



RESILIENT & RESPONSIVE

Talbro's Automotive Components Limited

62nd Annual Report 2018-19

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INVESTOR INFORMATION

Market Capitalisation as at 31st March, 2019 : ₹ 256.91 crores | BSE Code : 505160

NSE Symbol : TALBROAUTO | Dividend Declared : 18% Proposed | AGM Date : 25th September, 2019

AGM Venue : Hotel Saffron Kiran, 12/3, NH-2, Sarai Khwaja, Faridabad- 121003, Haryana

Disclaimer

This document contains statements about expected future events and financials of Talbro Automotive Components Limited, 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 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 a number of 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 of this Annual Report.



Resilience is the result of determined efforts, intelligent direction, skilful execution and the vision to see obstacles as opportunities. Organisations become resilient by being more prepared and responsive to their customers' needs and the markets in which they operate.

₹ 482.85 crores 23%↑
Consolidated revenue from operations in 2018-19

₹ 26.38 crores 15%↑
Consolidated PAT* in 2018-19

*Profit after tax

The present automotive landscape is volatile with changing trends and regulations. At Talbros Automotive Components Limited, we have stood tall against all odds with a clear vision, firm strategies and adaptability to the changes. We have constantly reinforced our capabilities across economic cycles and industry headwinds. As a result, our customers and stakeholders have always reposed their precious faith in our values.

Despite challenges, we continued to grow higher during the year 2018-19 backed by our prudent strategies, hedged product portfolio, innovative solutions and strong client relationship.

We aim to bring the best of technology and know-how through our strong global alliances. We are all set to excel as we move ahead with BS VI compliant products, increased opportunities in automotive markets namely introduction of e-vehicles and newer mobility concepts among others.

By manufacturing high-quality products, widening market presence, acquiring more orders and strengthening the existing customer base - we strive to create maximum value for our stakeholders.

Talbros Automotive Components Limited - At a glance

Talbros Automotive Components Limited (hereafter referred as 'Talbros' or 'the Company') incorporated in the year 1956, is engaged in manufacturing automotive components for various automobile players across the globe. The Company primarily manufactures gaskets, heat shields, forgings, chassis systems, suspension systems, anti-vibration components and hoses. With a diversified product basket, Talbros serves various automobile segments including passenger vehicles, commercial vehicles, two wheelers, three-wheelers, Agri, off-loaders and industrial, among others.

Strategic tie-up with renowned global players has made Talbros, one of the leading names in the industry for manufacturing a range of high-performance and innovative components. The Company, over the years, has set-up four state-of-the-art manufacturing facilities equipped with sophisticated machines to deliver the best quality products to its customers.

3 Strategic Joint Ventures:

- Nippon Leakless Talbros Pvt. Ltd. (Joint venture with Nippon Leakless Corporation, Japan)
- Magneti Marelli Talbros Chassis Systems Pvt. Ltd. (Joint venture with Sistemi Sospensioni S.p.A., Italy)
- Talbros Marugo Rubber Pvt. Ltd. (Joint venture with Marugo Rubber Industries Ltd., Japan)

Vision

Talbros Group's endeavor 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.

Markets catering to



Our Manufacturing Facilities

Gaskets

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

Forging

- Bawal, Haryana

Nippon Leakless Talbros Private Limited

- Bawal, Haryana
- Haridwar, Uttarakhand

Magneti Marelli Talbros Chassis Systems Private Limited

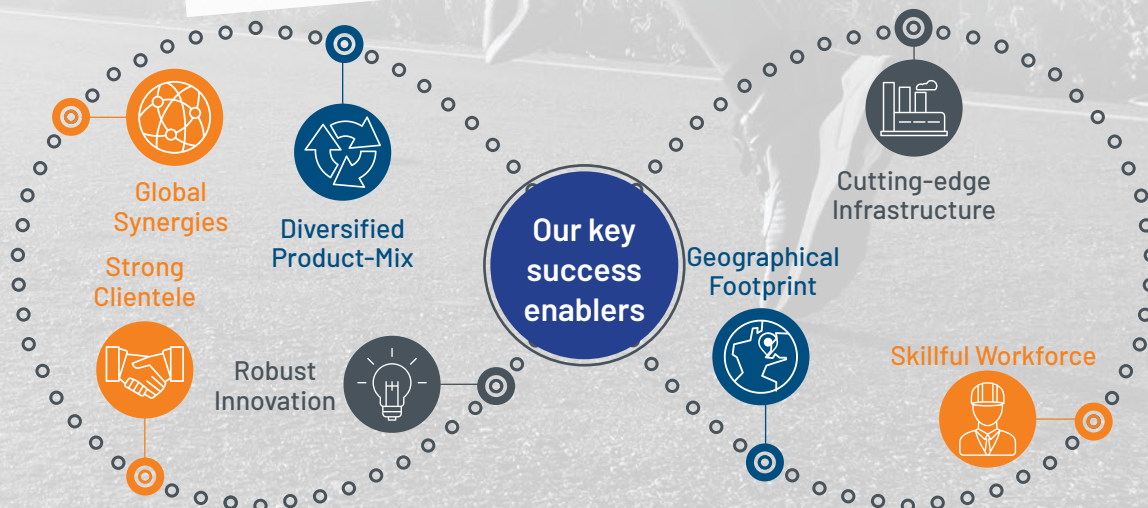
- Faridabad, Haryana
- Manesar, Haryana

Talbros Marugo Rubber Private Limited

- Manesar, Haryana

Certifications

- IATF 16949: 2016
- ISO 14001: 2015
- BS OHSAS 18001: 2007
- Also certified by third party audit as asbestos free and environmental-friendly



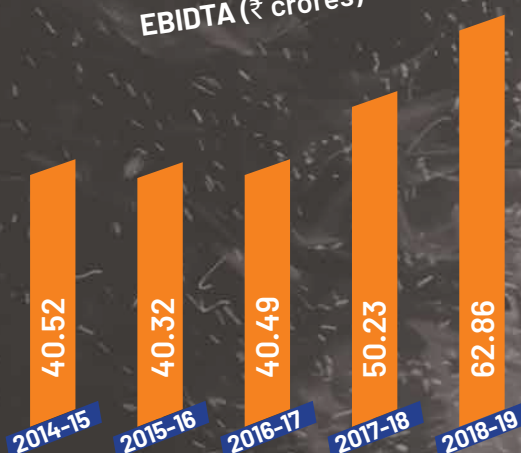
Standalone Financial Snapshot

Revenue from operations (₹ crores)



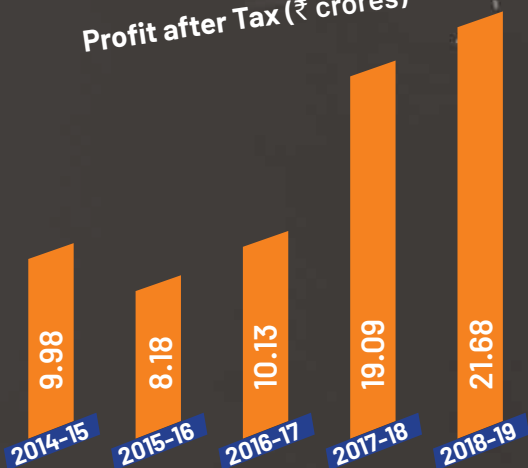
Y-o-Y 22.86%↑

EBIDTA (₹ crores)



Y-o-Y 25.14%↑

Profit after Tax (₹ crores)

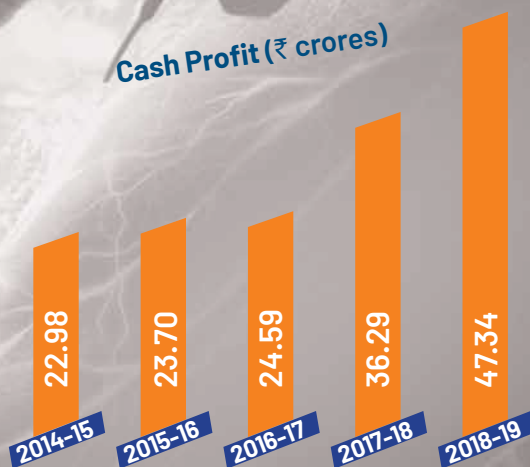


Y-o-Y 13.57%↑

Earnings Per Share (₹)



Cash Profit (₹ crores)



Chairman's Message



Dear Shareholders

It gives me immense pleasure to present to you the FY 2018-19 Annual Report. Despite challenges, we remained committed to create enduring value for our business by building an organisation that is increasingly resilient and future-ready.

As one of the leading players in the automotive component industry, we are reinforcing our position by strengthening our product-mix, global synergies, operating efficiency and customer service. By leveraging the strength of our manufacturing facilities and extensive R&D, we continued to develop innovative automotive solutions.

The Macroeconomic and Industrial Scenario

India's growth rate continues to be fast paced among the world's major economies. Despite global headwinds, the economy continued to grow at close to 6.8% following wide-ranging reforms undertaken by the Government of India in the recent years. The growth rate softened during the year, owing to a slowdown in private consumption, tepid increase in fixed investments, muted exports, slowdown

in agriculture and automotive sectors. However, the rising liquidity concerns in the NBFC sector are being addressed by the Government and the RBI.

Government's structural initiatives towards improving the Ease of Doing Business helped India secure 77th rank from 142nd rank in 2014, in the World Bank's Ease of Doing Business Report. Also, the Government's thrust towards developing infrastructure, faster urbanisation and gradual revival of the rural economy will further bolster economic growth in the coming years. According to Government estimates, the country is poised to become a US\$ 5 trillion economy in the next five years.

For the automobile sector, FY 2018-19 came with a mixed bag. The industry growth moderated on account of significant increase in insurance expenses, fuel costs and liquidity tightening in the second half of the year. Despite the challenges, the Indian automotive industry expanded by 6.26% to reach 30,915,420 (units). The year marked the fastest pace of growth in domestic sales in the commercial vehicles segment at 17.56% Y-o-Y, followed by 3-Wheelers at 10.27% Y-o-Y. India became the world's 4th largest car market by displacing Germany to 5th position.

Additionally, the Indian automotive industry (including component manufacturing) is expected to reach ₹ 16.16-18.18 trillion by 2026. Domestic 2-Wheeler industry is expected to grow at 6-8% during FY20. The Government of India expects automobile sector to attract US\$ 8-10 billion in local and foreign investments by 2023.

Growth of the automotive components industry is aligned with the burgeoning automobile sector. It contributes 75% of the total sales generated in the country. The auto components industry, currently at \$ 51.2 billion, is expected to register robust growth in the coming years, backed by healthy demand from OEM and exports.

The automotive industry is witnessing transformation with changing trends and regulations. Disruptive technologies, strict regulatory environment, newer mobility patterns and evolving customer preferences are setting new standards in the automobile industry in India and across the globe. Currently, the automotive sector contributes more than 7% to India's GDP. The Automotive Mission Plan 2016-26 sets an aspiration to increase the contribution to 12%. Through the Automotive Mission Plan, the National Electric Mobility Mission Plan (NEMMP) and other initiatives, the Government seeks

to facilitate long-term growth in the industry and reduce emissions and oil dependence. Also, the Government seeks to bring fuel efficiency by switching from BS IV to BS VI standard. With impetus on new regulations, shared mobility concept, introduction of e-vehicles, Indian automobile industry is set to grow ahead in the coming years.

Encouraging Performance

I am happy to report to you another successful year for Talbros. The Company recorded a 23% growth in turnover despite a relatively sluggish industry growth. This strong performance is well-supported by our world-class capacities across product categories, hedged product portfolio and strong client relationships. This has helped us report higher than the industry growth. The collaborations with the technology leaders have enabled us to evolve as an auto component supplier to OEMs globally. We expect FY 2019-20 to be a challenging year for the Auto Industry, however at Talbros, we are future-ready with BS-VI compliant product portfolio which will ensure growth momentum going forward.

Our consolidated total income from operations increased from ₹ 392.98 crores in 2017-18 to ₹ 482.85 crores in 2018-19. Profit before exceptional items improved 32% from ₹ 25.90 crores in 2017-18 to ₹ 34.14 crores in 2018-19. Profit after tax improved 15% from ₹ 22.90 crores in 2017-18 to ₹ 26.38 crores in 2018-19.

Performance Review

Our business is broadly divided into a standalone business of gaskets, forgings and three joint ventures.

Our gasket business continued to hold 40% of the Indian gasket market share. The business witnessed 10% revenue growth backed by rising demand from the two-wheeler, commercial vehicle and tractor segment. During the year, we procured orders to supply Integrated Wire Harness Gasket to OEM, for which the supply is expected to start from FY21. Our order book strengthened with new business from European OEMs. We entered into strategic raw material sourcing agreement with subsidiary of an overseas supplier to bring savings in operational costs, reduction in raw material inventory and working capital requirement. This will enable us to compete strongly in the auto component industry.

The forging business gained momentum in both domestic and overseas market with all time high sales and 44% growth during the year. We received orders from premium domestic OEM player. We started supplying forging solutions to renowned European OEM and won business orders from

premium European OEMs. Our new forging line of 2500 ton press is under installation, which will reinforce our manufacturing capabilities. With strong technical expertise and skilful team, we developed and supplied various components to OEMs. We are leveraging our relationships with OEMs in India and overseas to increase our presence and maintain a healthy order.

Our JV company, Nippon Leakless Talbros Private Limited (LTL) also displayed a balance volume on account of sales to renowned ORMs.. The revenues stood at ₹ 122 crores during the year.

Our second JV Company Magneti Marelli Talbros Chassis Systems Private Limited (MMT) reported 16% growth in revenue during the year mainly backed by strong volume and improved margins. We received orders from Maruti Suzuki India Limited (MSIL) and from Tata Motors for supplying components for their next launch. We secured export orders from large European car maker for its existing and upcoming car models. Our commitment to supply high quality products with strong customer relationships have enhanced our visibility in the global markets.

Our third JV Company, Talbros Marugo Rubber Private Limited (TMR) registered 24% growth in revenue on account of increase in sales mounting mufflers, molded hoses and extruded hoses to Maruti Suzuki. We continued to receive orders from existing customers and in the LCV and HCV segment. We secured new order from SML Isuzu. With a firm order book, we are actively exploring further opportunities.

Way Forward

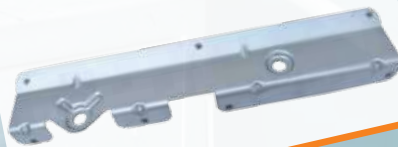
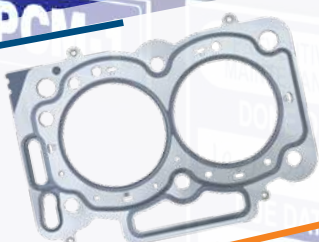
We are looking forward towards building an enduring organisation about resilience and courage to face adversity along with wise strategies and clear vision. With Government's push expected to facilitate domestic investment and growth in the coming years, we remain positive on the opportunities unfolding in the India's automobile industry. Looking ahead, we will continue to serve our customers with quality and commitment.

As closing thoughts, I would like to thank our team for their passion and commitment and our highly experienced management for their continued guidance. I am also thankful to our customers, bankers and financial institutions for their continuous support. With this backing, we will continue to serve as a trusted partner to all our stakeholders by responsibly taking the business to new heights.

Best Wishes,

Naresh Talwar
Chairman

With more than six decades of experience in manufacturing gaskets, Talbros has positioned itself as market leader with around 40% market share.



₹ 318.20
crores

Total Revenue for 2018-19

66%

Contribution to total revenues

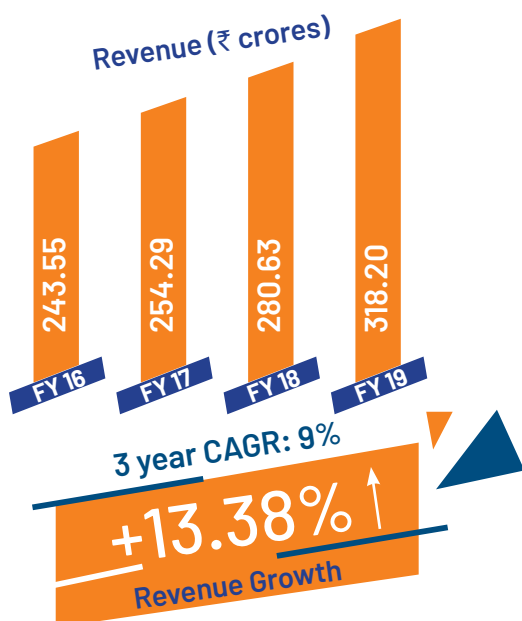
Business Review

GASKETS

(Standalone business)

Talbro manufactures gaskets for two-wheelers, HCV, LCV, agri and off loader, segments. With more than six decades of experience in manufacturing 100% asbestos free gaskets, the Company has positioned itself as market leader with around 40% market share. Talbro is the main tier I OE supplier for major OEM customers in the country and a single source supplier for 5 of its customers.

The Company, in order to remain competitive in the market, has adapted thoughtful strategies such as innovative and diversified product offering with new technology, robust manufacturing capacity with in-house tool designing among others. Talbro has made strategic raw material sourcing agreement with a subsidiary of an overseas supplier to bring savings in operational costs, reduction in raw material inventory and working capital requirement. A strong order book, growing export presence and long standing association with customers make the Company well-positioned to capitalize on the upturn in the markets.

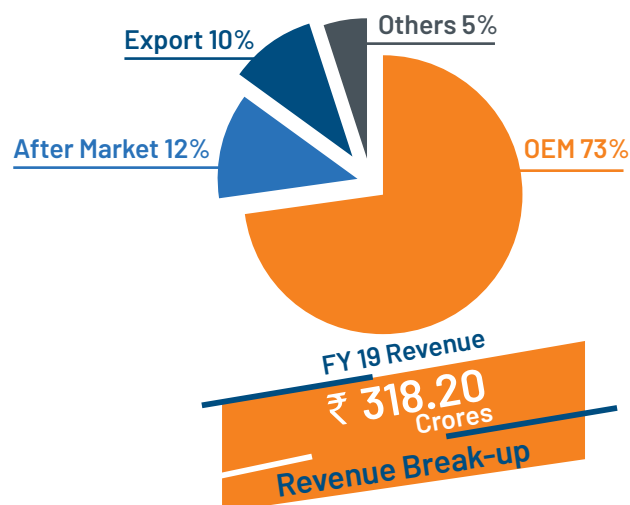


Varied range of products

- Multi-Layer Steel Gasket
- Exhaust Manifold Gasket
- Rubber Molded Gasket
- Cylinder Head Gasket
- Edge Molded Gasket
- Heat Shield

Key highlights of the year 2018-19

- Developed new age sealing solution like integrated wire harness gaskets
- Installed post coating line to rationalize raw material usage and promote 'Make in India Drive'
- Introduced a dedicated heat shield line which is critical for heat, sound and vibration insulation in vehicles
- Received export orders from domestic and overseas OEMs
- Secured order for heat shields from a large European OEM
- Procured orders to supply Integrated Wire Harness Gasket to OEM; supplies to start from FY21



In Forging business, Talbros is committed to manufacture international standard quality products by adhering to stringent benchmarks and environmental parameters with ISO-140001 certification.



₹ 164.65
crores

Total Revenue for 2018-19

34%

Contribution to total revenues

FORGING DIVISION

Talbro's has emerged as one of the most preferred choice for providing one-stop solution for Forged & Machined Parts with the sub assembly. Having complete in-house value chain capabilities starting from 3D designing, modelling, Die & tool designing, Heat Treatment equipped with the heavy duty mechanical Forging Presses & the large numbers of VMC's & CNC's work centers. The Company has an annual installed capacity of 12000 Tons with Hot forging lines ranging from 500 Ton to 1600 Ton. With state-of-the-art manufacturing facilities and cutting-edge technologies, Talbro's is a leading supplier to top tier 1 companies across the global markets. In addition, the Company is aiming to work with various Indian & European tier 1 customers for supplying heavier forging products.

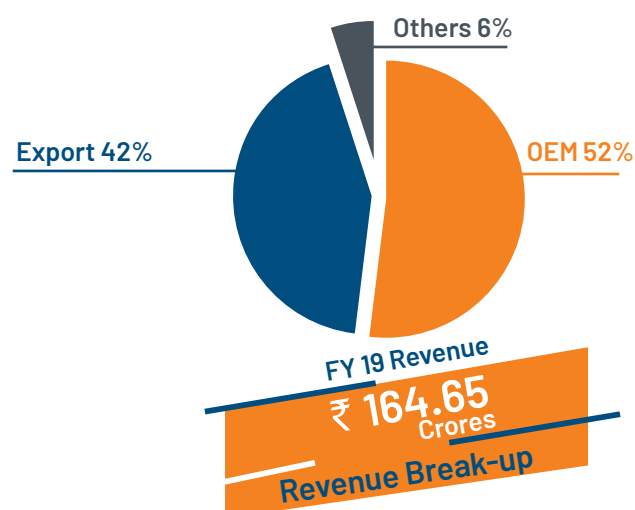
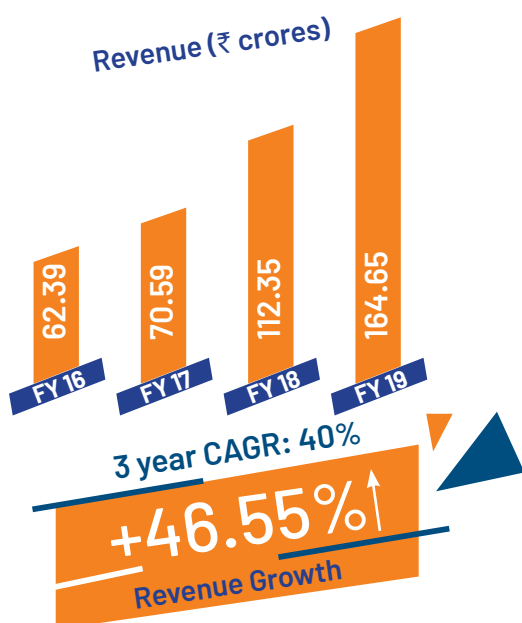
The forging division has unique in-house tools and high-end software for simulating the forging process during development stage to create superior quality product with optimized designs. The Company is committed to manufacture international standard quality products by adhering to strict benchmarks and environmental parameters with ISO-140001 certification.

Varied range of products

- King Pins
- Gear Blanks
- Housing and Yoke Shafts
- Companion Flanges
- Tube Yoke

Key highlights of the year 2018-19

- Gained momentum in both domestic and overseas market, entered the US Market
- Achieved all time high sale with growth of 46% over the previous year
- Started working with premium OEMs
- Earned new business opportunity in India along with approval for the plant
- New forging line of 2500 Ton press is under installation
- Started supplying forging solutions to renowned European OEM
- Won business order from premium auto market and European OEMs
- Developed and supplied components like Bridge Fork Bottom, Companion Flange and Tube Yoke, among others



Nippon Leakless Talbros has robust capabilities to design, develop and manufacture products as per changing customer requirements. The state-of-the-art facilities, equipped with in-house tool room and modern machines ensure automated essences.



₹ 121.05
crores

Revenue for 2018-19

NIPPON LEAKLESS TALBROS PRIVATE LIMITED (LTL)

Established in the year 2005, Nippon Leakless Talbros Private Limited (LTL) is a joint venture between Nippon Leakless Corporation (NLK) Japan and Talbros Automotive Components Ltd. (TACL) India. The Company offers excellent capability and quality products generated through its integrated manufacturing system. NLK provides products such as gaskets and packings to customers that manufacture automobiles and industrial products. The group supplies to leading OE vehicle and motorcycle manufacturers such as Honda, Suzuki and Yamaha worldwide.

LTL manufactures gaskets for passenger cars, motorcycles, scooters, power equipment products and industrial applications. The Company is the leading two wheeler gasket manufacturer supplying gasket to OEM such as Hero, Honda & Yamaha. The Company has robust capabilities to design, develop and manufacture products as per changing customer requirements. The state-of-the-art facilities, equipped with in-house tool room and modern machines ensure automated processes. In addition, strong R&D support and differentiated business approach has helped LTL carve a niche in the automobile space.

LTL is continuously striving to maintain its position as preferred supplier to Hero & Honda. The Company is well prepared to develop gaskets with BS VI compliant engines and retain its business share.

Products

- Gaskets

Awards

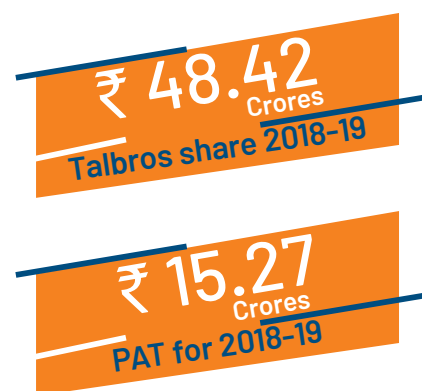
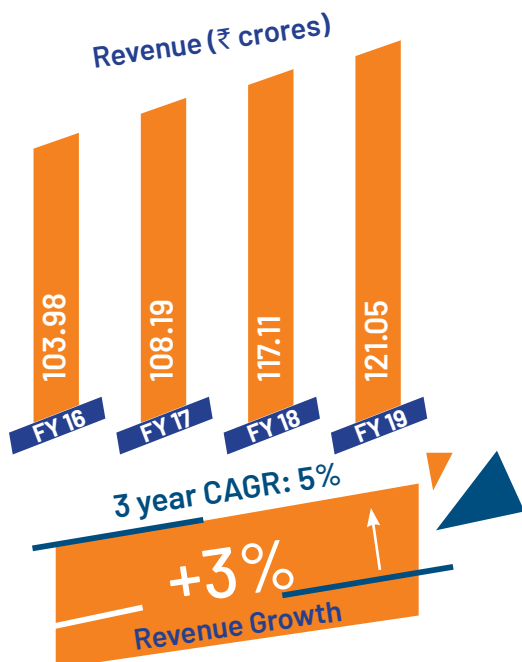
- Received Certificate of Appreciation for spare part delivery from Honda Motor India.
- Won Supplier Performance Award from Honda Motor India for excellence in Spare Parts QCD

Certifications

- IATF16949: 2016
- ISO 14001:2015
- ISO9001:2015
- OHSAS 18001:2007

Key highlights of the year 2018-19

- Maintained its position as preferred supplier to Hero & Honda
- Developed new Gaskets to meet customer demand for BS-VI compliant models



Magneti Marelli Talbros, with its expertise in design, operational efficiency and know-how for full spectrum of suspension components and modules, provides the best-in-class automotive solutions.



₹ 129.91
crores

Revenue for 2018-19

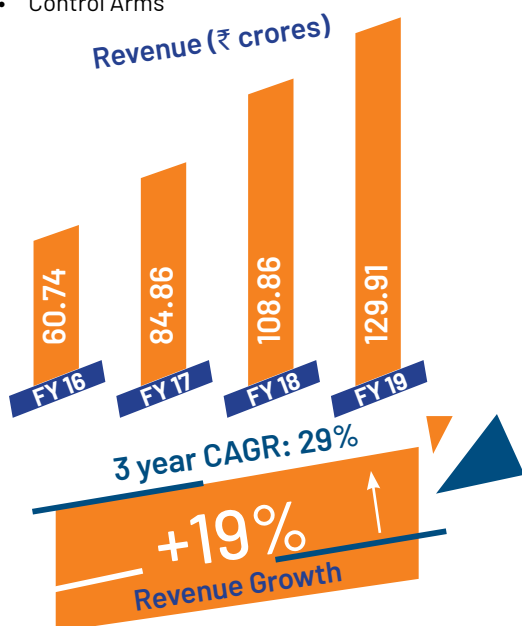
MAGNETI MARELLI TALBROS CHASSIS SYSTEMS PRIVATE LIMITED (MMT)

Magneti Marelli Talbro Chassis Systems Private Limited was incorporated as a joint venture between Sistemi Sospensioni S.p.A., Italy and Talbro Automotive Components Limited, India (TACL). Established in 2012, as a 50:50 partnership to design, develop and manufacture chassis components for various automotive applications.

MMT has world class capacities built through proactively absorbing the latest technology and modernising processes at the same time. In addition, the manufacturing facility is equipped with in-house tool design and advanced machines, such as mechanical presses ranging from 30 tons to 400 tons, automatic feeders and robotic welding machine, among others. With expertise in design, operational efficiency and know-how for full spectrum of suspension components and modules, MMT has brought the best-in-class automotive solutions to India.

Products

- Front Cross Members
- Steering Knuckles
- Suspension Control Arms
- Twist Beam Rear Axles
- Wheel Group & Semi Corner Module Assemblies
- Control Arms



Awards

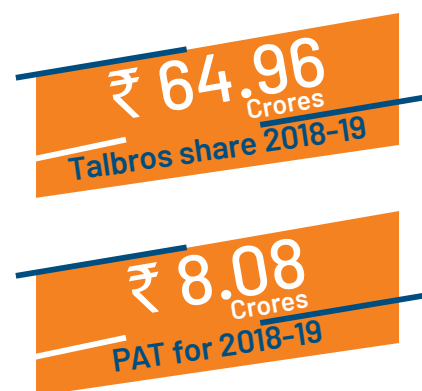
- Received JLR Q Award
- Won WCM Bronze Award

Certifications

- ISO/TS: 16949 Certificate converted to IATF: 16949
- ISO 50001 Energy Certification
- Green Report for New Supplier Assessments

Key highlights of the year 2018-19

- 100% sales to OEMs
- Started supplying for the order received from an European OEM
- Acquired export orders from large European car maker for its existing and upcoming car models
- Received orders from Maruti Suzuki India Limited (MSIL) for supplying components for its new vehicle which will be launched in the FY 2019-20
- Won orders from Tata Motors for supplying components for their next launch, a modular platform
- Procured new order from a domestic OEM for supplying lower control arm
- Received another order from MSIL to supply control arm assemblies for front suspension



Talbros Marugo Rubber is a supplier of Anti-vibration products, Rubber bushes and Hoses to various OEMs across the globe.



₹ 57.96
crores

Revenue for 2018-19

TALBROS MARUGO RUBBER PRIVATE LIMITED (TMR)

Talbro Marugo Rubber Pvt. Ltd. was established as a strategic joint venture between Talbro Automotive Components Ltd. and Marugo Rubber Industries, Japan in 2012 to locally produce anti-vibration parts for Maruti Suzuki. Marugo Rubber Industries is a worldwide leading supplier of Anti-vibration products and Hoses to various OEMs across the globe.

The partnership is instrumental in driving excellence through technical know-how, design and development expertise from Marugo Rubber Industries. Our technology readiness has led to higher efficiencies, superior quality products and increased customer satisfaction. The JV Company has specialised in manufacturing anti-vibration products, engine mounts, mufflers & amp, hangers, suspension bushes, rubber bushes, moulded hose, extruded rubber hose, among others. The manufacturing facility at TMR is equipped with modern technology equipment through which it provides best-in-class products to its customers. As a result, the Company received various orders from domestic and overseas OEMs, leading to improved presence in the automobile market.

Products

- Engine Mounts
- Strut Mounts
- Mufflers & Hangers
- Suspension Bushes
- Rubber Bushes
- Hoses

Awards

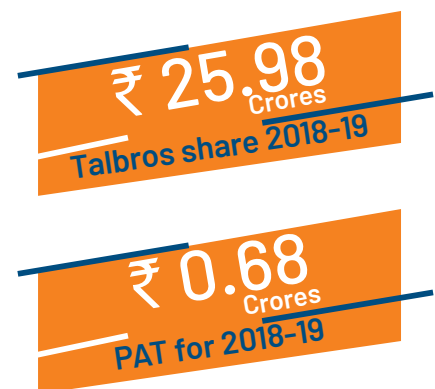
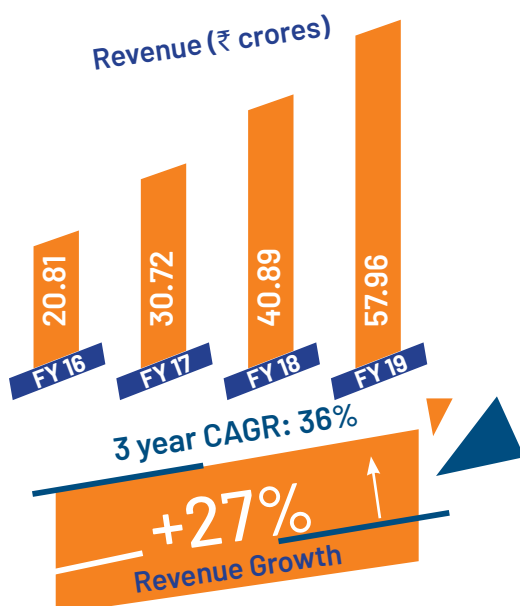
- Received 'Overall Performance' award from Maruti Suzuki in recognition of Proto Development of Hydraulic Engine Mount

Certifications

- IATF 16949: 2016
- ISO 14001: 2015
- BS OHSAS 18001: 2007

Key highlights of the year 2018-19

- Received new orders from existing customers
- Received good business for LCV & HCV segment
- Witnessed volume increase in Hoses division from Maruti Suzuki
- Reported a revenue growth of 24.14% on account of increase in sales mounting mufflers, molded hoses and extruded hoses to Maruti Suzuki
- Procured new order from SML Isuzu
- To start supplying Hoses to Marugo Rubber, Japan



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.talbros.com, Email: seema_narang@talbros.com

NOTICE

NOTICE is hereby given that the 62nd Annual General Meeting of the members of Talbros Automotive Components Limited will be held at **10.30 a.m.** on **Wednesday the 25th day of the September, 2019** at **Hotel Saffron Kiran, 12/3, NH-2, Sarai Khwaja, Faridabad- 121003, Haryana** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2019 including audited Balance Sheet as at 31st March, 2019 and 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.
2. To declare Dividend @ 18% on paid-up Equity Share Capital for the financial year ended 31st March, 2019.
3. To re-appoint Mr. Varun Talwar (DIN: 00263984) as Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Mr. Anuj Talwar (DIN: 00628063) as Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. 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 Sections 149, 150, 152 and any other applicable provisions 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) read with Schedule IV to the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Mr. Ajay Kumar Vij (DIN: 00164984), who was appointed as an Additional Director of the Company with effect from 2nd January, 2019 under Section 161(1) of the Companies Act, 2013 by the Board of Directors and whose term of office as an Additional Director expires at this Annual

General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the date of this Annual General Meeting (AGM).

6. 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), and in supersession of the earlier agreement previously approved by the members at the 59th Annual General Meeting of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement for Sale/ Purchase of Company's products including but not limited to Gaskets, Forgings and other Auto Parts to QH Talbros Private Limited for a period of three years with effect from 1st April, 2019 to 31st March, 2022 upto maximum amount of Rs. 80.00 Crores in one financial year.

“RESOLVED FURTHER THAT the sale/purchase of Company's products to QH Talbros Private Limited during the Financial year 2018-19, in excess of the limits approved by the members vide resolution passed at the 59th Annual General Meeting be and is hereby ratified and approved.

RESOLVED FURTHER THAT all the transactions between the Company and QH Talbros Private Limited since April 1, 2019 and upto the date of this 62nd Annual General Meeting be and are also hereby ratified and approved by the members.”

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

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

NOTICE (CONTD)

“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 Nippon Leakless Talbros Private Ltd for the transactions of purchase and/ or sale of Tyre Sealant and other production inputs namely Pulp Fibre, MBR Latex, Varnish, Rhodopole and Nylon etc. for a period of three years with effect from 1st April, 2020 to 31st March, 2023 upto maximum amount of Rs. 4.00 Crores in one financial year.

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

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as 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 Company be and is hereby accorded to the Board of Directors to enter into an Agreement with Nippon Leakless Talbros Private Ltd for the transactions of sale/ purchase of gaskets to each other for a period of three years with effect from 1st April, 2020 to 31st March, 2023 upto maximum amount of Rs. 2.00 Crores in one financial year.

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

9. 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) and in supersession of the earlier agreement previously approved by the

members at the 61st Annual General Meeting of the Company, 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 purchase/sale of Rubber, Rubber Compound, other chemicals and to do job work for each other w.e.f 01.04.2019 to 31.03.2022 upto maximum amount of Rs. 1.50 crore, Rs. 2.00 crore and Rs. 2.50 crore in 1st 2nd and 3rd year respectively on such terms and conditions as mentioned in the agreement.

RESOLVED FURTHER THAT any acts/ transactions done under this Agreement upto the date of passing of this resolution be and are hereby approved and ratified.

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

10. 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, M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) appointed as Cost Auditor by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020 be paid a remuneration of Rs. 1.75 Lacs plus out of pocket expenses and applicable taxes.

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

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

Place : New Delhi
Dated: 29th May, 2019

**Sd/-
Seema Narang
Company Secretary**

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NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, which sets out details relating to Special Businesses mentioned under items no. 5 to 10 of the accompanying Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY/ PROXIES MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN FORTY EIGHT (48) HOURS BEFORE COMMENCEMENT OF THE MEETING.**
3. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority as may be applicable.
4. Members are requested to note that pursuant to provisions of Section 105 of the Companies Act, 2013 read Rule 19(2) of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights.
5. In terms of the requirements of the Secretarial Standard - 2 on "General Meeting" issued by the Institute of Company Secretaries of India and approved and notified by the Central Government, a route map showing directions to reach the venue of the AGM and attendance slip along with Proxy Form are annexed in the 62nd Annual Report.
6. Register of Members and Share Transfer Books will remain closed from 17th September, 2019 to 25th September, 2019 (both days inclusive) for the purpose of Annual General Meeting and to determine entitlement of dividend on equity shares.
7. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of dividend. Members holding shares in demat mode are requested to submit their Bank details viz. Bank Account Number, Name of the Bank, Branch details, MICR Code, IFS Code to the Depository Participants with whom they are maintaining their demat account and Members holding shares in physical mode are requested to submit the said bank details to the Company's Registrar & Transfer Agents.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
9. Members are once again informed that in terms of Sections 124 & 125 of the Companies Act, 2013, dividends which remain unclaimed/ unencashed for periods of 7 years are to be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim lies against the Company for unclaimed/ unencashed dividend amount, if any, upon transfer.
10. Accordingly, all dividends declared for the Financial Year upto 31st March, 2011 which had remained unclaimed/ unencashed have already been transferred to the IEPF. Members who have not encashed the dividend warrant(s) so far for the financial year 2011-12 or any subsequent dividend payment(s) are requested to make their claim to the Company. Members who have so far not claimed the unpaid dividend for the year 2011-12 have already been notified in this connection.
11. Dividend on Equity Shares for the financial year ended 31st March, 2019, if approved at the ensuing Annual General Meeting, shall be paid to those Members whose names (in case of shares held in electronic form) appear as Beneficial Owners as at close of business hours on 16th September, 2019 and for shares held in physical form, whose names appear in the Register of Members on the date of the Annual General Meeting.
12. Queries, if any, regarding accounts and operations of the Company may please be sent to the Company Secretary at the Registered Office at least 10 days before the date of the Annual General Meeting so as to enable the Company to keep the information ready at the meeting.

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13. Members holding shares in electronic form should get their email IDs updated with their respective Depository Participant so that they can get the copies of correspondence etc. sent by the Company via email.
14. Details in respect of the Directors seeking appointment/ re-appointment at the 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 at item no. 3, 4 and 5 of the Ordinary and Special Business are provided in Explanatory Statement.
15. Electronic copy of the Annual Report and the Notice of the 62nd Annual General Meeting of the Company along with Attendance Slip, Proxy Form and the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 62nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
16. Members may also note that the Notice of the 62nd Annual General Meeting and the Annual Report will also be available on the Company's website www.talbro.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the email id: seema_narang@talbro.com.
17. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, Register of Contracts or Arrangements in which Directors are interested under Section 189, Register of Members and any other documents as required

to be made available, will be available for inspection by Members of the Company at the venue of the meeting.

18. Voting through electronic means

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 Karvy Fintech Private Limited (Karvy). The detailed instructions for voting through electronic means are being sent separately with this Notice along with User- id and password.

The facility for voting through ballot or polling paper shall be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

19. Shareholders are requested to address all correspondence relating to their shareholding to the Company's Registrars and Share Transfer Agents, M/s Karvy Fintech Private Ltd., at the following address:-

M/s Karvy Fintech 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@karvy.com/ www.karvyfintech.com

By Order of the Board
For Talbros Automotive Components Limited

Place : New Delhi
Dated: 29th May, 2019

Sd/-
Seema Narang
Company Secretary

NOTICE (CONTD)**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO. 5**

Mr. Ajay Kumar Vij is a seasoned professional with rich experience in healthcare industry. He holds a MBA and Bachelor Degree in Science from Punjab University, Chandigarh. He has broad exposure to the Asian healthcare sector and has wide experience in identifying promising business opportunities, developing growth strategy, structuring global expansion and alliances. Formerly, he was the CEO of Dabur Pharma Ltd (DPL), a publicly listed and fully integrated global pharmaceutical Company. He had successfully led the company to become one of the world's largest specialty oncology groups that operated in 40 countries including USA, Europe, Latin America, and Asia Pacific regions. He is also the co-founder and CEO of Asian Healthcare Fund, one of India's premier 'Healthcare' focused Private Equity Fund.

Mr. Ajay Kumar Vij doesn't hold by himself or for any other person on a beneficial basis, any shares/convertible instruments of the Company.

On recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Mr. Ajay Kumar Vij as an Additional Director of the Company effective from 2nd January, 2019, pursuant to the provisions of Section 161(1) of the Companies Act, 2013. He holds office up to the date of the ensuing Annual General Meeting.

In terms of Section 149, 160 and other applicable provisions of the Companies Act, 2013, Mr. Ajay Kumar Vij, being eligible, is proposed to be appointed as an Independent Director for a period of five years.

In the opinion of the Board, Mr. Ajay Kumar Vij fulfills the conditions specified in the Companies Act, 2013 read with rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company and the criteria laid down by the Nomination and Remuneration Committee. A copy of the draft letter for appointment of Mr. Ajay Kumar Vij as an Independent Director setting out the terms and conditions would be available for inspection without

any fee by the members at the registered office of the Company during normal business hours on any working day upto the date of this AGM.

The Board recommends the appointment of Mr. Ajay Kumar Vij as an Independent Director, for the approval by members of the Company.

This explanatory statement may also be regarded as a disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Mr. Ajay Kumar Vij, being an appointee, none of the Directors of the Company and their relatives is concerned or interested, whether financially or otherwise in the resolution set out at Item No. 5.

ITEM NO. 6

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

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. In terms of the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder, the approval of the members was sought by the Company and granted at the 59th Annual General Meeting. However, in order to meet increased customer demands, the Company had, during the financial year 2018-19, entered into transactions of sale/purchase of auto components with QHT in excess of the limits approved by the members. The said transactions were entered in the ordinary course of business and at arm's length price basis. The members are requested to ratify and approve the said transactions in respect of the financial year 2018-19.

It is proposed to enter into an agreement with QHT for a period of three years with effect from 1st April, 2019 to 31st March, 2022 for the sale/purchase of Company's products including but not limited to Gaskets, Forgings and other Auto Parts by superseding the earlier agreement, as approved by the members at

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their 59th Annual General Meeting. . The members are also requested to ratify and approve the transactions with QHT since 1st April, 2019 and upto the date of this 62nd Annual General Meeting.

Therefore, the Resolution mentioned at item no. 6 of the accompanying Notice is for the Agreement with QHT for sale of Company's products namely Gaskets, Forgings and other auto parts to QHT for a period of three years from 1st April, 2019 to 31st March, 2022 upto maximum value aggregating to Rs. 80.00 crores exclusive of applicable taxes in one financial year, ratification and approval of the transactions for financial year 2018-19 in excess of the approved limits and the ratification and approval of the transactions since 1st April, 2019 and upto the date of this 62nd Annual General Meeting.

Your Directors recommend the Resolution at Item No. 6 of the Notice for the approval of the Members.

Mr. Naresh Talwar, Mr. Umesh Talwar and Mr. Vidur Talwar being common Directors 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 above referred resolution.

ITEM NO. 7 & 8

Nippon Leakless Talbros Private Ltd (LTL) is a 40:60 Joint Venture Company between Talbros Automotive Components Limited (TACL) and Nippon Leakless Corporation of Japan and is a related party as per provisions of the Companies Act, 2013.

Both LTL and TACL are engaged in the business of manufacturing Gaskets and Tyre sealant and both the companies require same raw material for manufacturing Tyre Sealant. Since last five years LTL has been supplying Tyre Sealant and production input namely Pulp to TACL to meet its customer demands. The existing agreement is valid upto 31st March, 2020 and therefore the Resolution mentioned at item no. 7 of the accompanying Notice is for renewal of the existing Agreement with LTL for a further period of three years

effective from 1st April, 2020 to 31st March, 2023 for sale/ purchase of Tyre Sealant and other production inputs namely Pulp fibre, MBR Latex, varnish, rhodopole and nylon etc. from/ to LTL for a maximum value of Rs. 4.00 crore exclusive of applicable taxes in each financial year.

Both TACL and LTL have been supplying Gaskets to various OEMs such as Hero, Honda, Yamaha etc. In order to meet the situation of breakdown of machinery and excess demand of its customers both the companies have the arrangement of making an Agreement for purchase/ sale of Gaskets from/ to each other as and when required. The existing agreement is valid upto 31st March, 2020 and therefore the Resolution mentioned at item no. 8 of the accompanying Notice is for renewal of the existing Agreement with LTL for a further period of three years effective from 1st April, 2020 to 31st March, 2023 for a value not exceeding Rs. 2.00 crore in each financial year.

Your Directors recommend the Resolutions at Item No. 7 and 8 of the accompanying Notice for the approval of the Members.

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

No other Directors/ Key Managerial Personnel and their relatives are in any way concerned or interested in the above referred resolution.

ITEM NO 9

Talbros Marugo Rubber Private Limited (TMR) is a 50:50 Joint Venture Company between Talbros Automotive Components Limited (TACL) and Marugo Rubber of Japan and is a related party as per the provisions of Companies Act, 2013.

Both TMR and TACL are engaged in the business of manufacturing Gaskets and Rubber products and both the companies 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 eventuality

NOTICE (CONTD)

of break down at any of the Companies, both the companies need to enter into an Agreement in supersession of the agreement previously approved by the members at the 61st Annual General Meeting, for a period effective from 01.04.2019 to 31.03.2022 for sale/purchase of Rubber, Rubber Compound, other chemicals, and to do job work for each other upto maximum amount of Rs. 1.50 crore, Rs. 2.00 crore and Rs. 2.50 crore in 1st ,2nd and 3rd year respectively on such terms and conditions as mentioned in the agreement.

Your Directors recommend the Resolution at Item No. 9 of the accompanying Notice for the approval of the Members.

Mr. Varun Talwar, Mr. Vidur Talwar and Mr. Anuj Talwar being common Directors 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 above referred resolution.

ITEM NO. 10

Board of Directors of the Company, on the recommendation of Audit committee, in its meeting held on 29th May, 2019 approved re-appointment 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, 2020 on a remuneration of Rs. 1.75 Lacs plus out of pocket expenses and applicable taxes.

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 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. 10 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, whether financially or otherwise, in the resolution set out at item no. 10.

The Board recommends this resolution for the approval of shareholders as ordinary resolution.

By Order of the Board
For Talbros Automotive Components Limited

Place : New Delhi
Dated: 29th May, 2019

Sd/-
Seema Narang
Company Secretary

NOTICE (CONTD)**ANNEXURE TO EXPLANATORY STATEMENT**

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

| Name of the Director | Mr. Varun Talwar | Mr. Anuj Talwar | Mr. Ajay Kumar Vij |
|---|--|--|--|
| Date of Birth | 20.06.1969 | 19.12.1980 | 28.09.1960 |
| Date of Appointment | 14.08.2008 | 14.08.2012 | 02.01.2019 |
| Qualifications | BS in Business Administration | Bachelor in Business Administration from College of William & Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management | MBA, Bachelor Degree in Science from Punjab University, Chandigarh |
| Nature of expertise in specific functional areas | 24 years of rich experience in IT sector, Auto Components and Health Care Industry | 15 years of rich experience in Corporate Finance, Credit analysis and Auto Industry | An entrepreneur and healthcare industry leader with global exposure of building, operating and acquiring businesses. |
| Directorship and Trusteeship in other Companies | 1. Sunrise Medicare Pvt. Ltd. | 1. Talbros Marugo Rubber Pvt. Ltd. | 1. Magic Diamond Advisory Services LLP |
| | 2. Talbros Marugo Rubber Pvt. Ltd. | 2. Magneti Marelli Talbros Chassis Systems Pvt. Ltd. | 2. Magnolian Investco LLP |
| | 3. Magneti Marelli Talbros Chassis Systems Pvt. Ltd. | 3. Talbros International Pvt Ltd. | 3. Magicsapphire Realty LLP |
| | 4. T&T Motors Pvt. Ltd. | 4. T & T Motors Pvt. Ltd. | 4. Asia Pacific Healthcare Advisors LLP |
| | 5. Talbros International Pvt. Ltd. | | 5. Althea DRF Lifesciences Limited |
| | 6. Nippon Leakless Talbros Pvt Ltd | | 6. Diwan Chand Medical Services Pvt. Ltd. |
| | 7. Pooja Talwar Development & Enrichment Centres Pvt. Ltd. | | 7. Diwan Chand Radnet Services Pvt. Ltd. |
| | 8. Pooja Talwar Education Pvt. Ltd. | | 8. Magicruby Investment Services LLP. |
| Members of Committees of other Companies | - | - | - |
| No. of shares held | 17,985 | 62,851 | - |

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 62nd 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, 2019.

FINANCIAL HIGHLIGHTS:

| | (₹ in lacs) | |
|--|---|---|
| Particulars: | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
| Net Revenue from Operations | 48,284.79 | 40,000.61 |
| Profit before Interest and Depreciation | 6,286.24 | 5,023.04 |
| Less : Interest | 1,552.53 | 1,393.78 |
| Depreciation | 1,790.12 | 1,419.45 |
| Profit before Tax before Exceptional Item | 2,943.59 | 2,209.81 |
| Exceptional Item | - | 215.77 |
| Profit before Tax and after Exceptional Item | 2,943.59 | 2,425.58 |
| Less: Provision for Taxation | 882.71 | 523.01 |
| Provision for Deferred Tax | (76.41) | 105.03 |
| Less: (Excess)/ Short provision of tax for earlier years written back/ provided | (30.28) | (111.57) |
| Profit after Tax | 2,167.57 | 1,909.11 |
| Other Comprehensive Income | | |
| a) Items that will not be reclassified to profit and loss | (626.39) | 414.59 |
| b) Income tax relating to items that will not be reclassified to profit and loss | 151.52 | (88.62) |
| Total other comprehensive income | (474.87) | 325.97 |
| Total comprehensive income | 1,692.70 | 2,235.08 |

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.

FINANCIAL REVIEW

During the Financial Year 2018-19, your Company on standalone basis has recorded a turnover of ₹ 482.85 crores, approximately 22.87% higher as compared to last Financial Year 2017-18 with Gross turnover of ₹ 400.00 crores and Net Turnover of ₹ 392.98 crores. Profit after tax (PAT) for the Company was at ₹ 21.68 crores, approximately 13.57% higher as compared to PAT of ₹ 19.09 crores in previous year 2017-18.

The JV Company Nippon Leakless Talbros Private Limited (LTL) recorded a turnover of ₹ 121.05 crores, with an increase of approximately 3.36% as compared

to last Financial Year 2017-18 with turnover of ₹ 117.11 crores. PAT of LTL was at ₹ 15.26 crores, higher by approximately 6.27% as compared to PAT of ₹ 14.36 crores in previous year 2017-18.

The JV Company Magneti Marelli Talbros Chassis Systems Private Limited (MMT) has recorded a turnover of ₹ 129.91 crores, higher by approximately 19.35% as compared to last Financial Year 2017-18 with turnover of ₹ 108.85 crores. PAT of MMT was at ₹ 8.08 crores, higher by approximately 96.59% as compared to ₹ 4.11 crores in previous year 2017-18.

Talbros Marugo Rubber Private Limited (TMR), another JV Company has recorded a turnover of ₹ 52.05 crores, higher by approximately 27.32% as compared to last Financial Year 2017-18 of ₹ 40.88 crores. PAT of TMR was at ₹ 0.68 crores, higher by approximately 238.78% as compared to loss of ₹ 0.49 crores in previous financial year 2017-18.

During the Financial Year 2018-19, the consolidated total revenues increased 22.87% from ₹ 392.98 crores in 2017-18 to ₹ 482.85 crores in 2018-19, largely on account of new order inflows and large off take. Profit before exceptional items improved 31.81% from ₹ 25.90 crores in 2017-18 to ₹ 34.14 crores in 2018-19. Profit after tax improved 15.20% from ₹ 22.90 crores in 2017-18 to ₹ 26.38 crores in 2018-19.

NEW INITIATIVES & FUTURE OUTLOOK

In the gasket business along with a JV partner, Company's market share in India is about 50%. The Company is focusing on getting ready for the BS-VI. Your Company gained market share when it moved from BS- III to BS- IV and now the same is expected with BS- VI. With BS- VI gaskets our content goes up per vehicle and the supply of BS- VI Compliant Gaskets is expected to start by January of next year with a large Indian truck engine maker.

Heat Shield although being exported presently in a small number and in domestic market, a larger number is expected by next year

The Forging Division is catering to the heavy duty and agri market has forayed into global OE car segment and exports to prominent German car manufacturers. In forging business, the growth trajectory now is to go into higher tonnage products and now that it has established a certain size, the Company is in the process of installing a 2500 tonne press, which will be completed by the end of Q1 financial year 2019-20 and the Company already has the orders ready for this new press. We are focused on enhancing our internal efficiencies and leverage on our technological know-how to supply best in class products to our customers. The revenues from forging division (turnover) stood at ₹ 164.65 crores in the year under review against revenues of ₹. 112.35 crores during previous year.

The Company is also in process of identifying new business overseas to increase its export business.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

As required under the listing SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, MD&A is enclosed as **Annexure I** and is 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 2018-19.

DIVIDEND

Your Directors are pleased to recommend 18% dividend at the rate of ₹ 1.80/- per share for the year 2018-19 on 12345630 equity shares of ₹ 10/- each, aggregating to ₹ 22,222,134/- (Rupees Two Crores Twenty Two Lakhs Twenty Two Thousand and One Hundred Thirty Four Only), for the approval of members at the ensuing Annual General Meeting.

Dividend Distribution Tax thereon amounts to ₹ 4,567,825/-

BUSINESS AND OPERATIONS OF THE COMPANY AND MATERIAL CHANGES AFFECTING IT

There have been no material changes which affect the financial position of the company between the end of the financial year and the date of this report.

CHANGE IN THE NATURE OF BUSINESS

No changes have been taken place in the nature of business of the company during the year under review.

INDUSTRY OVERVIEW

The last financial year was an eventful year with the first half being good for the industry and the second half being very challenging. Industry faced very headwinds resulting into sublime performance by various OEMs. Various factors such as higher fuel prices, increase in insurance cost, new safety measures and sudden drop in demand lead to overcapacity with OEMs and consequently to production cuts. Sales of passenger vehicles grew at the slowest pace in the last 5 years. The sector grew by less than 3% overall to around 3.3-3.4 million units.

Set of wide-ranging factors from industry specific challenges to policy resets and macro-economic factors to poor consumer sentiments converged to damper auto sales. Last year, the bad news kicked off with Kerala floods. Then, in October, Insurance regulator IRDAI changed its policy on insurance cover. Tightening liquidity in the NBFC sector made things more difficult in an industry where financing plays a critical role- 80% of new cars being sold are financed.

The Supreme Court ban on diesel vehicles was another instance. These unexpected developments meant while automakers built up inventory gearing up for the festivals, sales remained elusive. Urban India, reeling from a difficult job market, took a pause. Rural India, hurting from farm distress wasn't buying, either. As a result, inventory piled up with dealers.

In 2016, the Government decided to leapfrog from BS-IV to BS-VI emissions norms by April 1, 2020. The Industry is now investing up wards of ₹ 70,000 crore to comply. The financial year 2019-20 is expected to be a challenging year for the automotive industry due to fragile state of NBFC and transition from BS- IV to BS- VI norms; especially the first half of financial year 2019-20. The pre-buying to kick in from second half of financial year 2019-20, might give some respite to the industry. Prominent automakers have given weakest growth forecast in the past 5 years, at 4- 8%. We are hopeful that stable government and rising economic sentiment would reverse the tide for the Industry and BS-VI compliance will open up many more export markets for Made-in-India vehicles.

The automotive industry is slated to grow at about 4- 6%, the two wheeler industry is slated to grow at 5- 7%, commercial vehicles pitted to continue their growth momentum in double digits at 10- 12% and the passenger vehicles is slated to grow by 3- 5%.

SHARE CAPITAL

The paid up capital of the company as on 31st March, 2019 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 has improved as per rating issued by CARE ratings on 02nd April, 2019.

| Facilities | Approved Amount (₹ Crores) | Rating | Rating Action |
|---|------------------------------------|--|--|
| Long term Bank Facilities | 140.95 (enhanced from ₹ 108.96) | CARE A; Stable (Single A; Outlook: Stable) | Revised from CARE A; Stable (Single A Minus; Outlook: Stable) |
| Short term Bank Facilities | 45 | CARE AI (A One) | Revised from CARE A2+ (Single A Two Plus) |
| Medium Term Instrument (Fixed Deposit) | 10 | CARE A (FD); Stable [Single A (Fixed Deposit); Outlook: Stable] | Revised from CARE A- (FD); Stable [Single A Minus (Fixed Deposit); Outlook: Stable] |

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 2010-11 amount aggregating to ₹ 2,01,797/- had been transferred to the "Investor Education and Protection Fund" established by the Central Government on October 03, 2018.

No other amount was transferred to "Investor Education and Protection Fund".

The Company shall transfer the unclaimed dividend for the financial year 2011-12 to Investor Education and Protection Fund on or before October 01, 2019 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 2011-12 or any subsequent year are requested to lodge their claims for revalidation of dividend warrants. The Company is specifically intimating those members who have so far not claimed the unpaid dividend for the financial year 2011-12.

The Company has transferred 8460 shares to "Investor Education and Protection Fund" last year and the Dividend on such shares was also transferred to IEPF.

The Company would be transferring the required shares this year as per the data finalized by Karvy Fintech Private Limited (Registrar and Transfer Agent).

DIRECTORS

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

Mrs. Priyanka Gulati and Mr. Ajay Kumar Vij were appointed as Additional Directors w.e.f 25th May, 2018 and January 02, 2019 respectively. Mrs. Priyanka Gulati was appointed as an Independent Director for the period of 5 (five) years, in the 61st Annual General Meeting of the Company held on 25th September, 2018.

Mr. Ajay Kumar Vij holds the office of Additional Director till the ensuing Annual General Meeting and his appointment as an Independent Director has been recommended for approval of members at the ensuing Annual General Meeting.

Mr. Rajive Sawhney, Independent Director ceased to be Director of Company w.e.f 6th September, 2018 due to his death.

DIRECTORS RETIRING BY ROTATION

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the company, Mr. Varun Talwar (DIN: 00263984) and Mr. Anuj Talwar (DIN: 00628063) retire by rotation and being eligible offers themselves for re-appointment.

Details of the Directors seeking re- appointment are mentioned in the annexure to the Explanatory Statement of the Notice of 62nd Annual General Meeting. The Board recommends their re-appointment.

APPOINTMENT OF INDEPENDENT DIRECTORS AND JUSTIFICATION OF THEIR APPOINTMENT

Mrs. Priyanka Gulati was appointed as an Independent Director in the 61st Annual General Meeting of the Company held on 25th September, 2018. She is a Chartered Accountant by profession and founder and Director of Manthan Advisors. She was earlier associated with tier-1 consulting firms i.e. Accenture Management Consulting and Deloitte and has a rich experience of over 18 years. Also, she meets the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013.

Mr. Ajay Kumar Vij was appointed as an Additional Director w.e.f January 02, 2019. He is the Co-Founder and CEO of Asian Healthcare Fund (AHF), one of India's premier 'Healthcare' focused Private Equity fund and a seasoned professional having over 15 years of experience in healthcare industry. He has wide experience in identifying promising business opportunities, developing growth strategy, structuring global expansion and alliances. He also meets the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013.

DECLARATION GIVEN BY INDEPENDENT DIRECTOR UNDER SECTION 149(7)

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

They have also complied with the requirements of Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013. The Board is also of the opinion that the 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 2018-19, 5 (five) Board Meetings were held on 30.04.2018, 25.05.2018, 13.08.2018, 13.11.2018 & 14.02.2019. 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 2018-19, 4 (four) meetings of Audit Committee were held on 25.05.2018, 13.08.2018, 13.11.2018 & 14.02.2019.

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 |
| Mr. Rajive Sawhney* | Member | Independent Director |
| Mrs. Priyanka Gulati** | Member | Independent Director |
| Mr. Amit Burman | Member | Independent Director |
| Mr. Vidur Talwar | Member | Non- Executive Director |
| Mr. Anuj Talwar | Member | Executive Director |

* Ceased to be a Member of the Committee w.e.f. 6th September, 2018.

**Inducted as Member of the Audit Committee w.e.f. 13th November, 2018.

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.

All the recommendations of the Audit Committee has been duly accepted by the Board

NOMINATION AND REMUNERATION COMMITTEE

During the Financial Year 2018-19, 3 (three) meetings of Nomination and Remuneration Committee were held on 25.05.2018, 01.01.2019 & 14.02.2019.

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. Rajive Sawhney* | Member | Independent Director |
| Mr. Amit Burman | Member | Independent Director |
| Mr. V. Mohan | Member | Independent Director |

* Ceased to be a Member of the Committee w.e.f. 6th September, 2018.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the Financial Year 2018-19, 4 (four) meetings of Stakeholders' Relationship Committee were held on 25.05.2018, 13.08.2018, 13.11.2018 & 14.02.2019.

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

| Name of Director | | Category |
|----------------------|----------|------------------------|
| Mr. Naresh Talwar | Chairman | Non-Executive Director |
| Mr. Anil Kumar Mehra | Member | Independent Director |
| Mr. V. Mohan | Member | Independent Director |
| Mr. Rajive Sawhney* | Member | Independent Director |

* Ceased to be a Member of the Committee w.e.f. 6th September, 2018.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the Financial Year 2018-19, 1 (one) meeting of Corporate Social Responsibility Committee was held on 14.02.2019.

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 | 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 www.talbro.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 Board has approved policy for related party transactions in terms of provision of Regulation 23 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 which is available on company's website 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 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 specially the children and contributed to

several NGOs including Savera Association, Talwar Foundation, Helpage India, CRY, Save the Girl, Save the Children committed for attending to education and nutrition needs of the under privileged children and women.

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 has undertaken activities as per the CSR Policy (available on company's website 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 statement of the Company for the financial year 2018-19 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 2019-20.

The Secretarial Audit Report for the financial year ended 31st March, 2019 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.

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, 2019 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 2017-18 issued by M/s. Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) in respect of the various products prescribed under Cost Audit Rules was filed 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 for financial year 2019-20, 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:

- a) 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;
- b) 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, 2019;
- c) 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;

- d) That Directors have prepared the annual accounts on a going concern basis;
- e) 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;
- f) 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, 2019 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 (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

The total amount of deposits outstanding as on 31st March, 2019 stands at ₹ 4.53 crores.

No fresh deposits were accepted during the year. Deposit amounting to ₹ 10,000/- remains unclaimed at the end of financial year 2018-19 and the same has been transferred to IEPF Authority on 22nd May, 2019.

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 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), Mumbai 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 part of Report on Corporate Governance.

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 “Corporate Governance”.

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 website i.e. **www.talbro.com**

The composition of the Internal Complaints Committee is as under:-

| Name of Member | Designation |
|-----------------------|--------------------|
| Mrs. Seema Narang | Chairperson |
| Ms. Revati Talwar | Member |
| Execution Team | |
| Mr. Manish Khanna | Member |
| Mr. Anshu Mehra | Member |
| Ms. Sangeeta Bisht | Member |
| Ms. Heena Singh | Member |

No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2019.

RISK MANAGEMENT POLICY

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

The Company has formulated a policy and 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.talbros.com**

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

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 Institute of Company Secretaries of India (ICSI).

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form MGT-9 is annexed to this report as **Annexure VIII** and is also placed on Company's website **www.talbros.com**.

ACKNOWLEDGEMENT

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

For **Talbros Automotive Components Limited**

Sd/-

Umesh Talwar

[Vice Chairman & Managing Director]

[DIN No. 00059271]

Sd/-

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Place : New Delhi

Dated: 29th May, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY

The global economy displayed a steady growth trend since 2017 which continued till the first half of 2018. However, the growth rate moderated to 3.6% in the second half of the year, as reported by International Monetary Fund (IMF) in the World Economic Outlook, April 2019. The slowing growth momentum can be attributed to the impending US-China trade dispute, tighter financial conditions, volatile crude prices and tepid growth in some systemically important economies.

Financial year 2018-19 began with accelerated economic activities in the US economy supported by a fiscal stimulus and firm consumption growth, while emerging Asia continued to record a strong growth. At the same time, growth in the Eurozone slowed down due to the high deficit concerns in Italy, disruptions in the German auto sector and political uncertainties around Brexit. China faced moderated growth in the second quarter owing to regulatory tightening of the property sector and non-bank financial intermediation.

IMF estimates global growth to shrink in the near term to 3.3% in 2019, before returning to 3.6% in 2020. However, softer commodity prices, geo-political uncertainties and sluggish demand across geographies may impact the growth outlook.

INDIAN ECONOMY

Despite headwinds, India emerged as a stronger economy in the world in 2018-19, driven by firm household spending and stable fundamentals. The country registered a growth rate of 6.8% during 2018-19 as compared to 6.7% in the previous fiscal.

The economy witnessed recovery of investment and private consumption in the first half of 2018. However, growth in the second half was impacted by a liquidity crisis in the Non-Banking Financial Company (NBFC) sector. External challenges such as volatile crude oil prices and rupee depreciation created pressure on demand, inflation, current account and public finances.

The year displayed steady growth in the capital goods, infrastructure and construction sectors. On a year-on-year basis, the eight core industries growth remained constant at 4.3% in 2018-19 as compared to the

previous year. Construction activity increased with a 9.6% growth in the third quarter of 2018-19 as against 8% growth registered in the previous year. According to the report by Central Statistics Office (CSO), the industrial output recorded a 3.6% growth as compared to 4.4% in the previous fiscal.

The financial year 2019-20 started on a positive note with the promise of a more stable and growth focused Government. As per IMF projections, India's GDP growth is estimated at 7.3% in 2019 and 7.5% in 2020, amid a more expansionary stance of monetary policy and expected thrust from fiscal policy. Nevertheless, downside risks such as volatility in the global markets, fluctuating crude oil prices, weaker rupee and sluggish domestic demand may hamper the growth potential in the coming future.

INDIAN AUTOMOBILE INDUSTRY

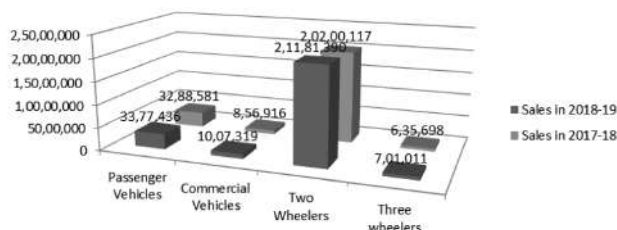
The automobile sector is one of the most dynamic sectors in India that contributes significantly to both growth and employment. It is world's fourth largest industry, with the country being the world's 4th largest manufacturer of cars and 7th largest manufacturer of commercial vehicles in 2018. During the financial year 2018-19, the automobile industry registered a growth of 6.26% with production of total 30,915,420 units of vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers.

The first half of the fiscal year witnessed a rise in demand aided by factors like interest rate, inflation, good forecast monsoon and new model launches. However, the sales gradually slowed down in the second half owing to floods in Kerala, high insurance cost, liquidity crunch and increased fuel prices. Apart from this, an uneven monsoon further added to the woes. This ensued into a low festive season and huge inventory backlog across the country. Inflated raw material cost and implementation of new safety features resulted in car prices hike by 2-5% in the beginning of 2019. While consumer sentiment and demand further softened due to pre-election uncertainty.

During the 2018-19, overall vehicle sales reached a total of 2,62,67,156 units. Commercial vehicles recorded the fastest pace of growth in domestic sales at 17.55% Y-o-Y, followed by 3-Wheelers at 10.27% Y-o-Y.

Overall automobile exports grew by 14.50% during the year, crossing 46,29,054 units mark. Two-wheelers made up 70.9% of the exported vehicles, followed by passenger vehicles at 14.6%, three-wheelers at 12.3%. The industry performance was backed by rising disposable income, higher minimum support price (MSP) and farm loan waiver in few states along with a near-normal monsoon over the past three years.

| Segment | Sales in 2018-19 | Sales in 2017-18 | % Change |
|---------------------|------------------|------------------|----------|
| Passenger Vehicles | 33,77,436 | 32,88,581 | 2.7 |
| Commercial Vehicles | 10,07,319 | 8,56,916 | 17.55 |
| Two Wheelers | 2,11,81,390 | 2,02,00,117 | 4.86 |
| Three wheelers | 7,01,011 | 6,35,698 | 10.27 |



INDIAN AUTOMOBILE INDUSTRY : OUTLOOK

With recovery expected in the second half of 2019-20, the industry is attractively positioned to service both domestic demand and increasing export opportunities.

Improved sales of vehicles is expected during the next fiscal over expectations of better liquidity in NBFCs. Customers are expected to make delayed purchases in anticipation of BS VI vehicles. Pre-launch of vehicles by the automakers, post implementation of the norms by April, 2020, will result in higher automobile sales. In addition, discounts for BS-IV vehicles will be higher closer to March 2020 as Original Equipment Manufacturers (OEMs) will look to clear off the inventory. With a stable outlook, the automobile industry (including component manufacturing) is expected to reach ₹ 16.16-18.18 trillion by 2026.

INDIAN AUTO COMPONENT INDUSTRY

The growing vehicle demand in the country augurs well for the auto component industry. Strong presence of global automobile OEMs in the Indian manufacturing landscape has significantly increased the localization of their components in the country. India has become the preferred designing and manufacturing base for most global auto OEMs for local sourcing and exports. Presently, the auto components industry is at an inflection point as it faces shifting market dynamics, changing OEM needs, evolving safety and emission norms and technological disruptions.

The industry accounts for 2.3% of India's GDP and employs as many as 3 Mn people directly and indirectly. The industry is driven by rising consumption from OEMs, export opportunities and thriving replacement market. A supportive Government framework, increased purchasing power, large domestic market and rising thrust on infrastructure have made India a favourable destination for investment. USA, Germany, Turkey, UK and Italy comprises the key export market for Indian manufacturers. A cost-effective manufacturing base keeps costs lower by 10-25% relative to operations in Europe and Latin America.

With BS VI emission norms expected to come into effect in FY21, a price increase across all automobile segments and pre-buying of cheaper BS IV vehicles in 2019-20 is likely to drive volumes up. A strong domestic demand and pick-up in exports is expected to aid overall auto components growth in 2019-20. Currently, the auto component industry in India stands at USD 51.2 Bn with exports valued at USD 13.5 Bn. The industry is expected to grow to USD 200 Bn, while exports are expected to reach USD 80 Bn by the year 2026. The Indian auto components industry is expected to become the 3rd largest in the world by 2025.

INDIAN AUTO COMPONENT INDUSTRY : OUTLOOK

The rapidly globalizing world is opening up newer avenues for the industry, especially while it makes a shift towards electric cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic

research and development. Further, the industry will be driven by vehicles, shared mobility, new emission norms and connected cars. Automobile industry is expected to progress in the years ahead, backed by rising disposable income, favourable monsoon, increasing urbanization, improved infrastructure development and stable macroeconomic indicators. Consequently, the auto Component industry is anticipated to grow 5X in next 10 years.

CONTINUED GOVERNMENT SUPPORT TO THE INDUSTRY

- 1) Automotive Mission Plan 2016-26 targets a four-fold growth which includes the manufacturers of automobiles, auto components & tractor industry over the next 10 years. It is expected to generate an additional employment of 65 Mn.
- 2) The Government is planning to spend USD 388 Mn under National Automotive Testing and R&D Infrastructure Project to create state-of-the-art R&D infrastructure.
- 3) The Government is promoting adoption of FAME2 which is an extension of the original FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) initiative. It is expected to reduce dependency on oil imports, incentivise electrification of the public-transport fleet of buses and taxis, as well as facilitate demand for all types of alternative fuel.
- 4) Additionally, Government has implemented Corporate Average Fuel Efficiency norms in which the manufacturers have to improve their fuel efficiency by 10% between 2017 and 2021 and by 30% or more from 2022.

OPPORTUNITIES

Rapid premiumization

The auto component industry has witnessed strong growth driven by an increasing demand for premium features in vehicles, leading to an increase in the content per vehicle. This can be attributed to dynamic consumer preferences and OEMs' aspirations to add superior features to capture the changing consumer mindset. Over the last decade, the penetration for power steering, power windows, air conditioners, audio system, etc. has increased significantly. In addition,

rising technological change has pushed higher R&D spend across various segments in the industry.

Moving towards electric vehicles

The automobile industry is set to witness a sea change as leading car companies across the world are preparing to bring their electric car models to India. The global move towards electric vehicles will generate new opportunities for auto component suppliers. Electric vehicles are the greenest form, modern-day mobility hybrids, which help reduce fuel emission and carbon footprint. The auto component industry is expected to follow OEMs in adopting the electric vehicle technologies. The mass conversion to electric vehicles may generate a USD 300 Bn domestic market for EV batteries in India by 2030.

Rising disposable income

The rise in disposable income will be the key growth driver for automobile segment in India. According to the Central Statistics Office (CSO), the per capita net national income during 2018-19 will be ₹ 1,25,397, showing a rise of 11.1% as compared to ₹ 1,12,835 during 2017-18. As a result, the industry is expected to flourish, with the burgeoning consumer class investing in more and better vehicles across segments to serve their rising mobility needs.

Shared mobility

With rising share of electric and autonomous vehicles, India is expected to lead the shared mobility landscape by 2030. The role of shared mobility players will evolve as the country has rising young population with increasing income levels and easy access to internet. It will gradually become a significant alternative to commuting in growing urban areas as penetration of shared mobility in India still remains low compared with China and the US.

Global interconnectedness

India is emerging as the growth engine for the global automobile market, backed by its cost competitiveness, improving infrastructure and the scope for greater vehicle penetration. Low-cost labor compared to the developed countries and rising demand for mobility makes India an attractive choice for global manufacturers. As a preferred sourcing hub for engine components, global OEMs are increasingly setting up engine manufacturing units in the country.

Rapid urbanization

Increasing urbanization significantly impacts the prospects of automobile industry. India will have over 500 Mn people living in cities by 2030 which is 1.5 times the current US population. The demand for mobility will increase as more women and youth enter the job market taking the workforce participation to reach 67% in 2020.

THREATS

Volatile macroeconomic factors

Subdued economic activity, slowing consumption, fluctuating crude oil prices are some of the factors which hamper the economy and the automobile industry prospect. As a consequence, it simultaneously impacts the demand and growth outlook for the auto component industry.

Faster evolving consumer needs

With increasing spending capacity, high levels of product awareness, rapidly evolving expectations and demand for personalised products & services, consumers are taking the center stage of the entire automobile ecosystem. Therefore, it is imperative for manufacturers to understand changing needs and have the ability to serve them differentially.

Dynamic regulatory environment

Major regulatory interventions by the Government, such as the accelerated transition from BS IV to BS VI, adoption of electric vehicles, safety rules and stringent vehicle standards, are leading to a shift in vehicle technology. These changes can bring supply side challenges and negatively impact demand, cost structure and margins. Related sectors such as energy, oil & gas, transportation and urban development are also affected at the same time.

FINANCIAL HIGHLIGHTS

Despite challenging industry environment, the Company delivered strong performance primarily driven by a hedged product portfolio strategy and robust client relationship.

During the key financial 2018-19, your Company on standalone basis has recorded a turnover of ₹ 482.85 crores, approximately 22.87% higher as compared to last key financial 2017-18 with gross turnover of

₹ 400.00 crores and Net Turnover of ₹ 392.98 crores. Profit after tax (PAT) for the Company was at ₹ 21.68 crores, approximately 13.57% higher as compared to PAT of ₹ 19.09 crores in previous year 2017-18.

During the financial year 2018-19, the consolidated total revenues increased 22.87% from ₹ 392.98 crores in 2017-18 to ₹ 482.85 crores in 2018-19, largely on account of new order inflows and large offtake. Profit before exceptional items improved 31.81% from ₹ 25.90 crores in 2017-18 to ₹ 34.14 crores in 2018-19. Profit after tax improved 15.20% from ₹ 22.90 crores in 2017-18 to ₹ 26.38 crores in 2018-19.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The expertise, determination and collaboration of our people continuously drive our success. We continue to invest in enhancing the capabilities of our people and build future leaders. The Company strives to attract and retain the best talent and provide the teams with apt learning opportunities. We offer our team of 585 professionals a dynamic and rewarding work culture, with a constant endeavour to drive entrepreneurship.

Our HR practices focus on defining and building practices, which we continually upgrade to match with the changing business environment, technology and demography. We regularly revisit our policies and processes in the areas of culture, capability, competency with a commitment to make Talbros a responsible organization. The Company provides complete transparency through open communication channels with workforce. We follow different programs for the development of skills among employees at different levels. Industrial relations at the offices and all plants continued to be harmonious. The policies are further refined to align with the organizational interest and benefit everyone at the same time.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

During the year, there is no change of 25% or more in any key financial ratios as compared to the previous financial year 2017-18.

RETURN ON NET WORTH

Return on Net Worth is 11.8% as on March 31, 2019 as compared to 11.3% in the previous financial year 2017-18.

HEALTH, SAFETY, SECURITY ENVIRONMENT

Employee's health, safety and environmental sustainability are important business values of the Company. We are fully committed to our responsibilities towards environmental sustainability and made regular investments during the year. Our goal is to provide a safe working environment with zero injuries at each of our manufacturing plants. The Company is 100% asbestos-free and a qualified ASA supplier to global automakers. We are aware of occupational health and safety of the workers and educate them on safety awareness. Also, periodic health check-up camps are organized for the staff on a regular basis. Sound training is imparted at all levels. The Company's main plant at Faridabad is ISO 14001: 2015 and BS OHSAS 18001: 2007 certified for Environmental Health & Safety issues.

INTERNAL CONTROL SYSTEMS

The internal control systems of the Company are effective and adequate for business processes with regards to efficiency of the operations, compliance with applicable laws and regulations, financial reporting and controls, among others, that are commensurate

with the size and complexities of the operations. Through a strong internal controls, the Company ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported quickly. It reviews the adequacy of internal control systems from time-to-time.

The internal controls are designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability towards assets. The Audit Committee meets periodically to review the findings of internal and statutory auditors' reports and advise the management on corrective policies and controls to be adopted by the Company, consistent with the organizational requirements. A VCMD and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same.

ANNEXURE II
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. | 01.04.2017 to 31.03.2020 | Maximum amount of sale upto ₹ 24.00 Crores in one financial year approved in the 59 th AGM. Proposed agreement for 3 years w.e.f 1 st April, 2019 placed for approval/ratification in 62 nd AGM for amount upto ₹ 80 crores in one financial year. | 21.05.2016 | 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. | 01.04.2017 to 31.03.2020 | Maximum amount of purchase and/ or Sale upto ₹ 4.00 Crores in one financial year. | 21.05.2016 | Nil |
| Nippon Leakless Talbros Private Limited (JV Company) | Sale/ Purchase Agreement of gaskets to each other. | 01.04.2017 to 31.03.2020 | Maximum amount of Sale/ Purchase upto ₹ 2.00 Crores in one financial year. | 21.05.2016 | 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 Rs. 1.50 Crores, Rs. 2.00 crores and Rs. 2.50 crores in the first, second and third year respectively. | 14.02.2018 | Nil |
| Magneti Marelli Talbros Chassis Systems Private Limited (JV Company) | Lease Agreement | 14.03.2017 to 13.03.2022 | Renewal of agreement for a period of 5 years w.e.f. 14.03.2017 to 13.03.2022 on same terms and conditions. | 14.02.2017 | Nil |
| Mrs. KumKum Talwar (Relative of key managerial personnel) | Rent Agreement | 01.10.2016 to 30.09.2019 | ₹ 7.20 Lacs per annum | 14.11.2016 | Nil |

For Talbros Automotive Components Limited

Sd/-

Umesh Talwar

Place : New Delhi
Dated: 29th May, 2019

[Vice Chairman & Managing Director]
[DIN No. 00059271]

Sd/-

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

ANNEXURE III

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY
(CSR) ACTIVITIES**

| | | |
|----|---|--|
| 1. | A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes. | <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> <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.talbro.com/csr-policy/</p> |
| 2. | The composition of the CSR Committee. | <p>Mr. Umesh Talwar, Chairman</p> <p>Mr. Amit Burman, Member</p> <p>Mr. Navin Juneja, Member</p> |
| 3. | Average net profit of the company for last three financial years. | ₹ 1429.34 lacs |
| 4. | Prescribed CSR Expenditure (2% of the amount as in item 3 above) | ₹ 28.59 lacs |
| 5. | Details of CSR spent during the financial year: | |
| | (a) Total amount spent for the financial year | ₹ 28.60 lacs |
| | (b) Amount unspent, if any | None |
| | (c) Manner in which the amount spent during the financial year | Detailed hereinafter |

(c) Manner in which the amount spent during the financial year is detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|-------------------------------------|--|---|---|--|---|--|
| Sl. No | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken. | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹) | Cumulative Expenditure up to the reporting period (₹) | Amount Spent Direct or through implementing agency* (₹) |
| 1. | Bharat k Veer | | Delhi | 1,00,000/- | 1,00,000/- | 1,00,000/- | Implementing Agency – Bharat k Veer |
| 2. | Prime Minister National Relief Fund | Socio-Economic Development and Relief | PMNRF, Prime Minister Office, New Delhi- 110001 | 60,000/- | 60,000/- | 60,000/- | Implementing Agency - Prime Minister National Relief Fund |
| 3. | Talwar Foundation | Children Education & Women Empowerment | 1006, Akashdeep Building 26A, Barakhamba Road, Connaught Place New Delhi-110006 | 7,00,000/- | 7,00,000/- | 7,00,000/- | Implementing Agency - Talwar Foundation |
| 4. | Helpage India | Aged people | C- 14, Qutab Institutioaal Area, New Delhi- 110016 | 3,00,000/- | 3,00,000/- | 3,00,000/- | Implementing Agency - Helpage India |
| 5. | CRY (Child Rights & You) | Children Education & Healthcare | 632, Lane No.3, Westend Marg, (Near Saket Metro Station), Saiyad-ul- ajaib, New Delhi- 110030 | 4,00,000/- | 4,00,000/- | 4,00,000/- | Implementing Agency - CRY |
| 6. | Save the Children | Children Education & Healthcare | D- 61, 2 nd Floor, East of Kailash, Near Sapna Cinema, New Delhi- 100065 | 4,00,000/- | 4,00,000/- | 4,00,000/- | Implementing Agency - Save the Children |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------|------------------------------------|--|---|---|--|---|---|
| Sl. No | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken. | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹) | Cumulative Expenditure up to the reporting period (₹) | Amount Spent Direct or through implementing agency* (₹) |
| 7. | Save the Girl | Girls Education & Healthcare | M- 6, Bhanot Bhawan, Commercial Complex, Azadpur, Delhi- 110033 | 4,00,000/- | 4,00,000/- | 4,00,000/- | Implementing Agency – Save the Girl |
| 8. | Savera Association | Children Education & Healthcare | Basti Vikas Kendra, G Block, Srinivaspuri, Delhi- 110065 | 5,00,000/- | 5,00,000/- | 5,00,000/- | Implementing Agency – Savera Association |
| TOTAL | | | | | | 28,60,000/- | |

For **Talbros Automotive Components Limited**

Sd/-

Umesh Talwar

[Vice Chairman & Managing Director]

[DIN No. 00059271]

Sd/-

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Place : New Delhi
Dated: 29th May, 2019

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019

[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,

Talbro's 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 **Talbro's 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 March 31, 2019 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Talbro's Automotive Components Limited** for the financial year ended on March 31, 2019 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

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

Following penalties have been imposed on the Company by BSE Limited and National Stock Exchange of India Limited regarding non-compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015 pertaining to the composition of the Board.

| S. No. | Name of Exchange | Particulars of non-compliance | Amount of Penalty (Amt in ₹) | Date of payment of fine |
|--------|--|--|------------------------------|-------------------------|
| 1. | BSE Limited (BSE) | Regulation 17(1) - Non-compliance with the requirements pertaining to the composition of Board of Directors. | 1,53,400/- | 06-02-2019 |
| 2. | National Stock Exchange of India Limited (NSE) | Regulation 17(1) - Non-compliance with the requirements pertaining to the composition of Board of Directors. | 1,53,400/- | 13-02-2019 |

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:

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

Kiran Sharma & Co.,
Company Secretaries

Sd/-
Kiran Sharma
Company Secretary
M. No.: 4942
C.P No.: 3116

Date: 16th May, 2019
Place : New Delhi

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**

| Sl. No. | Name of Associate/Joint Ventures | Joint Ventures | | | Associates* | |
|----------|--|-----------------------------------|---|---------------------------------|---|---------------------------------|
| | | Nippon Leakless Talbros Pvt. Ltd. | Magneti Marelli Talbros Chassis Systems Pvt. Ltd. | Talbros Marugo Rubber Pvt. Ltd. | QH Talbros Private Ltd. | Talbros International Pvt. Ltd. |
| 1 | Latest Audited Balance Sheet date | 31.03.2019 | 31.03.2019 | 31.03.2019 | 31.03.2018 | 31.03.2018 |
| 2 | Details of Associates / Joint Ventures where shares held by the Company | | | | | |
| | Total shares issued by the Associates/ Joint Venture | 12000000 | 23560000 | 19000002 | 3050000 | 6537711 |
| | Number of shares held by the company | 4800000 | 11780000 | 9500000 | 177962 | 1326970 |
| | Amount of Investment in Associates/ Joint Venture (in INR Lakhs) | 480.00 | 1178.00 | 950.00 | - | 642.31 |
| | Extend of Holding % in the Associates/ Joint Venture | 40% | 50% | 50% less one share | 5.83% | 20.30% |
| 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 Lakhs) | 1997.58 | 1371.83 | 695.99 | 571.20 | 956.19 |
| 6 | Profit/ Loss for the year After Tax (in INR Lakhs) | 1525.83 | 808.83 | 61.21 | 1459.68 | 277.22 |
| i. | Considered in consolidation (in INR Lakhs) | 610.33 | 404.41 | 30.60 | - | - |
| ii. | Not considered in consolidation (in INR Lakhs) | 915.50 | 404.42 | 30.61 | - | - |

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

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 : New Delhi
Dated: 29th May, 2019

Sd/-
Manish Khanna
Chief Financial Officer

Sd/-
Seema Narang
Company Secretary

ANNEXURE VI

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

- Replacement of Old Energy Consumable motor to Energy Efficient Motor IE3
Saving = 62843 units for the year @ ₹ 8/- per unit = ₹ 5,02,744/-
- A/C's High Power consumption replaced
Saving = 14560 Units/08 Months @ ₹ 8/- per unit = ₹ 1,16,480/-
- High Power Consumption Air washers replaced with latest one
Saving = 31200 units for the year @ ₹ 8/- per unit = ₹ 2,49,600/-
- Old hydraulic power pack replaced with latest technology hydraulic power pack,
Saving = 63399 units for the year @ ₹ 8/- per unit = ₹ 5,07,192/-

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

- High energy wastage in machines, Old Motors has been replaced with IE3 Motors (Energy efficient Motors), It is a continuous process & work is under progress.
Replacement of 07 Nos of CMM rubber molding machines with latest 06 stations VCM automatic tengu molding machines.
Saving = 37440 units for the year @ ₹ 8/- per unit = ₹ 2,99,520/-
- Conventional lights have been replaced with LED lights.
Saving = 1890 KW for the year @ ₹ 8/- per KW = ₹ 15,120/-
- Motion sensors have been provided in toilets & ideal areas
Saving = 1440 KW for the year @ ₹ 8/- per KW = ₹ 11,520/-
- A/C tonnage reduction is under progress
Replacement of small tonnage Ac's with central Ac's with 3 star rating.
Saving = 42,960 units for the year @ ₹ 8/- per unit = ₹ 1,99,680/-

iii) The capital investment on energy conservation equipments

₹ 42.00 lacs.

B) TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption

- Introduced MLS Cyl. Head gasket with Post Coating Technology through Technical Assistance Agreement with Sanwa Packing Industry of Japan.
- Developing Light Weight Heat Shield Technologies with NVH features through Technical Assistance Agreement with Sanwa.
- Installed state of the art heat shield manufacturing facility.
- 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 (BS-IV emission complaints).
- Introduced Heat Shields for OEM customers for their new engines/vehicles.

- Reduction in cost of Multi-Layer Steel gaskets through Post Coating.
- Localisation of gasket fiber material with Interface Performance Material.

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 has not taken place and the reasons thereof, and - NA
- (v) the expenditure incurred on Research and Development - ₹ 209.58 Lacs

(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.

| | (₹ in lacs) | |
|----------------------------------|----------------|----------------|
| Particulars: | 2018-19 | 2017-18 |
| Foreign Exchange Earnings | 10347.65 | 7917.41 |
| Foreign Exchange Outgo (Imports) | 10369.72 | 8011.56 |

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

| | (₹ in lacs) | |
|--|---------------------------------|----------------------------------|
| Particulars: | Current year 2018-19 | Previous Year 2017-18 |
| Power & Fuel Consumption | | |
| 1. Electricity | | |
| a) Own Generation | | |
| Through Captive Power Plant (HFO Based) | | |
| LSHS Oil ₹ /Litre | 39.13 | - |
| Furnace Oil ₹/Litre | - | 21.20 |
| HSD Oil ₹/Litre | 68.24 | 55.58 |
| Unit (KHW in lacs) | 1.59 | 3.22 |
| Total amount (In ₹) | 29.85 | 28.92 |
| Cost ₹/Unit | 18.77 | 8.98 |
| b) Purchased from DHBVNL | | |
| Unit Consumed (In Lacs) | 174.96 | 130.16 |
| Total Amount (In Lacs) | 1347.61 | 1013.34 |
| Cost ₹ /Unit | 7.70 | 7.79 |

For and on behalf of the Board

Sd/-

Umesh Talwar

Place : New Delhi
Dated: 29th May, 2019

Vice Chairman & Managing Director
[DIN: 00059271]

Sd/-

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

ANNEXURE VII

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 | <ul style="list-style-type: none"> - Ratio of the remuneration of Mr. Umesh Talwar to the median remuneration of the employees - 52:1 - Ratio of the remuneration of Mr. Anuj Talwar - 45:1 |
| (ii) | Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. | <ul style="list-style-type: none"> - Mr. Umesh Talwar – 61.18% - Mr. Anuj Talwar – 92.10% - Mr. Manish Khanna(CFO) – 12% - Mrs. Seema Narang (CS) – 14% |
| (iii) | Percentage increase in the median remuneration of employees in the financial year. | 8.09% |
| (iv) | Number of permanent employees on the rolls of company | 585 |
| (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 | <p>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 8.63%.</p> <p>Percentile increase in the managerial remuneration was 74.12%. The remuneration of the managerial personnel was revised and approved by the members by way of a special resolution considering their qualifications and experience, size of the Company and the standard of remuneration to similar positions in related industry.</p> |
| (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]

Sd/-

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

Place : New Delhi
Dated: 29th May, 2019

ANNEXURE VII

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. | 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 | Rajeev Mittal | President | 8,354,112.00 | Permanent | IIT ENGG. | 40 | 01.04.2018 | 65 | QH Talbros Pvt. Ltd. | No |
| 2 | Suresh Kumar Sharma | President | 6,027,072.00 | Permanent | M.B.A and Mechanical Engineering | 33 | 02.02.2016 | 54 | Omax Auto | No |
| 3 | Basavaraj Ramgonda Patil | Vice President | 4,177,260.00 | Permanent | B.E. (Mechanical) | 25 | 19.04.2016 | 55 | Ramakrishna Forging Ltd. | No |
| 4 | Ajay Singh | Vice President | 3,985,980.00 | Permanent | B.E. | 30 | 18.05.1991 | 54 | Tele Tubes | No |
| 5 | Manish Khanna | Chief Financial Officer | 3,859,500.00 | Permanent | C.A., M.B.A. | 22 | 15.06.2016 | 48 | Lee Boy | No |
| 6 | Bhaskar Kumar | G.M | 3,240,000.00 | Permanent | Diploma | 25 | 05.03.2018 | 48 | Minda | No |
| 7 | Abhishhek Sharma | G.M | 3,211,236.00 | Permanent | M.B.A. | 19 | 17.07.2017 | 41 | Steel Strips | No |
| 8 | Seema Narang | Company Secretary | 3,046,884.00 | Permanent | B.Com (Hons), C.S. | 27 | 22.02.2010 | 52 | Aksh Optifibre | No |
| 9 | Sushant Sindwani | D.G.M | 2,850,132.00 | Permanent | M.B.A. | 19 | 02.06.2014 | 42 | Escorts | No |
| 10 | Nene Pranjal Prabhakar | C.G.M | 2,764,138.00 | Permanent | Diploma | 36 | 01.10.2011 | 56 | L & T | 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 : New Delhi
Dated: 29th May, 2019

ANNEXURE VIII

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L29199HR1956PLC033107
- ii) Registration Date : 08/09/1956
- iii) Name of the Company : Talbros Automotive Components Limited
- iv) Category/ Sub-Category of the Company : Company limited by shares
Public non-government company
- v) Address of the Registered Office and Contact Details : 14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad
Haryana- 121003, India
- vi) Whether listed company : Yes
Yes/ No
- vii) Name, Address and Contact Details of Registrar and Transfer agent, if any : Karvy Fintech Private Limited, Karvy Selenium Tower- B, Plot
No. 31 & 32, Financial District, Gachibowli, Nanakramguda,
Serilingampally, Hyderabad- 500008
Contact Person: Mr. Rajeev Kumar

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| S. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|--------|---|----------------------------------|------------------------------------|
| 1. | Manufacturing of Gaskets | 28199 | 65.90% |
| 2. | Manufacturing of Forgings | 25910 | 34.10% |

| S. No. | Name & Address of the Company | CIN/ GLN | Holding/ Subsidiary/ Associate | % of shares held in the company | Applicable Section |
|--------|--|-----------------------|--------------------------------|---------------------------------|-----------------------------|
| 1. | Nippon Leakless Talbros Pvt Ltd. 302, 3rd Floor, Eros Corporate Park, IMT Manesar, Gurugram- 122050, Haryana | U29199HR2005PTC035653 | Joint Venture | 40.00 | 2(6) of Companies Act, 2013 |
| 2. | Magneti Marelli Talbros Chassis Systems Pvt Ltd 14/1, Mathura Road, Faridabad- 121003, Haryana | U34300HR2012PTC044985 | Joint Venture | 50.00 | 2(6) of Companies Act, 2013 |
| 3. | Talbros Marugo Rubber Pvt Ltd. 14/1, Mathura Road, Faridabad- 121003, Haryana | U25200HR2012PTC046820 | Joint Venture | 50.00 (less one share) | 2(6) of Companies Act, 2013 |

| S. No. | Name & Address of the Company | CIN/ GLN | Holding/ Subsidiary/ Associate | % of shares held in the company | Applicable Section |
|--------|--|-----------------------|--------------------------------|---------------------------------|-----------------------------|
| 4. | Talbros International Pvt. Ltd. 400, Udyog Vihar, Phase-III, Gurugram-122016, Haryana | U31909HR1980PTC010226 | Associate | 20.30 | 2(6) of Companies Act, 2013 |
| 5. | QH Talbros Pvt. Ltd.* 400, Udyog Vihar, Phase-III, Gurugram-122016, Haryana | U34102HR2014PTC052479 | Associate | 5.83 | 2(6) of Companies Act, 2013 |

* QH Talbros Pvt. Ltd. is an associate due to control of participation in its business decisions by the Company.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|----------------|-------------------|---|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. PROMOTERS | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 1880840 | 0 | 1880840 | 15.23 | 1880840 | 0 | 1880840 | 15.23 | 0.00 |
| b) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp. | 5110350 | 0 | 5110350 | 41.40 | 5110350 | 0 | 5110350 | 41.40 | 0.00 |
| e) Banks/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A) (1):- | 6991190 | 0 | 6991190 | 56.63 | 6991190 | 0 | 6991190 | 56.63 | 0.00 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other- Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any Other. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A) (2):- | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total shareholding of Promoter (A) = (A)(1)+(A)(2) | 6991190 | 0 | 6991190 | 56.63 | 6991190 | 0 | 6991190 | 56.63 | 0.00 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Banks/FI | 19287 | 1750 | 21037 | 0.17 | 10022 | 2625 | 12647 | 0.10 | (0.07) |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 229000 | 0 | 229000 | 1.85 | 226967 | 0 | 226967 | 1.84 | (0.01) |
| g) FIIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (specify) - Foreign Portfolio Investors | 10618 | 0 | 10618 | 0.09 | 13770 | 0 | 13770 | 0.11 | 0.02 |
| Overseas Corporate Bodies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| FCB | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (B)(1):- | 258905 | 1750 | 260655 | 2.11 | 250759 | 2625 | 253384 | 2.05 | (0.06) |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 496083 | 6059 | 502142 | 4.07 | 502046 | 6022 | 508068 | 4.12 | 0.05 |
| i) Indian | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | 0 | 0 | 0 | 0.00 | | | | | 0.00 |
| i) Individual shareholders holding nominal share capital upto ₹ 2 lacs | 3605119 | 225061 | 3830180 | 31.02 | 3437587 | 188523 | 3626110 | 29.37 | (1.65) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lacs | 383808 | 0 | 383808 | 3.11 | 613218 | 0 | 613218 | 4.97 | 1.86 |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 232324 | 36428 | 268752 | 2.17 | 215021 | 36428 | 251449 | 2.03 | (0.14) |
| Clearing Members | 20458 | 0 | 20458 | 0.17 | 11306 | 0 | 11306 | 0.09 | (0.08) |
| Trusts | 140 | 0 | 140 | 0.00 | 140 | 0 | 140 | 0.00 | 0.00 |
| NBFCs registered with RBI | 7000 | 0 | 7000 | 0.06 | 1000 | 0 | 1000 | 0.01 | (0.05) |
| IEPF | 81305 | 0 | 81305 | 0.66 | 89765 | 0 | 89765 | 0.73 | 0.07 |
| Sub-total (B)(2):- | 4826237 | 267548 | 5093785 | 41.26 | 4870083 | 230973 | 5101056 | 41.32 | 0.06 |
| Total Public Shareholding (B)= (B)(1)+ (B)(2) | 5085142 | 269298 | 5354440 | 43.37 | 5120842 | 233598 | 5354440 | 43.37 | 0.00 |
| c) Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | 12076332 | 269298 | 12345630 | 100.00 | 12112032 | 233598 | 12345630 | 100.00 | 0.00 |

(ii) Shareholding of Promoters:

| S. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|--------|--------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|---|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1. | Mr. Umesh Talwar | 431906 | 3.50 | 0.00 | 431906 | 3.50 | 0.00 | 0.00 |
| 2. | Mr. Naresh Talwar | 422299 | 3.42 | 0.00 | 422299 | 3.42 | 0.00 | 0.00 |
| | Total | 854205 | 6.92 | 0.00 | 854205 | 6.92 | 0.00 | 0.00 |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There was no change in Promoters' Shareholding during the year.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name | Shareholding | % of total shares of the company | Increase/ Decrease in Shares | Reason | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|------------------------------|---|---|----------------------------------|
| | | No. of shares at the beginning of the year (01-04-18)/ end of the year (31-03-2019) | | | | No. of shares | % of total shares of the Company |
| 1. | Talbro's International Pvt. Ltd. | 4571620 5110350 | 37.03 41.39 | 538730 | Merger of Talbro's Motors Pvt Ltd and Talbro's International Pvt Ltd. | 5110350 | 41.39 |
| 2. | Kumkum Talwar | 450079 450079 | 3.65 3.65 | - | Nil movement during the year | 450079 | 3.65 |
| 3. | Bimpi Talwar | 341197 341197 | 2.76 2.76 | - | Nil movement during the year | 341197 | 2.76 |
| 4. | General Insurance Corporation of India | 229000 226967 | 1.85 1.84 | (2033) | Market Sale | 226967 | 1.84 |
| 5. | Sanjeev Vinodchandra Parekh | 142481 142681 | 1.15 1.16 | 200 | Market buy | 142681 | 1.16 |
| 6. | Gyan Enterprises Pvt. Ltd. | 136111 136111 | 1.10 1.10 | - | Nil movement during the year | 136111 | 1.10 |
| 7. | Investor Education And Protection Fund Authority | 81305 89765 | 0.66 0.73 | 8460 | Transfer to IEPF Authority | 89765 | 0.73 |
| 8. | Anuj Talwar | 62,851 62851 | 0.51 0.51 | - | Nil movement during the year | 62851 | 0.51 |
| 9. | Ashok Kumar Lodha | 0 60000 | 0 0.49 | 0.49 | Market Buy | 60000 | 0.49 |
| 10. | Vikrant Maloo | 51000 59500 | 0.41 0.48 | 8500 | Market Buy | 59500 | 0.48 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name | Shareholding | | Increase/ Decrease in Shareholding | Cumulative Shareholding during the year | |
|---------|---|--|---|--|---|---|
| | | No. of shares at the beginning of the year (01-04-18)/ end of the year (31-03-2019) | % of total shares of the company | | No. of shares | % of total shares of the company |
| 1. | Naresh Talwar Chairman | 422299 422299 | 3.42 | Nil movement during the year | 422299 | 3.42 |
| 2. | Umesh Talwar Vice Chairman & Managing Director | 431906 431906 | 3.50 | Nil movement during the year | 431906 | 3.50 |
| 3. | Varun Talwar Jt. Managing Director | 17985 17985 | 0.15 | Nil movement during the year | 17985 | 0.15 |
| 4. | Vidur Talwar Director | 16176 16176 | 0.13 | Nil movement during the year | 16176 | 0.13 |
| 5. | Anuj Talwar Jt. Managing Director | 62851 62851 | 0.51 | Nil movement during the year | 62851 | 0.51 |
| 6. | Navin Juneja Director | 1353 1353 | 0.01 | Nil movement during the year | 1353 | 0.01 |
| 7. | Amit Burman Director | 2627 2627 | 0.02 | Nil movement during the year | 2627 | 0.02 |

Note:

Mr. A.K Mehra, Mr. Rajeev Ranjan Vederah, Mr. V Mohan, Mrs. Priyanka Gulati and Mr. Ajay Kumar Vij, Independent Directors, Mr. Manish Khanna, CFO and Mrs. Seema Narang, Company Secretary of the Company did not hold any shares of the Company during the Financial Year 2018-19.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

(Amt in ₹)

| | Secured Loans (Long Term) | Secured Loans (Short Term) | Unsecured Loans (Short Term) | Deposits (Long term) | Deposits (Short Term) | Total Indebtness |
|--|------------------------------|-------------------------------|------------------------------------|-------------------------|--------------------------|--------------------------|
| Indebtedness at the beginning of the financial year | | | | | | |
| i) Principal Amount | 15,88,50,240.00 | 82,74,47,751.00 | 5,00,00,000.00 | 6,64,18,000.00 | 1,12,52,000.00 | 1,11,39,67,991.00 |
| ii) Interest due but not paid | - | 33,83,012.00 | - | - | - | 33,83,012.00 |
| iii) Interest accrued but not due | 7,97,554.00 | 19,78,994.00 | 12,80,207.00 | 57,12,711.00 | - | 97,69,466.00 |
| Total (i+ii+iii) | 15,96,47,794.00 | 83,28,09,757.00 | 5,12,80,207.00 | 7,21,30,711.00 | 1,12,52,000.00 | 1,12,71,20,469.00 |

(Amt in ₹)

| | Secured Loans (Long Term) | Secured Loans (Short Term) | Unsecured Loans (Short Term) | Deposits (Long term) | Deposits (Short Term) | Total Indebtness |
|--|--------------------------------------|---------------------------------------|---|---------------------------------|----------------------------------|-------------------------|
|--|--------------------------------------|---------------------------------------|---|---------------------------------|----------------------------------|-------------------------|

Change in Indebtedness during the financial year

| | | | | | | |
|-------------|-----------------|-----------------|---|------------------|----------------|------------------------|
| · Addition | 36,87,26,155.00 | 15,66,71,257.00 | - | - | - | 52,53,97,412.00 |
| · Reduction | 14,17,43,981.00 | - | - | 2,41,35,744.00 | 12,52,000.00 | 16,71,31,725.00 |
| Net Change | 22,69,82,174.00 | 15,66,71,257.00 | - | (2,41,35,744.00) | (12,52,000.00) | 35,82,65,687.00 |

Indebtedness at the end of the financial year

| | | | | | | |
|-----------------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|--------------------------|
| i) Principal Amount | 38,58,32,414.00 | 88,41,19,008.00 | 15,00,00,000.00 | 4,22,82,256.00 | 1,00,00,000.00 | 1,47,22,33,678.00 |
| ii) Interest due but not paid | 47,566.00 | 41,05,541.05 | - | - | - | 41,53,107.05 |
| iii) Interest accrued but not due | 13,32,150.00 | 17,69,632.35 | 5,22,533.47 | 54,35,428.00 | - | 90,59,744.14 |
| Total (i+ii+iii) | 38,72,12,130.32 | 88,99,94,181.40 | 15,05,22,533.47 | 4,77,17,684.00 | 1,00,00,000.00 | 1,48,54,46,529.19 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:

| S. no. | Particulars of Remuneration | Name of MD/ WTD/ Manager | | Total Amount (In ₹.) |
|-------------------|---|--|------------------------|---------------------------------|
| | | Mr. Umesh Talwar | Mr. Anuj Talwar | |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 15,402,000 | 13,178,400 | 28,580,400 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 950,400 | 830,940 | 1,781,340 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | - | - | - |
| | - as % of profit | | | |
| | - Others, specify. | | | |
| 5. | Others, please specify | 1,187,196 | 1,030,236 | 2,217,432 |
| | Provident Fund, Superannuation fund | | | |
| | Total (A) | 17,539,596 | 15,039,576 | 32,579,172 |
| | Ceiling as per the Act | 10% of Net Profit from all Executive Directors-Managing and Whole-time Directors | | |
| | | 5% of Net Profit to anyone Managing or Whole-time Directors | | |
| | | Ceilings as above not to apply where the remuneration of Whole-time Directors has been approved by the members by way of a Special Resolution. | | |

B. Remuneration to other directors:

| Particulars of Remuneration | Name of Directors | | | | | | | | Total Amount (In ₹) |
|--|--|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-----------------------|---------------------|
| | Mr. Navin Juneja | Mr. V Mohan | Mr. A. K Mehra | Mr. Amit Burman | Mr. Rajive Sawhney* | Mr. R. R Vederah | Mrs. Priyanka Gulati** | Mr. Ajay Kumar Vij*** | |
| | Non-Executive Director | Independent Director | Independent Director | Independent Director | Independent Director | Independent Director | Independent Director | Independent Director | |
| • Fee for attending board & committee meetings | 1,40,000 | 1,80,000 | 2,00,000 | 1,55,000 | 45,000 | 1,10,000 | 1,05,000 | 30,000 | 9,65,000 |
| • Commission | - | - | - | - | - | - | - | - | - |
| • Others, please specify | - | - | - | - | - | - | - | - | - |
| Total Managerial Remuneration | 1,40,000 | 1,80,000 | 2,00,000 | 1,55,000 | 45,000 | 1,10,000 | 1,05,000 | 30,000 | 9,65,000 |
| Overall Ceiling as per the Act | The Company only paid sitting fees to other directors and amount of sitting fees are within the maximum prescribed limits. | | | | | | | | |

* Ceased to be a Director of the Company w.e.f. September 06, 2018.

** Appointed as an Independent Director of the Company w.e.f. September 25, 2018.

***Appointed as an Additional Director (Independent) of the Company w.e.f. January 02, 2019

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

| S. no. | Particulars of Remuneration | Key Managerial Personnel | | |
|--------|---|---|---------------------------------------|---------------------|
| | | Mr. Manish Khanna (Chief Financial Officer) | Mrs. Seema Narang (Company Secretary) | Total Amount (In ₹) |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 31,16,715 | 22,66,080 | 53,82,795 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 10,800 | 39,600 | 50,400 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | | | |
| | - as % of profit | - | - | - |
| | - others, specify. | - | - | - |
| 5. | Others, please specify | | | |
| | Provident Fund | 1,50,696 | 1,47,250 | 2,97,946 |
| | Total | 32,78,211 | 24,52,930 | 57,31,141 |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

Following penalties have been imposed on the Company by BSE Limited and National Stock Exchange of India Limited regarding non-compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015 pertaining to the composition of the Board.

| S. No. | Name of Exchange | Particulars of non-compliance | Amount of Penalty (Amt in ₹) | Date of payment of fine |
|---------------|--|--|-------------------------------------|--------------------------------|
| 1. | BSE Limited (BSE) | Regulation 17(1) - Non-compliance with the requirements pertaining to the composition of Board of Directors. | 1,53,400/- | 06-02-2019 |
| 2. | National Stock Exchange of India Limited (NSE) | Regulation 17(1) - Non-compliance with the requirements pertaining to the composition of Board of Directors. | 1,53,400/- | 13-02-2019 |

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
[DIN: 00059271]

Place : New Delhi
Dated: 29th May, 2019

Sd/-

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

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. 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.

A report on Corporate Governance in accordance with Part C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("hereinafter referred as SEBI (LODR) Regulations, 2015), is outlined below:

2. BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2019, the Board of Directors comprised of Twelve (12) Directors – Three (3) Executive Directors and Nine (9) Non- Executive Directors out of which Six (6) Directors are independent.

The composition of the Board of Directors of the Company is in accordance with the stipulated requirements of regulation 17(1) of the SEBI (LODR) Regulations, 2015 and relevant provisions of the Companies Act, 2013.

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

The 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.talbros.com.

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

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).

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 son of Mr. Umesh Talwar.

Number of shares held by directors as on 31st March, 2019

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

| Name of Director | No. of Shares held |
|-------------------|--------------------|
| Mr. Naresh Talwar | 422299 |
| Mr. Vidur Talwar | 16176 |
| Mr. Navin Juneja | 1353 |
| Mr. Amit Burman | 2627 |

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

| Name of Director | No. of Shares held |
|------------------|--------------------|
| Mr. Umesh Talwar | 431906 |
| Mr. Anuj Talwar | 62851 |

MEETINGS AND ATTENDANCE

During the year ended 31st March, 2019 five meetings of the Board of Directors were held on the following dates:

- 30th April, 2018
- 25th May, 2018
- 13th August, 2018
- 13th November, 2018
- 14th February, 2019

The 61st Annual General Meeting (AGM) was held on 25th September, 2018.

The 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 | 3 | No |
| Mr. Umesh Talwar, (Vice Chairman and Managing Director) | Promoter, Executive | 5 | Yes |
| Mr. Varun Talwar, (Joint Managing Director) | Executive | 3 | Yes |
| Mr. Anuj Talwar, (Joint Managing Director) | Executive | 5 | Yes |
| Mr. Vidur Talwar | Non- Independent Non- Executive | 4 | No |
| Mr. Navin Juneja | Non- Independent Non- Executive | 5 | Yes |
| Mr. Anil Kumar Mehra | Non-Executive & Independent | 5 | No |
| Mr. Rajive Sawhney* | Non-Executive & Independent | 1 | No |
| Mr. V. Mohan | Non-Executive & Independent | 4 | Yes |
| Mr. Amit Burman | Non-Executive & Independent | 4 | No |
| Mr. R. R. Vederah | Non-Executive & Independent | 4 | No |
| Ms. Priyanka Gulati** | Non-Executive & Independent | 3 | No |
| Mr. Ajay Kumar Vij*** | Non-Executive & Independent | 1 | NA |

* Ceased to be a Director of the Company w.e.f. 6th September, 2018.

** Appointed as an Independent Director of the Company w.e.f 25th September, 2018.

*** Appointed as an Additional Director (Independent) of the Company w.e.f. 2nd January, 2019.

Separate Meeting of Independent Directors

As required under the relevant provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, a separate meeting of the Independent Directors was held on 13th November, 2018 for review of the performance of the Chairman, Non- Independent Directors and the Board as a whole.

The meeting was attended by all Independent Directors.

Directorships/Committee positions held by the Directors

Details of Directorships/Committee positions held by the Directors as on 31st March, 2019 in Indian Public Limited Companies are as follows:

| Name of the Directors | Number of Directorships and Committee Memberships/ Chairmanships as on 31st March, 2019 | | | Directorships in Listed Companies | | Skill and Area of Expertise |
|--|---|-------------------------------|--------------------------------|--|-----------------|------------------------------------|
| | Other Directorships## | 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 |

| Name of the Directors | Number of Directorships and Committee Memberships/ Chairmanships as on 31 st March, 2019 | | | Directorships in Listed Companies | | Skill and Area of Expertise |
|--|---|------------------------|-------------------------|-----------------------------------|--------------------------------------|---|
| | Other Directorships## | Committee Memberships# | Committee Chairmanship# | Name of the Company | Category | |
| 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 |
| Mr. Rajive Sawhney* | - | - | - | - | - | - |
| Mr. V. Mohan | 1 | - | - | Vascon Engineers Limited | Independent & Non-Executive Director | Finance |
| Mr. Amit Burman | 4 | 3 | - | Dabur India Limited | Non-Executive Director | Management and Healthcare Industry |
| | | | | PVR Limited | Independent Director | |
| Mr. R. R. Vederah | 4 | - | - | Ballarpur Industries Limited | Independent & Non-Executive Director | Paper Industry and Corporate Management |
| Ms. Priyanka Gulati** | - | - | - | - | - | Management Consulting and Entrepreneurship |
| Mr. Ajay Kumar Vij*** | 1 | - | - | - | - | Healthcare Industry |

* Ceased to be a Director of the Company w.e.f. 6th September, 2018.

** Appointed as an Independent Director of the Company w.e.f 25th September, 2018.

*** Appointed as an Additional Director (Independent) of the Company w.e.f. 2nd January, 2019.

Notes:

The committees considered for the purpose are those prescribed under regulation 26 of SEBI (LODR) Regulations, 2015 viz. Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited 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 Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (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 SEBI (LODR) Regulations, 2015.

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.
- 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.

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, 2018 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 Audit Committee Meetings.

Company Secretary acts as Secretary to the Committee.

During the year ended 31st March, 2019, four meetings of the Audit Committee were held on the following dates:

- (i) 25th May, 2018 (ii) 13th August, 2018 (iii) 13th November, 2018 (iv) 14th February, 2019.

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. Rajive Sawhney, Member * | 1 |
| Mr. Amit Burman, Member | 3 |
| Mr. Anuj Talwar, Member | 4 |
| Mr. Vidur Talwar, Member | 3 |
| Mrs. Priyanka Gulati, Member | 1 |
| ** | |

* Ceased to be a Member of the Committee w.e.f. 6th September, 2018.

** Inducted as Member of the Audit Committee w.e.f. 13th November, 2018.

(ii) Nomination & Remuneration Committee

Nomination & Remuneration Committee has been constituted in accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (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 SEBI (LODR) Regulations, 2015, 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.
- 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 three meetings of Nomination & Remuneration Committee were held on 25th May, 2018, 1st January, 2019 and 14th February, 2019. The detail of attendance of each Committee Member is as under:

| Name of Director | No. of meetings attended |
|--------------------------------|---------------------------------|
| Mr. Anil Kumar Mehra, Chairman | 3 |
| Mr. Rajive Sawhney, Member* | 1 |
| Mr. V. Mohan, Member | 2 |
| Mr. Amit Burman, Member | 3 |

* Ceased to be a Member of the Committee w.e.f. 6th September, 2018.

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 (LODR) Regulations, 2015.

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, 2019
(Amt in ₹)

| Sl. No. | Name of the Director | Basic Salary | House Rent Allowance | Provident Fund Contribution | Perquisites | Superannuation Fund | Total | Accrued but not paid |
|--------------|----------------------|--------------------|----------------------|-----------------------------|------------------|---------------------|--------------------|-----------------------------|
| | | | | | | | | Gratuity & Leave Encashment |
| 1. | Mr. Umesh Talwar | 90,60,000 | 63,42,000 | 10,87,200 | 9,10,800 | 99,996 | 1,74,99,996 | 46,26,067 |
| 2. | Mr. Anuj Talwar | 77,52,000 | 54,26,400 | 9,30,240 | 7,91,340 | 99,996 | 1,49,99,976 | 27,46,021 |
| Total | | 1,68,12,000 | 1,17,68,400 | 20,17,440 | 17,02,140 | 1,99,992 | 3,24,99,972 | 73,72,088 |

Other terms and conditions:

| | Mr. Umesh Talwar | Mr. Anuj Talwar |
|---------------------|--|--|
| Term of Appointment | Three years, from 01.04.2018 to 31.03.2021 | Three years, from 14.08.2018 to 13.08.2021 |

Non-Executive Directors

The Non-Executive Independent Directors are paid sitting fee of ₹ 30,000/- for every Board Meeting and ₹ 15,000/- for 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 2018-19 is tabled below:

| Name of Non-Executive Director | Sitting Fee (In ₹) |
|---------------------------------------|---------------------------|
| Mr. A. K. Mehra | 2,00,000 |
| Mr. V Mohan | 1,80,000 |
| Mr. Amit Burman | 1,55,000 |
| Mr. Rajive Sawhney* | 45,000 |
| Mr. Navin Juneja | 1,40,000 |
| Mr. Rajeev Ranjan Vederah | 1,10,000 |
| Ms. Priyanka Gulati** | 1,05,000 |
| Mr. Ajay Kumar Vij*** | 30,000 |
| Total | 9,65,000 |

* Ceased to be a Director of the Company w.e.f. 6th September, 2018.

** Appointed as an Independent Director of the Company w.e.f 25th September, 2018.

*** Appointed as an Additional Director (Independent) of the Company w.e.f. 2nd January, 2019.

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 Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (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. The Chairman of the Committee is Mr. Naresh Talwar.

During the year ended 31st March, 2019, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

- (i) 25th May, 2018 (ii) 13th August, 2018 (iii) 13th November, 2018 (iv) 14th February, 2019

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

| Name of the Directors | No. of Meetings Attended |
|------------------------------|---------------------------------|
| Mr. Naresh Talwar, Chairman | 2 |
| Mr. V. Mohan, Member | 4 |
| Mr. Anil Kumar Mehra, Member | 4 |
| Mr. Rajive Sawhney, Member* | 1 |

* Ceased to be a Member of the Committee w.e.f. 6th September, 2018.

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 | 30 |
| Number of Shareholders Complaints solved to the satisfaction of Shareholders | 30 |
| Number of Shareholders Complaints pending as on 31.03.2019 | 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 (LODR) Regulations, 2015. 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 with the 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 one meeting of Corporate Social Responsibility Committee was held on 14th February, 2019. The detail of attendance of each Committee Member is as under:

| Name of Director | No. of meetings attended |
|----------------------------|---------------------------------|
| Mr. Umesh Talwar, Chairman | 1 |
| Mr. Amit Burman , Member | 1 |
| Mr. Navin Juneja, Member | 1 |

4. GENERAL BODY MEETINGS

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

| Financial Year | 2015-16 | 2016-17 | 2017-18 |
|----------------------------|---|---|--|
| Venue | Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana | Hotel Saffron Kiran, 12/6, NH-2, (Near to Sarai Metro Station and Badarpur Toll Plaza) Sarai Khwaja, Faridabad -121003, Haryana | Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana |
| Date and Time | 26th September, 2016 (Monday), 10.30 A.M. | 26 th September, 2017 (Tuesday), 10.30 A.M. | 25 th September, 2018 (Tuesday), 10.30 A.M. |
| Special Resolutions Passed | <ol style="list-style-type: none"> 1. Increase in remuneration of Mr. Anuj Talwar w.e.f 1st April, 2016 with the designation of Joint Managing Director of the Company. 2. Acceptance of Fixed Deposits from Public and/ or members of the Company. 3. Agreement with QH Talbros Limited for sale of Company's products. 4. Agreement with Nippon Leakless Talbros Pvt. Limited for purchase and /or sale of Tyre Sealant and other production inputs etc. 5. Agreement with Nippon Leakless Talbros Pvt. Limited for sale/purchase of Gaskets. | <ol style="list-style-type: none"> 1. Re- appointment of Mr. Umesh Talwar (DIN: 00059271), Vice Chairman & Managing Director, with effect from 1st April, 2018 for a period of 3 years. 2. Re- appointment of Mr. Anuj Talwar (DIN: 00628063), Joint Managing Director with effect from 14th August, 2018 for a period of 3 years. 3. Acceptance of Fixed Deposits from Public. | <ol style="list-style-type: none"> 1. To consider revision in the remuneration of Mr. Umesh Talwar, Vice-Chairman & Managing Director of the Company. 2. To consider revision in the remuneration of Mr. Anuj Talwar, Joint Managing Director of the Company. 3. To give Corporate Guarantee in favour of Magneti Marelli Talbros Chassis Systems Private Limited for an aggregate sum of ₹ 13.00 crores. 4. Alteration/ substitution of Articles of Association of the Company. |

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

POSTAL BALLOT

During the year following 6 special resolutions were passed by the shareholders of the Company through Postal Ballot, including E-voting.

1. Continuation of Directorship of Mr. Naresh Talwar (DIN: 00059155) as Chairman and Non-Executive Director.
2. Re-appointment and continuation of Mr. Anil Kumar Mehra (DIN: 00004654) as Non-Executive Independent Director of the Company.
3. Re-appointment of Mr. V. Mohan (DIN: 00071517) as Non-Executive Independent Director of the Company.
4. Re-appointment of Mr. Amit Burman (DIN: 00042050) as Non-Executive Independent Director of the Company.
5. Re-appointment of Mr. Rajeev Ranjan Vederah (DIN: 00012252) as Non-Executive Independent Director of the Company.
6. Providing Corporate Guarantee to Marugo Rubber Industries, Japan (JV partner) for an amount of ₹ 2.00 Crores being 50% of the financial facilities availed by Joint Venture Company Talbros Marugo Rubber Pvt. Limited.

The Postal Ballot Notice dated 14th February, 2019 along with the Postal Ballot Form was sent in electronic form to the members whose e-mail IDs were registered with the Company/respective Depository Participants. For shareholders whose e-mail IDs are not registered, physical copies of the Postal Ballot Notice along with Postal Ballot Form were sent by registered post, along with self-addressed postage pre-paid Business Reply Envelope. The Company had published a notice in the newspaper on February 22, 2019 in Business Standard (English & Hindi) in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard-2. The e-voting commenced from February 28, 2019 at 09:00 a.m. (server time) and ended on 29th March, 2019 at 05:00 p.m. (server time).

Mrs. Kiran Sharma, Practicing Company Secretary (membership no. 4942 and certificate of practice no. 3116), was appointed as the scrutinizer for the said voting by postal ballot. The Scrutinizer had submitted her report on voting by Postal Ballot, to the Chairman of the Board on 30th March, 2019. The results were displayed on the website of the Company (www.talbros.com) and communicated to the Stock Exchanges. The resolutions were considered as passed on 30th March, 2019.

The details of the voting pattern are given below:

| Resolution passed through Postal Ballot | Votes in favour of the resolution (%) | Votes against the resolution (%) |
|---|--|---|
| Continuation of Directorship of Mr. Naresh Talwar (DIN: 00059155) as Chairman and Non-Executive Director. | 99.9808 | 0.0192 |
| Re-appointment and continuation of Mr. Anil Kumar Mehra (DIN: 00004654) as Non-Executive Independent Director of the Company. | 99.9848 | 0.0152 |
| Re-appointment of Mr. V. Mohan (DIN: 00071517) as Non-Executive Independent Director of the Company. | 99.9848 | 0.0152 |
| Re-appointment of Mr. Amit Burman (DIN: 00042050) as Non-Executive Independent Director of the Company. | 99.9847 | 0.0153 |
| Re-appointment of Mr. Rajeev Ranjan Vederah (DIN: 00012252) as Non-Executive Independent Director of the Company. | 99.9845 | 0.0155 |
| Providing Corporate Guarantee to Marugo Rubber Industries, Japan (JV partner) for an amount of ₹ 2.00 Crores being 50% of the financial facilities availed by Joint Venture Company Talbros Marugo Rubber Pvt. Limited. | 99.9305 | 0.0695 |

5. MEANS OF COMMUNICATION

- a) Quarterly Results:** The quarterly, half-yearly and annual financial results of the Company are sent to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. 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.com.

- b) Company's Website (www.talbro.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.com is a comprehensive reference on Talbro'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, 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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company intimates Bombay Stock Exchange 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 portal of Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

6. GENERAL SHAREHOLDER INFORMATION

(i) 62nd Annual General Meeting

The 62nd Annual General Meeting will be held on 25th September, 2019 at 10:30 A.M at Hotel Saffron Kiran, 12/3, NH-2, Sarai Khwaja, Faridabad – 121003.-

(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 2018-19 is from 17th September, 2019 to 25th September, 2019 (both days inclusive).

Financial Reporting Calendar:

| Un audited Quarterly results for the quarters | Tentative date of Reporting |
|---|-----------------------------|
| April – June 2019 | mid of August, 2019 |
| July – September 2019 | mid of November 2019 |
| October – December 2019 | mid of February 2020 |
| January – March 2020 | 4th week of May 2020 |

(iv) Dividend Payment Date

The Board has recommended a dividend of 18% on the paid-up share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend, if 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 declaration.

(v) Listing of Equity Shares on Stock Exchanges

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The annual listing fee due to the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. for the year 2019-20 has been duly paid.

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

(vi) Stock Code

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

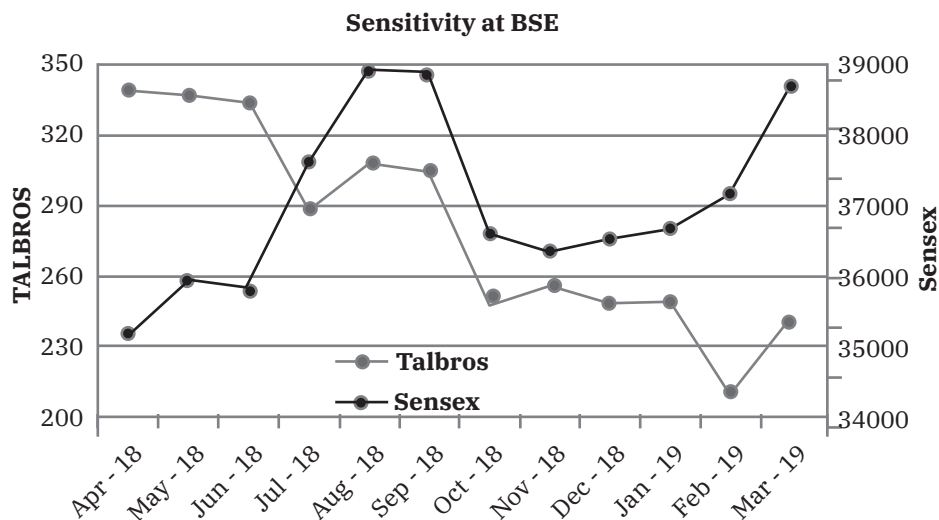
(vii) Market Price Data

| Months | Share Price at BSE | | Share Price at NSE | |
|----------------|--------------------|---------|--------------------|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April 2018 | 338.00 | 278.95 | 339.40 | 282.05 |
| May 2018 | 338.10 | 274.10 | 333.65 | 277.00 |
| June 2018 | 335.00 | 251.20 | 313.55 | 252.95 |
| July 2018 | 289.00 | 250.00 | 295.00 | 250.35 |
| August 2018 | 309.15 | 280.30 | 309.80 | 275.10 |
| September 2018 | 305.00 | 242.05 | 307.00 | 243.00 |
| October 2018 | 250.00 | 197.50 | 254.05 | 195.00 |
| November 2018 | 257.40 | 211.50 | 258.60 | 211.25 |
| December 2018 | 249.00 | 214.00 | 234.00 | 214.00 |
| January 2019 | 249.95 | 200.65 | 246.95 | 201.20 |
| February 2019 | 212.35 | 180.70 | 220.00 | 178.65 |
| March 2019 | 242.95 | 201.75 | 245.00 | 201.45 |

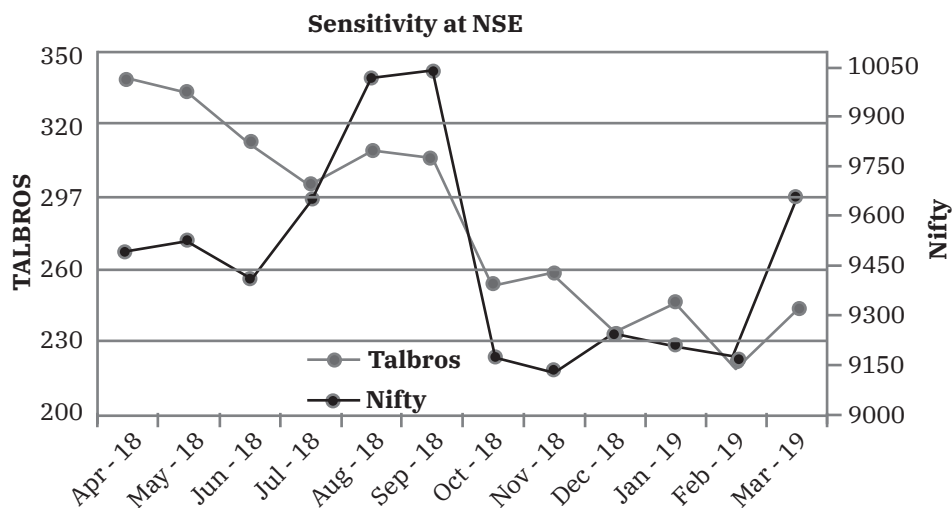
Performance of the share price of the Company in comparison to BSE Sensex:

BSE SENSEX

| Months | Share Price | | Sensex | |
|----------------|-------------|---------|----------|----------|
| | High (₹) | Low (₹) | High | Low |
| April 2018 | 338.00 | 278.95 | 35213.30 | 32972.56 |
| May 2018 | 338.10 | 274.10 | 35993.53 | 34302.89 |
| June 2018 | 335.00 | 251.20 | 35877.41 | 34784.68 |
| July 2018 | 289.00 | 250.00 | 37644.59 | 35106.57 |
| August 2018 | 309.15 | 280.30 | 38989.65 | 37128.99 |
| September 2018 | 305.00 | 242.05 | 38934.35 | 35985.63 |
| October 2018 | 250.00 | 197.50 | 36616.64 | 33291.58 |
| November 2018 | 257.40 | 211.50 | 36389.22 | 34303.38 |
| December 2018 | 249.00 | 214.00 | 36554.99 | 34426.29 |
| January 2019 | 249.95 | 200.65 | 36701.03 | 35375.51 |
| February 2019 | 212.35 | 180.70 | 37172.18 | 35287.16 |
| March 2019 | 242.95 | 201.75 | 38748.54 | 35926.94 |


NIFTY

| Months | Share Price | | Nifty | |
|----------------|-------------|---------|----------|---------|
| | High (₹) | Low (₹) | High | Low |
| April 2018 | 339.40 | 282.05 | 9503.60 | 8933.45 |
| May 2018 | 333.65 | 277.00 | 9531.65 | 9046.70 |
| June 2018 | 313.55 | 252.95 | 9423.20 | 9018.05 |
| July 2018 | 295.00 | 250.35 | 9657.60 | 9060.60 |
| August 2018 | 309.80 | 275.10 | 10027.00 | 9579.70 |
| September 2018 | 307.00 | 243.00 | 10049.85 | 9041.65 |
| October 2018 | 254.05 | 195.00 | 9185.50 | 8370.80 |
| November 2018 | 258.60 | 211.25 | 9134.35 | 8742.50 |
| December 2018 | 234.00 | 214.00 | 9258.35 | 8646.55 |
| January 2019 | 246.95 | 201.20 | 9206.05 | 8825.60 |
| February 2019 | 220.00 | 178.65 | 9179.75 | 8729.70 |
| March 2019 | 245.00 | 201.45 | 9667.45 | 8994.00 |



(viii) Registrar & Transfer Agents

For Shares held in Physical as well as Electronic Mode

M/s Karvy Fintech 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@karvy.com / www.karvycomputershare.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 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 (LODR) Regulations, 2015, 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, 2019

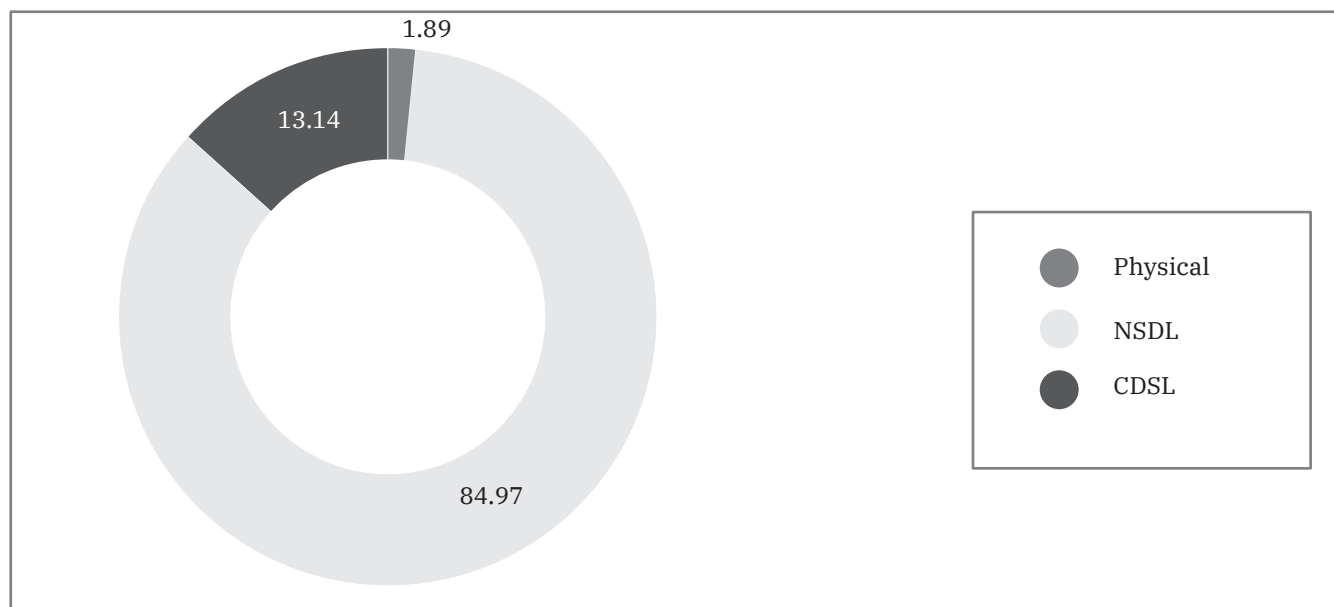
| Category (Amount) | | No. of Shareholders | | No. of Shares | |
|--------------------|--------|---------------------|---------------|-----------------|---------------|
| From | To | Number | % Total | Number | % Total |
| 1 | 5000 | 19935 | 93.552 | 1697968 | 13.7536 |
| 5001 | 10000 | 690 | 3.2381 | 548368 | 4.4418 |
| 10001 | 20000 | 358 | 1.68 | 529941 | 4.2925 |
| 20001 | 30000 | 122 | 0.5725 | 307286 | 2.489 |
| 30001 | 40000 | 62 | 0.291 | 218910 | 1.7732 |
| 40001 | 50000 | 36 | 0.1689 | 169183 | 1.3704 |
| 500001 | 100000 | 52 | 0.244 | 362053 | 2.9326 |
| 100001 | Above | 54 | 0.2534 | 8511921 | 68.9468 |
| Total | | 21309 | 100.00 | 12345630 | 100.00 |

(xi) Dematerialization of Shares and Liquidity as on 31st March, 2019

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, 2019 is as follows:

| Category | No. of shareholders | No. of Equity Shares | % of Capital |
|--------------|---------------------|----------------------|---------------|
| Physical | 2424 | 233598 | 1.89 |
| NSDL | 12553 | 10490228 | 84.97 |
| CDSL | 6332 | 1621804 | 13.14 |
| Total | 21309 | 12345630 | 100.00 |

**(xii) Outstanding Stock Option**

There are no outstanding warrants or any convertible instruments as on 31st March, 2019.

(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, Uttrakhand -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

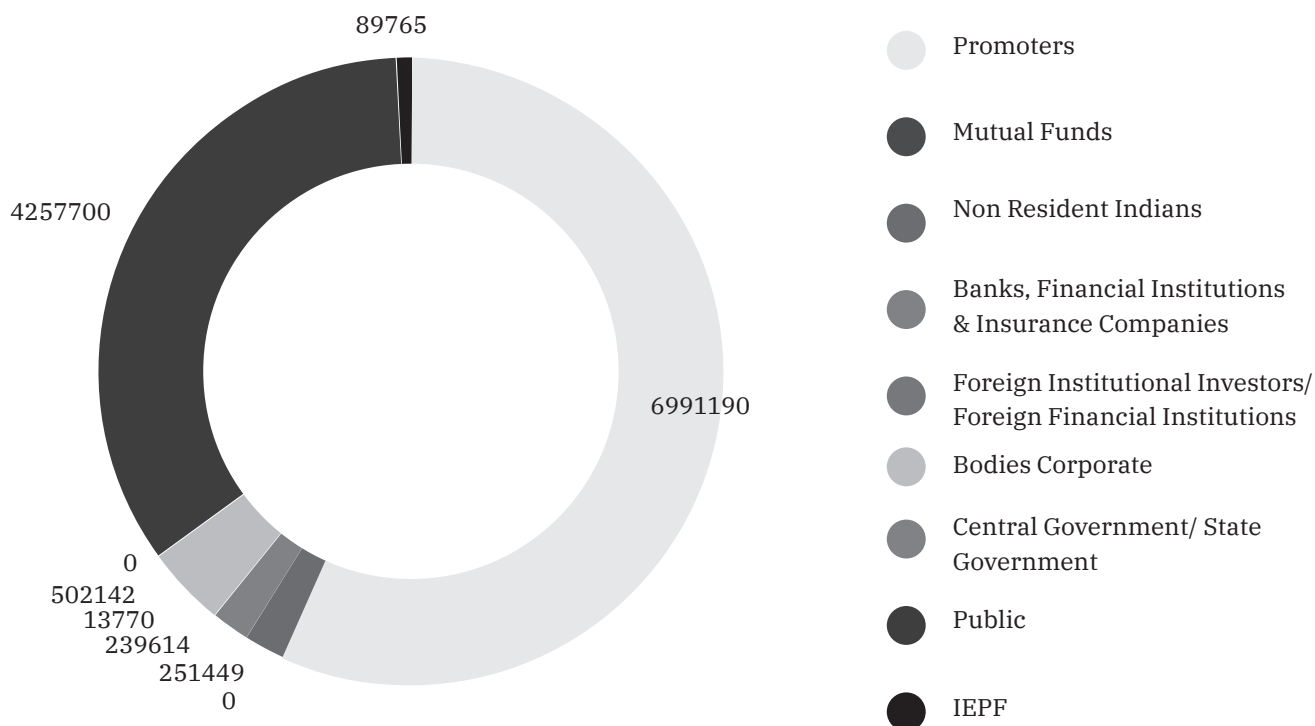
Talbros Automotive Components Ltd.
 14/1, Delhi Mathura Road, Faridabad –121003
 Tel: +91-129- 2251482/ 2251456/2251400
 Email: seema_narang@talbros.com

For all matters relating to investor relations please contact:

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

(xv) Shareholding Pattern as on 31st March, 2019

| Category | No. of Shares | % to equity |
|---|-----------------|---------------|
| Promoters | 6991190 | 56.63 |
| Mutual Funds | - | - |
| Non Resident Indians | 251449 | 2.03 |
| Banks, Financial Institutions & Insurance Companies | 239614 | 1.94 |
| Foreign Institutional Investors/ Foreign Financial Institutions | 13770 | 0.11 |
| Bodies Corporate | 502142 | 4.07 |
| Central Government/ State Government | - | - |
| Public | 4257700 | 34.49 |
| IEPF | 89765 | 0.73 |
| Total | 12345630 | 100.00 |

**(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 |
|---------|---------------------|-----------------------|
| 2011-12 | 03.09.2012 | 01.10.2019 |
| 2012-13 | 16.09.2013 | 14.10.2020 |
| 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 |

Members who have not encashed their dividend warrants so far in respect of dividend 2011-12 are requested to have the same revalidated to encash and avoid transfer to IEPF as being requested separately by the Company.

(xix) 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.

7. OTHER DISCLOSURES
Related Party Transactions

All transactions with Related Parties during the financial year ended 31st March, 2019 covered under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, were at arm's length basis, in 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.

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/>

Familiarisation Programme

The Independent Directors have the requisite qualifications and experience which enable them to contribute effectively.

The Independent Directors are familiarised 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.

Credit ratings obtained by the Company

Company's credit rating has been revised on 2nd April, 2019, which is mentioned as below:

| Facilities | Amount (₹ Crores) | Rating |
|--|------------------------------------|--|
| Long term Bank Facilities | 140.95 (enhanced from ₹ 108.96) | CARE A; Stable (Single A; Outlook: Stable) |
| Short term Bank Facilities | 45 | CARE AI (A One) |
| Medium Term Instrument (Fixed Deposit) | 10 | CARE A (FD); Stable [Single A (Fixed Deposit); Outlook; Stable] |

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

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, 2019.

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 is a part of this Annual Report.

Policy for determining material subsidiaries

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

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:

- Corporate governance requirement as specified under Point C of Schedule V of the SEBI (LODR) Regulations, 2015
- Regulation 17 to 27 and clause (b) to (i) of Regulation 46(2) of the SEBI (LODR) Regulations, 2015, as applicable
- Treatment as prescribed in the applicable Accounting Standards.

Details of penalties imposed on the Company

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

| Sl. No. | Name of Exchange | Particulars of non-compliance | Amount of Penalty (Amt in ₹) |
|---------|--|--|------------------------------|
| 1. | Bombay Stock Exchange Limited (BSE) | Regulation 17(1) - Non-compliance with the requirements pertaining to the composition of Board of Directors. | 1,53,400/- |
| 2. | National Stock Exchange of India Limited (NSE) | Regulation 17(1)- Non-compliance with the requirements pertaining to the composition of Board of Directors. | 1,53,400/- |

No other penalties have been imposed on the Company by SEBI or any other statutory authorities during last three financial years.

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.

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 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.

Policy against Sexual and Workplace Harassment

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.

No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2019.

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 the non-compliances.

Managing Director/ CFO certification

The certificate from Mr. Umesh Talwar, Vice Chairman and Managing Director and Mr. Manish Khanna, Chief Financial Officer as placed before the Board in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015 is enclosed at the end of this Report.

Adoption of Discretionary Requirements

With respect to the discretionary requirements as per Regulation 27(1) and Part E of Schedule II to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a non-executive chairperson and the Company also has a record of unmodified audit opinion on financial statements as is evident from the audit reports of previous financial years. The Company endeavors to continue the same.

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

DECLARATION FOR CODE OF CONDUCT

As provided under Regulation 26(3) of the SEBI (LODR) 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, 2019.

For **Talbro's Automotive Components Limited**

Sd/-

Umesh Talwar

[Vice Chairman & Managing Director]

DIN: 00059271

Place : New Delhi

Dated: 29th May, 2019

AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE DEFINED UNDER SCHEDULE V OF 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. We have examined the details of the compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2019, 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, 2018 to 31st March, 2019.

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

2. 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, 2018 to 31st March, 2019. 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, 2019.
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 above mentioned Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have carried out an examination of the relevant records of the Company in accordance

with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the 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

Place : New Delhi
Dated: May 29, 2019

Sd/-
(Akhil Bhalla)
Partner
Membership. No. 505002

CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY UNDER REGULATION 33(2) OF SEBI (LODR) 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, 2019 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.

Place : New Delhi
Dated: 29th May, 2019

Sd/-
Umesh Talwar
Vice Chairman and Managing Director
DIN: 00059271

Sd/-
Manish Khanna
Chief Financial Officer

FINANCIAL STATEMENTS

STANDALONE 81-147

CONSOLIDATED 148-215

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, 2019, 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, 2019, the 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.

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

| Sr. No. | Key Audit Matters | Auditor's Response |
|---------|--|--|
| 1 | Valuation Of complex instruments involving high estimation uncertainty The Company has material long term investments in group companies which are un-quoted. | Principal Audit Procedures We have verified the group shareholding in the investment in equity instruments which are fair valued by the company. We have verified the reasonableness of assumptions used and the valuation technique used to determine the fair value. |
| 2 | Evaluation of uncertain tax positions The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 39 to the Standalone Financial Statements | Principal Audit Procedures Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties. |

INDEPENDENT AUDITORS' REPORT

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.

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.

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

INDEPENDENT AUDITORS' REPORT

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.

Materiality is the magnitude of misstatements in the standalone financial statement that, individually or in aggregate, makes it probable that the economic

decision of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factor in (i) planning the scope of our audit work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

INDEPENDENT AUDITORS' REPORT

- (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 from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2019 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

Place : New Delhi
Dated: May 29, 2019

Membership No. 505002

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, 2019 of Talbros 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 complied with the provisions of Sections 185 and 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.

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

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, 2019 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:

| 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 |
|-----------------------------------|--------------------------|-----------------------|--|-------------------------------------|--|
| Maharashtra VAT Act, 2005 | Demand of VAT | 0.55 | | 2005-06 & 2008-09 | Office of the joint Commissioner of Sales Tax, Pune-3 3rd Floor, GST Bhavan, Pune-411016 |
| Income tax Act, 1961 | Income Tax demand | 4.48 | | 2004-05 | CIT-Appeal |
| Income tax Act, 1961 | Income Tax demand | 13.98 | | 2011-12 | CIT-Appeal |
| Income tax Act, 1961 | Income Tax demand | 21.09 | | 2012-13 | CIT-Appeal |
| Finance Act, 1994 | Cenvat-Credit disallowed | 8.85 | | 2007-08 to 2010-11 | Assistant commissioner Faridabad |
| Finance Act, 1994 | Cenvat-Credit disallowed | 2.68 | | August 2011 to October 2013 | Superintendent Range –IVB, Chennai |
| Haryana Value added Tax Act, 2003 | Input tax disallowed | 2.74 | | 2006-07 | Deputy Commissioner Gurgaon |
| Central Excise Act, 1944 | Demand of excise duty | 440.90 | 83.75 | FY 2010-11 to 2015-16 | Commissioner of Customs, Central Excise and Service Tax, Harpur |
| Custom Act, 1962 | Demand of custom Duty | 28.12 | | 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.

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

10. To the best of our knowledge and according to the information and explanation given to us, no fraud by the company or no material 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

Place : New Delhi
Dated: May 29, 2019

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 **Talbros Automotive Components Limited** ("the Company") as of March 31, 2019 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

ANNEXURE II

TO INDEPENDENT AUDITORS' REPORT

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 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, 2019, 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

Place : New Delhi
Dated: May 29, 2019

BALANCE SHEET

AS AT 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Note | 31 st March, 2019 | 31 st March, 2018 |
|---|------|------------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 | 13,971.68 | 12,434.04 |
| Capital work in progress | 2 | 644.16 | 242.71 |
| Investment property | 3 | 308.59 | 295.14 |
| Intangible assets | 4 | 111.83 | 69.09 |
| Intangible assets under development | 4 | 18.50 | 63.47 |
| Financial assets | | | |
| Investments | 5 | 4,617.39 | 5,331.55 |
| Loans | 6 A | 121.58 | 118.31 |
| Other financial assets | 7 A | 25.99 | 49.44 |
| Current tax assets | 8 | - | 32.03 |
| Other non-current assets | 9 A | 449.39 | 117.91 |
| Total non-current assets | | 20,269.11 | 18,753.69 |
| Current assets | | | |
| Inventories | 10 | 11,052.29 | 10,924.86 |
| Financial assets | | | |
| Trade receivables | 11 | 13,528.20 | 12,419.05 |
| Cash and cash equivalents | 12 | 231.84 | 321.42 |
| Other bank balances | 13 | 692.21 | 455.95 |
| Loans | 6 B | 566.78 | 572.68 |
| Other financial assets | 7 B | 73.96 | 142.58 |
| Other current assets | 9 B | 1,892.30 | 1,922.80 |
| Total current assets | | 28,037.58 | 26,759.34 |
| Total assets | | 48,306.69 | 45,513.03 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 14 | 1,234.56 | 1,234.56 |
| Other equity | 15 | 17,185.06 | 15,715.61 |
| Total equity | | 18,419.62 | 16,950.17 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 A | 2,523.45 | 1,553.00 |
| Other financial liabilities | 17 A | 13.15 | 19.68 |
| Provisions | 18 A | 359.30 | 324.20 |
| Deferred tax liabilities | 19 | 270.89 | 422.39 |
| Other non-current liabilities | 20 A | 97.97 | 4.61 |
| Total non-current liabilities | | 3,264.76 | 2,323.88 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 16 B | 11,233.73 | 10,176.93 |
| Trade payables | 21 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | 132.19 | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 11,594.20 | 13,723.63 |
| Other financial liabilities | 17 B | 2,683.76 | 1,735.39 |
| Other current liabilities | 20 B | 572.92 | 470.89 |
| Provisions | 18 B | 148.70 | 132.14 |
| Current tax liabilities | 22 | 256.81 | - |
| Total current liabilities | | 26,622.31 | 26,238.98 |
| Total equity and liabilities | | 48,306.69 | 45,513.03 |
| 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

Place: Gurugram
Date: 29th May, 2019

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 PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Note | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|------|--|--|
| REVENUE | | | |
| Revenue from operations | 23 | 48,284.79 | 40,000.61 |
| Other income | 24 | 1,194.51 | 941.15 |
| Total income | | 49,479.30 | 40,941.76 |
| EXPENSES | | | |
| Cost of materials consumed | 25 | 26,592.73 | 21,717.39 |
| Purchase of stock-in-trade | 26 | 229.35 | 242.55 |
| Changes in inventories of finished goods, stock in trade and work in progress | 27 | 451.26 | 211.10 |
| Excise duty | | - | 703.11 |
| Employee benefits expenses | 28 | 5,924.71 | 5,135.35 |
| Finance costs | 29 | 1,552.53 | 1,393.78 |
| Depreciation and amortization expense | 30 | 1,790.12 | 1,419.45 |
| Other expenses | 31 | 9,995.01 | 7,909.22 |
| Total expenses | | 46,535.71 | 38,731.95 |
| Profit before exceptional items and tax | | 2,943.59 | 2,209.81 |
| Exceptional items | 32 | - | 215.77 |
| Profit before tax | | 2,943.59 | 2,425.58 |
| Tax expense | 33 | | |
| Current tax | | 882.71 | 523.01 |
| Deferred tax | | (76.41) | 105.03 |
| Earlier years tax adjustments (net) | | (30.28) | (111.57) |
| Total tax expense | | 776.02 | 516.47 |
| Profit for the year | | 2,167.57 | 1,909.11 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (47.80) | (70.38) |
| Changes in fair value of FVOCI equity instruments | | (578.59) | 484.97 |
| Income tax relating to items that will not be reclassified to profit or loss | | 151.52 | (88.62) |
| Total other comprehensive income for the year | | (474.87) | 325.97 |
| Total comprehensive income for the year | | 1,692.70 | 2,235.08 |
| Earnings per equity share (Face value ₹ 10 per share) | 34 | | |
| Basic (₹) | | 17.56 | 15.46 |
| Diluted (₹) | | 17.56 | 15.46 |
| 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: 29th May, 2019

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, 2019

A Equity share capital

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Balance as at 1 st April, 2017 | Changes in equity share capital during the year | Balance as at 31 st March, 2018 | Changes in equity share capital during the year | Balance as at 31 st March, 2019 |
|----------------------|--|--|--|--|---|
| Equity share capital | 1,234.56 | - | 1,234.56 | - | 1,234.56 |

B Other equity

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Reserves and surplus | | | | Equity instruments through Other Comprehensive Income | Total |
|--|----------------------|--------------------|----------------------------------|----------------------|---|------------------|
| | General reserve | Capital reserve | Securities premium reserve | Retained earnings | | |
| Balance as at 1st April, 2017 | 548.23 | 15.21 | 4,678.30 | 7,348.56 | 1,113.11 | 13,703.41 |
| Profit for the year | - | - | - | 1,909.11 | - | 1,909.11 |
| Other comprehensive income for the year (net of tax impact) | - | - | - | (46.02) | 371.99 | 325.97 |
| Transfer | 50.00 | - | - | (50.00) | - | - |
| Transactions with owners, recorded directly in equity | | | | | | |
| - Dividend paid during the year | - | - | - | (185.18) | - | (185.18) |
| - Dividend distribution tax | - | - | - | (37.70) | - | (37.70) |
| Balance as at 31st March, 2018 | 598.23 | 15.21 | 4,678.30 | 8,938.77 | 1,485.10 | 15,715.61 |
| Profit for the year | - | - | - | 2,167.57 | - | 2,167.57 |
| Other comprehensive income for the year (net of tax impact) | - | - | - | (31.07) | (443.80) | (474.87) |
| Transfer | 50.00 | - | - | (50.00) | - | - |
| Transactions with owners, recorded directly in equity | | | | | | |
| - Dividend paid during the year | - | - | - | (185.18) | - | (185.18) |
| - Dividend distribution tax | - | - | - | (38.07) | - | (38.07) |
| Balance as at 31st March, 2019 | 648.23 | 15.21 | 4,678.30 | 10,802.02 | 1,041.30 | 17,185.06 |

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: 29th May, 2019

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, 2019

(All amounts in INR lakhs, unless otherwise stated)

| | Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|----------|---|--|--|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Profit before exceptional items and tax | 2,943.59 | 2,425.58 |
| | Adjustments for: | | |
| | Depreciation on property, plant and equipment, investment property and intangible assets | 1,790.12 | 1,419.45 |
| | Profit on sale of property, plant and equipment (net) | (35.62) | (81.76) |
| | Interest income | (104.44) | (98.74) |
| | Dividend income | (493.48) | (325.37) |
| | Fair value changes in investments carried at FVTPL | - | (1.02) |
| | Allowance for doubtful debts (net) | 212.55 | 129.30 |
| | Property, plant and equipment written off | - | 10.93 |
| | Unrealized foreign exchange gain | (46.94) | (47.80) |
| | Advances written off | 88.56 | 212.19 |
| | Provisions no longer required written back | (88.56) | (212.19) |
| | Finance costs | 1,552.53 | 1,393.78 |
| | Exceptional items | - | (215.77) |
| | Operating profit before working capital changes | 5,818.31 | 4,608.58 |
| | Movement in working capital | | |
| | Change in inventories | (127.43) | (1,049.04) |
| | Change in Trade receivables, other financial and non-financial assets | (1,763.63) | (3,919.94) |
| | Change in Trade payable, other financial and non-financial liabilities | (1,810.15) | 4,188.02 |
| | Cash generated from operating activities post working capital changes | 2,117.10 | 3,827.62 |
| | Income tax paid (net) | (478.50) | (423.00) |
| | Net cash generated from operating activities (A) | 1,638.60 | 3,404.62 |
| B | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| | Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development) | (4,182.91) | (2,668.32) |
| | Proceeds from sale of property, plant and equipment | 146.62 | 490.46 |
| | Proceeds from sale of investments | 140.20 | 14.65 |
| | Movement in other bank balances | (243.64) | (145.76) |
| | Purchase of non-current investments | - | (100.00) |
| | Dividend received | 493.49 | 325.37 |
| | Interest received | 93.03 | 136.92 |
| | Net cash used in investing activities (B) | (3,553.21) | (1,946.68) |
| C | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | Proceeds from borrowings | 5,300.63 | 1,660.72 |
| | Repayment of borrowings | (1,706.05) | (1,562.03) |
| | Dividend paid net (including tax) | (220.64) | (217.77) |
| | Interest paid | (1,548.91) | (1,368.54) |
| | Net cash used in financing activities (C) | 1,825.03 | (1,487.62) |
| | Decrease in cash and cash equivalents (A+B+C) | (89.58) | (29.68) |
| | Cash and cash equivalents at the beginning of the year | 321.42 | 351.10 |
| | Cash and cash equivalents at the end of the year (Refer note 12) | 231.84 | 321.42 |

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: 29th May, 2019

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 TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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 Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2015 as 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 31 March 2019 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 29th May, 2019.

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 summarised 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 summarised 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 realised or intended to be sold or consumed in normal operating cycle*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

- Held primarily for the purpose of trading
- 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 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 realisation 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 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 capitalisation 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 Company and the benefit shall be availed over a period of more than 1 year. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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 | 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 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 statement of profit and loss when the asset is derecognized.

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 recognised 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 capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Subsequent measurement (Amortisation 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 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 Company has elected to continue with the carrying value of all its intangible assets recognized as at 1 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 Company has elected to continue with the carrying value of all its investment properties recognised as at 1 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 recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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 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 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.

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 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 finance leases recognized in accordance with Ind AS 17, 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.

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 recognised 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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

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 except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost. Contingent rents are recognised as revenue in the period in which they are earned.

The Company 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 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

NOTES TO THE FINANCIAL STATEMENTS

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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.

1) 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 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 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.

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 recognised 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 recognised 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 amortised cost** – A financial instrument is

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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 amortised 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 recognised 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 recognised 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-recognised 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 amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised 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 recognised 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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

- 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 recognised 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 recognizes 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 Provided 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 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

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FOR THE YEAR ENDED 31st MARCH, 2019

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 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 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 realised 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

t) Provisions, contingent liabilities and contingent assets

A provision is recognised 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 recognised 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 utilised.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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:

i. Ind AS 116 'Leases'

On 30 March 2019, Ministry of Corporate Affairs ('MCA') has clarified that Ind AS 116 is effective for annual periods beginning on or after 1 April 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

ii. Amendment to Ind AS 12, Income taxes

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty

over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognize and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is 1 April 2019. Further, there has been amendments in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

iii. Amendment to Ind AS 19, Employee benefits

On 30 March 2019, Ministry of Corporate Affairs ("MCA") has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is 1 April 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

iv. Amendment to Ind AS 109, Financial instruments

On 30 March 2019, Ministry of Corporate Affairs (“MCA”) issued an amendment to Ind-AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after 1 April 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

v. Amendment to Ind AS 23, Borrowing costs

On 30 March 2019, Ministry of Corporate Affairs (“MCA”) issued an amendment to Ind-AS 23 “Borrowing Costs” clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after 1 April 2019. The Company is evaluating the requirements of the amendments and their impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Freehold land* | Leasehold land | Building | Leasehold improvements | Plant and equipment | Vehicles | Furniture & fixtures | Office equipment | Electrical installation | Air-conditioning plant | Tubewell | Total | Capital work in Progress |
|---|----------------|----------------|-----------------|------------------------|---------------------|---------------|----------------------|------------------|-------------------------|------------------------|--------------|------------------|--------------------------|
| Gross block | | | | | | | | | | | | | |
| As at 1st April, 2017 | 550.39 | 413.99 | 3,019.10 | 15.79 | 13,469.63 | 659.54 | 400.02 | 320.26 | 852.79 | 78.12 | 10.52 | 19,790.15 | 105.22 |
| Additions | 1.62 | - | 87.02 | - | 2,182.29 | 45.73 | 117.46 | 54.84 | 42.37 | - | - | 2,531.33 | 260.42 |
| Disposals/transfers | - | - | - | - | (362.99) | (158.71) | (1.26) | (0.90) | (29.78) | - | - | (553.64) | (122.93) |
| Balance as at 31st March, 2018 | 552.01 | 413.99 | 3,106.12 | 15.79 | 15,288.93 | 546.56 | 516.22 | 374.20 | 865.38 | 78.12 | 10.52 | 21,767.84 | 242.71 |
| Additions | 153.42 | - | 89.89 | - | 2,990.03 | 63.55 | 85.04 | 44.35 | 23.50 | 27.60 | - | 3,477.38 | 401.45 |
| Disposals/transfers | (2.81) | - | (76.54) | - | (176.10) | (155.75) | (1.20) | (1.65) | (0.09) | - | - | (414.14) | - |
| Balance as at 31st March, 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 |
| Accumulated depreciation | | | | | | | | | | | | | |
| As at 1st April, 2017 | - | 39.62 | 1,070.03 | 6.75 | 5,716.70 | 346.28 | 344.68 | 269.19 | 411.72 | 54.87 | 9.99 | 8,269.83 | - |
| Charge for the year | - | 4.60 | 109.51 | 9.04 | 1,069.14 | 85.36 | 29.44 | 27.11 | 65.37 | 14.20 | - | 1,413.77 | - |
| Disposals | - | - | - | - | (215.88) | (119.32) | (0.90) | (0.77) | (12.93) | - | - | (349.80) | - |
| Balance as at 31st March, 2018 | - | 44.22 | 1,179.54 | 15.79 | 6,569.96 | 312.32 | 373.22 | 295.53 | 464.16 | 69.07 | 9.99 | 9,333.80 | - |
| Charge for the year | - | 4.60 | 114.49 | - | 1,427.67 | 66.78 | 72.69 | 40.67 | 62.59 | 10.35 | - | 1,799.84 | - |
| Disposals | - | - | (50.45) | - | (93.44) | (127.59) | (1.14) | (1.57) | (0.05) | - | - | (274.24) | - |
| Balance as at 31st March, 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 | - |
| Net Block as at 31st March, 2019 | 702.62 | 365.17 | 1,875.89 | - | 10,198.67 | 202.85 | 155.29 | 82.27 | 362.09 | 26.30 | 0.53 | 13,971.68 | 644.16 |
| Net block as at 31st March, 2018 | 552.01 | 369.77 | 1,926.58 | - | 8,718.97 | 234.24 | 143.00 | 78.67 | 401.22 | 9.05 | 0.53 | 12,434.04 | 242.71 |
| Net block as at 1st April, 2017 | 550.39 | 374.37 | 1,949.07 | 9.04 | 7,752.93 | 313.26 | 55.34 | 51.07 | 441.07 | 23.25 | 0.53 | 11,520.32 | 105.22 |

*Includes Land valuing - Nil (31st March, 2018 - ₹ 465.26 lakhs) for which the title is yet to be registered in the Company's name.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 2. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(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):

(All amounts in INR lakhs, unless otherwise stated)

| Nature of expense | 31 st March, 2019 | 31 st March, 2018 |
|-----------------------------------|------------------------------|------------------------------|
| Salaries and wages | 225.65 | 135.51 |
| Depreciation | 63.30 | 34.90 |
| Power and fuel | 125.75 | 85.20 |
| Repairs and maintenance | 100.61 | 34.55 |
| Processing charges and consumable | 222.46 | 81.66 |
| Total | 737.77 | 371.82 |

(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.

Note 3. INVESTMENT PROPERTY

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Land | Building | Total |
|--|-------------|---------------|---------------|
| Gross block | | | |
| As at 1 st April, 2017 | - | 435.73 | 435.73 |
| Additions/transfers | - | - | - |
| Balance as at 31st March, 2018 | - | 435.73 | 435.73 |
| Additions/transfers | 2.81 | 76.54 | 79.35 |
| Balance as at 31st March, 2019 | 2.81 | 512.27 | 515.08 |
| Accumulated depreciation | | | |
| As at 1 st April, 2017 | - | 126.45 | 126.45 |
| Charge for the year | - | 14.14 | 14.14 |
| Balance as at 31st March, 2018 | - | 140.59 | 140.59 |
| Charge for the year | - | 15.45 | 15.45 |
| Disposals/transfers | - | 50.45 | 50.45 |
| Balance as at 31st March, 2019 | - | 206.49 | 206.49 |
| Net block as at 31st March, 2019 | 2.81 | 305.78 | 308.59 |
| Net block as at 31st March, 2018 | - | 295.14 | 295.14 |
| Net block as at 1st April, 2017 | - | 309.28 | 309.28 |

(i) Amount recognized in profit and loss for investment property

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Rental income | 143.27 | 154.87 |
| 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 | 143.27 | 154.87 |
| Less: depreciation expense | 15.45 | 14.14 |
| Profit from leasing of investment property after depreciation | 127.82 | 140.73 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 3. INVESTMENT PROPERTY (CONTD.)

- * 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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|-------------|------------------------------|------------------------------|
| Fair value | 526.10 | 297.02 |

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 categorized 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.

Note 4. INTANGIBLE ASSETS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Computer software | Technical know-how | Total | Intangible assets under development |
|---|-------------------|--------------------|---------------|-------------------------------------|
| Gross block | | | | |
| As at 1st April, 2017 | 207.70 | 471.61 | 679.31 | 61.32 |
| Additions | 47.42 | - | 47.42 | - |
| Internally developed | - | - | - | 2.15 |
| Balance as at 31st March, 2018 | 255.12 | 471.61 | 726.73 | 63.47 |
| Additions | 80.87 | - | 80.87 | - |
| Internally developed | - | - | - | - |
| Capitalized during the year | - | - | - | (44.97) |
| Balance as at 31st March, 2019 | 335.99 | 471.61 | 807.60 | 18.50 |
| Accumulated amortization | | | | |
| As at 1st April, 2017 | 196.82 | 434.38 | 631.20 | - |
| Amortization charge for the year | 10.22 | 16.22 | 26.44 | - |
| Balance as at 31st March, 2018 | 207.04 | 450.60 | 657.64 | - |
| Amortization charge for the year | 25.53 | 12.60 | 38.13 | - |
| Balance as at 31st March, 2019 | 232.57 | 463.20 | 695.77 | - |
| Net block as at 31st March, 2019 | 103.42 | 8.41 | 111.83 | 18.50 |
| Net block as at 31st March, 2018 | 48.08 | 21.01 | 69.09 | 63.47 |
| Net block as at 1st April, 2017 | 10.88 | 37.23 | 48.11 | 61.32 |

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 5. INVESTMENTS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| (i) Investments in equity instruments | | |
| Joint ventures | | |
| (Unquoted, at cost) | | |
| Nippon Leakless Talbros Private Limited 4,800,000 shares (31 st March, 2018: 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, 2018: 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, 2018: 9,500,000 shares) of ₹ 10 each | 950.00 | 950.00 |
| Others | | |
| (Unquoted, at fair value through other comprehensive income) | | |
| QH Talbros Private Limited 177,962 shares (31 st March, 2018: 177,962 shares) of ₹ 10 each | 19.98 | 31.25 |
| Talbros International Private Limited 1,326,970 shares (31 st March, 2018: 1,326,970 shares) of ₹ 10 each | 1,966.11 | 2,486.72 |
| T & T Motors Limited 83,333 shares (31 st March, 2018: 83,333 shares) of ₹ 10 each | 23.30 | 70.01 |
| Others | | |
| (Unquoted, at fair value through profit and loss) | | |
| Caparo Power Limited Nil equity shares (31 st March, 2018: 1,147,134 equity shares) of ₹ 10 each | - | 114.71 |
| (ii) Investment in preference shares | | |
| (Unquoted, at amortized cost) | | |
| Caparo Power Limited Nil, 2% Cumulative redeemable preference shares (31 st March, 2018: 254,920 shares) of ₹ 10 each | - | 20.86 |
| | 4,617.39 | 5,331.55 |
| Aggregate amount of quoted investments | - | - |
| Aggregate market value of quoted investments | - | - |
| Aggregate amount of unquoted investments | 4,617.39 | 5,331.55 |
| Aggregate amount of impairment in value of investments | - | - |

| Name of the Joint ventures | Principle place of business | Ownership interest | |
|--|--------------------------------|---------------------------------------|---------------------------------------|
| | | As at 31 st March, 2019 | As at 31 st March, 2018 |
| 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'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 6. LOANS

(All amounts in INR lakhs, unless otherwise stated)

| | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|----------|-------------------------------------|---------------------------------------|---------------------------------------|
| A | Loans - non current | | |
| | (Unsecured, considered good) | | |
| | Security deposits | 121.58 | 118.31 |
| | | 121.58 | 118.31 |
| B | Loans - current | | |
| | (Unsecured, considered good) | | |
| | Inter-corporate deposit | 566.78 | 549.58 |
| | Others* | - | 23.10 |
| | | 566.78 | 572.68 |

*refer note 38 for related party details

Note 7. OTHER FINANCIAL ASSETS

(All amounts in INR lakhs, unless otherwise stated)

| | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|----------|--|---------------------------------------|---------------------------------------|
| A | Other financial assets non - current | | |
| | (Unsecured, considered good) | | |
| | Bank deposits with more than 12 months maturity* | 25.99 | 49.44 |
| | | 25.99 | 49.44 |

*Under lien with banks as security against borrowings.

(All amounts in INR lakhs, unless otherwise stated)

| | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|----------|---|---------------------------------------|---------------------------------------|
| B | Other financial assets - current | | |
| | (Unsecured, considered good) | | |
| | Loan to employees | 64.30 | 42.43 |
| | Derivative assets on forward contracts | 4.59 | - |
| | Claims and other recoverable | 5.07 | 100.15 |
| | | 73.96 | 142.58 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 8. CURRENT TAX ASSETS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|------------------------------|---------------------------------------|---------------------------------------|
| Advance income tax | - | 995.71 |
| Less: Provision for taxation | - | (963.68) |
| | - | 32.03 |

Note 9.

(All amounts in INR lakhs, unless otherwise stated)

| | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| A Other non-current assets | | |
| Prepaid expenses | - | - |
| Capital advances | 449.39 | 117.91 |
| | 449.39 | 117.91 |
| B Other current assets | | |
| Advances to suppliers | | |
| - Considered good | 464.88 | 231.00 |
| - Considered doubtful | 13.93 | 36.07 |
| Balance with government authorities | | |
| - Considered good | 1,047.82 | 1,587.82 |
| - Considered doubtful | 64.62 | 50.50 |
| Prepaid expenses | 80.23 | 72.91 |
| Others | 299.37 | 31.07 |
| | 1,970.85 | 2,009.37 |
| Less : Provision for doubtful advances | (78.55) | (86.57) |
| | 1,892.30 | 1,922.80 |

Note 10. INVENTORIES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Lower of cost or net realizable value | | |
| Raw material | 4,347.27 | 3,796.46 |
| Work in progress | 4,809.02 | 5,273.69 |
| Finished goods | 1,469.96 | 1,441.49 |
| Stock in trade (in respect of goods acquired for trading) | - | 15.06 |
| Stores and spares | 426.04 | 398.16 |
| | 11,052.29 | 10,924.86 |
| i) The above includes goods in transit as under: | | |
| Raw material | 659.37 | 651.90 |
| Stores and spares | 5.80 | 12.61 |
| | 665.17 | 664.51 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 11. TRADE RECEIVABLES (UNSECURED CONSIDERED GOOD, UNLESS OTHERWISE STATED)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Unsecured, considered good | 13,528.20 | 12,419.05 |
| Trade receivables which have significant increase in credit risk | 302.34 | 192.61 |
| | 13,830.54 | 12,611.66 |
| Less: Allowance for doubtful debts | (302.34) | (192.61) |
| | 13,528.20 | 12,419.05 |
| Includes trade receivables from companies in which directors are interested | | |
| Magneti Marelli Talbros Chassis Systems Private Ltd. | 10.43 | 8.69 |
| Talbros Marugo Rubber Private Limited | - | 10.33 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Cash on hand | 40.61 | 58.78 |
| Balances with banks | | |
| -in current accounts | 127.83 | 256.65 |
| Deposits with original maturity less than 3 months | 63.40 | 5.99 |
| | 231.84 | 321.42 |

Note 13. OTHER BANK BALANCES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Term deposits [^] | 95.70 | 90.00 |
| Margin money deposits (pledged with banks) | 572.95 | 344.99 |
| Earmarked balances with banks | | |
| - Unpaid dividend account | 23.56 | 20.96 |
| | 692.21 | 455.95 |

[^] includes deposits with original maturity of more than 12 months ₹ 25.00 Lakhs (31st March, 2018: ₹ Nil).

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31st MARCH, 2019**Note 14. EQUITY SHARE CAPITAL**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|--|---------------------------------------|-----------------|---------------------------------------|-----------------|
| | No. of shares | Amount | No. of shares | Amount |
| i Authorized | | | | |
| 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 | 1,23,45,630 | 1,234.56 | 1,23,45,630 | 1,234.56 |
| Equity shares of ₹ 10 each | 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.

v Details of equity shares held by shareholders holding more than 5% shares in the Company

| Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|--|---------------------------------------|--------|---------------------------------------|--------|
| | No. of shares | % | No. of shares | % |
| Name of the equity shareholders | | | | |
| Talbros International Private Limited | 51,10,350 | 41.39% | 45,71,620 | 37.03% |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| General reserve | 648.23 | 598.23 |
| Retained earnings | 10,802.02 | 8,938.77 |
| Capital reserve | 15.21 | 15.21 |
| Securities premium reserve | 4,678.30 | 4,678.30 |
| Equity instruments through other comprehensive income | 1,041.30 | 1,485.10 |
| Total other equity | 17,185.06 | 15,715.61 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 15. OTHER EQUITY (CONTD.)

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 account

Securities premium account 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.

Note 16. A LONG TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Secured | | |
| Term Loans | | |
| From banks - Rupee loan | | |
| - IDFC First bank | 149.98 | 163.22 |
| - Kotak Mahindra bank | 200.90 | - |
| - Vehicle Loans | 53.68 | 80.70 |
| From banks - foreign currency loan | | |
| - IDFC First bank | 517.97 | - |
| From Others | | |
| - Bajaj Finance Ltd.(Term Loan-I) | - | 10.66 |
| - Bajaj Finance Ltd.(Term Loan-II) | 1,443.28 | 888.61 |
| - Vehicle loans | 37.58 | - |
| Unsecured | | |
| Deposits | | |
| - From director | 5.00 | 5.00 |
| - From public | 115.06 | 404.81 |
| | 2,523.45 | 1,553.00 |
| Amount disclosed under other financial liabilities: | | |
| Current maturity of long-term debts | 1,757.69 | 699.55 |
| Interest accrued on borrowings | 132.13 | 131.52 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. A LONG TERM BORROWINGS (CONTD.)

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. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
3. 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
4. Term loan-I from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of the Company's gasket division situated at Faridabad and is further secured by personal guarantee of two directors.
5. Term loan-II 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. 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.
7. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

| Particulars | Terms of repayment | Interest Rate | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---|-----------------|---------------------------------------|---------------------------------------|
| 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. | 9.60% to 9.75% | 149.98 | 163.22 |
| Kotak Mahindra Bank | 48 equal monthly installment after 12 months moratorium period from the date of first disbursement. | 9.15% | 200.90 | - |
| 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% | 53.68 | 80.70 |
| From banks - foreign currency loan | | | | |
| IDFC First Bank | 24 to 48 equal monthly installment from the date of disbursement | 3.00% to 3.25% | 517.97 | - |
| From others: | | | | |
| Bajaj Finance Ltd. (Term Loan- I) | 60 equal monthly installments from the date of loan | 9.65% to 10.80% | - | 10.66 |
| Bajaj Finance Ltd. (Term Loan- II) | 60 equal monthly installments from the date of loan | 9.65% | 1,443.28 | 888.61 |
| Vehicle Loan | 36 equal monthly installments from the date of loan | 6.28% | 37.58 | - |
| Unsecured Deposits | | | | |
| From director | Repayable within 3 years | 11.00% | 5.00 | 5.00 |
| From public | Repayable within 2 to 3 years | 9.50% - 11.00% | 115.06 | 404.81 |
| | | | 2,523.45 | 1,553.00 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. B SHORT TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Secured | | |
| a) Working capital loan from bank | | |
| HDFC Bank* | 3,983.12 | 3,671.72 |
| DBS Bank* | 1,486.22 | 924.89 |
| Yes Bank* | 1,884.22 | 1,574.30 |
| IDFC First Bank* | 1,487.63 | 1,103.57 |
| Axis Bank* | - | 1,000.00 |
| Unsecured | | |
| a) Working capital loan from bank | | |
| HDFC Bank** | 1,000.00 | - |
| b) Working capital loan from others | | |
| Bajaj Finance Limited** | 500.00 | 500.00 |
| c) Deposits | | |
| Fixed deposits from public | - | 12.52 |
| Inter-corporate deposit | 100.00 | 100.00 |
| d) Borrowings on account of sales bill discounting | | |
| From banks | 792.54 | 1,289.93 |
| | 11,233.73 | 10,176.93 |

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Yes Bank, IDFC First Bank & Axis 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 loans from HDFC Bank and Bajaj Finance Ltd are secured by personal guarantee of two directors of the Company.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Terms of repayment | Interest Rate | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--------------------------------------|-----------------------|-------------------|---------------------------------------|---------------------------------------|
| Working capital loan, secured | | | | |
| HDFC Bank | Within 180 days | 5.80% - 9.90% | 3,983.12 | 3,671.72 |
| DBS Bank | Within 365 days | 5.50% - 9.10% | 1,486.22 | 924.89 |
| Yes Bank | Within 365 days | 6.00% - 10.25% | 1,884.22 | 1,574.30 |
| IDFC First Bank | Within 365 days | 6.20% - 9.50% | 1,487.63 | 1,103.57 |
| Axis Bank | Within 180 days | 8.20% | - | 1,000.00 |
| | | | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. B SHORT TERM BORROWINGS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Terms of repayment | Interest Rate | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|--------------------|----------------|------------------------------------|------------------------------------|
| Working capital loan, unsecured | | | | |
| HDFC Bank | Within 180 days | 8.5%-9.05% | 1,000.00 | - |
| Bajaj Finance Limited | Within 90 days | 9.45% - 9.65% | 500.00 | 500.00 |
| Deposits, unsecured | | | | |
| Deposits from public | Within 365 days | 9.00% - 9.50% | - | 12.52 |
| 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 | 8.50% - 10.20% | 792.54 | 1,289.93 |
| | | | 11,233.73 | 10,176.93 |

C Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Long-term borrowings | Short-term borrowings | Total |
|---|----------------------|-----------------------|------------------|
| As at 31st March, 2018 | 2,252.55 | 10,176.93 | 12,429.48 |
| Cash flow: | | | |
| - Proceeds | 3,734.65 | 1,565.98 | 5,300.63 |
| - Repayment | (1,706.05) | - | (1,706.05) |
| Other non-cash movements: | | | |
| - Finance cost adjustment for effective interest rate | (0.01) | | (0.01) |
| - Movement in bills discounted from banks | - | (509.18) | (509.18) |
| As at 31st March, 2019 | 4,281.14 | 11,233.73 | 15,514.87 |

| Particulars | Long-term borrowings | Short-term borrowings | Total |
|---|----------------------|-----------------------|------------------|
| As at 1st April, 2017 | 2,455.07 | 9,672.61 | 12,127.68 |
| Cash flow: | | | |
| - Proceeds | 1,009.64 | 651.08 | 1,660.72 |
| - Repayment | (1,212.03) | (350.00) | (1,562.03) |
| Other non-cash movements: | | | |
| - Finance cost adjustment for effective interest rate | (0.13) | - | (0.13) |
| - Movement in bills discounted from banks | - | 203.24 | 203.24 |
| As at 31st March, 2018 | 2,252.55 | 10,176.93 | 12,429.48 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| A OTHER FINANCIAL LIABILITIES - NON-CURRENT | | |
| Security deposits | 13.15 | 19.68 |
| | 13.15 | 19.68 |
| B Other financial liabilities - current | | |
| Current maturity of long-term borrowings | 1,757.69 | 699.55 |
| Derivative liability on forward contracts | - | 29.75 |
| Interest accrued on borrowings | 132.13 | 131.52 |
| Employee related payables | 639.15 | 652.67 |
| Security deposits | 18.10 | 56.50 |
| Unclaimed dividend | 23.56 | 20.96 |
| Unclaimed matured deposits | 30.55 | 18.63 |
| Interest accrued on unclaimed matured deposits | 14.84 | 13.70 |
| Other payables | 67.74 | 112.11 |
| | 2,683.76 | 1,735.39 |

Note 18.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| A PROVISIONS - NON-CURRENT | | |
| Employees' post retirement/long-term benefits | | |
| Gratuity | 150.41 | 150.28 |
| Compensated absences | 208.89 | 173.92 |
| | 359.30 | 324.20 |
| For movements in each class of provision during the financial year, refer note 41. | | |
| B PROVISIONS - CURRENT | | |
| Employees' post retirement/long-term benefits | | |
| Gratuity | 70.00 | 70.00 |
| Compensated absences | 78.70 | 62.14 |
| | 148.70 | 132.14 |

For movements in each class of provision during the financial year, refer note 41.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 19. DEFERRED TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Deferred tax liabilities arising on account of : | | |
| Depreciation | 940.64 | 991.37 |
| Equity instruments carried at FVOCI | 312.03 | 446.82 |
| Others | 9.63 | - |
| Deferred tax asset arising on account of : | | |
| Minimum alternative tax credit# | 677.04 | 753.46 |
| Allowance for doubtful debts and advances | 132.75 | 96.60 |
| Disallowances u/s 43B | 181.62 | 164.56 |
| Others | - | 1.18 |
| | 270.89 | 422.39 |

| Particulars | As at 31 st March, 2018 | Adjusted from Provision for Taxation | Recognized in statement of profit and loss | Recognized in other comprehensive income | As at 31 st March, 2019 |
|--|---------------------------------------|--|---|---|---------------------------------------|
| Deferred tax liability: | | | | | |
| Depreciation | 991.37 | - | (50.73) | - | 940.64 |
| Equity instruments carried at FVOCI | 446.82 | - | - | (134.79) | 312.03 |
| Others | (1.18) | - | 10.81 | - | 9.63 |
| Deferred tax asset: | | | | | |
| Minimum alternative tax credit | 753.46 | (76.42) | - | - | 677.04 |
| Allowance for doubtful debts and advances | 96.60 | - | 36.15 | - | 132.75 |
| Disallowances u/s 43B | 164.56 | - | 0.33 | 16.73 | 181.62 |
| | 422.39 | 76.42 | (76.40) | (151.52) | 270.89 |

Note:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| (i) Breakup of amounts recognized in statement of profit and loss: | | |
| Recognized as part of: | | |
| - Deferred tax | (76.40) | 105.03 |
| - Earlier years tax adjustments (net) | - | (42.69) |
| | (76.40) | 62.34 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 20.

(All amounts in INR lakhs, unless otherwise stated)

| | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| A Other non-current liabilities | | |
| Deferred income | 6.26 | 4.61 |
| Amount payable government authorities | 91.71 | - |
| | 97.97 | 4.61 |
| B Other current liabilities | | |
| Advance from customers [^] | 321.58 | 294.56 |
| Payable to statutory authorities | 220.05 | 174.79 |
| Deferred income | 2.14 | 1.54 |
| Others | 29.15 | - |
| | 572.92 | 470.89 |
| [^] represents contract liabilities which includes discount adjustment amounting to ₹ 187.56 Lakhs | | |
| Reconciliation of contract liabilities: | | |
| Contract liabilities at the beginning of the year | 294.56 | - |
| Less: performance obligations satisfied in current year | (187.18) | - |
| Add: advance received during the year | 214.20 | - |
| Contract liabilities at the end of the year | 321.58 | - |

Note 21. TRADE PAYABLES*

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Total outstanding dues of micro enterprises and small enterprises | 132.19 | - |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 11,594.20 | 13,723.63 |
| | 11,726.39 | 13,723.63 |

*Refer note 38 for related party transactions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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, 2019 and 31st March, 2018:

| Particulars | | As at 31 st March, 2019 | As at 31 st March, 2018 |
|-------------|---|---------------------------------------|---------------------------------------|
| i | the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | 132.19 | - |
| 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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Provision for taxation (net of MAT adjustment) | 1,299.01 | - |
| Less: Advance income tax | (1,042.20) | - |
| | 256.81 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 23. REVENUE FROM OPERATIONS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Sale of products (including excise duty)* | 45,903.06 | 38,400.55 |
| Sale of services | 53.59 | 50.47 |
| Other operating income | 2,328.14 | 1,549.59 |
| | 48,284.79 | 40,000.61 |

* Upto 30th June, 2017

| | | |
|-----------------------------------|------------------|------------------|
| Disaggregation of revenue: | | |
| Gaskets | 30,336.73 | 27,608.67 |
| Forgings | 15,528.55 | 10,791.88 |
| Management fees | 32.88 | 30.00 |
| Others | 2,386.63 | 1,570.06 |
| | 48,284.79 | 40,000.61 |

Note 24. OTHER INCOME

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Interest income on: | | |
| - Inter corporate deposits | 62.54 | 63.22 |
| - Fixed deposits with banks | 32.97 | 31.67 |
| - Other financial assets at amortized cost | 6.03 | 3.13 |
| - Others | 2.90 | 0.72 |
| Dividend income from: | | |
| - Related parties | 490.68 | 320.90 |
| - Others | 2.80 | 4.47 |
| Royalty | 102.64 | 99.27 |
| Lease rentals | 143.27 | 154.87 |
| Net gain on foreign currency transactions and translation | 284.80 | 111.77 |
| Profit on sale of property, plant and equipment (net) | 35.62 | 81.76 |
| Fair value changes in investments carried at FVTPL | - | 1.02 |
| Other non-operating income | 30.26 | 68.35 |
| | 1,194.51 | 941.15 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 25. COST OF MATERIALS CONSUMED

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Opening inventory | 3,796.46 | 2,596.18 |
| Add: Purchases | 27,143.54 | 22,917.67 |
| | 30,940.00 | 25,513.85 |
| Less: Closing inventory | 4,347.27 | 3,796.46 |
| | 26,592.73 | 21,717.39 |
| Cost of raw materials consumed include: | | |
| Tinplate/P.C.R.C.A/steel | 7,117.31 | 6,440.78 |
| Jointing | 6,737.85 | 5,715.60 |
| Forging steels | 8,464.28 | 6,039.77 |
| Bought out auto components and parts | 2,611.00 | 1,987.94 |
| Others | 1,662.29 | 1,533.30 |
| | 26,592.73 | 21,717.39 |

Note 26. PURCHASE OF STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|-------------|--|--|
| Dyna bond | 229.35 | 242.55 |
| | 229.35 | 242.55 |

Note 27. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Change in inventories of finished goods, work in progress and stock-in-trade Inventories at the end of the year: | | |
| Finished goods | 1,469.96 | 1,441.49 |
| Work-in-progress | 4,809.02 | 5,273.69 |
| Stock-in-trade | - | 15.06 |
| Inventories at the beginning of the year: | | |
| Finished goods | 1,441.49 | 1,491.85 |
| Work-in-progress | 5,273.69 | 5,448.81 |
| Stock-in-trade | 15.06 | 0.68 |
| Net decrease | 451.26 | 211.10 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 28. EMPLOYEE BENEFITS EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Salaries and wages | 5,226.33 | 4,484.69 |
| Contributions to provident and other fund | 298.62 | 279.46 |
| Staff welfare expenses | 399.76 | 371.20 |
| | 5,924.71 | 5,135.35 |

Note 29. FINANCE COSTS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|----------------------|--|--|
| Interest expense | 1,443.67 | 1,275.07 |
| Interest on others | 1.75 | 1.33 |
| Other borrowing cost | 107.11 | 117.38 |
| | 1,552.53 | 1,393.78 |

Note 30. DEPRECIATION AND AMORTIZATION EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--------------------------------|--|--|
| Depreciation on: | | |
| - Property plant and equipment | 1,799.84 | 1,413.77 |
| - Investment property | 15.45 | 14.14 |
| Amortization of: | | |
| - Intangible assets | 38.13 | 26.44 |
| | 1,853.42 | 1,454.35 |
| Less: depreciation capitalized | 63.30 | 34.90 |
| | 1,790.12 | 1,419.45 |

Note 31. OTHER EXPENSES

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Consumption of stores and spares parts | 2,837.97 | 2,159.18 |
| Labour and processing charges | 526.34 | 437.53 |
| Royalty | 17.00 | 16.42 |
| Power and fuel | 2,002.72 | 1,614.64 |
| Rent | 31.65 | 77.44 |
| Repairs to buildings | 74.12 | 121.20 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 31. OTHER EXPENSES (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Repairs to plant & machinery | 475.25 | 424.14 |
| Repairs to other assets | 172.88 | 195.70 |
| Insurance | 93.92 | 66.73 |
| Travelling, tour & conveyance | 602.71 | 544.68 |
| Sales promotion expenses | 284.34 | 218.05 |
| Packing, freight & forwarding | 1,841.89 | 1,237.87 |
| Rates and taxes | 26.55 | 59.59 |
| Corporate social responsibility expenditure | 28.60 | 20.72 |
| Allowance for doubtful trade receivables/advances | 212.55 | 129.30 |
| Property, plant and equipment written off | - | 10.93 |
| Excise duty on increase/(decrease) of inventories of finished goods | - | (130.04) |
| Advances written off | 88.56 | 212.19 |
| Provisions no longer required written back | (88.56) | (212.19) |
| Legal and professional | 166.01 | 153.15 |
| Payment to auditors: | | |
| -As Auditors: | | |
| Audit fee | 10.51 | 10.10 |
| Tax audit fee | 2.00 | 2.30 |
| -In other capacity: | | |
| Limited review | 1.66 | 1.92 |
| Other services | 2.46 | 1.88 |
| Out of pocket expenses | 2.64 | 0.87 |
| Donation | 4.39 | 4.43 |
| Miscellaneous expenses | 576.85 | 530.49 |
| | 9,995.01 | 7,909.22 |

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 ₹ 28.59 lakhs (31st March, 2018: ₹ 20.72 lakhs).
- Amount spent during the financial year ended 31st March, 2019 and 31st March, 2018 on:

| Particulars | Year | Amount paid | Amount yet to be paid | Total |
|---|------------------------------|-------------|-----------------------|-------|
| Contribution to Prime Minister's National Relief Fund | 31 st March, 2019 | 0.60 | - | 0.60 |
| | 31 st March, 2018 | - | - | - |
| Donation paid to charitable trust | 31 st March, 2019 | 28.00 | - | 28.00 |
| | 31 st March, 2018 | 20.72 | - | 20.72 |

Amount computed is based upon profits as per previous GAAP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 32. EXCEPTIONAL ITEMS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Exceptional items | | |
| Profit on sale of property, plant and equipment [^] | - | 215.77 |
| | - | 215.77 |

[^]represents profit on sale of assets under partial strategic disinvestment at non-core material business assets.

Note 33. INCOME TAX

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Tax expense comprises of: | | |
| Current tax | 882.71 | 523.01 |
| Deferred tax charge | (76.41) | 105.03 |
| Earlier years tax adjustments (net) | (30.28) | (111.57) |
| Income tax expense reported in the statement of profit and loss | 776.02 | 516.47 |

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:

| | | |
|--|-----------------|-----------------|
| Accounting profit before income tax | 2,943.59 | 2,425.58 |
| At India's statutory income tax rate of 34.944% (31st March, 2018: 34.608%) | 1,028.61 | 839.45 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Tax impact of exempted income | (172.44) | (112.12) |
| Impact of different rate of tax | - | (0.54) |
| Earlier years tax adjustments (net) | (30.28) | (111.57) |
| Others | (49.87) | (98.75) |
| Income tax expense | 776.02 | 516.47 |

Note 34. EARNINGS PER SHARE (EPS)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Profit attributable to equity shareholders | 2,167.57 | 1,909.11 |
| Profit attributable to equity shareholders adjusted for the effect of dilution | 2,167.57 | 1,909.11 |
| 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 | 17.56 | 15.46 |
| (2) Diluted | 17.56 | 15.46 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 35. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorized 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

(All amounts in INR lakhs, unless otherwise stated)

| 31 st March, 2019 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|-------------|-----------------|-----------------|
| Financial assets | | | | |
| Investments at FVOCI | - | - | 2,009.39 | 2,009.39 |
| Derivative assets on forward contracts | - | 4.59 | - | 4.59 |
| Total financial assets | - | 4.59 | 2,009.39 | 2,013.98 |

| 31 st March, 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|--------------|-----------------|-----------------|
| Financial assets | | | | |
| Investments at FVTPL | - | - | 114.71 | 114.71 |
| Investments at FVOCI | - | - | 2,587.98 | 2,587.98 |
| Total financial assets | - | - | 2,702.69 | 2,702.69 |
| Financial liabilities | | | | |
| Derivative liability on forward contracts | - | 29.75 | - | 29.75 |
| Total financial liabilities | - | 29.75 | - | 29.75 |

(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, 2019 | 31 st March, 2018 | | 31 st March, 2019 | 31 st March, 2018 | 1% increase in inputs | 1% decrease in inputs |
| Unquoted equity shares | 2,009.39 | 2,702.69 | Terminal growth rate | 5% | 5% | 31 st March, 2019: ₹ 2,094.19 lakhs 31 st March, 2018: - ₹ 2,870.36 lakhs | 31 st March 2017: ₹ 1,938.01 lakhs 31 st March, 2018: - ₹ 2,568.70 lakhs |

*Sensitivity has been considered for mentioned inputs, keeping the other variables constant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 35. FAIR VALUE DISCLOSURES (CONTD.)

- (v) The following table presents the changes in level 3 items for the year ended 31st March, 2019 and 31st March, 2018:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Equity shares |
|---|-----------------|
| As at 1st April, 2017 | 2,217.72 |
| Acquisition during the year | - |
| Gain recognized in other comprehensive income | 484.97 |
| As at 31st March, 2018 | 2,702.69 |
| Disposal during the year | (114.71) |
| Loss recognized in other comprehensive income | (578.59) |
| As at 31st March, 2019 | 2,009.39 |

- (vi) Fair value of instruments measured at amortized cost

Fair value of instruments measured at amortized cost for which fair value is disclosed is as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Level | 31st March, 2019 | | 31st March, 2018 | |
|--|---------|------------------|------------------|------------------|------------------|
| | | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | | |
| Security deposit, Inter corporate deposit & Others | Level 3 | 688.36 | 688.36 | 690.99 | 691.08 |
| Other financial assets | Level 3 | 99.95 | 99.95 | 192.02 | 192.02 |
| Total financial assets | | 788.31 | 788.31 | 883.01 | 883.10 |
| Financial liabilities | | | | | |
| Borrowings | Level 3 | 15,647.00 | 15,647.00 | 12,561.00 | 12,561.00 |
| Other financial liabilities | Level 3 | 807.09 | 807.24 | 924.00 | 924.37 |
| Total financial liabilities | | 16,454.09 | 16,454.24 | 13,485.00 | 13,485.37 |

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables 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:

- 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.
- 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, 2019 was assessed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31st March, 2019 | | | 31st March, 2018 | | |
|------------------------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|
| | FVTPL | FVOCI | Amortized cost | FVTPL | FVOCI | Amortized cost |
| Financial assets | | | | | | |
| Investments* | - | 2,009.39 | - | 114.71 | 2,587.98 | 20.86 |
| Trade receivables | - | - | 13,528.20 | - | - | 12,419.05 |
| Loans | - | - | 566.78 | - | - | 572.68 |
| Cash and cash equivalents | - | - | 231.84 | - | - | 321.42 |
| Other bank balances | - | - | 692.21 | - | - | 455.95 |
| Other financial assets | - | - | 99.95 | - | - | 192.02 |
| Security deposits | - | - | 121.58 | - | - | 118.31 |
| Total financial assets | - | 2,009.39 | 15,240.56 | 114.71 | 2,587.98 | 14,100.29 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 15,647.00 | - | - | 12,561.00 |
| Trade payables | - | - | 11,726.39 | - | - | 13,723.63 |
| Other financial liabilities | - | - | 807.09 | - | - | 924.00 |
| Total financial liabilities | - | - | 28,180.48 | - | - | 27,208.63 |

*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 amortized 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 | Recognized financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting | Forward contract/hedging, if required |
| 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

(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 amortized 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 –

(All amounts in INR lakhs, unless otherwise stated)

| Credit rating | Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---------------|---------------------------|--|--|
| A: Low | Loans | 688.36 | 690.99 |
| | Other financial assets | 99.95 | 192.02 |
| | Cash and cash equivalents | 231.84 | 321.42 |
| | Other bank balances | 692.21 | 455.95 |
| B: Medium | Trade receivables | 13,830.55 | 12,611.66 |

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, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

Other financial assets measured at amortized 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).

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31st March, 2019 | | 31st March, 2018 | |
|--|------------------|------------------|------------------|------------------|
| | Less than 1 year | More than 1 year | Less than 1 year | More than 1 year |
| Gross debtors where no specific default has occurred | 12,304.42 | 1,526.12 | 12,408.35 | 203.31 |
| Expected loss rate | 2.14% | 2.56% | 1.52% | 1.70% |
| Expected credit loss (loss allowance provision) | 263.23 | 39.11 | 189.15 | 3.46 |

- (ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

(All amounts in INR lakhs, unless otherwise stated)

| Reconciliation of loss allowance | Trade receivables |
|---|-------------------|
| Loss allowance on 1st April, 2017 | 272.96 |
| Add: Changes in loss allowances | (80.35) |
| Loss allowance on 31st March, 2018 | 192.61 |
| Less: Changes in loss allowances | 109.73 |
| Loss allowance on 31st March, 2019 | 302.34 |

Other financial assets measured at amortized 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 recognized on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

(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.

Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of reporting period:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Expiring within one year (cash credit and other facilities) | 558.81 | 925.53 |
| Expiring beyond one year (bank loans - floating rate) | 940.31 | 583.84 |

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.

(All amounts in INR lakhs, unless otherwise stated)

| 31 st March, 2019 | Less than 1 year | 1-3 year | More than 3 years | Total |
|------------------------------|---------------------|-----------------|----------------------|------------------|
| Borrowings | 13,252.60 | 2,622.95 | 198.45 | 16,074.00 |
| Security deposit received | 9.10 | 22.26 | 9.00 | 40.36 |
| Trade payable | 11,726.39 | - | - | 11,726.39 |
| Other financial liabilities | 907.97 | - | - | 907.97 |
| Total | 25,896.06 | 2,645.21 | 207.45 | 28,748.72 |

| 31 st March, 2018 | Less than 1 year | 1-3 year | More than 3 years | Total |
|------------------------------|---------------------|-----------------|----------------------|------------------|
| Borrowings | 11,046.06 | 1,801.96 | 47.25 | 12,895.27 |
| Security deposit received | 56.50 | - | 22.26 | 78.76 |
| Trade payable | 13,723.63 | - | - | 13,723.63 |
| Other financial liabilities | 979.34 | - | - | 979.34 |
| Total | 25,805.53 | 1,801.96 | 69.51 | 27,677.00 |

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

(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 recognized 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.

Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|----------------------------------|--|--|
| Import trade payables: | | |
| EURO | 15.69 | 21.40 |
| INR (₹) | 1,217.04 | 1,717.23 |
| USD | 36.56 | 47.60 |
| INR (₹) | 2,528.21 | 3,102.82 |
| GBP | 0.03 | 0.09 |
| INR (₹) | 3.06 | 7.98 |
| SGD | 0.01 | 0.01 |
| INR (₹) | 0.27 | 0.27 |
| JPY | 370.18 | 261.07 |
| INR (₹) | 230.92 | 160.33 |
| Export trade receivables: | | |
| EURO | 29.62 | 30.89 |
| INR (₹) | 2,298.11 | 2,477.85 |
| USD | 16.51 | 16.05 |
| INR (₹) | 1,141.64 | 1,046.10 |
| GBP | 1.15 | 0.32 |
| INR (₹) | 103.25 | 29.84 |
| AUD | 0.05 | 0.03 |
| INR (₹) | 2.64 | 1.41 |
| JPY | 12.32 | - |
| INR (₹) | 7.69 | - |

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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Foreign exchange forward contracts to sell foreign currency | | |
| EURO | 0.75 | 8.10 |
| INR (₹) | 58.18 | 662.57 |
| Foreign exchange forward contracts to buy foreign currency | | |
| EURO | 0.72 | - |
| INR (₹) | 55.95 | - |
| USD | 4.81 | - |
| INR (₹) | 332.84 | - |

All the above contracts are maturing within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

Sensitivity

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 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.

| Particulars | Currency | Weakening | | | |
|-------------------------|----------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2019 | 31 st March, 2018 |
| Financial assets | | | | | |
| 1% movement | EURO | (7.03) | (4.94) | 7.03 | 4.94 |
| 4% movement | USD | 36.05 | 53.48 | (36.05) | (53.48) |
| 1% movement | YEN | 1.45 | 1.03 | (1.45) | (1.03) |

(ii) Interest rate risk

The Company's fixed rate borrowings are carried at amortized 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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|-------------------------|------------------------------|------------------------------|
| Variable rate borrowing | 15,392.24 | 12,348.78 |
| Fixed rate borrowing | 122.63 | 80.70 |
| Total borrowings | 15,514.87 | 12,429.48 |

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Interest rates – increase by 50 basis points | (50.03) | (40.14) |
| Interest rates – decrease by 50 basis points | 50.03 | 40.14 |

iii) Assets

The Company's fixed deposits are carried at amortized 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Investments carried at fair value through other comprehensive income | 2,009.39 | 2,587.98 |
| Investments carried at fair value through statement of profit and loss | - | 114.71 |
| Total investments | 2,009.39 | 2,702.69 |

Sensitivity

Investments carried at fair value through other comprehensive income

The table below summarises the impact of increases/decreases of the index on the Company's equity for the period:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|----------------------------------|------------------------------|------------------------------|
| Fair value – increase by 500 bps | 77.06 | 99.25 |
| Fair value – decrease by 500 bps | (77.06) | (99.25) |

Investments carried at fair value through statement of profit and loss

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Net assets value – increase by 500 bps | - | 5.74 |
| Net assets value – decrease by 500 bps | - | (5.74) |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

capital to shareholders, issue new shares, or sell assets to reduce debt.

Note 37. (CONTD.)

The Company's adjusted net debt to equity ratio at 31st March, 2019 was as follows.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Total borrowings | 15,647.00 | 12,561.00 |
| Less : cash and cash equivalents | 231.84 | 321.42 |
| Net debt | 15,415.16 | 12,239.58 |
| Total equity | 18,419.62 | 16,950.17 |
| Adjusted net debt to adjusted equity ratio | 0.84 | 0.72 |

B Dividend

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Proposed dividend | | |
| Proposed dividend for the year ended 31 st March, 2019 - ₹ 1.80 per share (31 st March, 2018 - ₹ 1.50 per share) | 222.22 | 185.18 |
| Dividend distribution tax | 45.68 | 37.70 |
| Final dividend paid | | |
| Final dividend paid for the year ended 31 st March, 2018 - ₹ 1.50 per share (31 st March 2017 - Rs. 1.50 per share) | 185.18 | 185.18 |
| Dividend distribution tax | 38.07 | 37.70 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 38. RELATED PARTY TRANSACTIONS (CONTD.)

- (vii) Mr. Navin Juneja
- (viii) Mr. Anil Kumar Mehra
- (ix) Mr. Rajive Sawhney
- (x) Mr. V. Mohan
- (xi) Mr. Amit Burman
- (xii) Mr. R. R. Vederah
- (xiii) Ms. Pallavi Sadanad Poojari*
- (xiv) Mr. Manish Khanna - Chief Financial Officer
- (xv) Ms. Seema Narang - Company Secretary

* Ms. Pallavi Sadanad Poojari has resigned from Directorship of the Company w.e.f. 23.08.2017

Enterprise over which key management personnel exercise significant influences

- (i) QH Talbros Private Limited

(ii) Transactions with related parties carried out in the ordinary course of business:

(a) Transactions with joint ventures and associates:

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars | 31 st March, 2019 | 31 st March, 2018 |
|----------|---|------------------------------|------------------------------|
| 1 | Sale of goods | | |
| | QH Talbros Private Limited | 5,600.84 | 4,142.83 |
| | Nippon Leakless Talbros Private Limited | 30.62 | 23.86 |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 0.01 | - |
| 2 | Sale of services | | |
| | Talbros Marugo Rubber Private Limited | 35.40 | 35.40 |
| 3 | Royalty income | | |
| | QH Talbros Private Limited | 121.11 | 117.14 |
| 4 | Purchase of goods | | |
| | Nippon Leakless Talbros Private Limited | 128.37 | 114.19 |
| | QH Talbros Private Limited | 1.25 | 52.87 |
| | Talbros Marugo Rubber Private Limited | 6.03 | - |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 0.04 | - |
| 5 | Dividend received | | |
| | Nippon Leakless Talbros Private Limited | 480.00 | 312.00 |
| | QH Talbros Private Limited | 10.68 | 8.90 |
| 6 | Lease rental income * | | |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 156.88 | 176.77 |
| 7 | Reimbursement of expenses/payments | | |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 127.65 | 133.01 |
| | Talbros Marugo Rubber Private Limited | 0.05 | 0.70 |
| | Talbros International Private Limited | 36.57 | 6.22 |
| 8 | Investment in equity share capital during the year | | |
| | Talbros Marugo Rubber Private Limited | - | 100.00 |

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/amortization**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 38. RELATED PARTY TRANSACTIONS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Balance Outstanding at the end of the year | 31 st March, 2019 | 31 st March, 2018 |
|----------|--|------------------------------|------------------------------|
| 1 | Outstanding balance included in financial assets (Trade receivable) | | |
| | Talbro's Marugo Rubber Private Limited | 36.82 | 10.33 |
| | QH Talbro's Private Limited | 1,246.76 | 712.75 |
| | Magneti Marelli Talbro's Chassis Systems Private Limited | 10.43 | 8.69 |
| 2 | Outstanding balance included in financial assets (Others) | | |
| | Magneti Marelli Talbro's Chassis Systems Private Limited | - | 13.09 |
| | Talbro's International Private Limited | - | 16.85 |
| 3 | Outstanding balance included in financial liabilities | | |
| | Nippon Leakless Talbro's Private Limited | 56.28 | 45.60 |
| | Magneti Marelli Talbro's Chassis Systems Private Limited | 22.26 | 22.26 |
| | QH Talbro's Private Limited | 5.85 | 45.58 |

(b) Transactions with key management personnel and their relatives :

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars | 31 st March, 2019 | 31 st March, 2018 |
|----------|--|------------------------------|------------------------------|
| 1 | Remuneration | | |
| | Short-term employee benefits | | |
| | Mr. Umesh Talwar | 163.13 | 100.44 |
| | Mr. Anuj Talwar | 139.70 | 72.00 |
| | Mr. Manish Khanna | 37.73 | 34.04 |
| | Ms. Seema Narang | 26.30 | 22.65 |
| | Other long-term benefits | | |
| | Mr. Umesh Talwar | 14.24 | 0.03 |
| | Mr. Anuj Talwar | 9.89 | 0.31 |
| | Mr. Manish Khanna | 1.27 | 0.95 |
| | Ms. Seema Narang | 0.07 | (0.16) |
| | Post-employment benefits | | |
| | Mr. Umesh Talwar | 43.89 | 10.78 |
| | Mr. Anuj Talwar | 27.88 | 7.15 |
| | Mr. Manish Khanna | 2.18 | 2.01 |
| | Ms. Seema Narang | 3.38 | 2.98 |
| | Fee for attending board & committee meetings to all the KMP's | 9.65 | 5.50 |
| 2 | Rent paid | | |
| | Mrs. Kum Kum Talwar | 7.20 | 7.20 |

(c) For Guarantee / Counter Guarantee given on behalf of related party, Refer note no. 44 (c).

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31st MARCH, 2019****Note 39. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)****A Contingent liabilities****(1) Claims against the Company not acknowledged as debts:-**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Nature of dues | 31 st March, 2019 | 31 st March, 2018 |
|---|---|------------------------------|------------------------------|
| (i) Central excise | Demand for dispute of classification of paper gasket | - | - |
| (ii) Service tax | Cenvat credit disallowed | 11.53 | 11.53 |
| (iii) Central sales tax | Central Sales Tax | 0.55 | 4.98 |
| (iv) Haryana value added tax | Disallowance of input tax | 2.74 | 2.74 |
| (v) Customs Act | Demand of custom duty (includes ₹ 4.13 lakhs paid under protest, 1 April 2016: ₹ 28.78 lakhs) | 36.09 | 36.09 |
| (vi) Employee's state insurance | ESI demand | 47.57 | 47.57 |
| (vii) Income tax | Income tax demand on disallowance of expenditures | 39.55 | 39.55 |
| (viii) District judge | Claim of freight bills | - | 8.13 |
| (ix) High Court, Mumbai | Fees for building work | - | - |
| (x) Central excise | Objection on exemption on some of the products sold from Sitarganj Plant (includes amount paid under protest (31 st March, 2018: ₹ 83.75 lakhs, 31 st March 2017: ₹ 80 lakhs, 1 st April 2016: ₹ 80 lakhs) | 440.90 | 440.90 |
| (xi) Municipal Corporation of Faridabad | Demand for external development charges | 255.00 | 255.00 |
| (xii) Labour disputes | Litigations filed by employees | 43.00 | 43.00 |
| (xiii) Civil judge | Claim filed by BSNL Ltd | - | 2.41 |
| (xiv) Bonus Payable* | Bonus payable for F.Y 2014-15 | 40.23 | 40.23 |
| Total | | 917.16 | 932.13 |

*Retrospective bonus liability for F.Y 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 ₹ 45.60 lakhs (31st March, 2018: ₹ 20.01 lakhs).

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)
- ₹ 451.13 lakhs (31st March, 2018: ₹ 285.71 lakhs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 40.

(I) LEASES DISCLOSURE AS LESSEE

Operating leases

- A The Company has taken few residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these leases and there are no subleases.
- B The Company has also taken a commercial premise under non-cancellable operating lease. There are no restrictions placed upon the Company by entering into this lease and there is no sublease. The lease arrangement is for a period of 3 years. Lease rental is recognized in the statement of profit and loss under "Other Expenses" (refer note 31). The total of future minimum lease payments in respect of such lease are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Within one year | - | 4.12 |
| Later than one year but not later than five years | - | - |
| Later than five years | - | - |

(ii) Leases disclosure as lessor

Operating leases

The Company has also 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 ₹ 141.33 lakhs (31st March, 2018: ₹ 153.33 lakhs) on such lease is included in other income. Lease income is recognized 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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Within one year | 171.35 | 145.62 |
| Later than one year but not later than five years | 404.28 | 473.68 |
| Later than five years | 35.61 | - |

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

B The expense recognized during the period towards defined contribution plans are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| (a) Employer's contribution to Provident fund & other funds | 155.65 | 172.22 |
| (b) Employer's contribution to superannuation fund | 14.81 | 13.21 |

C 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 recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Present value of obligation at the end of the year | 287.59 | 236.06 |
| Fair value of plan assets | - | - |
| Unfunded liability/provision in balance sheet | (287.59) | (236.06) |
| Unfunded liability recognized in balance sheet | (287.59) | (236.06) |

ii) Expenses recognized in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Current service cost | 96.60 | 83.04 |
| Interest cost | 16.13 | 14.08 |
| Actuarial (gain)/loss net on account of: | | |
| - Changes in demographic assumptions | - | - |
| - Changes in financial assumptions | (2.94) | (1.43) |
| - Changes in experience adjustment | (5.08) | (14.60) |
| Cost recognized during the year | 104.71 | 81.09 |

iii) Movement in the liability recognized in the balance sheet is as under:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year | 236.06 | 220.67 |
| Current service cost | 96.60 | 83.04 |
| Interest cost | 16.13 | 14.08 |
| Actuarial (gain)/loss net | (8.02) | (16.03) |
| Benefits paid | (53.18) | (65.70) |
| Present value of defined benefit obligation at the end of the year | 287.59 | 236.06 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

iv) (a) For determination of the liability of the Company the following actuarial assumptions were used:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|------------------------|------------------------------|------------------------------|
| Discount rate | 7.65% | 7.70% |
| Salary escalation rate | 6.00% | 6.00% |
| Retirement Age (Years) | 58 | 58 |
| Withdrawal rate | 3.00% | 3.00% |

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

2 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 recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Present value of obligation at the end of the year | 637.26 | 545.19 |
| Fair value of plan assets | 416.84 | 324.90 |
| Unfunded liability/provision in balance sheet | (220.42) | (220.29) |
| Unfunded liability recognized in balance sheet | (220.42) | (220.29) |

ii) Expenses recognized in other comprehensive income

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Return on plan assets | 2.00 | 1.77 |
| Actuarial (gain)/loss on PBO | 45.80 | 68.61 |
| Expenses recognized in other comprehensive income | 47.80 | 70.38 |

iii) Actuarial (gain)/loss on obligation

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Actuarial (gain)/loss net on account of: | | |
| - Changes in demographic assumptions | - | - |
| - Changes in financial assumptions | 2.28 | (7.30) |
| - Changes in experience adjustment | 43.53 | 75.90 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

iv) Expenses recognized in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Current service cost | 54.53 | 49.51 |
| Interest cost (net) | 12.54 | 9.64 |
| Cost recognized during the year | 67.07 | 59.15 |

v) Movement in the liability recognized in the balance sheet is as under:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year | 545.19 | 471.76 |
| Current service cost | 54.53 | 49.51 |
| Interest cost | 40.12 | 32.49 |
| Actuarial (gain)/loss net | 45.80 | 68.60 |
| Benefits paid | (48.38) | (77.18) |
| Present value of defined benefit obligation at the end of the year | 637.26 | 545.18 |

vi) Movement in the fair value of plan assets recognized in the balance sheet is as under:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Present value of plan assets at the beginning of the year | 324.90 | 305.37 |
| Return on plan assets | 25.57 | 21.07 |
| Contributions by employer | 115.10 | 75.87 |
| Benefits paid during the year | (48.73) | (77.41) |
| Present value of plan assets at the end of the year | 416.84 | 324.90 |

vii) (a) For determination of the liability of the Company the following actuarial assumptions were used:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|------------------------|------------------------------|------------------------------|
| Discount rate | 7.50% | 7.70% |
| Salary escalation rate | 6.00% | 6.00% |
| Retirement age (years) | 58 | 58 |
| Withdrawal rate | 3.00% | 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, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

vii) (b) Maturity profile of defined benefit obligation (Based on present length of service)

(All amounts in INR lakhs, unless otherwise stated)

| For the year ended 31st March, 2019 | For the year ended 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
|-------------------------------------|-------------------------------------|------------------|------------------|
| April 2019- March 2020 | April 2018- March 2019 | 143.14 | 110.55 |
| April 2020- March 2024 | April 2019- March 2023 | 269.23 | 175.90 |
| April 2024- March 2029 | April 2023- March 2028 | 193.35 | 251.79 |
| April 2029 onwards | April 2028 onwards | 628.52 | 551.13 |

vii) (c) Maturity profile of defined benefit obligation (Based on terminal length of service)

(All amounts in INR lakhs, unless otherwise stated)

| For the year ended 31st March, 2019 | For the year ended 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
|-------------------------------------|-------------------------------------|------------------|------------------|
| April 2019- March 2020 | April 2018- March 2019 | 144.09 | 111.55 |
| April 2020- March 2024 | April 2019- March 2023 | 326.67 | 214.64 |
| April 2024- March 2029 | April 2023- March 2028 | 338.57 | 401.19 |
| April 2029 onwards | April 2028 onwards | 2,629.84 | 2,446.13 |

viii) Sensitivity analysis for defined benefit obligation

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| 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 % | 599.67 | 511.58 |
| Impact due to decrease of 1.00 % | 680.47 | 583.83 |
| 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 % | 680.76 | 584.10 |
| Impact due to decrease of 1.00 % | 598.98 | 510.77 |

Sensitivity due to mortality and with drivers are not material hence import 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, 2019 is 18 to 19 years (31st March, 2018: 18 to 19 years).

Note 42. Research and development costs on in-house Research and development centers amounting to ₹ 209.58 lakhs (31st March, 2018: ₹ 168.04 lakhs) were incurred during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Revenue from operations attributed to: | | |
| Country of domicile (India) | 37,937.14 | 32,083.20 |
| Foreign countries | 10,347.65 | 7,917.41 |
| Total | 48,284.79 | 40,000.61 |

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 2018-19 | Amount as on 31 st March, 2019 | Amount invested during the year 2017-18 | Amount as on 31 st March, 2018 |
|--|---|---|---|---|
| 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 | 100.00 | 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 |
| (iv) Caparo Power Limited - Equity shares | (114.71) | - | - | 114.71 |
| Investment in preference instruments | | | | |
| (i) Caparo Power Limited - Preference shares | (25.49) | - | - | 25.49 |
| Investment in mutual funds | | | | |
| (i) SBI mutual funds | - | - | (10.00) | - |
| Total | (140.20) | 3,264.07 | 90.00 | 3,404.27 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 44. DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013: (CONTD.)

(b) Inter corporate deposits given (proposed to be utilized for business purposes):

| Name of the investee | Paid (recovered) during the year 2018-19 | Outstanding amount as on 31st March, 2019* | Paid/ (recovered) during the year 2017-18 | Outstanding amount as on 31st March, 2018* |
|---|--|--|---|--|
| (i) Real Earth Estates Private Limited | - | - | - | - |
| (ii) Friends Auto (India) Limited | - | - | (50.00) | - |
| (iii) Paras Lubricants Limited | - | - | - | - |
| (iv) Prasneeta Construction Private Limited | - | - | - | - |
| (v) Fastech Builders Private Limited | (20.00) | 45.00 | - | 65.00 |
| (vi) Fastech Projects Private Limited | (55.00) | - | - | 55.00 |
| (vii) Bankey Bihari Engineers LLP | 75.00 | 125.00 | 50.00 | 50.00 |
| (viii) Express Engineers & Spares Private Limited | - | 280.00 | - | 280.00 |
| (ix) Sudhir Ready Genset Consortium | - | 40.00 | - | 40.00 |
| Total | - | 490.00 | - | 490.00 |

* Outstanding amount excludes interest accrued on deposits.

(c) Guarantee given (proposed to be utilized for business purposes):

| Name of the person on behalf of whom guarantee/counter guarantee is given | Outstanding amount as on 31st March, 2019 | Outstanding amount as on 31st March, 2018 |
|---|---|---|
| (i) Magneti Marelli Talbros Chassis Systems Pvt Ltd. | 1,300.00 | 1,300.00 |
| (ii) Marugo Rubber Industries, Japan (for the benefit of Talbros Marugo Rubber Pvt. Ltd.) | 200.00 | - |

Note 45.

Balance with central excise & other authorities includes ₹ 83.75 lakhs (31st March, 2018: ₹ 83.75 lakhs) deposited by the Company as advance excise duty in view of investigation by the excise department, objecting excise exemption on some of the products sold from Sitarganj Plant. The matter is still to be decided.

Note 46.

The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 677.04 lakhs (31st March, 2018: ₹ 753.47 lakhs) 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 utilized and therefore, no provisioning has been made.

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: 29th May, 2019

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 31st March, 2019, 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 31st March, 2019, the 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.

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 | Valuation Of complex instruments involving high estimation uncertain The Company has material long term investments in group companies which are un-quoted. | Principal Audit Procedures We have verified the group shareholding in the investment in equity instruments which are fair valued by the Company. We have verified the reasonableness of assumptions used and the valuation technique used to determine the fair value. |
| 2 | Evaluation of uncertain tax positions The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 41 and 42 to the Consolidated Financial Statements | Principal Audit Procedures Obtained details of completed tax assessments and demands for the year ended 31 st March, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at 1 st April, 2018 to evaluate whether any change was required to management's position on these uncertainties. |

INDEPENDENT AUDITORS' REPORT

Information Other than the Consolidated Financial Statements and Auditor's Report There on

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.

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, management is 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

INDEPENDENT AUDITORS' REPORT

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 the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statement that, individually or in aggregate, makes it probable that the economic decision of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factor in (i) planning the scope of our audit work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements include the Company's share of net profit (including other comprehensive income) of Rs. 946.76 lakh for the year ended March 31, 2019, 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

INDEPENDENT AUDITORS' REPORT

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 the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors of the Company and its jointly controlled entities incorporated in India, none of the directors of the Company and its jointly controlled entities companies incorporated in India is disqualified as on 31st March, 2019 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 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 41 and 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 31st March, 2019.

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

(Akhil Bhalla)
Partner
Membership No. 505002

Place : 29th May, 2019
Dated: New Delhi

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 31st March, 2019 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

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

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 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.

Place : 29th May, 2019
Dated: New Delhi

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 31st March, 2019, 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

CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Note | 31 st March, 2019 | 31 st March, 2018 |
|---|------|------------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 | 13,971.68 | 12,434.04 |
| Capital work in progress | 2 | 644.16 | 242.71 |
| Investment property | 3 | 308.59 | 295.14 |
| Intangible assets | 4 | 111.83 | 69.09 |
| Intangible assets under development | 4 | 18.50 | 63.47 |
| Investments accounted for using the equity method | 5 | 4,065.41 | 3,598.64 |
| Financial assets | | | |
| Investments | 6 | 2,009.39 | 2,723.55 |
| Loans | 7A | 121.58 | 118.31 |
| Other financial assets | 8A | 25.99 | 49.44 |
| Current tax assets | 9 | - | 32.03 |
| Other non-current assets | 10A | 449.39 | 117.91 |
| Total non-current assets | | 21,726.52 | 19,744.33 |
| Current assets | | | |
| Inventories | 11 | 11,052.29 | 10,924.86 |
| Financial assets | | | |
| Trade receivables | 12 | 13,528.20 | 12,419.05 |
| Cash and cash equivalents | 13 | 231.84 | 321.42 |
| Other bank balances | 14 | 692.21 | 455.95 |
| Loans | 7 B | 566.78 | 572.68 |
| Other financial assets | 8 B | 73.96 | 142.58 |
| Other current assets | 10 B | 1,892.30 | 1,922.80 |
| Total current assets | | 28,037.58 | 26,759.34 |
| Total assets | | 49,764.10 | 46,503.67 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 15 | 1,234.56 | 1,234.56 |
| Other equity | 16 | 18,642.47 | 16,706.25 |
| Total equity | | 19,877.03 | 17,940.81 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17A | 2,523.45 | 1,553.00 |
| Other financial liabilities | 18A | 13.15 | 19.68 |
| Provisions | 19A | 359.30 | 324.20 |
| Deferred tax liabilities | 20 | 270.89 | 422.39 |
| Other non-current liabilities | 21A | 97.97 | 4.61 |
| Total non-current liabilities | | 3,264.76 | 2,323.88 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 17 B | 11,233.73 | 10,176.93 |
| Trade payables | 22 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | 132.19 | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 11,594.20 | 13,723.63 |
| Other financial liabilities | 18 B | 2,683.76 | 1,735.39 |
| Other current liabilities | 21 B | 572.92 | 470.89 |
| Provisions | 19 B | 148.70 | 132.14 |
| Current tax liabilities | 23 | 256.81 | - |
| Total current liabilities | | 26,622.31 | 26,238.98 |
| Total equity and liabilities | | 49,764.10 | 46,503.67 |
| 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]

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

Place: Gurugram

Date: 29th May, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Note | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|------|--|--|
| REVENUE | | | |
| Revenue from operations | 24 | 48,284.79 | 40,000.61 |
| Other income | 25 | 714.51 | 629.15 |
| Total income | | 48,999.30 | 40,629.76 |
| EXPENSES | | | |
| Cost of materials consumed | 26 | 26,592.73 | 21,717.39 |
| Purchase of stock-in-trade | 27 | 229.35 | 242.55 |
| Changes in inventories of finished goods, stock in trade and work in progress | 28 | 451.26 | 211.10 |
| Excise duty | | - | 703.11 |
| Employee benefits expenses | 29 | 5,924.71 | 5,135.35 |
| Finance costs | 30 | 1,552.53 | 1,393.78 |
| Depreciation and amortization expense | 31 | 1,790.12 | 1,419.45 |
| Other expenses | 32 | 9,995.01 | 7,909.22 |
| Total expenses | | 46,535.71 | 38,731.95 |
| Profit before exceptional items and tax | | 2,463.59 | 1,897.81 |
| Exceptional items | 33 | - | 215.77 |
| Profit before share of profit in joint ventures and tax | | 2,463.59 | 2,113.58 |
| Share of profit of joint ventures accounted for using the equity method | | 950.22 | 692.45 |
| Profit before tax | | 3,413.81 | 2,806.03 |
| Tax expense | 34 | | |
| Current tax | | 882.71 | 523.01 |
| Deferred tax | | (76.41) | 105.03 |
| Earlier years tax adjustments (net) | | (30.28) | (111.57) |
| Total tax expense | | 776.02 | 516.47 |
| Profit for the year | | 2,637.79 | 2,289.56 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (47.80) | (70.38) |
| Changes in fair value of FVOCI equity instruments | | (578.60) | 484.97 |
| Share of other comprehensive income of joint ventures accounted for using the equity method | | (3.45) | 0.01 |
| Income tax relating to items that will not be reclassified to profit and loss | | 151.52 | (88.62) |
| Total other comprehensive income for the year | | (478.33) | 325.98 |
| Total comprehensive income for the year | | 2,159.46 | 2,615.54 |
| Earnings per equity share (Face value ₹ 10 per share) | 35 | | |
| Basic (₹) | | 21.37 | 18.55 |
| Diluted (₹) | | 21.37 | 18.55 |
| 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: 29th May, 2019

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, 2019

A Equity share capital

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Balance as at 1 st April, 2017 | Changes in equity share capital during the year | Balance as at 31 st March, 2018 | Changes in equity share capital during the year | Balance as at 31 st March, 2019 |
|----------------------|--|--|--|--|---|
| Equity share capital | 1,234.56 | - | 1,234.56 | - | 1,234.56 |

B Other equity

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Reserves and surplus | | | | Equity instruments through Other Comprehensive Income | Total |
|---|----------------------|--------------------|----------------------------------|----------------------|---|------------------|
| | General reserve | Capital reserve | Securities premium reserve | Retained earnings | | |
| Balance as at 1st April, 2017 | 548.23 | 15.21 | 4,678.30 | 7,958.73 | 1,113.11 | 14,313.58 |
| Profit for the year | - | - | - | 2,289.56 | - | 2,289.56 |
| Other comprehensive income for the year (net of tax impact) | - | - | - | (46.02) | 371.99 | 325.97 |
| Share of other comprehensive income of joint ventures accounted for using the equity method | - | - | - | 0.01 | - | 0.01 |
| Transfer | 50.00 | - | - | (50.00) | - | - |
| Transactions with owners, recorded directly in equity | | | | | | |
| - Dividend paid during the year | - | - | - | (185.18) | - | (185.18) |
| - Dividend distribution tax | - | - | - | (37.70) | - | (37.70) |
| Balance as at 31st March, 2018 | 598.23 | 15.21 | 4,678.30 | 9,929.41 | 1,485.10 | 16,706.25 |
| Profit for the year | - | - | - | 2,637.79 | - | 2,637.79 |
| Other comprehensive income for the year (net of tax impact) | - | - | - | (31.07) | (443.80) | (474.87) |
| Share of other comprehensive income of joint ventures accounted for using the equity method | - | - | - | (3.45) | - | (3.45) |
| Transfer | 50.00 | - | - | (50.00) | - | - |
| Transactions with owners, recorded directly in equity | | | | | | |
| - Dividend paid during the year | - | - | - | (185.18) | - | (185.18) |
| - Dividend distribution tax | - | - | - | (38.07) | - | (38.07) |
| Balance as at 31st March, 2019 | 648.23 | 15.21 | 4,678.30 | 12,259.43 | 1,041.30 | 18,642.47 |

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: 29th May, 2019

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, 2019

(All amounts in INR lakhs, unless otherwise stated)

| | Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|----------|---|--|--|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Profit before tax | 3,413.81 | 2,806.03 |
| | Adjustments for: | | |
| | Depreciation on property, plant and equipment, investment property and intangible assets | 1,790.12 | 1,419.45 |
| | Profit on sale of property, plant and equipment (net) | (35.62) | (81.76) |
| | Interest income | (104.44) | (98.74) |
| | Dividend income | (13.48) | (13.37) |
| | Share of profits of joint ventures | (950.22) | (692.45) |
| | Fair value changes in investments carried at FVTPL | - | (1.02) |
| | Allowance for doubtful debts (net) | 212.55 | 129.30 |
| | Property, plant and equipment written off | - | 10.93 |
| | Unrealized foreign exchange gain | (46.94) | (47.80) |
| | Advances written off | 88.56 | 212.19 |
| | Provisions no longer required written back | (88.56) | (212.19) |
| | Finance costs | 1,552.53 | 1,393.78 |
| | Exceptional items | - | (215.77) |
| | Operating profit before working capital changes | 5,818.31 | 4,608.58 |
| | Movement in working capital | | |
| | Change in inventories | (127.43) | (1,049.04) |
| | Change in Trade receivables, other financial and non-financial assets | (1,763.63) | (3,919.94) |
| | Change in Trade payable, other financial and non-financial assets | (1,810.15) | 4,188.02 |
| | Cash generated from operating activities post working capital changes | 2,117.10 | 3,827.62 |
| | Income tax paid (net) | (478.50) | (423.00) |
| | Net cash generated from operating activities (A) | 1,638.60 | 3,404.62 |
| B | CASH FLOWS FROM INVESTING ACTIVITIES | | |
| | Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development) | (4,182.91) | (2,668.32) |
| | Proceeds from sale of property, plant and equipment | 146.62 | 490.46 |
| | Proceeds from sale of investments | 140.20 | 14.65 |
| | Movement in other bank balances | (243.64) | (145.76) |
| | Purchase of non-current investments | - | (100.00) |
| | Dividend received | 493.49 | 325.37 |
| | Interest received | 93.03 | 136.92 |
| | Net cash used in investing activities (B) | (3,553.21) | (1,946.68) |
| C | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | Proceeds from borrowings | 5,300.63 | 1,660.72 |
| | Repayment of borrowings | (1,706.05) | (1,562.03) |
| | Dividend paid (including tax) | (220.64) | (217.77) |
| | Interest paid | (1,548.91) | (1,368.54) |
| | Net cash used in financing activities (C) | 1,825.03 | (1,487.62) |
| | Decrease in cash and cash equivalents (A+B+C) | (89.58) | (29.68) |
| | Cash and cash equivalents at the beginning of the year | 321.42 | 351.10 |
| | Cash and cash equivalents at the end of the year (Refer note 13) | 231.84 | 321.42 |

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: 29th May, 2019

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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

1. CORPORATE INFORMATION

Talbros Automotive Components Limited (the 'Company') is a public limited company with its joint ventures (collectively referred to as the 'Group'). The Company is incorporated and domiciled in India. The 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 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 Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as 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 2019 were authorized and approved by the Board of Directors on 29th May 2019.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

1.4 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 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 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
- 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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 Group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognized 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 recognized in the statement of profit and 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 |

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 | 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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 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 amortization 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 capitalized costs are amortized 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 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

recognized in the statement of profit or loss 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 intangible assets recognized as at 1 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 1 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

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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 recognized 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 amortization, if no impairment loss had been recognized.

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 finance leases recognized in accordance with Ind AS 17, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if

lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss. Contingent rentals are recognized as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

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 except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

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.

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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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 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 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.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure,

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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) 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 Provident 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.

p) 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.

q) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax

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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 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).

r) 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.

s) 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.

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FOR THE YEAR ENDED 31st MARCH, 2019

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 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.

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:

i. Ind AS 116 'Leases'

On 30th March 2019, Ministry of Corporate Affairs ('MCA') has clarified that Ind AS 116 is effective for annual periods beginning on or after 1st April 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-

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of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

ii. Amendment to Ind AS 12, Income taxes

On 30th March 2019, Ministry of Corporate Affairs ("MCA") has notified Appendix C to Ind-AS 12 Income taxes – "Uncertainty over Income Tax Treatments". The amendment to Ind AS 12 requires the entities to consider recognition and measurement requirements when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognize and measure its current or deferred tax asset or liability accordingly. The effective date of amendment is 1st April 2019. Further, there has been amendments in relevant paragraphs in Ind-AS 12 "Income Taxes" which clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events in accordance with Ind-AS 109. Group is evaluating the requirements of the amendments and their impact on the financial statements.

iii. Amendment to Ind AS 19, Employee benefits

On 30th March 2019, Ministry of Corporate Affairs ("MCA") has issued an amendment to Ind AS 19 which requires the entities to determine current service cost using actuarial assumptions and net interest using discount rate determined at the start of the annual reporting period. However, if an entity re-measures the net defined benefit liability (asset) as per the requirement of the standard, it shall determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement

using the actuarial assumptions used to re-measure the net defined benefit liability (asset). The effective date of amendment is 1st April 2019. The Group is evaluating the requirements of the amendments and their impact on the financial statements.

iv. Amendment to Ind AS 109, Financial instruments

On 30th March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 109 in respect of prepayment features with negative compensation, which amends the existing requirements in Ind-AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. This amendment is effective for annual periods beginning on or after 1st April 2019. The Group is evaluating the requirements of the amendments and their impact on the financial statements.

v. Amendment to Ind AS 23, Borrowing costs

On 30th March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 23 "Borrowing Costs" clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This amendment is effective for annual periods beginning on or after 1st April 2019. The Group is evaluating the requirements of the amendments and their impact on the financial statements.

vi. Amendment to Ind AS 28, Investments in associates and joint ventures

On 30th March 2019, Ministry of Corporate Affairs ("MCA") issued an amendment to Ind-AS 28 "Investments in Associates and Joint Ventures" in relation to long-term interests in associates and joint ventures. The amendment clarifies that an entity

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applies Ind-AS 109 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. This amendment is effective for annual periods beginning on or after 1st April 2019. The Company is evaluating the requirements of the amendments and their impact on the consolidated financial statements.

vii. Amendment to Ind AS 103, Business combinations

On 30th March 2019, Ministry of Corporate Affairs (“MCA”) issued an amendment to Ind-AS 103, “Business Combinations”. The amendment clarifies that when an entity obtains control of a business that is a joint operation, it shall need to re-measure the previously held interests in that business.

This amendment is effective for annual periods beginning on or after 1st April 2019. The Group is evaluating the requirements of the amendments and their impact on the consolidated financial statements.

viii. Amendment to Ind AS 111, Joint arrangements

On 30th March 2019, Ministry of Corporate Affairs (“MCA”) issued an amendment to Ind-AS 111, “Joint Arrangements”. The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity shall not re-measure previously held interests in that business. This amendment is effective for annual periods beginning on or after 1st April 2019. The Group is evaluating the requirements of the amendments and their impact on the consolidated financial statements.

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Note 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Freehold land* | Leasehold land | Building | Leasehold improvements | Plant and equipment | Vehicles | Furniture & fixtures | Office equipment | Electrical installation | Air-conditioning plant | Tubewell | Total | Capital work in Progress |
|---|----------------|----------------|-----------------|------------------------|---------------------|---------------|----------------------|------------------|-------------------------|------------------------|--------------|------------------|--------------------------|
| Gross block | | | | | | | | | | | | | |
| As at 1st April, 2017 | 550.39 | 413.99 | 3,019.10 | 15.79 | 13,469.63 | 659.54 | 400.02 | 320.26 | 852.79 | 78.12 | 10.52 | 19,790.15 | 105.22 |
| Additions | 1.62 | - | 87.02 | - | 2,182.29 | 45.73 | 117.46 | 54.84 | 42.37 | - | - | 2,531.33 | 260.42 |
| Disposals/transfers | - | - | - | - | (362.99) | (158.71) | (1.26) | (0.90) | (29.78) | - | - | (553.64) | (122.93) |
| Balance as at 31st March, 2018 | 552.01 | 413.99 | 3,106.12 | 15.79 | 15,288.93 | 546.56 | 516.22 | 374.20 | 865.38 | 78.12 | 10.52 | 21,767.84 | 242.71 |
| Additions | 153.42 | - | 89.89 | - | 2,990.03 | 63.55 | 85.04 | 44.35 | 23.50 | 27.60 | - | 3,477.38 | 401.45 |
| Disposals/transfers | (2.81) | - | (76.54) | - | (176.10) | (155.75) | (1.20) | (1.65) | (0.09) | - | - | (414.14) | - |
| Balance as at 31st March, 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 |
| Accumulated depreciation | | | | | | | | | | | | | |
| As at 1st April, 2017 | - | 39.62 | 1,070.03 | 6.75 | 5,716.70 | 346.28 | 344.68 | 269.19 | 411.72 | 54.87 | 9.99 | 8,269.83 | - |
| Charge for the year | - | 4.60 | 109.51 | 9.04 | 1,069.14 | 85.36 | 29.44 | 27.11 | 65.37 | 14.20 | - | 1,413.77 | - |
| Disposals | - | - | - | - | (215.88) | (119.32) | (0.90) | (0.77) | (12.93) | - | - | (349.80) | - |
| Balance as at 31st March, 2018 | - | 44.22 | 1,179.54 | 15.79 | 6,569.96 | 312.32 | 373.22 | 295.53 | 464.16 | 69.07 | 9.99 | 9,333.80 | - |
| Charge for the year | - | 4.60 | 114.49 | - | 1,427.67 | 66.78 | 72.69 | 40.67 | 62.59 | 10.35 | - | 1,799.84 | - |
| Disposals | - | - | (50.45) | - | (93.44) | (127.59) | (1.14) | (1.57) | (0.05) | - | - | (274.24) | - |
| Balance as at 31st March, 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 | - |
| Net block as at 31st March, 2019 | 702.62 | 365.17 | 1,875.89 | - | 10,198.67 | 202.85 | 155.29 | 82.27 | 362.09 | 26.30 | 0.53 | 13,971.68 | 644.16 |
| Net block as at 31st March, 2018 | 552.01 | 369.77 | 1,926.58 | - | 8,718.97 | 234.24 | 143.00 | 78.67 | 401.22 | 9.05 | 0.53 | 12,434.04 | 242.71 |
| Net block as at 1st April, 2017 | 550.39 | 374.37 | 1,949.07 | 9.04 | 7,752.93 | 313.26 | 55.34 | 51.07 | 441.07 | 23.25 | 0.53 | 11,520.32 | 105.22 |

*Includes Land valuing - Nil (31st March, 2018 - ₹ 465.26 lakhs) for which the title is yet to be registered in the Company's name.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 2. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(i) Expenditures capitalized in the carrying amount of property plant and equipment

The Group has capitalized the following expenses under Plant and equipment (dies and moulds):

(All amounts in INR lakhs, unless otherwise stated)

| Nature of expense | 31 st March, 2019 | 31 st March, 2018 |
|-----------------------------------|------------------------------|------------------------------|
| Salaries and wages | 225.65 | 135.51 |
| Depreciation | 63.30 | 34.90 |
| Power and fuel | 125.75 | 85.20 |
| Repairs and maintenance | 100.61 | 34.55 |
| Processing charges and consumable | 222.46 | 81.66 |
| Total | 737.77 | 371.82 |

(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.

Note 3. INVESTMENT PROPERTY

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Land | Building | Total |
|--|-------------|---------------|---------------|
| Gross block | | | |
| As at 1 st April, 2017 | - | 435.73 | 435.73 |
| Additions/transfers | - | - | - |
| Balance as at 31st March, 2018 | - | 435.73 | 435.73 |
| Additions/transfers | 2.81 | 76.54 | 79.35 |
| Balance as at 31st March, 2019 | 2.81 | 512.27 | 515.08 |
| Accumulated depreciation | | | |
| As at 1 st April, 2017 | - | 126.45 | 126.45 |
| Charge for the year | - | 14.14 | 14.14 |
| Balance as at 31st March, 2018 | - | 140.59 | 140.59 |
| Charge for the year | - | 15.45 | 15.45 |
| Disposals/transfers | - | 50.45 | 50.45 |
| Balance as at 31st March, 2019 | - | 206.49 | 206.49 |
| Net block as at 31st March, 2019 | 2.81 | 305.78 | 308.59 |
| Net block as at 31st March, 2018 | - | 295.14 | 295.14 |
| Net block as at 1 st April, 2017 | - | 309.28 | 309.28 |

(i) Amount recognized in profit and loss for investment property

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Rental income | 143.27 | 154.87 |
| 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 | 143.27 | 154.87 |
| Less: depreciation expense | 15.45 | 14.14 |
| Profit from leasing of investment property after depreciation | 127.82 | 140.73 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 3. INVESTMENT PROPERTY (CONTD.)

- * 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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|-------------|------------------------------|------------------------------|
| Fair value | 526.10 | 297.02 |

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 categorized 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.

Note 4. INTANGIBLE ASSETS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Computer software | Technical know-how | Total | Intangible assets under development |
|--|-------------------|--------------------|---------------|-------------------------------------|
| Gross block | | | | |
| As at 1 st April, 2017 | 207.70 | 471.61 | 679.31 | 61.32 |
| Additions | 47.42 | - | 47.42 | - |
| Internally developed | - | - | - | 2.15 |
| Balance as at 31st March, 2018 | 255.12 | 471.61 | 726.73 | 63.47 |
| Additions | 80.87 | - | 80.87 | - |
| Internally developed | - | - | - | - |
| Capitalized during the year | - | - | - | (44.97) |
| Balance as at 31st March, 2019 | 335.99 | 471.61 | 807.60 | 18.50 |
| Accumulated amortization | | | | |
| As at 1 st April, 2017 | 196.82 | 434.38 | 631.20 | - |
| Amortization charge for the year | 10.22 | 16.22 | 26.44 | - |
| Balance as at 31st March, 2018 | 207.04 | 450.60 | 657.64 | - |
| Amortization charge for the year | 25.53 | 12.60 | 38.13 | - |
| Balance as at 31st March, 2019 | 232.57 | 463.20 | 695.77 | - |
| Net block as at 31st March, 2019 | 103.42 | 8.41 | 111.83 | 18.50 |
| Net block as at 31st March, 2018 | 48.08 | 21.01 | 69.09 | 63.47 |
| Net block as at 1st April, 2017 | 10.88 | 37.23 | 48.11 | 61.32 |

Notes:

- (i) Intangibles under development comprise of the software under development.

(ii) Research and development expenses

Refer note 45 for expenses incurred on research and development activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD[^]

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| (i) Investments in equity instruments | | |
| Joint ventures | | |
| (Unquoted) | | |
| Nippon Leakless Talbros Private Limited 4,800,000 shares (31 st March, 2018: 4,800,000 shares) of ₹ 10 each | 1,997.58 | 1,965.90 |
| Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 st March, 2018: 11,780,000 shares) of ₹ 10 each | 1,371.84 | 967.35 |
| Talbros Marugo Rubber Private Limited 9,500,000 shares (31 st March, 2018: 9,500,000 shares) of ₹ 10 each | 695.99 | 665.39 |
| | 4,065.41 | 3,598.64 |

[^]Refer note 41 - Group information for summarized financial information of joint ventures.

Note 6. INVESTMENTS

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| (i) Investments in equity instruments | | |
| (Unquoted, at fair value through other comprehensive income) | | |
| QH Talbros Private Limited 177,962 shares (31 st March, 2018: 177,962 shares) of ₹ 10 each | 19.98 | 31.25 |
| Talbros International Private Limited 1,326,970 shares (31 st March, 2018: 1,326,970 shares) of ₹ 10 each | 1,966.11 | 2,486.72 |
| T & T Motors Limited 83,333 shares (31 st March, 2018: 83,333 shares) of ₹ 10 each | 23.30 | 70.01 |
| (Unquoted, at fair value through profit and loss) | | |
| Caparo Power Limited Nil equity shares (31 st March, 2018: 1,147,134 equity shares) of ₹ 10 each | - | 114.71 |
| (ii) Investment in preference shares | | |
| (Unquoted, at amortized cost) | | |
| Caparo Power Limited Nil, 2% Cumulative redeemable preference shares (31 st March, 2018: 254,920 shares) of ₹ 10 each | - | 20.86 |
| | 2,009.39 | 2,723.55 |
| Aggregate amount of quoted investments | - | - |
| Aggregate market value of quoted investments | - | - |
| Aggregate amount of unquoted investments | 2,009.39 | 2,723.55 |
| Aggregate amount of impairment in value of investments | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 7. LOANS - NON CURRENT

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| A Loans - non current | | |
| (Unsecured, considered good) | | |
| Security deposits | 121.58 | 118.31 |
| | 121.58 | 118.31 |
| B Loans - current | | |
| (Unsecured, considered good) | | |
| Inter-corporate deposit | 566.78 | 549.58 |
| Others* | - | 23.10 |
| | 566.78 | 572.68 |

*refer note 38 for related party details

Note 8. OTHER FINANCIAL ASSETS - NON-CURRENT

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| A (Unsecured, considered good) | | |
| Bank deposits with more than 12 months maturity* | 25.99 | 49.44 |
| | 25.99 | 49.44 |

*Under lien with banks as security against borrowings.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| B Other financial assets - current | | |
| (Unsecured, considered good) | | |
| Loan to employees | 64.30 | 42.43 |
| Derivative assets on forward contracts | 4.59 | - |
| Claims and other recoverable | 5.07 | 100.15 |
| | 73.96 | 142.58 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 9. CURRENT TAX ASSETS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|------------------------------|---------------------------------------|---------------------------------------|
| Advance income tax | - | 995.71 |
| Less: Provision for taxation | - | (963.68) |
| | - | 32.03 |

Note 10.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| A Other non-current assets | | |
| Prepaid expenses | - | - |
| Capital advances | 449.39 | 117.91 |
| | 449.39 | 117.91 |
| B Other current assets | | |
| Advances to suppliers | | |
| - Considered good | 464.88 | 231.00 |
| - Considered doubtful | 13.93 | 36.07 |
| Balance with government authorities | | |
| - Considered good | 1,047.82 | 1,587.82 |
| - Considered doubtful | 64.62 | 50.50 |
| Prepaid expenses | 80.23 | 72.91 |
| Others | 299.37 | 31.07 |
| | 1,970.85 | 2,009.37 |
| Less : Provision for doubtful advances | (78.55) | (86.57) |
| | 1,892.30 | 1,922.80 |

Note 11. INVENTORIES (Lower of cost or net realizable value)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Raw material | 4,347.27 | 3,796.46 |
| Work in progress | 4,809.02 | 5,273.69 |
| Finished goods | 1,469.96 | 1,441.49 |
| Stock in trade (in respect of goods acquired for trading) | - | 15.06 |
| Stores and spares | 426.04 | 398.16 |
| | 11,052.29 | 10,924.86 |
| i) The above includes goods in transit as under: | | |
| Raw material | 659.37 | 651.90 |
| Stores and spares | 5.80 | 12.61 |
| | 665.17 | 664.51 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 12. TRADE RECEIVABLES (UNSECURED CONSIDERED GOOD, UNLESS OTHERWISE STATED)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Unsecured, considered good | 13,528.20 | 12,419.05 |
| Trade receivables which have significant increase in credit risk | 302.34 | 192.61 |
| | 13,830.54 | 12,611.66 |
| Less: Allowance for doubtful debts | (302.34) | (192.61) |
| | 13,528.20 | 12,419.05 |
| Includes trade receivables from companies in which directors are interested | | |
| Magneti Marelli Talbros Chassis Systems Private Ltd. | 10.43 | 8.69 |
| Talbros Marugo Rubber Private Limited | - | 10.33 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Cash on hand | 40.61 | 58.78 |
| Balances with banks | | |
| -in current accounts | 127.83 | 256.65 |
| Deposits with original maturity less than 3 months | 63.40 | 5.99 |
| | 231.84 | 321.42 |

Note 14. OTHER BANK BALANCES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Term deposits^ | 95.70 | 90.00 |
| Margin money deposits (pledged with banks) | 572.95 | 344.99 |
| Earmarked balances with banks | | |
| - Unpaid dividend account | 23.56 | 20.96 |
| | 692.21 | 455.95 |

^ includes deposits with original maturity of more than 12 months ₹ 25.00 Lakhs (31st March, 2018: ₹ Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 15. EQUITY SHARE CAPITAL

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|--|---------------------------------------|-----------------|---------------------------------------|-----------------|
| | No. of shares | Amount | No. of shares | Amount |
| i Authorized | | | | |
| 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 | 1,23,45,630 | 1,234.56 | 1,23,45,630 | 1,234.56 |
| Equity shares of ₹ 10 each | 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 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 Holding Company

| Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|--|---------------------------------------|--------|---------------------------------------|--------|
| | No. of shares | % | No. of shares | % |
| Name of the equity shareholders | | | | |
| Talbro International Private Limited | 51,10,350 | 41.39% | 45,71,620 | 37.03% |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| General reserve | 648.23 | 598.23 |
| Retained earnings | 12,259.43 | 9,929.41 |
| Capital reserve | 15.21 | 15.21 |
| Securities premium reserve | 4,678.30 | 4,678.30 |
| Equity instruments through other comprehensive income | 1,041.30 | 1,485.10 |
| Total other equity | 18,642.47 | 16,706.25 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. OTHER EQUITY (CONTD.)

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 account

Securities premium account 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.

Note 17. A LONG TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Secured | | |
| Term Loans | | |
| From banks - Rupee loan | | |
| - IDFC First bank | 149.98 | 163.22 |
| - Kotak Mahindra bank | 200.90 | - |
| - Vehicle Loans | 53.68 | 80.70 |
| From banks - foreign currency loan | | |
| - IDFC First bank | 517.97 | - |
| From Others | | |
| - Bajaj Finance Ltd.(Term Loan-I) | - | 10.66 |
| - Bajaj Finance Ltd.(Term Loan-II) | 1,443.28 | 888.61 |
| - Vehicle Loans | 37.58 | - |
| Unsecured | | |
| Deposits | | |
| - From director | 5.00 | 5.00 |
| - From public | 115.06 | 404.81 |
| | 2,523.45 | 1,553.00 |
| Amount disclosed under other financial liabilities: | | |
| Current maturity of long-term debts | 1,757.69 | 699.55 |
| Interest accrued on borrowings | 132.13 | 131.52 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17. OTHER EQUITY (CONTD.)

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. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
3. 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
4. Term loan-I from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of the Holding Company's gasket division situated at Faridabad and is further secured by personal guarantee of two directors.
5. Term loan-II from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of Holding Company's gasket division situated at Faridabad and is further secured by personal guarantee of three directors.
6. 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.
7. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

| Particulars | Terms of repayment | Interest Rate | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---|-----------------|------------------------------------|------------------------------------|
| Term loans, secured | | | | |
| From bank: | | | | |
| IDFC First Bank | 42 equal monthly installments after 12 months moratorium period from the date of first disbursement. | 9.60% to 9.75% | 149.98 | 163.22 |
| Kotak Mahindra Bank | 48 equal monthly installment after 12 months moratorium period from the date of first disbursement. | 9.15% | 200.90 | - |
| 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% | 53.68 | 80.70 |
| From banks - foreign currency loan | | | | |
| IDFC First Bank | "24 to 48 equal monthly installment from the date of disbursement" | 3.00% to 3.25% | 517.97 | - |
| From others: | | | | |
| Bajaj Finance Ltd. (Term Loan- I) | 60 equal monthly installments from the date of loan | 9.65% to 10.80% | - | 10.66 |
| Bajaj Finance Ltd. (Term Loan- II) | 60 equal monthly installments from the date of loan | 9.65% | 1,443.28 | 888.61 |
| Tata Capital Financial Services Ltd | Original repayment period is 3 years with the option of early repayment | 10.75% | - | - |
| Vehicle Loan | 36 equal monthly installments from the date of loan | 6.28% | 37.58 | - |
| Unsecured Deposits | | | | |
| From director | Repayable within 3 years | 11.00% | 5.00 | 5.00 |
| From public | Repayable within 2 to 3 years | 9.50% - 11.00% | 115.06 | 404.81 |
| | | | 2,523.45 | 1,553.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17. B SHORT TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Secured | | |
| a) Working capital loan from bank | | |
| HDFC Bank* | 3,983.12 | 3,671.72 |
| DBS Bank* | 1,486.22 | 924.89 |
| Yes Bank* | 1,884.22 | 1,574.30 |
| IDFC First Bank* | 1,487.63 | 1,103.57 |
| Axis Bank* | - | 1,000.00 |
| Unsecured | | |
| a) Working capital loan from bank | | |
| HDFC Bank** | 1,000.00 | - |
| b) Working capital loan from others | | |
| Bajaj Finance Limited** | 500.00 | 500.00 |
| c) Deposits | | |
| Fixed deposits from public | - | 12.52 |
| Inter-corporate deposit | 100.00 | 100.00 |
| d) Borrowings on account of sales bill discounting | | |
| Borrowing from banks | 792.54 | 1,289.93 |
| | 11,233.73 | 10,176.93 |

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Yes Bank, IDFC First Bank & Axis 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 loans from HDFC Bank and Bajaj Finance Ltd are secured by personal guarantee of two directors of the Company.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Terms of repayment | Interest Rate | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--------------------------------------|-----------------------|-------------------|---------------------------------------|---------------------------------------|
| Working capital loan, secured | | | | |
| HDFC Bank | Within 180 days | 5.80% - 9.90% | 3,983.12 | 3,671.72 |
| DBS Bank | Within 365 days | 5.50% - 9.10% | 1,486.22 | 924.89 |
| Yes Bank | Within 365 days | 6.00% - 10.25% | 1,884.22 | 1,574.30 |
| IDFC First Bank | Within 365 days | 6.20% - 9.50% | 1,487.63 | 1,103.57 |
| Axis Bank | Within 180 days | 8.20% | - | 1,000.00 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17. B SHORT TERM BORROWINGS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Terms of repayment | Interest Rate | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|--------------------|----------------|------------------------------------|------------------------------------|
| Working capital loan, unsecured | | | | |
| HDFC Bank | Within 180 days | 8.5%-9.05% | 1,000.00 | - |
| Bajaj Finance Limited | Within 90 days | 9.45% - 9.65% | 500.00 | 500.00 |
| Deposits, unsecured | | | | |
| Deposits from public | Within 365 days | 9.00% - 9.50% | - | 12.52 |
| Inter-corporate deposit | Within 365 days | 12.00% | 100.00 | 100.00 |
| Borrowings on account of sales bill discounting, unsecured | | | | |
| Borrowings from banks | Within 90 days | 8.50% - 10.20% | 792.54 | 1,289.93 |
| | | | 11,233.73 | 10,176.93 |

C Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Long-term borrowings | Short-term borrowings | Total |
|---|----------------------|-----------------------|------------------|
| As at 31st March, 2018 | 2,252.55 | 10,176.93 | 12,429.48 |
| Cash flow: | | | |
| - Proceeds | 3,734.65 | 1,565.98 | 5,300.63 |
| - Repayment | (1,706.05) | | (1,706.05) |
| Other non-cash movements: | | | |
| - Finance cost adjustment for effective interest rate | (0.01) | - | (0.01) |
| - Movement in bills discounted from banks | - | (509.18) | (509.18) |
| As at 31st March, 2019 | 4,281.14 | 11,233.73 | 15,514.87 |

| Particulars | Long-term borrowings | Short-term borrowings | Total |
|---|----------------------|-----------------------|------------------|
| As at 1st April, 2017 | 2,455.07 | 9,672.61 | 12,127.68 |
| Cash flow: | | | |
| - Proceeds | 1,009.64 | 651.08 | 1,660.72 |
| - Repayment | (1,212.03) | (350.00) | (1,562.03) |
| Other non-cash movements: | | | |
| - Finance cost adjustment for effective interest rate | (0.13) | - | (0.13) |
| - Movement in bills discounted from banks | - | 203.24 | 203.24 |
| As at 31st March, 2018 | 2,252.55 | 10,176.93 | 12,429.48 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 18.

(All amounts in INR lakhs, unless otherwise stated)

| | | As at 31 st March, 2019 | As at 31 st March, 2018 |
|----------|--|---------------------------------------|---------------------------------------|
| A | OTHER FINANCIAL LIABILITIES - NON-CURRENT | | |
| | Security deposits | 13.15 | 19.68 |
| | | 13.15 | 19.68 |
| B | Other financial liabilities - current | | |
| | Current maturity of long-term borrowings | 1,757.69 | 699.55 |
| | Derivative liability on forward contracts | - | 29.75 |
| | Interest accrued on borrowings | 132.13 | 131.52 |
| | Employee related payables | 639.15 | 652.67 |
| | Security deposits | 18.10 | 56.50 |
| | Unclaimed dividend* | 23.56 | 20.96 |
| | Unclaimed matured deposits* | 30.55 | 18.63 |
| | Interest accrued on unclaimed matured deposits* | 14.84 | 13.70 |
| | Other payables | 67.74 | 112.11 |
| | | 2,683.76 | 1,735.39 |

Note 19.

(All amounts in INR lakhs, unless otherwise stated)

| | | As at 31 st March, 2019 | As at 31 st March, 2018 |
|----------|--|---------------------------------------|---------------------------------------|
| A | PROVISIONS - NON-CURRENT | | |
| | Employees' post retirement/long-term benefits | | |
| | Gratuity | 150.41 | 150.28 |
| | Compensated absences | 208.89 | 173.92 |
| | | 359.30 | 324.20 |
| | For movements in each class of provision during the financial year, refer note 44. | | |
| B | Provisions - current | | |
| | Employees' post retirement/long-term benefits | | |
| | Gratuity | 70.00 | 70.00 |
| | Compensated absences | 78.70 | 62.14 |
| | | 148.70 | 132.14 |

For movements in each class of provision during the financial year, refer note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 20. DEFERRED TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| Deferred tax liabilities arising on account of : | | |
| Depreciation | 940.64 | 991.37 |
| Equity instruments carried at FVOCI | 312.03 | 446.82 |
| Others | 9.63 | - |
| Deferred tax asset arising on account of : | | |
| Minimum alternative tax credit# | 677.04 | 753.46 |
| Allowance for doubtful debts and advances | 132.75 | 96.60 |
| Disallowances u/s 43B | 181.62 | 164.56 |
| Others | - | 1.18 |
| | 270.89 | 422.39 |

| Particulars | As at 31 st March, 2018 | Adjusted from Provision for Taxation | Recognized in statement of profit and loss | Recognized in other comprehensive income | As at 31 st March, 2019 |
|--|---------------------------------------|--|---|---|---------------------------------------|
| Deferred tax liability: | | | | | |
| Depreciation | 991.37 | | (50.73) | - | 940.64 |
| Equity instruments carried at FVOCI | 446.82 | | - | (134.79) | 312.03 |
| Others | (1.18) | | 10.81 | - | 9.63 |
| Deferred tax asset: | | | | | |
| Minimum alternative tax credit | 753.46 | (76.42) | | - | 677.04 |
| Allowance for doubtful debts and advances | 96.60 | | 36.15 | - | 132.75 |
| Disallowances u/s 43B | 164.56 | | 0.33 | 16.73 | 181.62 |
| | 422.39 | 76.42 | (76.40) | (151.52) | 270.89 |

Note:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| (i) Breakup of amounts recognized in statement of profit and loss: | | |
| Recognized as part of: | | |
| - Deferred tax | (76.40) | 105.03 |
| - Earlier years tax adjustments (net) | - | (42.69) |
| | (76.40) | 62.34 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 20. DEFERRED TAX LIABILITIES (CONTD.)

- (ii) The Group does not recognise deferred tax liability (31st March, 2019 : ₹ 850.48 lakhs and 31st March, 2018 : ₹ 752.84 lakhs) 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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Deferred income | 6.26 | 4.61 |
| Amount payable government authorities | 91.71 | - |
| | 97.97 | 4.61 |
| B Other current liabilities | | |
| Advance from customers [^] | 321.58 | 294.56 |
| Payable to statutory authorities | 220.05 | 174.79 |
| Deferred income | 2.14 | 1.54 |
| Others | 29.15 | - |
| | 572.92 | 470.89 |
| [^] represents contract liabilities which includes discount adjustment amounting to ₹187.56 Lakhs | | |
| Reconciliation of contract liabilities: | | |
| Contract liabilities at the beginning of the year | 294.56 | - |
| Less: performance obligations satisfied in current year | (187.18) | - |
| Add: advance received during the year | 214.20 | - |
| Contract liabilities at the end of the year | 321.58 | - |

Note 22. TRADE PAYABLES*

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| Total outstanding dues of micro enterprises and small enterprises | 132.19 | - |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 11,594.20 | 13,723.63 |
| | 11,726.39 | 13,723.63 |

Refer note 39 for related party transactions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

The Company has not received 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, 2019 and 31st March, 2018:

| Particulars | | As at 31st March, 2019 | As at 31st March, 2018 |
|--------------------|---|--|--|
| i | the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | 132.19 | - |
| 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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--|--|--|
| Provision for taxation (net of MAT adjustment) | 1,299.01 | - |
| Less: Advance income tax | (1,042.20) | - |
| | 256.81 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 24. REVENUE FROM OPERATIONS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Sale of products (including excise duty)* | 45,903.06 | 38,400.55 |
| Sale of services | 53.59 | 50.47 |
| Other operating income | 2,328.14 | 1,549.59 |
| | 48,284.79 | 40,000.61 |

* Upto 30th June 2017

| | | |
|-----------------------------------|------------------|------------------|
| Disaggregation of revenue: | | |
| Gaskets | 30,336.73 | 27,608.67 |
| Forgings | 15,528.55 | 10,791.88 |
| Management fees | 32.88 | 30.00 |
| Others | 2,386.63 | 1,570.06 |
| | 48,284.79 | 40,000.61 |

Note 25. OTHER INCOME

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Interest income on: | | |
| - Inter corporate deposits | 62.54 | 63.22 |
| - Fixed deposits with banks | 32.97 | 31.67 |
| - Other financial assets at amortized cost | 6.03 | 3.13 |
| - Others | 2.90 | 0.72 |
| Dividend income from: | | |
| - Related parties | 10.68 | 8.90 |
| - Others | 2.80 | 4.47 |
| Royalty | 102.64 | 99.27 |
| Lease rentals | 143.27 | 154.87 |
| Net gain on foreign currency transactions and translation | 284.80 | 111.77 |
| Profit on sale of property, plant and equipment (net) | 35.62 | 81.76 |
| Fair value changes in investments carried at FVTPL | - | 1.02 |
| Other non-operating income | 30.26 | 68.35 |
| | 714.51 | 629.15 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 26. COST OF MATERIALS CONSUMED

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Opening inventory | 3,796.46 | 2,596.18 |
| Add: Purchases | 27,143.54 | 22,917.67 |
| | 30,940.00 | 25,513.85 |
| Less: Closing inventory | 4,347.27 | 3,796.46 |
| | 26,592.73 | 21,717.39 |
| Cost of raw materials consumed include: | | |
| Tinplate/P.C.R.C.A/steel | 7,117.31 | 6,440.78 |
| Jointing | 6,737.85 | 5,715.60 |
| Forging steels | 8,464.28 | 6,039.77 |
| Bought out auto components and parts | 2,611.00 | 1,987.94 |
| Others | 1,662.29 | 1,533.30 |
| | 26,592.73 | 21,717.39 |

Note 27. PURCHASE OF STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|-------------|--|--|
| Dyna bond | 229.35 | 242.55 |
| | 229.35 | 242.55 |

Note 28. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Change in inventories of finished goods, work in progress and stock-in-trade Inventories at the end of the year: | | |
| Finished goods | 1,469.96 | 1,441.49 |
| Work-in-progress | 4,809.02 | 5,273.69 |
| Stock-in-trade | - | 15.06 |
| Inventories at the beginning of the year: | | |
| Finished goods | 1,441.49 | 1,491.85 |
| Work-in-progress | 5,273.69 | 5,448.81 |
| Stock-in-trade | 15.06 | 0.68 |
| Net decrease | 451.26 | 211.10 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 29. EMPLOYEE BENEFITS EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Salaries and wages | 5,226.33 | 4,484.69 |
| Contributions to provident and other fund | 298.62 | 279.46 |
| Staff welfare expenses | 399.76 | 371.20 |
| | 5,924.71 | 5,135.35 |

Note 30. FINANCE COSTS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|----------------------|--|--|
| Interest expense | 1,443.67 | 1,275.07 |
| Interest on others | 1.75 | 1.33 |
| Other borrowing cost | 107.11 | 117.38 |
| | 1,552.53 | 1,393.78 |

Note 31. DEPRECIATION AND AMORTIZATION EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--------------------------------|--|--|
| Depreciation on: | | |
| - Property plant and equipment | 1,799.84 | 1,413.77 |
| - Investment property | 15.45 | 14.14 |
| Amortization of: | | |
| - Intangible assets | 38.13 | 26.44 |
| | 1,853.42 | 1,454.35 |
| Less: depreciation capitalized | 63.30 | 34.90 |
| | 1,790.12 | 1,419.45 |

Note 32. OTHER EXPENSES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Consumption of stores and spares parts | 2,837.97 | 2,159.18 |
| Labour and processing charges | 526.34 | 437.53 |
| Royalty | 17.00 | 16.42 |
| Power and fuel | 2,002.72 | 1,614.64 |
| Rent | 31.65 | 77.44 |
| Repairs to buildings | 74.12 | 121.20 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 32. OTHER EXPENSES (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Repairs to plant & machinery | 475.25 | 424.14 |
| Repairs to other assets | 172.88 | 195.70 |
| Insurance | 93.92 | 66.73 |
| Travelling, tour & conveyance | 602.71 | 544.68 |
| Sales promotion expenses | 284.34 | 218.05 |
| Packing, freight & forwarding | 1,841.89 | 1,237.87 |
| Rates and taxes | 26.55 | 59.59 |
| Corporate social responsibility expenditure | 28.60 | 20.72 |
| Allowance for doubtful trade receivables/advances | 212.55 | 129.30 |
| Property, plant and equipment written off | - | 10.93 |
| Excise duty on increase/(decrease) of inventories of finished goods | - | (130.04) |
| Advances written off | 88.56 | 212.19 |
| Provisions no longer required written back | (88.56) | (212.19) |
| Legal and professional | 166.01 | 153.15 |
| Payment to auditors: | | |
| -As Auditors: | | |
| Audit fee | 10.51 | 10.10 |
| Tax audit fee | 2.00 | 2.30 |
| -In other capacity: | | |
| Limited review | 1.66 | 1.92 |
| Other services | 2.46 | 1.88 |
| Out of pocket expenses | 2.64 | 0.87 |
| Donation | 4.39 | 4.43 |
| Miscellaneous expenses | 576.85 | 530.49 |
| | 9,995.01 | 7,909.22 |

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 ₹ 28.59 lakhs (31st March, 2018: ₹ 20.72 lakhs).
- Amount spent during the financial year ended 31st March, 2019 and 31st March, 2018 on:

| Particulars | Year | Amount paid | Amount yet to be paid | Total |
|---|------------------------------|-------------|-----------------------|--------------|
| Contribution to Prime Minister's National Relief Fund | 31 st March, 2019 | 0.60 | - | 0.60 |
| | 31 st March, 2018 | - | - | - |
| Donation paid to charitable trust | 31 st March, 2019 | 28.00 | - | 28.00 |
| | 31 st March, 2018 | 20.72 | - | 20.72 |

Amount computed is based upon profits as per previous GAAP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 33. EXCEPTIONAL ITEMS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Exceptional items | | |
| Profit on sale of property, plant and equipment [^] | - | 215.77 |
| | - | 215.77 |

[^]represents profit on sale of assets under partial strategic disinvestment at non-core material business assets.

Note 34. INCOME TAX

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Tax expense comprises of: | | |
| Current tax | 882.71 | 523.01 |
| Deferred tax charge | (76.41) | 105.03 |
| Earlier years tax adjustments (net) | (30.28) | (111.57) |
| Income tax expense reported in the statement of profit and loss | 776.02 | 516.47 |

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:

| | | |
|--|-----------------|-----------------|
| Accounting profit before income tax | 3,413.81 | 2,806.03 |
| At India's statutory income tax rate of 34.944% (31 st March, 2018: 34.608%) | 1,192.93 | 971.11 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Tax impact of exempted income | (172.44) | (112.12) |
| Impact of different rate of tax | - | (0.54) |
| Earlier years tax adjustments (net) | (30.28) | (111.57) |
| Impact of tax on profit from joint ventures | (164.32) | (131.66) |
| Others | (49.87) | (98.75) |
| Income tax expense | 776.02 | 516.47 |

Note 35. EARNINGS PER SHARE (EPS)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|--|--|--|
| Profit attributable to equity shareholders | 2,637.79 | 2,289.56 |
| Profit attributable to equity shareholders adjusted for the effect of dilution | 2,637.79 | 2,289.56 |
| 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 | 21.37 | 18.55 |
| (2) Diluted | 21.37 | 18.55 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorized 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

(All amounts in INR lakhs, unless otherwise stated)

| 31 st March, 2019 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|-------------|-----------------|-----------------|
| Financial assets | | | | |
| Investments at FVOCI | - | - | 2,009.39 | 2,009.39 |
| Derivative assets on forward contracts | - | 4.59 | - | 4.59 |
| Total financial assets | - | 4.59 | 2,009.39 | 2,013.98 |

| 31 st March, 2018 | Level 1 | Level 2 | Level 3 | Total |
|---|---------|--------------|-----------------|-----------------|
| Financial assets | | | | |
| Investments at FVTPL | - | - | 114.71 | 114.71 |
| Investments at FVOCI | - | - | 2,587.98 | 2,587.98 |
| Total financial assets | - | - | 2,702.69 | 2,702.69 |
| Financial liabilities | | | | |
| Derivative liability on forward contracts | - | 29.75 | - | 29.75 |
| Total financial liabilities | - | 29.75 | - | 29.75 |

(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, 2019 | 31 st March, 2018 | | 31 st March, 2019 | 31 st March, 2018 | 1% increase in inputs | 1% decrease in inputs |
| Unquoted equity shares | 2,009.39 | 2,702.69 | Terminal growth rate | 5% | 5% | 31 st March, 2019: ₹ 2,094.19 lakhs 31 st March, 2018: - ₹ 2,870.36 lakhs | 31 st March 2017: ₹ 1,938.01 lakhs 31 st March, 2018: - ₹ 2,568.70 lakhs |

*Sensitivity has been considered for mentioned inputs, keeping the other variables constant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FAIR VALUE DISCLOSURES (CONTD.)

- (v) The following table presents the changes in level 3 items for the year ended 31st March, 2019 and 31st March, 2018:

| Particulars | Equity shares |
|---|---------------|
| As at 1st April, 2017 | 2,217.72 |
| Acquisition during the year | - |
| Gain recognized in other comprehensive income | 484.97 |
| As at 31st March, 2018 | 2,702.69 |
| Disposal during the year | (114.71) |
| Loss recognized in other comprehensive income | (578.59) |
| As at 31st March, 2019 | 2,009.39 |

- (vi) Fair value of instruments measured at amortized cost

Fair value of instruments measured at amortized cost for which fair value is disclosed is as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Level | 31st March, 2019 | | 31st March, 2018 | |
|--|---------|------------------|------------------|------------------|------------------|
| | | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | | |
| Security deposit, Inter corporate deposit & Others | Level 3 | 688.36 | 688.36 | 690.99 | 691.08 |
| Other financial assets | Level 3 | 99.95 | 99.95 | 192.02 | 192.02 |
| Total financial assets | | 788.31 | 788.31 | 883.01 | 883.10 |
| Financial liabilities | | | | | |
| Borrowings | Level 3 | 15,647.00 | 15,647.00 | 12,561.00 | 12,561.00 |
| Other financial liabilities | Level 3 | 807.09 | 807.24 | 924.00 | 924.37 |
| Total financial liabilities | | 16,454.09 | 16,454.24 | 13,485.00 | 13,485.37 |

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables 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:

- 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.
- 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, 2019 was assessed to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

| Particulars | 31st March, 2019 | | | 31st March, 2018 | | |
|------------------------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|
| | FVTPL | FVOCI | Amortized cost | FVTPL | FVOCI | Amortized cost |
| Financial assets | | | | | | |
| Investments* | - | 2,009.39 | - | 114.71 | 2,587.98 | 20.86 |
| Trade receivables | - | - | 13,528.20 | - | - | 12,419.05 |
| Loans | - | - | 566.78 | - | - | 572.68 |
| Cash and cash equivalents | - | - | 231.84 | - | - | 321.42 |
| Other bank balances | - | - | 692.21 | - | - | 455.95 |
| Other financial assets | - | - | 99.95 | - | - | 192.02 |
| Security deposits | - | - | 121.58 | - | - | 118.31 |
| Total financial assets | - | 2,009.39 | 15,240.56 | 114.71 | 2,587.98 | 14,100.29 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 15,647.00 | - | - | 12,561.00 |
| Trade payables | - | - | 11,726.39 | - | - | 13,723.63 |
| Other financial liabilities | - | - | 807.09 | - | - | 924.00 |
| Total financial liabilities | - | - | 28,180.48 | - | - | 27,208.63 |

*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 amortized 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 | Recognized financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting | Forward contract/hedging, if required |
| 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 | Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(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 amortized 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 –

(All amounts in INR lakhs, unless otherwise stated)

| Credit rating | Particulars | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|----------------------|---------------------------|---|---|
| A: Low | Loans | 688.36 | 690.99 |
| | Other financial assets | 99.95 | 192.02 |
| | Cash and cash equivalents | 231.84 | 321.42 |
| | Other bank balances | 692.21 | 455.95 |
| B: Medium | Trade receivables | 13,830.55 | 12,611.66 |

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 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Other financial assets measured at amortized 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).

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31st March, 2019 | | 31st March, 2018 | |
|--|------------------|------------------|------------------|------------------|
| | Less than 1 year | More than 1 year | Less than 1 year | More than 1 year |
| Gross debtors where no specific default has occurred | 12,304.42 | 1,526.12 | 12,408.35 | 203.31 |
| Expected loss rate | 2.14% | 2.56% | 1.52% | 1.70% |
| Expected credit loss (loss allowance provision) | 263.23 | 39.11 | 189.15 | 3.46 |

- (ii) Reconciliation of loss allowance provision from beginning to end of reporting period:

| Reconciliation of loss allowance | Trade receivables |
|---|-------------------|
| Loss allowance on 1st April, 2017 | 272.96 |
| Add: Changes in loss allowances | (80.35) |
| Loss allowance on 31st March, 2018 | 192.61 |
| Less: Changes in loss allowances | 109.73 |
| Loss allowance on 31st March, 2019 | 302.34 |

'Other financial assets measured at amortized 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 recognized on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(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.

Management monitors rolling forecasts of the Company'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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|---|--|--|
| Expiring within one year (cash credit and other facilities) | 558.81 | 925.53 |
| Expiring beyond one year (bank loans - floating rate) | 940.31 | 583.84 |

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.

(All amounts in INR lakhs, unless otherwise stated)

| 31 st March, 2019 | Less than 1 year | 1-3 year | More than 3 years | Total |
|------------------------------|---------------------|-----------------|----------------------|------------------|
| Borrowings | 13,252.60 | 2,622.95 | 198.45 | 16,074.00 |
| Security deposit received | 9.10 | 22.26 | 9.00 | 40.36 |
| Trade payable | 11,726.39 | - | - | 11,726.39 |
| Other financial liabilities | 907.97 | - | - | 907.97 |
| Total | 25,896.06 | 2,645.21 | 207.45 | 28,748.72 |

| 31 st March, 2018 | Less than 1 year | 1-3 year | More than 3 years | Total |
|------------------------------|---------------------|-----------------|----------------------|------------------|
| Borrowings | 11,046.06 | 1,801.96 | 47.25 | 12,895.27 |
| Security deposit received | 56.50 | - | 22.26 | 78.76 |
| Trade payable | 13,723.63 | - | - | 13,723.63 |
| Other financial liabilities | 979.34 | - | - | 979.34 |
| Total | 25,805.53 | 1,801.96 | 69.51 | 27,677.00 |

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(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 recognized 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.

Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended 31 st March, 2019 | Year ended 31 st March, 2018 |
|----------------------------------|--|--|
| Import trade payables: | | |
| EURO | 15.69 | 21.40 |
| INR (₹) | 1,217.04 | 1,717.23 |
| USD | 36.56 | 47.60 |
| INR (₹) | 2,528.21 | 3,102.82 |
| GBP | 0.03 | 0.09 |
| INR (₹) | 3.06 | 7.98 |
| SGD | 0.01 | 0.01 |
| INR (₹) | 0.27 | 0.27 |
| JPY | 370.18 | 261.07 |
| INR (₹) | 230.92 | 160.33 |
| Export trade receivables: | | |
| EURO | 29.62 | 30.89 |
| INR (₹) | 2,298.11 | 2,477.85 |
| USD | 16.51 | 16.05 |
| INR (₹) | 1,141.64 | 1,046.10 |
| GBP | 1.15 | 0.32 |
| INR (₹) | 103.25 | 29.84 |
| AUD | 0.05 | 0.03 |
| INR (₹) | 2.64 | 1.41 |
| JPY | 12.32 | - |
| INR (₹) | 7.69 | - |

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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Foreign exchange forward contracts to sell foreign currency | | |
| EURO | 0.75 | 8.10 |
| INR (₹) | 58.18 | 662.57 |
| Foreign exchange forward contracts to buy foreign currency | | |
| EURO | 0.72 | - |
| INR (₹) | 55.95 | - |
| USD | 4.81 | - |
| INR (₹) | 332.84 | - |

All the above contracts are maturing within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Sensitivity

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 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.

| Particulars | Currency | Strengthening | | Weakening | |
|-------------------------|----------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2019 | 31 st March, 2018 |
| Financial assets | | | | | |
| 1% movement | EURO | (7.03) | (4.94) | 7.03 | 4.94 |
| 4% movement | USD | 36.05 | 53.48 | (36.05) | (53.48) |
| 1% movement | YEN | 1.45 | 1.03 | (1.45) | (1.03) |

(ii) Interest rate risk

The Group's fixed rate borrowings are carried at amortized 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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|-------------------------|------------------------------|------------------------------|
| Variable rate borrowing | 15,392.24 | 12,348.78 |
| Fixed rate borrowing | 122.63 | 80.70 |
| Total borrowings | 15,514.87 | 12,429.48 |

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Interest rates – increase by 50 basis points | (50.03) | (40.14) |
| Interest rates – decrease by 50 basis points | 50.03 | 40.14 |

iii) Assets

The Group's fixed deposits are carried at amortized 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Investments carried at fair value through other comprehensive income | 2,009.39 | 2,587.98 |
| Investments carried at fair value through statement of profit and loss | - | 114.71 |
| Total investments | 2,009.39 | 2,702.69 |

Sensitivity

Investments carried at fair value through other comprehensive income

The table below summarises the impact of increases/decreases of the index on the Group's equity for the period:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|----------------------------------|------------------------------|------------------------------|
| Fair value – increase by 500 bps | 77.06 | 99.25 |
| Fair value – decrease by 500 bps | (77.06) | (99.25) |

Investments carried at fair value through statement of profit and loss

The table below summarises the impact of increases/decreases of the index on the Group's equity and profit for the period:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Net assets value – increase by 500 bps | - | 5.74 |
| Net assets value – decrease by 500 bps | - | (5.74) |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 38. A CAPITAL MANAGEMENT (CONTD.)

The Group's adjusted net debt to equity ratio at 31st March, 2019 was as follows.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Total borrowings | 15,647.00 | 12,561.00 |
| Less : cash and cash equivalents | 231.84 | 321.42 |
| Net debt | 15,415.16 | 12,239.58 |
| Total equity | 19,877.03 | 17,940.81 |
| Adjusted net debt to adjusted equity ratio | 0.78 | 0.68 |

B Dividend

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Proposed dividend | | |
| Proposed dividend for the year ended 31 st March, 2019 - ₹ 1.80 per share (31 st March, 2018 - ₹ 1.50 per share) | 222.22 | 185.18 |
| Dividend distribution tax | 45.68 | 37.70 |
| Final dividend paid | | |
| Final dividend for the year ended 31 st March, 2019 - ₹ 1.50 per share (31 st March, 2018 - ₹ 1.50 per share) | 185.18 | 185.18 |
| Dividend distribution tax | 38.07 | 37.70 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 39. RELATED PARTY TRANSACTIONS (CONTD.)

(viii) Mr. Anil Kumar Mehra

(ix) Mr. Rajive Sawhney

(x) Mr. V. Mohan

(xi) Mr. Amit Burman

(xii) Mr. R. R. Vederah

(xiii) Ms. Pallavi Sadanad Poojari*

(xiv) Mr. Manish Khanna - Chief Financial Officer

(xv) Ms. Seema Narang - Company Secretary

* Ms. Pallavi Sadanad Poojari has resigned from Directorship of the Company w.e.f. 23.08.2017

Enterprise over which key management personnel exercise significant influences

(i) QH Talbros Private Limited

(ii) Transactions with related parties carried out in the ordinary course of business:

(a) Transactions with joint ventures and associates:

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars | 31 st March, 2019 | 31 st March, 2018 |
|----------|---|------------------------------|------------------------------|
| 1 | Sale of goods | | |
| | QH Talbros Private Limited | 5,600.84 | 4,142.83 |
| | Nippon Leakless Talbros Private Limited | 30.62 | 23.86 |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 0.01 | - |
| 2 | Sale of services | | |
| | Talbros Marugo Rubber Private Limited | 35.40 | 35.40 |
| 3 | Royalty income | | |
| | QH Talbros Private Limited | 121.11 | 117.14 |
| 4 | Purchase of goods | | |
| | Nippon Leakless Talbros Private Limited | 128.37 | 114.19 |
| | QH Talbros Private Limited | 1.25 | 52.87 |
| | Talbros Marugo Rubber Private Limited | 6.03 | - |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 0.04 | - |
| 5 | Dividend received | | |
| | Nippon Leakless Talbros Private Limited | 480.00 | 312.00 |
| | QH Talbros Private Limited | 10.68 | 8.90 |
| 6 | Lease rental income* | | |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 156.88 | 176.77 |
| 7 | Reimbursement of expenses/payments | | |
| | Magneti Marelli Talbros Chassis Systems Private Limited | 127.65 | 133.01 |
| | Talbros Marugo Rubber Private Limited | 0.05 | 0.70 |
| | Talbros International Private Limited | 36.57 | 6.22 |
| 8 | Investment in equity share capital during the year | | |
| | Talbros Marugo Rubber Private Limited | - | 100.00 |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 39. RELATED PARTY TRANSACTIONS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Balance Outstanding at the end of the year | 31 st March, 2019 | 31 st March, 2018 |
|----------|--|------------------------------|------------------------------|
| 1 | Outstanding balance included in financial assets (Trade receivable) | | |
| | Talbro's Marugo Rubber Private Limited | 36.82 | 10.33 |
| | QH Talbro's Private Limited | 1,246.76 | 712.75 |
| | Magneti Marelli Talbro's Chassis Systems Private Limited | 10.43 | 8.69 |
| 2 | Outstanding balance included in financial assets (Others) | | |
| | Magneti Marelli Talbro's Chassis Systems Private Limited | - | 13.09 |
| | Talbro's International Private Limited | - | 16.85 |
| 3 | Outstanding balance included in financial liabilities | | |
| | Nippon Leakless Talbro's Private Limited | 56.28 | 45.60 |
| | Magneti Marelli Talbro's Chassis Systems Private Limited | 22.26 | 22.26 |
| | QH Talbro's Private Limited | 5.85 | 45.58 |

(b) Transactions with key management personnel and their relatives :

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars | 31 st March, 2019 | 31 st March, 2018 |
|----------|--|------------------------------|------------------------------|
| 1 | Remuneration | | |
| | Short-term employee benefits | | |
| | Mr. Umesh Talwar | 163.13 | 100.44 |
| | Mr. Anuj Talwar | 139.70 | 72.00 |
| | Mr. Manish Khanna | 37.73 | 34.04 |
| | Ms. Seema Narang | 26.30 | 22.65 |
| | Other long-term benefits | | |
| | Mr. Umesh Talwar | 14.24 | 0.03 |
| | Mr. Anuj Talwar | 9.89 | 0.31 |
| | Mr. Manish Khanna | 1.27 | 0.95 |
| | Ms. Seema Narang | 0.07 | (0.16) |
| | Post-employment benefits | | |
| | Mr. Umesh Talwar | 43.89 | 10.78 |
| | Mr. Anuj Talwar | 27.88 | 7.15 |
| | Mr. Manish Khanna | 2.18 | 2.01 |
| | Ms. Seema Narang | 3.38 | 2.98 |
| | Fee for attending board & committee meetings to all the KMP's | 9.65 | 5.50 |
| 2 | Rent paid | | |
| | Mrs. Kum Kum Talwar | 7.20 | 7.20 |

(c) For Guarantee / Counter Guarantee given on behalf of related party, Refer note no. 47(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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. (All amounts in INR lakhs, unless otherwise stated)

| 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 | 79.55% | 15,811.64 | 60.24% | 1,588.99 | 99.28% | (474.88) | 51.59% | 1,114.11 |
| Joint venture (Investment as per the equity method) | | | | | | | | |
| Indian | | | | | | | | |
| Nippon Leakless Talbros Private Limited | 10.05% | 1,997.57 | 23.16% | 610.79 | 0.10% | (0.46) | 28.26% | 610.33 |
| Magneti Marelli Talbros Chassis Systems Private Limited | 6.90% | 1,371.83 | 15.31% | 403.94 | -0.10% | 0.48 | 18.73% | 404.42 |
| Talbro Marugo Rubber Private Limited | 3.50% | 695.99 | 1.29% | 34.07 | 0.73% | (3.47) | 1.42% | 30.60 |
| Total | 100.00% | 19,877.03 | 100.00% | 2,637.79 | 100.00% | (478.33) | 100.00% | 2,159.46 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. GROUP INFORMATION

(a) Interests in joint ventures

Set out below are joint ventures of the Company as at 31st March, 2019 which, in the opinion of the directors, are material to the Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the 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 Company is liable.

- Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 149.99 lakhs (31st March, 2018: ₹ 159.24 lakhs).
- Outstanding exports commitments against EPCG license amounting to ₹ 136.55 lakhs (31st March, 2018 : ₹ 134.10 lakhs)
- Guarantees executed in favour of customers and authorities amounting to ₹ 122.12 lakhs (31st March, 2018: ₹ 81.18 lakhs).
- Income tax demands pending in appeals**
Income tax demand on disallowance of expenditures amounting to ₹ 256.95 lakhs (31st March, 2018: ₹ 199.72 lakhs).
- Custom duty**
Differential custom duty due to dispute over classification of goods amounting to ₹ 24.51 lakhs (31st March, 2018: ₹ 24.51 lakhs).
- Bank guarantees issued to central excise amounting to ₹ Nil (31st March, 2018: ₹ 25.32 lakhs).
- Bonus payable amounting to ₹ 1.33 lakhs (31st March, 2018: ₹ 1.33 lakhs).

(ii) Summarized financial information for joint venture

The tables below provide summarized 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 Company's share of those amounts.

| | Nippon Leakless Talbros Private Limited | | Talbros Marugo Rubber Private Limited | | Magnetti Marelli Talbros Chassis Systems Private Limited | |
|---------------------------------|---|------------------------------|---------------------------------------|------------------------------|--|------------------------------|
| | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2019 | 31 st March, 2018 |
| Summarized balance sheet | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 754.49 | 1,625.20 | 106.23 | 168.51 | 17.74 | 4.42 |
| Other assets | 4,449.68 | 3,720.31 | 1,467.75 | 1,190.48 | 2,938.56 | 2,482.85 |
| Total current assets | 5,204.17 | 5,345.51 | 1,573.98 | 1,358.99 | 2,956.30 | 2,487.27 |
| Property, plant and equipment | 2,020.69 | 1,921.13 | 1,956.82 | 2,163.45 | 1,971.67 | 1,601.71 |
| Other assets | 166.68 | 157.31 | 797.29 | 597.58 | 509.33 | 519.82 |
| Total non-current assets | 2,187.37 | 2,078.44 | 2,754.11 | 2,761.03 | 2,481.00 | 2,121.53 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. GROUP INFORMATION (CONTD.)

| | Nippon Leakless Talbro Private Limited | | Talbro Marugo Rubber Private Limited | | Magnetti Marelli Talbro Chassis Systems Private Limited | |
|--|---|---------------------|---|---------------------|---|---------------------|
| | 31 st March, 2019 | 31st March, 2018 | 31 st March, 2019 | 31st March, 2018 | 31 st March, 2019 | 31st March, 2018 |
| Summarized balance sheet | | | | | | |
| Current liabilities | | | | | | |
| Trade payables | 2,149.36 | 2,233.15 | 1,393.29 | 1,201.60 | 1,399.50 | 1,553.61 |
| Financial liabilities (excluding trade payables) | 46.97 | 39.63 | 608.47 | 711.88 | 325.26 | 656.77 |
| Other liabilities | 52.22 | 76.13 | 38.72 | 48.17 | 480.66 | 95.54 |
| Total current liabilities | 2,248.55 | 2,348.91 | 2,040.48 | 1,961.65 | 2,205.42 | 2,305.92 |
| Non-current liabilities | | | | | | |
| Financial liabilities | - | - | 847.50 | 791.35 | 437.45 | 331.56 |
| Other liabilities | 149.07 | 160.29 | 48.13 | 36.24 | 50.75 | 36.48 |
| Total non-current liabilities | 149.07 | 160.29 | 895.63 | 827.59 | 488.20 | 368.04 |
| Net assets | 4,993.92 | 4,914.75 | 1,391.98 | 1,330.78 | 2,743.68 | 1,934.84 |

Reconciliation to carrying amounts

| | Nippon Leakless Talbro Private Limited | | Talbro Marugo Rubber Private Limited | | Magnetti Marelli Talbro Chassis Systems Private Limited | |
|--|---|---------------------|---|---------------------|---|---------------------|
| | 31 st March, 2019 | 31st March, 2018 | 31 st March, 2019 | 31st March, 2018 | 31 st March, 2019 | 31st March, 2018 |
| Particulars | | | | | | |
| Opening net assets | 4,914.75 | 4,413.98 | 1,330.78 | 1,181.19 | 1,934.84 | 1,523.97 |
| Equity share capital issued during the year | - | - | - | 200.00 | - | - |
| Profit/ (loss) for the year | 1,526.98 | 1,436.26 | 68.14 | (49.35) | 807.88 | 410.72 |
| Other comprehensive income | (1.15) | 3.30 | (6.94) | (1.06) | 0.95 | 0.15 |
| Dividends paid | (1,446.66) | (938.79) | - | - | - | - |
| Closing net assets | 4,993.92 | 4,914.75 | 1,391.98 | 1,330.78 | 2,743.67 | 1,934.84 |
| Company's share in % | 40.00% | 40.00% | 50.00% | 50.00% | 50.00% | 50.00% |
| Company's share in Indian Rupees | 1,997.57 | 1,965.90 | 695.99 | 665.39 | 1,371.83 | 967.35 |
| Carrying amount as at 31st March, 2019 and 31st March, 2018 | 1,997.57 | 1,965.90 | 695.99 | 665.39 | 1,371.83 | 967.35 |

Summarized statement of profit and loss

| | Nippon Leakless Talbro Private Limited | | Talbro Marugo Rubber Private Limited | | Magnetti Marelli Talbro Chassis Systems Private Limited | |
|---|---|---------------------|---|---------------------|---|---------------------|
| | 31 st March, 2019 | 31st March, 2018 | 31 st March, 2019 | 31st March, 2018 | 31 st March, 2019 | 31st March, 2018 |
| Particulars | | | | | | |
| Revenue | 12,104.92 | 11,969.71 | 5,204.82 | 4,191.15 | 12,991.07 | 11,228.30 |
| Other income | 107.63 | 80.28 | 4.03 | 4.82 | 418.33 | 14.07 |
| Depreciation and amortization | 260.46 | 249.80 | 217.98 | 204.33 | 223.96 | 185.06 |
| Income tax expense | 593.38 | 684.52 | 42.41 | 32.17 | 301.19 | 218.21 |
| Profit/(loss) for the year | 1,526.98 | 1,436.26 | 68.14 | (49.35) | 807.88 | 410.72 |
| Other comprehensive income | (1.15) | 3.30 | (6.94) | (1.06) | 0.95 | 0.15 |
| Total comprehensive income | 1,525.83 | 1,439.56 | 61.20 | (50.41) | 808.83 | 410.87 |
| Dividend (excluding dividend distribution tax) | 480.00 | 312.00 | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 42. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

A Contingent liabilities

(1) Claims against the Company not acknowledged as debts:-

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Nature of dues | 31 st March, 2019 | 31 st March, 2018 |
|---|---|------------------------------|------------------------------|
| (i) Central excise | Demand for dispute of classification of paper gasket | - | - |
| (ii) Service tax | Cenvat credit disallowed | 11.53 | 11.53 |
| (iii) Central sales tax | Central Sales Tax | 0.55 | 4.98 |
| (iv) Haryana value added tax | Disallowance of input tax | 2.74 | 2.74 |
| (v) Customs Act | Demand of custom duty (includes ₹ 4.13 lakhs paid under protest, 1 April 2016: ₹ 28.78 lakhs) | 36.09 | 36.09 |
| (vi) Employee's state insurance | ESI demand | 47.57 | 47.57 |
| (vii) Income tax | Income tax demand on disallowance of expenditures | 39.55 | 39.55 |
| (viii) District judge | Claim of freight bills | - | 8.13 |
| (ix) High Court, Mumbai | Fees for building work | - | - |
| (x) Central excise | Objection on exemption on some of the products sold from Sitarganj Plant (includes amount paid under protest (31st March, 2018: ₹ 83.75 lakhs, 31 March 2017: ₹ 80 lakhs, 1 April 2016: ₹ 80 lakhs) | 440.90 | 440.90 |
| (xi) Municipal Corporation of Faridabad | Demand for external development charges | 255.00 | 255.00 |
| (xii) Labour disputes | Litigations filed by employees | 43.00 | 43.00 |
| (xiii) Civil judge | Claim filed by BSNL Ltd | - | 2.41 |
| (xiv) Bonus Payable* | Bonus payable for F.Y 2014-15 | 40.23 | 40.23 |
| Total | | 917.16 | 932.13 |

*Retrospective bonus liability for FY 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 ₹ 45.60 lakhs (31st March, 2018: ₹ 20.01 lakhs)..

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) - ₹ 451.13 lakhs (31st March, 2018: ₹ 285.71 lakhs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 43. (I) LEASES DISCLOSURE AS LESSEE

Operating leases

- A** The Company has taken few residential/commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no restrictions placed upon the Company by entering into these leases and there are no subleases.
- B** The Company has also taken a commercial premise under non-cancellable operating lease. There are no restrictions placed upon the Company by entering into this lease and there is no sublease. The lease arrangement is for a period of 3 years. Lease rental is recognized in the statement of profit and loss under "Other expenses" (refer note 32). The total of future minimum lease payments in respect of such lease are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Within one year | - | 4.12 |
| Later than one year but not later than five years | - | - |
| Later than five years | - | - |

(ii) Leases disclosure as lessor

Operating leases

The Company has also 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 ₹ 155.88 lakhs (31st march 2018: ₹ 153.33 lakhs) on such lease is included in other incomes. Lease income is recognized 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:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Within one year | 171.35 | 145.62 |
| Later than one year but not later than five years | 404.28 | 473.68 |
| Later than five years | 35.61 | - |

Note 44. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 44. EMPLOYEE BENEFITS (CONTD.)
B The expense recognized during the period towards defined contribution plans are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| (a) Employer's contribution to Provident fund & other funds | 155.65 | 172.22 |
| (b) Employer's contribution to superannuation fund | 14.81 | 13.21 |

C 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 recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Present value of obligation at the end of the year | 287.59 | 236.06 |
| Fair value of plan assets | - | - |
| Unfunded liability/provision in balance sheet | (287.59) | (236.06) |
| Unfunded liability recognized in balance sheet | (287.59) | (236.06) |

ii) Expenses recognized in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Current service cost | 96.60 | 83.04 |
| Interest cost | 16.13 | 14.08 |
| Actuarial (gain)/loss net on account of: | | |
| -Changes in demographic assumptions | - | - |
| -Changes in financial assumptions | (2.94) | (1.43) |
| -Changes in experience adjustment | (5.08) | (14.60) |
| Cost recognized during the year | 104.71 | 81.09 |

iii) Movement in the liability recognized in the balance sheet is as under:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year | 236.06 | 220.67 |
| Current service cost | 96.60 | 83.04 |
| Interest cost | 16.13 | 14.08 |
| Actuarial (gain)/loss net | (8.02) | (16.03) |
| Benefits paid | (53.18) | (65.70) |
| Present value of defined benefit obligation at the end of the year | 287.59 | 236.06 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 44. EMPLOYEE BENEFITS (CONTD.)

- iv) (a) For determination of the liability of the Group Company the following actuarial assumptions were used:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|------------------------|------------------------------|------------------------------|
| Discount rate | 7.65% | 7.70% |
| Salary escalation rate | 6.00% | 6.00% |
| Retirement Age (Years) | 58 | 58 |
| Withdrawal rate | 3.00% | 3.00% |

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

2 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 recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Present value of obligation at the end of the year | 637.26 | 545.19 |
| Fair value of plan assets | 416.84 | 324.90 |
| Unfunded liability/provision in balance sheet | (220.42) | (220.29) |
| Unfunded liability recognized in balance sheet | (220.42) | (220.29) |

ii) Expenses recognized in other comprehensive income

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Return on plan assets | 2.00 | 1.77 |
| Actuarial (gain)/loss on PBO | 45.80 | 68.61 |
| Expenses recognized in other comprehensive income | 47.80 | 70.38 |

iii) Actuarial (gain)/loss on obligation

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Actuarial (gain)/loss net on account of: | | |
| - Changes in demographic assumptions | - | - |
| - Changes in financial assumptions | 2.28 | (7.30) |
| - Changes in experience adjustment | 43.53 | 75.90 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 44. EMPLOYEE BENEFITS (CONTD.)
iv) Expenses recognized in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Current service cost | 54.53 | 49.51 |
| Interest cost (net) | 12.54 | 9.64 |
| Cost recognized during the year | 67.07 | 59.15 |

v) Movement in the liability recognized in the balance sheet is as under:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year | 545.19 | 471.76 |
| Current service cost | 54.53 | 49.51 |
| Interest cost | 40.12 | 32.49 |
| Actuarial (gain)/loss net | 45.80 | 68.60 |
| Benefits paid | (48.38) | (77.18) |
| Present value of defined benefit obligation at the end of the year | 637.26 | 545.18 |

vi) Movement in the fair value of plan assets recognized in the balance sheet is as under:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Present value of plan assets at the beginning of the year | 324.90 | 305.37 |
| Return on plan assets | 25.57 | 21.07 |
| Contributions by employer | 115.10 | 75.87 |
| Benefits paid during the year | (48.73) | (77.41) |
| Present value of plan assets at the end of the year | 416.84 | 324.90 |

vii) (a) For determination of the liability of the Group the following actuarial assumptions were used:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|------------------------|------------------------------|------------------------------|
| Discount rate | 7.50% | 7.70% |
| Salary escalation rate | 6.00% | 6.00% |
| Retirement age (years) | 58 | 58 |
| Withdrawal rate | 3.00% | 3.00% |

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 44. EMPLOYEE BENEFITS (CONTD.)

vii) (b) Maturity profile of defined benefit obligation (Based on present length of service)

(All amounts in INR lakhs, unless otherwise stated)

| For the year ended 31st March, 2019 | For the year ended 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
|-------------------------------------|-------------------------------------|------------------|------------------|
| April 2019- March 2020 | April 2018- March 2019 | 143.14 | 110.55 |
| April 2020- March 2024 | April 2019- March 2023 | 269.23 | 175.90 |
| April 2024- March 2029 | April 2023- March 2028 | 193.35 | 251.79 |
| April 2029 onwards | April 2028 onwards | 628.52 | 551.13 |

vii) (c) Maturity profile of defined benefit obligation (Based on terminal length of service)

(All amounts in INR lakhs, unless otherwise stated)

| For the year ended 31st March, 2019 | For the year ended 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
|-------------------------------------|-------------------------------------|------------------|------------------|
| April 2019- March 2020 | April 2018- March 2019 | 144.09 | 111.55 |
| April 2020- March 2024 | April 2019- March 2023 | 326.67 | 214.64 |
| April 2024- March 2029 | April 2023- March 2028 | 338.57 | 401.19 |
| April 2029 onwards | April 2028 onwards | 2,629.84 | 2,446.13 |

viii) Sensitivity analysis for defined benefit obligation

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| 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 % | 599.67 | 511.58 |
| Impact due to decrease of 1.00 % | 680.47 | 583.83 |
| 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 % | 680.76 | 584.10 |
| Impact due to decrease of 1.00 % | 598.98 | 510.77 |

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, 2019 is 18 to 19 years (31st March, 2018: 18 to 19 years).

Note 45. Research and development costs on inhouse Research and development centers amounting to ₹ 209.58 lakhs (31st March, 2018: ₹ 168.04 lakhs) were incurred during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Revenue from operations attributed to: | | |
| Country of domicile (India) | 37,937.14 | 32,083.20 |
| Foreign countries | 10,347.65 | 7,917.41 |
| Total | 48,284.79 | 40,000.61 |

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 2018-19 | Amount as on 31st March, 2019 | Amount invested during the year 2017-18 | Amount as on 31st March, 2018 |
|--|---|-------------------------------|---|-------------------------------|
| 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 | 100.00 | 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 |
| (iv) Caparo Power Limited - Equity shares | (114.71) | - | - | 114.71 |
| Investment in preference instruments | | | | |
| (i) Caparo Power Limited - Preference shares | (25.49) | - | - | 25.49 |
| Investment in mutual funds | | | | |
| (i) SBI mutual funds | - | - | (10.00) | - |
| Total | (140.20) | 3,264.07 | 90.00 | 3,404.27 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 46. SEGMENT INFORMATION (CONTD.)

(b) Inter corporate deposits given (proposed to be utilized for business purposes):

| Name of the investee | Paid (recovered) during the year 2018-19 | Outstanding amount as on 31st March, 2019* | Paid/ (recovered) during the year 2017-18 | Outstanding amount as on 31st March, 2018* |
|---|--|--|---|--|
| (i) Real Earth Estates Private Limited | - | - | - | - |
| (ii) Friends Auto (India) Limited | - | - | (50.00) | - |
| (iii) Paras Lubricants Limited | - | - | - | - |
| (iv) Prasneeta Construction Private Limited | - | - | - | - |
| (v) Fastech Builders Private Limited | (20.00) | 45.00 | - | 65.00 |
| (vi) Fastech Projects Private Limited | (55.00) | - | - | 55.00 |
| (vii) Bankey Bihari Engineers LLP | 75.00 | 125.00 | 50.00 | 50.00 |
| (viii) Express Engineers & Spares Private Limited | - | 280.00 | - | 280.00 |
| (ix) Sudhir Ready Genset Consortium | - | 40.00 | - | 40.00 |
| Total | - | 490.00 | - | 490.00 |

* Outstanding amount excludes interest accrued on deposits.

(c) Guarantee given (proposed to be utilized for business purposes):

| Name of the person on behalf of whom guarantee/counter guarantee is given | Outstanding amount as on 31st March, 2019 | Outstanding amount as on 31st March, 2018 |
|---|---|---|
| (i) Magneti Marelli Talbros Chassis Systems Pvt Ltd. | 1,300.00 | 1,300.00 |
| (ii) Marugo Rubber Industries, Japan (for the benefit of Talbros Marugo Rubber Pvt. Ltd.) | 200.00 | - |

Note 48. Balance with central excise & other authorities includes ₹ 83.75 lakhs (31st March, 2018: ₹ 83.75 lakhs) deposited by the Company as advance excise duty in view of investigation by the excise department, objecting excise exemption on some of the products sold from Sitarganj Plant. The matter is still to be decided.

Note 49. The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 677.04 lakhs (31st March, 2018: ₹ 753.47 lakhs) 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 utilized and therefore, no provisioning has been made

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: 29th May, 2019

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

[illegible]

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.com, Email: seema_narang@talbro.com

PROXY FORM

FORM NO. MGT 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

62ND ANNUAL GENERAL MEETING- SEPTEMBER 25, 2019

| | |
|------------------------|--|
| Name of the member(s): | |
| Registered address | |
| Email: | |
| Folio no. / Client ID | |
| DP ID | |

I/ We being the member(s) of Talbro Automotive Components Limited holding shares hereby appoint

- (1) Name: Address:
Email Id:..... Signature:..... of failing him;
- (2) Name: Address:
Email Id:..... Signature:..... of failing him;
- (3) Name: Address:
Email Id:..... Signature:..... of failing him;

As my/ our proxy to attend and vote (on a Poll) for me/ us and on my/ our behalf at the 62nd Annual General Meeting of the Company, to be held on Wednesday, September 25, 2019 at 10:30 a.m. at Hotel Saffron Kiran, 12/3, NH-2, Sarai Khwaja, Faridabad- 121003, Haryana, India and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl No. | Resolution | Vote (Optional see Note 2) (Please mention no. of shares) | |
|-------------------|--|--|---------|
| | | For | Against |
| Ordinary Business | | | |
| 1. | Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors for the financial year ended March 31, 2019. | | |
| 2. | Declaration of Dividend @ 18% on paid- up Equity Share Capital for the financial year ended March 31, 2019. | | |
| 3. | To re-appoint Mr. Varun Talwar (DIN: 00263984) a Director who retires by rotation. | | |
| 4. | To re-appoint Mr. Anuj Talwar (DIN: 00628063) a Director who retires by rotation. | | |

| Sl No. | Resolution | Vote (Optional see Note 2) (Please mention no. of shares) | |
|------------------|---|--|---------|
| | | For | Against |
| Special Business | | | |
| 5. | To appoint Mr. Ajay Kumar Vij (DIN: 00164984) as an Independent Director of the Company for a period of five years. | | |
| 6. | Agreement with QH Talbros Private Limited for sale of Company's products. | | |
| 7. | Agreement with Nippon Leakless Talbros Private Ltd for Purchase and/ or Sale of Tyre Sealant and other production inputs etc. | | |
| 8. | Agreement with Nippon Leakless Talbros Private Ltd for sale/ purchase of gaskets. | | |
| 9. | Agreement with Talbros Marugo Rubber Pvt. Ltd. for Purchase/Sale of Rubber, Rubber Compound, other Chemicals and to do job work for each other. | | |
| 10. | Ratification of remuneration of M/s. Vijender Sharma & Co., (Firm Registration No. 00180) as Cost Auditors. | | |

Signed this day of 2019.

Affix ₹. 1
Revenue
Stamp

.....
Signature of the member

.....
Signature of the proxy holder(s)

NOTES:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave **For/ Against** column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.

ROUTE MAP OF THE 62ND AGM VENUE IS AS FOLLOWS:

DIRECTIONS:

SHAREHOLDERS CAN REACH AT THE VENUE VIA DELHI- MATHURA ROAD- BADARPUR ELEVATED EXPRESSWAY. IT'S NEAR SARAI METRO STATION AND BADARPUR TOLL PLAZA.



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.talbros.com, Email: seema_narang@talbros.com

ATTENDANCE SLIP

62nd Annual General Meeting- 25th September, 2019

Registered Folio no. / DP ID no. / Client ID no. :

Number of shares held :

I certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the 62nd Annual General Meeting of the Company, to be held on Wednesday, September 25, 2019 at 10:30 a.m. at Hotel Saffron Kiran, 12/3, NH-2, Sarai Khwaja, Faridabad- 121003, Haryana.

.....
Name of the Member/ Proxy/ Representative
(In BLOCK letters)

.....
Signature of the Member/ Proxy/ Representative

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

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
Mr. Rajeev Ranjan Vederah
Ms. Priyanka Gulati
Mr. Ajay Kumar Vij

Chief Financial Officer

Mr. Manish Khanna

Company Secretary

Mrs. Seema Narang

Main Bankers

HDFC Bank Limited
YES Bank Limited
DBS Bank Limited
IDFC Bank Limited

Auditors

J C Bhalla & Co., Chartered Accountants, B- 5, Sector-6,
Noida 201 301

Registrar and Share Transfer Agent

Karvy Computershare 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)
Bombay Stock Exchange Limited (BSE)

Corporate Identification Number

L29199HR1956PLC033107

www.talbros.com



CIN - L29199HR1956PLC033107

Talbro's Automotive Components Limited

14/1, Mathura Road, Faridabad 121003

Haryana (India)

Ph: +91 129 2251482