treatment facility (Iso-thermal Annealing and Normalizing). Talbros has a built-in cutting-edge infrastructure and facilities to improve operational efficiency and production. It offers strong manufacturing capabilities including 3D modelling, die and tool design and high-end 3D design. The Company's manufacturing units are equipped with heat treatment facilities and heavy-duty mechanical forging presses along with numerous VMC's & CNC's work centres. The Company commissioned new forging line of 2500-ton press and brought into production during the previous financial year.

The Company produces unrivalled quality goods with optimum design through its elite in-house equipment and high-end simulation software. With ISO:14001 accreditation, the Company has further strengthened its capabilities by incorporating worldwide quality benchmarks and environmental considerations. Through partnerships with technological leaders combined with end-to-end value chain capabilities, Talbros is a major supplier to top Tier-1 multi-national corporations. The Company is looking to diversifying into fully completed forged and machined steel and aluminium alloy components.

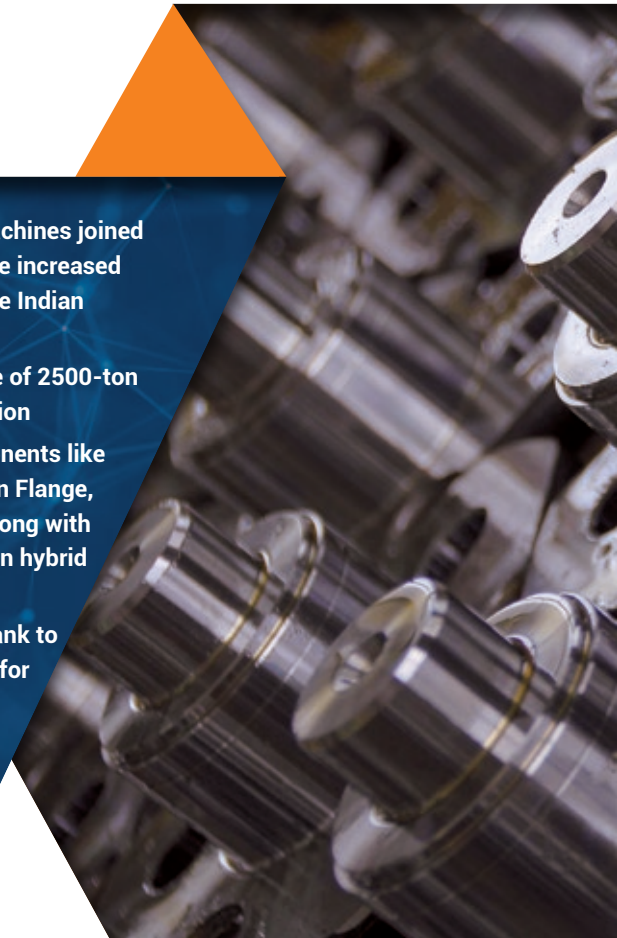
As hybrid & electric vehicles are the industry's future, Talbros is committed to being considered for this industry transition. And hence, the Company is consistently preparing itself by inventing its skills, technology and capital for market development with existing and new European and American Tier-1 component manufacturers.

Diversified Products Range

- King Pins
- Gear Blanks
- Housing and Yoke Shafts
- Power Transmission Parts for Hybrid & Electric Drive
- Vehicle Structural Parts

2020-21: Key Highlights

- Last year, more than half a million components were exported to Europe to be used in EVs, which is only at their ramping-up stage
- Extended penetration with global OEMs in Premium Car segments
- Started supplying parts for the power generation industry and converted from casting to forging
- Twenty new CNC and VMCs machines joined the production frontline to serve increased demand in the European and the Indian market
- Commissioned new forging line of 2500-ton press and brought into production
- Developed and supplied components like Bridge Fork Bottom, Companion Flange, Tube Yoke and Recovery Eye along with a wide range of products used in hybrid and electric vehicle
- Developed steel forged gear blank to replace imported sintered gear for a Japanese customer
- In discussion with various Indian & European Tier 1 Customers for supplying heavier forging products



Revenue Trend

(₹ in crores)

₹ **166.97** crores

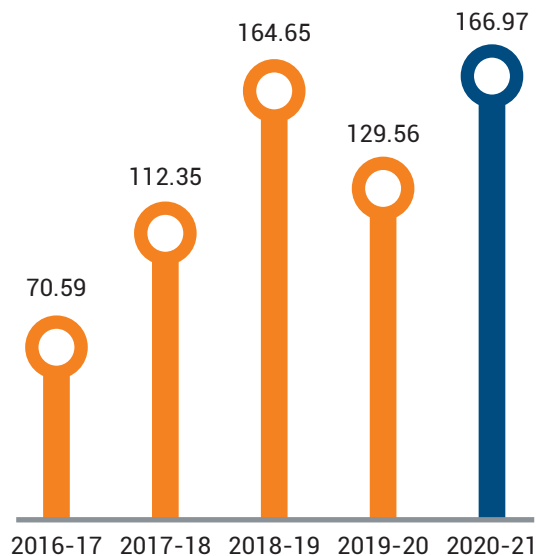
Total revenue in 2020-21

38%

Contribution to total revenue

21,000 MT

Annual installed capacity



Revenue Break-up

OEM **43%**Export **51%**Others **06%**

The future is as promising as your determination

Nippon Leakless Talbros Private Limited (LTL)

Nippon Leakless Talbros Private Limited (LTL) is a Joint Venture between Nippon Leakless Corporation (NLK), Japan and Talbros Automotive Components Limited. NLK is a renowned Gaskets and packaging supplier to customers who manufacture automobile and industrial products in the Two-wheeler industry.

Through their operations in ten locations worldwide, NLK gives its customers an exceptional development capability. It manufactures quality goods through an integrated manufacturing system that includes everything from resources to finished products in an optimal style.

With the technical backing of NLK, LTL is producing and delivering Gaskets for the Two-wheeler industry, spanning from 100 cc to 450 cc. The JV has successfully started supplying gaskets for BS-VI models. LTL is the preferred supplier of Gaskets for two of the leading Two-wheeler OEMs, Hero and Honda.

LTL ensures that its products are effective and reliable by customizing them as per the customers' specifications. LTL maintains environmental safety measures during manufacturing.

₹ **81.65** crores
Total revenue in 2020-21

₹ **32.66** crores
Talbros share 2020-21

₹ **8.34** crores
PAT in 2020-21

Product

- Gaskets

Certifications

- IATF16949:2016
- ISO 14001:2015
- ISO 9001:2015
- ISO 14001:2018

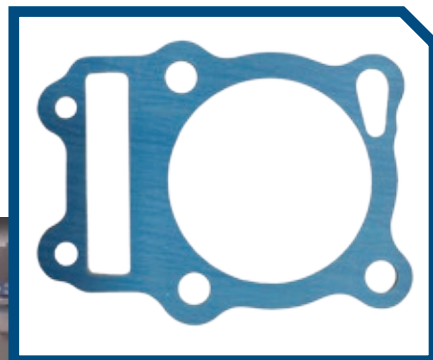
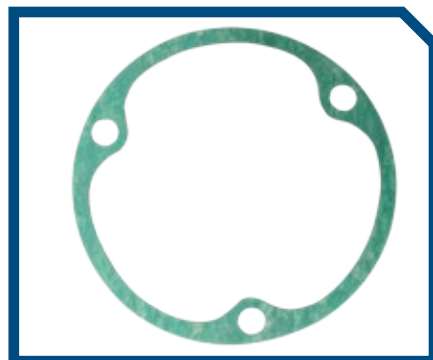
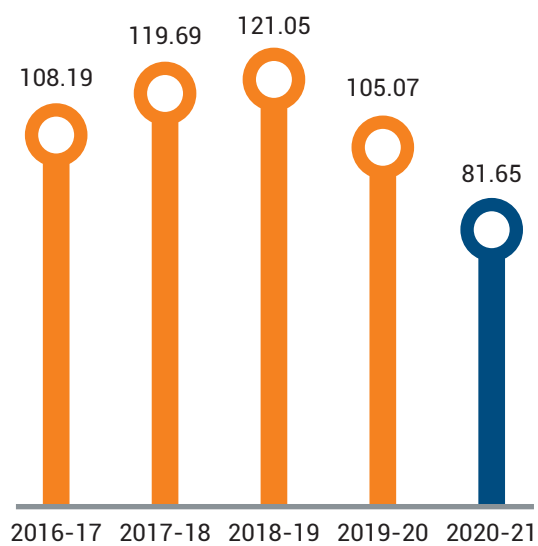
2020-21: Key Highlights

- Expanded business with two wheeler OEM's by successfully developing gaskets for BS VI engines.
- Successful transformation from BS IV to BS VI



Revenue Trend

(₹ in crores)



Preparing for the future is the best way of predicting it

Marelli TalbroS Chassis Systems Private Limited (MTCS)

TalbroS Automotive Components Limited strategically collaborated with Marelli Suspension Systems Italy S.p.A. (formerly known as Sistemi Sospensioni S.p.A., Italy). Together they formed a Joint Venture, Marelli TalbroS Chassis Systems Private Limited, in 2012 (formerly known as Magneti Marelli TalbroS Chassis Systems Private Limited). This JV has enabled the Company to develop and manufacture Chassis Components including Control Arm, Suspension Links Steering Knuckle, Front Cross Member, Rear Twist-Beam Axle, Wheel Group and Semi Corner Module Assemblies for automotive application. Through this JV, the Company has also established Aluminium Stamping and Welding and Supplying to the Premium Car segment.

Marelli TalbroS Chassis Systems Private Limited (MTCS) has emerged as the preferred source for Chassis and body in white (BIW) components. The Company has expanded its reach and has marked its footprint in Pune. The manufacturing unit of Pune is certified with ISO:14001 and ISO:45001 certification, along with the IATF:16949 Quality

System certification. The Plant has in-house value chain capabilities including Stamping Presses, Robotic Welding and Assembly. The Company is also focusing on expanding the product line into Front Sub Frames and Rear Axles.

MTCS received the prestigious ACMA Excellence Award in 3 categories:

- Silver Award in Exports Excellence in Medium Category
- Silver Award in Human Resource in Medium Category
- Bronze Award in Health, Safety & Environment in Medium Category
- MTCS has also received ONE STAR export house award based on exports achieved in FY 2019-20

Products

- Suspension Lower Control Arms
- Suspension Links
- Suspension with Axle

Certifications

- IATF:16949 –QMS
- ISO:14001 –EMS
- ISO:50001 –ENMS
- ISO:45001 – OHSAS

2020-21: Key Highlights

- Commissioning of Pune plant
- Expanded business with global OEM in Premium Car segment for BIW parts
- Added new orders from an existing customer for the next generation vehicles
- Expanded production capacity to meet the increasing demand for automobiles in India



Revenue Trend

(₹ in crores)

₹ **124.23** crores

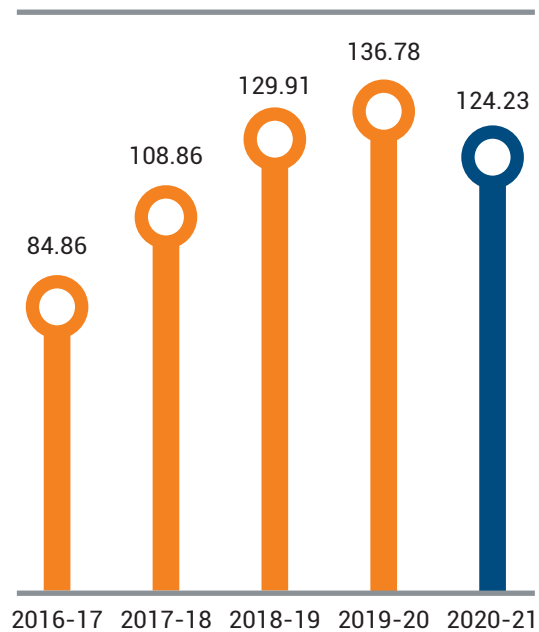
Total revenue in 2020-21

₹ **62.12** crores

Talbros share 2020-21

₹ **4.26** crores

PAT in 2020-21



Vision, confidence and focus shape the future

Talbros Marugo Rubber Private Limited (TMR)

Established in 2012, Talbros Marugo Rubber Private Limited is a Joint Venture between Marugo Rubber Industries, Japan and Talbros Automotive Components Limited. This JV was formed to achieve market differentiation and develop innovative and quality anti-vibration products (AV) and hoses.

Marugo Rubber Industries, Japan is a leading OEM supplier of Anti-vibration products and Hoses to the largest OEMs globally.

TMR is an emerging supplier for Rubber & Rubber to Metal Bonded parts and Hoses to various OEMs. The Company has complete in-house value chain capabilities starting from Compound Mixing, Metal-Preparation, Moulding and Extrusion. Backed by its strengths and operating excellence, TMR received various orders from the domestic and overseas OEMs, leading to an improved presence in the automotive market.

The Company is committed to manufacturing international standard quality products by adhering to strict benchmarks and environmental parameters with IATF 16949, ISO-14001 and ISO 45001 Certifications.

₹ **41.12** crores
Total revenue in 2020-21

₹ **20.56** crores
Talbros share 2020-21

₹ **0.12** crores
PAT in 2020-21

Products

- Rubber & Rubber to Metal Bonded Parts
 - Suspension Bushes
 - Muffler Mount/Exhaust Hangers
 - Cabin Mount
 - Bump Stopper
- Extrusion (Low Pressure) & Molded Hoses
 - Air Hose (Air Cleaner, Intercooler Hoses)
 - Fuel Hoses (Fuel Filler, Breather & Purge Hoses)
 - Coolant Hoses (Radiator, Heater Hoses)

Certifications

- IATF:16949
- ISO:14001
- ISO:45001

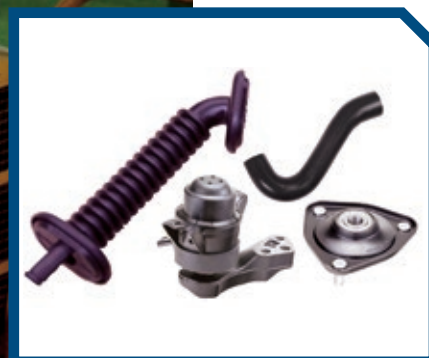
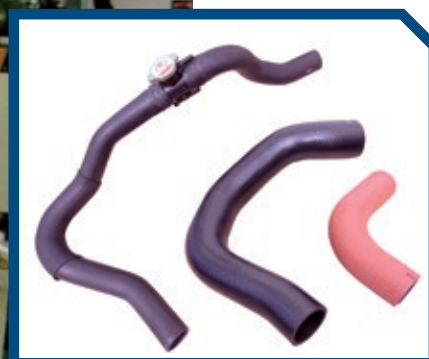
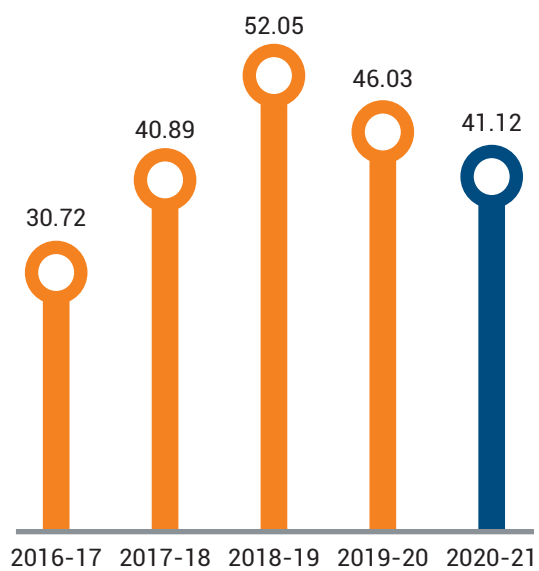
2020-21: Key Highlights

- Secured new AV & Extruded Hose business from MSIL
- Expanded reach towards the HCV and agriculture industry
- Expanding reach towards the global OEM's



Revenue Trend

(₹ in crores)



TALBROS AUTOMOTIVE COMPONENTS LIMITED

CIN: L29199HR1956PLC033107

Registered Office: 14/1, Delhi-Mathura Road, P.O. Amar Nagar
Faridabad-121003, Haryana

Tel No.: 0129-2251482, Website: www.talbro's.com, Email: seema_narang@talbro's.com

NOTICE

NOTICE is hereby given that the 64th Annual General Meeting of the members of Talbro's Automotive Components Limited will be held on **Monday, the 27th day of September, 2021 at 10.30 a.m.** through **video conferencing/ other audio visual means (VC/OAVM)** to transact the following businesses :

ORDINARY BUSINESS:

1. Adoption of Audited Standalone and Consolidated Financial Statements.

To receive, consider and adopt the audited Financial Statements (Standalone and Consolidated) of the Company for the Financial year ended 31st March, 2021 including audited Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon and in this regard pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the Audited Financial Statements (including the audited consolidated financial statements) of the Company for the financial year ended 31st March, 2021 including the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."

2. Declaration of Dividend.

To declare Dividend @ 20 % on paid-up Equity Share Capital for the financial year ended 31st March, 2021 and in this regard pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the recommendation of the Board of Directors, 20% dividend at the rate of ₹ 2/- per equity share on 1,23,45,630 Equity shares of ₹ 10/- each of the Company be and is hereby declared out of the profits of the Company to be paid to the members of the Company for the financial year ended 31st March, 2021.

RESOLVED FURTHER THAT the dividend be paid to the shareholders whose names appear in the Register of Members as on Monday, 20th September, 2021."

3. Re-appointment of Mr. Vidur Talwar as Director.

To re-appoint Mr. Vidur Talwar (DIN: 00114643) as Director, who retires by rotation and, being eligible, offers himself for re-appointment and in this regard pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, if any (including any statutory modifications or re-enactments thereof) and the Articles of Association of the Company, Mr. Vidur Talwar (DIN: 00114643) who retires by rotation and being eligible, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. Renewal of Agreement with QH Talbro's Private Limited for Sale/Purchase of Company's products.

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

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement with QH Talbro's Private Limited for a period of three years with effect from 1st April, 2022 to 31st March, 2025 for Sale/Purchase of Company's products including but not limited to Gaskets, Forgings and other Auto Parts upto maximum amount of ₹ 80.00 crores in one financial year.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds or things as may be necessary to give effect to the above resolution."

5. Renewal of Agreement with Talbro's Marugo Rubber Private Limited for purchase/sale of Rubber, Rubber

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Compound, other chemicals and to do job work for each other.

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

“RESOLVED THAT pursuant to section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement with Talbros Marugo Rubber Private Limited for a period of three years w.e.f 1st April, 2022 to 31st March, 2025 for purchase/sale of Rubber, Rubber Compound, other chemicals and to do job work for each other upto maximum amount of ₹ 1.50 crores, ₹ 2.00 crores and ₹ 2.50 crores in 1st, 2nd and 3rd year respectively on such terms and conditions as mentioned in the agreement.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds or things as may be necessary to give effect to the above resolution.”

6. Entering into Business Agreement with Talbros Indiparts Private Limited for sale of Company's products in the aftermarket.

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement with Talbros Indiparts Private Limited for a period of three years with effect from 1st April, 2021 to 31st March, 2024

for sale of Company's products in the aftermarket for a maximum amount of ₹ 50 crores in the 1st year and ₹ 60 crores each in the second and third year respectively on the terms and conditions as mentioned in the agreement.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds or things as may be necessary to give effect to the above resolution.

RESOLVED FURTHER THAT the transactions for sale of products to TIPL since 1st April, 2021 and upto the date of this Annual General Meeting be and are hereby ratified and approved.”

7. Remuneration of Cost Auditors

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

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) appointed as Cost Auditors by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2022 amounting to ₹ 1.75 Lacs exclusive of applicable taxes thereon and reimbursement of out of pocket expenses on actual basis incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.”

**By Order of the Board
For Talbros Automotive Components Limited**

Place: Gurugram
Date: 8th June, 2021

**Sd/-
Seema Narang
Company Secretary**

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NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), which sets out details relating to Special Businesses at the meeting, is annexed hereto.

The relevant details, pursuant to applicable SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on general meetings issued by the Institute of Company Secretaries of India in respect of Director seeking re-appointment at this AGM is annexed as **Annexure-1**.

2. **In accordance with the General Circular No. 20/2020 dated 5th May, 2020, read with the circulars dated 8th April, 2020, 13th April, 2020 and 13th January, 2021 issued by the Ministry of Corporate Affairs (MCA) and in accordance with the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 issued by the Securities and Exchange Board of India providing relaxations to the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (Listing Regulations, collectively "Applicable Circulars"), the Annual General Meeting (AGM) will be conducted through video conferencing/ other audio visual means (VC/OAVM). Members can attend and participate in the 64th AGM through VC/OAVM. The deemed venue for the AGM will be the Registered Office of the Company and the physical attendance of the members at a common venue has been dispensed with.**

Accordingly, MEMBERS ARE NOT ENTITLED TO APPOINT A PROXY FOR THE 64th AGM.

3. Pursuant to the Circulars issued by the Ministry of Corporate Affairs, the facility to appoint Proxy to attend and cast vote for the members is not available for this AGM. However, Institutional/Corporate Shareholders (other than individuals/HUF, NRI etc.) are required to send a scanned copy of their Board or governing body resolution/authorization for authorizing the representative to attend and vote on their behalf via email to **evoting@nsdl.co.in** and **seema_narang@talbros.com**.
4. a) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members who need assistance before or during the AGM and e-voting user manual for Members available on the website

www.evoting.nsdl.com under the 'Downloads Section'. You can also contact NSDL on toll free number 1800-1020-990 and 1800 22 44 30 or Ms. Soni Singh, Assistant Manager, NSDL, at designated e-mail IDs: evoting@nsdl.co.in, who will address the grievances related to electronic voting.

- b) The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in these notes. The facility of participation at the AGM through VC/OAVM will be made available for maximum of 1000 members on first come first served basis. However, this will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee and Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8th April, 2020, 13th April, 2020, 05th May, 2020 and 13th January, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

7. **In accordance with the Applicable Circulars, electronic copies of the 64th Annual Report and this Notice, inter-alia, indicating the process and manner of e-voting**

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along with instructions to attend the AGM through VC/OAVM are being sent by mail to those members whose email addresses have been made available to the Company/ Depository Participants.

8. **Members may also note that the Notice of the AGM and the Annual Report are available on the website of the Company www.talbro.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com and on the website of NSDL i.e., www.evoting.nsdl.com.**
9. **Members desiring any information relating to the annual accounts or any document pertaining to the explanatory statement are requested to send an email to the Company at seema_narang@talbro.com at least ten (10) days before the AGM.**
10. The Register of Members will remain closed from Monday, 20th September, 2021 to Monday, 27th September, 2021 (both days inclusive).
11. Subject to the provisions of Section 123 of the Act, dividend as recommended by the Board of Directors, if declared at the AGM will be paid to the Members on the basis of the details of beneficial ownership furnished by the Depositories, as at the close of Friday, 17th September, 2021 and in respect of shares held in physical form to those members whose names will appear in the Register of Members of the Company as on the date of the Annual General Meeting.
12. As you may be aware that in terms of the provisions of the Income Tax Act, 1961 ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1st April, 2020 is taxable in the hands of the Members. The Company is, therefore, required to deduct tax at source at the time of payment of dividend to the Members.

For resident members: Tax will be deducted at source ("TDS") under Section 194 of the Act (read with Press Release dated 13th May, 2020) @ 10% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during FY 2020-21 does not exceed ₹ 5,000/-.

Tax at source will **NOT** be deducted where a member provides Form 15G (applicable to Individual in case of dividend) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Blank Form 15G and 15H can also be downloaded from the website of the RTA viz. Form15H.pdf (kfintech.com)

Needless to mention, the Permanent Account Number (PAN) will be mandatorily required. If PAN is not submitted, Tax at source will be deducted @ 20% as per Section 206AA of the Act.

In order to provide exemption from withholding of tax, the following organizations must provide a self-declaration as listed below:

- **Insurance companies:** A declaration that they are beneficial owners of shares held.
- **Mutual Funds:** A declaration that they are governed by the provisions of Section 10(23D) of the Act along with copy of registration documents (self-attested).
- **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under Section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI Regulations. Copy of registration documents (self-attested) should be provided.
- **New Pension System Trust:** A declaration that they are governed by the provisions of Section 10(44) [subsection 1E to Section 197A] of the Act along with copy of registration documents (self-attested).
- **Corporation established by or under a Central Act** which is, under any law for the time being in force, exempt from income tax on its income - Documentary evidence that the person is covered under Section 196 of the Act.
- **For non-resident members:** Tax is required to be withheld in accordance with the provisions of Section 195 of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident member has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country

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of tax residence of the member, if they are more beneficial to the member. For this purpose, i.e. to avail tax treaty benefits, the non-resident member will have to provide the following:

- i) Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian income tax authorities;
- ii) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the member is resident;
- iii) Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- iv) Self-declaration by the non-resident member of having no permanent establishment in India in accordance with the applicable Tax Treaty;

- v) Self-declaration of beneficial ownership by the non-resident member.

The documents referred to in point nos. (iii) to (v) can be downloaded from the website of the RTA viz. [Tax Exemption Forms Registration \(kfintech.com\)](http://kfintech.com)

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident member.

Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Act. Such rate shall not be reduced on account of the application of the lower DTAA rate, if any.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than Friday, 10th September, 2021.

To summarize, dividend will be paid after deducting the tax at source as under:

- NIL for resident members receiving dividend up to ₹ 5,000/- or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN is submitted.
- 10% for resident members in case PAN is provided / available.
- 20% for resident members, if PAN is not provided / not available.
- Tax will be assessed on the basis of documents submitted by the non-resident members.
- 20% plus applicable surcharge and cess for non-resident members in case the aforementioned documents are not submitted.
- Lower / NIL TDS on submission of self-attested copy of the certificate issued under Section 197 of the Act.

Kindly note that the aforementioned documents should be sent through e-mail to einward.ris@kfintech.com and rajeev.kr@kfintech.com.

No communication on the tax determination / deduction shall be entertained after 10th September, 2021.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie

against the Company for such tax deducted.

In the event the Company is unable to pay the dividend to any member directly in their bank accounts, the Company will dispatch the dividend warrant/ Bankers' cheque/ demand draft/etc. to such member, as the case may be at the earliest once the normalcy is restored.

All dividend remaining unclaimed/unpaid for a period of seven years from the date it became due for payment, will be transferred to the Investor Education and Protection Fund established by the Central Government. Members who have not yet

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encashed their dividend warrant(s) are requested to make their claims without any delay.

13. The members are requested to update their bank details with their Depository Participants or Registrar and Transfer Agent (RTA) for the purpose of receiving dividend. The Ministry of Corporate Affairs (MCA) is encouraging all the members to receive dividend electronically due to unprecedented lockdown in various areas due to COVID-19 and uncertainty of postal services.
14. In terms of SEBI's Circular dated 20th April, 2018, members holding shares in physical form and whose Permanent Account Number (PAN) and Bank details are not updated in the records of KFIN Technologies Private Limited (KFin), Registrar and Transfer Agent of the Company are requested to submit their PAN and Bank details, along with the self-attested copy of PAN Card and original cancelled cheque/attested copy of bank passbook bearing name of the member to the Company/KFin.

All Investor related communication may be addressed to the RTA/Company at the following address:

Company Address:	RTA Address:
Company Secretary & Compliance Officer Talbro Automotive Components Ltd. 14/1, Delhi Mathura Road, Faridabad -121003 Tel: +91-129- 2251456/ 2251482 Email: seema_narang@talbros.com	M/s KFIN Technologies Private Ltd., Unit: Talbros Automotive Components Ltd., Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad 500 008, India Email: rajeev.kr@kfintech.com

15. Register of contracts or arrangements in which directors are interested will be available at the commencement of AGM and remain open and accessible during the continuance of the AGM to any person attending meeting through VC/OAVM.
16. Register of Directors and Key Managerial Personnel will also be kept open for inspection during the AGM and accessible to the persons attending the AGM through VC/OAVM.
17. In terms of Section 72 of the Companies Act, 2013 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination are requested to send

their request in Form SH-13 for nomination and Form SH-14 for cancellation/ variation as the case may be to the RTA.

18. Attention of the members is drawn to the provisions of Section 124(6) of the Act which requires a Company to transfer all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more in the name of IEPF Authority. In accordance with the aforesaid provision of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has intimated the shareholders whose shares are liable to be transferred in the name of IEPF Authority. Members are advised to visit the website of the Company www.talbros.com to ascertain such details.
19. Since the Annual General Meeting will be held through video conferencing, the route map and attendance slip are not attached to this Notice.

20. INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER-

- a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of voting through electronic means to its members. Members of the Company can transact all the items of the businesses with the facility of voting through electronic means through e-Voting Services provided by National Securities Depository Limited (NSDL).
- b) The members who have casted their vote by remote e-voting prior to the meeting may also participate in the meeting through VC/OAVM but shall not be entitled to cast their vote again.
- c) The "cut-off" date for determining the eligibility for voting through remote electronic voting system is fixed as Monday, 20th September, 2021. The voting rights of the shareholders shall be in proportion to their shares on the total paid-up equity share capital as on the cut-off date.
- d) Ms. Kiran Sharma, a practicing Company Secretary (Membership no. 4942), has been appointed as the

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scrutinizer to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.

- e) The Scrutinizer shall, immediately after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM, submit a consolidated Scrutinizer's report of the total votes cast in favour and against the resolution(s), invalid votes, if any, and whether the resolution(s) has/have been carried or not, to the Chairman or a person authorized by him. The result along with the Scrutinizer's Report will be published on the website of the Company at www.talbro's.com and on the website of NSDL at www.evoting.nsdl.com. The results shall be simultaneously communicated to BSE Limited and National Stock Exchange of India Limited, where the securities of the Company are listed.

OTHER INFORMATION RELATED TO REMOTE E-VOTING PROCEDURE-

The remote e-voting facility will be available during the following voting period:

Commencement of e-voting	Friday, 24 th September, 2021 at 9:00 A.M (IST)
End of e-voting	Sunday, 26 th September, 2021 at 5:00 P.M.(IST)

The remote e-voting module shall be disabled by NSDL for voting thereafter.

The manner of voting electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode:



In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

NSDL provides IDeAS (Internet based Demat Account Statement) to its clients to enable shareholders to view balances and transactions in demat accounts updated on an online basis.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

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Type of shareholders	Login Method
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; align-items: center;">  App Store  Google Play </div> <div style="display: flex; justify-content: center; align-items: center; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

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Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- Password details for shareholders other than Individual shareholders are given below:
 - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL

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account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Instructions for those shareholders whose e-mail ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to seema_narang@talbros.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) to seema_narang@talbros.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. [Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode](#).
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Notice (Contd.)

21. Instructions for attending AGM of the Company through VC/OAVM:

- i. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- ii. Members are requested to participate on first-come-first-served basis, as participation at the meeting through video conferencing will be limited to maximum of 1000 members. The meeting can be joined 30 minutes before the scheduled time of AGM and will be closed on the expiry of 30 minutes from the scheduled time of the AGM. However, there will be no such restrictions for participation at the meeting by large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and Auditors etc.
- iii. The procedure for e-Voting on the day of the AGM is same as the instructions for remote e-voting mentioned below.
- iv. Members are encouraged to join the Meeting through Laptops for better experience. Further, members will be required to allow Camera and use Internet with a good speed to avoid any

disturbance during the meeting. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

- v. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at seema.narang@talbros.com by Friday, 17th September, 2021 (5.00 pm IST).
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending upon the availability of time at the AGM.
- vi. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members who need assistance before or during the AGM and e-voting user manual for Members available on the website www.evoting.nsdl.com under the 'Downloads Section'. You can also contact NSDL on toll free number 1800-1020-990 and 1800 22 44 30 or Ms. Soni Singh, Assistant Manager, NSDL, at designated e-mail IDs: evoting@nsdl.co.in, who will address the grievances related to electronic voting.

**By Order of the Board
For Talbros Automotive Components Limited**

Place: Gurugram
Date: 8th June, 2021

**Sd/-
Seema Narang
Company Secretary**

Notice (Contd.)

EXPLANATORY STATEMENT IN RESPECT OF ITEMS OF SPECIAL BUSINESS:

The following Explanatory Statement, as required under Section 102 of the Companies Act, 2013 (Act), sets out all the material facts relating to the business proposed to be transacted under Item Nos. 4 to 7 of the accompanying Notice dated 8th June, 2021.

Item No. 4

QH Talbros Private Limited (QHT) is an associate company and is a related party as per provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder.

Both Talbros Automotive Components Limited (TACL) and QHT are engaged in the business of manufacturing of auto parts. TACL has been supplying Auto Parts, Gaskets and Forgings etc. to QHT to meet its customer demands.

Members of the Company at their 62nd Annual General Meeting held on 25th September, 2019 had approved the similar agreement for a period of three years from 1st April, 2019 to 31st March, 2022.

The Resolution mentioned at Item no. 4 of the accompanying Notice is for the renewal of the agreement with QHT for sale/purchase of Company's products namely Gaskets, Forgings and other auto parts to QHT for a period of three years from 1st April, 2022 to 31st March, 2025 upto maximum value aggregating to ₹ 80.00 crores exclusive of applicable taxes in one financial year.

Your Directors recommend the Ordinary Resolution at Item No. 4 of the Notice for the approval of the Members to meet the statutory compliance.

Mr. Naresh Talwar, Mr. Umesh Talwar and Mr. Vidur Talwar being common Directors of both the companies and Mr. Varun Talwar and Mr. Anuj Talwar being relatives of Directors, may be deemed interested in the proposed resolution.

No other Directors/ Key Managerial Personnel and their relatives are in any way concerned or interested in the resolution set out at Item No. 4.

Item no. 5

Talbros Marugo Rubber Private Limited (TMR) is a Joint Venture Company between Talbros Automotive Components Limited (TACL) and Marugo Rubber Industries Limited, Japan and is a related party as per the provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder.

Both TMR and TACL require same raw material for manufacturing their products. In order to economize on capital expenditure and to avoid unnecessary duplication of facilities, as well as to meet any eventuality of break down at any of the Companies, both the companies need to enter into an Agreement for the sale/purchase of Rubber, Rubber Compound, other chemicals, and to do job work for each other.

Members of the Company at their 62nd Annual General Meeting held on 25th September, 2019 had approved the similar agreement for a period of three years from 1st April, 2019 to 31st March, 2022.

The Resolution mentioned at Item no. 5 of the accompanying Notice is for the renewal of the agreement with TMR for the sale/purchase of Rubber, Rubber Compound, other chemicals, and to do job work for each other for a period of three years with effect from 1st April, 2022 to 31st March, 2025 upto maximum amount of ₹ 1.50 crores, ₹ 2.00 crores and ₹ 2.50 crores, exclusive of applicable taxes in the 1st, 2nd and 3rd year respectively.

Your Directors recommend the Ordinary Resolution at Item No. 5 of the accompanying Notice for the approval of the Members to meet statutory compliance.

Mr. Varun Talwar, Mr. Vidur Talwar and Mr. Anuj Talwar being common Directors of both the companies and Mr. Naresh Talwar and Mr. Umesh Talwar being relatives of Directors, may be deemed interested in the proposed resolution.

No other Directors/ Key Managerial Personnel and their relatives are in any way concerned or interested in the resolution set out at Item No. 5.

Item no. 6

To achieve economies of scale and better utilization of resources, approval of the members is sought for entering into an agreement with TIPL to sell Company's products in aftermarket. The agreement will enable TACL to focus on sale of products to OEMs, Export Market and to channelize its synergies in increasing its product range and customers. TIPL will become one customer for all the aftermarket sales in place of multiple distributors in the replacement market. The agreement will bring in optimization of available existing manpower & resources and will help in overall improvement of margins of the company.

Talbros Indiparts Private Limited (TIPL) is a related party as per provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder.

Notice (Contd.)

The Resolution mentioned at Item no. 6 of the accompanying Notice is for the entering into an agreement with TIPL for sale of Company's products in the aftermarket for a period of three years from 1st April, 2021 to 31st March, 2024 upto maximum value aggregating to ₹ 50.00 crores in the 1st year, ₹ 60.00 crores each in the 2nd and 3rd year respectively exclusive of applicable taxes.

Your Directors recommend the Ordinary Resolution at Item No. 6 of the Notice for the approval of the Members to meet the statutory compliance.

Mr. Navin Juneja being common Director of both the companies may be deemed interested in the proposed resolution.

No other Directors/ Key Managerial Personnel and their relatives are in any way concerned or interested in the resolution set out at Item No. 6.

Item No. 7

The Board, on the recommendation of Audit committee, has approved the re-appointment and of M/s. Vijender Sharma & Co., Cost Accountants (Firm Registration No. 00180) as Cost Auditor of the Company to audit the cost records maintained by the Company for the financial year ending 31st March, 2022. In accordance with the provisions of Section 148 of

the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board is required to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item no. 7 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2022.

None of the Directors/Key Managerial Personnel of the Company/their relatives is concerned or interested, whether financially or otherwise, in the resolution set out at Item no. 7.

The Board recommends the Ordinary Resolution at Item No. 7 for approval by the members.

**By Order of the Board
For Talbros Automotive Components Limited**

Place: Gurugram
Date: 8th June, 2021

**Sd/-
Seema Narang
Company Secretary**

Notice (Contd.)

ANNEXURE -1 TO NOTICE OF 64TH AGM

Details of Directors seeking Appointment/Re-appointment at the forthcoming Annual General Meeting (pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India are as under:

Name of the Director	Mr. Vidur Talwar
Age / Date of Birth	49 years / 30 th June, 1971
Nationality	Indian
Qualifications	BS in Business Administration and MBA in Finance from Drexel University, Philadelphia, PA.
Expertise in specific functional areas	Business Management, Strategic Leadership, Finance and extensive knowledge of Automobile Industry.
Brief Profile	BS in Business Administration and MBA in Finance from Drexel University, Philadelphia, PA. 25 years of rich and varied experience in Automotive Components Industry, Strategic leadership, business and finance.
Date of Appointment	12.02.2015
Relationship with other Directors inter-se and Key Managerial Personnel	Mr. Vidur Talwar is the son of Mr. Naresh Talwar and brother of Mr. Varun Talwar.
Shareholding in Talbros Automotive Components Limited	NIL
Remuneration	NIL
List of Directorships held in other Companies (excluding foreign companies)	1. QH Talbros Private Limited 2. Talbros International Private Limited 3. T&T Motors Private Limited 4. Nippon Leakless Talbros Private Limited 5. Marelli Talbros Chassis Systems Private Limited 6. Talbros Marugo Rubber Private Limited
List of Committees of Board of Directors across all companies in which Chairmanship/ Membership is held (only Audit Committee and Stakeholders' Relationship Committee considered)	Talbros Automotive Components Limited Member – Audit Committee
Number of Board Meetings attended during the year	4

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 64th Annual Report on the business and operations of your Company along with Audited Accounts and the Auditors' Report thereon for the Financial Year ended 31st March, 2021.

FINANCIAL HIGHLIGHTS:

(₹ in Lacs)

Particulars:	Year Ended 31 st March, 2021	Year Ended 31 st March, 2020
Net Revenue from Operations	44,419.72	38,529.41
Profit before Interest and Depreciation	6,463.37	4,545.23
Less : Interest	1,348.66	1,610.23
Depreciation	2,298.28	1,917.05
Profit before Tax before Exceptional Item	2,816.43	1,017.95
Exceptional Item	1,811.94	(213.80)
Profit before Tax and after Exceptional Item	4,628.37	804.15
Less: Provision for Taxation	1380.81	133.75
Provision for Deferred Tax	(76.30)	16.70
Less: (Excess)/ Short provision of tax for earlier years written back/ provided	(36.94)	(18.19)
Profit after Tax	3,360.80	671.89
Other Comprehensive Income		
a) Items that will not be reclassified to profit and loss	1,435.09	(1,349.61)
b) Income tax relating to items that will not be reclassified to profit and loss	(333.26)	316.07
Total other comprehensive income	1,101.83	(1,033.54)
Total comprehensive income	4,462.63	(361.65)

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

BUSINESS REVIEW

India's economy, which was showing signs of recovery in early 2021 after the first COVID-19 surge, was hit by the second wave of the pandemic which derailed the recovery momentum of the domestic auto industry, which was poised for a comeback in the current fiscal year after two consecutive challenging years.

Many auto OEMs and auto ancillaries resorted to plant shutdowns as a restrictive measure. The automotive dealerships across regions were also not operational due to the restrictions imposed by various states and local authorities in order to curb the pandemic.

Though the gravity of health crisis due to pandemic is severe than last year, the economic impact of this is likely to be less subdued than we saw in the first wave, depending upon the ability of India to spring back quickly.

The Company scaled up its efforts quickly and restored normalcy of operations at its plants. Your Company has also implemented detailed business continuity plans in an effort to secure the continuity of its operations while taking due care for ensuring the health, safety and well-being of its employees.

During the period under review, your Company remained focused on manufacturing, logistics for growth and continuity in operations with renewed vigor ensuring ample safety measures for its employees. At Talbro's, even amid an unprecedented global crisis, we continued to carry on our operations safely and managed to achieve excellent results despite many odds.

FINANCIAL REVIEW

In 12M FY21, Gasket division sales is ₹ 280.76 crores up by 8.06% as compared to 12M FY20 turnover of ₹ 259.82 crores.

In 12M FY21, forging division sales is ₹ 167.54 crores up by 28.13% as compared to 12M FY20 turnover of ₹ 130.76 crores.

Board's Report (Contd.)

During the Financial Year 2020-21, your Company on standalone basis recorded a turnover of ₹ 444.20 crores, 15.29% as compared to last financial year 2019-20 with gross turnover of ₹ 385.29 crores. Profit after tax (PAT) for the Company was ₹ 33.61 crores, 400% higher as compared to the PAT of ₹ 6.72 crores in the previous year 2019-20.

The JV Company Nippon Leakless Talbros Private Limited (LTL) recorded a turnover of ₹ 81.65 crores, lower by 22.29% as compared to last financial year 2019-20 with turnover of ₹ 105.07 crores. PAT of LTL was ₹ 8.34 crores, lower by 22.52% as compared to PAT of ₹ 10.76 crores in the previous year 2019-20.

The JV Company Marelli Talbros Chassis Systems Private Limited (MMT) has recorded a turnover of ₹ 124.23 crores, lower by 9.18% as compared last financial year 2019-20 with turnover of ₹ 136.78 crores. PAT of MMT was ₹ 4.26 crores, lower by 49.04% as compared to ₹ 8.36 crores in the previous year 2019-20.

Talbros Marugo Rubber Private Limited (TMR), another JV Company has recorded a turnover of ₹ 41.12 crores, lower by 10.67% as compared to last financial year 2019-20 of ₹ 46.03 crores. PAT of TMR was ₹ 0.11 crores, higher by 152% as compared to loss of ₹ 0.22 crores in the previous financial year 2019-20.

During the financial year 2020-21, the consolidated total revenues increased by 15.29% from ₹ 385.29 crores in 2019-20 to ₹ 444.20 crores in 2020-21.

NEW INITIATIVES & FUTURE OUTLOOK

The Company manufactures heat shield Gaskets which are critical for heat, sound and vibration insulation and is the future for automobiles and a good induction to global OEMs. This product makes the engine more powerful and the lesser space is required to put the engine. India being a part of Euro-VI, your Company is going to have a huge opportunity for this product line going forward. The Company's heat shields business is growing in the domestic as well as export markets.

Based on the Company's past performance, one major premium customer and the Company are putting joint efforts in the development of MLS Gaskets which are expected to come into commercial production by 2030. This will help the Company for new additions and growth to its business. The Company is also developing Oil Pan Gaskets as per requirements of its customers. Pune plant of the Company has also bagged orders for off-road business for Diesel Generator (DG) parts.

The Company is focused towards increasing the utilization on post-coating lines which will reduce the imports and result in cost savings. The Company has made strategic raw material sourcing agreement with Lydall Performance Materials from USA, for supply of raw material from its Sohna plant to bring saving in operational costs, reduction of raw material inventory and working capital investments.

The Company is also in the process of executing an order book of \$31 million over the next five years for both domestic and the international market. It is also constantly working on its export business for increasing the export percentage to its topline.

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, MD & A is enclosed as **Annexure I** and is a part of this report.

TRANSFER TO RESERVE

An amount of ₹ 50.00 lacs has been transferred to General Reserves out of the profit earned during the financial year 2020-21.

DIVIDEND

Your Directors are pleased to recommend 20% dividend at the rate of ₹ 2/- per share for the financial year 2020-21 on 12345630 equity shares of ₹ 10/- each, aggregating to ₹ 2,46,91,260/- (Rupees Two Crore Forty Six Lacs Ninety One Thousand Two Hundred and Sixty Only), for the approval of members at the ensuing Annual General Meeting.

BUSINESS AND OPERATIONS OF THE COMPANY AND THE MATERIAL CHANGES AFFECTING IT

The Company is closely monitoring the prevailing situation and is taking all necessary steps to ensure the health, safety and well-being of its employees, to control and prevent the spread of COVID-19 and constantly moving forward on the path of recovery.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the year under review.

INDUSTRY OVERVIEW

Due to the second wave of COVID-19 pandemic, many auto OEMs and auto ancillaries resorted to plant shutdowns as a restrictive measure. The automotive dealerships across regions have also not been operational due to the restrictions

Board's Report (Contd.)

imposed by various states and local authorities in order to curb the pandemic. The rating agency ICRA has revised the growth estimates for most of the different automotive segments downwards. Domestic 2 wheeler volumes in FY 2021-22 are expected to grow 10%-12% now as against 16%-18% earlier estimate. The passenger vehicle segment may see a lower growth of 17%-20% now as against 22%-25% expected earlier. Overall, the commercial vehicle (CV) segment is expected to grow 21%-24% (albeit on a low base) in FY 2021-22 now, compared with 27%-30% that was expected earlier. Within the CV Segment, Medium and Heavy Commercial (M&HCV) would see relatively lower impact from the 2nd wave as construction and mining activities continue largely un-impacted so far.

The Indian automotive industry performed very well in the fourth quarter of FY21 amid the COVID-19 pandemic. As per the report of Society of Indian Automobile Manufacturers (SIAM), during the fourth quarter the overall Auto Segment grew by 27.36%, Passenger Vehicle sales grew by 27.18%, Commercial

vehicles grew by 51.21% and the Two-wheeler sales grew by 28.99%. In the Commercial Vehicle segment, the HCV sales grew by 95.89%, similarly LCV sales grew by 33.19%. In the Two-wheeler segment, scooter sales grew by 19.05%, Moped sales grew by 16.13% and the motor-cycle sales were up by 33.87%.

SHARE CAPITAL

The paid up capital of the Company as on 31st March, 2021 was ₹ 1234.563 lacs. During the year under review, the Company did not issue any class or category of shares, Employee Stock Options, Convertible securities and consequently there is no change in the capital structure since previous year.

CREDIT RATING

Company's credit rating was reaffirmed as per rating issued by CARE ratings on 8th April, 2021. The ratings of the Company are as under:

Facilities	Approved Amount (₹ in Crores)	Rating	Rating Action
Long term Bank Facilities	137.43 (reduced from 140.18)	CARE A-; Stable (Single A Minus; Outlook: Stable)	Reaffirmed
Short term Bank Facilities	35	CARE A2+ (A Two Plus)	Reaffirmed
Total Bank Facilities	172.43 (One Hundred Seventy Two Crore and Forty Three Lacs only)		
Medium Term Instrument (Fixed Deposit)	1.48 (Reduced from 10.00)	CARE A- (FD); Stable Single A Minus (Fixed Deposits); Outlook: Stable	Reaffirmed
Total Medium Term Instruments	1.48 (One Crore and Forty Eight Lacs only)		

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

In terms of provisions of Section 125 of the Companies Act, 2013, the unclaimed final dividend pertaining to the financial year 2012-13 for amount aggregating to ₹ 2,11,870/- had been transferred to the "Investor Education and Protection Fund" established by the Central Government on 20th October, 2020.

The Company shall transfer the unclaimed dividend for the financial year 2013-14 to the Investor Education and Protection Fund on or before 10th October, 2021 upon completion of 7 years from the date of transfer of said dividend into the Unclaimed Dividend Account in compliance with the provisions of Section 125 of the Companies Act, 2013.

The shareholders who have not encashed their dividend warrants for the financial year 2013-14 or any subsequent year are requested to lodge their claims for revalidation of dividend warrants. The Company is intimating those members who have so far not claimed the unpaid dividend for the financial year 2013-14.

The Company has transferred 4,013 shares to "Investor Education and Protection Fund" in the previous year and the Dividend on such shares was also transferred to the Investor Education and Protection Fund (IEPF).

The Company would be transferring the required shares this year as per the data finalized by KFIN Technologies Private Limited, Registrar and Transfer Agent of the Company.

Board's Report (Contd.)

DIRECTORS

Your Directors intrinsically believe in the philosophy of Corporate Governance and are committed to it for the effective functioning of the Board.

Mr. Rajeev Ranjan Vederah, Independent Director of the Company tendered his resignation with effect from 16th June, 2020 due to personal reasons. The Board acknowledges its deep appreciation for the contribution and assistance provided by Mr. Vederah during his tenure.

Mr. Tarun Singhal (DIN: 07056960) was appointed as an Additional Director (Non-executive and Independent) by the Board with effect from 18th June, 2020. The details and justification of the appointment are given hereunder.

APPOINTMENT OF INDEPENDENT DIRECTOR AND JUSTIFICATION OF THE APPOINTMENT

Mr. Tarun Singhal was appointed as an Additional Director (Non-executive and Independent) of the Company w.e.f. 18th June, 2020 by the Board. Mr. Singhal is a B.Tech (E.E) from the Indian Institute of Technology, Kanpur and is a retired top level executive with 42 years' experience including 23 years in the automotive industry in India and abroad. Currently, he is serving as an independent consultant to the Auto Industry and is also on the Board of TANDT Multi Trading Private Limited and Allied Motors Limited.

Mr. Tarun Singhal possesses the desired knowledge and experience for being appointed as Independent Director of the Company. At their 63rd Annual General Meeting held on 25th September, 2020, the members had approved the appointment of Mr. Tarun Singhal for a period of five (5) years w.e.f. the date of the 63rd Annual General Meeting. Mr. Singhal also meets the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013. The Board is of the opinion that the appointment of Mr. Tarun Singhal is in the best interests of the Company.

DIRECTORS RETIRING BY ROTATION

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. Vidur Talwar (DIN: 00114643) is liable to retire by rotation and being eligible, offers himself for re-appointment.

Details of the proposal for director seeking re-appointment are mentioned in the annexure to the Explanatory Statement of the Notice of 64th Annual General Meeting. The Board recommends his re-appointment to the members for their approval.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(7)

The Independent Directors have furnished the necessary declaration of Independence stating that they fulfill the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013 and Regulation 25 of the SEBI Listing Regulations and are not disqualified to act as Independent Directors.

They have also complied with requirements of Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013. The Board is of the opinion that Independent Directors fulfill the independence requirement in strict sense and are eligible to continue as Independent Directors of the Company.

KEY MANAGERIAL PERSONNEL

As on date, Company has following key managerial personnel in compliance with the provisions of Section 203 of the Companies Act, 2013.

- | | | |
|----------------------|---|-----------------------------------|
| 1. Mr. Umesh Talwar | - | Vice Chairman & Managing Director |
| 2. Mr. Manish Khanna | - | Chief Financial Officer |
| 3. Mrs. Seema Narang | - | Company Secretary |

All Directors, key managerial personnel and senior management have confirmed compliance with the Company's Code of Conduct.

BOARD MEETINGS

During the financial year 2020-21, 4 (four) Board Meetings were held on 29.06.2020, 28.08.2020, 09.11.2020 and 05.02.2021. Details of the same are available in the section 'Meetings of the Board of Directors' in the Corporate Governance Report.

AUDIT COMMITTEE

During the financial year 2020-21, 4 (four) meetings of Audit Committee were held on 29.06.2020, 28.08.2020, 09.11.2020 and 05.02.2021.

The composition of the Audit Committee of the Company is as under:-

Name of Director		Category
Mr. V. Mohan	Chairman	Independent Director
Mr. Anil Kumar Mehra	Member	Independent Director
Mrs. Priyanka Gulati	Member	Independent Director
Mr. Amit Burman	Member	Independent Director

Board's Report (Contd.)

Name of Director		Category
Mr. Vidur Talwar	Member	Non- Executive Director
Mr. Anuj Talwar	Member	Executive Director

The Chief Financial Officer, Statutory Auditors and the Internal Auditors of the Company are permanent invitees to the meetings of the Audit Committee.

It is a practice of the Committee to extend an invitation to Cost Auditor to attend the meeting as and when required.

Mrs. Seema Narang, Company Secretary, is the Secretary of the Audit Committee.

During the year under review, all the recommendations of the Audit Committee have been duly considered and accepted by the Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE

During the financial year 2020-21, 2 (Two) meetings of the Nomination and Remuneration Committee were held on 18.06.2020 and 05.02.2021.

The composition of the Nomination and Remuneration Committee of the Company is as under:-

Name of Director		Category
Mr. Anil Kumar Mehra	Chairman	Independent Director
Mr. Amit Burman	Member	Independent Director
Mr. V. Mohan	Member	Independent Director

STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the financial year 2020-21, 4 (four) meetings of Stakeholders' Relationship Committee were held on 29.06.2020, 28.08.2020, 09.11.2020 and 05.02.2021.

The composition of the Stakeholders' Relationship Committee of the Company is as under:-

Name of Director		Category
Mr. Navin Juneja	Chairman	Non-Executive – Non Independent Director
Mr. Anil Kumar Mehra	Member	Independent Director
Mr. V. Mohan	Member	Independent Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the financial year 2020-21, 2 (two) meetings of the Corporate Social Responsibility Committee was held on 18.06.2020 and 10.02.2021.

The composition of the Corporate Social Responsibility Committee of the Company is as under:-

Name of Director		Category
Mr. Umesh Talwar	Chairman	Vice Chairman & Managing Director
Mr. Amit Burman	Member	Independent Director
Mr. Navin Juneja	Member	Non-Executive – Non Independent Director

REMUNERATION POLICY & BOARD EVALUATION

The Board on the recommendation of the Nomination & Remuneration Committee for selections and appointments of Directors, senior management and decides their remuneration, after reviewing their qualifications, positive attributes, independence of Directors, board diversity.

Remuneration Policy of the Company is based on the fundamental principles of payment for performance, potential, growth and aligning remuneration with the longer term interests of the Company and its shareholders, promoting a culture of merit recognition and creating a linkage to corporate and individual performance. The criteria for performance evaluation of Directors cover the areas relevant to their functioning as member of Board or its Committees thereof. The manner in which the performance evaluation of the Board and its Committees thereof, the Chairman and the Directors individually has been carried out has been explained in the Corporate Governance Report.

The Remuneration Policy of the Company is available on Company's website, viz. www.talbro's.com.

RELATED PARTY DISCLOSURES

Related party transactions are periodically reviewed and approved by Audit committee and are also placed before the Board for necessary approval. The Company has developed standard operating procedures for the purpose of identification and monitoring of such transactions as referred to in Section 188(1) of the Companies Act, 2013.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other related parties which may have a potential conflict with the interest of the Company at large.

The contracts or arrangements of the Company with related parties during the period under review were in ordinary course of business and on arms' length basis and in accordance with the shareholders' approval by way of special resolution, wherever required. The Audit Committee has also given the omnibus approval for the transactions repetitive in nature in the first Board Meeting of the Financial Year.

Board's Report (Contd.)

The Board has approved policy for related party transactions in terms of provision of Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 which is available on Company's website, viz. www.talbro.com.

The prescribed **Form AOC- 2** giving particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 is attached as **Annexure II**.

CORPORATE SOCIAL RESPONSIBILITY

Company has formulated a Corporate Social Responsibility (CSR) policy which encompasses its philosophy and guides its sustained efforts for supporting socially useful programs for welfare and sustainable development of the weaker sections of the society.

The Company has contributed to several organizations namely Helpage India, CRY, Talwar Foundation, Save the Girl, Save the Children, Dukh Bhanjan Trust and PM Cares fund for fulfilling its CSR obligations for the financial years 2019-20 and 2020-21 and ensuring compliance with provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

Due to the situation caused by COVID-19 pandemic, CSR Committee of the Company had decided to carry forward the amount unspent for the financial year 2019-20. The unspent amount of ₹ 34.37 lacs and the CSR obligation for the financial year 2020-21 was spent by the Company together during the financial year 2020-21 to fulfill its CSR obligations and ensure compliance with the provisions of the Companies Act, 2013 and the rules made thereunder.

As per Section 134(3)(o) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by Ministry of Corporate Affairs, the Company undertakes activities as per the CSR Policy (available on Company's website viz. www.talbro.com) and further details of the CSR activities are contained in the **Annexure - III** to this Report.

AUDITORS AND AUDITORS REPORT

Statutory Auditors

M/s. J C Bhalla & Co., (Firm Registration No. 001111N), Chartered Accountants, New Delhi are the Statutory Auditors of the Company.

The Report given by M/s. J C Bhalla & Co., Chartered Accountants, Statutory Auditors on the financial statements (standalone as well as consolidated) of the Company for the

financial year 2020-21 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

Secretarial Auditors

The Board re-appointed Mrs. Kiran Sharma (Membership No. 4942 & Certificate of Practice No. 3116), a practicing Company Secretary for carrying out Secretarial Audit in terms of the provisions of Section 204 of the Companies Act, 2013 for the financial year 2021-22.

The Secretarial Audit Report for the financial year ended 31st March, 2021 as provided by M/s. Kiran Sharma & Co., Practicing Company Secretary is annexed to this Report as **Annexure IV** and forms part of this report.

The Report confirms that the Company is compliant with the applicable statutory laws, rules and regulations, namely:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii) The Depositories Act, 1996 and the regulations and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding compliance of the Companies Act and dealing with client;
- vi) Secretarial Standards issued by The Institute of Company Secretaries of India.
- vii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board's Report (Contd.)

viii) Applicable labor, environmental and industrial laws, rules, regulations and guidelines.

There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

Cost Auditors

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder M/s. Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) were re-appointed as the Cost Auditors of the Company for the financial year ending 31st March, 2021 to conduct Cost Audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

The Cost Audit Report for the financial year 2019-20 issued by M/s. Vijendra Sharma & Co., Cost Accountants (Firm Registration No. 00180) in respect of the various products as prescribed under the Cost Audit Rules was filed in the prescribed form with the Ministry of Corporate Affairs (MCA) during the year.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee. The requisite resolution for ratification of remuneration of Cost Auditors by members of the Company has been set out in the Notice of the ensuing Annual General Meeting. Further, on the recommendation of the Audit Committee, the Board of Directors have also re-appointed them as Cost Auditors the financial year 2021-22, to conduct Cost Audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013, your Directors hereby state and confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure was made for the same;
- That Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period ended on 31st March, 2021;
- That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- That Directors have prepared the annual accounts on a going concern basis;
- That Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;
- That the directors have laid down internal financial control to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

INTERNAL FINANCIAL CONTROL

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

FRAUDS REPORTED DURING THE YEAR

No material frauds were reported for the period under review.

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures as on 31st March, 2021 in **Form AOC-1** is annexed to this Report as **Annexure V**.

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

In accordance with the requirements of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, statement showing particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed hereto as **Annexure VI** and form part of this report.

PARTICULARS OF REMUNERATION OF EMPLOYEES

The information/details required in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule

Board's Report (Contd.)

5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report as **Annexure –VII**.

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. It is the collective spirit of partnership across all sections of employees and their sense of ownership and commitment that has helped the Company to grow.

FIXED DEPOSITS

There are no deposits outstanding as on 31st March, 2021, except for some unclaimed deposits.

No fresh deposits were accepted during the year. Deposit amounting to ₹ 4,07,838/- remains unclaimed at the end of financial year 2020-21 and the same has been transferred to Investor Education and Protection Fund on 20th May, 2021.

There has been no default in repayment of deposits or payment of interest thereon during the year.

No order with respect to depositors for extension of time for repayment, penalty imposed has been received from National Company Law Tribunal (NCLT)/ National Company Law Appellate Tribunal (NCLAT).

All deposits are in compliance with the requirements of The Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

LISTING OF SHARES

The Equity Shares of the Company are listed on the BSE Limited (BSE), and National Stock Exchange of India Limited (NSE).

CORPORATE GOVERNANCE

A Certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance as per the requirement of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, is enclosed as **Annexure VIII** and is part of this Report.

The Board of Directors support the concept of Corporate Governance and having regard to transparency, accountability and rationale behind the decisions have made

proper disclosures separately under the heading "Report on Corporate Governance" which forms part of this Annual Report.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company values the dignity of individuals and is committed to provide an environment, which is free of discrimination, intimidation and abuse.

The Company has put in place a policy on redressal of Sexual Harassment and a Policy on redressal of Workplace Harassment as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/ her complaint to the Redressal Committee formed for this purpose or their Manager or HR personnel.

The Policy aims to provide protection to the employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the object of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee to inquire into complaints of sexual harassment and recommendation for appropriate action. Policy regarding Sexual Harassment at Work Place is available at the Company's website i.e. www.talbros.com.

The Annual Report of the Internal Complaints Committee of the Company pursuant to Section 21 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for the year ended 31st December, 2020 has duly been filed with the office of District Officer.

The Internal Complaints Committee of the Company had been reconstituted during the year under review. The composition of the Committee is as under:-

Name of Member	Designation
Mrs. Seema Narang	Chairperson
Ms. Revati Talwar	Member
Mr. Anshu Mehra	Member
Ms. Heena Singh	Member

No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2021.

RISK MANAGEMENT

Risk management forms an integral part of management policy and is an ongoing process integrated with operations.

Board's Report (Contd.)

The Company has formulated a process for risk management. The Company has set up a core group of leadership team, which identifies, assesses the risks and the trends, exposure and potential impact analysis at different level and lays down the procedure for minimization of the risks.

Company has identified various strategic, operational and financial risks which may impact Company adversely; however, management believes that the mitigation plans for identified risks are in place and may not threaten the existence of the Company.

VIGIL MECHANISM

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and Employees to report genuine concerns has been established.

Details of establishment of Vigil Mechanism/ Whistle Blower are disclosed in the Corporate Governance Report.

The policy on Vigil Mechanism is available on Company's website at www.talbro's.com.

In exceptional circumstances or issues related to reprisal, retaliation, victimization of any Whistle Blower, the employee shall have direct access to Mr. V. Mohan - Chairman of the Audit Committee.

During the year under review, no employee was denied access to the system to report any grievance.

No complaint/ grievance were received from any employee during the year under review.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant or material orders were passed by the Regulators or Courts or Tribunals which impacts the going concern status and Company's operations in future.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

ANNUAL RETURN

In compliance with the provisions of Section 92(3) read with Section 134 (3) (s) of the Companies Act, 2013, the annual return of the Company as on 31st March, 2021 in prescribed form is placed on Company's website, viz. www.talbro's.com.

DETAILS OF APPLICATION/ PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Neither any application has been made nor any proceeding is pending against the Company under the Insolvency and Bankruptcy Code, 2016 during the year under review.

DETAILS OF DIFFERENCE IN VALUATION

There is no such instance of difference in valuation as the Company has not done one time settlement with any Bank or Financial Institution.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support given by our customers, shareholders, financial institutions and banks and all other stakeholders and we look forward to their continued support.

Your Directors place on record their appreciation for the contribution made by the Company's employees at all levels. Your Company's growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Place: Gurugram
Date: 8th June, 2021

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

Management Discussion and Analysis

Global Economy

Over the past one year, the global economy has witnessed rough patches due to the impact of the Covid-19 pandemic. The infectious nature of the novel coronavirus led all Governments across the globe to impose lockdowns, bringing the entire world to a standstill. The global health crisis catapulted economies into a deeper shock. An important fallout of the crisis was that most economies witnessed a rise in household savings, as uncertainty and restricted mobility led to an aversion to spending and reduction of avenues for it. Consumers scaled back discretionary spends, especially services. On the other hand, Governments across the world tried to counter this impact with unprecedented policy measures that have tried to shore up economic growth while promoting safety. Global interest rates have declined, the cost of servicing the debt has remained low, suggesting that some of the additional spending will persist until the pandemic crisis wanes. Moreover, giving a shot in the arm, central banks and Governments across the world have provided up to US\$ 15 trillion in stimulus to help the economies recover.

Outlook

Going forward, the fast-paced normalization in economic activities, rise in savings and low leverage of households in advanced economies (AEs), along with return of consumer confidence should pose a strong growth rebound in 2021-22 and beyond. The continued monetary and fiscal support will act as a catalyst in this recovery.

Indian Economy

The year 2020-21 brought unprecedented disruptions to lives and livelihoods across the world and India was no exception. The Indian economy contracted to (7.3%) in 2020-21, as the country grappled with the waves of the pandemic. However, effective measures taken by the Government of India and the Reserve Bank of India (RBI) aided the Indian economy to recover. Signs of revival were evident in the second half of the year with the promise of indigenously produced vaccines in the country ushering in a strong sense of hope and revival.

Outlook

The Indian Government's Niti Aayog and RBI have projected a GDP growth in the range of 10.00% to 10.50% for the year 2021-22. However, the resurgence in pandemic cases could easily tilt the economic growth balance to the downside. It

is heartening to note that the Union Budget for the current financial year contains a good number of growth-propelling investment proposals, as a part of the Government's *Atmanirbhar Bharat* (Self-reliant India) program, which is anticipated to accelerate the growth of the economy and provide jobs to millions. The proposals would definitely promote growth across all sectors.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Automobile Industry

After a challenging year, the automotive sector and key auto parts makers are likely to regain some ground in 2021-22. Furthermore, leading automotive companies are undergoing extensive transformations to align themselves better with important industry developments such as electrification and digitalization.

The automobile industry is undergoing one of the most significant revolutions in decades. Electrification, the shift towards more intelligent and autonomous driving, increasing digitization, connectivity and infotainment requirements and other sub-trends are among the current industry topics. Jaguar Land Rover recently revealed plans to "reimagine" Jaguar as an all-electric brand by 2025, while Ford wants to transition its European passenger vehicle range to all-electric by 2030 (from effectively zero last year). Individual European countries have set their own targets for increasing the share of Electric Vehicles (EVs) in new car sales with the goal of achieving 100% in 5 to 15 years. Outside Europe, China, the world's largest passenger vehicle market, plans for a 25% share of new passenger car sales for EVs by 2025. However, to keep up with the development of EVs, infrastructure constraints, such as the availability of charging stations may need to be addressed.

Following a sharp drop in passenger car sales and production volumes last year and based on a world economic recovery scenario across major areas, the global light vehicle sales would rise in 2021, possibly by 7% to 9%.

Outlook

There's a greater convergence between the auto sector and traditional non-engineering technology enterprises as a result of the aforementioned industry megatrends. The auto industry's media coverage in recent weeks and months has included news about a slew of OEM-tech relationships.

Management Discussion and Analysis (Contd.)

The automobile industry is becoming increasingly attractive to Big Tech and other technological companies. Whether it's Apple seeking to mass-produce electric automobiles by 2024, Google creating self-driving cars or Microsoft partnering with General Oleksiy Soroka, the future is bright.

In essence, passenger automobiles are evolving into more than just a mode of transportation, becoming a method of communicating, connecting and delivering entertainment while on the move, attracting interest and expertise from outside the conventional sectoral boundaries. While cooperation is useful in terms of sharing knowledge and costs, there is a risk that possible new entrants or technologies may put more pressure on established auto industry companies.

Indian Automobile Industry

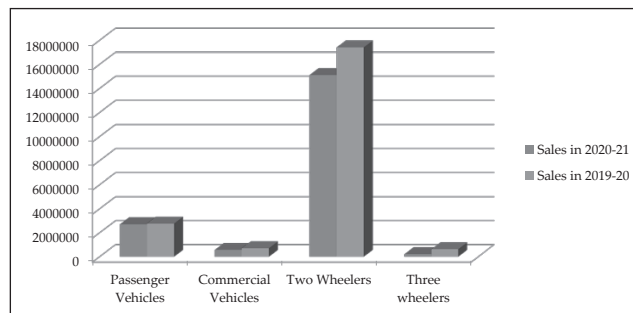
The Indian automobile sector plays a vital role in a country's economy, whether it's for growth, inexpensive mobility or consumer confidence. The Indian automobile industry directly and indirectly employs 37 million people in skilled and unskilled labor contributing 7.1% of the country's GDP.

India was considerably affected by lockdowns during the early half of 2020, but had a robust comeback in June 2021, with rural and semi-urban opinions leading the way Domestic dispatches have increased in all vehicle classes including passenger vehicles, two-wheelers, tractors and commercial vehicles. Due to the closure of schools, colleges and the corporate sector, three-wheelers and bus passengers' vehicles continue to struggle. The strongest recovery was seen by companies that penetrated rural markets. For the most part, OEMs' export markets are still flourishing. Simultaneously, the shortage of containers and high freight charges affected transportation of components. When compared to pre-Covid-19 sales during the second wave, the PV segment recovered the most, followed by tractors, two-wheelers and commercial vehicles. To support dealers and channel partners, OEMs have reduced dealer inventories and linked production with enough inventories to meet customer demand.

During the year 2020-21, the overall vehicle sales reached a total of 18615522 units. The sale of passenger vehicles declined by (2.24)% in 2020-21 (April-March) as compared to sales in 2019-20. In terms of overall commercial vehicles segment, it registered a de-growth of (20.78)%. The sale of three-wheelers declined by (66.04)%. The sale of two wheelers registered a de-growth of (13.19)%. The passenger vehicle exports decreased by (38.92)% and two-wheeler exports registered a de-growth of (6.87)% in 2020-21 as compared to

2019-20.

Segment	Sales in 2020-21	Sales in 2019-20	% Change
Passenger Vehicles	27,11,457	27,73,575	(2.24)
Commercial Vehicles	5,68,559	7,17,688	(20.78)
Two Wheelers	1,51,19,387	1,74,17,616	(13.19)
Three wheelers	2,16,197	6,36,569	(66.04)



Outlook

India is in the early stages of EVs adoption. The Government is encouraging the move towards alternate vehicle technology with the introduction of the FAME-II scheme in March 19. On the other hand, the PV industry already in the midst of its longest slowdown in the last three decades, slipped further with the lockdowns. However, as the lockdowns were relaxed, it's noticed that there has been a growing need for personal mobility. Now, the number of first-time buyers is expected to rise, boosting the compact vehicle growth. Favorable interest rates, expansion in rural regions and a lack of penetration of PVs, could accelerate vehicle growth.

Indian Auto Component Industry

In the past few years, the Indian auto component industry or the auto ancillary industry has been on a steady climb upwards, inching closer to make a safe space for itself globally. The sector stands at US\$ 49 billion as on 2019-20, contributing about 2.3% to India's GDP and 25% to its manufacturing GDP. The auto component industry remains a key sector considering it provides employment to over 5 million people and acts as a bridge for many industries and services. Being a critical part of the OEM value chain, the industry now enjoys a far higher status than just being component suppliers.

The auto ancillary industry is expected to post a revenue CAGR of 22% over 2021-23 to ₹5 trillion. On the other hand, the OEM-exposed component revenue is likely to post a CAGR of 21%

Management Discussion and Analysis (Contd.)

over 2021-23. Exports within this space is expected to post a 25% revenue CAGR over 2021-23 and replacement revenue CAGR at 11% during the same period.

India's auto ancillary exports registered a CAGR of 8.4% over 2015-20 to ₹ 1 trillion (US\$ 15 billion). At 26%, the US is the biggest country in terms of exports for India's component manufacturers. Multinational suppliers because of their global presence, however, have an edge over Indian suppliers on most parameters such as quality, reliability, system understanding, and time to market. Indian suppliers, on the other hand, have cost advantage over multinational counterparts. Hence, most R&D spends take place at the parent level and the technology gets transferred to India.

Positive announcements for domestic automobile sector in the Union Budget 2021-22

- Voluntary vehicle scrappage policy for PVs (20+ years old) and CVs (15+ years old)
- Capital outlay for development of roads up 10% y-o-y to 1.7 trillion for 2021-22
- Scheme to be launched at an expenditure of ₹ 180 billion to support augmentation of public bus transport services
- Increase in customs duty from 10% to 15% on certain auto components

Government schemes

- To push domestic manufacturing, the Government proposes to pump in ₹ 1.46 trillion through the Production Linked Incentive (PLI) scheme that will run simultaneously in 10 identified sectors for five years. These include battery storage, solar PV modules, electronics (laptop, server, IoT devices, specified computer hardware), automobile & auto components, telecom & networking products, textiles, food processing, specialty steel and white goods (air conditioners & LED). The automobile industry will be the biggest beneficiary with ₹ 570 billion outlay over the next five years out of the 10 key chosen sectors.
- Four plans for the automotive sector under the scheme: global sourcing scheme, vehicle champion scheme, component champion scheme and PLI scheme. The global sourcing scheme has laid out strict eligibility criteria for auto ancillary companies of ₹ 10 billion turnover, ₹ 2 billion of exports and investment of ₹ 3.5 billion in fixed assets; for OEMs, criteria of ₹ 100 billion turnover, ₹ 10

billion of exports revenue and investment of ₹ 350 billion in fixed assets

- Component makers can claim cashback of 4-7% on incremental exports. To avail the scheme, the eligibility criteria including turnover and fixed asset are the same. The minimum cut-off is 125% of incremental exports turnover or incremental turnover, whichever is lower

COMPANY OVERVIEW

Talbro Automotive Components Limited (hereafter 'Talbro' or 'the Company') is a respectable name in the Automotive and Industrial Gaskets manufacturing space. Talbro commenced its journey in 1956 and since then the Company, along with its joint ventures and associates, has been successfully carving out a space for itself in products such as gaskets, heat shields, forgings, suspension systems and modules, anti-vibration components and hoses, directly supplying finished products to OEM customers.

With diversified products, Talbro caters to the largest automobile OEM segment, which includes passenger vehicles, commercial vehicles, two-wheelers, three-wheelers, Agri, off-loaders, industrial, among others.

Talbro's multi-technological capabilities and integrated offerings combined with its product quality and strategic partnership with global brands such as Nippon Leakless Talbro Pvt. Ltd, Marelli Talbro Chassis Systems Pvt. Ltd. and Talbro Marugo Rubber Pvt. Ltd. has made it a preferred vendor for large corporates in and outside India.

SWOT ANALYSIS

Strengths

- A culture of innovation that allows us to provide superior products, while also gaining a competitive advantage
- Increased scale of operations resulting in economies of scale
- Integrated facility that houses best-in-class equipment, resulting in a wide product portfolio
- High-quality standards endorsed by global certifications, resulting in growing repeat and referral business
- Customer relationships with in-depth market intelligence
- Fastest service and product support through a countrywide network equipped with genuine parts and trained engineers

Management Discussion and Analysis (Contd.)

- New product development leading to widening of the opportunity canvass
- Investing in technology to remain cost competitive
- Wide range of products across automotive as well as industrial business segments

Weaknesses

- Dependence on the automobile industry
- Relatively low focus on R&D compared to OEMs and Tier-I players
- Rapid changes in the technology landscape

Opportunities

- Embrace digitalization across all functions
- Positioning India as a global manufacturing hub through the Government's 'Make in India' mission should fuel demand for more vehicles
- Rapidly expanding city perimeters into suburban areas leading to increased demand for mass transportation vehicles
- Immense potential to grow products catering to EVs and other technologically advanced product segments
- Increasing need to transport products between production centers and consuming markets
- Export opportunities

Threats

- Prolonged stress in the macro economy, automotive and industrial sectors
- Unforeseen and sudden currency volatility and raw material prices
- The global semiconductor shortage lead to disruption in their operations and that in turn may delay supplies

FINANCIAL HIGHLIGHTS

During the financial year 2020-21, your Company on standalone basis has recorded a turnover of ₹ 444.20 crores, approximately 15.29% higher as compared to previous financial year 2019-20 with gross turnover of ₹ 385.29 crores. Profit after tax (PAT) for the Company was at ₹ 33.61 crores,

approximately 400% higher as compared to PAT of ₹ 6.72 crores in the previous financial year 2019-20.

During the financial year 2020-21, the consolidated total revenues increased by 15.29% from ₹ 385.29 crores in 2019-20 to ₹ 444.20 crores in 2020-21. Profit before tax increased by 283.21% from ₹ 13.52 crores to ₹ 51.81 crores in 2020-21. Profit after tax increased by 220.74% from ₹ 12.20 crores in 2019-20 to ₹ 39.13 crores in 2020-21.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

For Talbro's, people are its biggest assets. For all-round development of its employees at all levels various initiatives are taken at regular intervals. It is their employees' determination, dedication and dependability that provide the Company a competitive advantage. Talbro's has 546 employees on board as on 31st March, 2021, who are involved in various responsibilities across organization. The Company focuses on bringing talented people on-board, conducts skill training and motivates them to collaborate and innovate to achieve greater success. Besides, several training programmes are conducted towards soft skills as well as personality development. The Company's objective is to drive an inclusive and collaborative high-performance culture that empowers employees to take advantage of business growth opportunities.

Talbro's seeks to create opportunities for all employees and provide the Company with the benefit of diverse thinking that drives business results and improve engagement with our diverse customer base. The Company encourages its employees to come up with various solutions and different ideas and maintains complete transparency through open communication channels. Industrial relations at the offices and all plants continued to be cordial. The policies are further focused to develop and benefit the talent and simultaneously protecting organizational interest.

DETAILS OF KEY FINANCIAL RATIOS AND SIGNIFICANT CHANGES THEREIN

The details of changes of 25% or more in the key financial ratios as compared to the previous financial year along with explanations for the same are as under:

Management Discussion and Analysis (Contd.)

Particulars	2020-21	2019-20	Difference	Explanation for change of 25% and more
Inventory Turnover (times)	4.35	3.57	22%	–
Interest Coverage Ratio	3.09	1.63	90%	Due to Repayment of Loans
Current Ratio	1.16	1.04	11%	–
Debt Equity Ratio	1.27	1.58	-20%	–
Operating Profit Margin (%)	5.44%	6.27%	-13%	–
Net Profit Margin (%)	7.57%	1.74%	334%	Due to exceptional income of ₹ 1181.94 Lacs
Return on net worth	20.11%	3.78%	432%	Due to exceptional income of ₹ 1181.94 Lacs
Debtors Turnover Ratio (times)	3.17	2.96	7%	–

RETURN ON NET WORTH

Return on net worth is 20.11% as on 31st March, 2021 as compared to 3.78 % in the previous financial year ended 31st March, 2020.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Environment sustainability along with health and safety of employees are the primary focus areas for the Company. The Company aims to provide all employees with a safe, healthy and productive work environment at every manufacturing facility to ensure zero injuries. With focus on identifying and evaluating workplace safety risks and implementing safety standards, Talbros promotes employee awareness and healthy lifestyle as well. The Company integrates environmental considerations as a priority in its planning for all existing and new operations. As a part of the environment sustainability program, Talbros made regular investments during the year. The Company is also 100% asbestos-free and a qualified ASA supplier to global automakers. Besides this, regular wellness camps are also organized to keep employees healthy by conducting check-ups. The Company's main plant at Faridabad is ISO 14001: 2015 and ISO14001:2018 certified for Environmental Health and Safety issues.

The Company has taken all the preventive measures and is complying with all the statutory directives from time to time to ensure the safety and well-being of its employees to control and prevent the spread of the COVID-19.

INTERNAL CONTROL SYSTEMS

The Company has implemented a well-defined and adequate internal control framework that is commensurate with the nature, size and complexity of its business operations. Appropriate internal control policies and procedures have been set up to provide reasonable assurance on:

- Effectiveness and efficiency of its operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations.

A sturdy internal control system of the Company confirms that transactions are authorized, recorded and reported on time. It safeguards assets and protects against loss from unauthorized use or disposition. Effective controls ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability towards assets. The Audit Committee conducts regular meetings to review the findings of internal and statutory auditors' reports and advise the management on corrective actions, in line with the organizational objectives. A VCMD and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterate their responsibilities to report deficiencies to the Audit Committee and rectify the same.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

All transaction are entered on Arm's length basis and hence no details to be given here.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party & nature of relationship	Nature of contracts/ Arrangement/ transactions	Duration of the contracts/ agreements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
QH Talbros Private Limited (Associate Company)	Agreement for sale of Company's products.	01.04.2019 to 31.03.2022	Maximum amount of sale upto ₹ 80.00 crores in one financial year.	29.05.2019	Nil
QH Talbros Private Limited (Associate Company)	Trademark License Agreement	01.04.2014 to 31.03.2023	1% of gross replacement sales for its trademark & distribution network in each financial year during the period of contract.	26.05.2014	Nil
Nippon Leakless Talbros Private Limited (JV Company)	Purchase and/ or Sale Agreement of Tyre Sealant and other production inputs.	01.04.2020 to 31.03.2023	Maximum amount of sale upto ₹ 4.00 Crores in one financial year.	29.05.2019	Nil
Nippon Leakless Talbros Private Limited (JV Company)	Sale/ Purchase Agreement of Gaskets to each other.	01.04.2020 to 31.03.2023	Maximum amount of sale upto ₹ 2.00 Crores in one financial year.	29.05.2019	Nil
Talbros Marugo Rubber Private Limited (JV Company)	Management Fee Agreement	13.02.2018 to 12.02.2023	₹ 30.00 Lacs p.a.	24.05.2017	Nil
Talbros Marugo Rubber Private Limited (JV Company)	Purchase and/ or Sale Agreement of Rubber Components	01.04.2019 to 31.03.2022	Maximum amount of sale/ purchase upto ₹ 1.50 Crores, ₹ 2.00 crores and ₹ 2.50 crores in the first, second and third year respectively.	29.05.2019	Nil
Marelli Talbros Chassis Systems Private Limited (JV Company)	Lease Agreement	14.03.2017 to 13.03.2022	₹ 7.42 Lacs per annum	14.02.2017	Nil
Mrs. KumKum Talwar (Relative of key managerial personnel)	Rent Agreement	01.10.2019 to 30.09.2022	₹ 7.20 Lacs per annum	13.08.2019	Nil
Talbros Indiparts Private Limited (Related party)	Rent Agreement	01.04.2021 to 31.03.2024	₹ 13.20 Lacs per annum	08.06.2021	Nil
Talbros Indiparts Private Limited (Related party)	Agreement for sale of Company's products	01.04.2021 to 31.03.2024	₹ 50 crores per annum for first year and ₹ 60 crores in the second and third year.	08.06.2021	Nil

For and on behalf of the Board

Sd/-

Umesh Talwar

Place: Gurugram
Date: 8th June, 2021

Vice Chairman & Managing Director
(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

ANNEXURE III

Annual Report On Corporate Social Responsibility (CSR) Activities

1.	Brief outline on CSR Policy of the Company	<p>CSR activities of Talbros is focused to:</p> <ul style="list-style-type: none"> Promote employment enhancing vocational skills for employability of youth. Sustain efforts for supporting socially useful programs for welfare and sustainable development of the weaker sections of the society especially the children. Any other project or aid which the committee considers suitable for the welfare of society or humanity at large, within the purview of Schedule VII (Section 135) or as authorized by Government. <p>Talbros Automotive Components Limited's CSR Policy is in compliance with the provisions of Companies Act, 2013.</p>																						
2.	Composition of CSR Committee	<table> <tr> <th>Sl. No.</th><th>Name of Director</th><th>Designation/ Nature of Directorship</th><th>Number of meetings of CSR Committee held during the year</th><th>Number of meetings of CSR Committee attended during the year</th></tr> <tr> <td>i)</td><td>Mr. Umesh Talwar</td><td>Chairman, Executive Director</td><td>2</td><td>2</td></tr> <tr> <td>ii)</td><td>Mr. Amit Burman</td><td>Non-Executive – Independent Director</td><td>2</td><td>2</td></tr> <tr> <td>iii)</td><td>Mr. Navin Juneja</td><td>Non-Executive - Non Independent Director</td><td>2</td><td>2</td></tr> </table>			Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year	i)	Mr. Umesh Talwar	Chairman, Executive Director	2	2	ii)	Mr. Amit Burman	Non-Executive – Independent Director	2	2	iii)	Mr. Navin Juneja	Non-Executive - Non Independent Director	2	2
Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year																				
i)	Mr. Umesh Talwar	Chairman, Executive Director	2	2																				
ii)	Mr. Amit Burman	Non-Executive – Independent Director	2	2																				
iii)	Mr. Navin Juneja	Non-Executive - Non Independent Director	2	2																				
3.	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.	<p>The brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken are placed on the Company's website www.talbros.com/csr-policy/</p>																						
4.	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)	<p>Not applicable</p> <p>The Company has not undertaken any CSR projects.</p>																						
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	<p>Not applicable</p>																						
Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)																					
i)	N.A																							
ii)																								

6.	Average net profit of the Company as per section 135(5)	₹ 1897.25 lacs
7.	(a) Two percent of average net profit of the Company as per section 135(5)	₹ 37.95 lacs
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	NIL
	(c) Amount required to be set off for the financial year, if any	NIL
	(d) Total CSR obligation for the financial year (7a+7b-7c)	₹ 37.95 lacs
8.	(a) CSR amount spent or unspent for the financial year:	Amount Spent- ₹ 37.95 lacs
		Amount Unspent- NIL

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	NIL				
37,95,000/-	The prescribed amount for CSR activities for the financial year 2020-21 has been duly spent by the Company.				

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

The Company does not have any ongoing CSR project for the financial year 2020-21.

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

Details of CSR amount spent for the financial year 2020-21 and 2019-20 are provided herein below:

(1)	(2)	(3)	(4)	(5)		(6a)	(6b)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project for FY 2020-21 (in ₹)	*Amount spent for the project for FY 2019-20 (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District				Name	CSR Registration
1.	Welfare of Aged People	Item (iii)	Yes	Delhi	Delhi	-	6,00,000/-	No	Helpage India	CSR00000901
2.	Children Education and Healthcare	Item (i) and (ii)	Yes	Delhi	Delhi	3,00,000/-	5,00,000/-	No	CRY (Child Rights and You)	CSR00000805
3.	Children Education and Women Empowerment	Item (ii) and (iii)	Yes	Haryana	Faridabad	5,00,000/-	5,00,000/-	No	Talwar Foundation	CSR00001866
4.	Girls' Education and Healthcare	Item (i) and (ii)	Yes	Haryana	Gurugram	-	8,00,000/-	No	Save the Girl	CSR00000835
5.	Children Education and Healthcare	Item (i) and (ii)	Yes	Delhi	Delhi	2,60,000/-	5,40,000/-	No	Save the Children	CSR00000065
6.	Healthcare	Item (i)	Yes	Delhi	South Delhi	5,00,000/-	5,00,000/-	No	Dukh Bhanjan Trust	Not Applied
7.	Citizen Assistance and relief in emergency situations	Item (viii)	Yes	NA	NA	22,35,000/-	-	No	PM Cares Fund	N.A
TOTAL						37,95,000/-	34,40,000/-			

* Due to the situation caused by the Covid-19 pandemic, the unspent amount towards CSR activities for FY 2019-20 was carried forward and spent during the financial year 2020-21.

ANNEXURE III

(d) Amount spent in Administrative Overheads:	NIL
(e) Amount spent on Impact Assessment, if applicable	Not Applicable
(f) Total amount spent for the Financial Year 2020-21	₹ 37,95,000/-
Total amount spent for the Financial Year 2019-20 (8b+8c+8d+8e)	₹ 34,40,000/-
(g) Excess amount for set off, if any	-

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	37,95,000/-
(ii)	Total amount spent for the Financial Year 2020-21	37,95,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2019-20	-	34,40,000/-	Not Applicable			Nil
2.	2018-19	There is no unspent CSR amount for 2017-18 and 2018-19.					
3.	2017-18						
	TOTAL	NIL	34.40.000/-	Not Applicable			Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing

NOT APPLICABLE

The Company does not have any ongoing CSR projects for the current or preceding financial year(s).

10.	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).	Not Applicable
11.	Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5)	Not Applicable

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

Place: Gurugram
Date: 8th June, 2021

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,

Talbros Automotive Components Limited

14/1, Delhi Mathura Road, P.O. Amar Nagar,
Faridabad, Haryana- 121003

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Talbros Automotive Components Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

Due to unprecedented lockdown imposed in the country caused by COVID-19 pandemic at a crucial time when the audit was underway limiting the availability of physical access to the records of the Company, and which lockdown continues even on the date of signing this report, I have examined in the best possible manner, through the virtual platform, the books, papers, minute books, forms and returns filed and other records maintained by Talbros Automotive Components Limited for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009*;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999*;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008*;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding compliance of the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009* and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998*;

*Not applicable because Company did not carry out the activities covered by the regulations/ guidelines during the audit period.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

ANNEXURE IV

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting

members' views are captured and recorded as part of the minutes.

I/ we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labor, environmental and industrial laws, rules, regulations and guidelines.

I further report that during the audit period there were no instances of:

- a) Public/ Right/ Preferential Issue of shares/debentures/ sweat equity, etc.
- b) Redemption/buyback of securities.
- c) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- d) Merger/amalgamation/reconstruction etc.
- e) Foreign technical collaborations.

**Kiran Sharma & Co.,
Company Secretaries**

Sd/-

Kiran Sharma

Company Secretary

M.No: 4942

C.P No.: 3116

UDIN: F004942C000393253

Place: New Delhi

Date: 29th May, 2021

Annexure A to the Secretarial Audit Report dated 29th May, 2021

To,

The Members

Talbro's Automotive Components Limited

14/1, Delhi Mathura Road, P.O. Amar Nagar,
Faridabad, Haryana- 121003

My Secretarial Audit Report dated 29th May, 2021 is to be read with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random text basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Kiran Sharma & Co.,
Company Secretaries**

Sd/-

Kiran Sharma

Company Secretary

M.No: 4942

C.P No.: 3116

UDIN: F004942C000393253

Place: New Delhi

Date: 29th May, 2021

ANNEXURE V

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries - Not Applicable to the Company as there is no subsidiary.**Part "B": Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

(₹ In lacs)

Sl. No.	Name of Associate/Joint Ventures	Joint Ventures			Associates*	
		Nippon Leakless Talbros Pvt. Ltd.	Marelli Talbros Chassis Systems Pvt. Ltd.	Talbros Marugo Rubber Pvt. Ltd.	QH Talbros Pvt. Ltd.	Talbros International Pvt. Ltd.
1	Latest Audited Balance Sheet date	31.03.2021	31.03.2021	31.03.2021	31.03.2020	31.03.2020
2	Details of Associates / Joint Ventures where shares held by the Company					
	Total shares issued by the Associates/ Joint Venture	12000000	23560000	19000002	3050000	6552111
	Number of shares held by the Company	4800000	11780000	9500000	177962	1326970
	Amount of Investment in Associates/ Joint Venture (in INR Lacs)	480.00	1178.00	950.00	-	650.00
	Extend of Holding % in the Associates/ Joint Venture	40%	50%	50% less one share	5.83%	20.25%
3	Description of how there is significant influence	Joint Venture			No Significant influence	Associate
4	Reason why the associate/joint venture is not consolidated	Consolidated			Shareholding is less than the threshold limit for Consolidation	Not Applicable
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (in INR Lacs)	2470.97	2004.21	694.37	746.49	732.17
6	Profit/ Loss for the year After Tax (in INR Lacs)	833.64	425.89	11.75	684.60	344.56
i.	Considered in consolidation (in ₹ Lacs)	333.46	212.95	5.88	-	-
ii.	Not considered in consolidation (in ₹ Lacs)	500.18	212.94	5.87	-	-

* Associates have not been consolidated due to non-requirement under the applicable Ind-AS.

For and on behalf of the Board

Sd/-

Umesh Talwar

Place: Gurugram

Date: 8th June, 2021

Vice Chairman & Managing Director

(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director

(DIN: 00628063)

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Section 134(3) (m) of Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A) Conservation of energy

i) The steps taken or impact on conservation of energy

- In Admin Block Extra using of ACs at non-working time.
Saving = 18779 Units for the year @ ₹ 8.79 /- per unit = ₹1,65,067/-
- R&D and Sales Block conventional high consumption lights Replacement With LED
Saving = 7619 Units for the year @ ₹ 8.79 /- per unit = ₹ 66,971/-
- Moulding Electrical Batch Oven transition to PNG heating source
Saving = 42741 units for the year @ ₹ 8.79/- per unit = ₹ 3,75,693/-
- High consumption of Compressed Air in Air Gun at VCM
Saving = 11066 units for the year @ ₹ 8.79/- per unit = ₹ 97,270/-

ii) The steps taken by the Company for utilizing alternate sources of energy

- Power & Fuel cost saving through - Replacement & relocation of one 10.00 Hp, High pressure, Grand foss make pump in place of 7.5 Hp x 03 Nos. standard pumps at utilities 03 Nos. cooling towers.
Saving = 80568 units for the year @ ₹ 8.79/- per unit = ₹ 7,08,192/-
- DHVBN main Meter replacement, as it is not working properly. Net saving – **Total Energy Saved per year = avg. electricity bill = 40 Lacs x (0.995- 0.97) = 1 Lac/month = ₹ 12 L p.a.**
- Eliminate Cooling tower & Pumps of R&D test bed. Saving in price = 11.28 KW x 24:00 X 07 x 8.79 INR/unit x 12 Months = ₹1,99,888/- / Year.

iii) The capital investment on energy conservation equipment

NIL

B) Technology absorption

i) The efforts made towards technology absorption

- Renewed TAA with Sanwa Packing Industry of Japan for Light Weight Nimbus Heat Shield with NVH feature to meet Indian Automotive OEMs requirement of new generation engines. Initiated development of such heat shields for Maruti Suzuki and Hyundai.
- Introduced gasket design with integrated electrical control features - required for functioning of Injectors and Brake.
- MLS Cyl. Head gasket with Post Coating Technology through Technical Assistance Agreement with Sanwa Packing Industry of Japan.
- Developing high performance sealing technologies and materials to meet the requirement of new generation BS VI engines.

ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- Indigenized new Sealing products for new platform engines.
- Introduced Heat Shields for OEM customers for their new engines/vehicles.

ANNEXURE VI

- Reduction in cost of Multi-Layer Steel gaskets through Post Coating.
- Localization of gasket fiber material with Interface Performance Material.
- Localization of Rubber Compounds for sealing application.

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- (i) The details of technology imported - Technology for Manufacture of Heat-Shield and Post Coating
- (ii) The year of import – 2011
- (iii) Whether the technology been fully absorbed – As our Heat Shield and Post Coating project has been set up, the technology absorption is happening.
- (iv) If not fully absorbed areas where absorption is taking place and the reasons thereof, and - NA
- (v) the expenditure incurred on Research and Development - NIL

(C) Foreign exchange earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

PARTICULARS	2020-21 (₹ in Lacs)	2019-20 (₹ in Lacs)
Foreign Exchange Earnings	12716.22	9239.01
Foreign Exchange Outgo (Imports)	7313.82	6014.89

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

	Current year 2020-21 ₹ in Lacs	Previous Year 2019-20 ₹ in Lacs
Power & Fuel Consumption		
1. Electricity		
a) Own Generation		
Through Captive Power Plant (HFO Based)		
LSHS Oil Rs./Litre	39.80	39.80
Furnace Oil Rs./Litre	-	-
HSD Oil Rs./Litre	73.46	64.81
Unit (KWH in lacs)	0.49	0.91
Total amount (In Rs.)	4.53	22.11
Cost Rs./Unit	9.25	24.30
b) Purchased from DHBVNL		
Unit Consumed (In Lacs)	157.16	145.87
Total Amount (In Lacs)	1217.87	1149.71
Cost Rs./Unit	7.75	7.88

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

Place: Gurugram
Date: 8th June, 2021

A. DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	- Ratio of the remuneration of Mr. Umesh Talwar to the median remuneration of the employees - 35:1 - Ratio of the remuneration of Mr. Anuj Talwar - 30:1
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	NIL There was no increase in the remuneration of the managerial personnel during the year.
(iii)	Percentage increase in the median remuneration of employees in the financial year.	18.18%
(iv)	Number of permanent employees on the rolls of Company	546
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 2.51%. There was no increase in the remuneration of the managerial remuneration during the year.
(vi)	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The remuneration paid to employees is as per the remuneration policy of the Company.

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Place: Gurugram
Date: 8th June, 2021

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

ANNEXURE –VII (b)

B. DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

i) The name of Top Ten employees in terms of remuneration drawn:

Sl. No.	Name	Designation	Remuneration (in ₹)	Nature of Employment	Qualifications	Experience (in years)	Date of commencement of employment	Age (in years)	Last employment held	Whether relative of any director or manager
1	Vivek Singh	President	46,22,930	Permanent	PPGDM, Finance & IT / B.E Mechanical	23	15.07.2019	46	AVTEC Limited	No
2	Suresh Kumar Sharma	President	45,28,310	Permanent	M.B.A and Mechanical Engineering	35	02.02.2016	56	Omax Auto	No
3	Ajay Singh	Vice President	28,35,326	Permanent	B.E.	32	18.05.1991	56	Tele Tubes	No
4	Manish Khanna	Chief Financial Officer	27,59,922	Permanent	C.A.	24	15.06.2016	50	Lee Boy	No
5	Bhaskar Kumar	G.M	17,67,406	Permanent	Diploma	27	05.03.2018	50	Minda	No
6	Sushant Sindwani	D.G.M	17,67,406	Permanent	M.B.A.	21	02.06.2014	44	Escorts	No
7	Nene Pranjal Prabhakar	C.G.M	17,61,786	Permanent	DME , DBM	38	01.10.2011	57	L & T	No
8	Seema Narang	Company Secretary	14,28,632	Permanent	CS, B.Com (Hons)	29	22.02.2010	54	Aksh Optifibre	No
9	S C Shukla	G.M	14,26,654	Permanent	Diploma	35	02.11.1992	58	Shree Ram Needle	No
10	Anshu Mehra	G.M	14,20,153	Permanent	M.S.W.	22	16.09.2015	45	Omax Auto	No

ii) Employees who were in receipt of remuneration aggregating to ₹ 1,02,00,000/- or more per annum : **None**

iii) Employees who were in receipt of remuneration aggregating to ₹ 8,50,000/- or more per month: **None**

iv) Employees who were in receipt of remuneration in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company: **None**

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

Place: Gurugram

Date: 8th June, 2021

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law and adherence to these ethical standards has set a culture in the Company wherein good Corporate Governance underlines interface with all stakeholders. Talbros Automotive Components Limited (hereinafter referred to as "the Company") is committed to operating sustainably and creating shareholders' value over long term and has a strong corporate governance structure in place to oversee this commitment. The Company believes in adopting the best practices in the areas of Corporate Governance. Even in a tough competitive business environment, the Management and Employees of the Company are committed to value transparency, integrity, honesty and accountability which are fundamental core values of Corporate Governance.

The Company is in compliance with the requirements stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred as "SEBI Listing Regulations") with respect to corporate governance and a report on Corporate Governance in accordance with Part C of Schedule V to the SEBI Listing Regulations is outlined below:

2. BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2021, the Board of Directors comprised of Twelve (12) Directors – Two (2) Executive Directors and Ten (10) Non- Executive Directors out of which Six (6) Directors are Independent Directors including one Woman Director.

The composition of the Board of Directors of the Company is in conformity with the stipulated requirements of Regulation 17(1) of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013 (hereinafter referred as "Act").

The Chairman of the Board is a Non-Executive Promoter Director and the number of Independent Directors are not less than half of the total number of Directors of the Company.

The Directors hold qualifications and possess requisite experience/ skills/ expertise and competencies in

General Corporate Management, Finance, Legal, Banking, Economics and other allied fields as identified by the Board in context of Company's business to function effectively. These skills enable Directors to contribute effectively in making decisions for the Company and these skills for each Director are mentioned in a separate matrix later in this report. Detailed profile of each of the Directors is available on the Company's website viz. www.talbro.com.

The necessary disclosures regarding other directorships and committee positions have been made by the Directors confirming that none of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director (as specified in Regulation 26 of SEBI Listing Regulations).

During the year 2020-21, following changes took place:

- Mr. R.R. Vederah tendered his resignation as an Independent Director with effect from 16th June, 2020 due to personal reasons and confirmed that there were no other material reasons for his resignation.
- Pursuant to the provisions of the Act & SEBI Listing Regulations, Mr. Tarun Singhal was appointed as an Independent Director at the 63rd Annual General Meeting for a period of 5 years w.e.f. 25th September, 2020.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1) (b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and that they are independent of the management.

None of the Directors serve as Independent Director in more than seven listed companies as per the requirement of Regulation 17A of SEBI Listing Regulations. It is also confirmed that in the opinion of the Board, all the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

Familiarization Programme

The Independent Directors have the requisite

Report On Corporate Governance (Contd.)

qualifications and experience which enable them to contribute effectively.

The Independent Directors are familiarized with the Company's business model and the regular Industry updates through presentations in the Board Meetings. Interactive sessions with senior leadership team and functional heads in Board Meetings also enables better understanding of business strategy, operational performance, product offerings and market initiatives etc. The roles, rights and responsibilities of Independent Directors are also updated through discussion in Board Meetings and are also included in their Appointment letters as posted on Company's website i.e. www.talbro.com.

The web link for accessing the familiarization programmes of Independent Directors is <https://www.talbro.com/investors/investor-corporate/familiarization-programme-for-independent-directors/>

Relationship between Directors, *inter-se*

Mr. Naresh Talwar and Mr. Umesh Talwar are brothers.

Mr. Varun Talwar and Mr. Vidur Talwar are sons of Mr. Naresh Talwar.

Mr. Anuj Talwar is the son of Mr. Umesh Talwar.

Number of shares held by Directors as on 31st March, 2021

The details of shares held by Non- Executive Directors are as under:

Name of Director	No. of Shares held
Mr. Naresh Talwar	5,62,528
Mr. Vidur Talwar	-
Mr. Navin Juneja	1,453
Mr. Amit Burman	2,627
Mr. Varun Talwar	-

The details of shares held by Executive Directors are as under:

Name of Director	No. of Shares held
Mr. Umesh Talwar	3,75,019
Mr. Anuj Talwar	-

Meetings and Attendance

During the year ended 31st March, 2021, four meetings of the Board of Directors were held on the following dates:

(i) 29th June, 2020 (ii) 28th August, 2020 (iii) 9th November, 2020 (iv) 5th February, 2021

The 63rd Annual General Meeting (AGM) was held on 25th September, 2020.

The category and the details of Attendance of the Directors in the Board Meetings and at the AGM held during the year is given as under:

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the Last AGM
Mr. Naresh Talwar, (Chairman)	Promoter, Non-Executive	2	No
Mr. Umesh Talwar, (Vice Chairman and Managing Director)	Promoter, Executive	3	Yes
Mr. Varun Talwar, (Joint Managing Director)	Executive Non- Independent	4	No
Mr. Anuj Talwar, (Joint Managing Director)	Executive Non- Independent	4	Yes
Mr. Vidur Talwar	Non- Executive Non- Independent	4	No
Mr. Navin Juneja	Non-Executive Non- Independent	4	Yes
Mr. Anil Kumar Mehra	Non-Executive & Independent	4	No
Mr. V. Mohan	Non-Executive & Independent	4	Yes

Report On Corporate Governance (Contd.)

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the Last AGM
Mr. Amit Burman	Non-Executive & Independent	3	No
Ms. Priyanka Gulati	Non-Executive & Independent	4	No
Mr. Ajay Kumar Vij	Non-Executive & Independent	4	No
Mr. Tarun Singhal#	Non-Executive & Independent	4	No

#Appointed as an Additional Director by the Board w.e.f 18th June, 2020 and as Director by the members w.e.f. 25th September, 2020.

Separate Meeting of Independent Directors

In terms of the requirements of Section 149(8) of the Companies Act, 2013 read with Schedule IV thereto, a separate meeting of the Independent Directors without the attendance of non-independent directors and members of the management was held on 10th February, 2021 to review performance of Non-Independent Directors and the Board as a whole and also performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of the flow of information between the Company management and the Board.

The meeting was attended by all the Independent Directors.

Directorships/Committee positions held by the Directors

Details of Directorships/Committee positions held by the Directors as on 31st March, 2021 in Indian Listed Companies are as follows:

Name of the Directors	Number of Directorships and Committee Memberships/ Chairmanships as on 31 st March, 2021			Directorships in Listed Companies		Skill and Area of Expertise
	Other Directorship ##	Committee Memberships #	Committee Chairmanship #	Name of the Company	Category	
Mr. Naresh Talwar, (Chairman)	-	-	-	-	-	Automotive Components Industry
Mr. Umesh Talwar, (Vice Chairman & Managing Director)	-	-	-	-	-	Automotive Components Industry
Mr. Varun Talwar, (Joint Managing Director)	-	-	-	-	-	IT Sector, Auto Components and Health Care Industry
Mr. Anuj Talwar, (Joint Managing Director)	-	-	-	-	-	Corporate Finance, Credit Analysis and Auto Industry
Mr. Vidur Talwar	-	-	-	-	-	Automotive Components Industry
Mr. Navin Juneja	-	-	-	-	-	Financial Management, Corporate Planning, Accounting and Strategic Planning
Mr. Anil Kumar Mehra	3	-	-	-	-	Finance

Report On Corporate Governance (Contd.)

Name of the Directors	Number of Directorships and Committee Memberships/ Chairmanships as on 31 st March, 2021			Directorships in Listed Companies		Skill and Area of Expertise
	Other Directorship ##	Committee Memberships #	Committee Chairmanship #	Name of the Company	Category	
Mr. V. Mohan	1	1	1	Vascon Engineers Limited	Independent & Non-Executive Director	Finance
Mr. Amit Burman	3	1	-	Dabur India Limited	Non-Executive Director	Management and Healthcare Industry
Ms. Priyanka Gulati	1	-	-	-	-	Management Consulting and Entrepreneurship
Mr. Ajay Kumar Vij	1	-	-	-	-	Healthcare Industry
Mr. Tarun Singhal#	-	-	-	-	-	Auto Industry

#Appointment as an Additional Director by the Board w.e.f. 18th June, 2020 and as Director by the members w.e.f. 25th September, 2020.

Notes:

- # The committees considered for the purpose are those prescribed under regulation 26 of SEBI Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee of Listed Companies.
- ## Other Directorships exclude Directorship in Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013.

3. COMMITTEES OF THE BOARD

(i) Audit Committee

Audit Committee has been constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with The Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI Listing Regulations (including any amendments and re-enactments thereof).

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, are in accordance with the provisions of the Companies Act, 2013 and Part C of Schedule II to the SEBI Listing Regulations.

The role of Audit Committee, *inter-alia*, includes the following:

- Reviewing the Company's financial reporting process and its financial statement.
- Reviewing the financial and accounting policies and practices and compliance with applicable accounting standards.
- Reviewing reports furnished by internal and statutory auditors.
- Recommending appointment/re-appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.

Report On Corporate Governance (Contd.)

- Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing with the management, quarterly results and annual financial statements before submission to the Board for approval.
- Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter corporate loans and investments;
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the Whistle blower mechanism.

Composition, meetings and attendance

The Audit Committee comprises of six members including four Independent Directors.

Mr. V. Mohan, Chairman of the Audit Committee is a Non-executive Independent Director and Chartered Accountant by qualification. He attended the last Annual General Meeting of the Company held on 25th September, 2020 to address the shareholders' queries pertaining to financial statements of the Company.

All the members of the Audit Committee are financially literate. The Audit Committee satisfies the criteria of two-third of its members being Independent Directors.

Chief Financial Officer, Internal Auditor and Representatives of Statutory Auditors are permanent invitees to the meetings of Audit Committee.

Company Secretary acts as Secretary to the Committee.

During the year ended 31st March, 2021, four meetings of the Audit Committee were held on the following dates:

(i) 29th June, 2020 (ii) 28th August, 2020 (iii) 09th November, 2020 (iv) 05th February, 2021.

The attendance of each Audit Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. V. Mohan, Chairman	4
Mr. Anil Kumar Mehra, Member	4
Mr. Amit Burman, Member	3
Mr. Anuj Talwar, Member	4
Mr. Vidur Talwar, Member	4
Mrs. Priyanka Gulati, Member	4

(ii) Nomination & Remuneration Committee

Nomination & Remuneration Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of the SEBI Listing Regulations (including any amendments and re-enactments thereof).

The terms of Reference of the Nomination & Remuneration Committee are in accordance with the requirements of the Companies Act, 2013 and Part D of Schedule II to the SEBI Listing Regulations, which *inter-alia*, includes:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.

Report On Corporate Governance (Contd.)

- Whether to extend or continue the term of appointment of the independent director, on the basis of the performance evaluation of independent directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management

The policy of the Company is to remain competitive in the industry to attract and retain good talent and appropriately reward the employees and Directors for their performance and contribution to the business.

Composition and Attendance

The Nomination & Remuneration Committee consists of three members all being Non-Executive Independent Directors i.e. Mr. A. K. Mehra, Mr. V. Mohan and Mr. Amit Burman.

The Chairman of the Committee is Mr. A. K. Mehra.

During the year, two meetings of the Nomination & Remuneration Committee was held on 18th June, 2020 and 5th February, 2021. The detail of attendance of each Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. Anil Kumar Mehra, Chairman	2
Mr. V. Mohan, Member	1
Mr. Amit Burman, Member	1

Performance Evaluation

The Nomination and Remuneration Committee of the Board has laid out the evaluation criteria for performance evaluation of the Board, its Committees and all the individual directors, in adherence of SEBI Listing Regulations.

The performance evaluation for the financial year was carried out in accordance with the criteria laid out by the Nomination and Remuneration Committee and approved by the Board. The performance evaluation was conducted for the Board, its Committees, Individual directors including Chairman of the Board.

Remuneration of Directors

Executive Directors

The remuneration paid to the Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, subject to the subsequent approval by the shareholders at the general meeting and such other approvals as may be required.

Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Anuj Talwar, Joint Managing Director of the Company were paid remuneration during the year under review as per the details given hereunder:

Details of Remuneration paid to Directors during the year ended 31st March, 2021

(Amt in ₹)

S. No	Name of the Director	Basic Salary	House Rent Allowance	Provident Fund Contribution	Perquisites	Superannuation Fund	Total
1.	Mr. Umesh Talwar	77,01,000	53,90,700	9,24,140	7,74,180	99,996	1,48,89,996
2.	Mr. Anuj Talwar	65,89,000	46,12,440	7,90,704	6,72,638	99,996	1,27,64,778
Total		1,42,90,000	1,00,03,410	17,14,824	14,46,818	1,99,992	2,76,54,974

Other terms and conditions:

	Mr. Umesh Talwar	Mr. Anuj Talwar
Term of Appointment*	Three years, from 01.04.2021 to 31.03.2024	Three years, from 14.08.2021 to 13.08.2024

Report On Corporate Governance (Contd.)

Non-Executive Directors

The Non-Executive Independent Directors are paid sitting fee of ₹ 30,000/- for attending every Board Meeting and ₹ 15,000/- for attending every Audit Committee Meeting. They are also entitled for the reimbursement of travelling and other expenses incurred by them in connection with attending meetings of the Board of Directors or of Committee thereof or which they may otherwise incur in the performance of their duties as Director.

The Company does not have any other material pecuniary relationship/ transaction with any of its Non-Executive Directors.

Sitting fee paid for financial year 2020-21 is tabled below:

Name of Non-Executive Director	Sitting Fee (In ₹)
Mr. A. K. Mehra	1,80,000
Mr. V Mohan	1,80,000
Mr. Amit Burman	1,35,000
Mr. Navin Juneja	1,20,000
Ms. Priyanka Gulati	1,80,000
Mr. Ajay Kumar Vij	1,20,000
Mr. Tarun Singhal*	1,20,000
Total	10,35,000

**Appointment as an Additional Director w.e.f 18th June, 2020 and as Director by members w.e.f. 25th September, 2020*

In case of the executive directors and Managing Director / Joint Managing Director, the appointments are governed by the resolutions passed by the Board and the members of the Company, which cover the terms and conditions of their appointment and no separate Service Contract is entered into by the Company. No severance fees except the statutory retirement benefits is payable to them.

In case of non-executive Independent Directors, their appointment is governed by the letter of appointment issued to them which contains their roles, duties and responsibilities.

The Company has not granted any stock options to any of its Directors.

(iii) Stakeholders' Relationship Committee

Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 20 of the SEBI Listing Regulations (including any amendments and re-enactments thereof).

The role of the Stakeholders' Relationship Committee, *inter-alia*, includes the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.

Composition and Attendance

The Stakeholders' Relationship Committee comprises of 3 Non-Executive Directors, of which 2 are Independent Directors. Mr. Navin Juneja is the Chairman of the Committee.

During the year ended 31st March, 2021, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

(i) 29th June, 2020 (ii) 28th August, 2020 (iii) 09th November, 2020 (iv) 05th February, 2021

Report On Corporate Governance (Contd.)

The detail of attendance of each Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. Navin Juneja, Chairman	4
Mr. V. Mohan, Member	4
Mr. Anil Kumar Mehra, Member	4

The Committee attends to the investors' grievances/ correspondence expeditiously.

Status of queries/ complaints received and resolved during the year

Number of Shareholders' Queries/ Complaints received during the year	23
Number of Shareholders' Complaints solved to the satisfaction of Shareholders	23
Number of Shareholders' Complaints pending as on 31 st March, 2021	Nil

Name and designation of Compliance Officer

Mrs. Seema Narang, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Listing Regulations. The Company has provided an exclusive email ID i.e. seema_narang@talbros.com for the members to send their queries/ grievances to the concerned

department so that the queries/ complaints are addressed.

(iv) Corporate Social Responsibility (CSR) Committee

Corporate Social Responsibility (CSR) Committee of the Board has been constituted in accordance and in compliance with provisions of Section 135 of the Companies Act, 2013.

The terms of reference of the CSR Committee, *inter-alia*, include formulation of CSR Policy indicating the activities to be undertaken by the Company covered under Schedule VII to the Companies Act, 2013; recommending to the Board the CSR Policy & amount of expenditure on CSR activities; and to monitor the CSR Policy of the Company from time to time.

Composition and Attendance

During the year, two meetings of the Corporate Social Responsibility Committee were held on 18th June, 2020 and 10th February, 2021. The details of attendance of each Committee Member are as under:

Name of the Directors	No. of Meetings Attended
Mr. Umesh Talwar, Chairman	2
Mr. Amit Burman, Member	2
Mr. Navin Juneja, Member	2

4. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per details given below:

Financial Year	2017-18	2018-19	2019-20
Venue	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad-121001, Haryana	Hotel Saffron Kiran, 12/6, NH-2, (Near to Sarai Metro Station and Badarpur Toll Plaza) Sarai Khwaja, Faridabad - 121003, Haryana	Through video conferencing. Deemed venue – 14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad – 121003 Haryana (Registered Office)
Date and Time	25 th September, 2018 (Tuesday), 10.30 A.M.	25 th September, 2019 (Wednesday), 10.30 A.M.	25 th September, 2020 (Friday), 10.30 A.M.

Report On Corporate Governance (Contd.)

Financial Year	2017-18	2018-19	2019-20
Special Resolutions Passed	<ol style="list-style-type: none"> To consider revision in the remuneration of Mr. Umesh Talwar, Vice-Chairman & Managing Director of the Company. To consider revision in the remuneration of Mr. Anuj Talwar, Joint Managing Director of the Company. To give Corporate Guarantee in favour of Magneti Marelli Talbros Chassis Systems Private Limited for an aggregate sum of ₹ 13.00 crores. Alteration/ substitution of Articles of Association of the Company. 	None	<ol style="list-style-type: none"> Re-appointment of Mr. Umesh Talwar (DIN:00059271) as Vice Chairman and Managing Director with effect from 1st April, 2021 for a period of 3 years. Re-appointment of Mr. Anuj Talwar (DIN: 00628063) as Joint Managing Director with effect from 14th August, 2021 for a period of 3 years.

No Extra-Ordinary General Meeting was held during the last three financial years.

POSTAL BALLOT

During the year, no business was conducted through postal ballot.

5. MEANS OF COMMUNICATION

- a) Quarterly Results:** The quarterly, half-yearly and annual financial results of the Company are submitted to the BSE Limited and National Stock Exchange of India Limited where its equity shares are listed and the same are generally published in Business Standard (English & Hindi) newspaper.

The financial results are also posted on the website of the Company i.e. www.talbro's.com.

- b) Company's Website (www.talbro's.com):** Detailed information on the Company's business and products; quarterly/ half yearly/ nine months and annual financial results are displayed on the Company's website. The Company's website www.talbro's.com is a comprehensive reference on Talbros's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investor' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, presentations made to institutional investors or to the analysts, registrars and share transfer agents etc.

- c) The Management Discussion & Analysis:** The Management Discussion & Analysis Report forms part of the Annual Report.

- d) Intimation to Stock Exchanges:** The Company is timely submitting the required information, statement and report to the BSE Limited and National Stock Exchange of India Limited. The Company intimates BSE Limited and National Stock Exchange of India Limited all price sensitive information which in its opinion are material & of relevance to the shareholders.

All information are filed electronically on online portals of BSE Limited and National Stock Exchange of India Limited.

- e) Investor Conference Calls:** Every quarter, post announcement of financial results, conference calls are organized with

Report On Corporate Governance (Contd.)

institutional investors and analysts. These calls are addressed by Group CFO and Head of Investor Relations. Transcripts of the calls are hosted on the website of the Company viz. www.talbros.com

6. GENERAL SHAREHOLDER INFORMATION

(i) 64th Annual General Meeting

The 64th Annual General Meeting will be held on Monday, 27th September, 2021 at 10:30 a.m. through video conferencing/ other audio-visual means.

(ii) Financial Year

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

(iii) Book Closure Date

The period of book closure for the purpose of AGM and payment of Dividend for F.Y. 2020-21 is from 20th September, 2021 to 27th September, 2021 (both days inclusive).

Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2021	mid of August, 2021
July – September 2021	mid of November 2021
October – December 2021	mid of February 2022
January – March 2022	4 th week of May 2022

(iv) Dividend Payment Date

The Board of Directors of the Company has recommended a dividend of 20% on the paid-up equity share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend, if approved by the shareholders, shall be paid to all the members as on the date of Annual General Meeting within the statutory limit of 30 days from the date of its declaration.

(v) Listing of Equity Shares on Stock Exchanges

The Equity Shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited.

The annual listing fee due to BSE Limited and the National Stock Exchange of India Limited for the year 2021-22 has been duly paid.

ISIN of the Equity Shares of the Company is INE 187D01011.

(vi) Stock Code

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001	505160
National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No. C/1, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	TALBROAUTO

(vii) Market Price Data

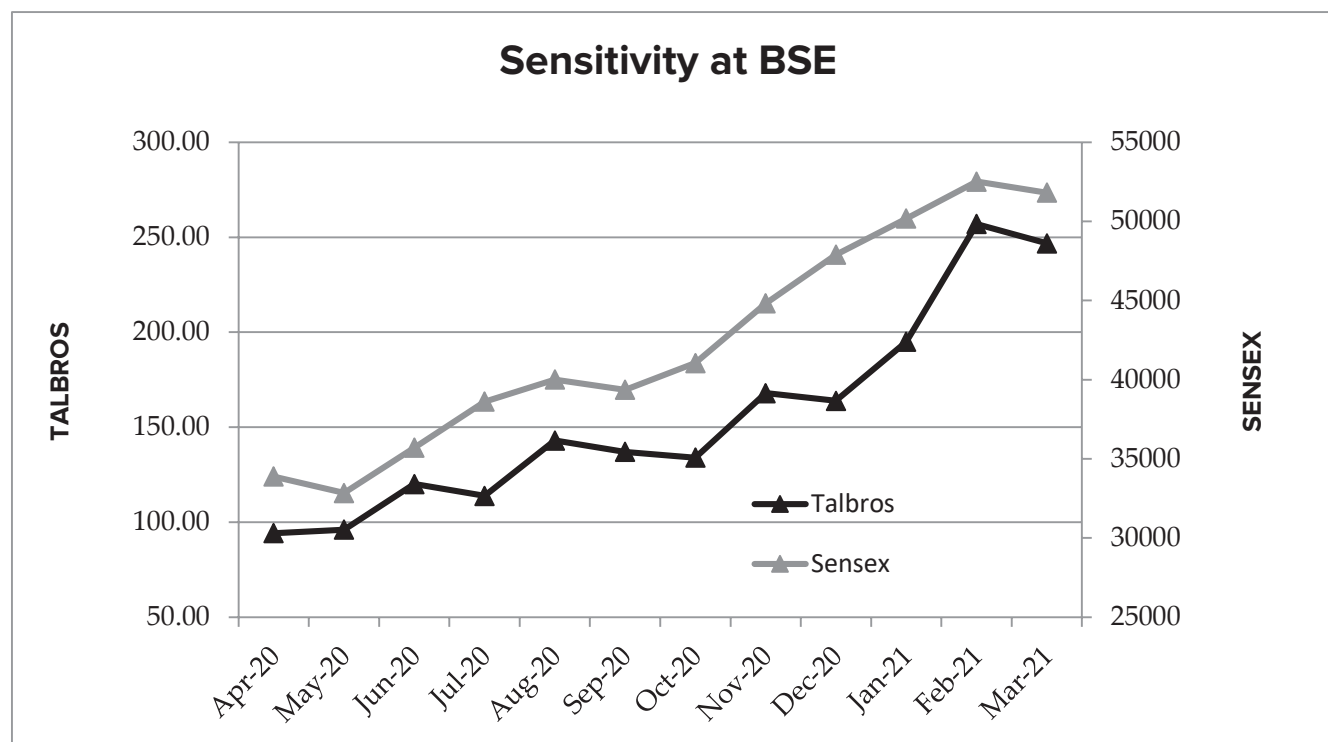
Months	Share Price at BSE		Share Price at NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-20	94.20	69.80	95.00	69.25
May-20	96.05	72.70	96.35	72.15
Jun-20	120.10	90.00	120.50	89.20
Jul-20	113.85	79.00	113.70	90.75
Aug-20	143.00	93.00	143.00	93.05
Sep-20	137.00	100.00	134.00	101.55
Oct-20	134.00	104.60	135.00	105.35
Nov-20	167.95	114.10	167.95	115.00
Dec-20	163.90	129.85	164.00	130.30
Jan-21	195.00	140.20	194.80	143.05
Feb-21	257.00	167.10	257.00	164.55
Mar-21	246.75	200.00	246.70	200.35

Report On Corporate Governance (Contd.)

Performance of the share price of the Company in comparison to BSE Sensex:

BSE SENSEX

Months	Share Price		Sensex	
	High (₹)	Low (₹)	High	Low
Apr-20	94.20	69.80	33887.25	27500.79
May-20	96.05	72.70	32845.48	29968.45
Jun-20	120.10	90.00	35706.55	32348.10
Jul-20	113.85	79.00	38617.03	34927.20
Aug-20	143.00	93.00	40010.17	36911.23
Sep-20	137.00	100.00	39359.51	36495.98
Oct-20	134.00	104.60	41048.05	38410.20
Nov-20	167.95	114.10	44825.37	39334.92
Dec-20	163.90	129.85	47896.97	44118.10
Jan-21	195.00	140.20	50184.01	46160.46
Feb-21	257.00	167.10	52516.76	46433.65
Mar-21	246.75	200.00	51821.84	48236.35

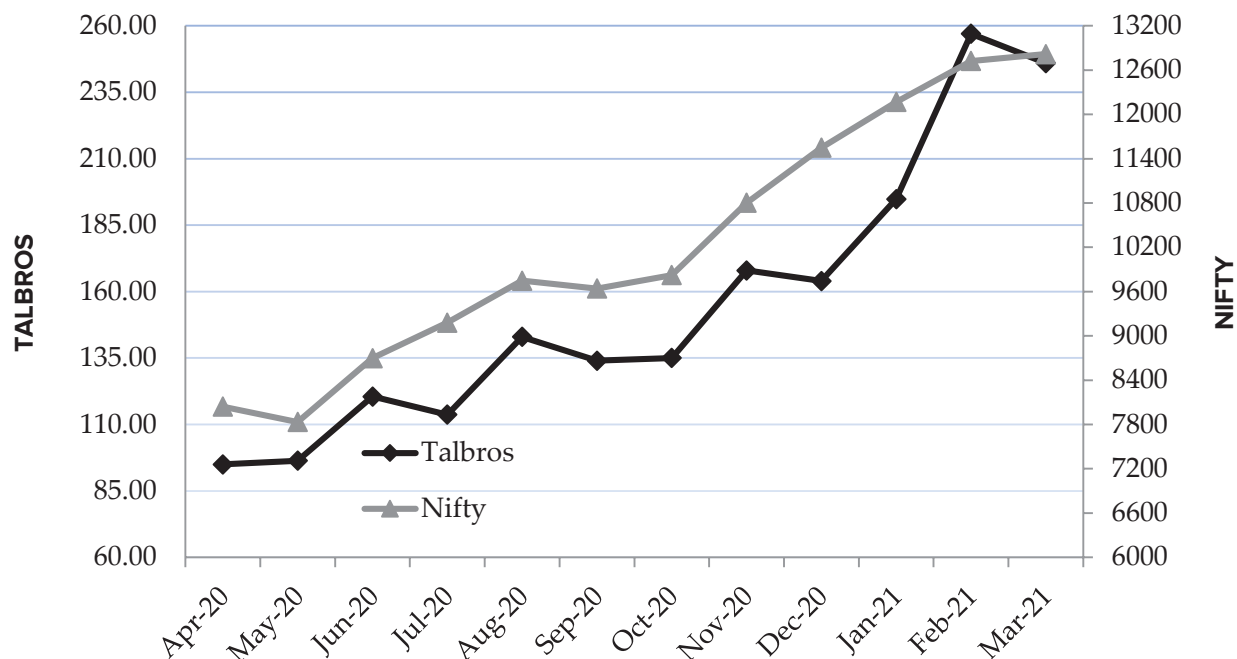


Report On Corporate Governance (Contd.)

NIFTY

Months	Share Price		Nifty	
	High (₹)	Low (₹)	High	Low
Apr-20	95.00	69.25	8041.05	6619.55
May-20	96.35	72.15	7834.05	7266.15
Jun-20	120.50	89.20	8699.55	7923.70
Jul-20	113.70	90.75	9180.70	8466.70
Aug-20	143.00	93.05	9747.05	8925.05
Sep-20	134.00	101.55	9640.95	8933.95
Oct-20	135.00	105.35	9822.95	9423.80
Nov-20	167.95	115.00	10804.10	9524.20
Dec-20	164.00	130.30	11548.35	10734.30
Jan-21	194.80	143.05	12167.95	11365.85
Feb-21	257.00	164.55	12724.55	11304.00
Mar-21	246.70	200.35	12816.15	11939.00

Sensitivity at NSE



Report On Corporate Governance (Contd.)

(viii) Registrar & Transfer Agent

The details of the Registrar and Transfer Agents of the Company for Shares held in Physical as well as Electronic Mode are as under:

M/s KFIN Technologies Private Ltd.,

Unit: Talbros Automotive Components Ltd.,

Karvy Selenium Tower-B, Plot No. 31 & 32,

Financial District, Gachibowli, Nanakramguda, Serilingampally

Hyderabad 500 008, India

Email: rajeev.kr@kfintech.com

Website: <https://www.kfintech.com>

(ix) Share Transfer System

The equity shares of the Company are compulsorily traded in Demat form. Systems are in place to ensure that requests for transfer of shares due to transmission/transposition in physical form are processed and duly transferred share certificates returned to the transferee within the time prescribed by law in the said behalf, provided the share transfer documents are valid and complete in all respects.

The Board has authorized the Stakeholders' Relationship Committee to sub-delegate its powers to the officers of the Company for prompt redressal of investor requests/complaints.

As required under Regulation 40(9) of the SEBI Listing Regulations, the Company obtains a certificate on half-yearly basis from a Company Secretary-in-Practice, regarding share transfer formalities, which is filed with the stock exchanges.

(x) Distribution of Shareholding as on 31st March, 2021

Category (Amount)		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	19020	93.81	1579694	12.80
5001	10000	621	3.06	491826	3.98
10001	20000	305	1.50	462221	3.74
20001	30000	122	0.60	306184	2.48
30001	40000	55	0.27	195396	1.58
40001	50000	49	0.24	232673	1.88
50001	100000	59	0.29	421506	3.41
100001	Above	44	0.22	8656130	70.11
Total		20275	100.00	12345630	100.00

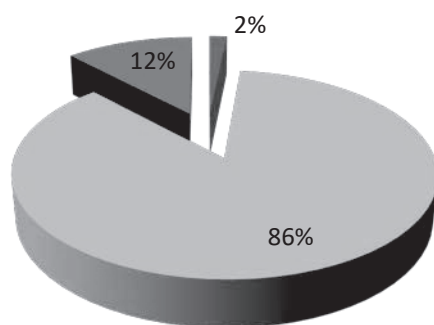
Report On Corporate Governance (Contd.)

(xi) Dematerialization of Shares and Liquidity as on 31st March, 2021

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

The breakup of Equity Share capital held with depositories and in physical form as on 31st March, 2021 is as follows:

Category	No. of shareholders	No. of Equity Shares	% of Capital
Physical	1805	199252	1.61
NSDL	10776	10669257	86.42
CDSL	7694	1477121	11.96
Total	20275	12345630	100.00



■ Physical ■ NSDL ■ CDSL

(xii) Outstanding Stock Option

There are no outstanding warrants or any convertible instruments as on 31st March, 2021.

(xiii) Plant Locations of the Company

The Company has three Gasket Manufacturing Facilities besides Forging plant. The addresses are as given below:

Particulars	Address
Gasket Plant I & Registered Office	14/1, Delhi Mathura Road, Faridabad –121003, Haryana
Gasket Plant II	Plot No 68, F-11, MIDC, Pimpri, Pune – 411018
Gasket Plant III	Plot No. B-177, Phase-I, Eldeco-Sidcul Industrial Park Ltd, Sitarganj, Uttarakhand -262405
Forging Division	Plot No. 39 to 46, Sector-6, Industrial Growth Centre, Bawal-123501, Distt. Rewari (Haryana)

(xiv) Address for Correspondence

The shareholders may address their communications/ suggestions/ grievances/ queries to:

Registered Office

Talbro Automotive Components Ltd.
14/1, Delhi Mathura Road, Faridabad –121003
Tel: +91-129- 2251482/ 2251456/2251400
Email: seema_narang@talbro.com

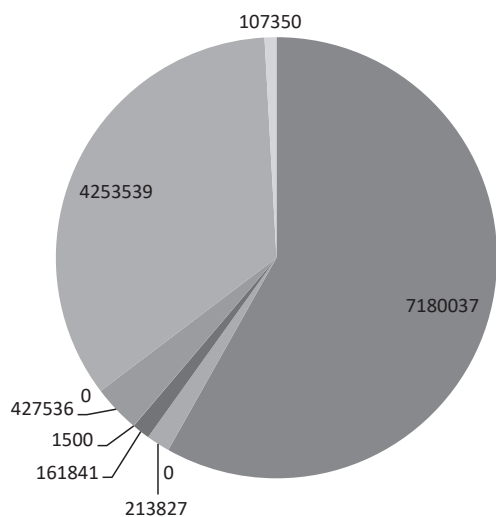
For all matters relating to investor relations please contact:

The Company Secretary & Compliance officer
Talbro Automotive Components Ltd.
14/1, Delhi Mathura Road, Faridabad –121003
Tel: +91-129- 2251456/ 2251482
Email: seema_narang@talbro.com

Report On Corporate Governance (Contd.)

(xv) Shareholding Pattern as on 31st March, 2021

Category	No. of Shares	% to equity
Promoters	7180037	58.16
Mutual Funds	-	-
Non Resident Indians	213827	1.73
Banks, Financial Institutions & Insurance Companies	161841	1.31
Foreign Institutional Investors/ Foreign Financial Institutions	1500	0.01
Bodies Corporate	427536	3.46
Central Government/ State Government	-	-
Public	4253539	34.45
IEPF	107350	0.87
Total	12345630	100.00



- Promoters
- Mutual Funds
- Non Resident Indians
- Banks, Financial Institutions & Insurance Companies
- Foreign Institutional Investors/Foreign Financial Institutions
- Bodies Corporate
- Central Government / State Government
- Public
- IEPF

(xvi) Commodity price risk or foreign exchange risk and hedging activities

Based on the products manufactured or dealt with by the Company, the Company is not exposed to any material commodity price risks. The Company is exposed to foreign exchange risk mainly in respect of exposures relating to export orders. The Company remains substantially hedged through appropriate derivative instruments to minimize the risk and to take advantage of forward premium. The details of unhedged foreign currency exposures and hedging are disclosed in notes to the financial statements.

(xvii) Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in the physical form.

(xviii) Unclaimed Dividends

By virtue of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid/ unclaimed for seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The date of declaration of dividend and corresponding dates when the unpaid/ unclaimed dividend is due for transfer to the IEPF are given below:

Year	Date of Declaration	Due date for transfer
2013-14	12.09.2014	10.10.2021
2014-15	25.09.2015	23.10.2022
2015-16	26.09.2016	24.10.2023
2016-17	26.09.2017	24.10.2024
2017-18	25.09.2018	23.10.2025
2018-19	25.09.2019	23.10.2026
2019-20	25.09.2020	23.10.2027

Report On Corporate Governance (Contd.)

Members who have not encashed their dividend warrants so far in respect of dividend 2013-14 are requested to have the same revalidated to encash and avoid transfer to IEPF as being requested separately by the Company.

Nomination

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

(xix) Credit ratings obtained by the Company

Company's credit ratings were reaffirmed by CARE Ratings on 08th April, 2021, which are mentioned as under:

Facilities	Amount (₹ Crores)	Rating
Long term Bank Facilities	137.43 (reduced from 140.18)	CARE A-; Stable (Single A Minus; Outlook: Stable)
Short term Bank Facilities	35	CARE A2+ (A Two Plus)
Total Bank Facilities	172.43 (₹ One Hundred Seventy Two Crore and Forty-Three Lacs Only)	
Medium Term Instrument (Fixed Deposit)	1.48 (Reduced from 10.00)	CARE A- (FD); Stable Single A Minus (Fixed Deposits); Outlook: Stable
Total Medium Term Instruments	1.48 (₹ One Crore and Forty Eight Lacs only)	

7. OTHER DISCLOSURES

(a) Related Party Transactions

All transactions with Related Parties during the financial year ended 31st March, 2021 covered under the Companies Act, 2013 and SEBI Listing

Regulations, were at arm's length basis, in the ordinary course of business and in accordance with the shareholders' approval.

There were no materially significant Related Party transactions that may have a potential conflict with the interests of the Company at large.

(b) Details of the non-compliance by the Company

Following penalties have been imposed on the Company by Bombay Stock Exchange Limited and National Stock Exchange of India Limited during the financial year 2019-20 regarding non-compliance of Regulation 17(1) of SEBI Listing Regulations, 2015 pertaining to the composition of the Board of Directors.

S. No.	Name of Exchange	Particulars of non-compliance	Amount of Penalty (in ₹)
1.	BSE Limited (BSE)	Regulation 17(1) - Non-compliance with the requirements pertaining to the composition of Board of Directors.	5,900/-
2.	National Stock Exchange of India Limited (NSE)	Regulation 17(1)- Non-compliance with the requirements pertaining to the composition of Board of Directors.	5,900/-

During the financial year under review, no penalty has been imposed on the Company by SEBI or any other Statutory Authority.

Apart from the abovementioned penalty, no other penalties have been imposed on the Company by SEBI or any other statutory authorities during last three financial years.

(c) Details of establishment of Vigil Mechanism/ Whistle Blower Policy

The Company has a robust Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach their Supervisor/ Respective HR/ Legal Department or through dedicated Hotline numbers of the Company and

Report On Corporate Governance (Contd.)

makes protective disclosures about the unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The employee may also approach the Chairman of the Audit Committee in exceptional circumstances or issues related to whistle blower victimization. The Whistle Blower Policy is an extension of the Talbros Code of Ethics, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames as per Talbros's global Policy. The Company affirms that no personnel have been denied access to the Audit Committee to make any protected disclosure under the Whistle Blower Policy.

(d) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges and Securities and Exchange Board of India (the SEBI) including:

- (i) Corporate governance requirement as specified under Point C of Schedule V of the SEBI Listing Regulations.
- (ii) Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations, as applicable
- (iii) Treatment as prescribed in the applicable Accounting Standards.

(e) Policy for determining material subsidiaries

Company does not have any subsidiary and will formulate policy for determining material subsidiaries as and when required.

(f) Policy on dealing with Related Party Transactions

The Company has framed a Policy for related party transactions and the same is available on Company's website at following link and the details of related party transactions are given in the Notes to the financial statements.

<http://www.talbros.com/related-party-policy/>

(g) Risk Management

The Company has defined and adopted a Risk Management Process and has also set up a core

group of leadership team, which assesses the risks and lays down the procedure for minimization of the risks as an ongoing process integrated with operations.

The above facilitates not only in risk assessment and timely rectification but also help in minimization of risk associated with respective business operations and periodic reporting to Board as and when required.

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors & Senior Management. The Code has been circulated to all employees and also posted on Company's website www.talbros.com. All Board members and senior personnel have affirmed compliance with the code.

A certificate from Managing Director and Chief Financial Officer on the financial statements of the Company was placed before the Board.

(h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

No funds have been raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the financial year ended on 31st March, 2021.

(i) Certificate from practicing Company Secretary

The Company has obtained a certificate from a practicing Company Secretary that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. The said certificate forms a part of this report.

(j) Recommendation of the Board's Committees

All recommendations of the various committees were accepted by the Board.

(k) Details of total fees paid to Statutory Auditors

Details of total fees for all services paid by the Company, on a consolidated basis, to the Statutory Auditors are provided under Note No. 31 to the Standalone financial statements.

Report On Corporate Governance (Contd.)

(I) Policy against Sexual Harassment at Workplace

The Company values the dignity of individuals and is committed to provide an environment, which is free of discrimination, intimidation and abuse.

The Company has put in place a policy on redressal of Sexual Harassment and a Policy on redressal of harassment at workplace as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/ her complaint to the Redressal Committee formed for this purpose or their Manager or HR personnel.

The Company has also constituted an Internal Complaints Committee to inquire into complaints of sexual harassment and recommendation for appropriate action.

No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2021.

8. Code for prevention of Insider Trading

The Company has instituted code on prevention of insider trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations. The code lays down the guidelines which advise on procedure to be followed and disclosures to be made, while dealing in shares of the

Company and the consequences of non-compliances.

9. Managing Director/ CFO certification

The certificate from Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Manish Khanna, Chief Financial Officer of the Company as placed before the Board in terms of Regulation 17(8) of the SEBI Listing Regulations is enclosed at the end of this Report.

10. Adoption of Discretionary Requirements

With respect to the discretionary requirements as per Regulation 27(1) and Part E of Schedule II to SEBI Listing Regulations, the Company has a non-executive chairperson and the Company also has a record of unmodified audit opinion on the financial statements as is evident from the audit reports of previous financial years. The Company endeavors to continue the same.

11. Disclosure with respect to Demat suspense account/ unclaimed suspense account

Your Company does not have any demat suspense account / unclaimed suspense account.

12. Compliance Certificate on report of Corporate Governance

The Company has obtained a Compliance Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance. The said certificate is appended below.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Talbro's Automotive Components Limited
14/1, Mathura Road,
Faridabad- 121003, Haryana

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Talbro's Automotive Components Limited having CIN L29199HR1956PLC033107 and having registered office at 14/1, Mathura Road, Faridabad- 121003, Haryana and (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

S. No	Name of Director	DIN	Date of appointment
1	Mr. Naresh Talwar	00059155	15/07/2001
2	Mr. Umesh Talwar	00059271	18/04/2000
3	Mr. Varun Talwar	00263984	14/08/2008
4	Mr. Vidur Talwar	00114643	12/02/2015
5	Mr. Anuj Talwar	00628063	14/08/2012
6	Mr. Navin Juneja	00094520	12/11/2010
7	Mr V Mohan	00071517	31/01/2004
8	Mr. Anil Kumar Mehra	00004654	31/01/2004
9	Mr. Amit Burman	00042050	25/06/2008
10	Mr. Ajay Kumar Vij	00164984	02/01/2019
11	Mrs. Priyanka Gulati	07087707	25/05/2018
12	Mr. Tarun Singhal	07056960	18/06/2020

Ensuring the eligibility of for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Kiran Sharma & Co.,
Company Secretaries**

**Sd/-
Kiran Sharma**
M. No. 4942
CP No. 3116

Place: New Delhi
Date: 29th May, 2021

UDIN: F004942C000393242

DECLARATION FOR CODE OF CONDUCT

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2021.

For **Talbro Automotive Components Ltd.**

Sd/-

Umesh Talwar

[Vice Chairman & Managing Director]

DIN: 00059271

152, Malcha Marg, Diplomatic Enclave,
New Delhi-110021

Place: Gurugram

Date: 8th June, 2021

AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE DEFINED UNDER SCHEDULE V TO THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To

THE MEMBERS OF TALBROS AUTOMOTIVE COMPONENTS LIMITED

1. This Certificate is issued in accordance with the terms of our engagement letter dated 27th July, 2021.
2. We have examined the details of the compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2021, as stipulated in Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2020 to 31st March, 2021.

MANAGEMENT'S RESPONSIBILITY FOR COMPLIANCE WITH THE CONDITIONS OF LISTING REGULATIONS

3. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1st April, 2020 to 31st March, 2021. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the report and applying an appropriate basis of preparation.

AUDITORS' RESPONSIBILITY

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2021.
4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the mentioned Listing Regulations above. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for special purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

7. In our opinion, and to the best of our information and according to explanations given to us, we certify that the

Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

RESTRICTION ON USE

9. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we

do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For J.C. BHALLA & CO.

Chartered Accountants

Firm Reg. No. 001111N

Sd/-

(Akhil Bhalla)

Partner

Place: New Delhi

Date: 8th June, 2021

Membership No. 505002

UDIN: 21505002AAAAKO2820

CERTIFICATE BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY UNDER REGULATION 33(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We, Umesh Talwar, Vice Chairman & Managing Director and Manish Khanna, Chief Financial Officer of Talbros Automotive Components Limited to the best of our knowledge and belief, certify that

- A. We have reviewed the audited Financial Statements of the Company for the financial year ended 31st March, 2021 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the years which are fraudulent, illegal or violative of the Company's code of conduct.

- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there were no deficiencies in the design or operation of internal control which came to our notice.
- D. We have indicated to the auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

Umesh Talwar

Vice Chairman and Managing Director

DIN: 00059271

Sd/-

Manish Khanna

Chief Financial Officer

Place: Gurugram

Date: 8th June, 2021

Independent Auditors' Report

To the Members of Talbros Automotive Components Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **Talbros Automotive Components Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement for Cash Flow and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statement including summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principle generally accepted in India, of the state of the affairs of the Company as at March 31, 2021, its profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matters

We draw attention to note no. 47 to the Standalone Financial Statements, which describes that the potential impact of

COVID-19 pandemic on the carrying value of its assets and liabilities, are dependent on future developments, which remain uncertain.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1	<p>Valuation Of complex instruments involving high estimation uncertainty</p> <p>The Company has material long term investments in group companies which are un-quoted.</p>	<p>Principal Audit Procedures</p> <p>We have verified the group shareholding in the investment in equity instruments which are fair valued by the company.</p> <p>We have verified the reasonableness of assumptions used and the valuation technique used to determine the fair value.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Corporate Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Independent Auditors' Report (Contd.)

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Standalone Financial Statements

Our Objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, Structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report (Contd.)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charge with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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 "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report 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 the law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.
- (e) On the basis of the written representations received as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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 the operating effectiveness of such controls, refer to our separate report in "Annexure II". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (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 litigation on its financial position in its Ind AS financial statements- Refer Note 39 to the Standalone Ind AS 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 was no delay in transferring amounts, required to be transferred to Investor Education and Protection Fund by the Company.

For J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN:

Place: New Delhi
Dated: June 8, 2021

Annexure I to Independent Auditors' Report

Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of report of even date on the Standalone financial statements for the year ended on March 31, 2021 of **Talbro's Automotive Components Limited:**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant & 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 nature of its fixed assets. In accordance with this program, certain Property, plant and equipment were verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of examination of title deeds, other relevant records provided to us evidencing the title, confirmation from the lenders with whom title deeds have been deposited as security for banking facilities, we report that the title deeds of the immovable properties are held in the name of the Company as at the balance sheet date.

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.
2. 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.
3. According to the information and explanations given to us and in our opinion, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

Accordingly, clauses (iii) (a), (iii) (b) & (iii) (c) of paragraph 3 of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the current year.

4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under section 185 of the Act. However the company has complied with the provisions of Sections 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. 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.
6. 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.
7. (a) According to the information and explanation given to us, the Company is regular in depositing to the appropriate authorities undisputed statutory dues including Provident Fund, Income tax, Goods & service tax, employee's state insurance, Custom duty and any other statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues outstanding in respect of income-tax, cenvat credit, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute, are as follows:

Annexure I to Independent Auditors' Report (Contd.)

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Amount paid under protest (Rs. In Lakhs)	Period to which the amounts relates	Forum where dispute is pending
Finance Act, 1994	Cenvat-Credit disallowed	8.85		2007-08 to 2010-11	Assistant Commissioner Faridabad
Custom Act, 1962	Demand of Custom Duty	28.12	4.13	FY 2012-13, 2014-15, 2015-16	The Customs, Excise and Service Tax Appellate Tribunal
Custom Act, 1962	Demand of Custom Duty	7.97		2013-14	Deputy Commissioner of Customs, Delhi

8. 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.
9. 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 loans were obtained.
10. To the best of our knowledge and according to the information and explanation given to us, no fraud by the company or no fraud on the company by its officer or employees has been noticed or reported during the year.
11. 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.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in

compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly provisions of clause 3 (xiv) of the order are not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN:

Place: New Delhi
Dated: June 8, 2021

Annexure II to Independent Auditors' Report

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 **Talbro Automotive Components Limited** ("the Company") as of March 31, 2021 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 its 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 Companies Act, 2013.

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 and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 was 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 system 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 judgment, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control 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 control 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 those receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure II to Independent Auditors' Report (Contd.)

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 control 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31 March, 2021 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 J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN:

Place: New Delhi
Dated: June 8, 2021

Balance Sheet

as at 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

Particulars	Note	31 st March, 2021	31 st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	14,538.48	14,922.97
Capital work in progress	2	303.96	60.21
Investment property	3	313.95	292.18
Intangible assets	4	123.52	131.17
Intangible assets under development	4	-	18.50
Financial assets			
Investments	5	4,754.00	3,282.00
Loans	6A	147.19	151.44
Other financial assets	7A	12.28	33.37
Current tax assets	8	-	239.41
Other non-current assets	9A	246.82	362.65
Total non-current assets		20,440.20	19,493.90
Current assets			
Inventories	10	10,214.53	10,794.64
Financial assets			
Trade receivables	11	15,496.68	12,517.62
Cash and cash equivalents	12	274.98	370.94
Other bank balances	13	907.41	391.07
Loans	6 B	465.24	567.87
Other financial assets	7 B	276.84	143.30
Other current assets	9 B	2,249.90	1,704.16
Total current assets		29,885.58	26,489.60
Total assets		50,325.78	45,983.50
Equity and liabilities			
Equity			
Equity share capital	14	1,234.56	1,234.56
Other equity	15	20,956.43	16,555.51
Total equity		22,190.99	17,790.07
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16 A	1,410.79	2,010.71
Other financial liabilities	17 A	23.18	31.79
Provisions	18 A	225.35	312.22
Deferred tax liabilities	19	550.03	290.86
Other non-current liabilities	20 A	66.68	66.44
Total non-current liabilities		2,276.03	2,712.02
Current liabilities			
Financial liabilities			
Borrowings	16 B	7,061.57	12,111.46
Trade payables	21		
(i) total outstanding dues of micro enterprises and small enterprises		162.40	97.61
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		14,777.06	10,462.41
Other financial liabilities	17 B	2,737.14	2,040.42
Other current liabilities	20 B	395.27	683.01
Provisions	18 B	89.13	86.50
Current tax liabilities	22	636.19	-
Total current liabilities		25,858.76	25,481.41
Total equity and liabilities		50,325.78	45,983.50
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements	1		

This is the balance sheet referred to in our report of even date.

For and on behalf of Talbro's Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants

Firm Registration No.: 001111N

per Akhil Bhalla

Partner

Membership No. 505002

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Manish Khanna

Chief Financial Officer

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Seema Narang

Company Secretary

Place: Gurugram

Date: 8th June, 2021

Statement of Profit and Loss

for the year ended 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

Particulars	Note	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Revenue			
Revenue from operations	23	44,419.72	38,529.41
Other income	24	895.42	811.04
Total income		45,315.14	39,340.45
Expenses			
Cost of materials consumed	25	22,361.39	20,762.44
Purchase of stock-in-trade	26	241.34	175.24
Changes in inventories of finished goods, stock in trade and work in progress	27	1,222.05	(456.62)
Employee benefits expenses	28	5,387.15	5,602.18
Finance costs	29	1,348.66	1,610.23
Depreciation and amortisation expense	30	2,298.28	1,917.05
Other expenses	31	9,639.84	8,711.98
Total expenses		42,498.71	38,322.50
Profit before exceptional items and tax		2,816.43	1,017.95
Exceptional items	32	1,811.94	(213.80)
Profit before tax		4,628.37	804.15
Tax expense	33		
Current tax		1,380.81	133.75
Deferred tax		(76.30)	16.70
Earlier years tax adjustments (net)		(36.94)	(18.19)
Total tax expense		1,267.57	132.26
Profit for the year		3,360.80	671.89
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(36.91)	(14.22)
Changes in fair value of FVOCI equity instruments		1,472.00	(1,335.39)
Income tax relating to items that will not be reclassified to profit or loss		(333.26)	316.07
Total other comprehensive income for the year		1,101.83	(1,033.54)
Total comprehensive income for the year		4,462.63	(361.65)
Earnings per equity share (Face value ₹ 10 per share)	34		
Basic (₹)		27.22	5.44
Diluted (₹)		27.22	5.44
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.	1		
This is the statement of profit or loss referred to in our report of even date			

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co
Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 8th June, 2021

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Umesh Talwar
Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

Statement of Changes in Equity

as at 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

A Equity share capital

Particulars	Balance as at 1 st April, 2019	Changes in equity share capital during the year	Balance as at 31 st March, 2020	Changes in equity share capital during the year	Balance as at 31 st March, 2021
Equity share capital	1,234.56	-	1,234.56	-	1,234.56

B Other equity

Particulars	Reserves and surplus				Equity instruments through Other Comprehensive Income	Total
	General reserve	Capital reserve	Securities premium	Retained earnings		
Balance as at 1st April, 2019	648.23	15.21	4,678.30	10,802.02	1,041.30	17,185.05
Profit for the year	-	-	-	671.89	-	671.89
Other comprehensive income for the year (net of tax impact)	-	-	-	(9.24)	(1,024.30)	(1,033.54)
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(222.22)	-	(222.22)
- Dividend distribution tax	-	-	-	(45.68)	-	(45.68)
Balance as at 31st March, 2020	698.23	15.21	4,678.30	11,146.77	17.00	16,555.51
Profit for the year	-	-	-	3,360.80	-	3,360.80
Other comprehensive income for the year (net of tax impact)	-	-	-	(24.01)	1,125.84	1,101.83
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(61.73)	-	(61.73)
Balance as at 31 March 2021	748.23	15.21	4,678.30	14,371.85	1,142.84	20,956.43

This is the statement of changes in equity referred to in our report of even date

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla

Partner
Membership No. 505002

Place: Gurugram
Date: 8th June, 2021

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

Statement of Cash Flow

for the year ended 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,628.37	804.15
Adjustments for:		
Depreciation on property, plant and equipment, investment property and intangible assets	2,298.28	1,917.05
Profit on sale of property, plant and equipment (net)	(2,217.94)	(52.80)
Interest income	(89.76)	(111.14)
Dividend income	-	(250.68)
Allowance for doubtful debts (net)	256.06	103.02
Unrealised foreign exchange gain	(42.63)	(64.57)
Advances written off	21.44	79.46
Provisions no longer required written back	-	(79.46)
Finance costs	1,348.66	1,610.23
Operating profit before working capital changes	6,202.48	3,955.27
Movement in working capital		
Change in inventories	580.11	257.65
Change in Trade receivables, other financial and non-financial assets	(3,838.55)	1,196.83
Change in Trade payable, other financial and non-financial liabilities	4,146.65	(1,416.69)
Cash generated from operating activities post working capital changes	7,090.69	3,993.06
Income tax paid (net)	(471.60)	(292.45)
Net cash generated from operating activities (A)	6,619.09	3,700.61
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development)	(2,355.65)	(2,288.43)
Proceeds from sale of property, plant and equipment	2,571.98	177.86
Movement in other bank balances	(479.72)	270.62
Dividend received	-	250.68
Interest received	74.14	134.27
Net cash used in investing activities (B)	(189.25)	(1,455.00)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) borrowings (Net)	(2,911.99)	1,815.85
Repayment of term borrowings	(2,160.12)	(1,985.21)
Payment towards lease liabilities	(18.37)	(11.42)
Dividend paid net (including tax)	(63.03)	(267.58)
Interest paid	(1,372.29)	(1,658.15)
Net cash used in financing activities (C)	(6,525.80)	(2,106.51)
Decrease in cash and cash equivalents (A+B+C)	(95.96)	139.10
Cash and cash equivalents at the beginning of the year	370.94	231.84
Cash and cash equivalents at the end of the year (Refer note 12)	274.98	370.94

This is the statement of cash flow referred to in our report of even date.

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co
Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla
Partner
Membership No. 505002

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Umesh Talwar
Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

Place: Gurugram
Date: 8th June, 2021

Notes to the Financial Statements

for the year ended 31st March, 2021

1. CORPORATE INFORMATION

Talbro's Automotive Components Limited ("the Company") is a public Company incorporated and domiciled in India. The Company's shares are listed with Bombay Stock Exchange and National Stock Exchange. The Company is in the business of manufacturing Gaskets and forging. The Company has its registered place of business at 14/1, Mathura Road, P.O Amar Nagar, Faridabad 121003, Haryana, India.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 amended from time to time.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31st March, 2021 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 8th June, 2021.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured using actuarial valuation.

The significant accounting policies that are used in the preparation of these financial statements are summarized below. These accounting policies are consistently used throughout the periods presented in the financial statements.

1.2 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities,

the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Significant accounting policies

The significant accounting policies that are used in the preparation of these financial statements are summarized below. These accounting policies are consistently used throughout the periods presented in the financial statements.

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle*
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle*
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

*Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Inventory

Inventories are valued as follows:

Raw material, stores and spares

Raw materials, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) basis. Stores and spares having useful life of more than twelve months are capitalized as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net realisable value. Cost includes raw material cost and a proportion of direct and indirect overheads up to estimated stage of completion. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

c) Property, plant and equipment

Recognition and initial measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company and the benefit shall be availed over a period of more than 1 year. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided based on the methods given hereunder:

S. No.	Plant	Method of depreciation	
		Straight line	Written down value
1	Gasket Plants at Faridabad, Chennai, Pune and Sohna (except on items acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant)	Plant, machinery and Equipment	All other depreciable Assets
2	Assets acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant		All depreciable assets
3	Gasket Plant at Sitarganj, Forging Plant at Bawal and assets transferred to Gasket Plant at Faridabad from erstwhile Rubber Division	All depreciable assets other than vehicles	Vehicles

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

Depreciation is provided on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II:

Particulars	Useful life
Plant, machinery & equipment	22 years
Computers	6 years
Furniture & fixtures and Office Equipment	5 years
Vehicles	10 years
Electrical installations	15 years
Mould and dies	6 years
Tube wells	10 years
Canteen equipment	10 years
Air-conditioning plant	10 years

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

In case during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis on individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially Recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1 April 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

d) Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding product development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Subsequent measurement (Amortization and useful lives)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and any change in the same is accounted for prospectively. The following useful lives are applied:

Intangible assets	Amortisation period
Major computer software	3-5 years
Technical knowhow	10 years

De-recognition

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is de-recognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the investment property is de-recognised.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its investment properties recognized as at 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

f) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit

exceeds its estimated recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognized in the statement of profit and loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Government grant

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognised as income on a systematic basis in statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest rate and other costs like finance charges in respect of the leases recognized in accordance with Ind AS 116, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

i) Foreign currency transactions

Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional and presentation currency.

Foreign currencies

Initial recognition

Transactions in foreign currencies are initially recorded by the Company at exchange rates at the date the transaction first qualifies for recognition.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

All other exchange differences are charged to the statement of profit and loss.

j) Leases

Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are premeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Contingent rents are recognized as revenue in the period in which they are earned.

The Company does not have any finance lease as a lessor.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

k) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

l) Revenue recognition

Revenue arises mainly from the sale of manufactured and traded goods. To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

The Company applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below:

Sale of goods and services

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue from services is recognized when Company satisfies the performance obligations by transferring the promised services to its customers.

Dividend income

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

Export incentives

Export incentives are accounted on accrual basis.

m) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

- i. Financial assets carried at amortized cost – A financial instrument is measured at amortised cost if both the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

ii. Financial assets at fair value

- Investments in equity instruments – Investments in equity instruments which are held for trading are classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).
- If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.
- Investments in mutual funds - Investments in mutual funds are measured at fair value through profit or loss (FVTPL).

De-recognition of financial assets

A financial asset is de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortized cost using the effective interest method.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

n) Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company considers the following:

- All contractual terms of the Financial Assessments (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

As a practical expedient the Company has adopted 'simplified approach' using the provision matrix method for recognition of expected loss on trade receivables. The provision matrix is based on three-years rolling average default rates observed over the expected life of the trade receivables and is adjusted for forward-looking estimates. These

average default rates are applied on total credit risk exposure on trade receivables and outstanding for more than one year at the reporting date to determine lifetime Expected Credit Losses.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

o) Investment in joint ventures

Investments in joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

p) Retirement and other employee benefits

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation other than the contribution payable to the Provident Fund.

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the gratuity plan, which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absence

Compensated absence, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats compensated absence expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Other short-term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

q) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealized tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions determined based on the best estimate required to settle the obligation at the reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liabilities are disclosed on the basis of judgement of management after a careful evaluation of facts and legal aspects of matter involved.

Contingent assets are disclosed when probable and recognized when the realization of income is virtually certain.

1.4 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Provisions, contingent liabilities and contingent assets – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Leases – The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

being evaluated or for a portfolio of leases with similar characteristics.

Significant estimates

Useful lives of depreciable/amortisable assets –

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

1.5 Standard issued but not yet effective:

On 24th March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1st April, 2021. Key amendments relating to Division II, which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities shall be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a Company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lacs, unless otherwise stated)

Particulars	Freehold land	Right of use - Land	Right of use - Building	Building	Leasehold improvements	Plant and equipment	Vehicles	Right of use - vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block															
As at 1st April, 2019	702.62	413.99	-	3,119.47	15.79	18,102.86	454.36	-	600.06	416.90	888.79	105.72	10.52	24,831.08	644.16
Additions*	-	-	-	1.30	-	2,837.26	0.54	27.80	1.70	16.10	80.00	-	-	2,964.70	-
Disposals/transfers	-	-	-	(0.10)	-	(79.04)	(16.65)	-	(10.91)	(9.30)	(11.06)	-	-	(227.06)	(583.95)
Balance as at 31st March, 2020	702.62	413.99	-	3,120.67	15.79	20,761.08	438.25	27.80	590.85	423.70	957.73	105.72	10.52	27,568.72	60.21
Additions	-	-	34.23	28.45	-	2,123.88	2.70	-	12.40	22.36	10.01	-	-	2,234.03	243.75
Disposals/transfers	(9.06)	-	-	(135.33)	-	(639.83)	(22.03)	-	(26.90)	(2.36)	(25.07)	-	-	(860.58)	-
Balance as at 31st March, 2021	693.56	413.99	34.23	3,013.79	15.79	22,245.13	418.92	27.80	576.35	443.70	942.67	105.72	10.52	28,942.17	303.96
Accumulated depreciation															
As at 1st April, 2019	-	48.82	-	1,243.58	15.79	7,904.19	251.51	-	444.77	334.63	526.70	79.42	9.99	10,859.40	-
Charge for the year	-	4.60	-	111.20	-	1,540.89	51.62	10.20	65.96	32.84	64.16	6.88	-	1,888.35	-
Disposals/transfers	-	-	-	(0.07)	-	(59.42)	(12.29)	-	(10.58)	(8.63)	(11.01)	-	-	(102.00)	-
Balance as at 31st March, 2020	-	53.42	-	1,354.71	15.79	9,385.66	290.84	10.20	500.15	358.84	579.85	86.30	9.99	12,645.75	-
Charge for the year	-	4.60	6.07	109.36	-	1,962.34	38.13	10.17	37.23	26.64	64.28	4.15	-	2,262.97	-
Disposals/transfers	-	-	-	(107.76)	-	(327.68)	(7.43)	-	(25.92)	(2.30)	(23.94)	-	-	(505.03)	-
Balance as at 31st March, 2021	-	58.02	6.07	1,356.31	15.79	11,020.32	311.54	20.37	511.46	383.18	620.19	90.45	9.99	14,403.69	-
Net block as at 31st March, 2021	693.56	355.97	28.16	1,657.48	-	11,224.81	107.38	7.43	64.89	60.52	322.48	15.27	0.53	14,538.48	303.96
Net block as at 31st March, 2020	702.62	360.57	-	1,765.96	-	11,375.42	147.41	17.60	90.70	64.86	377.88	19.42	0.53	14,922.97	60.21

* Includes addition on account of transition to Ind AS-116 "Leases"

(i) Expenditures capitalised in the carrying amount of property plant and equipment

The Company has capitalised the following expenses under Plant and equipment (dies and moulds):

Nature of expense	31 st March, 2021	31 st March, 2020
Salaries and wages	155.32	218.69
Depreciation	45.61	58.55
Power and fuel	88.42	119.10
Repairs and maintenance	57.79	72.28
Processing charges and consumable	155.50	200.46
Total	502.64	669.08

(ii) Contractual obligations

Refer note 39B for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Assets pledged as security

Refer note 16 for disclosure of property, plant and equipment pledged as securities against borrowings.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 3. INVESTMENT PROPERTY

Particulars	Land	Building	Total
Gross block			
As at 1 st April, 2019	2.81	512.27	515.08
Additions/transfers	-	-	-
Balance as at 31st March, 2020	2.81	512.27	515.08
Additions/transfers	37.96	-	37.96
Balance as at 31st March, 2021	40.77	512.27	553.04
Accumulated depreciation			
As at 1 st April, 2019	-	206.49	206.49
Charge for the year	-	16.41	16.41
Balance as at 31st March, 2020	-	222.90	222.90
Charge for the year	-	16.19	16.19
Balance as at 31st March, 2021	-	239.09	239.09
Net block as at 31st March, 2021	40.77	273.18	313.95
Net block as at 31st March, 2020	2.81	289.37	292.18

(i) Amount recognised in profit and loss for investment property

Particulars	31 st March, 2021	31 st March, 2020
Rental income	169.01	184.28
Less: direct operating expenses that generated rental income*	-	-
Less: direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property before depreciation	169.01	184.28
Less: depreciation expense	16.19	16.41
Profit from leasing of investment property after depreciation	152.82	167.87

*Direct operating expenses attributable to investment property cannot be specifically identified with property, although management does not expect them to be material.

(ii) Leasing arrangements

Investment property comprises of a building which is leased to tenant under long-term operating leases with rentals payable monthly. Refer note 40 for details on future minimum lease rentals.

(iii) Fair value of investment property:

Particulars	31 st March, 2021	31 st March, 2020
Fair value	615.65	608.07

The Company obtains independent valuation for its investment property at least annually and are considered to be a fair representation at which such properties can be sold in an active market. Fair value measurement has been categorised as Level 3. The best evidence of fair value is current prices in an active market for similar property. Where such information is not available, the Company considers the average price of similar property and appropriate depreciation has been accounted for arriving at fair and reasonable value.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 4. INTANGIBLE ASSETS

Particulars	Computer software	Technical know-how	Total	Intangible assets under development
Gross block				
As at 1 st April, 2019	335.99	471.61	807.60	18.50
Additions	90.18	-	90.18	-
Disposals	-9.54	-	-9.54	-
Balance as at 31st March, 2020	416.63	471.61	888.24	18.50
Additions	20.50	36.57	57.07	-
Internally developed	-	-	-	(18.50)
Balance as at 31st March, 2021	437.13	508.18	945.31	-
Accumulated amortisation				
As at 1 st April, 2019	232.57	463.20	695.77	-
Amortisation charge for the year	62.43	8.41	70.84	-
Disposals	(9.54)	-	(9.54)	-
Balance as at 31st March, 2020	285.46	471.61	757.07	-
Amortisation charge for the year	62.01	2.72	64.73	-
Disposals	-	-	-	-
Balance as at 31st March, 2021	347.46	474.33	821.79	-
Net block as at 31st March, 2021	89.67	33.85	123.52	-
Net block as at 31st March, 2020	131.17	-	131.17	18.50

Notes:

(i) Intangibles under development comprise of the softwares under development.

(ii) Research and development expenses

Refer note 42 for expenses incurred on research and development activities.

NOTE 5. INVESTMENTS

	As at 31 st March, 2021	As at 31 st March, 2020
A Investments		
(i) Investments in equity instruments		
Joint ventures		
(Unquoted, at cost)		
Nippon Leakless Talbros Private Limited 4,800,000 shares (31 st March, 2020: 4,800,000 shares) of ₹ 10 each	480.00	480.00
Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 st March, 2020: 11,780,000 shares) of ₹ 10 each	1,178.00	1,178.00
Talbros Marugo Rubber Private Limited 9,500,000 shares (31 st March, 2020: 9,500,000 shares) of ₹ 10 each	950.00	950.00

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 5. INVESTMENTS (CONTD.)

	As at 31 st March, 2021	As at 31 st March, 2020
Others (Unquoted, at fair value through other comprehensive income)		
QH Talbros Private Limited 177,962 shares (31 st March, 2020: 177,962 shares) of ₹ 10 each	18.00	5.00
Talbros International Private Limited 1,326,970 shares (31 st March, 2020: 1,326,970 shares) of ₹ 10 each	2,070.00	650.00
T & T Motors Limited 83,333 shares (31 st March, 2020: 83,333 shares) of ₹ 10 each	58.00	19.00
	4,754.00	3,282.00
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	4,754.00	3,282.00
Aggregate amount of impairment in value of investments	-	-

Name of the Joint ventures	Principle place of business	Ownership interest	
		As at 31 st March, 2021	As at 31 st March, 2020
Nippon Leakless Talbros Private Limited	India	40.00%	40.00%
Magneti Marelli Talbros Chassis Systems Private Limited	India	50.00%	50.00%
Talbros Marugo Rubber Private Limited	India	50% less one share	50% less one share

* Equity investments in joint ventures are measured at cost as per the provisions of Ind AS 27 on 'Separate Financial Statements'.

NOTE 6. LOANS

A Loans - non current

(Unsecured, considered good)

	As at 31 st March, 2021	As at 31 st March, 2020
Security deposits	147.19	151.44
	147.19	151.44

B Loans - current

(Unsecured, considered good)

Inter-corporate deposit	441.11	543.74
Security deposits	24.13	24.13
	465.24	567.87

NOTE 7.

A Other financial assets - non-current

(Unsecured, considered good)

Bank deposits with more than 12 months maturity*	12.28	33.37
	12.28	33.37

*Under lien with banks as security against borrowings.

B Other financial assets - current

(Unsecured, considered good)

Loan to employees	111.17	68.96
Derivative assets on forward contracts	89.63	-
Claims and other recoverable	76.04	74.34
	276.84	143.30

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 8. CURRENT TAX ASSETS

	31 st March, 2021	31 st March, 2020
Advance income tax	-	1,334.65
Less: Provision for taxation	-	(1,095.24)
	-	239.41

Note 9.**A Other non-current assets**

Accrued lease income	10.88	9.40
Capital advances	235.94	353.25
	246.82	362.65

B Other current assets

Advances to suppliers		
- Considered good	574.86	433.42
- Considered doubtful	26.59	13.93
Balance with government authorities		
- Considered good	1,274.98	945.48
- Considered doubtful	166.04	73.95
Prepaid expenses	81.38	64.66
Surplus planned assets	9.03	-
Accrued lease income	0.30	0.30
Others	309.36	260.30
	2,442.54	1,792.04
Less : Provision for doubtful advances	(192.64)	(87.88)
	2,249.90	1,704.16

NOTE 10. INVENTORIES

(Lower of cost or net realizable value)		
Raw material	4,280.12	3,564.72
Work in progress	4,114.10	5,002.66
Finished goods including Stock in Trade	1,399.45	1,732.94
Stores and spares	420.86	494.32
	10,214.53	10,794.64
i) The above includes goods in transit as under:		
Raw material	902.78	593.29
Stores and spares	5.53	0.44
Stock in Trade	2.96	-
	911.27	593.73

NOTE 11. TRADE RECEIVABLES

Trade receivables considered good - unsecured	15,496.68	12,517.62
Trade receivables which have significant increase in credit risk	467.87	316.56
	15,964.55	12,834.18
Less: Allowance for doubtful debts	(467.87)	(316.56)
	15,496.68	12,517.62

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 11. TRADE RECEIVABLES (CONTD.)

	31 st March, 2021	31 st March, 2020
Includes trade receivables from companies in which directors are interested		
Magneti Marelli Talbros Chassis Systems Private Ltd.	5.17	6.10
Talbros Marugo Rubber Private Limited	99.55	66.22
QH Talbros Private Limited	1,381.35	1,150.66

Refer note 38 for related party transactions

The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 36.

NOTE 12. CASH AND CASH EQUIVALENTS

Cash on hand	13.08	32.88
Balances with banks		
-in current accounts	253.23	330.98
Deposits with original maturity less than 3 months	8.67	7.08
	274.98	370.94

NOTE 13. OTHER BANK BALANCES

Term deposits	40.59	67.77
Margin money deposits (under lien with banks)	844.24	299.42
Earmarked balances with banks		
- Unpaid dividend account	22.58	23.88
	907.41	391.07

NOTE 14. EQUITY SHARE CAPITAL

	As at 31 st March, 2021		As at 31 st March, 2020	
	No. of shares	Amount	No. of shares	Amount
i Authorised				
Equity shares of ₹ 10 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
	2,00,00,000	2,000.00	2,00,00,000	2,000.00
ii Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
	1,23,45,630	1,234.56	1,23,45,630	1,234.56
iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Equity shares				
Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Changes during the year	-	-	-	-
Balance at the end of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56

iv Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 14. EQUITY SHARE CAPITAL (CONTD.)

v Details of equity shares held by shareholders holding more than 5% shares in the Company

	As at 31 st March, 2021		As at 31 st March, 2020	
	No. of shares	%	No. of shares	%
Name of the equity shareholders				
Talbro International Private Limited	52,66,548	42.66%	52,61,597	42.62%

vi There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

vii There are no shares reserved for issue under options or other purpose.

NOTE 15. OTHER EQUITY

	As at 31 st March, 2021	As at 31 st March, 2020
General reserve	748.23	698.23
Retained earnings	14,371.85	11,146.77
Capital reserve	15.21	15.21
Securities premium reserve	4,678.30	4,678.30
Equity instruments through other comprehensive income	1,142.84	17.00
Total other equity	20,956.43	16,555.51

Nature and purpose of other reserves

i General reserve

General reserve is created out of the accumulated profits of the Company as per the provisions of Companies Act. The transfers from retained earnings to General reserve represents transfer as per the provision of Companies Act on dividend distribution.

ii Retained earnings

All the profits made by the Company are transferred to retained earnings from statement of profit and loss.

iii Capital reserve

Capital reserve includes the amount of share application money forfeited by the Company.

iv Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with provisions of the Companies Act.

v Equity instruments through other comprehensive income

Other comprehensive income represents balance arising on account of changes in fair value of FVOCI equity instruments, net of any tax impact.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 16.

A Long term borrowings

	As at 31 st March, 2021	As at 31 st March, 2020
Secured		
Term Loans		
From banks - Rupee loan		
- IDFC First bank	-	49.99
- Kotak Mahindra bank	277.52	376.05
- Vehicle Loans	-	24.04
From banks - foreign currency loan		
- IDFC First bank	208.32	295.37
From Others		
- Bajaj Finance Ltd.	897.33	1,232.38
- Vehicle loans	27.62	32.88
	1,410.79	2,010.71
Amount disclosed under other financial liabilities:		
Current maturity of long-term debts	1,809.33	1,225.84
Interest accrued on borrowings	46.24	80.80

Notes:

1. Term loan from IDFC First Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
2. Foreign Currency Term Loan from IDFC First Bank is secured by first charge on fixed assets of Faridabad Plant (Including Land & Building) excluding which are specifically charged to others lenders.
3. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
4. Term Loan from Kotak Mahindra Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
5. Term loan from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of Company's gasket division situated at Faridabad and is further secured by personal guarantee of Three directors.
6. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

Particulars	Terms of repayment	Interest Rate	31 st March, 2021	31 st March, 2020
Term loans, secured				
From banks - Rupee loan				
IDFC First Bank	42 equal monthly installments after 12 months moratorium period from the date of first disbursement.	9.50% to 9.75%	-	49.99
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	8.75% to 8.95%	277.52	376.05

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 16. LONG TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31 st March, 2021	31 st March, 2020
Vehicle Loan	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	9.25% to 11.19%	-	24.04
From banks - foreign currency loan				
IDFC First Bank	"24 to 48 equal monthly installment from the date of disbursement"	3.00% to 3.25%		
	18 equal monthly instalment from the date of disbursement	8.85%	208.32	295.37
From others:				
Bajaj Finance Ltd.	60 equal monthly installments from the date of loan	9.15% - 10.80%	897.33	1,232.38
Vehicle Loan	36 equal monthly installments from the date of loan	6.28%	27.62	32.88
			1,410.79	2,010.71

	As at 31 st March, 2021	As at 31 st March, 2020
B Short term borrowings		
Secured		
a) Working capital loan from bank		
HDFC Bank*	3,481.54	4,208.50
DBS Bank*	643.77	1,453.02
Yes Bank*	-	176.62
Axis Bank*	1,106.84	1,755.93
Federal Bank *	1,455.19	2,436.73
Unsecured		
a) Working capital loan from bank		
HDFC Bank**	-	1,000.00
b) Working capital loan from others		
Bajaj Finance Limited**	-	500.00
c) Deposits		
Inter-corporate deposit	100.00	100.00
d) Borrowings on account of sales bill discounting		
From banks	274.23	480.66
	7,061.57	12,111.46

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Federal Bank, Axis Bank and Yes Bank are secured by way of first pari-passu charge to all current assets, both present and future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders.

** Working capital loan from HDFC Bank is secured by personal guarantee of two directors of the Company and working capital loan from Bajaj Finance Ltd are secured by Tripartite agreement.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 16. SHORT TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31 st March, 2021	31 st March, 2020
Working capital loan, secured				
HDFC Bank	Within 365 days	5.95% -9.85%	3,481.54	4,208.50
DBS Bank	Within 365 days	5.50%-9.05%	643.77	1,453.02
Yes Bank	Within 365 days	6.00% - 10.25%	-	176.62
Federal Bank	Within 365 days	7.80% - 8.95%	1,455.19	2,436.73
Axis Bank	Within 365 days	7.85% -8.95%	1,106.84	1,755.93
Working capital loan, unsecured				
HDFC Bank	Within 180 days	8.50%-9.05%	-	1,000.00
Bajaj Finance Limited	Within 90 days	8.55% -9.45%	-	500.00
Deposits, unsecured				
Inter-corporate deposit	Within 365 days	12.00%	100.00	100.00
Borrowings on account of sales bill discounting, unsecured				
From banks	Within 90 days	8.25%-9.00%	274.23	480.66
			7,061.57	12,111.46

C Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Lease liabilities	Long-term borrowings	Short-term borrowings [^]	Total
As at 31st March, 2020	18.50	3,236.55	12,139.52	15,394.57
Cash flow:				
- Proceeds from / (Repayment of) Borrowing (Net)	-	1,636.85	(4,755.27)	(3,118.42)
- Repayment (including matured deposits)	(18.37)	(1,653.28)	(506.84)	(2,178.49)
Other movements:				
- Movement in bills discounted from banks			206.43	206.43
Other non-cash movements:				
- Recognition of lease liabilities	36.37	-	-	36.37
- Other adjustment	-	-	(1.06)	(1.06)
As at 31st March, 2021	36.50	3,220.12	7,082.78	10,339.40

[^]including unclaimed matured deposits

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

	As at 31 st March, 2021	As at 31 st March, 2020
NOTE 17.		
A Other financial liabilities - non-current		
Security deposits	6.11	24.22
Lease liabilities	17.07	7.57
	23.18	31.79
B Other financial liabilities - current		
Current maturity of long-term borrowings	1,809.33	1,225.84
Derivative liability on forward contracts	15.92	22.90
Interest accrued on borrowings	46.24	80.80
Employee related payables	711.22	555.15
Security deposits	50.98	26.60
Unclaimed dividend	22.58	23.88
Unclaimed matured deposits	21.21	28.05
Interest accrued on unclaimed matured deposits	15.51	14.06
Lease liabilities	19.42	10.93
Other payables	24.73	52.21
	2,737.14	2,040.42

NOTE 18.

A Provisions - non-current		
Employees' post retirement/long-term benefits		
Gratuity	-	83.96
Compensated absences	225.35	228.26
	225.35	312.22

For movements in each class of provision during the financial year, refer note 41.

B Provisions - current		
Employees' post retirement/long-term benefits		
Gratuity	-	2.50
Compensated absences	89.13	84.00
	89.13	86.50

For movements in each class of provision during the financial year, refer note 41.

NOTE 19.**Deferred tax liabilities****Deferred tax liabilities arising on account of :**

Depreciation	891.66	892.74
Equity instruments carried at FVOCI	347.10	0.94
Others	10.93	11.13

Deferred tax asset arising on account of :

Minimum alternative tax credit#	355.50	357.71
Allowance for doubtful debts and advances	230.81	118.96
Disallowances u/s 43B	113.35	137.28
	550.03	290.86

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 19. DEFERRED TAX LIABILITIES (CONTD.)

Particulars	31 st March, 2020	Adjusted from Provision for Taxation	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 st March, 2021
Deferred tax liability:					
Depreciation	892.74	-	(1.08)	-	891.66
Equity instruments carried at FVOCI	0.94	-	-	346.16	347.10
Others	11.13	-	(0.20)	-	10.93
Deferred tax asset:					
Minimum alternative tax credit	357.71	-2.21	-	-	355.50
Allowance for doubtful debts and advances	118.96	-	111.85	-	230.81
Disallowances u/s 43B	137.28	-	(36.83)	12.90	113.35
	290.86	2.21	(76.30)	333.26	550.03

Note:

(i) Breakup of amounts recognised in statement of profit and loss:	31 st March, 2021	31 st March, 2020
Recognised as part of:		
- Deferred tax	-76.30	16.70
- Earlier years tax adjustments (net)	-	-
	-76.30	16.70

NOTE 20.

A Other non-current liabilities

Deferred income	1.99	4.11
Advance from customers	29.20	-
Amount payable government authorities	35.49	62.33
	66.68	66.44

B Other current liabilities

Advance from customers [^]	151.39	511.81
Payable to statutory authorities	214.93	139.67
Deferred income	2.12	2.14
Amount payable government authorities	26.83	29.39
	395.27	683.01

[^]represents contract liabilities

Reconciliation of contract liabilities:

Contract liabilities at the beginning of the year	511.81	321.58
Less: performance obligations satisfied in current year	(700.33)	(23.97)
Add: advance received during the year	369.11	214.20
Contract liabilities at the end of the year	180.59	511.81

NOTE 21.

Trade payables*

Total outstanding dues of micro enterprises and small enterprises	162.40	97.61
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,777.06	10,462.41
	14,939.46	10,560.02

*Refer note 38 for related party transactions

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 21. TRADE PAYABLES* (CONTD.)

The Company has received below information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31st March, 2021 and 31st March, 2020:

Particulars	31 st March, 2021	31 st March, 2020
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	162.40	97.61
ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

NOTE 22. CURRENT TAX LIABILITIES

	As at 31 st March, 2021	As at 31 st March, 2020
Provision for taxation	1,477.61	-
MAT Credit Utilization	(2.21)	-
Less: Advance income tax	(839.21)	-
	636.19	-

NOTE 23. REVENUE FROM OPERATIONS

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Sale of products	42,340.09	36,660.73
Sale of services	31.43	38.08
Other operating income	2,048.20	1,830.60
	44,419.72	38,529.41
Disaggregation of revenue:		
Gaskets	26,586.82	24,463.50
Forgings	15,753.27	12,197.25
Management fees	31.43	38.06
Others	2,048.20	1,830.60
	44,419.72	38,529.41

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 24. OTHER INCOME

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Interest income on:		
- Inter corporate deposits	60.66	63.17
- Fixed deposits with banks	28.52	41.15
- Other financial assets at amortised cost	0.09	-
- Others	0.50	6.82
Dividend income from:		
- Related parties	-	250.68
Royalty	97.36	89.62
Lease rentals	169.01	184.28
Net gain on foreign currency transactions and translation	346.04	97.31
Profit on sale of property, plant and equipment (net)	137.72	52.80
Other non-operating income	55.52	25.21
	895.42	811.04

NOTE 25. COST OF MATERIALS CONSUMED

Opening inventory	3,564.72	4,347.27
Add: Purchases	23,076.79	19,979.89
	26,641.51	24,327.16
Less: Closing inventory	4,280.12	3,564.72
	22,361.39	20,762.44

Cost of raw materials consumed include:

Tinplate/P.C.R.C.A/steel	5,068.43	5,218.55
Jointing	5,889.28	4,732.16
Forging steels	7,528.22	6,848.78
Bought out auto components and parts	2,671.30	2,176.99
Others	1,204.16	1,785.96
	22,361.39	20,762.44

NOTE 26. PURCHASE OF STOCK-IN-TRADE

Dyna bond	241.34	175.24
	241.34	175.24

NOTE 27. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Inventories at the end of the year:		
Finished goods (including stock in trade)	1,399.45	1,732.94
Work-in-progress	4,114.10	5,002.66
Inventories at the beginning of the year:		
Finished goods (including stock in trade)	1,732.94	1,469.96
Work-in-progress	5,002.66	4,809.02
Net decrease	1,222.05	(456.62)

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 28. EMPLOYEE BENEFITS EXPENSE

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Salaries and wages	4,848.13	4,962.54
Contributions to provident and other fund	272.95	320.76
Staff welfare expenses	266.07	318.88
	5,387.15	5,602.18

NOTE 29. FINANCE COSTS

Interest on borrowings	1,274.49	1,518.89
Interest on lease liabilities	2.72	2.12
Interest on others	2.26	2.07
Other borrowing cost	69.19	87.15
	1,348.66	1,610.23

NOTE 30. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on:		
- Property plant and equipment [^]	2,262.97	1,888.35
- Investment property	16.19	16.41
Amortisation of:		
- Intangible assets	64.73	70.84
	2,343.89	1,975.60
Less: depreciation capitalised	45.61	58.55
	2,298.28	1,917.05

[^]Includes depreciation on right of use assets ₹ 20.84 lacs (previous year ₹ 14.80 lacs)**NOTE 31. OTHER EXPENSES**

Other expenses		
Consumption of stores and spares parts	2,923.68	2,530.55
Labour and processing charges	565.46	432.95
Royalty	3.08	9.57
Power and fuel	1,758.42	1,659.78
Rent	18.49	26.66
Repairs to buildings	58.11	58.04
Repairs to plant & machinery	307.13	329.29
Repairs to other assets	192.32	137.46
Insurance	112.15	100.29
Travelling, tour & conveyance	299.26	829.24
Sales promotion expenses	154.20	193.70
Packing, freight & forwarding	2,251.45	1,541.92
Rates and taxes	41.82	18.04
Corporate social responsibility expenditure	72.35	0.50
Allowance for doubtful trade receivables/advances	256.06	103.02
Advances written off	21.44	79.46
Provisions no longer required written back	-	(79.46)
Legal and professional	145.69	206.15

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 31. OTHER EXPENSES (CONTD.)

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Payment to auditors:		
- As Auditors:		
Audit fee	12.28	13.77
Tax audit fee	2.20	2.20
- In other capacity:		
Limited review	1.65	1.60
Other services	1.33	1.55
Out of pocket expenses	1.02	2.62
Donation	6.32	4.52
Miscellaneous expenses	433.93	508.56
	9,639.84	8,711.98

i Corporate social responsibility expenses

The requisite disclosure relating to CSR expenditure in terms of Guidance Note on Corporate Social Responsibility (CSR) issued by Institute of Chartered Accountants of India:

- Gross amount required to be spent by the Company during the year is ₹ 37.95 lacs (31st March, 2020: ₹ 34.90 lacs).
- Amount spent during the financial year ended 31st March, 2021 and 31st March, 2020 on:

Particulars	Year	Amount paid	Amount yet to be paid	Total
Contribution to Prime Minister's National Relief Fund	31 st March, 2021	22.35	-	22.35
	31 st March, 2020	-	-	-
Donation paid to charitable trust	31 st March, 2021	15.60	-	15.60
	31 st March, 2020	0.50	34.40	34.90

Amount computed is based upon profits as per previous GAAP.

NOTE 32. EXCEPTIONAL ITEMS

	31 st March, 2021	31 st March, 2020
Gain on sale of property, plant and equipment (Chennai Plant)	2,080.22	-
Less Write off against Inventory, Receivables and Other Assets (Chennai Plant)	-268.28	-
Settlement of Indirect tax litigation	-	(213.80)
	1,811.94	(213.80)

NOTE 33. INCOME TAX

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Tax expense comprises of:		
Current tax	1,380.81	133.75
Deferred tax charge	(76.30)	16.70
Earlier years tax adjustments (net)	(36.94)	(18.19)
Income tax expense reported in the statement of profit and loss	1,267.57	132.26

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 33. INCOME TAX (CONTD.)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.944% and the reported tax expense in profit or loss are as follows:

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Accounting profit before income tax	4,628.37	804.15
At India's statutory income tax rate of 34.944% (31 st March, 2020: 33.384%)	1,617.34	268.46
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax impact of exempted income	-	(83.69)
Earlier years tax adjustments (net)	-36.94	(18.19)
Others	-312.83	(34.32)
Income tax expense	1,267.57	132.26

NOTE 34. EARNINGS PER SHARE (EPS)

Earnings per share (EPS)		
Profit attributable to equity shareholders	3,360.80	671.89
Profit attributable to equity shareholders adjusted for the effect of dilution	3,360.80	671.89
Weighted average number of equity shares for Basic EPS	1,23,45,630	1,23,45,630
Weighted average number of equity shares for Diluted EPS	1,23,45,630	1,23,45,630
(1) Basic	27.22	5.44
(2) Diluted	27.22	5.44

NOTE 35. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability

(ii) Financial assets and liabilities measured at fair value - recurring fair value measurements

31 st March, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	2,146.00	2,146.00
Derivative assets on forward contracts	-	89.63	-	89.63
Total financial assets	-	89.63	2,146.00	2,235.63
Financial liabilities				
Derivative liability on forward contracts	-	15.92	-	15.92
Total financial liabilities	-	15.92	-	15.92

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 35. FAIR VALUE DISCLOSURES (CONTD.)

31 st March, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	674.00	674.00
Derivative assets on forward contracts	-	-	-	-
Total financial assets	-	-	674.00	674.00
Financial liabilities				
Derivative liability on forward contracts	-	22.90	-	22.90
Total financial liabilities	-	22.90	-	22.90

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of net asset value for mutual funds on the basis of the statement received from investee party.
- the use of adjusted net asset value method for certain equity investment and discounted cash flow method (income approach) for remaining equity instruments.

(iv) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (iii) above for the valuation techniques adopted.

Particulars	Fair value as at		Significant unobservable inputs	Data inputs		Sensitivity*	
	31 st March, 2021	31 st March, 2020		31 st March, 2021	31 st March, 2020	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	2,146.00	674.00	Terminal growth rate	5%	5%	31 st March, 2021: ₹ 2,364.00 lacs 31 st March, 2020: - ₹ 798.00 lacs	31 st March, 2021: ₹ 1,964.00 lacs 31 st March, 2020: - ₹ 567.00 lacs

*Sensitivity has been considered for mentioned inputs, keeping the other variables constant

(v) The following table presents the changes in level 3 items for the year ended 31st March, 2021 and 31st March, 2020:

Particulars	Equity shares
As at 1st April, 2019	2,009.39
Disposal during the year	-
Loss recognized in other comprehensive income	(1,335.39)
As at 31st March, 2020	674.00
Disposal during the year	-
Gain recognized in other comprehensive income	1,472.00
As at 31st March, 2021	2,146.00

(vi) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

Particulars	Level	31 st March, 2021		31 st March, 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	147.19	147.19	151.44	151.44
Other financial assets	Level 3	12.28	12.28	33.37	33.37
Total financial assets		159.47	159.47	184.81	184.81
Financial liabilities					
Borrowings	Level 3	3,266.36	3,266.36	3,317.35	3,317.35
Other financial liabilities	Level 3	6.11	6.21	24.22	24.44
Total financial liabilities		3,272.47	3,272.57	3,341.57	3,341.79

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 35. FAIR VALUE DISCLOSURES (CONTD.)

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other financial asset, trade payables, other financial liabilities and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March, 2021 was assessed to be insignificant.

NOTE 36. FAIR VALUE DISCLOSURES

Financial risk management

(i) Financial instruments by category

Particulars	31 st March, 2021			31 st March, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	2,146.00	-	-	674.00	-
Trade receivables	-	-	15,496.68	-	-	12,517.62
Loans	-	-	441.11	-	-	567.87
Cash and cash equivalents	-	-	274.98	-	-	370.94
Other bank balances	-	-	907.41	-	-	391.07
Other financial assets	89.63	-	199.48	-	-	176.67
Security deposits	-	-	171.32	-	-	151.44
Total financial assets	89.63	2,146.00	17,490.98	-	674.00	14,175.61
Financial liabilities						
Borrowings	-	-	10,327.93	-	-	15,428.81
Trade payables	-	-	14,939.46	-	-	10,560.02
Other financial liabilities	15.92	-	888.83	22.90	-	742.67
Total financial liabilities	15.92	-	26,156.22	22.90	-	26,731.50

*Investments in joint venture are carried at cost per Ind AS 27 – Separate financial statements and therefore, not presented here.

(ii) Risk management framework

The Company's activities expose it to market risk, liquidity risk and credit risk. Following are the sources of risk which the Company is exposed to and how the Company manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Company has investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

Assets under credit risk –

Credit rating	Particulars	31 st March, 2021	31 st March, 2020
A: Low	Loans	612.43	719.31
	Other financial assets	289.11	176.67
	Cash and cash equivalents	274.98	370.94
	Other bank balances	907.41	391.07
B: Medium	Trade receivables	15,964.55	12,834.18

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

Trade receivables

- (i) The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by 'analysing historical trend of default relevant based on the criteria defined above. And such provision percentage determined have been 'considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

Particulars	31 st March, 2021		31 st March, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Gross debtors where no specific default has occurred	15,381.06	583.49	12,250.69	583.49
Expected loss rate	2.87%	4.44%	2.25%	7.02%
Expected credit loss (loss allowance provision)	441.94	25.94	275.61	40.95

- (ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	Trade receivables
Loss allowance on 1st April, 2019	302.34
Add: Changes in loss allowances	14.22
Loss allowance on 31st March, 2020	316.56
Less: Changes in loss allowances	151.31
Loss allowance on 31st March, 2021	467.87

Other financial assets measured at amortised cost

Company provides for expected credit losses on other financial assets by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of reporting period:

	As at 31 st March, 2021	As at 31 st March, 2020
Expiring within one year (cash credit and other facilities)	3,981.17	738.43
Expiring beyond one year (bank loans - floating rate)	-	1,270.31

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity of Group based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 st March, 2021	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	9,054.84	1,543.40	-	10,598.24
Security deposit received	52.86	-	9.00	61.86
Trade payable	14,939.46	-	-	14,939.46
Other financial liabilities	857.41	-	-	857.41
Total	24,904.57	1,543.40	9.00	26,456.97

31 st March, 2020	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	13,777.53	2,160.26	286.50	16,224.29
Security deposit received	26.60	22.26	9.00	57.86
Trade payable	10,560.02	-	-	10,560.02
Other financial liabilities	788.46	8.64	-	797.10
Total	25,152.61	2,191.16	295.50	27,639.27

(C) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Yen and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company entities. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

Particulars	31 st March, 2021	31 st March, 2020
Import trade payables:		
EURO (in lacs)	12.29	11.21
INR (₹ in lacs)	1,054.06	934.33
USD (in lacs)	38.45	28.04
INR (₹ in lacs)	2,811.24	2,115.29
GBP (in lacs)	0.51	0.20
INR (₹ in lacs)	51.30	18.54
SGD (in lacs)	0.01	0.01
INR (₹ in lacs)	0.27	0.27
JPY (in lacs)	192.07	351.25
INR (₹ in lacs)	126.86	246.02
Export trade receivables:		
EURO (in lacs)	37.60	27.00
INR (₹ in lacs)	3,224.91	2,250.39
USD (in lacs)	13.80	11.94
INR (₹ in lacs)	1,008.78	900.66
GBP (in lacs)	0.61	1.03
INR (₹ in lacs)	61.19	96.67

The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at year end are as under:

Particulars	31 st March, 2021	31 st March, 2020
Foreign exchange forward contracts to sell foreign currency		
EURO (in lakh)	18.00	11.75
INR (₹)	1,543.86	988.58
USD (in lakh)	-	20.75
INR (₹)	-	1,569.75

All the above contracts are maturing within one year.

Sensitivity

A reasonably possible strengthening (weakening) of the ₹ against all other currencies at 31st March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Particulars	Currency	Strengthening		Weakening	
		31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
Financial assets					
1% movement	EURO	(14.12)	-8.77	14.12	8.77
4% movement	USD	46.90	32.37	(46.90)	-32.37
1% movement	YEN	0.83	1.64	(0.83)	-1.64

(ii) Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31 st March, 2021	31 st March, 2020
Variable rate borrowing	10,254.08	15,291.09
Fixed rate borrowing	27.62	56.92
Total borrowings	10,281.70	15,348.01

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 st March, 2021	31 st March, 2020
Interest rates – increase by 50 basis points	(33.35)	(50.93)
Interest rates – decrease by 50 basis points	33.35	50.93

iii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

iv) Price risk

Exposure

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

Particulars	31 st March, 2021	31 st March, 2020
Investments carried at fair value through other comprehensive income	2,146.00	674.00
Total investments	2,146.00	674.00

Sensitivity

Refer note 35(iv) for sensitivity analysis.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE - 37

A Capital management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company's adjusted net debt to equity ratio at 31st March, 2021 was as follows.

Particulars	31 st March, 2021	31 st March, 2020
Total borrowings	10,327.93	15,428.81
Less : cash and cash equivalents	274.98	370.94
Net debt	10,052.95	15,057.87
Total equity	22,190.99	17,790.07
Adjusted net debt to adjusted equity ratio	0.45	0.85

B Dividend

Particulars	31 st March, 2021	31 st March, 2020
Proposed dividend		
Proposed dividend for the year ended 31 st March, 2021 - ₹ 2.00 per share (31 st March, 2020 - ₹ 0.50 per share)	246.91	61.73
Final dividend paid		
Final dividend for the year ended 31 st March, 2020 - ₹ 0.50 per share (31 st March, 2019 - ₹ 1.80 per share)	61.73	222.22
Dividend distribution tax	-	45.68

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 38. RELATED PARTY TRANSACTIONS

In accordance with the requirements of Ind AS 24 the names of the related party where control exists/able to exercise significant influence along with the aggregate transactions and year end balances with them as identified and certified by the management are given below:

i) Parties where control exists:

Jointly controlled entities

- (i) Nippon Leakless Talbros Private Limited
- (ii) Magneti Marelli Talbros Chassis Systems Private Limited
- (iii) Talbros Marugo Rubber Private Limited

Investing party in respect of which the Company is a subsidiary

- (i) Talbros International Private Limited

Key management personnel and their relatives

- (i) Mr. Naresh Talwar
- (ii) Mr. Umesh Talwar
- (iii) Mr. Varun Talwar
- (iv) Mr. Anuj Talwar
- (v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- (vi) Mr. Vidur Talwar
- (vii) Mr. Navin Juneja
- (viii) Mr. Anil Kumar Mehra
- (ix) Mr. V. Mohan
- (x) Mr. Amit Burman
- (xi) Mr. R. R. Vederah
- (xii) Ms. Priyanka Gulati
- (xiii) Mr. Ajay K. Vij
- (xiv) Mr. Manish Khanna - Chief Financial Officer
- (xv) Ms. Seema Narang - Company Secretary

Enterprise over which key management personnel exercise significant influences

- (i) QH Talbros Private Limited
- (ii) Talbros Indiparts Private Limited

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 38. RELATED PARTY TRANSACTIONS (CONTD.)**(ii) Transactions with related parties carried out in the ordinary course of business:****(a) Transactions with joint ventures and associates:**

S. No.	Particulars	31 st March, 2021	31 st March, 2020
1	Sale of goods		
	QH Talbros Private Limited	4,229.69	4,773.55
	Nippon Leakless Talbros Private Limited	34.67	32.68
	Talbros Marugo Rubber Private Limited	0.26	1.06
	Magneti Marelli Talbros Chassis Systems Private Limited	-	0.06
2	Sale of services		
	Talbros Marugo Rubber Private Limited	35.40	35.40
3	Royalty income		
	QH Talbros Private Limited	114.89	105.75
4	Purchase of goods		
	Nippon Leakless Talbros Private Limited	60.96	91.13
	Talbros Marugo Rubber Private Limited	5.83	6.60
5	Dividend received		
	Nippon Leakless Talbros Private Limited	-	240.00
	QH Talbros Private Limited	-	10.68
6	Lease rental income		
	Magneti Marelli Talbros Chassis Systems Private Limited	170.10	180.00
	Talbros Indiparts Private Limited	0.50	-
7	Reimbursement of expenses/payments		
	Magneti Marelli Talbros Chassis Systems Private Limited	93.17	115.34
	Talbros Marugo Rubber Private Limited	0.18	0.33
	Talbros International Private Limited	5.37	4.96
	QH Talbros Private Limited	0.48	-
	Talbros Indiparts Private Limited	31.15	-
8	Dividend paid		
	Talbros International Private Limited	26.31	93.00

Note: All transactions are inclusive of taxes, wherever applicable

The amount of transactions are without giving effect to the Ind AS adjustments on account of fair valuation/ amortisation.

S. No.	Balance Outstanding at the end of the year	31 st March, 2021	31 st March, 2020
1	Outstanding balance included in financial assets (Trade receivable)		
	Talbros Marugo Rubber Private Limited	99.55	66.22
	QH Talbros Private Limited	1,381.35	1,150.66
	Magneti Marelli Talbros Chassis Systems Private Limited	5.17	6.10
2	Outstanding balance included in financial liabilities		
	Nippon Leakless Talbros Private Limited	6.49	15.61
	Magneti Marelli Talbros Chassis Systems Private Limited	22.26	22.26
	Talbros Marugo Rubber Private Limited	8.01	2.21

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 38. RELATED PARTY TRANSACTIONS (CONTD.)

(b) Transactions with key management personnel and their relatives:

S. No.	Particulars	31 st March, 2021	31 st March, 2020
1	Remuneration		
	Short-term employee benefits		
	Mr. Umesh Talwar	138.66	159.40
	Mr. Anuj Talwar	118.74	136.51
	Mr. Manish Khanna	34.18	36.27
	Ms. Seema Narang	22.40	23.46
	Other long-term benefits		
	Mr. Umesh Talwar	0.16	0.22
	Mr. Anuj Talwar	3.06	2.18
	Mr. Manish Khanna	0.73	1.39
	Ms. Seema Narang	0.49	0.29
	Post-employment benefits		
	Mr. Umesh Talwar	14.60	15.98
	Mr. Anuj Talwar	17.86	17.42
	Mr. Manish Khanna	2.61	2.73
	Ms. Seema Narang	3.18	3.31
	Fee for attending board & committee meetings to all the KMP's	10.35	10.65
2	Rent paid		
	Mrs. Kum Kum Talwar	7.20	7.20

NOTE 39. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

A Contingent liabilities

(1) Claims against the Company not acknowledged as debts:-

Particulars	Nature of dues	31 st March, 2020	31 st March, 2019
(i) Service tax	Cenvat credit disallowed	8.85	11.53
(ii) Haryana value added tax	Disallowance of input tax	-	2.74
(iii) Customs Act	Demand of custom duty (includes ₹ 4.13 lacs paid under protest)	36.09	36.09
(iv) Employee's state insurance	ESI demand	33.28	47.57
(v) Income tax	Income tax demand on disallowance of expenditures	-	39.55
(vi) Municipal Corporation of Faridabad	Demand for external development charges	255.00	255.00
(vii) Labour disputes	Litigations filed by employees	35.00	35.00
(viii) Bonus payable*	Bonus payable for 2014-15	40.23	40.23
Total		408.45	467.71

*Retrospective bonus liability for 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts.

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

- (2) Guarantees executed in favour of various authorities/ customers/ others amounting to ₹135.90 lacs (31st March, 2020: ₹ 155.98 lacs).

B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 540.14 lacs (31st March, 2020: ₹ 767.69 lacs).

NOTE 40.

(i) Leases disclosure as lessee

Operating leases

- A** The Company has taken vehicles and residential/commercial premises on lease. There are no restrictions placed upon the Company by entering into these leases and there are no subleases. The Company is prohibited from selling or pledging the underlying leased assets as security.

B Lease liabilities are presented in the statement of financial position as follows:

Particulars	31 st March, 2021	31 st March, 2020
Non-current	17.07	7.57
Current	19.42	10.93
Total	36.49	18.50

C The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Particulars	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Vehicles	5	1-3	1.11
Building	1	1-3	2.47
Land	2	90-99	74.58

D Future minimum lease payments as on 31st March, 2021 are as follows:

Particulars	As at 31 st March, 2021			As at 31 st March, 2020		
	Lease payments	Finance charges	Net present values	Lease payments	Finance charges	Net present values
Minimum lease payments due						
Within 1 year	20.26	0.84	19.42	11.41	0.48	10.93
1-2 years	14.21	1.82	12.39	7.81	0.93	6.88
2-3 years	5.74	1.06	4.68	0.83	0.14	0.69
	40.21	3.72	36.49	20.05	1.55	18.50

E Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Amount	Amount
	As at 31 st March, 2021	As at 31 st March, 2020
Short term leases	18.49	26.66
Leases of low value assets	-	-
Variable lease payments	-	-
Total	18.49	26.66

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 40. (I) LEASES DISCLOSURE AS LESSEE (CONTD.)

F Additional information on the right-of-use assets by class of assets is as follows:

Particulars	Carrying amount	Depreciation expense
As on 31st March, 2020		
Vehicles	17.60	10.20
Land	360.57	4.60
	378.17	14.80
As on 31st March, 2021		
Vehicles	7.43	10.17
Building	28.16	6.07
Land	355.97	4.60
	391.56	20.84

(ii) Leases disclosure as lessor

Operating leases

The Company has given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹169.01 lacs (31 march 2020: ₹ 184.28 lacs) on such lease is included in other income. Lease income is recognised in the statement of profit and loss under "Other income" (refer note 24). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

Particulars	31 st March, 2021	31 st March, 2020
Within one year	180.91	179.91
Later than one year but not later than five years	79.39	247.90
Later than five years	-	12.06

NOTE 41. EMPLOYEE BENEFITS

1 Defined contribution plans:

- A** The Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Company:

Provident Fund Plan & Employee Pension Scheme: The Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

Superannuation Scheme: The Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

- B** The expense recognised during the period towards defined contribution plans are as follows:

Particulars	31 st March, 2021	31 st March, 2020
(a) Employer's contribution to Provident fund & other funds	186.33	188.54
(b) Employer's contribution to superannuation fund	7.89	12.36

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)**2 Other Long Term Employee Benefits****A Compensated absences- Earned leave****Risk**

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognised in the balance sheet

Particulars	31 st March, 2021	31 st March, 2020
Present value of obligation at the end of the year	314.48	312.26
Fair value of plan assets	-	-
Unfunded liability recognised in balance sheet	(314.48)	(312.26)

ii) Expenses recognised in statement of profit and loss

Particulars	31 st March, 2021	31 st March, 2020
Current service cost	83.74	100.48
Interest cost	20.69	19.47
Actuarial (gain)/loss net on account of:		
-Changes in financial assumptions	24.59	20.06
-Changes in experience adjustment	(106.45)	(49.29)
Cost recognised during the year	22.57	90.72

iii) Movement in the liability recognised in the balance sheet is as under:

Particulars	31 st March, 2021	31 st March, 2020
Present value of defined benefit obligation at the beginning of the year	312.26	287.59
Current service cost	83.74	100.48
Interest cost	20.69	19.47
Actuarial (gain)/loss net	(81.86)	(29.23)
Benefits paid	(20.35)	(66.05)
Present value of defined benefit obligation at the end of the year	314.48	312.26

iv) (a) For determination of the liability of the Company the following actuarial assumptions were used:

Particulars	31 st March, 2021	31 st March, 2020
Discount rate	6.76%	6.85%
Salary escalation rate	7.00%	6.00%
Retirement Age (Years)	58	58
Withdrawal rate	5.00%	3.00%

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)

3 Defined benefit plans:

A Gratuity

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	Assets & Liabilities can mismatch in funded plans. Actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognised in the balance sheet

Particulars	31 st March, 2021	31 st March, 2020
Present value of obligation at the end of the year	804.65	715.31
Fair value of plan assets	813.68	628.85
Unfunded liability/provision in balance sheet	9.03	(86.46)
Surplus/(Unfunded liability) recognised in balance sheet	9.03	(86.46)

ii) Expenses recognised in other comprehensive income

Particulars	31 st March, 2021	31 st March, 2020
Return on plan assets	1.83	4.45
Actuarial (gain)/loss on PBO	35.08	9.77
Expenses recognised in other comprehensive income	36.91	14.22

iii) Actuarial (gain)/loss on obligation

Particulars	31 st March, 2021	31 st March, 2020
Actuarial (gain)/loss net on account of:		
- Changes in financial assumptions	52.50	41.18
- Changes in experience adjustment	(17.42)	(31.41)

iv) Expenses recognised in statement of profit and loss

Particulars	31 st March, 2021	31 st March, 2020
Current service cost	66.30	61.81
Interest cost (net)	(0.84)	8.50
Cost recognised during the year	65.46	70.31

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)**v) Movement in the liability recognised in the balance sheet is as under:**

Particulars	31 st March, 2021	31 st March, 2020
Present value of defined benefit obligation at the beginning of the year	715.31	637.26
Current service cost	66.30	61.81
Interest cost	46.31	47.19
Actuarial (gain)/loss net	35.08	9.77
Benefits paid	(58.35)	(40.72)
Present value of defined benefit obligation at the end of the year	804.65	715.31

vi) Movement in the fair value of plan assets recognised in the balance sheet is as under:

Particulars	31 st March, 2021	31 st March, 2020
Present value of plan assets at the beginning of the year	628.85	416.84
Return on plan assets	45.32	34.24
Contributions by employer	198.89	219.40
Benefits paid during the year	(59.38)	(41.63)
Present value of plan assets at the end of the year	813.68	628.85

vii) (a) For determination of the liability of the Company the following actuarial assumptions were used:

Particulars	31 st March, 2021	31 st March, 2020
Discount rate	6.76%	6.75%
Salary escalation rate	7.00%	6.00%
Retirement age (years)	58	58
Withdrawal rate	5.00%	3.00%

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

vii) (b) Maturity profile of defined benefit obligation (Based on present length of service)

For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	31 st March, 2021	31 st March, 2020
April, 2021- March, 2022	April, 2020- March, 2021	189.44	144.06
April, 2022- March, 2026	April, 2021- March, 2025	312.07	300.68
April, 2026- March, 2031	April, 2025- March, 2030	205.07	179.37
April, 2031 onwards	April, 2030 onwards	694.18	686.31

vii) (c) Maturity profile of defined benefit obligation (Based on terminal length of service)

For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	31 st March, 2021	31 st March, 2020
April, 2021- March, 2022	April, 2020- March, 2021	191.89	145.66
April, 2022- March, 2026	April, 2021- March, 2025	376.83	359.57
April, 2026- March, 2031	April, 2025- March, 2030	376.11	341.28
April, 2031 onwards	April, 2030 onwards	2,264.07	2,709.33

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. EMPLOYEE BENEFITS (CONTD.)

viii) Sensitivity analysis for defined benefit obligation

Particulars	31 st March, 2021	31 st March, 2020
a) Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	757.52	669.86
Impact due to decrease of 1.00 %	858.79	767.87
b) Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	858.12	767.73
Impact due to decrease of 1.00 %	715.62	669.16

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The weighted average duration of the defined benefit obligation as at 31st March, 2021 is 15 to 19 years (31st March, 2020: 17 to 19 years).

NOTE 42.

Research and development costs on inhouse Research and Development centers charged to the statement of profit and loss for the year ended 31st March, 2021 is ₹ 191.30 lacs [31st March, 2020: ₹ 290.72 lacs (includes expenses charged to the statement of profit and loss of ₹ 232.22 lacs and expenses capitalised of ₹ 58.50 lacs)].

NOTE 43. SEGMENT INFORMATION

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating segment of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

i Information about major customers

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

ii Information about geographical areas

Particulars	31 st March, 2021	31 st March, 2020
Revenue from operations attributed to:		
Country of domicile (India)	31,703.50	29,290.40
Foreign countries	12,716.22	9,239.01
Total	44,419.72	38,529.41

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:**(a) Investments made:**

Name of the investee	Amount invested during the year 2020-21	Amount as on 31 st March, 2021	Amount invested during the year 2019-20	Amount as on 31 st March, 2020
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Magneti Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	-	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-	-	-	-
(iii) T & T Motors Private Limited	-	13.75	-	13.75
Total	-	3,264.07	-	3,264.07

(b) Inter corporate deposits given (proposed to be utilised for business purposes):

Name of the payee	Paid/ (recovered) during the year 2020-21	Outstanding amount as on 31 st March, 2021*	Paid/ (recovered) during the year 2019-20	Outstanding amount as on 31 st March, 2020*
(i) Fastech Builders Private Limited	-	45.00	-	45.00
(ii) Fastech Projects Private Limited	-	40.00	40.00	40.00
(iii) Bankey Bihari Engineers LLP	(25.00)	100.00	-	125.00
(iv) Express Engineers & Spares Private Limited	(80.00)	200.00	-	280.00
(v) Sudhir Ready Genset Consortium	-	-	(40.00)	-
Total	(105.00)	385.00	-	490.00

* Outstanding amount excludes interest accrued on deposits.

(c) Guarantee given (proposed to be utilised for business purposes):

Name of the person on behalf of whom guarantee/counter guarantee is given	Outstanding amount as on 31 st March, 2021	Outstanding amount as on 31 st March, 2020
(i) Magneti Marelli Talbros Chassis Systems Pvt Ltd.	-	1,300.00
(ii) Marugo Rubber Industries, Japan (for the benefit of Talbros Marugo Rubber Pvt. Ltd.)	200.00	200.00

Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

Note - 45

During the year ended 31st March, 2020, the Company opted for Sabka Vishwas (Legacy Dispute Resolution) Scheme to settle an ongoing legal dispute with the Central Excise department for which the appeal was pending at CESTAT level. The Company paid a total amount of ₹ 213.80 lacs (including ₹ 83.75 lacss paid under protest, in earlier years).

Note - 46

The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 355.50 lacs (31st March, 2020: ₹ 357.71 lacs) to be adjusted against Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Company, based on the future projections, is of the opinion that the entire MAT credit will be utilised and therefore, no provisioning has been made.

Note - 47

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. COVID-19 is significantly impacting business operation of the Group, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/ lock down of production facilities. On 24th March, 2020, the Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Consequently, the Company has assessed the impact of this pandemic on its business operations and has made detailed assessment of its liquidity position for next one year. The Company has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventories and other assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statement. The Company has performed sensitivity analysis on the assumptions used and based on current estimates and expects the carrying amount of these assets will be recovered and no material adjustment required in the financial statements. Also, basis the future cash flow projections and availability of working capital limits, the Company is expected to have sufficient cash flow to meet its obligations for next twelve months and does not anticipate that it will not be able to realize its assets and discharge its liabilities in the normal course of business. The Impact of COVID-19 on the Company's financial statement may differ from the estimated as at the date of approval of these financial statements due to uncertainties associated with its nature and duration and is highly dependent on future economic developments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Company's business operations. The Company will continue to closely monitor any material changes to future economic conditions.

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla

Partner
Membership No. 505002

Place: Gurugram
Date: 8th June, 2021

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

Independent Auditors' Report

To the Members of Talbros Automotive Components Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of **Talbros Automotive Components Limited** ("the Company") and its jointly controlled entities, which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement for Cash Flow and the consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statement including summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principle generally accepted in India, of the state of the affairs of the company and its jointly controlled entities as at March 31, 2021, its consolidated profit and total comprehensive income, its consolidated cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company and its jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matters

We draw attention to note no. 50 to the Consolidated Financial Statements, which describes that the potential impact of COVID-19 pandemic on the carrying value of its assets and

liabilities, are dependent on future developments, which remain uncertain.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response
1	<p>Valuation of complex instruments involving high estimation uncertain</p> <p>The Company has material long term investments in group companies which are un-quoted.</p>	<p>Principal Audit Procedures</p> <p>We have verified the group shareholding in the investment in equity instruments which are fair valued by the company.</p> <p>We have verified the reasonableness of assumptions used and the valuation technique used to determine the fair value.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Corporate Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report (Contd.)

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the company and its jointly controlled entities in accordance with the Ind AS and other accounting principles generally accepted in India. 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 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 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and its jointly controlled entities are responsible for assessing the company and its jointly controlled entities ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company and its jointly controlled entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the company and its jointly controlled entities are also responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our Objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism

throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company and its jointly controlled entities which is company incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company and its jointly controlled entities to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the company and its jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the company and its jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent

Independent Auditors' Report (Contd.)

auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the company of which we are the independent auditor and such other entities included in the statement regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charge with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The consolidated financial statements include the company's share of net profit (including other comprehensive income) of ₹ 559.76 lakhs for the year ended March 31, 2021, in respect of jointly controlled entities, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors.

Report on Other Legal and Regulatory Requirement

As required by Section 143 (3) of the Act, we report 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 the law relating to 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 (including other comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.
- (e) On the basis of written representations received as on March 31, 2021 taken on record by the Board of Directors of the company and its jointly controlled entities incorporated in India, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company and its jointly controlled entities incorporated in India, refer to our separate report in "Annexure I" to this report.
- (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. However the provisions of section 197 of the Act are not applicable on jointly controlled entities.

- (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 consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities – Refer Note 42 to the consolidated Ind AS financial statements.
 - (ii) The Company and its jointly controlled entity 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, 2021.

For J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN:

Place: New Delhi
Dated: 8th June, 2021

Annexure I to Independent Auditors' Report

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** (hereinafter referred to as "the Company") and its jointly controlled entities as of March 31, 2021 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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 ("The ICAI").

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 its 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company and its jointly controlled entities, which is company incorporated in India, 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 Accountant of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 was 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 system 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 judgment, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company and its jointly controlled entities, which are company incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control 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 control 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 those receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

Annexure I to Independent Auditors' Report (Contd.)

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control 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 and to the best of our information and according to the explanations given to us, the Company and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to audited financial statements of jointly controlled entities, which is the company incorporated in India, is based on the corresponding reports of the auditor of such jointly controlled entities incorporated in India.

For J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN:

Place: New Delhi
Dated: 8th June, 2021

Consolidated Balance Sheet

as at 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

	Note	31 st March, 2021	31 st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	14,538.48	14,922.97
Capital work in progress	2	303.96	60.21
Investment property	3	313.95	292.18
Intangible assets	4	123.52	131.17
Intangible assets under development	4	-	18.50
Investments accounted for using the equity method	5	5,169.54	4,609.78
Financial assets			
Investments	6	2,146.00	674.00
Loans	7 A	147.19	151.44
Other financial assets	8 A	12.28	33.37
Current tax assets	9	-	239.41
Other non-current assets	10 A	246.82	362.65
Total non-current assets		23,001.74	21,495.68
Current assets			
Inventories	11	10,214.53	10,794.64
Financial assets			
Trade receivables	12	15,496.68	12,517.62
Cash and cash equivalents	13	274.98	370.94
Other bank balances	14	907.41	391.07
Loans	7 B	465.24	567.87
Other financial assets	8 B	276.84	143.30
Other current assets	10 B	2,249.90	1,704.16
Total current assets		29,885.58	26,489.60
Total assets		52,887.32	47,985.28
Equity and liabilities			
Equity			
Equity share capital	15	1,234.56	1,234.56
Other equity	16	23,517.97	18,557.29
Total equity		24,752.53	19,791.85
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17 A	1,410.79	2,010.71
Other financial liabilities	18 A	23.18	31.79
Provisions	19 A	225.35	312.22
Deferred tax liabilities	20	550.03	290.86
Other non-current liabilities	21 A	66.68	66.44
Total non-current liabilities		2,276.03	2,712.02
Current liabilities			
Financial liabilities			
Borrowings	17 B	7,061.57	12,111.46
Trade payables	22		
(i) total outstanding dues of micro enterprises and small enterprises		162.40	97.61
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		14,777.06	10,462.41
Other financial liabilities	18 B	2,737.14	2,040.42
Other current liabilities	21 B	395.27	683.01
Provisions	19 B	89.13	86.50
Current tax liabilities	23	636.19	-
Total current liabilities		25,858.76	25,481.41
Total equity and liabilities		52,887.32	47,985.28
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements	1		

This is the balance sheet referred to in our report of even date.

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla

Partner
Membership No. 505002

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

Manish Khanna

Chief Financial Officer

Umesh Talwar

Vice Chairman and Managing Director
[DIN: 00059271]

Seema Narang

Company Secretary

Place: Gurugram
Date: 8th June, 2021

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

Particulars	Note	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Revenue			
Revenue from operations	24	44,419.72	38,529.41
Other income	25	895.42	571.04
Total income		45,315.14	39,100.45
Expenses			
Cost of materials consumed	26	22,361.39	20,762.44
Purchase of stock-in-trade	27	241.34	175.24
Changes in inventories of finished goods, stock in trade and work in progress	28	1,222.05	(456.62)
Employee benefits expenses	29	5,387.15	5,602.18
Finance costs	30	1,348.66	1,610.23
Depreciation and amortisation expense	31	2,298.28	1,917.05
Other expenses	32	9,639.84	8,711.98
Total expenses		42,498.71	38,322.50
Profit before exceptional items and tax		2,816.43	777.95
Exceptional items	33	1,811.94	(213.80)
Profit before share of profit in joint ventures and tax		4,628.37	564.15
Share of profit of joint ventures accounted for using the equity method		552.27	788.07
Profit before tax		5,180.64	1,352.22
Tax expense	34		
Current tax		1,380.81	133.75
Deferred tax		(76.30)	16.70
Earlier years tax adjustments (net)		(36.94)	(18.19)
Total tax expense		1,267.57	132.26
Profit for the year		3,913.07	1,219.96
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(36.91)	(14.22)
Changes in fair value of FVOCI equity instruments		1,472.00	(1,335.39)
Share of other comprehensive income of joint ventures accounted for using the equity method		7.49	(3.69)
Income tax relating to items that will not be reclassified to profit or loss		(333.26)	316.07
Total other comprehensive income for the year		1,109.32	(1,037.23)
Total comprehensive income for the year		5,022.39	182.73
Earnings per equity share (Face value ₹ 10 per share)	35		
Basic (₹)		31.70	9.88
Diluted (₹)		31.70	9.88
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.	1		

This is the statement of profit or loss referred to in our report of even date

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co
Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 8th June, 2021

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Umesh Talwar
Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

Consolidated Statement of Changes in Equity

as at 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

A Equity share capital

Particulars	Balance as at 1 st April, 2019	Changes in equity share capital during the year	Balance as at 31 st March, 2020	Changes in equity share capital during the year	Balance as at 31 st March, 2021
Equity share capital	1,234.56	-	1,234.56	-	1,234.56

B Other equity

Particulars	Reserves and surplus				Equity instruments through Other Comprehensive Income	Total
	General reserve	Capital reserve	Securities premium	Retained earnings		
Balance as at 1st April, 2019	648.23	15.21	4,678.30	12,259.43	1,041.30	18,642.47
Profit for the year	-	-	-	1,219.96	-	1,219.96
Other comprehensive income for the year (net of tax impact)	-	-	-	(9.24)	(1,024.30)	(1,033.54)
Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	-	(3.69)	-	(3.69)
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(222.22)	-	(222.22)
- Dividend distribution tax	-	-	-	(45.68)	-	(45.68)
Balance as at 31st March, 2020	698.23	15.21	4,678.30	13,148.55	17.00	18,557.29
Profit for the year	-	-	-	3,913.07	-	3,913.07
Other comprehensive income for the year (net of tax impact)	-	-	-	(24.01)	1,125.84	1,101.83
Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	-	7.49	-	7.49
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(61.73)	-	(61.73)
Balance as at 31st March, 2021	748.23	15.21	4,678.30	16,933.39	1,142.84	23,517.97

This is the statement of changes in equity referred to in our report of even date

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co
Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 8th June, 2021

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Umesh Talwar
Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

Consolidated Statement of Cash Flow

for the year ended 31st March, 2021

(All amounts in INR lacs, unless otherwise stated)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,180.64	1,352.22
Adjustments for:		
Depreciation on property, plant and equipment, investment property and intangible assets	2,298.28	1,917.05
Profit on sale of property, plant and equipment (net)	(2,217.94)	(52.80)
Interest income	(89.76)	(111.14)
Dividend income	-	(10.68)
Share of profits of joint ventures	(552.27)	(788.07)
Allowance for doubtful debts (net)	256.06	103.02
Unrealised foreign exchange gain	(42.63)	(64.57)
Advances written off	21.44	79.46
Provisions no longer required written back	-	(79.46)
Finance costs	1,348.66	1,610.23
Operating profit before working capital changes	6,202.48	3,955.27
Movement in working capital		
Change in inventories	580.11	257.65
Change in Trade receivables, other financial and non-financial assets	(3,838.55)	1,196.83
Change in Trade payable, other financial and non-financial liabilities	4,146.65	(1,416.69)
Cash generated from operating activities post working capital changes	7,090.69	3,993.06
Income tax paid (net)	(471.60)	(292.45)
Net cash generated from operating activities (A)	6,619.09	3,700.61
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development)	(2,355.65)	(2,288.43)
Proceeds from sale of property, plant and equipment	2,571.98	177.86
Movement in other bank balances	(479.72)	270.62
Dividend received	-	250.68
Interest received	74.14	134.27
Net cash used in investing activities (B)	(189.25)	(1,455.00)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) / borrowings (Net)	(2,911.99)	1,815.85
Repayment of term borrowings	(2,160.12)	(1,985.21)
Payment towards lease liabilities	(18.37)	(11.42)
Dividend paid net (including tax)	(63.03)	(267.58)
Interest paid	(1,372.29)	(1,658.15)
Net cash used in financing activities (C)	(6,525.80)	(2,106.51)
Decrease in cash and cash equivalents (A+B+C)	(95.96)	139.10
Cash and cash equivalents at the beginning of the year	370.94	231.84
Cash and cash equivalents at the end of the year (Refer note 13)	274.98	370.94

This is the statement of cash flow referred to in our report of even date.

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co
Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 8th June, 2021

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Umesh Talwar
Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021

1. CORPORATE INFORMATION

Talbro's Automotive Components Limited (the 'Holding Company') is a public limited Company with its joint ventures (collectively referred to as the 'Group'). The Holding Company is incorporated and domiciled in India. The Holding Company's shares are listed with Bombay Stock Exchange and National Stock Exchange. The Group is in the business of manufacturing gaskets, forging, suspension systems, anti-vibration components and hoses. The Holding Company has its registered place of business at 14/1, Mathura Road, P.O Amar Nagar, Faridabad 121003, Haryana, India.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 amended from time to time.

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

The consolidated financial statements for the year ended 31st March, 2021 were authorized and approved by the Board of Directors on 8th June, 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.

1.2 Basis of consolidation

Joint ventures

Interest in joint venture are accounted for using the equity method, after initially being recognized at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets

of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss (including the other comprehensive income) includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

1.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.4 Significant accounting policies

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the consolidated financial statements.

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle*
- Held primarily for the purpose of trading

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle*
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

*Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Inventory

Inventories are valued as follows:

Raw material, stores and spares

Raw materials, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) basis.

Stores and spares having useful life of more than twelve months are capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net realisable value. Cost includes raw material cost and a proportion of direct and indirect overheads up to estimated stage of completion. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

c) Property, plant and equipment

Recognition and initial measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided based on the methods given hereunder:

S. No.	Plant	Method of depreciation	
		Straight line	Written down value
1	Gasket Plants at Faridabad, Chennai, Pune and Sohna (except on items acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant)	Plant, machinery and Equipment	All other depreciable Assets
2	Assets acquired prior to 1.9.1978 at the Chennai Plant and prior to 31.12.1985 at Faridabad Plant		All depreciable assets
3	Gasket Plant at Sitarganj, Forging Plant at Bawal and assets transferred to Gasket Plant at Faridabad from erstwhile Rubber Division	All depreciable assets other than vehicles	Vehicles

Depreciation is provided on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II:

Particulars	Useful life
Plant, machinery & equipment	22 years
Computers	6 years
Furniture & fixtures and office equipment	5 years
Vehicles	10 years
Electrical installations	15 years
Mould and dies	6 years
Tube wells	10 years
Canteen equipment	10 years
Air-conditioning plant	10 years

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain

or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

d) Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding product development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Subsequent measurement (Amortization and useful lives)

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and any change in the same is accounted for prospectively.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

The following useful lives are applied:

Intangible assets	Amortization period
Major computer software	3-5 years
Technical know how	10 years

De-recognition

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognized as at 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of investment properties other than land.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the investment property is derecognized.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its investment properties recognised as at 1st April, 2016 measured

as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

g) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest rate and other costs like finance charges in respect of the leases recognized in accordance with Ind AS 116, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) **Government grant**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognized as income on a systematic basis in statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

i) **Foreign currency transactions**

Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional and presentation currency.

Foreign currencies

Initial recognition

Transactions in foreign currencies are initially recorded by the Group at exchange rates at the date the transaction first qualifies for recognition.

Subsequent measurement

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in Other comprehensive income or profit or loss are also recognized in Other comprehensive income or profit or loss, respectively).

All other exchange differences are charged to the statement of profit and loss.

j) **Leases**

Group as a lessee

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU")

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Contingent rents are recognized as revenue in the period in which they are earned.

The Group does not have any finance lease as a lessor.

k) Fair value measurement

Fair value is the price that would be received to sell

an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

For assets and liabilities that are recognized in the financial statements on a recurring basis, Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

l) Revenue recognition

Revenue arises mainly from the sale of manufactured and traded goods. To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

The Group applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below:

Sale of goods and services

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue from services is recognized when Group satisfies the performance obligations by transferring the promised services to its customers.

Dividend income

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

Export incentives

Export incentives are accounted on accrual basis.

m) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

- i. **Financial assets carried at amortized cost –**
A financial instrument is measured at amortized cost if both the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
 - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

ii. Financial assets at fair value

- **Investments in equity instruments other than above** - Investments in equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

- iii. **Investments in mutual funds** - Investments in mutual funds are measured at fair value through profit or loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or

cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

n) Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of Impairment loss for financial Assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group considers the following:

- All contractual terms of the Financial Assessments (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

As a practical expedient the Group has adopted 'simplified approach' using the provision matrix method for recognition of expected loss on trade receivables. The provision matrix is based on three-years rolling average default rates observed over the expected life of the trade receivables and is adjusted for forward-looking estimates. These average default rates are applied on total credit risk exposure on trade receivables and outstanding for more than one year at the reporting date to determine lifetime Expected Credit Losses.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

o) Investment in joint ventures

Investments in joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

p) Retirement and other employee benefits

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Group has no obligation other than the contribution payable to the Provided Fund.

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the gratuity plan, which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absence

Compensated absence, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats compensated absence expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Other short-term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

q) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ("MAT") credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions determined based on the best estimate required to settle the obligation at the reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liabilities are disclosed on the basis of judgement of management after a careful evaluation of facts and legal aspects of matter involved.

Contingent assets are disclosed when probable and recognized when the realization of income is virtually certain.

1.5 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Provisions, contingent liabilities and contingent assets – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Leases – The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date,

based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

1.6 Standard issued but not yet effective:

On 24th March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1st April, 2021. Key amendments relating to Division II, which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities shall be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a Company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

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for the year ended 31st March, 2021 (Contd.)

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lacs, unless otherwise stated)

Particulars	Freehold land	Right of use - Land	Right of use - Building	Building	Leasehold improvements	Plant and equipment	Vehicles	Right of use - vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block															
As at 1st April, 2019	702.62	413.99	-	3,119.47	15.79	18,102.86	454.36	-	600.06	416.90	888.79	105.72	10.52	24,831.08	644.16
Additions*	-	-	-	1.30	-	2,837.26	0.54	27.80	1.70	16.10	80.00	-	-	2,964.70	-
Disposals/transfers	-	-	-	(0.10)	-	(179.04)	(16.65)	-	(10.91)	(9.30)	(11.06)	-	-	(227.06)	(583.95)
Balance as at 31st March, 2020	702.62	413.99	-	3,120.67	15.79	20,761.08	438.25	27.80	590.85	423.70	957.73	105.72	10.52	27,568.72	60.21
Additions	-	-	34.23	28.45	-	2,123.88	2.70	-	12.40	22.36	10.01	-	-	2,234.03	243.75
Disposals/transfers	(9.06)	-	-	(135.33)	-	(639.83)	(22.03)	-	(26.90)	(2.36)	(25.07)	-	-	(860.58)	-
Balance as at 31st March, 2021	693.56	413.99	34.23	3,013.79	15.79	22,245.13	418.92	27.80	576.35	443.70	942.67	105.72	10.52	28,942.17	303.96
Accumulated depreciation															
As at 1st April, 2019	-	48.82	-	1,243.58	15.79	7,904.19	251.51	-	444.77	334.63	526.70	79.42	9.99	10,859.40	-
Charge for the year	-	4.60	-	111.20	-	1,540.89	51.62	10.20	65.96	32.84	64.16	6.88	-	1,888.35	-
Disposals	-	-	-	(0.07)	-	(59.42)	(12.29)	-	(10.58)	(8.63)	(11.01)	-	-	(102.00)	-
Balance as at 31st March, 2020	-	53.42	-	1,354.71	15.79	9,385.66	290.84	10.20	500.15	358.84	579.85	86.30	9.99	12,645.75	-
Charge for the year	-	4.60	6.07	109.36	-	1,962.34	38.13	10.17	37.23	26.64	64.28	4.15	-	2,262.97	-
Disposals	-	-	-	(107.76)	-	(327.68)	(17.43)	-	(25.92)	(2.30)	(23.94)	-	-	(505.03)	-
Balance as at 31st March, 2021	-	58.02	6.07	1,356.31	15.79	11,020.32	311.54	20.37	511.46	383.18	620.19	90.45	9.99	14,403.69	-
Net block as at 31st March, 2021	693.56	355.97	28.16	1,657.48	-	11,224.81	107.38	7.43	64.89	60.52	322.48	15.27	0.53	14,538.48	303.96
Net block as at 31st March, 2020	702.62	360.57	-	1,765.96	-	11,375.42	147.41	17.60	90.70	64.86	377.88	19.42	0.53	14,922.97	60.21

* Includes addition on account of transition to Ind AS-116 "Leases"

(i) Expenditures capitalised in the carrying amount of property plant and equipment

The Group has capitalised the following expenses under Plant and equipment (dies and moulds):

Nature of expense	31 st March, 2021	31 st March, 2020
Salaries and wages	155.32	218.69
Depreciation	45.61	58.55
Power and fuel	88.42	119.10
Repairs and maintenance	57.79	72.28
Processing charges and consumable	155.50	200.46
Total	502.64	669.08

(ii) Contractual obligations

Refer note 42B for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Assets pledged as security

Refer note 17 for disclosure of property, plant and equipment pledged as securities against borrowings.

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for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 3. INVESTMENT PROPERTY

Particulars	Land	Building	Total
Gross block			
As at 1 st April, 2019	2.81	512.27	515.08
Additions/transfers	-	-	-
Balance as at 31st March, 2020	2.81	512.27	515.08
Additions/transfers	37.96	-	37.96
Balance as at 31st March, 2021	40.77	512.27	553.04
Accumulated depreciation			
As at 1st April, 2019	-	206.49	206.49
Charge for the year	-	16.41	16.41
Balance as at 31st March, 2020	-	222.90	222.90
Charge for the year	-	16.19	16.19
Balance as at 31st March, 2021	-	239.09	239.09
Net block as at 31st March, 2021	40.77	273.18	313.95
Net block as at 31st March, 2020	2.81	289.37	292.18

(i) Amount recognised in profit and loss for investment property

Particulars	31 st March, 2021	31 st March, 2020
Rental income	169.01	184.28
Less: direct operating expenses that generated rental income*	-	-
Less: direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property before depreciation	169.01	184.28
Less: depreciation expense	16.19	16.41
Profit from leasing of investment property after depreciation	152.82	167.87

*Direct operating expenses attributable to investment property cannot be specifically identified with property, although management does not expect them to be material.

(ii) Leasing arrangements

Investment property comprises of a building which is leased to tenant under long-term operating leases with rentals payable monthly. Refer note 43 for details on future minimum lease rentals.

(iii) Fair value of investment property:

Particulars	31 st March, 2021	31 st March, 2020
Fair value	615.65	608.07

The Group obtains independent valuation for its investment property at least annually and are considered to be a fair representation at which such properties can be sold in an active market. Fair value measurement has been categorised as Level 3. The best evidence of fair value is current prices in an active market for similar property. Where such information is not available, the Group considers the average price of similar property and appropriate depreciation has been accounted for arriving at fair and reasonable value.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 4. INTANGIBLE ASSETS

Particulars	Computer software	Technical know-how	Total	Intangible assets under development
Gross block				
As at 1 st April, 2019	335.99	471.61	807.60	18.50
Additions	90.18	-	90.18	-
Disposals	(9.54)	-	-9.54	-
Balance as at 31st March, 2020	416.63	471.61	888.24	18.50
Additions	20.50	36.57	57.07	-
Internally developed	-	-	-	(18.50)
Balance as at 31st March, 2021	437.13	508.18	945.31	-
Accumulated amortisation				
As at 1 st April, 2019	232.57	463.20	695.77	-
Amortisation charge for the year	62.43	8.41	70.84	-
Disposals	(9.54)	-	-9.54	-
Balance as at 31st March, 2020	285.46	471.61	757.07	-
Amortisation charge for the year	62.01	2.72	64.73	-
Disposals	-	-	-	-
Balance as at 31st March, 2021	347.46	474.33	821.79	-
Net block as at 31st March, 2021	89.67	33.85	123.52	-
Net block as at 31st March, 2020	131.17	-	131.17	18.50

Notes:

(i) Intangibles under development comprise of the softwares under development.

(ii) Research and development expenses

Refer note 45 for expenses incurred on research and development activities.

NOTE 5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD^A

	As at 31 st March, 2021	As at 31 st March, 2020
(i) Investments in equity instruments		
Joint ventures		
(Unquoted)		
Nippon Leakless Talbros Private Limited 4,800,000 shares (31 st March, 2020: 4,800,000 shares) of ₹10 each	2,470.97	2,135.46
Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 st March, 2020: 11,780,000 shares) of ₹10 each	2,004.21	1,787.51
Talbros Marugo Rubber Private Limited 9,500,000 shares (31 st March, 2020: 9,500,000 shares) of ₹10 each	694.37	686.81
	5,169.54	4,609.78
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	5,169.54	4,609.78
Aggregate amount of impairment in value of investments	-	-

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

Name of the Joint ventures	Principle place of business	Ownership interest	
		As at 31 st March, 2021	As at 31 st March, 2020
Nippon Leakless Talbros Private Limited	India	40.00%	40.00%
Magneti Marelli Talbros Chassis Systems Private Limited	India	50.00%	50.00%
Talbros Marugo Rubber Private Limited	India	50% less one share	50% less one share

^Refer note 41 - Group information for summarised financial information of joint ventures.

NOTE 6. INVESTMENTS

	As at 31 st March, 2021	As at 31 st March, 2020
(i) Investments in equity instruments		
(Unquoted, at fair value through other comprehensive income)		
QH Talbros Private Limited 177,962 shares (31 st March, 2020: 177,962 shares) of ₹ 10 each	18.00	5.00
Talbros International Private Limited 1,326,970 shares (31 st March, 2020: 1,326,970 shares) of ₹ 10 each	2,070.00	650.00
T & T Motors Limited 83,333 shares (31 st March, 2020: 83,333 shares) of ₹ 10 each	58.00	19.00
	2,146.00	674.00
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	2,146.00	674.00
Aggregate amount of impairment in value of investments	-	-

NOTE 7.**A Loans - non current****(Unsecured, considered good)**

Security deposits	147.19	151.44
	147.19	151.44

B Loans - current**(Unsecured, considered good)**

Inter-corporate deposit	441.11	543.74
Security deposits	24.13	24.13
	465.24	567.87

NOTE 8.**A Other financial assets - non-current****(Unsecured, considered good)**

Bank deposits with more than 12 months maturity*	12.28	33.37
	12.28	33.37

*Under lien with banks as security against borrowings.

B Other financial assets - current**(Unsecured, considered good)**

Loan to employees	111.17	68.96
Derivative assets on forward contracts	89.63	-
Claims and other recoverable	76.04	74.34
	276.84	143.30

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 9. CURRENT TAX ASSETS

	31 st March, 2021	31 st March, 2020
Current tax assets		
Advance income tax	-	1,334.65
Less: Provision for taxation	-	(1,095.24)
	-	239.41

NOTE 10.

A Other non-current assets

Accrued lease income	10.88	9.40
Capital advances	235.94	353.25
	246.82	362.65

B Other current assets

Advances to suppliers		
- Considered good	574.86	433.42
- Considered doubtful	26.59	13.93
Balance with government authorities		
- Considered good	1,274.98	945.48
- Considered doubtful	166.04	73.95
Prepaid expenses	81.38	64.66
Surplus planned assets	9.03	-
Accrued lease income	0.30	0.30
Others	309.36	260.30
	2,442.54	1,792.04
Less : Provision for doubtful advances	(192.64)	(87.88)
	2,249.90	1,704.16

NOTE 11. INVENTORIES

(Lower of cost or net realizable value)		
Raw material	4,280.12	3,564.72
Work in progress	4,114.10	5,002.66
Finished goods including Stock in Trade	1,399.45	1,732.94
Stores and spares	420.86	494.32
	10,214.53	10,794.64
i) The above includes goods in transit as under:		
Raw material	902.78	593.29
Stores and spares	5.53	0.44
Stock in Trade	2.96	-
	911.27	593.73

NOTE 12. TRADE RECEIVABLES

Trade receivables considered good - unsecured	15,496.68	12,517.62
Trade receivables which have significant increase in credit risk	467.87	316.56
	15,964.55	12,834.18
Less: Allowance for doubtful debts	(467.87)	(316.56)
	15,496.68	12,517.62

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 12. TRADE RECEIVABLES (CONTD.)

	31 st March, 2021	31 st March, 2020
Includes trade receivables from companies in which directors are interested		
Magneti Marelli Talbros Chassis Systems Private Ltd.	5.17	6.10
Talbros Marugo Rubber Private Limited	99.55	66.22
QH Talbros Private Limited	1,381.35	1,150.66

Refer note 39 for related party transactions

The Group's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 37.

NOTE 13. CASH AND CASH EQUIVALENTS

	As at 31 st March, 2021	As at 31 st March, 2020
Cash on hand	13.08	32.88
Balances with banks		
- in current accounts	253.23	330.98
Deposits with original maturity less than 3 months	8.67	7.08
	274.98	370.94

NOTE 14. OTHER BANK BALANCES

Term deposits	40.59	67.77
Margin money deposits (under lien with banks)	844.24	299.42
Earmarked balances with banks		
- Unpaid dividend account	22.58	23.88
	907.41	391.07

NOTE 15. EQUITY SHARE CAPITAL

	As at 31 st March, 2021		As at 31 st March, 2020	
	No. of shares	Amount	No. of shares	Amount
i Authorised				
Equity shares of ₹ 10 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
	2,00,00,000	2,000.00	2,00,00,000	2,000.00
ii Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
	1,23,45,630	1,234.56	1,23,45,630	1,234.56
iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Equity shares				
Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Changes during the year	-	-	-	-
Balance at the end of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 15. EQUITY SHARE CAPITAL (CONTD.)

iv Terms/ rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

v Details of equity shares held by shareholders holding more than 5% shares in the Company

	As at 31 st March, 2021		As at 31 st March, 2020	
	No. of shares	%	No. of shares	%
Name of the equity shareholders				
Talbro's International Private Limited	52,66,548	42.66%	52,61,597	42.62%

vi There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

vii There are no shares reserved for issue under options or other purpose.

NOTE 16. OTHER EQUITY

	As at 31 st March, 2021	As at 31 st March, 2020
General reserve	748.23	698.23
Retained earnings	16,933.39	13,148.55
Capital reserve	15.21	15.21
Securities premium reserve	4,678.30	4,678.30
Equity instruments through other comprehensive income	1,142.84	17.00
Total other equity	23,517.97	18,557.29

Nature and purpose of other reserves

i General reserve

General reserve is created out of the accumulated profits of the Group as per the provisions of Companies Act. The transfers from retained earnings to General reserve represents transfer as per the provision of Companies Act on dividend distribution.

ii Retained earnings

All the profits made by the Group are transferred to retained earnings from statement of profit and loss.

iii Capital reserve

Capital reserve includes the amount of share application money forfeited by the Holding Company.

iv Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act.

v Equity instruments through other comprehensive income

Other comprehensive income represents balance arising on account of changes in fair value of FVOCI equity instruments, net of any tax impact.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 17.**A Long term borrowings**

	As at 31 st March, 2021	As at 31 st March, 2020
Secured		
Term Loans		
From banks - Rupee loan		
- IDFC First bank	-	49.99
- Kotak Mahindra bank	277.52	376.05
- Vehicle Loans	-	24.04
From banks - foreign currency loan		
- IDFC First bank	208.32	295.37
From Others		
- Bajaj Finance Ltd.	897.33	1,232.38
- Vehicle loans	27.62	32.88
	1,410.79	2,010.71
Amount disclosed under other financial liabilities:		
Current maturity of long-term debts	1,809.33	1,225.84
Interest accrued on borrowings	46.24	80.80

Notes:

1. Term loan from IDFC First Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
2. Foreign Currency Term Loan from IDFC First Bank is secured by first charge on fixed assets of Faridabad Plant (Including Land & Building) excluding which are specifically charged to others lenders.
3. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
4. Term Loan from Kotak Mahindra Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
5. Term loan from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of Company's gasket division situated at Faridabad and is further secured by personal guarantee of Three directors.
6. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

Particulars	Terms of repayment	Interest Rate	31 st March, 2021	31 st March, 2020
Term loans, secured				
From banks - Rupee loan				
IDFC First Bank	42 equal monthly installments after 12 months moratorium period from the date of first disbursement.	9.50% to 9.75%	-	49.99
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	8.75% to 8.95%	277.52	376.05
Vehicle Loan	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	9.25% to 11.19%	-	24.04

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 17. LONG TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31 st March, 2021	31 st March, 2020
From banks - foreign currency loan				
IDFC First Bank	24 to 48 equal monthly installment from the date of disbursement	3.00% to 3.25%	208.32	295.37
	18 equal monthly instalment from the date of disbursement	8.85%		
From others:				
Bajaj Finance Ltd.	60 equal monthly installments from the date of loan	9.15% - 10.80%	897.33	1,232.38
Vehicle Loan	36 equal monthly installments from the date of loan	6.28%	27.62	32.88
			1,410.79	2,010.71

	As at 31 st March, 2021	As at 31 st March, 2020
B Short term borrowings		
Secured		
a) Working capital loan from bank		
HDFC Bank*	3,481.54	4,208.50
DBS Bank*	643.77	1,453.02
Yes Bank*	-	176.62
Axis Bank*	1,106.84	1,755.93
Federal Bank *	1,455.19	2,436.73
Unsecured		
a) Working capital loan from bank		
HDFC Bank**	-	1,000.00
b) Working capital loan from others		
Bajaj Finance Limited**	-	500.00
c) Deposits		
Inter-corporate deposit	100.00	100.00
d) Borrowings on account of sales bill discounting		
From banks	274.23	480.66
	7,061.57	12,111.46

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Federal Bank, Axis Bank and Yes Bank are secured by way of first pari-passu charge to all current assets, both present and future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders.

** Working capital loan from HDFC Bank is secured by personal guarantee of two directors of the Company and working capital loan from Bajaj Finance Ltd are secured by Tripartite agreement.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 17. SHORT TERM BORROWINGS (CONTD.)

Particulars	Terms of repayment	Interest Rate	31 st March, 2021	31 st March, 2020
Working capital loan, secured				
HDFC Bank	Within 365 days	5.95% -9.85%	3,481.54	4,208.50
DBS Bank	Within 365 days	5.50%-9.05%	643.77	1,453.02
Yes Bank	Within 365 days	6.00% - 10.25%	-	176.62
Federal Bank	Within 365 days	7.80% - 8.95%	1,455.19	2,436.73
Axis Bank	Within 365 days	7.85% -8.95%	1,106.84	1,755.93
Working capital loan, unsecured				
HDFC Bank	Within 180 days	8.50%-9.05%	-	1,000.00
Bajaj Finance Limited	Within 90 days	8.55% -9.45%	-	500.00
Deposits, unsecured				
Inter-corporate deposit	Within 365 days	12.00%	100.00	100.00
Borrowings on account of sales bill discounting, unsecured				
From banks	Within 90 days	8.25%-9.00%	274.23	480.66
			7,061.57	12,111.46

C Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Lease liabilities	Long-term borrowings	Short-term borrowings [^]	Total
As at 31st March, 2020	18.50	3,236.55	12,139.52	15,394.57
Cash flow:				
- Proceeds from / (Repayment of) Borrowings (Net)	-	1,636.85	(4,755.27)	(3,118.42)
- Repayment (including matured deposits)	(18.37)	(1,653.28)	(506.84)	(2,178.49)
Other movements:				
- Movement in bills discounted from banks	-	-	206.43	206.43
Other non-cash movements:				
- Recognition of lease liabilities	36.37	-	-	36.37
- Other Adjustment	-	-	(1.06)	(1.06)
As at 31st March, 2021	36.50	3,220.12	7,082.78	10,339.40

[^]including unclaimed matured deposits

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 18.

	As at 31 st March, 2021	As at 31 st March, 2020
A Other financial liabilities - non-current		
Security deposits	6.11	24.22
Lease liabilities	17.07	7.57
	23.18	31.79
B Other financial liabilities - current		
Current maturity of long-term borrowings	1,809.33	1,225.84
Derivative liability on forward contracts	15.92	22.90
Interest accrued on borrowings	46.24	80.80
Employee related payables	711.22	555.15
Security deposits	50.98	26.60
Unclaimed dividend	22.58	23.88
Unclaimed matured deposits	21.21	28.05
Interest accrued on unclaimed matured deposits	15.51	14.06
Lease liabilities	19.42	10.93
Other payables	24.73	52.21
	2,737.14	2,040.42

NOTE 19.

A Provisions - non-current

Employees' post retirement/long-term benefits		
Gratuity	-	83.96
Compensated absences	225.35	228.26
	225.35	312.22

For movements in each class of provision during the financial year, refer note 44.

B Provisions - current

Employees' post retirement/long-term benefits		
Gratuity	-	2.50
Compensated absences	89.13	84.00
	89.13	86.50

For movements in each class of provision during the financial year, refer note 44.

NOTE 20. DEFERRED TAX LIABILITIES

Deferred tax liabilities arising on account of :

Depreciation	891.66	892.74
Equity instruments carried at FVOCI	347.10	0.94
Others	10.93	11.13

Deferred tax asset arising on account of :

Minimum alternative tax credit#	355.50	357.71
Allowance for doubtful debts and advances	230.81	118.96
Disallowances u/s 43B	113.35	137.28
	550.03	290.86

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 20. DEFERRED TAX LIABILITIES (CONTD.)

Particulars	31 st March, 2020	Adjusted from Provision for Taxation	Recognised in statement of profit and loss	Recognised in other comprehensive income	31 st March, 2021
Deferred tax liability:					
Depreciation	892.74	-	-1.08	-	891.66
Equity instruments carried at FVOCI	0.94	-	-	346.16	347.10
Others	11.13	-	-0.20	-	10.93
Deferred tax asset:					
Minimum alternative tax credit	357.71	-2.21	-	-	355.50
Allowance for doubtful debts and advances	118.96	-	111.85	-	230.81
Disallowances u/s 43B	137.28	-	-36.83	12.90	113.35
	290.86	2.21	-76.30	333.26	550.03

Note:

(i) Breakup of amounts recognised in statement of profit and loss:	31 st March, 2021	31 st March, 2020
Recognised as part of:		
- Deferred tax	-76.30	16.70
- Earlier years tax adjustments (net)	-	-
	-76.30	16.70

- (ii) The Group does not recognise deferred tax liability ₹855.15 lacs (31st March, 2020 : ₹668.28 lacs) with respect to unremitted retained earnings of joint ventures wherever it controls the timing of the distribution of profits and it is probable that the joint venture will not distribute the profits in the foreseeable future.

NOTE 21.**A Other non-current liabilities**

Deferred income	1.99	4.11
Advance from customers [^]	29.20	-
Amount payable government authorities	35.49	62.33
	66.68	66.44

B Other current liabilities

Advance from customers [^]	151.39	511.81
Payable to statutory authorities	214.93	139.67
Deferred income	2.12	2.14
Amount payable government authorities	26.83	29.39
	395.27	683.01

[^]represents contract liabilities**Reconciliation of contract liabilities:**

Contract liabilities at the beginning of the year	511.81	321.58
Less: performance obligations satisfied in current year	(700.33)	(23.97)
Add: advance received during the year	369.11	214.20
Contract liabilities at the end of the year	180.59	511.81

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 22. TRADE PAYABLES*

	31 st March, 2021	31 st March, 2020
Total outstanding dues of micro enterprises and small enterprises	162.40	97.61
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,777.06	10,462.41
	14,939.46	10,560.02

*Refer note 39 for related party transactions

The Group has received below information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31st March, 2021 and 31st March, 2020:

Particulars	31 st March, 2021	31 st March, 2020
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	162.40	97.61
ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

NOTE 23. CURRENT TAX LIABILITIES

	As at 31 st March, 2021	As at 31 st March, 2020
Provision for taxation	1,477.61	-
MAT Credit Utilization	(2.21)	-
Less: Advance income tax	(839.21)	-
	636.19	-

NOTE 24. REVENUE FROM OPERATIONS

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Sale of products	42,340.09	36,660.73
Sale of services	31.43	38.08
Other operating income	2,048.20	1,830.60
	44,419.72	38,529.41
Disaggregation of revenue:		
Gaskets	26,586.82	24,463.50
Forgings	15,753.27	12,197.25
Management fees	31.43	38.06
Others	2,048.20	1,830.60
	44,419.72	38,529.41

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 25. OTHER INCOME

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Interest income on:		
- Inter corporate deposits	60.66	63.17
- Fixed deposits with banks	28.52	41.15
- Other financial assets at amortised cost	0.09	-
- Others	0.50	6.82
Dividend income from:		
- Related parties	-	10.68
Royalty	97.36	89.62
Lease rentals	169.01	184.28
Net gain on foreign currency transactions and translation	346.04	97.31
Profit on sale of property, plant and equipment (net)	137.72	52.80
Other non-operating income	55.52	25.21
	895.42	571.04

NOTE 26. COST OF MATERIALS CONSUMED

Opening inventory	3,564.72	4,347.27
Add: Purchases	23,076.79	19,979.89
	26,641.51	24,327.16
Less: Closing inventory	4,280.12	3,564.72
	22,361.39	20,762.44

Cost of raw materials consumed include:

Tinplate/P.C.R.C.A/steel	5,068.43	5,218.55
Jointing	5,889.28	4,732.16
Forging steels	7,528.22	6,848.78
Bought out auto components and parts	2,671.30	2,176.99
Others	1,204.16	1,785.96
	22,361.39	20,762.44

NOTE 27. PURCHASE OF STOCK-IN-TRADE

Dyna bond	241.34	175.24
	241.34	175.24

NOTE 28. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Inventories at the end of the year:		
Finished goods (including stock in trade)	1,399.45	1,732.94
Work-in-progress	4,114.10	5,002.66
Inventories at the beginning of the year:		
Finished goods (including stock in trade)	1,732.94	1,469.96
Work-in-progress	5,002.66	4,809.02
Net decrease	1,222.05	(456.62)

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for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 29. EMPLOYEE BENEFITS EXPENSE

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Salaries and wages	4,848.13	4,962.54
Contributions to provident and other fund	272.95	320.76
Staff welfare expenses	266.07	318.88
	5,387.15	5,602.18

NOTE 30. FINANCE COSTS

Interest on borrowings	1,274.49	1,518.89
Interest on lease liabilities	2.72	2.12
Interest on others	2.26	2.07
Other borrowing cost	69.19	87.15
	1,348.66	1,610.23

NOTE 31. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on:		
- Property plant and equipment [^]	2,262.97	1,888.35
- Investment property	16.19	16.41
Amortisation of:		
- Intangible assets	64.73	70.84
	2,343.89	1,975.60
Less: depreciation capitalised	45.61	58.55
	2,298.28	1,917.05

[^]Includes depreciation on right of use assets ₹ 20.84 lacs (previous year ₹ 14.80 lacs)

NOTE 32. OTHER EXPENSES

Other expenses		
Consumption of stores and spares parts	2,923.68	2,530.55
Labour and processing charges	565.46	432.95
Royalty	3.08	9.57
Power and fuel	1,758.42	1,659.78
Rent	18.49	26.66
Repairs to buildings	58.11	58.04
Repairs to plant & machinery	307.13	329.29
Repairs to other assets	192.32	137.46
Insurance	112.15	100.29
Travelling, tour & conveyance	299.26	829.24
Sales promotion expenses	154.20	193.70
Packing, freight & forwarding	2,251.45	1,541.92
Rates and taxes	41.82	18.04
Corporate social responsibility expenditure	72.35	0.50
Allowance for doubtful trade receivables/advances	256.06	103.02
Advances written off	21.44	79.46
Provisions no longer required written back	-	(79.46)
Legal and professional	145.69	206.15

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 32. OTHER EXPENSES (CONTD.)

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Payment to auditors:		
-As Auditors:		
Audit fee	12.28	13.77
Tax audit fee	2.20	2.20
-In other capacity:		
Limited review	1.65	1.60
Other services	1.33	1.55
Out of pocket expenses	1.02	2.62
Donation	6.32	4.52
Miscellaneous expenses	433.93	508.56
	9,639.84	8,711.98

i Corporate social responsibility expenses

The requisite disclosure relating to CSR expenditure in terms of Guidance Note on Corporate Social Responsibility (CSR) issued by Institute of Chartered Accountants of India:

- a) Gross amount required to be spent by the Company during the year is ₹ 37.95 lacs (31st March, 2020: ₹ 34.90 lacs).
- b) Amount spent during the financial year ended 31st March, 2021 and 31st March, 2020 on:

Particulars	Year	Amount paid	Amount yet to be paid	Total
Contribution to Prime Minister's National Relief Fund	31 st March, 2021	22.35	-	22.35
	31 st March 2020	-	-	-
Donation paid to charitable trust	31 st March, 2021	15.60	-	15.60
	31 st March 2020	0.50	34.40	34.90

NOTE 33. EXCEPTIONAL ITEMS

	31 st March, 2021	31 st March, 2020
Gain on sale of property, plant and equipment (Chennai Plant) [^]	2,080.22	-
Less Write off against Inventory, Receivables and Other Assets (Chennai Plant)	(268.28)	-
Settlement of Indirect tax litigation	-	(213.80)
	1,811.94	(213.80)

[^]represents the net gain on sale of property, plant and equipment located at Chennai net of write offs for inventory, trade receivables and other assets.

NOTE 34. INCOME TAX

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Tax expense comprises of:		
Current tax	1,380.81	133.75
Deferred tax charge	(76.30)	16.70
Earlier years tax adjustments (net)	(36.94)	(18.19)
Income tax expense reported in the statement of profit and loss	1,267.57	132.26

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.944% and the reported tax expense in profit or loss are as follows:

	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Accounting profit before income tax	5,180.64	1,352.22
At India's statutory income tax rate of 34.944% (31st March, 2020: 33.384%)	1,810.32	451.43
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax impact of exempted income	-	(83.69)
Earlier years tax adjustments (net)	(36.94)	(18.19)
Impact of tax on profit from joint ventures	(192.98)	(182.97)
Others	(312.83)	-34.32
Income tax expense	1,267.57	132.26

NOTE 35. EARNINGS PER SHARE (EPS)

Profit attributable to equity shareholders	3,913.07	1,219.96
Profit attributable to equity shareholders adjusted for the effect of dilution	3,913.07	1,219.96
Weighted average number of equity shares for Basic EPS	1,23,45,630	1,23,45,630
Weighted average number of equity shares for Diluted EPS	1,23,45,630	1,23,45,630
(1) Basic	31.70	9.88
(2) Diluted	31.70	9.88

NOTE 36. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability

Financial assets and liabilities measured at fair value - recurring fair value measurements

31 st March, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	2,146.00	2,146.00
Derivative assets on forward contracts	-	89.63	-	89.63
Total financial assets	-	89.63	2,146.00	2,235.63
Financial liabilities				
Derivative liability on forward contracts	-	15.92	-	15.92
Total financial liabilities	-	15.92	-	15.92

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

31 st March, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	674.00	674.00
Total financial assets	-	-	674.00	674.00
Financial liabilities				
Derivative liability on forward contracts	-	22.90	-	22.90
Total financial liabilities	-	22.90	-	22.90

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of net asset value for mutual funds on the basis of the statement received from investee party.
- the use of adjusted net asset value method for certain equity investment and discounted cash flow method (income approach) for remaining equity instruments.

(iv) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (iii) above for the valuation techniques adopted.

Particulars	Fair value as at		Significant unobservable inputs	Data inputs		Sensitivity*	
	31 st March, 2021	31 st March, 2020		31 st March, 2021	31 st March, 2020	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	2,146.00	674.00	Terminal growth rate	5%	5%	31 st March 2021: ₹ 2,364.00 lacs 31 st March 2020: - ₹ 798.00 lacs	31 st March 2021: ₹ 1,964.00 lacs 31 st March 2020: - ₹ 567.00 lacs

Sensitivity has been considered for mentioned inputs, keeping the other variables constant*(v) The following table presents the changes in level 3 items for the year ended 31st March, 2021 and 31st March, 2020:**

Particulars	Equity shares
As at 1st April, 2019	2,009.39
Disposal during the year	-
Loss recognized in other comprehensive income	(1,335.39)
As at 31st March, 2020	674.00
Disposal during the year	-
Profit recognized in other comprehensive income	1,472.00
As at 31st March, 2021	2,146.00

(vi) Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

Particulars	Level	31 st March, 2021		31 st March, 2020	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	147.19	147.19	151.44	151.44
Other financial assets	Level 3	12.28	12.28	33.37	33.37
Total financial assets		159.47	159.47	184.81	184.81
Financial liabilities					
Borrowings	Level 3	3,266.36	3,266.36	3,317.35	3,317.35
Other financial liabilities	Level 3	6.11	6.21	24.22	24.44
Total financial liabilities		3,272.47	3,272.57	3,341.57	3,341.79

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for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other financial asset, trade payables, other financial liabilities and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March, 2021 was assessed to be insignificant.

NOTE 37. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

Particulars	31 st March, 2021			31 st March, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments*	-	2,146.00	-	-	674.00	-
Trade receivables	-	-	15,496.68	-	-	12,517.62
Loans	-	-	441.11	-	-	567.87
Cash and cash equivalents	-	-	274.98	-	-	370.94
Other bank balances	-	-	907.41	-	-	391.07
Other financial assets	89.63	-	199.48	-	-	176.67
Security deposits	-	-	171.32	-	-	151.44
Total financial assets	89.63	2,146.00	17,490.98	-	674.00	14,175.61
Financial liabilities						
Borrowings	-	-	10,327.93	-	-	15,428.81
Trade payables	-	-	14,939.46	-	-	10,560.02
Other financial liabilities	15.92	-	888.83	22.90	-	742.67
Total financial liabilities	15.92	-	26,156.22	22.90	-	26,731.50

*Investments in joint venture are carried at cost per Ind AS 27 – Separate financial statements and therefore, not presented here.

(ii) Risk management framework

The Group's activities expose it to market risk, liquidity risk and credit risk. Following are the sources of risk which the Group is exposed to and how the Group manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting	Forward contract/hedging, if required

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for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - security price	Investments in equity securities	Sensitivity analysis	Holding Company has investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Group's risk management is carried out by a central treasury department (of the Holding Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(A) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions

a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

Assets under credit risk –

Credit rating	Particulars	31 st March, 2021	31 st March, 2020
A: Low	Loans	612.43	719.31
	Other financial assets	289.11	176.67
	Cash and cash equivalents	274.98	370.94
	Other bank balances	907.41	391.07
B: Medium	Trade receivables	15,964.55	12,834.18

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses

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for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

Trade receivables

- (i) 'The Group recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Group has defined percentage of provision by 'analysing historical trend of default relevant based on the criteria defined above. And such provision percentage determined have been 'considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

Particulars	31 st March, 2021		31 st March, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Gross debtors where no specific default has occurred	15,381.06	583.49	12,250.69	583.49
Expected loss rate	2.87%	4.44%	2.25%	7.02%
Expected credit loss (loss allowance provision)	441.94	25.94	275.61	40.95

- (ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

Reconciliation of loss allowance	Trade receivables
Loss allowance on 1st April, 2019	302.34
Add: Changes in loss allowances	14.22
Loss allowance on 31st March, 2020	316.56
Less: Changes in loss allowances	151.31
Loss allowance on 31st March, 2021	467.87

Other financial assets measured at amortised cost

Group provides for expected credit losses on other financial assets by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population For such financial assets, the Group's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of reporting period:

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Expiring within one year (cash credit and other facilities)	3,981.17	738.43
Expiring beyond one year (bank loans - floating rate)	-	1,270.31

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity of Group based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 st March, 2021	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	9,054.84	1,543.40	-	10,598.24
Security deposit received	52.86	-	9.00	61.86
Trade payable	14,939.46	-	-	14,939.46
Other financial liabilities	857.41	-	-	857.41
Total	24,904.57	1,543.40	9.00	26,456.97

31 st March, 2020	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	13,777.53	2,160.26	286.50	16,224.29
Security deposit received	26.60	22.26	9.00	57.86
Trade payable	10,560.02	-	-	10,560.02
Other financial liabilities	788.46	8.64	-	797.10
Total	25,152.61	2,191.16	295.50	27,639.27

(C) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Yen and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Group entities. Considering the low volume of foreign currency transactions, the Group's exposure to foreign currency risk is limited.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

Particulars	31 st March, 2021	31 st March, 2020
Import trade payables:		
EURO (in lacs)	12.29	11.21
INR (₹)	1,054.06	934.33
USD (in lacs)	38.45	28.04
INR (₹)	2,811.24	2,115.29
GBP (in lacs)	0.51	0.20
INR (₹)	51.30	18.54
SGD (in lacs)	0.01	0.01
INR (₹)	0.27	0.27
JPY (in lacs)	192.07	351.25
INR (₹)	126.86	246.02
Export trade receivables:		
EURO (in lacs)	37.60	27.00
INR (₹)	3,224.91	2,250.39
USD (in lacs)	13.80	11.94
INR (₹)	1,008.78	900.66
GBP (in lacs)	0.61	1.03
INR (₹)	61.19	96.67

The Group does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at year end are as under:

Particulars	31 st March, 2021	31 st March, 2020
Foreign exchange forward contracts to sell foreign currency		
EURO (in lakh)	18.00	11.75
INR (₹)	1,543.86	988.58
USD (in lakh)	-	20.75
INR (₹)	-	1,569.75

All the above contracts are maturing within one year.

Sensitivity

A reasonably possible strengthening (weakening) of the ₹ against all other currencies at 31st March, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Particulars	Currency	Strengthening		Weakening	
		31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
Financial assets					
1% movement	EURO	(14.12)	-8.77	14.12	8.77
4% movement	USD	46.90	32.37	(46.90)	-32.37
1% movement	YEN	0.83	1.64	(0.83)	-1.64

(ii) Interest rate risk

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31 st March, 2021	31 st March, 2020
Variable rate borrowing	10,254.08	15,291.10
Fixed rate borrowing	27.62	56.92
Total borrowings	10,281.70	15,348.01

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 st March, 2021	31 st March, 2020
Interest rates – increase by 50 basis points	(33.35)	(50.93)
Interest rates – decrease by 50 basis points	33.35	50.93

iii) Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

iv) Price risk**Exposure**

The Group's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

Particulars	31 st March, 2021	31 st March, 2020
Investments carried at fair value through other comprehensive income	2,146.00	674.00
Total investments	2,146.00	674.00

Sensitivity

Refer note 36(iv) for sensitivity analysis.

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 38.

A Capital management

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group's adjusted net debt to equity ratio at 31st March, 2021 was as follows.

Particulars	31 st March, 2021	31 st March, 2020
Total borrowings	10,327.93	15,428.81
Less : cash and cash equivalents	274.98	370.94
Net debt	10,052.95	15,057.87
Total equity	24,752.53	19,791.85
Adjusted net debt to adjusted equity ratio	0.41	0.76

B Dividend

Particulars	31 st March, 2020	31 st March, 2019
Proposed dividend		
Proposed dividend for the year ended 31 st March, 2021 - ₹ 2.00 per share (31 st March, 2020 - ₹ 0.50 per share)	246.91	61.73
Final dividend paid		
Final dividend for the year ended 31 st March, 2020 - ₹ 0.50 per share (31 st March, 2020 - ₹ 1.80 per share)	61.73	222.22
Dividend distribution tax	-	45.68

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS

In accordance with the requirements of Ind AS 24 the names of the related party where control exists/able to exercise significant influence along with the aggregate transactions and year end balances with them as identified and certified by the management are given below:

i) Parties where control exists:

Jointly controlled entities

- (i) Nippon Leakless Talbros Private Limited
- (ii) Magneti Marelli Talbros Chassis Systems Private Limited
- (iii) Talbros Marugo Rubber Private Limited

Investing party in respect of which the Company is a subsidiary

- (i) Talbros International Private Limited

Key management personnel and their relatives

- (i) Mr. Naresh Talwar
- (ii) Mr. Umesh Talwar
- (iii) Mr. Varun Talwar
- (iv) Mr. Anuj Talwar
- (v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- (vi) Mr. Vidur Talwar
- (vii) Mr. Navin Juneja
- (viii) Mr. Anil Kumar Mehra
- (ix) Mr. V. Mohan
- (x) Mr. Amit Burman
- (xi) Mr. R. R. Vederah
- (xii) Ms. Priyanka Gulati
- (xiii) Mr. Ajay K. Vij
- (xiv) Mr. Manish Khanna - Chief Financial Officer
- (xv) Ms. Seema Narang - Company Secretary

Enterprise over which key management personnel exercise significant influences

- (i) QH Talbros Private Limited
- (ii) Talbros Indiparts Private Limited

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS (CONTD.)

(ii) Transactions with related parties carried out in the ordinary course of business:

(a) Transactions with joint ventures and associates:

S. No.	Particulars	31 st March, 2021	31 st March, 2020
1	Sale of goods		
	QH Talbro's Private Limited	4,229.69	4,773.55
	Nippon Leakless Talbro's Private Limited	34.67	32.68
	Talbro's Marugo Rubber Private Limited	0.26	1.06
	Magneti Marelli Talbro's Chassis Systems Private Limited	-	0.06
2	Sale of services		
	Talbro's Marugo Rubber Private Limited	35.40	35.40
3	Royalty income		
	QH Talbro's Private Limited	114.89	105.75
4	Purchase of goods		
	Nippon Leakless Talbro's Private Limited	60.96	91.13
	Talbro's Marugo Rubber Private Limited	5.83	6.60
5	Dividend received		
	Nippon Leakless Talbro's Private Limited	-	240.00
	QH Talbro's Private Limited	-	10.68
6	Lease rental income		
	Magneti Marelli Talbro's Chassis Systems Private Limited	170.10	180.00
	Talbro's Indiparts Private Limited	0.50	-
7	Reimbursement of expenses/payments		
	Magneti Marelli Talbro's Chassis Systems Private Limited	93.17	115.34
	Talbro's Marugo Rubber Private Limited	0.18	0.33
	Talbro's International Private Limited	5.37	4.96
	QH Talbro's Private Limited	0.48	-
	Talbro's Indiparts Private Limited	31.15	-
8	Dividend paid		
	Talbro's International Private Limited	26.31	93.00

Note: All transactions are inclusive of taxes, wherever applicable

The amount of transactions are without giving effect to the Ind AS adjustments on account of fair valuation/ amortisation.

S. No.	Balance Outstanding at the end of the year	31 st March, 2021	31 st March, 2020
1	Outstanding balance included in financial assets (Trade receivable)		
	Talbro's Marugo Rubber Private Limited	99.55	66.22
	QH Talbro's Private Limited	1,381.35	1,150.66
	Magneti Marelli Talbro's Chassis Systems Private Limited	5.17	6.10
2	Outstanding balance included in financial liabilities		
	Nippon Leakless Talbro's Private Limited	6.49	15.61
	Magneti Marelli Talbro's Chassis Systems Private Limited	22.26	22.26
	Talbro's Marugo Rubber Private Limited	8.01	2.21

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS (CONTD.)

(b) Transactions with key management personnel and their relatives :

S. No.	Particulars	31 st March, 2021	31 st March, 2020
1	Remuneration		
	Short-term employee benefits		
	Mr. Umesh Talwar	138.66	159.40
	Mr. Anuj Talwar	118.74	136.51
	Mr. Manish Khanna	34.18	36.27
	Ms. Seema Narang	22.40	23.46
	Other long-term benefits		
	Mr. Umesh Talwar	0.16	0.22
	Mr. Anuj Talwar	3.06	2.18
	Mr. Manish Khanna	0.73	1.39
	Ms. Seema Narang	0.49	0.29
	Post-employment benefits		
	Mr. Umesh Talwar	14.60	15.98
	Mr. Anuj Talwar	17.86	17.42
	Mr. Manish Khanna	2.61	2.73
	Ms. Seema Narang	3.18	3.31
	Fee for attending board & committee meetings to all the KMP's	10.35	10.65
2	Rent paid		
	Mrs. Kum Kum Talwar	7.20	7.20

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 40. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total consolidated income	Amount
Parent								
Talbro Automotive Components Limited	79.12%	19,582.99	85.89%	3,360.80	76.71%	1,101.83	31.36%	4,462.63
Joint venture (Investment as per the equity method)								
Indian								
Nippon Leakless Talbros Private Limited	9.98%	2,470.97	8.52%	333.45	10.79%	2.05	35.27%	335.51
Marelli Talbros Chassis Systems Private Limited	8.10%	2,004.21	5.44%	212.94	9.03%	3.75	34.28%	216.69
Talbro Marugo Rubber Private Limited	2.80%	694.37	0.15%	5.88	3.47%	1.68	-0.91%	7.56
Total	100.00%	24,752.54	100.00%	3,913.07	100.00%	1,109.31	100.00%	5,022.39

^ Holding company share in consolidated Profit or Loss is calculated after adjustment of CDT on dividend received

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 41. GROUP INFORMATION

(a) Interests in joint ventures

Set out below are joint ventures of the Holding Company as at 31st March, 2021 which, in the opinion of the directors, are material to the Holding Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Holding Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% equity Interest	Relationship	Accounting method
Nippon Leakless Talbros Private Limited	India	40%	Joint Venture	Equity method
Talbros Marugo Rubber Private Limited	India	50% less one share	Joint Venture	Equity method
Magnetti Marelli Talbros Chassis Systems Private Limited	India	50%	Joint Venture	Equity method

(i) Contingent liabilities and commitments (net of advance) in respect of joint ventures for which the Holding Company is liable.

- (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 244.17 lacs (31st March, 2020: ₹ 7.97 lacs).
- (b) Outstanding exports commitments against EPCG license amounting to ₹ 397.55 lacs (31st March, 2020 : ₹ 397.55 lacs)
- (c) Guarantees executed in favour of customers and authorities amounting to ₹ 0.03 lacs (31st March, 2020: ₹18.83 lacs).

(d) Income tax demands pending in appeals

Income tax demand on disallowance of expenditures amounting to ₹ 94.43 lacs (31st March, 2020: ₹ 94.43 lacs).

(e) Custom duty

Differential custom duty due to dispute over classification of goods amounting to ₹ 24.51 lacs (31st March, 2020: ₹24.51 lacs).

- (f) Bonus payable amounting to ₹ 1.33 lacs (31st March, 2020: ₹1.33 lacs).

(ii) Summarised financial information for joint venture

The tables below provide summarised financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Holding Company's share of those amounts.

Summarised balance sheet	Nippon Leakless Talbros Private Limited		Talbros Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
Current assets						
Cash and cash equivalents	835.69	792.01	128.76	128.93	1.20	406.45
Other assets	4,883.02	4,334.28	1,718.43	1,254.36	3,925.80	3,342.95
Total current assets	5,718.71	5,126.29	1,847.19	1,383.29	3,927.00	3,749.40
Property, plant and equipment	1,958.72	2,041.00	2,200.43	2,346.73	2,983.01	2,907.67
Other assets	70.51	241.97	208.36	285.30	1,540.94	1,558.17
Total non-current assets	2,029.23	2,282.97	2,408.79	2,632.03	4,523.95	4,465.84

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(All amounts in INR lacs, unless otherwise stated)

Summarised balance sheet	Nippon Leakless Talbros Private Limited		Talbro's Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
Current liabilities						
Trade payables	1,330.32	1,877.69	1,646.73	1,155.29	2,250.40	1,932.53
Financial liabilities (excluding trade payables)	46.80	39.50	632.56	697.79	617.85	524.99
Other liabilities	100.33	29.34	35.40	45.09	120.20	231.17
Total current liabilities	1,477.45	1,946.53	2,314.69	1,898.17	2,988.45	2,688.69
Non-current liabilities						
Financial liabilities	4.16	7.21	505.68	687.70	1,312.00	1,856.30
Other liabilities	88.92	116.88	46.85	55.81	142.10	95.23
Total non-current liabilities	93.08	124.09	552.53	743.51	1,454.10	1,951.53
Net assets	6,177.41	5,338.64	1,388.76	1,373.64	4,008.40	3,575.02

Reconciliation to carrying amounts

Particulars	Nippon Leakless Talbros Private Limited		Talbro's Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
Opening net assets	5,338.64	4,993.92	1,373.64	1,391.98	3,575.02	2,743.68
Profit/ (loss) for the year	833.64	1,075.69	11.75	(22.19)	425.89	836.47
Other comprehensive income	5.13	(7.65)	3.36	3.85	7.50	(5.13)
Dividends paid	-	(723.32)	-	-	-	-
Closing net assets	6,177.41	5,338.64	1,388.76	1,373.64	4,008.41	3,575.02
Holding Company's share in %	40.00%	40.00%	50.00%	50.00%	50.00%	50.00%
Holding Company's share in Indian Rupees	2,470.96	2,135.46	694.38	686.82	2,004.21	1,787.51
Carrying amount as at 31st March, 2021 and 31st March, 2020	2,470.96	2,135.46	694.38	686.82	2,004.21	1,787.51

Summarised statement of profit and loss

Particulars	Nippon Leakless Talbros Private Limited		Talbro's Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
Revenue	8,164.62	10,506.98	4,112.10	4,602.72	12,422.60	13,677.69
Other income	179.66	130.10	9.76	3.53	20.40	7.20
Depreciation and amortisation	333.67	332.11	197.63	316.05	425.50	338.82
Income tax expense	295.12	337.84	45.45	8.85	185.79	335.73
Profit/(loss) for the year	833.64	1,075.69	11.75	(22.19)	425.89	836.47
Other comprehensive income	5.13	(7.65)	3.36	3.85	7.50	(5.13)
Total comprehensive income	838.77	1,068.04	15.11	(18.34)	433.39	831.34
Dividends received (excluding dividend distribution tax)	-	240.00	-	-	-	-

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for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 42. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

A Contingent liabilities

(1) Claims against the Holding Company not acknowledged as debts:-

Particulars	Nature of dues	31 st March, 2021	31 st March, 2020
(i) Service tax	Cenvat credit disallowed	8.85	11.53
(ii) Haryana value added tax	Disallowance of input tax	-	2.74
(iii) Customs Act	Demand of custom duty (includes ₹ 4.13 lacs paid under protest, 31st March, 2019: ₹ 4.13 lacs)	36.09	36.09
(iv) Employee's state insurance	ESI demand	33.28	47.57
(v) Income tax	Income tax demand on disallowance of expenditures	-	39.55
(vi) Municipal Corporation of Faridabad	Demand for external development charges	255.00	255.00
(vii) Labour disputes	Litigations filed by employees	35.00	35.00
(viii) Bonus payable*	Bonus payable for 2014-15	40.23	40.23
Total		408.45	467.71

**Retrospective bonus liability for 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts.

(2) **Guarantees executed in favour of various authorities/ customers/ others amounting to ₹ 135.90 lacs (31st March, 2020: ₹ 155.98 lacs).**

B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 540.14 lacs (31st March, 2020: ₹ 767.69 lacs).

NOTE 43.

(i) Leases disclosure as lessee

A The Holding Company has taken vehicles and residential/commercial premises on lease. There are no restrictions placed upon the Holding Company by entering into these leases and there are no subleases. The Holding Company is prohibited from selling or pledging the underlying leased assets as security.

B Lease liabilities are presented in the statement of financial position as follows:

Particulars	31 st March, 2021	31 st March, 2020
Non-current	17.07	7.57
Current	19.42	10.93
Total	36.49	18.50

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for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

- C The table below describes the nature of the Holding Company's leasing activities by type of right-of-use asset recognised on balance sheet:**

Particulars	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Vehicles	5	1-3	1.11
Building	1	1-3	2.47
Land	2	90-99	74.58

- D Future minimum lease payments as on 31st March, 2021 are as follows:**

Particulars	As at 31 st March, 2021			As at 31 st March, 2020		
	Lease payments	Finance charges	Net present values	Lease payments	Finance charges	Net present values
Minimum lease payments due						
Within 1 year	20.26	0.84	19.42	11.41	0.48	10.93
1-2 years	14.21	1.82	12.39	7.81	0.93	6.88
2-3 years	5.74	1.06	4.68	0.83	0.14	0.69
	40.21	3.72	36.49	20.05	1.55	18.50

- E Lease payments not recognised as a liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Amount	
	As at 31 st March, 2021	As at 31 st March, 2020
Short term leases	18.49	26.66
Leases of low value assets	-	-
Variable lease payments	-	-
Total	18.49	26.66

- F Additional information on the right-of-use assets by class of assets is as follows:**

Particulars	Carrying amount	Depreciation expense
As on 31st March, 2020		
Vehicles	17.60	10.20
Land	360.57	4.60
	378.17	14.80
As on 31st March, 2021		
Vehicles	7.43	10.17
Building	28.16	6.07
Land	355.97	4.60
Total	391.56	20.84

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 43. (I) LEASES DISCLOSURE AS LESSEE (CONTD.)

(ii) Leases disclosure as lessor

Operating leases

The Holding Company has given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 169.01 lacs (31st March, 2020: ₹ 184.28 lacs) on such lease is included in other income. Lease income is recognised in the statement of profit and loss under "Other income" (refer note 25). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

Particulars	31 st March, 2021	31 st March, 2020
Within one year	180.91	179.91
Later than one year but not later than five years	79.39	247.90
Later than five years	-	12.06

NOTE 44. EMPLOYEE BENEFITS

1 Defined contribution plans:

- A** The Holding Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Holding Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Holding Company:

Provident Fund Plan & Employee Pension Scheme: The Holding Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

Superannuation Scheme: The Holding Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

- B** The expense recognised during the period towards defined contribution plans are as follows:

Particulars	31 st March, 2021	31 st March, 2020
(a) Employer's contribution to Provident fund & other funds	186.33	188.54
(b) Employer's contribution to superannuation fund	7.89	12.36

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)

2 Other Long Term Employee Benefits

A Compensated absences- Earned leave

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognised in the balance sheet

Particulars	31 st March, 2021	31 st March, 2020
Present value of obligation at the end of the year	314.48	312.26
Fair value of plan assets	-	-
Unfunded liability recognised in balance sheet	(314.48)	(312.26)

ii) Expenses recognised in statement of profit and loss

Particulars	31 st March, 2021	31 st March, 2020
Current service cost	83.74	100.48
Interest cost	20.69	19.47
Actuarial (gain)/loss net on account of:		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	24.59	20.06
- Changes in experience adjustment	(106.45)	(49.29)
Cost recognised during the year	22.57	90.72

iii) Movement in the liability recognised in the balance sheet is as under:

Particulars	31 st March, 2021	31 st March, 2020
Present value of defined benefit obligation at the beginning of the year	312.26	287.59
Current service cost	83.74	100.48
Interest cost	20.69	19.47
Actuarial (gain)	(81.86)	(29.23)
Benefits paid	(20.35)	(66.05)
Present value of defined benefit obligation at the end of the year	314.48	312.26

iv) (a) For determination of the liability of the Holding Company the following actuarial assumptions were used:

Particulars	31 st March, 2021	31 st March, 2020
Discount rate	6.76%	6.85%
Salary escalation rate	7.00%	6.00%
Retirement Age (Years)	58	58
Withdrawal rate	5.00%	3.00%

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)**3 Defined benefit plans:****A Gratuity****Risk**

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	Assets & Liabilities can mismatch in funded plans. Actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognised in the balance sheet

Particulars	31 st March, 2021	31 st March, 2020
Present value of obligation at the end of the year	804.65	715.31
Fair value of plan assets	813.68	628.85
Surplus/(Unfunded liability/provision) in balance sheet	9.03	(86.46)
Surplus/(Unfunded liability) recognised in balance sheet	9.03	(86.46)

ii) Expenses recognised in other comprehensive income

Particulars	31 st March, 2021	31 st March, 2020
Return on plan assets	1.83	4.45
Actuarial (gain)/loss on PBO	35.08	9.77
Expenses recognised in other comprehensive income	36.91	14.22

iii) Actuarial (gain)/loss on obligation

Particulars	31 st March, 2021	31 st March, 2020
Actuarial (gain)/loss net on account of:		
- Changes in financial assumptions	52.50	41.18
- Changes in experience adjustment	(17.42)	(31.41)

iv) Expenses recognised in statement of profit and loss

Particulars	31 st March, 2021	31 st March, 2020
Current service cost	66.30	61.81
Interest cost (net)	(0.84)	8.50
Cost recognised during the year	65.46	70.31

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)

v) Movement in the liability recognised in the balance sheet is as under:

Particulars	31 st March, 2021	31 st March, 2020
Present value of defined benefit obligation at the beginning of the year	715.31	637.26
Current service cost	66.30	61.81
Interest cost	46.31	47.19
Actuarial (gain)/loss net	35.08	9.77
Benefits paid	(58.35)	(40.72)
Present value of defined benefit obligation at the end of the year	804.65	715.31

vi) Movement in the fair value of plan assets recognised in the balance sheet is as under:

Particulars	31 st March, 2021	31 st March, 2020
Present value of plan assets at the beginning of the year	628.85	416.84
Return on plan assets	45.32	34.24
Contributions by employer	198.89	219.40
Benefits paid during the year	(59.38)	(41.63)
Present value of plan assets at the end of the year	813.68	628.85

vii) (a) For determination of the liability of the Holding Company the following actuarial assumptions were used:

Particulars	31 st March, 2021	31 st March, 2020
Discount rate	6.76%	6.75%
Salary escalation rate	7.00%	6.00%
Retirement age (years)	58	58
Withdrawal rate	5.00%	3.00%

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

vii) (b) Maturity profile of defined benefit obligation (Based on present length of service)

For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	31 st March, 2021	31 st March, 2020
April, 2021- March, 2022	April 2020- March 2021	189.44	144.06
April, 2022- March, 2026	April 2021- March 2025	312.07	300.68
April, 2026- March, 2031	April 2025- March 2030	205.07	179.37
April, 2031 onwards	April 2030 onwards	694.18	686.31

vii) (c) Maturity profile of defined benefit obligation (Based on terminal length of service)

For the year ended 31 st March, 2021	For the year ended 31 st March, 2020	31 st March, 2021	31 st March, 2020
April, 2021- March, 2022	April 2020- March 2021	191.89	145.66
April, 2022- March, 2026	April 2021- March 2025	376.83	359.57
April, 2026- March, 2031	April 2025- March 2030	376.11	341.28
April, 2031 onwards	April 2030 onwards	2,264.07	2,709.33

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 44. EMPLOYEE BENEFITS (CONTD.)

viii) Sensitivity analysis for defined benefit obligation

Particulars	31 st March, 2021	31 st March, 2020
a) Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	757.52	669.86
Impact due to decrease of 1.00 %	858.79	767.87
b) Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	858.12	767.73
Impact due to decrease of 1.00 %	715.62	669.16

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The weighted average duration of the defined benefit obligation as at 31st March, 2021 is 15 to 19 years (31st March, 2020: 17 to 19 years).

NOTE 45.

Research and development costs on inhouse Research and Development centers charged to the statement of profit and loss for the year ended 31st March, 2021 is ₹191.30 lacs [31st March, 2020: ₹ 290.72 lacs (includes expenses charged to the statement of profit and loss of ₹ 232.22 lacs and expenses capitalised of ₹ 58.50 lacs)].

NOTE 46. SEGMENT INFORMATION

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating segment of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

i Information about major customers

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

ii Information about geographical areas

Particulars	31 st March, 2021	31 st March, 2020
Revenue from operations attributed to:		
Country of domicile (India)	31,703.50	29,290.40
Foreign countries	12,716.22	9,239.01
Total	44,419.72	38,529.41

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

(All amounts in INR lacs, unless otherwise stated)

NOTE 47. DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:

(a) Investments made:

Name of the investee	Amount invested during the year 2020-21	Amount as on 31 st March, 2021	Amount invested during the year 2019-20	Amount as on 31 st March, 2020
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Magneti Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	-	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-	-	-	-
(iii) T & T Motors Private Limited	-	13.75	-	13.75
Total	-	3,264.07	-	3,264.07

(b) Inter corporate deposits given (proposed to be utilised for business purposes):

Name of the payee	Paid/ (recovered) during the year 2020-21	Outstanding amount as on 31 st March, 2021*	Paid/ (recovered) during the year 2019-20	Outstanding amount as on 31 st March, 2020*
(i) Fastech Builders Private Limited	-	45.00	-	45.00
(ii) Fastech Projects Private Limited	-	40.00	40.00	40.00
(iii) Bankey Bihari Engineers LLP	(25.00)	100.00	-	125.00
(iv) Express Engineers & Spares Private Limited	(80.00)	200.00	-	280.00
(v) Sudhir Ready Genset Consortium	-	-	(40.00)	-
Total	(105.00)	385.00	-	490.00

* Outstanding amount excludes interest accrued on deposits.

(c) Guarantee given (proposed to be utilised for business purposes):

Name of the person on behalf of whom guarantee/counter guarantee is given	Outstanding amount as on 31 st March, 2021	Outstanding amount as on 31 st March, 2020
(i) Magneti Marelli Talbros Chassis Systems Pvt Ltd.	-	1,300.00
(ii) Marugo Rubber Industries, Japan (for the benefit of Talbros Marugo Rubber Pvt. Ltd.)	200.00	200.00

Consolidated Notes to the Financial Statements

for the year ended 31st March, 2021 (Contd.)

Note - 48

During the year ended 31st March 2020, the Group opted for Sabka Vishwas (Legacy Dispute Resolution) Scheme to settle an ongoing legal dispute with the Central Excise department for which the appeal was pending at CESTAT level. The Holding Company paid a total amount of ₹ 213.80 lacs (including ₹ 83.75 lacs paid under protest, in earlier years).

Note - 49

The Holding Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 355.50 lacs (31st March, 2020: ₹357.71 lacs) to be adjusted against Holding Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Holding Company, based on the future projections, is of the opinion that the entire MAT credit will be utilised and therefore, no provisioning has been made.

Note - 50

The outbreak of Corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. COVID-19 is significantly impacting business operation of the Group, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/ lock down of production facilities. On 24th March, 2020, the Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Consequently, the Group has assessed the impact of this pandemic on its business operations and has made detailed assessment of its liquidity position for next one year. The Group has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventories and other assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statement. The Group has performed sensitivity analysis on the assumptions used and based on current estimates and expects the carrying amount of these assets will be recovered and no material adjustment required in the financial statements. Also, basis the future cash flow projections and availability of working capital limits, the Group is expected to have sufficient cash flow to meet its obligations for next twelve months and does not anticipate that it will not be able to realize its assets and discharge its liabilities in the normal course of business. The impact of COVID-19 on the Group's financial statement may differ from the estimated as at the date of approval of these financial statements due to uncertainties associated with its nature and duration and is highly dependent on future economic developments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Group's business operations. The Group will continue to closely monitor any material changes to future economic conditions.

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co
Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 8th June, 2021

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Umesh Talwar
Vice Chairman and Managing Director
[DIN: 00059271]

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

Notes

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Notes

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Corporate Information

Board of Directors

- **Mr. Naresh Talwar** (Chairman)
- **Mr. Umesh Talwar** (Vice Chairman & Managing Director)
- **Mr. Varun Talwar** (Joint Managing Director)
- **Mr. Vidur Talwar**
- **Mr. Anuj Talwar** (Joint Managing Director)
- **Mr. V. Mohan**
- **Mr. Anil Kumar Mehra**
- **Mr. Amit Burman**
- **Mr. Navin Juneja**
- **Ms. Priyanka Gulati**
- **Mr. Ajay Kumar Vij**
- **Mr. Tarun Singhal**

Chief Financial Officer

Mr. Manish Khanna

Company Secretary & Compliance Officer

Mrs. Seema Narang

Main Bankers

- HDFC Bank Limited
- Axis Bank Limited
- Federal Bank Limited
- DBS Bank India Limited
- Kotak Mahindra Bank Limited
- Bajaj Finance Limited
- IDFC First Bank Limited

Auditors

J C Bhalla & Co.,
Chartered Accountants,
B- 5, Sector-6, Noida 201 301

Registrar and Share Transfer Agent

KFin Technologies Pvt. Ltd.,
Karvy Selenium Tower B, Plot
number 31 & 32,
Financial District, Gachibowli,
Hyderabad 500 032

Stock Exchange where Shares are Listed

- National Stock Exchange of India Limited (NSE)
- BSE Limited (BSE)

Corporate Identification Number

L29199HR1956PLC033107

Website

www.talbro.com



CIN - L29199HR1956PLC033107

Talbro's Automotive Components Limited

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Haryana (India)

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