



Talbro's Automotive
Components Limited



65th

Annual Report
2021-22

**Sustaining Our Growth.
Advancing into the Future...**

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Investor Information

▶ Market Capitalisation	
as at 31 st March, 2022	: ₹ 561.73 crores
▶ CIN	: L29199HR1956PLC033107
▶ BSE Code	: 505160
▶ NSE Symbol	: TALBROAUTO
▶ Bloomberg Code	: TALB:IN
▶ Interim Dividend	: ₹ 1.00 per share
▶ Final Dividend	: ₹ 1.50 per share
▶ AGM Date	: 26 th September, 2022
▶ AGM Mode	: Video Conferencing

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<https://www.talbro.com/annual-reports-returns-year-wise>

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Cautionary Statement Regarding Forward-Looking Statement: This document contains statements about expected future events and financials of Talbros Automotive Components Limited or the Company, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as 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 section of this Annual Report.



Sustaining Our Growth. Advancing into the Future...

Talbros enjoys a global presence built over a period of over 65 years. Backed by an extensive product portfolio, we have established mutually beneficial collaborations & joint ventures, strengthening our market standing. As we continue exploring better growth prospects, we are focusing on tapping the potential presented by the increased traction in the EV segment.

Through our tailored products & services, we cater for our global clientele, including world-class manufacturing entities, by offering them consistent value addition and creation. Our incessant efforts are always directed toward offering technological advancements at par with global standards. Thereby, ensuring maximum stakeholder returns and

satisfaction. This approach has enabled us to improve our export business and domestic presence. Thus, leading to a robust financial performance despite a degrowth of 6% in the automobile industry.

We are committed to our vision of becoming a global leader as an automotive components manufacturer. In the process, as we embrace and celebrate the milestones achieved so far, we aspire to sustain our growth, while advancing into the future by being relevant through the services we offer. As a company, we emphasize being technologically ahead as we pursue consistent progress, year-after-year, decade-after-decade.

Talbros Limited at a Glance



Talbros Automotive Components Limited ('Talbros' or 'We' or 'TACL') has an experience of more than 65 years in the automotive components manufacturing industry, offering wide range of products. Over the years, with the synergies resulting from our joint ventures, we have been catering various segments — Two Wheelers, Passenger Vehicle (PV), Commercial Vehicles (CV) and Farm Equipment's Auto Component with our diversified products such as Gaskets, Forgings, Suspension Systems, Anti-vibration Products & Hoses. Thus, making Talbros **one of the most hedged auto component players**.

Our Company is a trusted and quality-focused supplier in the auto components industry, offering products across OEMs, Exports and After Market. Our diversified product range along with three international technology tie-ups help Talbros to serve clients better. The consistent endeavors undertaken by Talbros and milestones achieved is what has helped us to sustain our growth while advancing into the future, backed by our rich industrial experience and technical as well as technological expertise.



Our Key Competencies

Global Synergies	Diversified Product Suite	Large Customer Base
Cutting-edge Innovation	Wide Geographical Footprint	State-of-the-art Infrastructure
Foraying into EV Segment	People Expertise	Product Ready for Next Emission Norms



Vision

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



Mission

Gasket:

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

Forging:

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



Plant Locations

Gaskets

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

Forging

- ▶ Bawal, Haryana

Nippon Leakless Talbro's Private Limited

- ▶ Bawal, Haryana
- ▶ Haridwar, Uttarakhand

Marelli Talbro's Chassis Systems Private Limited

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

Talbro's Marugo Rubber Private Limited

- ▶ Manesar, Haryana



Certifications

- ▶ IATF 16949:2016
- ▶ ISO 14001:2015
- ▶ ISO 45001:2018
- ▶ Also certified by the Third-party Audit as asbestos-free and environment-friendly



Our Joint Ventures

Nippon Leakless Talbro's Private Limited: A joint venture of the Talbro's Automotive Components Limited (TACL) India and the Nippon Leakless Corporation (NLK), Japan.

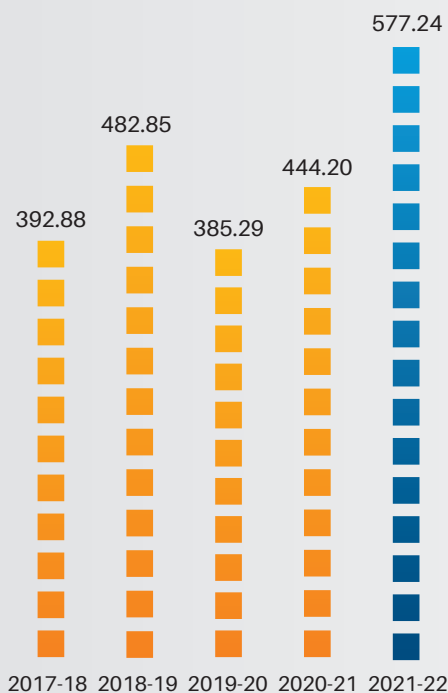
Marelli Talbro's Chassis Systems Private Limited: A joint venture of the Marelli Suspension Systems S.P.A. Italy and the Talbro's Automotive Components Limited (TACL).

Talbro's Marugo Rubber Private Limited: A joint venture of the Talbro's Automotive Components Limited (TACL) and the Marugo Rubber Industries Limited, Japan.

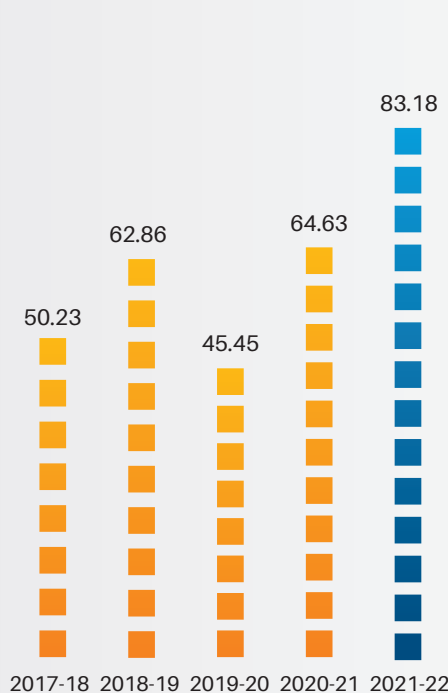
Standalone Financial Highlights

Revenue from Operations

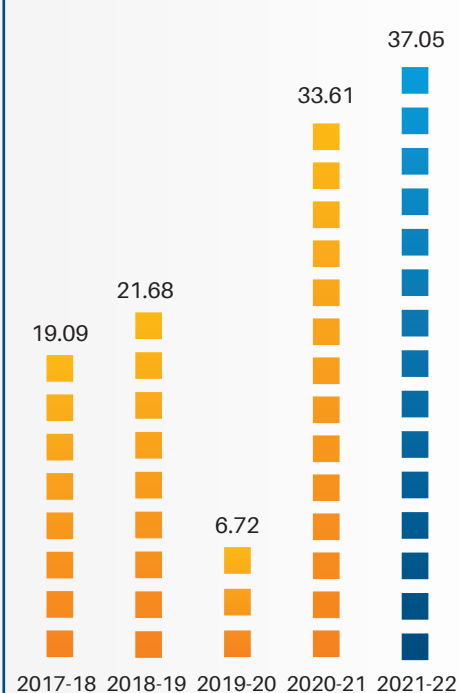
(₹ in crores)

**EBITDA**

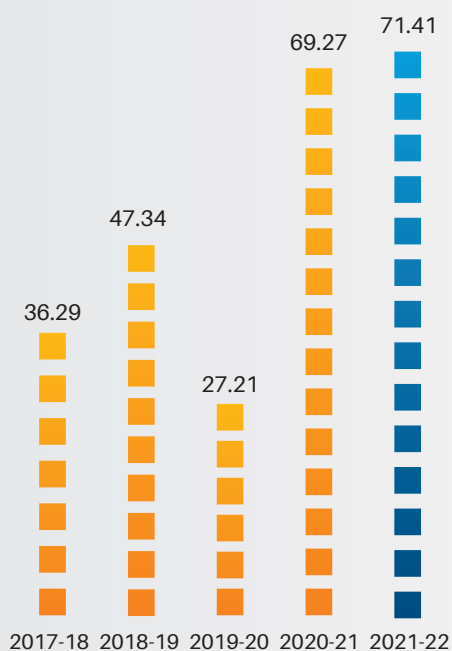
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**Profit After Tax (PAT)**

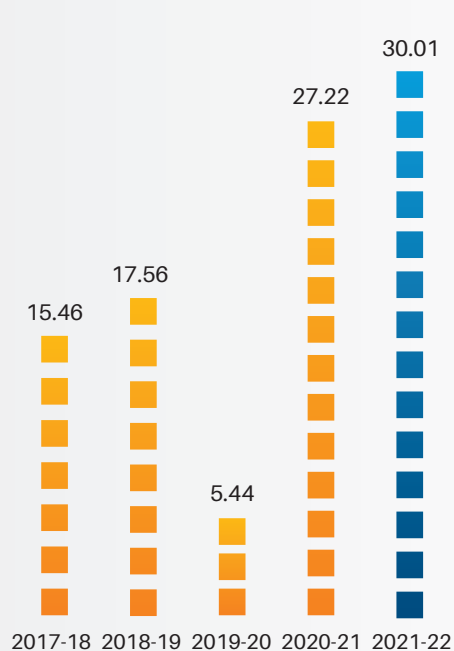
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**Cash Profit**

(₹ in crores)

**Earnings Per Share (EPS)**

(₹)



Message from Chairman's Desk



Despite various headwinds since the COVID-19-led lockdowns, including increased raw material prices, semi-conductor shortage and supply chain crisis, we have sailed through the challenging scenarios and managed to clock in strong financial results.

Dear Shareholders,

As we reflect upon the past financial year, I would like to express my gratitude and extend warm wishes to all. Our Company has completed another successful year, and it is my privilege to present to you our Company's Annual Report for 2021-22.

Macroeconomic Landscape

The financial year 2021-22 earned itself the tag of 'the year of recovery'. We saw the Indian economy registering a growth of 8.7% after a contraction of 6.6% in 2020-21. This improved economic scenario propelled by fiscal support from the Government, faster vaccination drive and higher consumer demand. It also brought forth various opportunities for the Indian economy while witnessing certain headwinds, including two waves of pandemic, coal shortages leading to the energy crisis, and growing inflation. As we navigated the pandemic, the geopolitical tension between Russia and Ukraine became another concern for the global economy, leading to a surge in global oil prices while also creating inflationary pressures on material prices.

Industrial Overview

During the financial year 2021-22, the automobile industry

faced challenges such as supply chain bottlenecks and semi-conductor shortages. The pandemic impact caused lockdown restrictions by various States across the country adversely affected the rural and urban markets leading to a decline of 6% in overall sales in the automobile industry. However, the industry has made efforts to ease up the supply chain issues by minimising costs, improving exports and investing in new technologies to improve the overall demand sentiments.

Further, another reason behind the domestic automobile sales getting affected was because of a tactical shift in the industry from internal combustion engine (ICE) vehicles to electric vehicles (EVs). The demand for EVs was driven by a push from the Government policy framework, a significant increase in oil prices, the development of the EV charging infrastructure and overall ecosystem, and the availability of the right product at the right price with increased customer acceptance. The overall EV sales volumes increased from 1,33,831 units in financial year 2020-21, to 429,342 units in 2021-22. The percentage share of EVs in overall vehicle sales increased from 0.87 in 2020-21, to 2.61 in 2021-22, with the highest growth being in the two-wheeler EV segment.

Operational Highlights

Although 2021-22 was a challenging year for the Automobile Industry, our Company outperformed the market, highlighting the operational efficiency of Talbros. Our diversified product offerings across vehicle platforms helped in ensuring a strong growth trajectory. Our Company is also increasing investment in technologies and proactively striving to increase the business' market share in both domestic and global markets.

Our business is broadly divided into a standalone business of Gaskets, Forgings and three joint ventures. The highlights of our business' performance in the past year were as follows.

- ▶ Our Gasket business showcased robust performance and its revenue from operations stood at ₹ 374.55 crores, registering a growth of 35%. We also introduced a dedicated Heat Shield Line critical for heat, sound and vibration insulation in engines. We have also entered into a technical agreement with Sanwa Packing, a Japanese company to develop light weight aluminum heat shields used for automotive applications, especially in the PV segment. This product will be of strong support to OEMs in building BS-VI products. Besides, we are also developing components for electric vehicles
- ▶ Our Forging business continued to perform well, and the revenue increased by 21%, reaching ₹ 202.69 crores. The business earned ~48% of its revenue from the export portfolio. During the year, we installed 2,500 Ton press capabilities. The business is continuously gaining traction in both domestic and overseas market. However, during the end of the 2021-22, some of our customers faced shortage of semi-conductor which affected their growth
- ▶ Nippon Leakless Talbros Private Limited (LTL), our JV company, developed a new BSVI gasket for Hero with the localized steel. The selling price came down by approximately 20% during the year, and the total revenue for Nippon Leakless was ₹ 72.61 Crores, compared to ₹ 81.65 Crores in 2020-21
- ▶ Our joint venture, Marelli Talbros Chassis Systems Pvt. Ltd., is engaged in development and manufacturing chassis components, front axles, and rear axles. We supply several components to the electric vehicle market, especially to one of the large OEMs, Tata Motors. The business registered a growth of 32% and revenue stood at ₹ 164.47 crores in 2021-22 against ₹ 124.23 crores in 2020-21. Our Company also won various orders during the year, and the major highlight was a multi-year order worth ₹ 92 crores from a large European car manufacturer, for supplying BIW (Body in White design) parts. We have also received an order worth ₹ 25 crores for Plug-in hybrid EV.

- ▶ Our third JV Company, Talbros Marugo Rubber Private Limited (TMR) is a strategic joint venture with Marugo Rubber Industries, Japan, a leading OEM supplier of Anti-vibration products and Hoses to the largest OEMs globally. During the year, TMR registered a growth of 34% and the Revenue stood at ₹ 54.93 crores against ₹ 41.12 crores in 2020-21. We continued to receive orders from existing customers. With a firm order book, we are actively exploring further opportunities.

Consolidated Financial Performance

In the financial year 2021-22, Talbros delivered a robust financial performance. We recorded a 30% increase in revenues to ₹ 577.24 crores during the year and an EBITDA of ₹ 83.18 crores, an increase of 29% Y-o-Y. Our profit after tax (PAT) was ₹ 44.89 crores, recording a staggering increase of 84%. During the financial year, we created significant value for our shareholders as we have reduced our debt and our Debt to Equity has improved, it will help us provide higher retained earnings and also create higher returns for our shareholders and investors.

All our endeavours lead us to the achievement of our set targets by harnessing the business to utmost potential. In our journey, our capabilities have enabled us to fulfill our commitments in alignment with our vision proactively. With this, we improved our resilience to sustain our growth as one of the leaders in the automotive components space. Thus, providing us with the impetus for advancing into the future towards better progress.

Outlook

Going ahead, we are determined to achieve higher operational excellence, enhanced product quality, increase in customer base and wider geographical presence. We are emphasising diversification to strengthen our business model while fulfilling our stakeholders' expectations. We shall, in particular, continue to invest extensively in building the capabilities and skills of our people, who remain the key engine pushing us along our resurgent growth trajectory.

In the end, on behalf of our Company's Management and the Board, I would like to thank all our shareholders, customers, supply chain partners, and most importantly, our employees for their continued support even during the most challenging times. Your trust and cooperation give us the confidence to move towards greater growth and value creation.

With Regards,

Naresh Talwar
Chairman

Business Review

Gaskets (Standalone Business)



Talbro continues to be a leader in sealing and thermal management systems with the Company's innovative product lines — Gaskets and Heat Shields. We also garner enticing prospects for meeting the new requirements of the world of automobile.

Our presence across all automobile segments, be it Two Wheelers, Passenger Vehicles, Commercial Vehicles and Agri Equipment, makes us a strong contender to sail through the rough patches of industry/economy cycles. We are a preferred pick for the world's largest OEMs like Ashok Leyland, Bajaj Auto, Cummins India, Eicher India, Escorts, Hero Honda, Honda, Hyundai, Mahindra & Mahindra, Maruti Suzuki, Suzuki, TAFE, Tata Motors, Tata Cummins, Simpsons and many international corporates like Volvo Powertrain, Mack Truck, John Deere, among others. Along with these advantages, our Company also benefits from the business' major market share in sealing space.

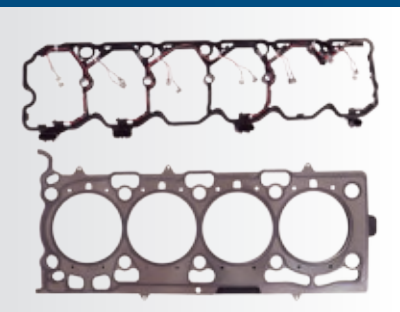
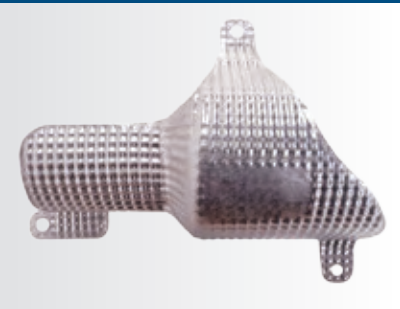
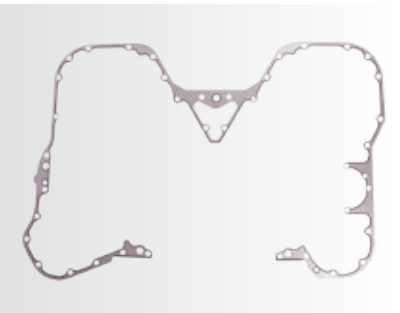
We prioritise customer satisfaction and therefore, continue to innovate and develop solutions to meet today's challenging requirement in the Global Automotive Industry. In this direction, our Company has been engaged with global

OEMs for next emission level product development in various segments.

Our facilities undergo constant upgradation at substantial scale, to deliver the most relevant and best-in-class quality products. Our business, in order to remain competitive in the market, has adopted thoughtful strategies and integrates innovation to facilitate diversified product offerings coupled with new technologies.

Talbro takes pride on starting with the business' supplies of sealing for EV passenger car segment, as a step ahead in expanding presence across industries. While focusing on enhancing capabilities, our Company has developed products meeting the business' next emission norms — TREM-V, CPCB-VI and Euro-VII.

Talbro has also been working on new businesses of high-performance heat shields with technology inherited from our Japanese partner. With changing emissions norms, demand for new generation heat shield is bound to grow. This also gives us a chance to progress further by tapping these potential opportunities in the coming years.



Diversified Product Range

- ▶ Multi-layer Steel Gaskets
- ▶ Gasket with Electrical Control
- ▶ Post Coated/Selective Area Coated Gaskets
- ▶ Exhaust/Hot Gaskets
- ▶ Rubber/Edge Molded Gasket
- ▶ Fiber Gaskets
- ▶ Heat Shield

Key Highlights during 2021-22

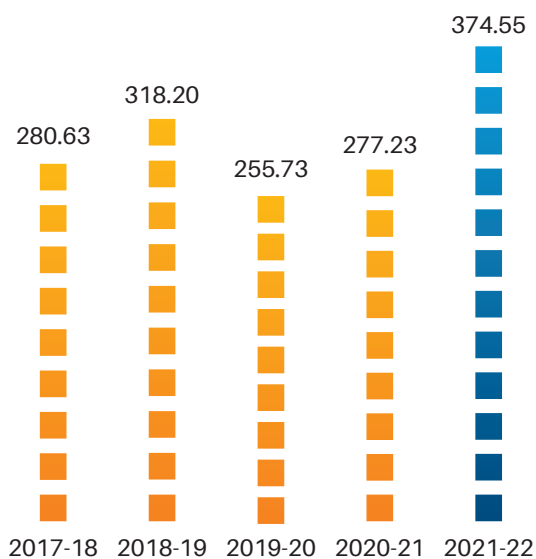
- ▶ Commenced a business for EV Passenger Car
- ▶ Started the supplies of Critical Gaskets to Global OEM in North America
- ▶ Developed Cylinder Head Gaskets meeting Euro VII emission norms for Global OEM

₹ **374.55**
crores
Total revenue in 2021-22

65%
Contribution to total
revenue

20.70
crores (units)
Annual installed capacity

Revenue Trend (₹ in crores)



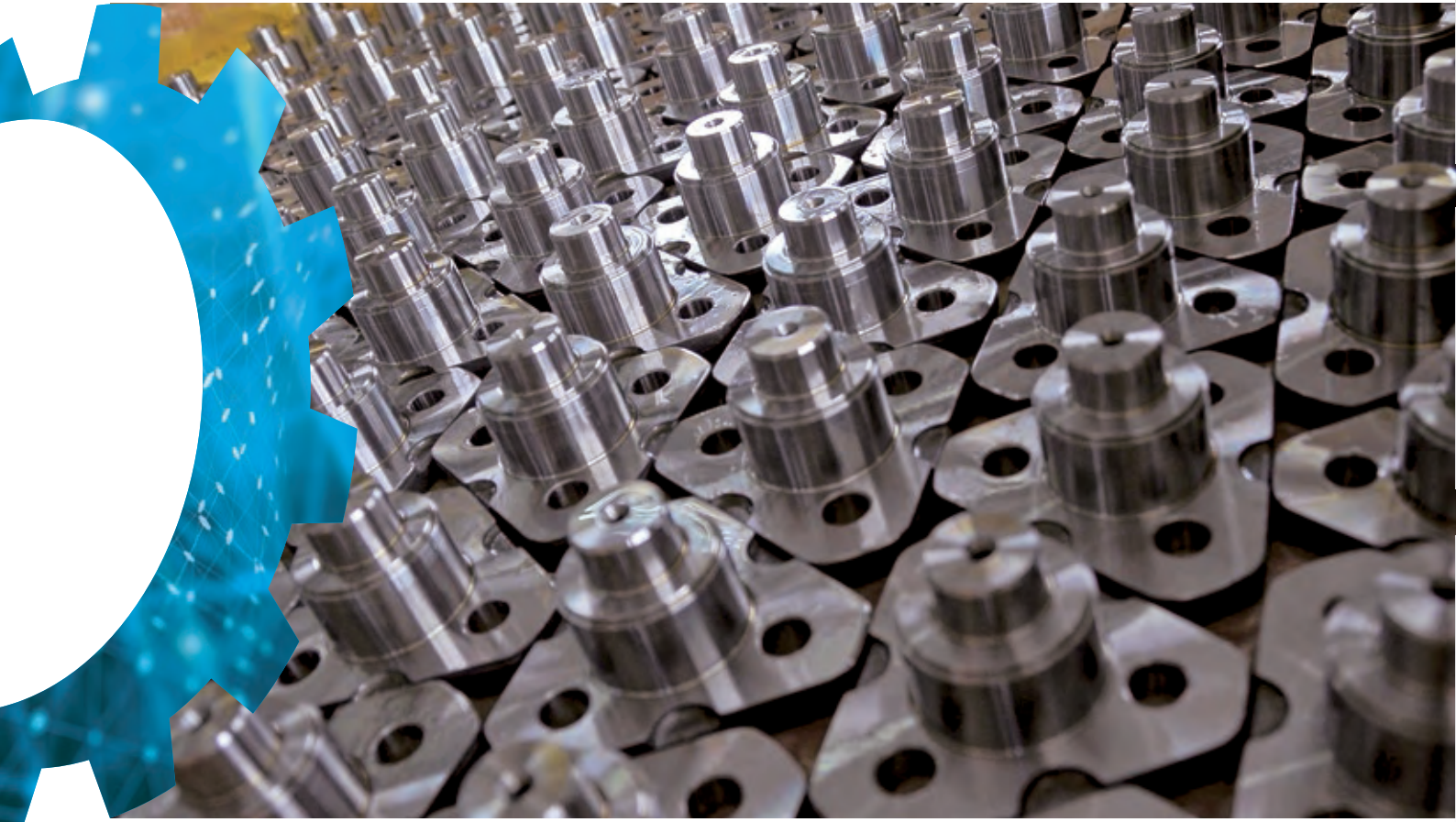
Segment-wise Break-up*



- OEM **69%**
- Export **15%**
- After-market **10%**
- Others **6%**

*Excludes other income

Forging Division



Over the years, Talbros has grown to become a well-known manufacturer & exporter of high-precision machined components with in-house forging facility. We offer forged & machined components for wide range of customers in the automotive, agriculture and off-highway vehicle industries. Our Company provides a complete end-to-end solution, including Simulation, Die Design & In-house Die manufacturing and SCADA - controlled Continuous Heat Treatment facility (Iso-thermal, Hardening & Tempering and Normalizing) which can meet International Quality standard CQ-9. Talbros has built-in cutting-edge infrastructure and facilities to improve operational efficiency and production. We offer strong manufacturing capabilities, including 3D modelling, die and tool design and high-end 3D design.

Our Company's manufacturing unit is equipped with heavy-duty mechanical forging presses & heat treatment facilities along with numerous VMC's & CNC's work centres. Considering strong outlook and to enhance further depth of manufacturing, TACL is planning to

enhance its forging capacity by adding two forging lines. Similarly to uplift the machining capability, new 30,000 sq. ft. shed is coming which will have additional CNC/VMC machines and new serration milling machines.

Our Company produces unrivalled quality goods with optimum design through our elite in-house equipment and high-end simulation software. With ISO:14001 accreditation, we further strengthened our capabilities by incorporating worldwide quality benchmarks and being awarded prestigious JLRQ Award as testimony of quality of product throughout the supply chain. Through partnerships with technological leaders combined with end-to-end value chain capabilities, Talbros is a major supplier to top Tier-1 multi-national corporations.

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



Diversified Product Range

- ▶ Vehicle Towing Solutions (Towing Hooks, Recovery Eyes & Plates)
- ▶ Rear Axle Support Brace
- ▶ Gear Blanks & Shafts
- ▶ Bridge Fork Bottoms
- ▶ Tube Yokes, Flange Yokes, End Yokes & Yoke Shafts
- ▶ Companion Flanges
- ▶ King Pins with Sub-Assemblies
- ▶ Dump and Eyes Ends for Hydraulic Cylinders
- ▶ Specialised in Casting to Forging Conversion

Key Highlights during 2021-22

- ▶ Last year, more than half a million components were exported to Europe, to be used in EVs, which is only at its ramp-up stage

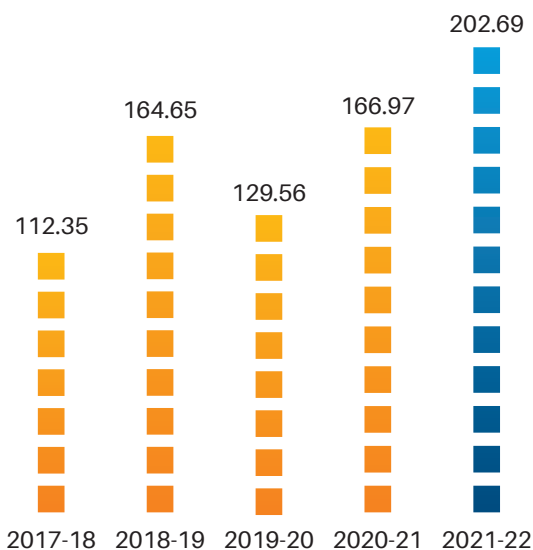
- ▶ Extended penetration with global OEMs in premium car segments
- ▶ Started supplying parts for the power generation industry and converted from casting to forging
- ▶ Seven new machines joined the production frontline to serve increased demand in the European and the Indian market
- ▶ Developed and supplied components like Bushes, Sub Assembly Cover - King Pin, Turbo Charger Bracket and Recovery Eye, along with a wide range of products used in hybrid and electric vehicle
- ▶ Developed Turbo Charger Bracket as a single forged & machined product against concept received as assembly of three different parts. This part goes to world renowned OEM
- ▶ In discussion with various Indian & European Tier 1 Customers for supplying heavier forging products

₹ **202.69**
crores
Total revenue in 2021-22

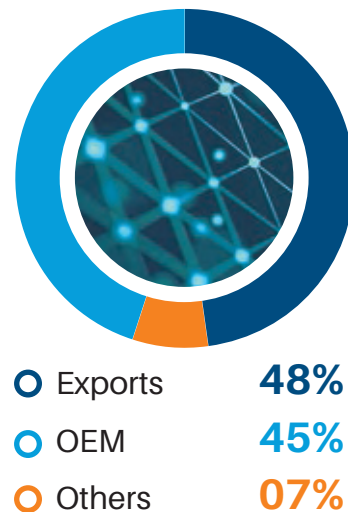
35%
Contribution to total
revenue

21,000
MT
Annual installed capacity

Revenue Trend (₹ in crores)



Revenue Break-up



Nippon Leakless Talbros Private Limited (LTL)

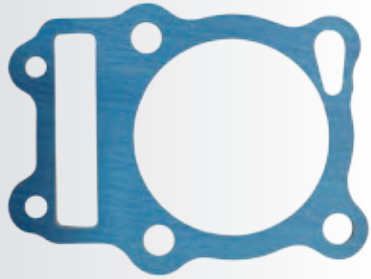


Established in the year 2005, Nippon Leakless Talbros Private Limited (LTL) is a joint venture between Nippon Leakless Corporation (NLK) Japan and Talbros Automotive Components Limited (TACL) India. NLK is a renowned gaskets and packaging supplier to leading OEMs and two-wheeler manufacturers.

LTL possesses 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 ensures that its products are effective and reliable by customizing them as per the customers' specifications. The company offers excellent capability and quality products generated through its integrated manufacturing system and technical support from NLK.

LTL is preferred gasket supplier for both Hero and Honda (two largest Two-Wheeler producer in India) for their product ranging from 100 CC to 450 CC, which are supplied in Indian market and for exports. The company adheres to all the industry rules and procedures and also maintains environmental safety measures during manufacturing.



Product

- ▶ Gaskets

Certifications

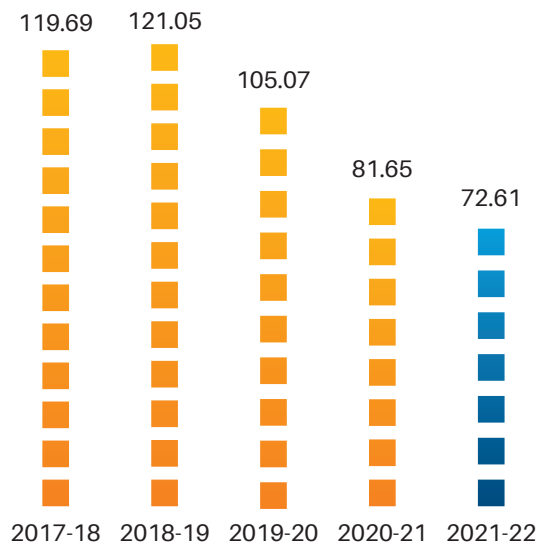
- ▶ IATF16949:2016
- ▶ ISO 14001:2015
- ▶ ISO 9001:2015
- ▶ ISO 14001:2018

₹ **72.61**
crores
Total revenue in 2021-22

₹ **29.04**
crores
Talbro's share in 2021-22

₹ **9.60**
crores
PAT in 2021-22

Revenue Trend (₹ in crores)



Marelli Talbros Chassis Systems Private Limited (MTCS)



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

Marelli Talbros Chassis Systems Private Limited (MTCS) completed its first decade of successful business. The company has emerged as the preferred source for Chassis and Body in White (BIW) components to the top most OEM's in India commanding highest SOB for its product portfolio. The company has successfully expanded its reach and has

marked its footprint in Pune. The manufacturing unit of Pune is certified with ISO:14001 and ISO:45001 certifications, along with the IATF:16949 Quality System certification. The plant has in-house value chain capabilities including Stamping Presses, Robotic Welding and Assembly. Going ahead, MTCS is also focusing on expanding the product line into Front Sub Frames and Rear Twist Beam Axles/Cradle.

MTCS received the prestigious ACMA Excellence Award in five categories:

Gold Award for
Excellence in
Digitalization

Gold Award for
Excellence in
Human Resource

Silver Award for
Excellence in
Manufacturing

Silver Award for
Excellence in **Health,
Safety & Sustainability**

Silver Award for
Excellence in
Exports



Diversified Product Range

- ▶ Suspension Lower Control Arms
- ▶ Suspension Links
- ▶ Front Sub Frames and Rear Twist Beam Axles/Cradle
- ▶ Wheel Group and Semi Corner Module Assemblies
- ▶ Body in White Parts & Assemblies in Steel & Aluminium

Certifications

- ▶ IATF:16949-QMS
- ▶ ISO:14001-EMS
- ▶ ISO:50001-EnMS
- ▶ ISO:45001-OHSAS

Key Highlights during 2021-22

- ▶ Ramped up the Pune plant to cater to the rising demand of Tata Motors PV
- ▶ Commenced commercial production for exporting BIW parts to global OEM in premium car segment
- ▶ Added new orders from existing customers for the next generation vehicles
- ▶ Expanded footprint in Bangalore to supply JIT to customer plant

₹ **164.47**
crores

Total revenue in 2021-22

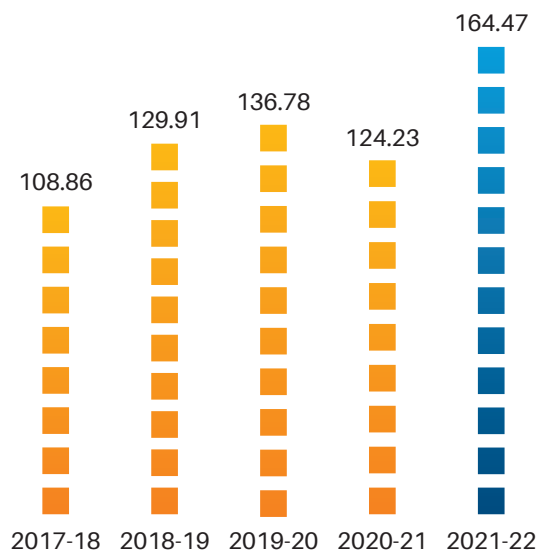
₹ **82.23**
crores

Talbro's share in 2021-22

₹ **8.10**
crores

PAT in 2021-22

Revenue Trend (₹ in crores)



Talbro Marugo Rubber Private Limited (TMR)



Talbro Marugo Rubber Private Limited (TMR) was established as a strategic joint venture between Marugo Rubber Industries, Japan and Talbro Automotive Components Limited in 2012. This JV was formed to achieve further market differentiation and develop innovative and quality Anti-vibration products (AV) and Hoses.

Marugo Rubber Industries, Japan is a leading OEM supplier of Anti-vibration products and Hoses to the largest OEMs, globally. The partnership has been instrumental in driving excellence through technical know-how, design and development expertise from Marugo Rubber Industries. TMR is supplying Rubber & Rubber to Metal Bonded parts and Hoses to Maruti Suzuki and various other OEMs. In 2021-22, TMR associated with the biggest HCV & Bus OEM, Ashok Leyland.

The company has completed in-house value chain capabilities starting from Compound Mixing, Metal-Preparation, Moulding and Extrusion. Backed by its strengths and operating excellence, TMR aggressively securing various orders from the domestic and overseas OEMs, leading to an improved presence in the automotive market. The company is committed to manufacturing international standard quality products by adhering to strict benchmarks and environmental parameters with IATF 16949, ISO-14001 and ISO 45001 certifications.



Diversified Product Range

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

Certifications

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

Key Highlights during 2021-22

- ▶ Developed and secured business for E-20 compliance hoses in FKM/ECO material
- ▶ Added Ashok Leyland in customer list
- ▶ Expanding reach towards global OEM's
- ▶ Secured business of new models for anti-vibration and extruded hoses from MSIL

₹ **54.93**
crores

Total revenue in 2021-22

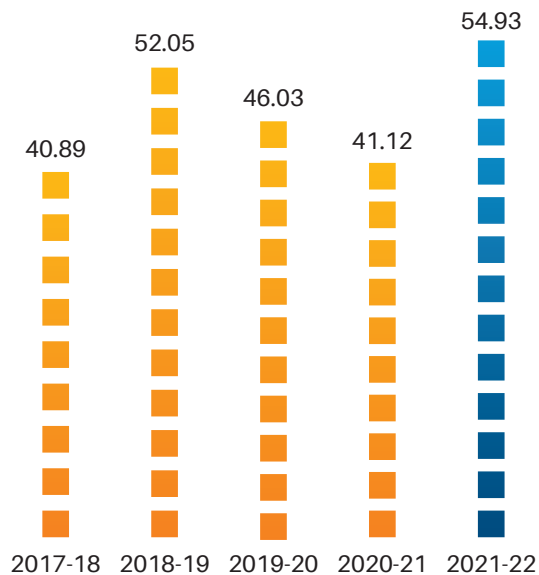
₹ **27.46**
crores

Talbros share in 2021-22

₹ **(0.11)**
crores

PAT in 2021-22

Revenue Trend (₹ in crores)



BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 65th 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, 2022.

FINANCIAL HIGHLIGHTS:

(₹ in lacs)

Particulars:	Year Ended 31 st March, 2022	Year Ended 31 st March, 2021
Net Revenue from Operations	57,724.03	44,419.72
Profit before Interest and Depreciation	8,317.98	6,463.37
Less : Interest	1,176.73	1,348.66
Depreciation	2,288.65	2,298.28
Profit before Tax before Exceptional Item	4,852.60	2,816.43
Exceptional Item	-	1,811.94
Profit before Tax and after Exceptional Item	4,852.60	4,628.37
Less: Provision for Taxation	1,294.34	1380.81
Provision for Deferred Tax	(201.12)	(76.30)
Less: (Excess)/ Short provision of tax for earlier years written back/ provided	54.43	(36.94)
Profit after Tax	3,704.95	3,360.80
Other Comprehensive Income		
a) Items that will not be reclassified to profit and loss	1,717.78	1,435.09
b) Income tax relating to items that will not be reclassified to profit and loss	(400.65)	(333.26)
Total other comprehensive income	1,317.13	1,101.83
Total comprehensive income	5,022.08	4,462.63

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

BUSINESS REVIEW

The world is going through a rather complex and painful phase. While most economies were already suffering from slow growth and high inflation induced by the pandemic, the recent Russia-Ukraine war has aggravated the challenges. Global commodity prices are on a boil even as supply bottlenecks for some critical items and raw materials are a concern. While growth remains a challenge, major central banks have no choice but to start monetary policy tightening to counter high inflation.

Rising inflation due to high global commodity prices is another challenge. While inflation is primarily due to supply-side factors, prices have risen in most categories. This is weakening consumer sentiment and putting pressure on producers margins.

Amongst others, some of the challenges for Automotive Industries are keeping up with changing technology, access

to technical information, tackling the auto industry's skills shortage, attracting young people to the industry, parts shortages, the shift toward electric vehicles and lower margins.

Besides various challenges, due to high development prospects in all segments of the vehicle industry, the auto component sector is expected to rise by double digits in FY 2022-23.

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

During the period under review, your Company remained focused on manufacturing, logistics for growth and continuity in operations with renewed vigor ensuring ample safety

Board's Report (Contd.)

measures for its employees. Your Company, even amid an unprecedented global crisis due to pandemic, continued to carry on its operations safely and managed to achieve excellent results despite many odds.

FINANCIAL REVIEW

In FY 2021-22, Gasket division sales is ₹ 374.55 crores, up by 35.10 % as compared to FY 2020-21 turnover of ₹ 277.23 crores.

In FY 2021-22, Forging division sales is ₹ 202.69 crores, up by 20.98 % as compared to FY 2020-21 turnover of ₹ 166.97 crores.

During the Financial Year 2021-22, your company on standalone basis recorded a turnover of ₹ 577.24 crores, 29.95% higher as compared to the last Financial Year 2020-21 with gross turnover of ₹ 444.20 crores. Profit after tax (PAT) for the Company for FY 2021-22 was ₹ 37.05 crores, 10.24% higher as compared to the PAT of ₹ 33.61 crores in the previous year 2020-21.

The JV Company Nippon Leakless Talbros Private Limited (LTL) recorded a turnover of ₹ 72.61 crores, lower by 11.07% as compared to last Financial Year 2020-21 with turnover of ₹ 81.65 crores. PAT of LTL was ₹ 9.60 crores, higher by 15.11% as compared to PAT of ₹ 8.34 crores in the previous year 2020-21.

The JV Company Marelli Talbros Chassis Systems Private Limited (MTCS) has recorded a turnover of ₹ 164.48 crores, higher by 32.40 % as compared to last Financial Year 2020-21 with turnover of ₹ 124.23 crores. PAT of MTCS was ₹ 8.10 crores, higher by 90.14 % as compared to ₹ 4.26 crores in the previous year 2020-21.

Talbros Marugo Rubber Private Limited (TMR), another JV Company has recorded a turnover of ₹ 54.93 crores, higher by 33.58 % as compared to last Financial Year 2020-21 of ₹ 41.12 crores. PAT of TMR was ₹ (0.11) crores as compared to ₹ 0.11 crores in the previous Financial Year 2020-21.

During the Financial Year 2021-22, the consolidated total revenues increased by 29.95 % from ₹ 444.20 crores in FY 2020-21 to ₹ 577.24 crores in FY 2021-22.

NEW INITIATIVES & FUTURE OUTLOOK

Your Company is a diversified auto components player with presence across two wheelers, passenger vehicles, commercial vehicles and farm equipments. Our business

is broadly divided into Gaskets and Forgings. We are also having three joint ventures with global auto giants for gaskets, suspension and rubber components. In gaskets we continue to be a market leader with having a market share of over 50%.

Your Company has done a lot of investment in R&D and developed Heat Shield business for all the vehicles including internal combustion engine (ICE), CNG engines and Electric Vehicles (EVs) and we are hopeful that Heat Shield business will grow over the period of next couple of years and bring good additional revenues.

The Company is focused towards increasing the utilization on post-coating lines which will reduce the imports and result in cost savings. The Company is constantly working on its export business for increasing the export percentage to its topline.

Forging business continues to perform well. Although there was a bit of setback due to some export businesses being hit by the chip shortage, but it is a very strong business moving forward. In the Forging business line, your Company is already supplying to the EVs space in the global market.

MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

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

TRANSFER TO RESERVE

An amount of ₹ 50.00 lacs has been transferred to General Reserves out of the profit earned during the Financial Year 2021-22.

DIVIDEND

Your Board of Directors declared Interim Dividend for the Financial Year 2021-2022 @ 10% (₹ 1.00 per share) on 1,23,45,630 Equity Shares of ₹ 10/- each, aggregating to ₹ 1,23,45,630/-, at its meeting held on 9th February, 2022. The said Interim dividend was paid to the Shareholders on 5th March, 2022.

Further, your Directors have also recommended, a final dividend @ 15% (₹ 1.50/-) per equity share for the Financial Year 2021-22 on 1,23,45,630 equity shares of ₹ 10/- each, aggregating to ₹ 1,85,18,445/- (Rupees One Crore Eighty Five Lacs Eighteen Thousand Four Hundred and Forty Five Only), for the approval of members at the ensuing Annual General Meeting.

Board's Report (Contd.)

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

The Company is relentlessly working on increasing the business and is taking all necessary steps to ensure the health, safety and well-being of its employees, to control and prevent the spread of COVID-19 and constantly moving forward on the path of recovery and growth.

No material changes and commitments affecting the financial position of the Company have occurred after the end of the financial year ended 31st March, 2022 till the date of this Report.

CHANGE IN THE NATURE OF BUSINESS

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

INDUSTRY OVERVIEW

Auto OEMs had reported blended numbers across segments especially two-wheeler segments faced the most challenging situation due to subdued demand in the domestic market. The sign of recovery especially in the entry level two-wheeler segment might be prolonged. Passenger vehicles continue to face the brunt of the semiconductor shortage. There is demand but there are supply issues that have to deal with both

in the domestic market and also in the international markets. However, with the governments push on infrastructure and the recent announcement of 25,000 kilometers of new highway, the CVs have shown a very positive sign and will continue to do so where Talbro's is a very significant player in commercial vehicles. This will help the Company going forward. The year was challenging not only restricted to the semiconductor shortage, but the massive inflation across commodities such as steel, copper and rubber and was difficult and weighed on margins. The performance of the auto industry in FY 2021-22, sales of passenger vehicles and two-wheelers has been low. Only the heavy goods segment in commercial vehicles has shown a positive growth compared to previous years.

SHARE CAPITAL

The paid up capital of the Company as on 31st March, 2022 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 ratings were revised by CARE Ratings on 5th April, 2022. The ratings of the Company are as under:

Facilities	Approved Amount (₹ in Crores)	Rating
Long term Bank Facilities	124.74 (reduced from 137.43)	CARE A; Stable (Single A; Outlook: Stable)
Short term Bank Facilities	45.00 (Enhanced from 35.00)	CARE A1 (A One)
Total Bank Facilities	169.74 (₹ One Hundred Sixty nine Crore and Seventy-Four Lacs Only)	
Medium Term Instrument (Fixed Deposit)	1.48	CARE A (FD); Stable Single A (Fixed Deposits); Outlook: Stable
Total Medium Term Instruments	1.48 (₹ One Crore and Forty Eight Lacs only)	

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

In terms of provisions of Section 125 of the Companies Act, 2013, the unclaimed final dividend pertaining to the financial year 2013-14 for amount aggregating to ₹ 2,06,345/- had been transferred to the "Investor Education and Protection Fund" established by the Central Government on 26th October, 2021.

The Company shall transfer the unclaimed dividend for the financial year 2014-15 to the Investor Education and Protection Fund on or before 23rd October, 2022 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 2014-15 or any subsequent year

Board's Report (Contd.)

are requested to lodge their claims for revalidation of dividend warrants. The Company is intimating those members who have so far not claimed the unpaid dividend for the financial year 2014-15.

The Company has transferred 6,931 shares to "Investor Education and Protection Fund" in the previous year and the Dividend on such shares was also transferred to the Investor Education and Protection Fund (IEPF).

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

DIRECTORS

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

Mr. V. Mohan, Independent Director of the Company, ceased to be a Director of the Company with effect from 5th November, 2021 due to his death. The Board acknowledges its deep appreciation for the contribution and assistance provided by Mr. V. Mohan during his tenure.

Mr. Deepak Jain, (DIN: 00004972) was appointed as an Additional Director (Non-executive and Independent) by the Board with effect from 29th December, 2021. The details and justification of the appointment are given hereunder.

APPOINTMENT OF INDEPENDENT DIRECTOR AND JUSTIFICATION OF THE APPOINTMENT

Mr. Deepak Jain was appointed as an Additional Director (Non-executive and Independent) of the Company w.e.f 29th December, 2021 by the Board of the Company to hold office upto the date of next Annual General Meeting of the Company. Mr. Deepak Jain is the Chairman & Managing Director of Lumax Industries Limited, flagship company of Lumax-DK Jain Group, a leading manufacturer of automotive components and systems in India.

Mr. Deepak Jain is the Immediate Past President of Automotive Component Manufacturers Association of India (ACMA), Vice President of Toyota Kirloskar Supplier Association (TKSA), Executive Committee Member of Maruti Suzuki Supplier Welfare Association (MSSWA), Tata Motors Supplier Council, Chairperson of CII Regional Committee on Advanced Manufacturing and Member of CII National Council.

Mr. Deepak Jain possesses the desired knowledge and experience for being appointed as Independent Director of

the Company. Board of Directors of your Company propose to appoint Mr. Deepak Jain as an Independent Director of the Company, not liable to retire by rotation for a term of five years commencing from 29th December, 2021 upto 28th December, 2026. The requisite resolution for appointment of Mr. Deepak Jain as Independent Director by members of the Company has been set out in the Notice of the ensuing Annual General Meeting. Mr. Deepak Jain also meets the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013. The Board is of the opinion that your Company will benefit from the knowledge and experience of Mr. Deepak Jain.

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) are liable to retire by rotation and being eligible, offers themselves for re-appointment/appointment.

Details of the proposal for directors seeking re-appointment are mentioned in the annexure to the Explanatory Statement of the Notice of 65th Annual General Meeting. The Board recommends their re-appointment to the members for their approval.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(7)

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

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

KEY MANAGERIAL PERSONNEL

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

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

Board's Report (Contd.)

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

BOARD MEETINGS

During the financial year 2021-22, 5 (five) Board Meetings were held on 8th June, 2021, 11th August, 2021, 8th November, 2021, 29th December, 2021 and 9th February, 2022. Details of the same are available in the section 'Meetings of the Board of Directors' in the Corporate Governance Report.

AUDIT COMMITTEE

During the financial year 2020-21, 4 (four) meetings of Audit Committee were held on 8th June, 2021, 11th August, 2021, 8th November, 2021 and 9th February, 2022.

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**	Chairman	Independent Director
Mr. Navin Juneja***	Member	Non-Executive – Non 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

* Mr. V. Mohan, Chairman of the Audit Committee, ceased to be the Chairman of the Audit Committee with effect from 5th November, 2021 due to his death.

** Mr. Anil Kumar Mehra was appointed as Chairman of the Audit Committee with effect from 8th November, 2021.

***Mr. Navin Juneja was appointed as Member of the Audit Committee with effect from 8th November, 2021.

****Mr. Vidur Talwar and Mr. Anuj Talwar ceased to be Members of the Audit Committee with effect from 8th November, 2021.

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

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

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

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

NOMINATION AND REMUNERATION COMMITTEE

During the financial year 2021-22, 1 (One) meeting of the Nomination and Remuneration Committee were held on 29th December, 2021.

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

Name of Director		Category
Mr. Anil Kumar Mehra	Chairman	Independent Director
Mr. Amit Burman*	Member	Independent Director
Mr. V. Mohan**	Member	Independent Director
Mr. Ajay Kumar Vij***	Member	Independent Director
Mr. Tarun Singhal***	Member	Independent Director

* Mr. Amit Burman ceased to be a Member of the Nomination & Remuneration Committee with effect from 8th November, 2021

** Mr. V. Mohan ceased to be a Member of the Nomination & Remuneration Committee with effect from 5th November, 2021 due to his death.

*** Mr. Ajay Kumar Vij and Mr. Tarun Singhal were appointed as Members of the Nomination & Remuneration Committee with effect from 8th November, 2021.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the financial year 2021-22, 4 (four) meetings of Stakeholders' Relationship Committee were held on 8th June, 2021, 11th August, 2021, 8th November, 2021 and 9th February, 2022.

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

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

* Mr. Anil Kumar Mehra ceased to be a Member of the Stakeholders' Relationship Committee with effect from 8th November, 2021.

Board's Report (Contd.)

*** Mr. V. Mohan ceased to be a Member of the Stakeholders' Relationship Committee with effect from 5th November, 2021 due to his death.*

**** Mr. Anuj Talwar and Mr. Tarun Singhal were appointed as Members of the Stakeholders' Relationship Committee with effect from 8th November, 2021.*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the financial year 2021-22, 2 (two) meetings of the Corporate Social Responsibility Committee were held on 1st April, 2021 and 7th February, 2022.

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

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

REMUNERATION POLICY & BOARD EVALUATION

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

SEBI had made a major recast of the regulatory processes on related party transactions vide various Circulars mandating "Prior" approval of shareholders for material related party transactions from AGM to AGM basis. Therefore, the Board has taken relevant approvals from the Audit Committee for entering into the Related party transactions and the Board of the Company also recommend Member's approval for the resolutions regarding Related Party Transactions as set out in the notice.

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, wherever required. The Audit Committee has also given the omnibus approval for the transactions repetitive in nature in the first Board Meeting of the financial year.

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

The Company has contributed to several organizations namely Servants of the People Society, Roshni Education Society, CRY, Save the Children, Savera Association and PM Cares fund along with contribution for various activities related to promotion of healthcare including preventive healthcare against COVID-19 for fulfilling its CSR obligations for the financial year 2021-22 and ensuring compliance with

Board's Report (Contd.)

provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder.

The Amount of ₹ 40.37 lacs was spent by the Company during the financial year 2021-22 to fulfill its CSR obligations and ensure compliance with the provisions of the Companies Act, 2013 and the rules made thereunder.

As per Section 134(3)(o) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by Ministry of Corporate Affairs, the Company undertakes activities as per the CSR Policy (available on company's website www.talbro's.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., (ICAI Firm Registration No. 001111N), Chartered Accountants, were appointed as Statutory Auditors of the Company at 60th Annual General Meeting of the Company for a term of 5 years to hold office till the conclusion of 65th AGM to be held in Current year 2022.

Accordingly, M/s. J. C. Bhalla & Co., Statutory Auditors of the Company hold office till the conclusion of the forthcoming AGM. As per Provisions of Section 139(2) of the Companies Act, 2013, a listed company can appoint an audit firm as Statutory Auditor for 2 terms of 5 consecutive years.

In accordance with the provisions of Companies Act, 2013 read with rules thereunder, M/s. J. C. Bhalla & Co., are eligible for re-appointment as Statutory Auditors of the Company for a second term of 5 years.

In view of above, it is proposed to re-appoint M/s. J. C. Bhalla & Co. as Statutory Auditors of the Company in ensuing 65th AGM to hold office from the conclusion of 65th Annual General Meeting till the conclusion of 70th Annual General Meeting.

The Board of Directors recommends the re-appointment of Statutory Auditors in the ensuing Annual General Meeting for said term. The requisite resolution for re-appointment of Statutory Auditors by members of the Company has been set out in the Notice of the ensuing Annual General Meeting.

The Report given by M/s. J. C. Bhalla & Co., Chartered Accountants, Statutory Auditors on the financial statements (standalone as well as consolidated) of the Company for the financial year 2021-22 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 2022-23.

The Secretarial Audit Report for the financial year ended 31st March, 2022 as provided by M/s. Kiran Sharma & Co., Practicing Company Secretary is annexed to this Report as **Annexure IV** and forms part of this report.

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

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

Board's Report (Contd.)

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, 2022 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 2020-21 issued by M/s. Vijendra Sharma & Co., Cost Accountants (Firm Registration No. 00180) in respect of the various products as prescribed under the Cost Audit Rules was filed in the prescribed form with the Ministry of Corporate Affairs (MCA) during the year.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee. The requisite resolution for ratification of remuneration of Cost Auditors by members of the Company has been set out in the Notice of the ensuing Annual General Meeting. Further, on the recommendation of the Audit Committee, the Board of Directors have also re-appointed them as Cost Auditors for financial year 2022-23, 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, 2022;
- 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, 2022 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

Board's Report (Contd.)

Managerial Personnel) Rules, 2014, forms part of this report as **Annexure –VII**.

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

FIXED DEPOSITS

There are no deposits outstanding as on 31st March, 2022, except for some unclaimed deposits.

No fresh deposits were accepted during the year. Deposit amounting to ₹ 69,903/- remains unclaimed at the end of 2021-22 and the same has been transferred to Investor Education and Protection Fund on 7th June, 2022.

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

LISTING OF SHARES

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

CORPORATE GOVERNANCE

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

The Board of Directors support the concept of Corporate Governance and having regard to transparency,

accountability and rationale behind the decisions have made proper disclosures separately under the heading "Report on Corporate Governance" which forms part of this Annual Report.

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

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

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

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

The Annual Report of the Internal Complaints Committee of the Company pursuant to Section 21 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for the year ended 31st December, 2021 has duly been filed with the office of District Officer.

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

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

No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2022.

Board's Report (Contd.)

RISK MANAGEMENT

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

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

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

VIGIL MECHANISM

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

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

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

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

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

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

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

ANNUAL RETURN

In compliance with the provisions of Section 92(3) read with Section 134 (3) (s) of the Companies Act, 2013, the annual return of the Company as on 31st March, 2022 in prescribed form is placed on Company's website www.talbros.com.

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

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

DETAILS OF DIFFERENCE IN VALUATION

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Place: Gurugram
Date: 23rd May, 2022

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

MANAGEMENT DISCUSSION AND ANALYSIS

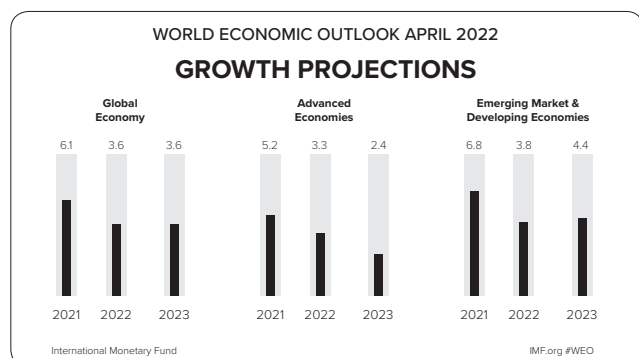
Global Economic Overview

The global economy entered its phase of recovery in 2021, showcasing a growth of 6.1%, the strongest-ever post-recession recovery since 80 years. This growth was mainly attributed to the surge in demand following relaxation in COVID-19-related restrictions in many countries, loosening monetary policy by major central banks and stimulus packages supported by governments.

Although the first half of 2021 witnessed improved economic conditions, the second half comprised major economic events such as energy shortage, inflationary pressure and supply chain disruptions. These factors created an adverse impact on the economy. Further, outbreak of Omicron variant became a key concern. However, it had limited impact on the economy given the Governments' preparedness in the form of robust policies, restricted nature of lockdowns and substantial vaccination coverage for majority of the population, in most advanced economies and many emerging markets and developing economies (EMDEs). The global consumer confidence remained strong in last quarter of 2021. According to the Q4 survey, confidence stood at a record high of 115 worldwide.

Global Supply chain was significantly impacted in 2021 from factors like shortage of semiconductors and steep increase in input costs. The global macroeconomic uncertainties further increased due to geo-political conflict between Russia and Ukraine. elevating the oil prices, having a cascading impact in the form of rising input cost across sectors.

Outlook



The global economy is expected to grow by 3.6% in 2022 and 3.6% in 2023, according to IMF report published in April 2022. However, the impact of the ongoing geopolitical crisis between Russia and Ukraine and subsequent high commodity prices intensified inflationary pressures. This continues to

remain a concern, posing risks upon the growth momentum ahead. For 2022, inflation is projected to be 5.7% in advanced economies, and 8.7% in emerging market and developing economies. Going ahead, high consumer confidence is likely to keep the economy progressing.

Indian Economic Overview

The Indian economy showcased a robust recovery after a contraction of 6.6% in 2021-22. This growth was led by faster vaccine drive, various stimulus packages by Central Government and accommodative stance on lower interest rate by the RBI. However, during the month of May and June in 2021-22, Indian economy was hit by the second wave of the pandemic which was more fatal than the first wave. But on the brighter side, the partial nature of subsequent lockdowns and growing consumer sentiment led to a steady growth for the first half of the financial year.

The second half was quite volatile, beginning with the shortage of coal and energy crisis, and aggravated by rising crude oil prices, building inflationary pressures. Trade, hotels, transport, communication and services related to broadcasting also recorded a slightly sluggish performance during the year. The outbreak of the Omicron variant lead to further mobility restrictions and therefore, hindering supply chain. Despite these challenges, consumer demand remained elevated, especially during the festival season, which led to a growth of 5.4% in third quarter of 2021-22.

Outlook

According to IMF, India is expected to maintain it's stance as the fastest-growing economy in the world. Moreover, the 2022-23 budget is a balanced response by the Government to support economic recovery and enable the projected 8% to 8.2% GDP growth rate for 2022-23. The announcements for record setting outlay on infrastructure projects and push for the rural economy in the budget will support and revive the industry in general, aiding in recovering from the pandemic-induced shocks.

INDUSTRY OVERVIEW

Global Automotive Industry trends

Even before the coronavirus brought economic activities to a halt, dealerships disappeared, and sales plummeted. The USA and most parts of Europe were severely impacted by Covid-19 outbreak. The Automobile industry was bracing for a difficult year, and eventually, showcased a strong recovery in 2021. This was majorly led by a growth in savings and relatively low

Management Discussion and Analysis (Contd.)

interest rates that pushed up demand for all types of goods, including cars.

Electric Vehicles (EVs) have by far proved to be the best performing drive train type, in terms of showcasing relative growth. In 2021, about 6.4 Mn plug in electric vehicles were sold, registering an increase of over 100% as compared to the previous year. This growth in the EVs segment represents a rise from 4.5% of all vehicles sold in 2020 to 9% in 2021. According to Deloitte, Global demand for new electric vehicles is expected to grow from 2.5 Mn units in 2020, to 11.2 Mn units by 2025. While electric vehicles are rapidly gaining popularity, some prospective purchasers continue being skeptical. Globally, one in every five new automobile sales is predicted to be battery-electric, and millions of additional self-driving vehicles will be added to the worldwide fleet.

Indian Automobile Industry

The Indian Automobile Industry is the fifth largest vehicle market across the globe. It produced 22.93 Mn of vehicles during 2021-22. This industry leads globally in terms of Two-wheeler and Three-wheeler manufacturing, while ranks third for truck manufacturing.

During 2021-22, the industry faced various headwinds including labor shortages and closure of factories caused by COVID-19-induced nation-wide, non-uniform lockdowns. In addition, the disruption in supply chains and semiconductor shortage added to these challenges. However, during the second and third quarter, the industry showcased recovery in demand following ease in pandemic-induced restrictions. As a result, production activities gained pace while supply chains gradually restored, followed by high consumer confidence during the festive season. On one side, surge in input cost continued to have a lingering impact on the economic progress, including higher crude & steel prices, obstructing business margins. On the side, the end of the financial year witnessed strong performance by the Automotive industry.

During the year 2021-22, overall sales increased from 27,11,457 to 30,69,499 units. Sales of Passenger Cars decreased from 15,41,866 to 14,67,056 units showcasing a degrowth of 5.09%. The Commercial vehicles sales increased from 5,68,559 to 7,16,566 units showcasing a growth of 26.03%, while the sales of three wheelers stands at 2,60,995 units witnessing a growth of 18.93%. The two-wheeler sales stands at 13,466,412 units which degrew by 10.94%. The export numbers also remain a key highlight as the total export numbers stand at 5.62 Mn indicating a growth of 36%.

Outlook

As per Care Ratings, the sales figures of automobiles industry are likely to grow higher than the previous year owing to a favorable base effect. Challenges in terms of semi-conductor shortage and higher input costs severely impacted businesses in the past year and continue to act as significant business risks. Speaking of the near future, the Automobile industry is poised to experience growth, supported by Government policies like the 'Make in India' campaign, and the Automotive Mission Plan. The Government is also introducing a PLI scheme worth ₹ 25,929 crores, entailing a planned investment of ₹ 42,500 crores in the coming five years. Therefore, leading the Indian Automotive industry to become the world's in terms of volume.

Indian Automotive Component Industry

The Indian Automobile components sector is one of the key contributors to the Indian economy and the overall industry. The sector contributes around 2.3% of total domestic GDP and is a major part of the automobile OEM value chain. The incentive segment of this industry mainly includes OEMs that are engaged in the manufacturing of high-value precision instruments.

In the past few years, the Auto Component industry showcased a steady growth, barring 2019-20 and 2020-21 that witnessed a negative growth owing to the pandemic. The industry eventually grew by 65% between April to September of 2021-22, showcasing a turnaround of ₹ 1.96 lakh crore (USD 26.6 Bn). The major factor driving this growth was an increase in exports by 76%. The international demand raised in terms of sales to OEMs and low base effect. Europe and North America showed highest exports from India, accounting for 63% of total auto component exports as per ACMA. The other driving factors of this industry growth includes improved consumer sentiment, buoyant end-user market, and the return of adequate liquidity in the financial system.

Outlook

India's domestic market for auto components was worth USD 49.30 Bn in 2019-20 and is expected to reach USD 200 Bn by 2025-26. As per the Automobile Component Manufacturers Association (ACMA), automobile component exports from India are expected to reach USD 80 Bn by CY 2026. However, few concerns such as semi-conductor shortage, steep rise in commodity prices and pandemic related uncertainties could hinder future growth. The industry's current scenario includes a steady progress with regards to production & sales, while ensuring safety of employees and customers which gained much importance since the pandemic.

Management Discussion and Analysis (Contd.)

GOVERNMENT INITIATIVES

The Government is incentivizing a shift towards clean mobility and has taken multiple initiatives to promote manufacturing and adoption of electric vehicles in India. In this direction, various schemes such as Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India (FAME II) have been introduced in the electric vehicle space. Besides, multiple production-linked incentive schemes intend to create a local manufacturing ecosystem. This is sought to be achieved by incentivizing fresh investments into developing indigenous supply chains for key technologies, products, and auto components.

Gradually, India is transforming into a global automotive R&D hub with several market players entering the automotive development and manufacturing space. This has been supported by the availability of low-cost workforce, favorable Government schemes, cost advantages in setting up manufacturing facilities and access to large customer base.

COMPANY OVERVIEW

Established in 1956, Talbros Automotive Components Limited (hereafter 'Talbros' or 'The Company') is ranked among the leading manufacturers of automotive components in India. The Company has a strong global market presence and is known for its relentless customer-focused strategies, consistent value addition bound by excellence and superior technology. The Company, along with its joint venture companies, has an extensive product portfolio comprising Gaskets, Heat Shields, Forgings, Chassis Systems, Suspension Systems, Anti-vibration Components and Hoses. Talbros caters to different automobile segments, including Passenger Vehicles, Commercial Vehicles, Two-wheelers, Three-wheelers, Agricultural machinery, Off-loaders and Industrial vehicles, among others. Through strategic collaborations with renowned global players and world-class manufacturing facilities, the Company delivers best-in-class auto components to its customers. Having a diversified business model we supply to multiple product categories to OEMs, and we are able to outpace industry growth at most times.

SWOT ANALYSIS

Strengths

- Industry experience of 65 years and its rank as among the industry leaders gives it a competitive edge
- The Company has strong relationships with OEMs

across passenger vehicles, Commercial Vehicles, Export markets, Off-Highway vehicles thereby being able to outpace industry growth

- International Technology tie-ups including 3 Joint Ventures for offering best-in-class products
- Export orders from established international brands and increasing market share
- State-of-the-art manufacturing facility that houses best-in-class equipment, resulting in a wide product portfolio
- High-quality standards endorsed by global certifications, resulting in growing repeat and referral business

Weaknesses

- The Company has limited presence in supplying components to EV industry currently. It is however building product categories in a bid to diversify its presence across the Automobile industry.

Opportunities

- The global trend toward Electric Vehicles is expanding. In line with the mega-market opportunities of the emerging and high growth EVs business, Talbros is poised to harness these potential opportunities basis its strong product portfolio including supplying parts for Plug-in hybrid Electric Vehicles to OEMs globally.
- The Company lays strong emphasis on R&D and innovation to consistently enhance and adopt newer technologies. Further complementing its extensive in-house capabilities to develop embedded systems, application software and integration capabilities for improving customer offerings.
- The Government is coming up with various initiatives to boost Indian manufacturing units which includes PLI, Make in India Campaign, FAME-II and many others.
- The increase in number of market players entering the automotive development and manufacturing space is transitioning India into a global automotive R&D hub.

Threats

- The volatility in commodity prices affects the overall cost of manufacturing operations. Adequate mechanisms are necessary to monitor and manage such market risks, changes in commodity prices, hedged or offset. which affect overall business profitability.

Management Discussion and Analysis (Contd.)

- A sharp increase in aluminum, copper and steel prices impacted the operating margins which led the OEMs to pass on the price hikes to its customers. This impact was aggravated by a sharp rise in fuel prices, likely to dampen the demand of passenger vehicles in 2022-23, also affecting business' overall operational margins.
- The worldwide supply chain continues to be affected by challenges related to COVID-19 pandemic, shortage of semi-conductors and volatility in energy prices, hindering industrial growth prospects.
- The high and non-uniform tax rates, wherein some auto components are taxed at the higher GST rates of 18% and 28 % in India, continue to act as threat to the industry.

FINANCIAL HIGHLIGHTS

During the financial year 2021-22, your company on standalone basis recorded a turnover of ₹ 577.24 crores, indicating a growth of 29.95%, as compared to 2020-21 where gross turnover stood at ₹ 444.20 crores. Your Company's Profit after tax (PAT) stood at ₹ 37.05 crores in 2021-22, showcasing an increase of 10.24%, wherein for 2020-21 PAT was ₹ 33.61 crores.

During the financial year 2021-22, the consolidated total revenues increased by 29.95%, from ₹ 444.20 crores in 2020-21 to ₹ 577.24 crores in 2021-22.

DETAILS OF KEY FINANCIAL RATIOS AND SIGNIFICANT CHANGES THEREIN

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

Particulars	2021-22	2020-21	Difference	Explanation for change of 25% and more
Inventory Turnover Ratio (times)	2.89	2.13	35.60%	Due to increase in the cost of materials consumed as a result on increase in operations during the current period viz. a viz. the previous period.
Interest Coverage Ratio	2.38	2.00	18.82%	-
Current Ratio	1.23	1.16	6.20%	-
Debt Equity Ratio	0.33	0.46	-28.44%	Due to repayment of existing debt by the Company during the period
Operating Profit Margin (%)	14.2%	14.3%	-0.67%	-
Net Profit Margin (%)	6.42%	7.57%	-15.17%	-
Return on net worth	16.3%	11%	48.18%	Due to increase in Profitability of the Company during the Period.
Debtors Turnover Ratio (times)	3.77	3.17	18.80%	-

HUMAN RESOURCE

The Company considers Human Capital as its most valuable asset, relating its eventual success to an effective human capital build-up. It ensures optimal working hours, and has a code of conduct in place, alongside well-defined HR standards.

Your Company aims to create an environment where every employee can contribute to the Company's performance, while also excelling and growing in their respective jobs. Our focus is to recruit employees with right skills and talent, raise their competency through training and development, recognize and reward leadership and performance. Further, several measures are implemented to retain the talent within the organization. The Management understands and encourages coherence and a positive work environment in a self-motivating workplace. Moreover, it seeks to bring improvements wherever needed, reflecting its high regard for the employees' corporate skills.

Management Discussion and Analysis (Contd.)

Internal Controls and their adequacy

The Company has a system of internal controls commensurate with the nature and size of its operations, which effectively and adequately encompasses every facet of its operations and functional areas. The system involves a compliance management team with established policies, norms and practices as well as in line with applicable statutes, rules & regulations. Additionally, an inbuilt system of checks and balances guides to formulate appropriate and timely corrective actions in case of any deviations from the stipulated standards and parameters. The effectiveness and deliverability of the internal control systems are reviewed periodically, to ensure its adequacy and amendments, if required. It further helps us to identify areas to strengthen and adapt the system with the changing business needs of the Company. The regular reviews conducted by the Company helps in ensuring higher relevance of its systems, processes and controls on an ongoing basis, comparing and aligning them with the industry-best practices.

Cautionary Statement

The statements in the Management Discussion and Analysis section describing organizational objectives, projections, estimates and prediction may be considered as forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the Company's strategy for growth, product development, market positioning, expenditures and financial results, are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievement may thus, differ materially from those projected in such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement on the basis of any subsequent developments, information or events. To avoid duplication and repetition, certain heads of information required to be disclosed in the Management Discussion and Analysis have been included in the Board's Report.

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 & Purchase of products i.e. Gaskets/Forgings and other auto parts	01.04.2022 to 31.03.2025	Maximum amount of sale upto ₹ 80.00 crores in one financial year.	08.06.2021	Nil
QH Talbros Private Limited (Associate Company)	Payment of Royalty pursuant to 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 Amount not exceeding ₹ 1.20 crores	26.05.2014	Nil
Nippon Leakless Talbros Private Limited (JV Company)	Purchase and/ or Sale Agreement of Tyre Sealant and other production inputs.	01.04.2020 to 31.03.2023	Maximum amount of sale upto ₹ 4.00 crores in one financial year.	29.05.2019	Nil
Nippon Leakless Talbros Private Limited (JV Company)	Sale/ Purchase Agreement of Gaskets to each other.	01.04.2020 to 31.03.2023	Maximum amount of sale upto ₹ 2.00 crores in one financial year.	29.05.2019	Nil
Talbros Marugo Rubber Private Limited (JV Company)	Management Fee Agreement	13.02.2018 to 12.02.2023	₹ 30.00 lacs p.a.	24.05.2017	Nil
Talbros Marugo Rubber Private Limited (JV Company)	Purchase and/ or Sale Agreement of Rubber Components	01.04.2022 to 31.03.2025	Maximum amount of sale/ purchase upto ₹ 1.50 crores, ₹ 2.00 crores and ₹ 2.50 crores in the first, second and third year respectively.	08.06.2021	Nil
Marelli Talbros Chassis Systems Private Limited (JV Company)	Lease Deed for the premises of the Company situated at 14/1, Delhi Mathura Road, Faridabad-121003, Haryana	14.03.2022 to 13.03.2027	₹ 2 crores per annum	09.02.2022	Nil
Mrs. KumKum Talwar (Relative of key managerial personnel)	Lease Deed for the basement premises situated at D-1/36, Vasant Vihar, New Delhi-110057	01.10.2019 to 30.09.2022	₹ 7.20 lacs per annum	13.08.2019	Nil

ANNEXURE II

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:
Talbro's Indiparts Private Limited (Related party)	Rent Agreement for the premises of the Company situated at 14/1, Delhi Mathura Road, Faridabad-121003, Haryana	01.04.2021 to 31.03.2024	₹ 13.20 lacs per annum	08.06.2021	Nil
Talbro's Indiparts Private Limited (Related party)	Agreement for sale of Company's products in aftermarket	01.04.2021 to 31.03.2024	₹ 50 crores per annum for first year and ₹ 60 crores in the second and third year.	08.06.2021	Nil

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Place: Gurugram
Date: 23rd May, 2022

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

ANNEXURE III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

6.	Average net profit of the Company as per section 135(5)	₹ 2,018.50 lacs
7.	(a) Two percent of average net profit of the Company as per section 135(5)	₹ 40.37 lacs
	(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years.	NIL
	(c) Amount required to be set off for the financial year, if any	NIL
	(d) Total CSR obligation for the financial year (7a+7b-7c)	₹ 40.37 lacs
8.	(a) CSR amount spent or unspent for the financial year:	Amount Spent- ₹ 40.37 lacs
		Amount Unspent- NIL

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
40,37,302/-	NIL				
	The prescribed amount for CSR activities for the Financial Year 2021-22 has been duly spent by the Company.				

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

The Company does not have any ongoing CSR project for the Financial Year 2021-22.

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

Details of CSR amount spent for the Financial Year 2021-22 are provided herein below:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project for 2021-22 (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration
1.	Children Education and Healthcare	Item (i) and (ii)	Yes	Delhi	Delhi	5,00,000	No	Servants of the people society	CSR00011109
2.	Children Education and Healthcare	Item (i) and (ii)	Yes	Delhi	Delhi	4,00,000/-	No	CRY (Child Rights and You)	CSR00000805
3.	Children Education	Item (ii) and (iii)	Yes	Haryana	Gurugram	5,00,000/-	No	Roshni Education Society	CSR00027052
4.	Children Education and Healthcare	Item (i) and (ii)	Yes	Delhi	Delhi	4,00,000/-	No	Savera Association	CSR00021957
5.	Children Education and Healthcare	Item (i) and (ii)	Yes	Delhi	Delhi	4,00,000/-	No	Save the Children	CSR00000065
6.	Promoting health care including preventive health care and sanitation, and disaster management	Item (i) and (xii)	Yes	Haryana	Faridabad	17,76,302/-	YES	Money spent on providing free COVID-19 vaccinations through 2 Hospitals and other preventive healthcare measures	N.A
7.	Citizen Assistance and relief in emergency situations	Item (viii)	Yes	NA	NA	61,000/-	No	PM Cares Fund	N.A
TOTAL						40,37,302/-			

ANNEXURE III

(d) Amount spent in Administrative Overheads:	NIL
(e) Amount spent on Impact Assessment, if applicable	Not Applicable
(f) Total amount spent for the 2021-22	₹ 40,37,302/-
(g) Excess amount for set off, if any	-

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	40,37,000/-
(ii)	Total amount spent for the 2021-22	40,37,302/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	302/-
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2020-21	There is no unspent CSR amount for the 2018-19, 2019-20 and 2020-21.					
2.	2019-20						
3.	2018-19						
	TOTAL	NIL	NIL	Not Applicable			NIL

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

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

NOT APPLICABLE

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

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

For and on behalf of the Board

Sd/-

Umesh Talwar

Place: Gurugram
Date: 23rd May, 2022

Vice Chairman & Managing Director
(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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 31st March, 2022 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 31st March, 2022 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.

ANNEXURE IV**I further report that**

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

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

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

Sd/-

Kiran Sharma

Company Secretary

M.No: 4942

C.P No.: 3116

UDIN: F004942D000355688

Place: New Delhi

Date: 20th May, 2022

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT DATED 20TH MAY, 2022

To,

The Members

Talbro's Automotive Components Limited

14/1, Delhi Mathura Road, P.O. Amar Nagar,

Faridabad, Haryana- 121003

Our Secretarial Audit Report dated 20th May, 2022 is to be read with this letter.

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

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

Sd/-

Kiran Sharma

Company Secretary

M.No: 4942

C.P No.: 3116

Place: New Delhi

Date: 20th May, 2022

UDIN:F004942D000355688

ANNEXURE V

FORM AOC-1

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

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

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

(₹ In lacs)

Sl. No.	Name of Associate/Joint Ventures	Joint Ventures			Associates*	
		Nippon Leakless Talbros Pvt. Ltd.	Marelli Talbros Chassis Systems Pvt. Ltd.	Talbros Marugo Rubber Pvt. Ltd.	QH Talbros Private Ltd.	Talbros International Pvt. Ltd.
1	Latest Audited Balance Sheet date	31.03.2022	31.03.2022	31.03.2022	31.03.2021	31.03.2021
2	Details of Associates / Joint Ventures where shares held by the Company					
	Total shares issued by the Associates/ Joint Venture	12000000	23560000	19000002	3050000	6552111
	Number of shares held by the Company	4800000	11780000	9500000	177962	1326970
	Amount of Investment in Associates/ Joint Venture (in ₹ lacs)	480.00	1178.00	950.00	-	650.00
	Extend of Holding % in the Associates/ Joint Venture	40%	50%	50% less one share	5.83%	20.25%
3	Description of how there is significant influence	Joint Venture			No Significant influence	Associate
4	Reason why the associate/joint venture is not consolidated	Consolidated			Shareholding is less than the threshold limit for Consolidation	Not required under the applicable Ind-AS
5	Net worth attributable to Shareholding as per latest audited Balance Sheet (in ₹ lacs)	2853.96	2408.58	690.98	825.02	798.43
6	Profit/ Loss for the year After Tax before other comprehensive income (in ₹ lacs)	959.57	810.25	(10.56)	1,075.04	228.18
i.	Considered in consolidation (in ₹ lacs)	383.83	405.12	(5.28)	-	-
ii.	Not considered in consolidation (in ₹ lacs)	575.74	405.13	(5.28)	-	-

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

For and on behalf of the Board

Sd/-

Umesh Talwar

Place: Gurugram

Date: 23rd May, 2022

Vice Chairman & Managing Director

(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director

(DIN: 00628063)

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

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

A) Conservation of energy

i) The steps taken or impact on conservation of energy & utilizing alternate source of energy.

- High Consumption of Motors for Water Circulation at Cooling Tower
Present status = 4 submersible pump + 1 Pump = 5HP*4+7.5HP*1= 27.5HP
For cooling tower = 6 Pumps 7.5HP = 30 HP for 4pumps
Total running load = 27.5 + 30 HP = 57.5 HP = 43KW
Proposed pumps = 7.5KW * 2 = 15 KW
Net saving = 43-15 = 28 KW
Saving in price = 28*18 hrs*26days*8= 104832 ₹ /Month
Cost of Pumps = 2 lacs (Approx), ROI = 5YRS
Total saving = 104832*12 = 1257984-3333= 1254651 ₹ /year

Total saving in price = 104554 ₹ /Month

- Old High consumption ACs having 3 star rating R22 gas
Old one Acs 1.5Ton power consumption = 2000 Wh = 2 KWh
Old one Acs 2Ton power consumption = 2500 Wh = 2.5 KWh
Total AC's replace = 13 Nos
Total power consumption = 2500*10 + 2000*3 = 31 KWh
New R32 gas AC power consumption = 1.73kwh*10 + 1.51kwh*3 = 21.8 KWh
Energy saved = 31-21.8 kwh = 9.17 kwh
Energy saved in a year = 9.17*10*26*8 = 19073 kwh

Cost saved = 19073*8 = ₹ 152588/year

ii) The capital investment on energy conservation equipment

As above.

B) Technology absorption

i) The efforts made towards technology absorption

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

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

- Indigenized new Sealing products for new platform engines (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.

ANNEXURE VI

- Localization of gasket fiber material with Interface Performance Material.
- Localization of Rubber Compounds for sealing application.

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

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

(C) Foreign exchange earnings and Outgo:

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

PARTICULARS	2021-22 (₹ in Lacs)	2020-21 (₹ in Lacs)
Foreign Exchange Earnings	15,559.43	12,716.22
Foreign Exchange Outgo (Imports)	8,772.35	7,313.82

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

	Current year 2021-22 (₹ in Lacs)	Previous Year 2020-21 (₹ in Lacs)
Power & Fuel Consumption		
1. Electricity		
a) Own Generation		
Through Captive Power Plant (HFO Based)		
LSHS Oil ₹ /Litre	-	39.80
Furnace Oil ₹/Litre	-	-
HSD Oil ₹/Litre	-	73.46
Unit (KWH in lacs)	-	0.49
Total amount (In ₹)	-	4.53
Cost ₹/Unit	-	9.25
Through Captive Power Plant (500kva dg set)		
HSD Oil ₹ /Litre	89	73.46
Unit (KWH in lacs)	0.36	0.17
Total Amount (In ₹)	7.82	3.28
Cost ₹ /Unit	21.71	19.05
b) Purchased from DHBVNL		
Unit Consumed (In lacs)	178.03	157.16
Total Amount (In lacs)	1,359.02	1,217.87
Cost ₹ /Unit	7.63	7.75

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

Place: Gurugram
Date: 23rd May, 2022

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

Relevant clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	- Ratio of the remuneration of Mr. Umesh Talwar to the median remuneration of the employees - 39:1 - Ratio of the remuneration of Mr. Anuj Talwar -33:1
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Mr. Umesh Talwar- (17.53 %) Mr. Anuj Talwar- (17.51%) Mr. Manish Khanna- (9.35%) Mrs. Seema Narang-(6.70%)
(iii)	Percentage increase in the median remuneration of employees in the financial year.	7.78 %
(iv)	Number of permanent employees on the rolls of company	523
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 7.23 %. There was no increase in the managerial remuneration during the year.
(vi)	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The remuneration paid to employees is as per the remuneration policy of the Company.

For and on behalf of the Board

Sd/-

Umesh Talwar

Vice Chairman & Managing Director
(DIN: 00059271)

Place: Gurugram
Date: 23rd May, 2022

Sd/-

Anuj Talwar

Joint Managing Director
(DIN: 00628063)

ANNEXURE –VII (B)

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

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

Sl.	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	Suresh Kumar Sharma	President	65,48,625	Permanent	M.B.A and Mechanical Engineering	36	02.02.2016	57	Omax Auto	No
2	Vivek Singh	President	56,95,036	Permanent	PPGDM, Finance & IT / B.E Mechanical	24	15.07.2019	47	AVTEC Limited	No
3	Ajay Singh	Vice President	40,86,880	Permanent	B.E.	33	18.05.1991	57	Tele Tubes	No
4	Manish Khanna	Chief Financial Officer	36,58,243	Permanent	C.A.	25	15.06.2016	51	Lee Boy	No
5	Sushant Sindwani	D.G.M	23,86,753	Permanent	M.B.A.	22	02.06.2014	45	Escorts	No
6	Nene Pranjal Prabhakar	C.G.M	23,25,323	Permanent	DME , DBM	39	01.10.2011	58	L & T	No
7	Bhaskar Kumar	G.M	21,09,807	Permanent	Diploma	28	05.03.2018	51	Minda	No
8	Anshu Mehra	G.M	20,91,094	Permanent	M.S.W.	23	16.09.2015	46	Omax Auto	No
9	Seema Narang	Company Secretary	20,20,860	Permanent	CS, B.Com (Hons)	30	22.02.2010	55	Aksh Optifibre	No
10	S C Shukla	G.M	19,79,862	Permanent	B.Sc., Diploma	36	02.11.1992	59	Shree Ram Needle	No

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

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

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

For and on behalf of the Board

Sd/-
Umesh Talwar
Vice Chairman & Managing Director
(DIN: 00059271)

Sd/-
Anuj Talwar
Joint Managing Director
(DIN: 00628063)

Place: Gurugram
Date: 23rd May, 2022

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2022, the Board of Directors comprised of Twelve (12) Directors – Two (2) Executive Directors and Ten (10) Non- Executive Directors out of which Six (6) Directors are Independent Directors including one Woman Director.

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

The Chairman of the Board is a Non-Executive Promoter Director and the number of Independent Directors 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.

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

During the year 2021-22, following changes took place:

- Mr. V. Mohan, Independent Director of the Company, ceased to be a Director of the Company with effect from 5th November, 2021 due to his death.
- Mr. Deepak Jain, (DIN: 00004972) was appointed as an Additional Director (Non-Executive and Independent) w.e.f. 29th December, 2021.

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

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

Familiarization Programme

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

Report on Corporate Governance (Contd.)

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

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

Relationship between Directors, *inter-se*

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

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

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

Number of shares held by Directors as on 31st March, 2022

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

Name of Director	No. of Shares held
Mr. Naresh Talwar	2,81,264
Mr. Vidur Talwar	2,81,264
Mr. Navin Juneja	1,453
Mr. Amit Burman	2,627
Mr. Varun Talwar	2,81,264

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

Name of Director	No. of Shares held
Mr. Umesh Talwar	1,87,510
Mr. Anuj Talwar	3,75,018

Meetings and Attendance

During the year ended 31st March, 2022 Five meetings of the Board of Directors were held on the following dates:

(i) 8th June, 2021 (ii) 11th August, 2021 (iii) 8th November, 2021 (iv) 29th December, 2021 (v) 9th February, 2022

The 64th Annual General Meeting (AGM) was held on 27th September, 2021.

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

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the Last AGM
Mr. Naresh Talwar, (Chairman)	Promoter, Non-Executive	4	Yes
Mr. Umesh Talwar, (Vice Chairman and Managing Director)	Promoter, Executive	4	Yes
Mr. Varun Talwar, (Joint Managing Director)	Executive Non- Independent	4	No
Mr. Anuj Talwar, (Joint Managing Director)	Executive Non-Independent	5	Yes
Mr. Vidur Talwar	Non-Executive Non-Independent	5	No
Mr. Navin Juneja	Non-Executive Non-Independent	5	Yes
Mr. Anil Kumar Mehra	Non-Executive & Independent	5	No
Mr. V. Mohan*	Non-Executive & Independent	2	Yes

Report on Corporate Governance (Contd.)

Name of the Directors	Category	No. of Board Meetings Attended	Whether Attended the Last AGM
Mr. Amit Burman	Non-Executive & Independent	1	No
Ms. Priyanka Gulati	Non-Executive & Independent	5	No
Mr. Ajay Kumar Vij	Non-Executive & Independent	5	No
Mr. Tarun Singhal	Non-Executive & Independent	5	No
Mr. Deepak Jain**	Non-Executive & Independent	1	-

*Mr. V. Mohan, Independent Director of the Company, ceased to be a Director of the Company with effect from 5th November, 2021 due to his death.

**Mr. Deepak Jain, (DIN: 00004972) was appointed as an Additional Director (Non-executive and Independent) w.e.f. 29th December, 2021 pursuant to the provisions of the Act & SEBI Listing Regulations.

Separate Meeting of Independent Directors

In terms of the requirements of Section 149(8) of the Companies Act, 2013 read with Schedule IV thereto, a separate meeting of the Independent Directors without the attendance of non-independent directors and members of the management was held on 27th December, 2021 to review performance of Non-Independent Directors and the Board as a whole and also performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of the flow of information between the Company management and the Board.

Directorships/Committee positions held by the Directors

Details of Directorships/Committee positions held by the Directors as on 31st March, 2022 in Indian Listed Companies are as follows:

Name of the Directors	Number of Directorships and Committee Memberships/ Chairmanships as on 31 st March, 2022			Directorships in Other Listed Companies		Skill and Area of Expertise
	Other Directorship(s) **	Committee Membership(s)*	Committee Chairmanship*	Name of the Company	Category	
Mr. Naresh Talwar, (Chairman)	-	-	-	-	-	Automotive Components Industry
Mr. Umesh Talwar, (Vice Chairman & Managing Director)	-	-	-	-	-	Automotive Components Industry
Mr. Varun Talwar, (Joint Managing Director)	-	-	-	-	-	IT Sector, Auto Components and Health Care Industry
Mr. Anuj Talwar, (Joint Managing Director)	-	-	-	-	-	Corporate Finance, Credit Analysis and Auto Industry
Mr. Vidur Talwar	-	-	-	-	-	Automotive Components Industry
Mr. Navin Juneja	-	-	-	-	-	Financial Management, Corporate Planning, Accounting and Strategic Planning

Report on Corporate Governance (Contd.)

Name of the Directors	Number of Directorships and Committee Memberships/ Chairmanships as on 31 st March, 2022			Directorships in Other Listed Companies		Skill and Area of Expertise
	Other Directorship(s) **	Committee Membership(s)*	Committee Chairmanship*	Name of the Company	Category	
Mr. Anil Kumar Mehra	2	-	-	-	-	Finance
Mr. Amit Burman	3	1	-	Dabur India Limited	Non-Executive Director	Management and Healthcare Industry
Ms. Priyanka Gulati	1	-	-	-	-	Management Consulting and Entrepreneurship
Mr. Ajay Kumar Vij	1	-	-	-	-	Healthcare Industry
Mr. Deepak Jain	5	2	1	RSWM Limited	Non-Executive Independent Director	Automotive Components Industry
				Lumax Auto Technologies Limited	Non-Executive Director	
				Lumax Industries Limited	Promoter, Executive Director	
Mr. Tarun Singhal	-	-	-	-	-	Auto Industry

Notes:

* The committees considered for the purpose are those prescribed under regulation 26 of SEBI Listing Regulations viz. Audit Committee and Stakeholders' Relationship Committee of Listed Companies.

** Other Directorships exclude Directorship in Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013.

3. COMMITTEES OF THE BOARD**(i) Audit Committee**

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

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

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

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

Report on Corporate Governance (Contd.)

- 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 four members including three Independent Directors viz. i.e. Mr. A. K. Mehra, Mr. Amit Burman, Mr. Navin Juneja and Ms. Priyanka Gulati.

Mr. V. Mohan, Chairman of the Audit Committee, ceased to be the Chairman of the Audit Committee of the Company with effect from 5th November, 2021 due to his death. Mr. V. Mohan attended the 64th Annual General Meeting of the Company held on 25th September, 2021 to address the shareholders' queries pertaining to financial statements of the Company.

Mr. Anil Kumar Mehra, Non-executive Independent Director of the Company and a Chartered Accountant by qualification, was appointed as Chairman of the Audit Committee of the Company in Board meeting held on 8th November, 2021.

All the members of the Audit Committee are financially literate. The Audit Committee satisfies

the criteria of two-third of its members being Independent Directors.

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

Company Secretary acts as Secretary to the Committee.

During the year ended 31st March, 2022, four meetings of the Audit Committee were held on the following dates:

- (i) 8th June, 2021 (ii) 11th August, 2021 (iii) 8th November, 2021 (iv) 9th February, 2022.

The attendance of each Audit Committee Member is as under:

Name of the Directors	No. of Meetings Attended
Mr. V. Mohan ¹ , Chairman	2
Mr. Anil Kumar Mehra ² , Chairman	4
Mr. Amit Burman, Member	1
Mr. Anuj Talwar ³ , Member	3
Mr. Vidur Talwar ⁴ , Member	1
Mr. Navin Juneja ⁵ , Member	1
Mrs. Priyanka Gulati, Member	4

1 Mr. V. Mohan, Chairman of the Audit Committee, ceased to be the Chairman of the Audit Committee of the Company with effect from 5th November, 2021 due to his death.

2 Mr. Anil Kumar Mehra was appointed as Chairman of the Audit Committee of the Company in Board meeting held on 8th November, 2021.

3 Mr. Anuj Talwar ceased to be a Member of the Audit Committee of the Company with effect from 8th November, 2021.

4 Mr. Vidur Talwar ceased to be a Member of the Audit Committee of the Company with effect from 8th November, 2021.

5 Mr. Navin Juneja was appointed as Member of the Audit Committee of the Company with effect from 8th November, 2021.

Report on Corporate Governance (Contd.)

(ii) Nomination & Remuneration Committee

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

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

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

Mr. V. Mohan, Member of the Nomination & Remuneration Committee of the Company, ceased

to be a Member of the Nomination & Remuneration Committee of the Company with effect from 5th November, 2021 due to his death.

The Nomination & Remuneration Committee consists of three members all being Non-Executive Independent Directors i.e. Mr. A. K. Mehra, Mr. Ajay Kumar Vij and Mr. Tarun Singhal.

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

During the year, one meeting of the Nomination & Remuneration Committee was held on 29th December, 2021. The detail of attendance of each Committee Member is as under:

Name of Director	No. of meetings attended
Mr. Anil Kumar Mehra, Chairman	1
Mr. V. Mohan ¹ , Member	0
Mr. Amit Burman ² , Member	0
Mr. Ajay Kumar Vij ³ , Member	1
Mr. Tarun Singhal ⁴ , Member	1

¹ Mr. V. Mohan ceased to be a Member of the Nomination & Remuneration Committee of the Company with effect from 5th November, 2021 due to his death.

² Mr. Amit Burman ceased to be a Member of the Nomination & Remuneration Committee of the Company with effect from 8th November, 2021.

³ Mr. Ajay Kumar Vij was appointed as Member of the Nomination & Remuneration Committee of the Company with effect from 8th November, 2021.

⁴ Mr. Tarun Singhal was appointed as Member of the Nomination & Remuneration Committee of the Company with effect from 8th November, 2021.

Performance Evaluation

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

The performance evaluation for the financial year was carried out in accordance with the criteria laid out by the Nomination and Remuneration

Report on Corporate Governance (Contd.)

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, 2022

(Amt in ₹)

S. No	Name of the Director	Basic Salary	House Rent Allowance	Provident Fund Contribution	Allowances	Superannuation Fund	Total
1.	Mr. Umesh Talwar	90,60,000	63,42,000	10,87,200	9,10,800	99,996	1,74,99,996
2.	Mr. Anuj Talwar	77,52,000	54,26,400	9,30,240	7,91,340	99,996	1,49,99,976
Total		1,68,12,000	1,17,68,400	20,17,440	17,02,140	1,99,992	3,24,99,972

Other terms and conditions:

	Mr. Umesh Talwar	Mr. Anuj Talwar
Term of Appointment*	Three years, from 1 st April, 2021 to 31 st March, 2024	Three years, from 14 th August, 2021 to 13 th August, 2024

Non-Executive Directors

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

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

Sitting fee paid for financial year 2021-22 is tabled below:

Name of Non-Executive Director	Sitting Fee (In ₹)
Mr. A.K. Mehra	2,10,000
Mr. V Mohan	90,000
Mr. Amit Burman	30,000
Mr. Navin Juneja	1,65,000
Ms. Priyanka Gulati	2,10,000
Mr. Ajay Kumar Vij	1,50,000
Mr. Tarun Singhal	1,50,000
Mr. Deepak Jain*	30,000
Total	10,35,000

*Appointed as an Additional Director w.e.f 29th December, 2021.

Report on Corporate Governance (Contd.)

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

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

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

(iii) Stakeholders' Relationship Committee

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

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

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

Composition and Attendance

The Stakeholders' Relationship Committee comprises of 3 Non-Executive Directors i.e. Mr. Navin Juneja, Mr. Anuj Talwar and Mr. Tarun Singhal of which 1 is Independent Director. Mr. Navin Juneja is the Chairman of the Committee.

During the year ended 31st March, 2022, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

(i) 8th June, 2021 (ii) 11th August, 2021 (iii) 8th November, 2021 (iv) 9th February, 2022

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

Name of the Directors	No. of Meetings Attended
Mr. Navin Juneja, Chairman	4
Mr. V. Mohan ¹ , Member	2
Mr. Anil Kumar Mehra ² , Member	3
Mr. Anuj Talwar ³ , Member	1
Mr. Tarun Singhal ⁴ , Member	1

¹ Mr. V. Mohan ceased to be a Member of the Stakeholders' Relationship Committee of the Company with effect from 5th November, 2021 due to his death.

² Mr. Anil Kumar Mehra ceased to be a Member of the Stakeholders' Relationship Committee of the Company with effect from 8th November, 2021.

³ Mr. Anuj Talwar was appointed as Member of the Stakeholders' Relationship Committee of the Company with effect from 8th November, 2021.

⁴ Mr. Tarun Singhal was appointed as Member of the Stakeholders' Relationship Committee of the Company with effect from 8th November, 2021.

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	55
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Report on Corporate Governance (Contd.)

Number of Shareholders Complaints solved to the satisfaction of Shareholders	55
Number of Shareholders Complaints pending as on 31 st March, 2022	Nil

Name and designation of Compliance Officer

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

(iv) Corporate Social Responsibility (CSR) Committee

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

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

Composition and Attendance

During the year, two meetings of the Corporate Social Responsibility Committee were held on 1st April, 2021 and 7th February, 2022. The details of attendance of each Committee Member are as under:

Name of the Directors	No. of Meetings Attended
Mr. Umesh Talwar, Chairman	2
Mr. Amit Burman, Member	1
Mr. Navin Juneja, Member	2

4. GENERAL BODY MEETINGS

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

Financial Year	2018-19	2019-20	2020-21
Venue	Hotel Saffron Kiran, 12/6, NH-2, (Near to Sarai Metro Station and Badarpur Toll Plaza) Sarai Khwaja, Faridabad -121003, Haryana	Through video conferencing. Deemed venue – 14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad – 121003 Haryana (Registered Office)	Through video conferencing. Deemed venue – 14/1, Delhi Mathura Road, P.O. Amar Nagar, Faridabad – 121003 Haryana (Registered Office)
Date and Time	25 th September, 2019 (Wednesday), 10.30 A.M.	25 th September, 2020 (Friday), 10.30 A.M.	25 th September, 2021 (Monday), 10.30 A.M.
Special Resolutions Passed	None	1. Re-appointment of Mr. Umesh Talwar (DIN:00059271) as Vice Chairman and Managing Director with effect from 1 st April, 2021 for a period of 3 years. 2. Re-appointment of Mr. Anuj Talwar (DIN: 00628063) as Joint Managing Director with effect from 14 th August, 2021 for a period of 3 years.	None

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

Report on Corporate Governance (Contd.)

POSTAL BALLOT

During the year, the Company did not pass any special resolution through Postal Ballot as no voting was conducted through Postal Ballot.

5. MEANS OF COMMUNICATION

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

The financial results are also posted on the website of the Company i.e. www.talbro.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 and share transfer agents etc.

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

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

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

- e) **Investor Conference Calls:** Every quarter, post announcement of financial results, conference calls are organized with 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) 65th Annual General Meeting

The 65th Annual General Meeting will be held on Monday, 26th September, 2022 at 11:00 a.m. through video conferencing/ other audio-visual means.

(ii) Financial Year

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

(iii) Book Closure Date

The period of book closure for the purpose of AGM and payment of Dividend for FY 2021-22 is from 19th September, 2022 to 26th September, 2022 (both days inclusive).

Financial Reporting Calendar:

Un audited Quarterly results for the quarters	Tentative date of Reporting
April – June 2022	mid of August, 2022
July – September 2022	mid of November 2022
October – December 2022	mid of February 2023
January – March 2023	4 th week of May 2023

(iv) Dividend Payment Date

The Board of Directors of the Company has recommended a dividend of 15% on the paid-up equity share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend, if approved by the shareholders, shall be paid to all the members as on the date of Annual General Meeting within the statutory limit of 30 days from the date of its declaration.

Report on Corporate Governance (Contd.)

(v) Listing of Equity Shares on Stock Exchanges

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

The annual listing fee due to BSE Limited and the National Stock Exchange of India Limited for the year 2022-23 has been duly paid.

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

(vi) Stock Code

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

(vii) Market Price Data

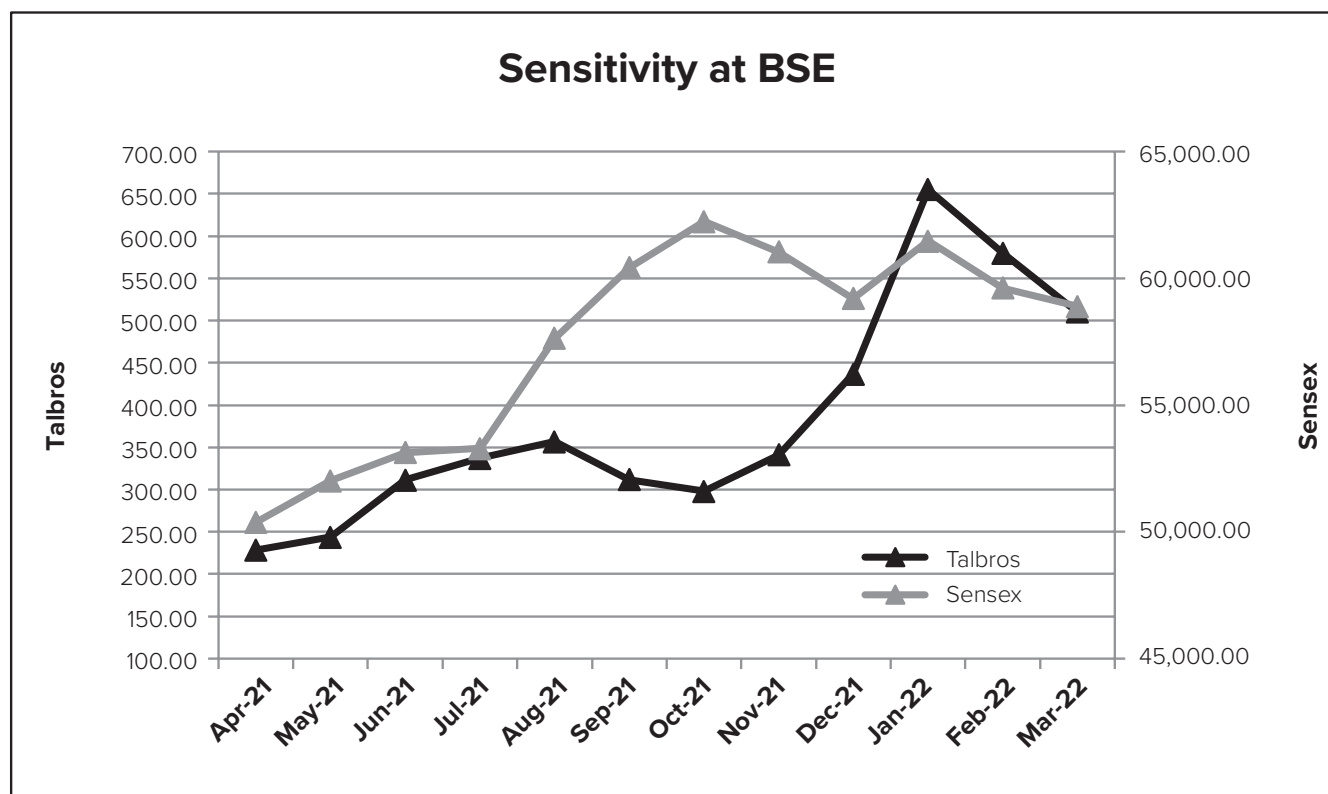
Months	Share Price at BSE		Share Price at NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-21	228.45	193.05	228.70	190.45
May-21	244.00	195.25	244.00	195.70
Jun-21	311.40	238	311.30	236.45
Jul-21	336.95	275.65	338.70	275.45
Aug-21	356.75	273.35	357.50	272.85
Sep-21	312.00	267.75	317.90	267.40
Oct-21	298.00	254.20	298.00	254.00
Nov-21	341.15	262.10	339.70	265.70
Dec-21	436.90	355.00	426.60	353.80
Jan-22	654.90	388.15	658.00	386.30
Feb-22	580.00	406.50	580.20	412.85
Mar-22	510.25	415.95	515.00	414.50

Report on Corporate Governance (Contd.)

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

BSE SENSEX

Months	Share Price		Sensex	
	High (₹)	Low (₹)	High	Low
Apr-21	228.45	193.05	50,375.77	47,204.50
May-21	244.00	195.25	52,013.22	48,028.07
Jun-21	311.40	238.00	53,126.73	51,450.58
Jul-21	336.95	275.65	53,290.81	51,802.73
Aug-21	356.75	273.35	57,625.26	52,804.08
Sep-21	312.00	267.75	60,412.32	57,263.90
Oct-21	298.00	254.20	62,245.43	58,551.14
Nov-21	341.15	262.10	61,036.56	56,382.93
Dec-21	436.90	355.00	59,203.37	55,132.68
Jan-22	654.90	388.15	61,475.15	56,409.63
Feb-22	580.00	406.50	59,618.51	54,383.20
Mar-22	510.25	415.95	58,890.92	52,260.82

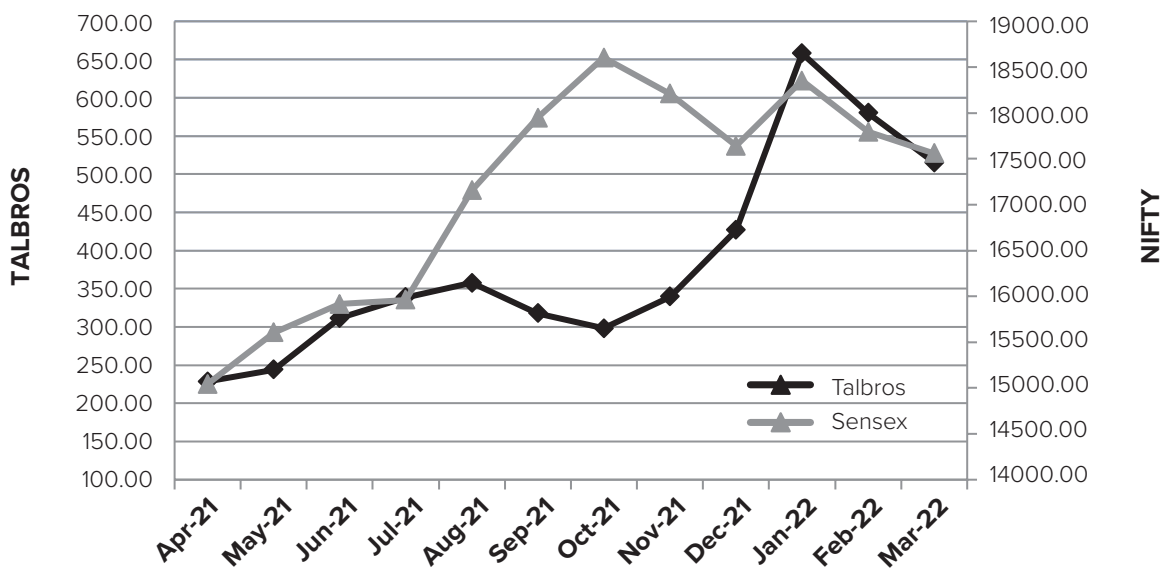


Report on Corporate Governance (Contd.)

NIFTY

Months	Share Price		Nifty	
	High (₹)	Low (₹)	High	Low
Apr-21	228.70	190.45	15,044.35	14,151.40
May-21	244.00	195.70	15,606.35	14,416.25
Jun-21	311.30	236.45	15,915.65	15,450.90
Jul-21	338.70	275.45	15,962.25	15,513.45
Aug-21	357.50	272.85	17,153.50	15,834.65
Sep-21	317.90	267.40	17,947.65	17,055.05
Oct-21	298.00	254.00	18,604.45	17,452.90
Nov-21	339.70	265.70	18,210.15	16,782.40
Dec-21	426.60	353.80	17,639.50	16,410.20
Jan-22	658.00	386.30	18,350.95	16,836.80
Feb-22	580.20	412.85	17,794.60	16,203.25
Mar-22	515.00	414.50	17,559.80	15,671.45

Sensitivity at NSE



Report on Corporate Governance (Contd.)

(viii) Registrar & Transfer Agent

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

M/s KFIN Technologies Ltd.,

Unit: Talbros Automotive Components Ltd.,

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

Financial District, Gachibowli, Nanakramguda, Serilingampally

Hyderabad 500 008, India

Email: rajeev.kr@kfintech.com

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

(ix) Share Transfer System

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

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

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

(x) Distribution of Shareholding as on 31st March, 2022

Category (Amount)		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	35426	99.80	3440156	27.87
5001	10000	36	0.10	266292	2.16
10001	20000	6	0.02	81837	0.66
20001	30000	9	0.03	215294	1.74
30001	40000	1	0.00	35692	0.29
40001	50000	2	0.01	93347	0.76
500001	100000	2	0.01	108425	0.88
100001	Above	14	0.04	8104587	65.65
Total		35496	100.00	12345630	100.00

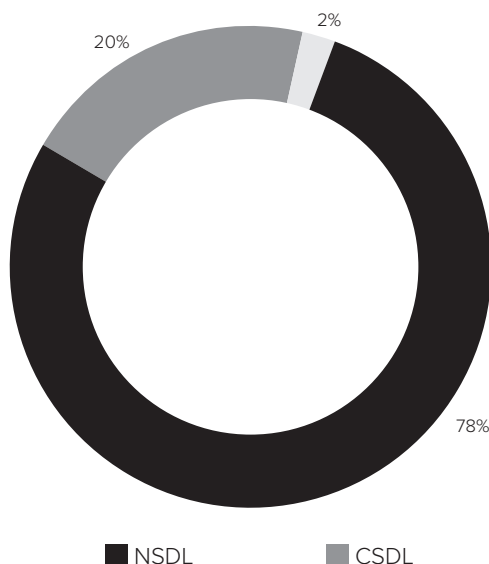
Report on Corporate Governance (Contd.)

(xi) Dematerialization of Shares and Liquidity as on 31st March, 2022

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

The breakup of Equity Share capital held with depositories and in physical form as on 31st March, 2022 is as follows:

Category	No. of shareholders	No. of Equity Shares	% of Capital
Physical	1676	185864	1.51
NSDL	12693	9629943	78.00
CDSL	21127	2529823	20.49
Total	35,496	12345630	100.00



(xii) Outstanding Stock Option

There are no outstanding warrants or any convertible instruments as on 31st March, 2022.

(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 Limited, Sitarganj, Uttarakhand -262405
Forging Division	Plot No. 39 to 46, Sector-6, Industrial Growth Centre, Bawal-123501, Distt. Rewari (Haryana)

(xiv) Address for Correspondence

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

Registered Office

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

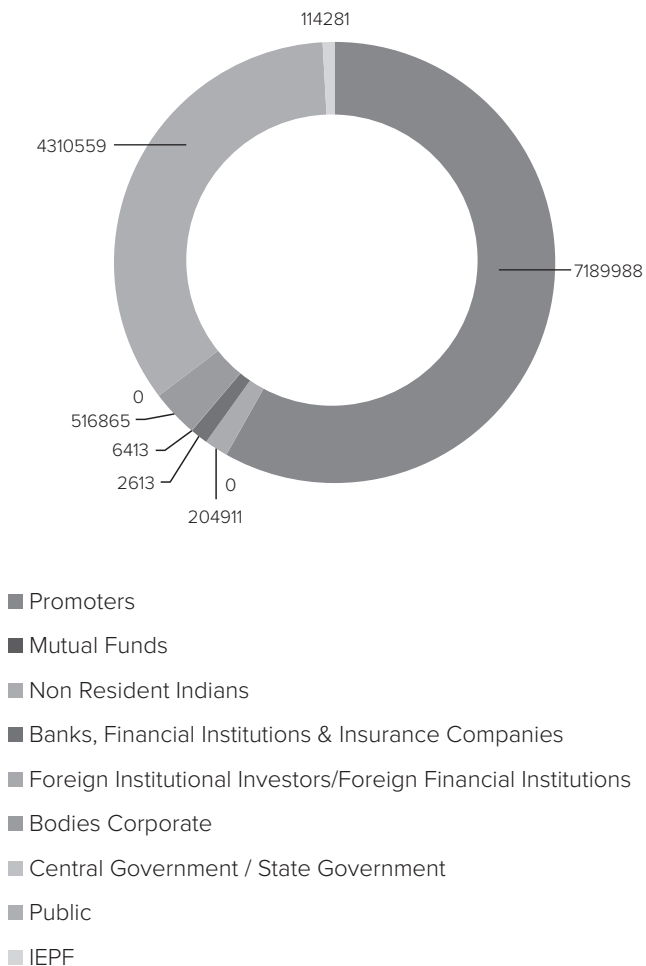
For all matters relating to investor relations please contact:

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

Report on Corporate Governance (Contd.)

(xv) Shareholding Pattern as on 31st March, 2022

Category	No. of Shares	% to equity
Promoters	7189988	58.24
Mutual Funds	-	-
Non Resident Indians	204911	1.66
Banks, Financial Institutions & Insurance Companies	2613	0.02
Foreign Institutional Investors/ Foreign Financial Institutions	6413	0.05
Bodies Corporate	516865	4.19
Central Government/ State Government	-	-
Public	4310559	34.92
IEPF	114281	0.93
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
2014-15	25 th September, 2015	23 rd October, 2022
2015-16	26 th September, 2016	24 th October, 2023
2016-17	26 th September, 2017	24 th October, 2024
2017-18	25 th September, 2018	23 rd October, 2025
2018-19	25 th September, 2019	23 rd October, 2026
2019-20	25 th September, 2020	23 rd October, 2027
2020-21	27 th September, 2021	25 th October, 2028

Report on Corporate Governance (Contd.)

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

Nomination

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

(xix) Credit ratings obtained by the Company

Company's credit ratings were revised by CARE Ratings on 5th April, 2022, which are mentioned as under:

Facilities	Amount (₹ Crores)	Rating
Long term Bank Facilities	124.74 (reduced from 137.43)	CARE A; Stable (Single A; Outlook: Stable)
Short term Bank Facilities	45.00 (Enhanced from 35.00)	CARE A1 (A One)
Total Bank Facilities	169.74 (₹ One Hundred Sixty nine Crore and Seventy-Four Lacs Only)	
Medium Term Instrument (Fixed Deposit)	1.48	CARE A (FD); Stable Single A (Fixed Deposits); Outlook: Stable
Total Medium Term Instruments	1.48 (₹ One Crore and Forty Eight Lacs only)	

7. OTHER DISCLOSURES

(a) Related Party Transactions

All transactions with Related Parties during the financial year ended 31st March, 2022 covered under the Companies Act, 2013 and SEBI Listing

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

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

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

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

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

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

(d) Compliances by the Company

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

- Corporate governance requirement as specified under Point C of Schedule V of the SEBI Listing Regulations.
- Regulation 17 to 27 and clause (b) to (z) of Regulation 46(2) of the SEBI Listing Regulations, as applicable.

Report on Corporate Governance (Contd.)

- (iii) Treatment as prescribed in the applicable Accounting Standards.
- (e) Policy for determining material subsidiaries**
- Company does not have any subsidiary, and will formulate policy for determining material subsidiaries as and when required.
- (f) Policy on dealing with Related Party Transactions**
- The Company has framed a Policy for related party transactions and the same is available on company's website at following link and the details of related party transactions are given in the Notes to the financial statements.
- The policy is available at talbros.com/policies_codes
- (g) Risk Management**
- The Company has defined and adopted a Risk Management Process, and has also set up a core group of leadership team, which assesses the risks and lays down the procedure for minimization of the risks as an ongoing process integrated with operations.
- The above facilitates not only in risk assessment and timely rectification but also help in minimization of risk associated with respective business operations and periodic reporting to Board as and when required.
- The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors & Senior Management. The Code has been circulated to all employees and also posted on Company's website www.talbros.com. All Board members and senior personnel have affirmed compliance with the code.
- A certificate from Managing Director and Chief Financial Officer on the financial statements of the Company was placed before the Board.
- (h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).**
- No funds have been raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the financial year ended on 31st March, 2022.

- (i) Certificate from practicing Company Secretary**
- The Company has obtained a certificate from a practicing Company Secretary that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. The said certificate forms a part of this report.
- (j) Recommendation of the Board's Committees**
- All recommendations of the various committees were accepted by the Board.
- (k) Details of total fees paid to Statutory Auditors**
- Details of total fees for all services paid by the Company, on a consolidated basis, to the Statutory Auditors are provided under Note No. 32 to the Standalone financial statements.
- (l) Policy against Sexual Harassment at Workplace**
- The Company values the dignity of individuals and is committed to provide an environment, which is free of discrimination, intimidation and abuse.
- The Company has put in place a policy on redressal of Sexual Harassment and a Policy on redressal of harassment at workplace as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/ her complaint to the Redressal Committee formed for this purpose or their Manager or HR personnel.
- The Company has also constituted an Internal Complaints Committee to inquire into complaints of sexual harassment and recommendation for appropriate action.
- No complaints have been filed/ disposed off/ pending during the financial year ended 31st March, 2022.

8. CODE FOR PREVENTION OF INSIDER TRADING

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

Report on Corporate Governance (Contd.)

disclosures to be made, while dealing in shares of the Company and the consequences of non-compliances.

9. MANAGING DIRECTOR/ CFO CERTIFICATION

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

10. ADOPTION OF DISCRETIONARY REQUIREMENTS

With respect to the discretionary requirements as per Regulation 27(1) and Part E of Schedule II to SEBI Listing Regulations, the Company has a non-executive chairperson and the Company also has a record of

unmodified audit opinion on the financial statements as is evident from the audit reports of previous financial years. The Company endeavors to continue the same.

11. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

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

12. COMPLIANCE CERTIFICATE ON REPORT OF CORPORATE GOVERNANCE

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

S. No	Name of Director	DIN	Date of appointment
1	Mr. Naresh Talwar	00059155	15 th July, 2001
2	Mr. Umesh Talwar	00059271	18 th April, 2000
3	Mr. Varun Talwar	00263984	14 th August, 2008
4	Mr. Vidur Talwar	00114643	12 th February, 2015
5	Mr. Anuj Talwar	00628063	14 th August, 2012
6	Mr. Navin Juneja	00094520	12 th November, 2010
7	Mr. Anil Kumar Mehra	00004654	31 st January, 2004
8	Mr. Amit Burman	00042050	25 th June, 2008
9	Mr. Ajay Kumar Vij	00164984	2 nd January, 2019
10	Mrs. Priyanka Gulati	07087707	25 th May, 2018
11	Mr. Tarun Singhal	07056960	18 th June, 2020
12	Mr. Deepak Jain	00004972	29 th December, 2021

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

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

**Sd/-
Kiran Sharma**

M. No. 4942

CP No. 3116

Place: New Delhi
Date: 20th May, 2022

UDIN: F004942D000355875

DECLARATION FOR CODE OF CONDUCT

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2022.

For Talbros Automotive Components Limited

Place: Gurugram

Date: 23rd May, 2022

Sd/-

Umesh Talwar

[Vice Chairman & Managing Director]

DIN: 00059271

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

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

To

The Members of Talbros Automotive Components Limited

- Based on the engagement by the management of Talbros Automotive Components Limited ('the Company'), we have examined the details of the compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2022, 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, 2021 to 31st March, 2022.

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

- 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, 2021 to 31st March, 2022. 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

- 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, 2022.
- Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the mentioned Listing Regulations above. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- 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

- In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate

Governance as stipulated in the above-mentioned Listing Regulations.

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

RESTRICTION ON USE

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

for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For J.C. BHALLA & CO.

Chartered Accountants

Firm Reg. No. 001111N

Sd/-

(Akhil Bhalla)

Partner

Place: Gurugram

Date: 23rd May, 2022

Membership No. 505002

UDIN: 22505002AJLKL9270

CERTIFICATE BY THE VICE CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY UNDER REGULATION 17(8) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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

- A. We have reviewed the audited financial statements of the Company for the financial year ended 31st March, 2022 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the years which are fraudulent, illegal or violative of the Company's code of conduct.

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

Sd/-

Umesh Talwar

Vice Chairman and Managing Director

DIN: 00059271

Sd/-

Manish Khanna

Chief Financial Officer

Place: Gurugram

Date: 23rd May, 2022

FINANCIAL STATEMENTS

Standalone Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Members of

Talbro Automotive Components Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone financial statements of **Talbro Automotive Components Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement for Cash Flows 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 "standalone financial statements").

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, 2022, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 48 to the standalone financial statements in which the Company describes the uncertainties arising from COVID-19 pandemic. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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

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

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information

Independent Auditors' Report (Contd.)

is materially inconsistent with the standalone 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 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.

Independent Auditors' Report (Contd.)

- 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.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.
 - (e) On the basis of the written representations received as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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 A" which is based on the auditor's report of the Company. 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 litigations on its financial position in its standalone 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.
 - (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether,

Independent Auditors' Report (Contd.)

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) As stated in Note 37(b) to the standalone financial statements
- (a) The final dividend proposed in the previous year, declared, and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN: 22505002AJLFNM3871

Place: New Delhi
Dated: May 23, 2022

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Talbros Automotive Components Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by The Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and those receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure 'A' To The Independent Auditor's Report (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31 March, 2022 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN: 22505002AJLFNM3871

Place: New Delhi
Dated: May 23, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Talbros Automotive Components Limited of even date)

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification
 - (c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed, confirmation from the lenders with whom title deeds have been deposited as security for banking facilities provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) 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 less than 10% in aggregate for each class of inventory and same have been properly dealt within books of account.
 - (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, from banks or financial institutions on the basis of security of current assets during the year and the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company. Items of reconciliation has been duly identified between the quarterly returns and books of account of the Company.
 - iii. The Company has not made investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3(iii)(a), (b), (c), (d), (e) and (f) of the Order are not applicable.
 - iv. In our opinion and according to the information and explanations given to us, the Company has not entered any transaction covered under section 185 of the Act. However, the Company has complied with the provisions of Sections 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
 - v. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, regarding the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National

Annexure 'B' To The Independent Auditor's Report (Contd.)

Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard. The Company has not accepted any amounts which are deemed to be deposits, and hence reporting under clause 3 (v) of the order is not applicable.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

(a) In our opinion, the Company has generally been

regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess, and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess, and other material statutory dues in arrears as at March 31, 2022, for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the statute	Nature of dues	Amount (₹ In lacs)	Amount paid under protest (₹ In lacs)	Period to which the amounts relate	Forum where dispute is pending
Finance Act, 1994	Cenvat-Credit disallowed	8.85		2007-08 to 2010-11	Assistant Commissioner Faridabad
Custom Act, 1962	Demand of Custom Duty	28.12	4.13	FY 2012-13, 2014-15, 2015-16	The Customs, Excise and Service Tax Appellate Tribunal
Custom Act, 1962	Demand of Custom Duty	7.97		2013-14	Deputy Commissioner of Customs, Delhi
Uttarakhand VAT Act, 2005	Value Added tax	38.67		FY 2016-17	Deputy Commissioner

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) On an overall examination of the financial statements of the Company and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its joint ventures.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable).

Annexure 'B' To The Independent Auditor's Report (Contd.)

- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing, and extent of our audit procedures.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) In our opinion, there are no ongoing projects and accordingly reporting under clause 3(xx)(b) of the Order is not applicable.

For J. C. Bhalla & Co.

Chartered Accountants
Firm Regn. No. 001111N

(Akhil Bhalla)

Partner
Membership No. 505002
UDIN: 22505002AJLFNM3871

Place: New Delhi

Dated: May 23, 2022

BALANCE SHEET

as at 31st March, 2022

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Note	31 st March, 2022	31 st March, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	15,330.72	14,538.48
Capital work in progress	2	325.02	303.96
Investment property	3	297.96	313.95
Intangible assets	4	92.20	123.52
Financial assets			
Investments	5	6,446.14	4,754.00
Other financial assets	7A	186.00	159.47
Current tax assets	8	213.16	-
Other non-current assets	9A	452.98	246.82
Total non-current assets		23,344.18	20,440.20
Current assets			
Inventories	10	11,425.41	10,214.53
Financial assets			
Trade receivables	11	15,146.66	15,496.68
Cash and cash equivalents	12	205.55	274.98
Other bank balances	13	332.05	907.41
Loans	6	428.52	441.11
Other financial assets	7B	233.86	300.97
Other current assets	9B	2,488.82	2,249.90
Total current assets		30,260.87	29,885.58
Total assets		53,605.05	50,325.78
Equity and liabilities			
Equity			
Equity share capital	14	1,234.56	1,234.56
Other equity	15	25,608.14	20,956.43
Total equity		26,842.70	22,190.99
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16A	761.68	1,410.79
Lease liabilities	17A	3.72	17.07
Other financial liabilities	18A	9.05	6.11
Provisions	19A	204.03	225.35
Deferred tax liabilities	20	1,105.06	550.03
Other non-current liabilities	21A	24.49	66.68
Total non-current liabilities		2,108.03	2,276.03
Current liabilities			
Financial liabilities			
Borrowings	16B	8,137.91	8,870.91
Lease liabilities	17B	15.00	19.42
Trade payables	22		
(i) total outstanding dues of micro enterprises and small enterprises		103.93	162.40
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		15,210.46	14,777.06
Other financial liabilities	18B	707.14	908.38
Other current liabilities	21B	376.32	395.27
Provisions	19B	103.56	89.13
Current tax liabilities	23	-	636.19
Total current liabilities		24,654.32	25,858.76
Total equity and liabilities		53,605.05	50,325.78
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements	1		

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

For and on behalf of Talbro's Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla

Partner
Membership No. 505002

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

Manish Khanna

Chief Financial Officer

Umesh Talwar

Vice Chairman and Managing Director
[DIN: 00059271]

Seema Narang

Company Secretary

Place: Gurugram
Date: 23rd May, 2022

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2022

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Note	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Revenue			
Revenue from operations	24	57,724.03	44,419.72
Other income	25	767.36	895.42
Total income		58,491.39	45,315.14
Expenses			
Cost of materials consumed	26	31,232.75	22,361.39
Purchase of stock-in-trade	27	387.65	241.34
Changes in inventories of finished goods, stock in trade and work in progress	28	(974.26)	1,222.05
Employee benefits expenses	29	6,510.52	5,387.15
Finance costs	30	1,176.73	1,348.66
Depreciation and amortisation expense	31	2,288.65	2,298.28
Other expenses	32	13,016.75	9,639.84
Total expenses		53,638.79	42,498.71
Profit before exceptional items and tax		4,852.60	2,816.43
Exceptional items	33	-	1,811.94
Profit before tax		4,852.60	4,628.37
Tax expense	34		
Current tax		1,294.34	1,380.81
Deferred tax		(201.12)	(76.30)
Earlier years tax adjustments (net)		54.43	(36.94)
Total tax expense		1,147.65	1,267.57
Profit for the year		3,704.95	3,360.80
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		25.63	(36.91)
Changes in fair value of FVOCI equity instruments		1,692.15	1,472.00
Income tax relating to items that will not be reclassified to profit or loss		(400.65)	(333.26)
Total other comprehensive income for the year		1,317.13	1,101.83
Total comprehensive income for the year		5,022.08	4,462.63
Earnings per equity share (Face value ₹ 10 per share)	35		
Basic (₹)		30.01	27.22
Diluted (₹)		30.01	27.22
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: 23rd May, 2022

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, 2022

A Equity share capital

Particulars	Balance as at 1 st April, 2020	Changes in equity share capital during the year	Balance as at 31 st March, 2021	Changes in equity share capital during the year	Balance as at 31 st March, 2022
Equity share capital	1,234.56	-	1,234.56	-	1,234.56

B Other equity

Particulars	Reserves and surplus				Equity instruments through Other Comprehensive Income	Total
	General reserve	Capital reserve	Securities premium	Retained earnings		
Balance as at 1st April, 2020	698.23	15.21	4,678.30	11,146.77	17.00	16,555.51
Profit for the year	-	-	-	3,360.80	-	3,360.80
Other comprehensive income for the year (net of tax impact)	-	-	-	(24.01)	1,125.84	1,101.83
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(61.73)	-	(61.73)
Balance as at 31st March, 2021	748.23	15.21	4,678.30	14,371.85	1,142.84	20,956.43
Profit for the year	-	-	-	3,704.95	-	3,704.95
Other comprehensive income for the year (net of tax impact)	-	-	-	19.19	1,297.94	1,317.13
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(370.37)	-	(370.37)
Balance as at 31st March, 2022	798.23	15.21	4,678.30	17,675.62	2,440.78	25,608.14

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: 23rd May, 2022

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, 2022

Particulars	Year ended 31 st March, 2022	Year ended 31 st March, 2021
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,852.60	4,628.37
Adjustments for:		
Depreciation on property, plant and equipment, investment property and intangible assets	2,288.65	2,298.28
Profit on sale of property, plant and equipment (net)	(96.37)	(2,217.94)
Interest income	(74.89)	(89.76)
Allowance for doubtful debts (net)	194.85	256.06
Unrealised foreign exchange gain	(62.76)	(42.63)
Advances written off	276.79	21.44
Provisions no longer required written back	(273.08)	-
Finance costs	1,176.73	1,348.66
Operating profit before working capital changes	8,282.52	6,202.48
Movement in working capital		
Change in inventories	(1,210.89)	580.11
Change in Trade receivables, other financial and non-financial assets	(227.96)	(3,838.55)
Change in Trade payable, other financial and non-financial liabilities	167.78	4,146.65
Cash generated from operating activities post working capital changes	7,011.45	7,090.69
Income tax paid (net)	(1,842.62)	(471.60)
Net cash generated from operating activities (A)	5,168.83	6,619.09
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development)	(3,441.11)	(2,355.65)
Proceeds from sale of property, plant and equipment	280.02	2,571.98
Movement in other bank balances	578.48	(479.72)
Interest received	48.00	74.14
Net cash used in investing activities (B)	(2,534.61)	(189.25)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) borrowings (Net)	733.63	(2,911.99)
Repayment of term borrowings	(1,845.70)	(2,160.12)
Payment towards lease liabilities	(20.26)	(18.37)
Dividend paid net (including tax)	(372.83)	(63.03)
Interest paid	(1,198.49)	(1,372.29)
Net cash used in financing activities (C)	(2,703.65)	(6,525.80)
Decrease in cash and cash equivalents (A+B+C)	(69.43)	(95.96)
Cash and cash equivalents at the beginning of the year	274.98	370.94
Cash and cash equivalents at the end of the year (Refer note 12)	205.55	274.98

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: 23rd May, 2022

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, 2022

1. CORPORATE INFORMATION

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

1.1 Basis of preparation

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

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31st March, 2022 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 23rd May, 2022.

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

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

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

1.2 Use of estimates

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

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

1.3 Significant accounting policies

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

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

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

The Company classifies all other liabilities as non-current.

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

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

b) Inventory

Inventories are valued as follows:

Raw material, stores and spares

Raw materials, stores and spares are valued at lower of cost and net realizable 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.

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 1st September, 1978 at the Chennai Plant and prior to 31 st December, 1985 at Faridabad Plant)	Plant, machinery and Equipment	All other depreciable Assets
2	Assets acquired prior to 1 st September, 1978 at the Chennai Plant and prior to 31 st December, 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

Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

c) Property, plant and equipment

Recognition and initial measurement

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

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

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

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

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

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

De-recognition

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is 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 recognized as at 1st April, 2016 measured as per the provisions of previous GAAP

and use that carrying value as the deemed cost of property, plant and equipment.

d) Intangible assets

Recognition and initial measurement

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

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

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)**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 recognized 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 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) 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 leases recognized

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

in accordance with Ind AS 116, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i) Foreign currency transactions

Functional and presentation currency

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

Foreign currencies

Initial recognition

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

Subsequent measurement

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

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

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

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

j) Leases

Company as a lessee

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

- (i) the contract involves the use of an identified asset

- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

- (iii) the Company has the right to direct the use of the asset.

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

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

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

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

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Contingent rents are recognized as revenue in the period in which they are earned.

The 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 occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

l) Revenue recognition

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

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company 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

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

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 recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

Export incentives

Export incentives are accounted on accrual basis.

m) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

i. **Financial assets carried at amortized cost** – A financial instrument is measured at 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** – Investments in equity instruments which are held for trading are classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).
- If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.
- Investments in mutual funds - Investments in mutual funds are measured at fair value through profit or loss (FVTPL).

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)***De-recognition of financial assets***

A financial asset is de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

n) Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company considers the following:

- All contractual terms of the Financial Assessments (including prepayment and extension) over the expected life of the assets.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

As a practical expedient the Company has adopted 'simplified approach' using the provision matrix method for recognition of expected loss on trade receivables. The provision matrix is based on three- years rolling average default rates observed over the expected life of the trade receivables and is adjusted for forward-looking estimates. These average default rates are applied on total credit risk exposure on trade receivables and outstanding for more than one year at the reporting date to determine lifetime Expected Credit Losses.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

o) Investment in joint ventures

Investments in joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

p) Retirement and other employee benefits***Provident fund***

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company 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.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

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 projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Other short-term benefits

Expense in respect of other short-term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employees.

q) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable

taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ("MAT") credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealized tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions determined based on the best estimate required to settle the obligation at the reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liabilities are disclosed on the basis of judgement of management after a careful evaluation of facts and legal aspects of matter involved.

Contingent assets are disclosed when probable and recognized when the realization of income is virtually certain.

1.4 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements

requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Provisions, contingent liabilities and contingent assets

– The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets –

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Leases – The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Significant estimates

Useful lives of depreciable/amortizable assets –

Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

Defined benefit obligation – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

1.5 Standard issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as

part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de-recognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Freehold land	Right of use - Land	Right of use - Building	Building	Leasehold improvements	Plant and equipment	Vehicles	Right of use - vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block															
As at 1 st April, 2020	702.62	413.99	-	3,120.67	15.79	20,761.08	438.25	27.80	590.85	423.70	957.73	105.72	10.52	27,568.72	60.21
Additions*	-	-	34.23	28.45	-	2,123.88	2.70	-	12.40	22.36	10.01	-	-	2,234.03	243.75
Disposals/transfers	(9.06)	-	-	(135.33)	-	(639.83)	(22.03)	-	(26.90)	(2.36)	(25.07)	-	-	(860.58)	-
Balance as at 31st March, 2021	693.56	413.99	34.23	3,013.79	15.79	22,245.13	418.92	27.80	576.35	443.70	942.67	105.72	10.52	28,942.17	303.96
Additions	-	-	-	154.78	-	2,647.35	265.72	-	54.20	58.68	51.88	-	-	3,232.61	325.02
Disposals/transfers	-	-	-	(15.79)	-	(311.15)	(181.49)	-	-	(2.16)	(0.84)	-	-	(511.43)	(303.96)
Balance as at 31st March, 2022	693.56	413.99	34.23	3,152.78	15.79	24,581.33	503.15	27.80	630.55	500.22	993.71	105.72	10.52	31,663.35	325.02
Accumulated depreciation															
As at 1 st April, 2020	-	53.42	-	1,354.71	15.79	9,385.66	290.84	10.20	500.15	358.84	579.85	86.30	9.99	12,645.75	-
Charge for the year	-	4.60	6.07	109.36	-	1,962.34	38.13	10.17	37.23	26.64	64.28	4.15	-	2,262.97	-
Disposals/transfers	-	-	-	(107.76)	-	(327.68)	(7.43)	-	(25.92)	(2.30)	(23.94)	-	-	(505.03)	-
Balance as at 31st March, 2021	-	58.02	6.07	1,356.31	15.79	11,020.32	311.54	20.37	511.46	383.18	620.19	90.45	9.99	14,403.69	-
Charge for the year	-	4.60	11.42	113.90	-	1,911.77	43.46	6.88	34.75	37.88	71.41	6.57	0.45	2,243.09	-
Disposals/transfers	-	-	-	(15.78)	-	(145.61)	(150.09)	-	-	(2.45)	(0.22)	-	-	(314.15)	-
Balance as at 31st March, 2022	-	62.62	17.49	1,454.43	15.79	12,786.48	204.91	27.25	546.21	418.61	691.38	97.02	10.44	16,332.63	-
Net block as at 31st March, 2022	693.56	351.37	16.74	1,698.35	-	11,794.85	298.24	0.55	84.34	81.61	302.33	8.70	0.08	15,330.72	325.02
Net block as at 31st March, 2021	693.56	355.97	28.16	1,657.48	-	11,224.81	107.38	7.43	64.89	60.52	322.48	15.27	0.53	14,538.48	303.96

* Includes addition on account of transition to Ind AS-116 "Leases"

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

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

Nature of expense	31 st March, 2022	31 st March, 2021
Salaries and wages	168.32	155.32
Depreciation	42.46	45.61
Power and fuel	99.40	88.42
Repairs and maintenance	59.98	57.79
Processing charges and consumable	271.00	155.50
Total	641.16	502.64

(ii) Contractual obligations

Refer note 40B for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Assets pledged as security

Refer note 16 for disclosure of property, plant and equipment pledged as securities against borrowings.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 3. INVESTMENT PROPERTY

Particulars	Land	Building	Total
Gross block			
As at 1 st April, 2020	2.81	512.27	515.08
Additions/transfers	37.96	-	37.96
Balance as at 31st March, 2021	40.77	512.27	553.04
Additions/transfers	-	-	-
Balance as at 31st March, 2022	40.77	512.27	553.04
Accumulated depreciation			
As at 1st April, 2020	-	222.90	222.90
Charge for the year	-	16.19	16.19
Balance as at 31st March, 2021	-	239.09	239.09
Charge for the year	-	15.99	15.99
Balance as at 31st March, 2022	-	255.08	255.08
Net block as at 31st March, 2022	40.77	257.19	297.96
Net block as at 31st March, 2021	40.77	273.18	313.95

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

Particulars	31 st March, 2022	31 st March, 2021
Rental income	198.64	169.01
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	198.64	169.01
Less: depreciation expense	15.99	16.19
Profit from leasing of investment property after depreciation	182.65	152.82

*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 41 for details on future minimum lease rentals.

(iii) Fair value of investment property:

Particulars	31 st March, 2022	31 st March, 2021
Fair value	594.86	615.65

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.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 4. INTANGIBLE ASSETS

Particulars	Computer software	Technical know-how	Total
Gross block			
As at 1 st April, 2020	416.63	471.61	888.24
Additions	20.50	36.57	57.07
Disposals	-	-	-
Balance as at 31st March, 2021	437.13	508.18	945.31
Additions	3.30	37.41	40.71
Disposals	-2.02	-60.22	-62.24
Balance as at 31st March, 2022	438.41	485.37	923.78
Accumulated Amortisation			
As at 1 st April, 2020	285.46	471.61	757.07
Amortisation charge for the year	62.01	2.72	64.73
Disposals	-	-	-
Balance as at 31st March, 2021	347.46	474.33	821.79
Amortisation charge for the year	54.46	17.57	72.03
Disposals	(2.02)	(60.22)	(62.24)
Balance as at 31st March, 2022	399.90	431.68	831.58
Net block as at 31st March, 2022	38.51	53.69	92.20
Net block as at 31st March, 2021	89.67	33.85	123.52

Notes:

- (i) Intangibles under development comprise of the softwares under development.
- (ii) Research and development expenses**
Refer note 43 for expenses incurred on research and development activities.

NOTE 5. INVESTMENTS

	As at 31 st March, 2022	As at 31 st March, 2021
A Investments		
(i) Investments in equity instruments		
Joint ventures		
(Unquoted, at cost)		
Nippon Leakless Talbros Private Limited 4,800,000 shares (31 st March, 2021: 4,800,000 shares) of ₹ 10 each	480.00	480.00
Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 st March, 2021: 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, 2021: 9,500,000 shares) of ₹ 10 each	950.00	950.00

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 5. INVESTMENTS (CONTD.)

	As at 31 st March, 2022	As at 31 st March, 2021
Others		
(Unquoted, at fair value through other comprehensive income)		
QH Talbro's Private Limited 177,962 shares (31 st March, 2021: 177,962 shares) of ₹ 10 each	20.39	18.00
Talbro's International Private Limited 1,326,970 shares (31 st March, 2021: 1,326,970 shares) of ₹ 10 each	3,748.43	2,070.00
T & T Motors Limited 83,333 shares (31 st March, 2021: 83,333 shares) of ₹ 10 each	69.32	58.00
	6,446.14	4,754.00
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	6,446.14	4,754.00
Aggregate amount of impairment in value of investments	-	-

Name of the Joint ventures	Principle place of business	Ownership interest	
		As at 31 st March, 2022	As at 31 st March, 2021
Nippon Leakless Talbro's Private Limited	India	40.00%	40.00%
Marelli Talbro's Chassis Systems Private Limited	India	50.00%	50.00%
Talbro's Marugo Rubber Private Limited	India	50% less one share	50% less one share

* Equity investments in joint ventures are measured at cost as per the provisions of Ind AS 27 on 'Separate Financial Statements'.

NOTE 6. LOANS

Loans - current

(Unsecured, considered good)

Inter-corporate deposit	428.52	441.11
	428.52	441.11

NOTE 7.

A Other financial assets - non-current

(Unsecured, considered good)

Security deposits	150.14	147.19
Bank deposits with more than 12 months maturity*	35.86	12.28
	186.00	159.47

*Under lien with banks as security against borrowings.

B Other financial assets - current

(Unsecured, considered good)

Loan to employees	83.51	111.17
Security deposits	24.13	24.13
Derivative assets on forward contracts	52.56	89.63
Claims and other recoverable	73.66	76.04
	233.86	300.97

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 8. CURRENT TAX ASSETS

	31 st March, 2022	31 st March, 2021
Advance income tax	2,586.25	-
Less: Provision for taxation (net of MAT credit utilized)	(2,373.09)	-
	213.16	-

NOTE 9.**A Other non-current assets**

Prepaid expenses	8.43	-
Accrued lease income	5.80	10.88
Capital advances	438.75	235.94
	452.98	246.82

B Other current assets

Advances to suppliers		
- Considered good	395.44	574.86
- Considered doubtful	36.84	26.59
Balance with government authorities		
- Considered good	1,015.53	1,274.98
- Considered doubtful	142.84	166.04
Prepaid expenses	113.39	81.38
Surplus planned assets	218.77	9.03
Accrued lease income	0.20	0.30
Others	745.49	309.36
	2,668.50	2,442.54
Less : Provision for doubtful advances	(179.68)	(192.64)
	2,488.82	2,249.90

NOTE 10. INVENTORIES

(Lower of cost or net realizable value)		
Raw material	4,490.24	4,280.12
Work in progress	4,273.28	4,114.10
Finished goods including Stock in Trade	2,214.53	1,399.45
Stores and spares	447.36	420.86
	11,425.41	10,214.53
i) The above includes goods in transit as under:		
Raw material	980.37	902.78
Stores and spares	16.92	5.53
Stock in Trade	-	2.96
	997.29	911.27

NOTE 11. TRADE RECEIVABLES*

Trade receivables - considered good, unsecured	15,146.66	15,496.68
Trade receivables - credit impaired	402.59	467.87
	15,549.25	15,964.55
Less: Allowance for expected credit loss	(402.59)	(467.87)
	15,146.66	15,496.68

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 11. TRADE RECEIVABLES (CONTD.)

Includes trade receivables from companies in which directors are interested [^]	31 st March, 2022	31 st March, 2021
Marelli Talbro's Chassis Systems Private Limited	-	5.17
Talbro's Marugo Rubber Private Limited	26.45	99.55
QH Talbro's Private Limited	2,130.15	1,381.35
Talbro's Indiparts Private Limited	647.79	-

*Refer note 44 for ageing details.

[^]Refer note 39 for related party transactions

The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 37.

NOTE 12. CASH AND CASH EQUIVALENTS

	As at 31 st March, 2022	As at 31 st March, 2021
Cash on hand	5.81	13.08
Balances with banks		
-in current accounts	98.28	253.23
Deposits with original maturity less than 3 months	101.46	8.67
	205.55	274.98

NOTE 13. OTHER BANK BALANCES

Term deposits	4.68	40.59
Margin money deposits (under lien with banks)	307.26	844.24
Earmarked balances with banks		
- Unpaid dividend account	20.11	22.58
	332.05	907.41

NOTE 14. EQUITY SHARE CAPITAL

	As at 31 st March, 2022		As at 31 st March, 2021	
	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				
Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
	1,23,45,630	1,234.56	1,23,45,630	1,234.56
iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Equity shares				
Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Changes during the year	-	-	-	-
Balance at the end of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 14. EQUITY SHARE CAPITAL (CONTD.)**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

	As at 31 st March, 2022		As at 31 st March, 2021	
	No. of shares	%	No. of shares	%
Name of the equity shareholders				
Talbro International Private Limited	52,71,548	42.70%	52,61,597	42.62%

vi There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

vii There are no shares reserved for issue under options or other purpose.

NOTE 15. OTHER EQUITY

	As at 31 st March, 2022	As at 31 st March, 2021
General reserve	798.23	748.23
Retained earnings	17,675.62	14,371.85
Capital reserve	15.21	15.21
Securities premium reserve	4,678.30	4,678.30
Equity instruments through other comprehensive income	2,440.78	1,142.84
Total other equity	25,608.14	20,956.43

Nature and purpose of other reserves**i General reserve**

General reserve is created out of the accumulated profits of the Company as per the provisions of Companies Act. The transfers from retained earnings to General reserve represents transfer as per the provision of Companies Act on dividend distribution.

ii Retained earnings

All the profits made by the Company are transferred to retained earnings from statement of profit and loss.

iii Capital reserve

Capital reserve includes the amount of share application money forfeited by the Company.

iv Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with provisions of the Companies Act.

v Equity instruments through other comprehensive income

Other comprehensive income represents balance arising on account of changes in fair value of FVOCI equity instruments, net of any tax impact.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 16.

A Long term borrowings

	As at 31 st March, 2022	As at 31 st March, 2021
Secured		
Term Loans		
From banks - Rupee loan		
- HDFC bank	452.03	-
- Kotak Mahindra bank	147.02	277.52
- Vehicle Loans	77.05	-
From banks - foreign currency loan		
- IDFC First bank	-	208.32
From Others		
- Bajaj Finance Limited	-	897.33
- Vehicle loans	85.58	27.62
	761.68	1,410.79
Amount disclosed under other financial liabilities:		
Current maturity of long-term debts	829.60	1,809.33
Interest accrued on borrowings	35.05	46.24

Notes:

- 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.
- The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
- 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.
- Term loan from Bajaj Finance Limited 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.
- Term loan from HDFC Bank is secured by exclusive charge on all the fixed assets purchased out of proceeds of term loan and is further secured by personal guarantee of two directors for takeover portion of TL from Bajaj Finserve only.
- For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

Particulars	Terms of repayment	Interest Rate	31 st March, 2022	31 st March, 2021
Term loans, secured				
From banks - Rupee loan				
HDFC Bank	Repayment with in 36 monthly instalment from the date of disbursement.	7.15% to 7.30%	452.03	-
Vehicle Loans	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	7.10% to 7.10%	77.05	-

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 16. (CONTD.)

Particulars	Terms of repayment	Interest Rate	31 st March, 2022	31 st March, 2021
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	7.55% to 8.95%	147.02	277.52
From banks - foreign currency loan				
IDFC First Bank	24 to 48 equal monthly installment from the date of disbursement	3.00% to 3.25%	-	208.32
	18 equal monthly instalment from the date of disbursement	8.85%		
From others:				
Bajaj Finance Limited	60 equal monthly installments from the date of loan	9.15% - 10.80%	-	897.33
Vehicle Loan	36 equal monthly installments from the date of loan	6.99% to 7.85%	85.58	27.62
			761.68	1,410.79

	As at 31 st March, 2022	As at 31 st March, 2021
B Short term borrowings		
Current maturity of long-term borrowings	829.60	1,809.33
Secured		
a) Working capital loan from bank		
HDFC Bank*	3,636.27	3,481.54
DBS Bank*	350.00	643.77
Yes Bank*	300.00	-
Axis Bank*	1,567.68	1,106.84
Federal Bank*	1,454.36	1,455.19
Unsecured		
a) Deposits		
Inter-corporate deposit	-	100.00
b) Borrowings on account of sales bill discounting		
From banks	-	274.23
	8,137.91	8,870.91

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Federal Bank, Axis Bank and Yes Bank are secured by way of first pari-passu charge to all current assets, both present and future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 16. SHORT TERM BORROWINGS (CONTD.)

Short-term borrowings (excluding current maturities of long-term borrowings)

Particulars	Terms of repayment	Interest Rate	31 st March, 2022	31 st March, 2021
Working capital loan, secured				
HDFC Bank	Within 365 days	4.00% - 9.85%	3,636.27	3,481.54
DBS Bank	Within 365 days	4.25% - 9.05%	350.00	643.77
Yes Bank	Within 365 days	4.95% - 5.20%	300.00	-
Axis Bank	Within 365 days	6.25% - 8.95%	1,567.68	1,106.84
Federal Bank	Within 365 days	4.00% - 8.95%	1,454.36	1,455.19
Deposits, unsecured				
Inter-corporate deposit	Within 365 days	12.00%	-	100.00
Borrowings on account of sales bill discounting, unsecured				
From banks	Within 90 days	8.25%-9.00%	-	274.23
			7,308.31	7,061.57

C Reconciliation of liabilities arising from financing activities

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

Particulars	Lease liabilities	Long-term borrowings	Short-term borrowings [^]	Total
As at 31st March, 2021	36.50	3,220.12	7,082.78	10,339.40
Cash flow:				
- Proceeds from / (Repayment of) Borrowings (Net)	-	216.85	516.78	733.63
- Repayment (including matured deposits)	(20.26)	(1,845.70)	-	(1,865.96)
Other movements:				
- Movement in bills discounted from banks			(274.23)	(274.23)
Other non-cash movements:				
- accrual of interest on lease liabilities	2.49	-	-	2.49
As at 31st March, 2022	18.72	1,591.28	7,325.33	8,935.32

[^]including unclaimed matured deposits

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

	As at 31st March, 2022	As at 31st March, 2021
NOTE 17.		
A Lease liabilities - non-current		
Lease liabilities	3.72	17.07
	3.72	17.07
B Lease liabilities - current		
Lease liabilities	15.00	19.42
	15.00	19.42
NOTE 18.		
A Other financial liabilities - non-current		
Security deposits	9.05	6.11
	9.05	6.11
B Other financial liabilities - current		
Derivative liability on forward contracts	-	15.92
Interest accrued on borrowings	35.05	46.24
Employee related payables	573.82	711.22
Security deposits	32.48	50.98
Unclaimed dividend	20.11	22.58
Unclaimed matured deposits	17.02	21.21
Interest accrued on unclaimed matured deposits	-	15.51
Other payables	28.66	24.73
	707.14	908.38
NOTE 19.		
A Provisions - non-current		
Employees' post retirement/long-term benefits		
Compensated absences	204.03	225.35
	204.03	225.35
For movements in each class of provision during the financial year, refer note 42.		
B Provisions - current		
Employees' post retirement/long-term benefits		
Compensated absences	103.56	89.13
	103.56	89.13
For movements in each class of provision during the financial year, refer note 42.		

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

	As at 31 st March, 2022	As at 31 st March, 2021
NOTE 20.		
Deferred tax liabilities		
Deferred tax liabilities arising on account of :		
Depreciation	582.31	891.66
Equity instruments carried at FVOCI	741.30	347.10
Others	10.58	10.93
Deferred tax asset arising on account of :		
Minimum alternative tax credit#	-	355.50
Allowance for doubtful debts and advances	149.21	230.81
Disallowances u/s 43B	79.92	113.35
	1,105.06	550.03

Particulars	31 st March, 2021	Adjusted from Provision for Taxation	Recognized in statement of profit and loss	Recognized in other comprehensive income	31 st March, 2022
Deferred tax liability:					
Depreciation	891.66	-	(309.35)	-	582.31
Equity instruments carried at FVOCI	347.10	-	-	394.20	741.30
Others	10.93	-	(0.35)	-	10.58
Deferred tax asset:					
Minimum alternative tax credit	355.50	(355.50)	-	-	-
Allowance for doubtful debts and advances	230.81	-	(81.60)	-	149.21
Disallowances u/s 43B	113.35	-	(26.98)	(6.45)	79.92
	550.03	355.50	(201.12)	400.65	1,105.06

Note:

(i) Breakup of amounts recognized in statement of profit and loss:	31st March, 2022	31st March, 2021
Recognized as part of:		
- Deferred tax	(201.12)	(76.30)
	(201.12)	(76.30)

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

	As at 31 st March, 2022	As at 31 st March, 2021
NOTE 21.		
A Other non-current liabilities		
Deferred income	1.40	1.99
Advance from customers	11.90	29.20
Amount payable government authorities	11.19	35.49
	24.49	66.68
B Other current liabilities		
Advance from customers [^]	156.68	151.39
Payable to statutory authorities	194.75	214.93
Deferred income	0.60	2.12
Amount payable government authorities	24.29	26.83
	376.32	395.27
[^] represents contract liabilities		
Reconciliation of contract liabilities:		
Contract liabilities at the beginning of the year	180.59	511.81
Less: performance obligations satisfied in current year	(128.09)	(700.33)
Add: advance received during the year	116.08	369.11
Contract liabilities at the end of the year	168.58	180.59

NOTE 22.**Trade payables***

Total outstanding dues of micro enterprises and small enterprises	103.93	162.40
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,210.46	14,777.06
	15,314.39	14,939.46

*Refer note 39 for related party transactions and note 44 for ageing details.

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, 2022 and 31st March, 2021:

Particulars	31 st March, 2022	31 st March, 2021
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	103.93	162.40
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.	-	-

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 23. CURRENT TAX (ASSETS)/LIABILITIES

	As at 31 st March, 2022	As at 31 st March, 2021
Provision for taxation	-	1,477.61
MAT Credit Utilization	-	(2.21)
Less: Advance income tax	-	(839.21)
	-	636.19

NOTE 24. REVENUE FROM OPERATIONS

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Sale of products	54,151.86	42,340.09
Sale of services	64.54	31.43
Other operating income	3,507.63	2,048.20
	57,724.03	44,419.72
Disaggregation of revenue:		
Gaskets	35,334.45	26,586.82
Forgings	18,817.45	15,753.27
Management fees	64.50	31.43
Others	3,507.63	2,048.20
	57,724.03	44,419.72

NOTE 25. OTHER INCOME

Interest income on:		
- Inter corporate deposits	48.35	60.66
- Fixed deposits with banks	25.05	28.52
- Other financial assets at amortized cost	0.19	0.09
- Others	1.30	0.50
Royalty	95.27	97.36
Lease rentals	198.64	169.01
Net gain on foreign currency transactions and translation	239.25	346.04
Profit on sale of property, plant and equipment (net)	96.37	137.72
Other non-operating income	62.94	55.52
	767.36	895.42

NOTE 26. COST OF MATERIALS CONSUMED

Opening inventory	4,280.12	3,564.72
Add: Purchases	31,442.87	23,076.79
	35,722.99	26,641.51
Less: Closing inventory	4,490.24	4,280.12
	31,232.75	22,361.39

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 26. COST OF MATERIALS CONSUMED (CONTD.)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Cost of raw materials consumed include:		
Tinplate/P.C.R.C.A/steel	8,631.29	5,068.43
Jointing	6,865.04	5,889.28
Forging steels	10,051.97	7,528.22
Bought out auto components and parts	3,925.21	2,671.30
Others	1,759.24	1,204.16
	31,232.75	22,361.39

NOTE 27. PURCHASE OF STOCK-IN-TRADE

Dyna bond	387.65	241.34
	387.65	241.34

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

Inventories at the end of the year:		
Finished goods (including stock in trade)	2,214.53	1,399.45
Work-in-progress	4,273.28	4,114.10
Inventories at the beginning of the year:		
Finished goods (including stock in trade)	1,399.45	1,732.94
Work-in-progress	4,114.10	5,002.66
Net decrease	(974.26)	1,222.05

NOTE 29. EMPLOYEE BENEFITS EXPENSE

Salaries and wages	5,800.94	4,848.13
Contributions to provident and other fund	283.13	272.95
Staff welfare expenses	426.45	266.07
	6,510.52	5,387.15

NOTE 30. FINANCE COSTS

Interest on borrowings	1,063.87	1,274.49
Interest on lease liabilities	2.49	2.72
Interest on others	2.45	2.26
Other borrowing cost	107.92	69.19
	1,176.73	1,348.66

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
NOTE 31. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on:		
- Property plant and equipment^	2,243.09	2,262.97
- Investment property	15.99	16.19
Amortisation of:		
- Intangible assets	72.03	64.73
	2,331.11	2,343.89
Less: depreciation capitalized	42.46	45.61
	2,288.65	2,298.28

Includes depreciation on right of use assets ₹ 22.90 lacs (previous year ₹ 20.84 lacs)

NOTE 32. OTHER EXPENSES

Other expenses		
Consumption of stores and spares parts	3,936.43	2,923.68
Labour and processing charges	648.16	565.46
Royalty	21.40	3.08
Power and fuel	2,120.33	1,758.42
Rent	9.34	18.49
Repairs to buildings	93.89	58.11
Repairs to plant & machinery	561.55	307.13
Repairs to other assets	276.21	192.32
Insurance	143.36	112.15
Travelling, tour & conveyance	584.75	299.26
Sales promotion expenses	294.01	154.20
Packing, freight & forwarding	3,382.80	2,251.45
Rates and taxes	20.55	41.82
Corporate social responsibility expenditure	40.37	72.35
Allowance for doubtful trade receivables/advances	194.85	256.06
Advances written off	276.79	21.44
Provisions no longer required written back	(273.08)	-
Legal and professional	188.53	145.69
Payment to auditors:		
-As Auditors:		
Audit fee	11.80	12.28
Tax audit fee	2.42	2.20
-In other capacity:		
Limited review	1.76	1.65
Other services	0.28	1.33
Out of pocket expenses	0.58	1.02
Donation	11.30	6.32
Miscellaneous expenses	468.37	433.93
	13,016.75	9,639.84

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 32. OTHER EXPENSES (CONTD.)**i Corporate social responsibility expenses**

The requisite disclosure relating to CSR expenditure in terms of Guidance Note on Corporate Social Responsibility (CSR) issued by Institute of Chartered Accountants of India:

- a) Gross amount required to be spent by the Company during the year is ₹ 40.37 lacs (31st March, 2021: ₹ 37.95 lacs).
 b) Amount spent during the financial year ended 31st March, 2022 and 31st March, 2021 on:

Particulars	Year	Amount paid	Amount yet to be paid	Total
Contribution to Prime Minister's National Relief Fund	31 st March, 2022	0.61	-	0.61
	31 st March, 2021	22.35	-	22.35
Donation paid to charitable trust	31 st March, 2022	39.76	-	39.76
	31 st March, 2021	15.60	-	15.60

NOTE 33. EXCEPTIONAL ITEMS

	31 st March, 2022	31 st March, 2021
Gain on sale of property, plant and equipment (Chennai Plant)	-	2,080.22
Less Write off against Inventory, Receivables and Other Assets (Chennai Plant)	-	(268.28)
	-	1,811.94

NOTE 34. INCOME TAX

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Tax expense comprises of:		
Current tax	1,294.34	1,380.81
Deferred tax charge	(201.12)	(76.30)
Earlier years tax adjustments (net)	54.43	(36.94)
Income tax expense reported in the statement of profit and loss	1,147.65	1,267.57

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 25.168 % and the reported tax expense in profit or loss are as follows:

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Accounting profit before income tax	4,852.60	4,628.37
At India's statutory income tax rate of 25.625% (31 st March, 2021: 34.944%)	1,243.48	1,617.34
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of different rate of tax	3.26	-
Earlier years tax adjustments (net)	54.43	(36.94)
Others	(153.52)	(312.83)
Income tax expense	1,147.65	1,267.57

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
NOTE 35. EARNINGS PER SHARE (EPS)		
Profit attributable to equity shareholders	3,704.95	3,360.80
Profit attributable to equity shareholders adjusted for the effect of dilution	3,704.95	3,360.80
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	30.01	27.22
(2) Diluted	30.01	27.22

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

31 st March, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	3,838.14	3,838.14
Derivative assets on forward contracts	-	52.56	-	52.56
Total financial assets	-	52.56	3,838.14	3,890.70
31st March, 2021				
Financial assets				
Investments at FVOCI	-	-	2,146.00	2,146.00
Derivative assets on forward contracts	-	89.63	-	89.63
Total financial assets	-	89.63	2,146.00	2,235.63
Financial liabilities				
Derivative liability on forward contracts	-	15.92	-	15.92
Total financial liabilities	-	15.92	-	15.92

(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 summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (iii) above for the valuation techniques adopted.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 36. FAIR VALUE DISCLOSURES (CONTD.)

Particulars	Fair value as at		Significant unobservable inputs	Data inputs		Sensitivity*	
	31 st March, 2022	31 st March, 2021		31 st March, 2022	31 st March, 2021	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	3,838.14	2,146.00	Terminal growth rate	5%	5%	31 st March, 2022: ₹ 4,142.00 lacs 31 st March, 2021: - ₹ 2,364.00 lacs	31 st March, 2022: ₹ 3,597.00 lacs 31 st March, 2021: - ₹ 1,964.00 lacs

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

(v) The following table presents the changes in level 3 items for the year ended 31st March, 2022 and 31st March, 2021:

Particulars	Equity shares
As at 31st March, 2020	674.00
Disposal during the year	-
Gain recognized in other comprehensive income	1,472.00
As at 31st March, 2021	2,146.00
Disposal during the year	-
Gain recognized in other comprehensive income	1,692.14
As at 31st March, 2022	3,838.14

(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:

Particulars	Level	31 st March, 2022		31 st March, 2021	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	150.14	150.14	147.19	147.1858
Other financial assets	Level 3	186.00	186.00	159.47	159.4703
Total financial assets		336.14	336.14	306.66	306.6561
Financial liabilities					
Borrowings	Level 3	1,626.33	1,626.33	3,266.36	3,266.36
Other financial liabilities	Level 3	9.05	9.16	6.11	6.21
Total financial liabilities		1,635.38	1,635.49	3,272.47	3,272.57

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other financial asset, trade payables, other financial liabilities and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- 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, 2022 was assessed to be insignificant.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 37. FAIR VALUE DISCLOSURES

Financial risk management

(i) Financial instruments by category

Particulars	31 st March, 2022			31 st March, 2021		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
Financial assets						
Investments*	-	3,838.14	-	-	2,146.00	-
Trade receivables	-	-	15,146.66	-	-	15,496.68
Loans	-	-	254.25	-	-	441.11
Cash and cash equivalents	-	-	205.55	-	-	274.98
Other bank balances	-	-	332.05	-	-	907.41
Other financial assets	52.56	-	367.30	89.63	-	199.48
Security deposits	-	-	174.27	-	-	171.32
Total financial assets	52.56	3,838.14	16,480.08	89.63	2,146.00	17,490.98
Financial liabilities						
Borrowings	-	-	8,934.64	-	-	10,327.93
Lease liabilities	-	-	18.72	-	-	36.49
Trade payables	-	-	15,314.39	-	-	14,939.46
Other financial liabilities	-	-	681.14	15.92	-	868.25
Total financial liabilities	-	-	24,948.89	15.92	-	26,172.13

*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 (₹)	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.

(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.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 37. FAIR VALUE DISCLOSURES (CONTD.)

- 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's, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

Assets under credit risk –

Credit rating	Particulars	31 st March, 2022	31 st March, 2021
A: Low	Loans	428.52	441.11
	Other financial assets	419.86	460.44
	Cash and cash equivalents	205.55	274.98
	Other bank balances	332.05	907.41
B: Medium	Trade receivables	15,549.25	15,964.55

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.

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 'analyzing historical trend of default relevant based on the criteria defined above. And such provision percentage determined have been 'considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met).

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 37. FAIR VALUE DISCLOSURES (CONTD.)

Particulars	31 st March, 2022		31 st March, 2021	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Gross debtors where no specific default has occurred	14,950.09	599.16	15,307.61	656.94
Expected loss rate	2.54%	3.71%	2.89%	3.95%
Expected credit loss (loss allowance provision)	380.39	22.20	441.94	25.94

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

Reconciliation of loss allowance	Trade receivables
Loss allowance on 31st March, 2020	316.56
Less: Changes in loss allowances	151.31
Loss allowance on 31st March, 2021	467.87
Less: Changes in loss allowances	(65.28)
Loss allowance on 31st March, 2022	402.59

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.

(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:

	As at 31 st March, 2022	As at 31 st March, 2021
Expiring within one year (cash credit and other facilities)	1,200.00	3,981.17
Expiring beyond one year (bank loans - floating rate)	-	-

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.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 37. FAIR VALUE DISCLOSURES (CONTD.)

31 st March, 2022	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	8,218.82	807.41	-	9,026.23
Security deposit received	32.48	9.05	-	41.53
Trade payable	15,314.38	-	-	15,314.38
Other financial liabilities	659.66	-	-	659.66
Total	24,225.34	816.46	-	25,041.80

31 st March, 2021	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	9,054.84	1,543.40	-	10,598.24
Security deposit received	52.86	-	9.00	61.86
Trade payable	14,939.46	-	-	14,939.46
Other financial liabilities	857.41	-	-	857.41
Total	24,904.57	1,543.40	9.00	26,456.97

(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 optimizing the return.

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Yen and Euro. Foreign exchange risk arises from 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:

Particulars	31 st March, 2022	31 st March, 2021
Import trade payables:		
EURO (in lakh)	12.36	12.29
INR (₹ in lakh)	1,039.70	1,054.06
USD (in lakh)	43.28	38.45
INR (₹ in lakh)	3,280.90	2,811.24
GBP (in lakh)	0.27	0.51
INR (₹ in lakh)	27.27	51.30
SGD (in lakh)	-	0.01
INR (₹ in lakh)	-	0.27
JPY (in lakh)	232.04	192.07
INR (₹ in lakh)	144.21	126.86
Export trade receivables:		
EURO (in lakh)	31.19	37.60
INR (₹ in lakh)	2,623.87	3,224.91
USD (in lakh)	21.42	13.80
INR (₹ in lakh)	1,623.06	1,008.78
GBP (in lakh)	0.94	0.61
INR (₹ in lakh)	93.37	61.19
AUD (in lakh)	0.03	-
INR (₹ in lakh)	1.67	-

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 37. FAIR VALUE DISCLOSURES (CONTD.)

The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at year end are as under:

Particulars	31 st March, 2022	31 st March, 2021
Foreign exchange forward contracts to sell foreign currency		
EURO (in lakh)	-	18.00
INR (₹)	-	1,543.86
USD (in lakh)	26.00	-
INR (₹)	1,970.28	-

All the above contracts are maturing within one year.

Sensitivity

A reasonably possible strengthening (weakening) of the ₹ against all other currencies at 31st March, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Currency	Strengthening		Weakening	
		31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Financial assets					
1% movement	EURO	(11.78)	(14.12)	11.78	14.12
4% movement	USD	49.32	46.90	(49.32)	(46.90)
1% movement	YEN	1.07	0.83	(1.07)	(0.83)

(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:

Particulars	31 st March, 2022	31 st March, 2021
Variable rate borrowing	8,736.97	10,254.08
Fixed rate borrowing	162.62	27.62
Total borrowings	8,899.59	10,281.70

Sensitivity

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

Particulars	31 st March, 2022	31 st March, 2021
Interest rates – increase by 50 basis points	(32.49)	(33.35)
Interest rates – decrease by 50 basis points	32.49	33.35

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.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 37. FAIR VALUE DISCLOSURES (CONTD.)**iv) Price risk****Exposure**

The Company's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

Particulars	31 st March, 2022	31 st March, 2021
Investments carried at fair value through other comprehensive income	3,838.14	2,146.00
Total investments	3,838.14	2,146.00

Sensitivity

Refer note 35(iv) for sensitivity analysis.

NOTE - 38**A Capital management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company's adjusted net debt to equity ratio at 31st March, 2022 was as follows.

Particulars	31 st March, 2022	31 st March, 2021
Total borrowings	8,934.64	10,327.93
Less : cash and cash equivalents	205.55	274.98
Net debt	8,729.09	10,052.95
Total equity	26,842.70	22,190.99
Adjusted net debt to adjusted equity ratio	0.33	0.45

B Dividend

Particulars	31 st March, 2022	31 st March, 2021
Proposed dividend		
Proposed dividend for the year ended 31 st March, 2022 - ₹ 2.00 per share (31 st March, 2021 - ₹ 2.00 per share)	246.91	246.91
Final dividend paid		
Final dividend for the year ended 31 st March, 2022 - ₹ 3.00 per share (31 st March, 2021 - ₹ 0.50 per share)	370.37	61.73

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS

In accordance with the requirements of Ind AS 24 the names of the related party where control exists/able to exercise significant influence along with the aggregate transactions and year end balances with them as identified and certified by the management are given below:

i) Parties where control exists:

Jointly controlled entities

- (i) Nippon Leakless Talbros Private Limited
- (ii) Marelli Talbros Chassis Systems Private Limited
- (iii) Talbros Marugo Rubber Private Limited

Investing party in respect of which the Company is a subsidiary

- (i) Talbros International Private Limited

Key management personnel and their relatives

- (i) Mr. Naresh Talwar
- (ii) Mr. Umesh Talwar
- (iii) Mr. Varun Talwar
- (iv) Mr. Anuj Talwar
- (v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- (vi) Mr. Vidur Talwar
- (vii) Mr. Navin Juneja
- (viii) Mr. Anil Kumar Mehra
- (ix) Mr. V. Mohan (Till 5th November, 2021)
- (x) Mr. Amit Burman
- (xi) Ms. Priyanka Gulati
- (xii) Mr. Ajay K. Vij
- (xiii) Mr. Deepak Jain (with effect from 29th December, 2021)
- (xiv) Mr. Manish Khanna - Chief Financial Officer
- (xv) Ms. Seema Narang - Company Secretary

Enterprise over which key management personnel exercise significant influence

- (i) QH Talbros Private Limited
- (ii) Talbros Indiparts Private Limited

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS (CONTD.)**(ii) Transactions with related parties carried out in the ordinary course of business:****(a) Transactions with joint ventures and associates:**

S. No.	Particulars	31st March, 2022	31st March, 2021
1	Sale of goods		
	QH Talbros Private Limited	6,241.94	4,229.69
	Talbros Indiparts Private Limited	3,699.23	-
	Nippon Leakless Talbros Private Limited	27.69	34.67
	Talbros Marugo Rubber Private Limited	5.65	0.26
2	Sale of services		
	Talbros Marugo Rubber Private Limited	35.40	35.40
	Talbros Indiparts Private Limited	20.23	-
3	Purchase of services		
	Talbros Indiparts Private Limited	101.44	-
4	Royalty income		
	QH Talbros Private Limited	109.00	114.89
	Talbros Indiparts Private Limited	3.42	-
5	Purchase of goods		
	Nippon Leakless Talbros Private Limited	54.42	60.96
	Talbros Marugo Rubber Private Limited	3.75	5.83
6	Lease rental income		
	Marelli Talbros Chassis Systems Private Limited	198.45	170.10
	Talbros Indiparts Private Limited	15.58	0.50
7	Reimbursement of expenses/payments		
	Marelli Talbros Chassis Systems Private Limited	89.93	93.17
	Talbros Marugo Rubber Private Limited	0.09	0.18
	Talbros International Private Limited	5.40	5.37
	QH Talbros Private Limited	-	0.48
	Talbros Indiparts Private Limited	24.85	31.15
8	Dividend paid		
	Talbros International Private Limited	158.05	26.31

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.

S. No.	Balance Outstanding at the end of the year	31st March, 2022	31st March, 2021
1	Outstanding balance included in financial assets (Trade receivable)		
	Talbros Marugo Rubber Private Limited	26.45	99.55
	QH Talbros Private Limited	2,130.15	1,381.35
	Marelli Talbros Chassis Systems Private Limited	-	5.17
	Talbros Indiparts Private Limited	647.79	-
2	Outstanding balance included in financial liabilities		
	Nippon Leakless Talbros Private Limited	2.55	6.49
	Marelli Talbros Chassis Systems Private Limited	22.26	22.26
	Talbros Marugo Rubber Private Limited	6.12	8.01
	Talbros Indiparts Private Limited	41.10	-

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 39. RELATED PARTY TRANSACTIONS (CONTD.)

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

S. No.	Particulars	31 st March, 2022	31 st March, 2021
1	Remuneration		
	Short-term employee benefits		
	Mr. Umesh Talwar	163.13	138.66
	Mr. Anuj Talwar	139.70	118.74
	Mr. Manish Khanna	46.73	34.18
	Ms. Seema Narang	29.40	22.40
	Other long-term benefits		
	Mr. Umesh Talwar	0.12	0.16
	Mr. Anuj Talwar	(3.34)	3.06
	Mr. Manish Khanna	0.51	0.73
	Ms. Seema Narang	0.55	0.49
	Post-employment benefits		
	Mr. Umesh Talwar	16.23	14.60
	Mr. Anuj Talwar	5.73	17.86
	Mr. Manish Khanna	2.40	2.61
	Ms. Seema Narang	2.90	3.18
	Fee for attending board & committee meetings to all the KMP's	10.35	10.35
2	Rent paid		
	Mrs. Kum Kum Talwar	7.20	7.20

NOTE 40. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

A Contingent liabilities

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

Particulars	Nature of dues	31 st March, 2022	31 st March, 2021
(i) Service tax	Cenvat credit disallowed	8.85	8.85
(ii) Uttarakhand value added tax	Demand of Sale tax case FY 2016-17	38.67	-
(iii) Customs Act	Demand of custom duty (includes ₹ 4.13 lacs paid under protest)	36.09	36.09
(iv) Employee's state insurance	ESI demand	33.28	33.28
(v) Municipal Corporation of Faridabad	Demand for external development charges	255.00	255.00
(vi) Labour disputes	Litigations filed by employees	48.00	35.00
(vii) Bonus payable*	Bonus payable for FY 2014-15	40.23	40.23
Total		460.12	408.45

*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.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 40. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR) (CONTD.)(2) Guarantees executed in favour of various authorities/ customers/ others amounting to ₹ 93.12 lacs (31st March, 2021: ₹ 135.90 lacs).**B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:**

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 735.59 lacs (31st March, 2021: ₹ 540.14 lacs).

NOTE 41.**(i) Leases disclosure as lessee****Operating leases**

A The Company has taken vehicles and residential/commercial premises on lease. There are no restrictions placed upon the Company by entering into these leases and there are no subleases. The Company is prohibited from selling or pledging the underlying leased assets as security.

B Lease liabilities are presented in the statement of financial position as follows:

Particulars	31 st March, 2022	31 st March, 2021
Non-current	3.72	17.07
Current	15.00	19.42
Total	18.72	36.49

C The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on balance sheet:

Particulars	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Vehicles	2	0-1	0.11
Building	1	1-2	1.47
Land	2	90-99	73.58

D Future minimum lease payments as on 31st March, 2022 are as follows:

Particulars	As at 31 st March, 2022			As at 31 st March, 2021		
	Lease payments	Finance charges	Net present values	Lease payments	Finance charges	Net present values
Minimum lease payments due						
Within 1 year	14.21	0.62	13.59	20.26	0.84	19.42
1-2 years	5.74	0.61	5.13	14.21	1.82	12.39
2-3 years	-	-	-	5.74	1.06	4.68
	19.95	1.23	18.72	40.21	3.72	36.49

E Lease payments not recognized as a liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Amount	
	31 st March, 2022	31 st March, 2021
Short term leases	9.34	18.49
Leases of low value assets	-	-
Variable lease payments	-	-
Total	9.34	18.49

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 41. (CONTD.)

F Additional information on the right-of-use assets by class of assets is as follows:

Particulars	Carrying amount	Depreciation expense
As on 31st March, 2021		
Vehicles	7.43	10.17
Building	28.16	6.07
Land	355.97	4.60
Total	391.56	20.84
As on 31st March, 2022		
Vehicles	0.55	6.88
Building	16.74	11.42
Land	351.37	4.60
Total	368.66	22.90

(ii) Leases disclosure as lessor

Operating leases

The Company has given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 201.72 lacs (31st March, 2021: ₹ 169.01 lacs) on such lease is included in other income. 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:

Particulars	31 st March, 2022	31 st March, 2021
Within one year	211.80	180.91
Later than one year but not later than five years	861.61	79.39
Later than five years	-	-

NOTE 42. EMPLOYEE BENEFITS

1 Defined contribution plans:

- A** The Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Company:

Provident Fund Plan & Employee Pension Scheme: The Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

Superannuation Scheme: The Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

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

Particulars	31 st March, 2022	31 st March, 2021
(a) Employer's contribution to Provident fund & other funds	208.60	186.33
(b) Employer's contribution to superannuation fund	8.00	7.89

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 42. EMPLOYEE BENEFITS (CONTD.)**2 Other Long Term Employee Benefits****A Compensated absences- Earned leave****Risk**

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

Particulars	31 st March, 2022	31 st March, 2021
Present value of obligation at the end of the year	307.59	314.48
Fair value of plan assets	-	-
Unfunded liability recognized in balance sheet	(307.59)	(314.48)

ii) Expenses recognized in statement of profit and loss

Particulars	31 st March, 2022	31 st March, 2021
Current service cost	87.91	83.74
Interest cost	19.17	20.69
Actuarial (gain)/loss net on account of:		
-Changes in demographic assumptions	-	-
-Changes in financial assumptions	(25.61)	24.59
-Changes in experience adjustment	(26.57)	(106.45)
Cost recognized during the year	54.90	22.57

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

Particulars	31 st March, 2022	31 st March, 2021
Present value of defined benefit obligation at the beginning of the year	314.48	312.26
Current service cost	87.91	83.74
Interest cost	19.17	20.69
Actuarial (gain)/loss net	(52.18)	(81.86)
Benefits paid	(61.79)	(20.35)
Present value of defined benefit obligation at the end of the year	307.59	314.48

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

Particulars	31 st March, 2022	31 st March, 2021
Discount rate	7.23%	6.76%
Salary escalation rate	6.00%	7.00%
Retirement Age (Years)	58	58
Withdrawal rate	1% to 3%	1% to 5%

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 42. EMPLOYEE BENEFITS (CONTD.)

3 Defined benefit plans:

A Gratuity

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	Assets & Liabilities can mismatch in funded plans. Actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

Particulars	31 st March, 2022	31 st March, 2021
Present value of obligation at the end of the year	783.90	804.65
Fair value of plan assets	1,002.67	813.68
Unfunded liability/provision in balance sheet	-	-
Surplus/(Unfunded liability) recognized in balance sheet	218.77	9.03

ii) Expenses recognized in other comprehensive income

Particulars	31 st March, 2022	31 st March, 2021
Return on plan assets	1.02	1.83
Actuarial (gain)/loss on PBO	(26.65)	35.08
(Gain)/expenses recognized in other comprehensive income	(25.63)	36.91

iii) Actuarial (gain)/loss on obligation

Particulars	31 st March, 2022	31 st March, 2021
Actuarial (gain)/loss net on account of:		
- Changes in financial assumptions	(57.33)	52.50
- Changes in experience adjustment	30.68	(17.42)

iv) Expenses recognized in statement of profit and loss

Particulars	31 st March, 2022	31 st March, 2021
Current service cost	62.81	66.30
Interest cost (net)	(8.66)	(0.84)
Cost recognized during the year	54.15	65.46

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

Particulars	31 st March, 2022	31 st March, 2021
Present value of defined benefit obligation at the beginning of the year	804.65	715.31
Current service cost	62.81	66.30
Interest cost	50.76	46.31
Actuarial (gain)/loss net	(26.65)	35.08
Benefits paid	(107.67)	(58.35)
Present value of defined benefit obligation at the end of the year	783.90	804.65

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 42. EMPLOYEE BENEFITS (CONTD.)**vi) Movement in the fair value of plan assets recognized in the balance sheet is as under:**

Particulars	31 st March, 2022	31 st March, 2021
Present value of plan assets at the beginning of the year	813.68	628.85
Return on plan assets	58.40	45.32
Contributions by employer	238.34	198.89
Benefits paid during the year	(107.75)	(59.38)
Present value of plan assets at the end of the year	1,002.67	813.68

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

Particulars	31 st March, 2022	31 st March, 2021
Discount rate	7.23%	6.76%
Salary escalation rate	6.00%	7.00%
Retirement age (years)	58	58
Withdrawal rate	1% to 3%	1% to 5%

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

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

For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	31 st March, 2022	31 st March, 2021
April 2022- March 2023	April 2021- March 2022	199.91	189.44
April 2023- March 2027	April 2022- March 2026	236.84	312.07
April 2027- March 2032	April 2026- March 2031	205.81	205.07
April 2032 onwards	April 2031 onwards	855.58	694.18

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

For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	31 st March, 2022	31 st March, 2021
April 2022- March 2023	April 2021- March 2022	201.71	191.89
April 2023- March 2027	April 2022- March 2026	282.71	376.83
April 2027- March 2032	April 2026- March 2031	368.88	376.11
April 2032 onwards	April 2031 onwards	2,875.97	2,264.07

viii) Sensitivity analysis for defined benefit obligation

Particulars	31 st March, 2022	31 st March, 2021
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 %	735.03	757.52
Impact due to decrease of 1.00 %	840.43	858.79
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 %	840.57	858.12
Impact due to decrease of 1.00 %	734.07	715.62

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, 2022 is 14 to 19 years (31st March, 2021: 15 to 19 years).

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 43.

Research and development costs on inhouse Research and Development centers charged to the statement of profit and loss for the year ended 31st March, 2022 is ₹ 211.99 lacs (31st March, 2021: ₹ 191.30 lacs).

NOTE - 44. NEW DISCLOSURES AS PER THE REQUIREMENTS OF DIVISION II OF SCHEDULE III TO THE ACT

A Ageing schedule of capital work-in-progress

31st March, 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	325.02	-	-	-	325.02

31st March, 2021	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	295.63	8.33	-	-	303.96

B Ageing schedule of trade receivables

31st March, 2022	Outstanding from the due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	12,205.81	2,485.95	258.33	248.07	-	-	15,198.16
Undisputed trade receivables – credit impaired	-	-	-	-	116.03	215.92	331.95
Disputed trade receivables - credit impaired	-	-	-	-	-	19.14	19.14
Total	12,205.81	2,485.95	258.33	248.07	116.03	235.06	15,549.25

31st March, 2021	Outstanding from the due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	12,053.48	3,006.86	247.27	196.43	-	-	15,504.04
Undisputed trade receivables – credit impaired	-	-	-	15.50	81.71	344.16	441.37
Disputed trade receivables - credit impaired	-	-	-	-	-	19.14	19.14
Total	12,053.48	3,006.86	247.27	211.93	81.71	363.30	15,964.55

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 44. NEW DISCLOSURES AS PER THE REQUIREMENTS OF DIVISION II OF SCHEDULE III TO THE ACT (CONTD.)**C Ageing schedule of trade payables**

31 st March, 2022	Outstanding from the due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises	103.93	-	-	-	-	103.93
Others	12,780.24	2,378.85	18.26	7.45	25.66	15,210.46
Total	12,884.17	2,378.85	18.26	7.45	25.66	15,314.39

31 st March, 2021	Outstanding from the due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises	162.40	-	-	-	-	162.40
Others	10,644.58	3,978.67	42.15	61.13	50.53	14,777.06
Total	10,806.98	3,978.67	42.15	61.13	50.53	14,939.46

D Details of promoter shareholding

Name of promoter	31 st March, 2022			31 st March, 2021		
	Number of shares*	% of total shares	% change during the period	Number of shares	% of total shares	% change during the period
Umesh Talwar	1,87,510	1.52%	-50.00%	3,75,019	3.04%	-13.17%
Vidur Talwar	2,81,264	2.28%	100.00%	0	0.00%	-100.00%
Bimpi Talwar	1,87,509	1.52%	-50.00%	3,75,018	3.04%	9.91%
Naresh Talwar	2,81,264	2.28%	-50.00%	5,62,528	4.56%	22.32%
Asha Burman	43,347	0.35%	0.00%	43,347	0.35%	0.00%
Varun Talwar	2,81,264	2.28%	100.00%	0	0.00%	-100.00%
Anuj Talwar	3,75,018	3.04%	100.00%	0	0.00%	-100.00%
Kumkum Talwar	2,81,264	2.28%	-45.39%	5,15,028	4.17%	14.43%
Virat Talwar	0	0.00%	-100.00%	23,750	0.19%	0.00%
Jai Vir Talwar	0	0.00%	-100.00%	23,750	0.19%	0.00%
Anannya Talwar	0	0.00%	0.00%	0	0.00%	-100.00%
Aliesha Talwar	0	0.00%	0.00%	0	0.00%	-100.00%
Talbros International Private Limited	52,71,548	42.70%	0.19%	52,61,597	42.62%	0.00%

E Details related to borrowings secured against current assets

The Company had given current assets (trade receivables and inventories) as security for working capital limits obtained from multiple banks. The Company submitted the required information with the bank and the required reconciliation is presented below:

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 44. NEW DISCLOSURES AS PER THE REQUIREMENTS OF DIVISION II OF SCHEDULE III TO THE ACT (CONTD.)

Particulars	Quarter	Amount as per books	Amount reported to the bank	Difference	Remarks
Trade receivable (gross balance)	June-2021	14,645.77	13,031.29	1,614.48	Variance is not material.
Inventories	June-2021	10,581.49	10,671.94	(90.45)	Variance is not material.
Trade receivable (gross balance)	September-2021	14,869.44	13,950.80	918.64	Variance is not material.
Inventories	September-2021	10,755.87	10,412.44	343.43	Variance is not material.
Trade receivable (gross balance)	December-2021	15,716.75	13,991.22	1,725.53	Variance is not material.
Inventories	December-2021	11,120.59	11,187.74	(67.15)	Variance is not material.
Trade receivable (gross balance)	March - 2022	15,146.66	14,686.97	459.69	Variance is not material.
Inventories	March - 2022	11,425.42	10,540.98	884.44	Variance is not material.

F Financial ratios

Ratio	Measurement unit	Numerator	Denominator	As at 31 st March, 2022	As at 31 st March, 2021	Change	Remarks
				Ratio	Ratio		
Current ratio	Times	Current assets	Current liabilities	1.23	1.16	6.20%	Note 1A below
Debt-equity ratio	Times	Total debt [Non-current borrowings + Current borrowings]	Total equity	0.33	0.46	-28.44%	Note 1B below
Debt service coverage ratio	Times	Earnings before depreciation and amortization and interest [Profit/loss after tax + Depreciation and amortization expense + Finance costs (excluding interest on lease liabilities)]	Interest expense (including capitalized) + Principal repayment (including prepayments)	2.38	2.00	18.82%	Note 1A below
Return on equity ratio	Percentage	Profit after tax	Average of total equity	15.11%	16.81%	10.11%	Note 1A below
Inventory turnover ratio	Times	Costs of materials consumed	Average inventories	2.89	2.13	35.60%	Note 1C below
Trade receivables turnover ratio	Times	Revenue from operations	Average trade receivables	3.77	3.17	18.80%	Note 1A below
Trade payables turnover ratio	Times	Purchases + other expenses	Average trade payables	2.96	2.58	14.69%	Note 1A below

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 44. NEW DISCLOSURES AS PER THE REQUIREMENTS OF DIVISION II OF SCHEDULE III TO THE ACT (CONTD.)

Net capital turnover ratio	Times	Revenue from operations	Working capital [Current assets - Current liabilities]	10.30	11.03	-6.66%	Note 1A below
Net profit ratio	Percentage	Profit after tax	Revenue from operations	6.42%	7.57%	-15.17%	Note 1A below
Return on capital employed	Percentage	Earnings before depreciation and amortization, interest and tax = Profit/loss before tax + Depreciation and amortization expense + Finance costs	Capital employed [Total assets - Current liabilities + Current borrowings]	22.43%	24.82%	-9.65%	Note 1A below
Return on investment	Percentage	Profit after tax	Equity share capital + Instruments entirely equity in nature + Securities premium	62.66%	56.84%	-10.24%	Note 1A below

Notes:

- A Since the change in ratio is less than 25%, no explanation is required to be furnished.
- B The variation is because the Company has repaid existing debt during the period.
- C The increase in the ratio is attributable to the increase in the cost of materials consumed as a result on increase in operations during the current period viz a viz the previous period. However, the inventory levels in the current period did not increase in proportion to the cost of materials consumed.

NOTE 45. SEGMENT INFORMATION

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating segment of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

i Information about major customers

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

ii Information about geographical areas

Particulars	31 st March, 2022	31 st March, 2021
Revenue from operations attributed to:		
Country of domicile (India)	42,164.60	31,703.50
Foreign countries	15,559.43	12,716.22
Total	57,724.03	44,419.72

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 46. DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:

(a) Investments made:

Name of the investee	Amount invested during the year 2021-22	Amount as on 31 st March, 2022	Amount invested during the year 2020-21	Amount as on 31 st March, 2021
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	-	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-	-	-	-
(iii) T & T Motors Private Limited	-	13.75	-	13.75
Total	-	3,264.07	-	3,264.07

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

Name of the payee	Paid/ (recovered) during the year 2021-22	Outstanding amount as on 31 st March, 2022*	Paid/ (recovered) during the year 2020-21	Outstanding amount as on 31 st March, 2021*
(i) Fastech Builders Private Limited	-	45.00	-	45.00
(ii) Fastech Projects Private Limited	-	40.00	-	40.00
(iii) Bankey Bihari Engineers LLP	-	100.00	(25.00)	100.00
(iv) Express Engineers & Spares Private Limited	-	200.00	(80.00)	200.00
Total	-	385.00	(105.00)	385.00

* 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 31 st March, 2022	Outstanding amount as on 31 st March, 2021
(i) Marugo Rubber Industries, Japan (for the benefit of Talbros Marugo Rubber Private Limited)	200.00	200.00

NOTE - 47

The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to Nil (31st March, 2021: ₹ 355.50 lacs) to be adjusted against Company's future normal tax liabilities as per provisions of Income Tax Act, 1961.

NOTE - 48

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. COVID-19 is significantly impacting business operation of the Group, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/ lock down of production facilities. On 24th March, 2020, the Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Notes to the Financial Statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 48 (CONTD.)

Consequently, the Company has assessed the impact of this pandemic on its business operations and has made detailed assessment of its liquidity position for next one year. The Company has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventories and other assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statement. The Company has performed sensitivity analysis on the assumptions used and based on current estimates and expects the carrying amount of these assets will be recovered and no material adjustment required in the financial statements. Also, basis the future cash flow projections and availability of working capital limits, the Company is expected to have sufficient cash flow to meet its obligations for next twelve months and does not anticipate that it will not be able to realize its assets and discharge its liabilities in the normal course of business. The Impact of COVID-19 on the Company's financial statement may differ from the estimated as at the date of approval of these financial statements due to uncertainties associated with its nature and duration and is highly dependent on future economic developments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Company's business operations. The Company will continue to closely monitor any material changes to future economic conditions.

For and on behalf of Talbros Automotive Components Limited**For J.C Bhalla & Co**

Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla

Partner
Membership No. 505002

Place: Gurugram
Date: 23rd May, 2022

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

FINANCIAL STATEMENTS

Consolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Members of

Talbro Automotive Components Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated financial statements of **Talbro Automotive Components Limited** ("the Company") and its jointly controlled entities, which comprise the consolidated Balance Sheet as at 31st March, 2022, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Equity and the consolidated Statement for Cash Flow 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, 2022, its consolidated profit and total comprehensive income, its consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 51 to the consolidated financial statements in which the Company describes the uncertainties arising from COVID-19 pandemic. Our conclusion is not modified in respect of this matter.

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 Matter	Auditor's Response
1	<p>Valuation of complex instruments involving high estimation uncertain</p> <p>The Company has material long term investments in group companies which are un-quoted.</p>	<p>Principal Audit Procedures</p> <p>We have verified the group shareholding in the investment in equity instruments which are fair valued by the Company.</p> <p>We have verified the reasonableness of assumptions used and the valuation technique used to determine the fair value.</p>

Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

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

Independent Auditors' Report (Contd.)

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, the respective Board of Directors of the Company and its jointly controlled entities are responsible for assessing the Company and its jointly controlled entities ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its jointly controlled entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its jointly controlled entities are also responsible for overseeing the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Our Objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its jointly controlled entities which is company incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its jointly controlled entities to continue as a going concern. If we conclude that material uncertainty exists,

Independent Auditors' Report (Contd.)

we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its jointly controlled entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company of which we are the independent auditor and such other entities included in the statement regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

The consolidated financial statements include the Company's share of net profit (including other comprehensive income) of Rs. 783.98 lacs for the year ended 31st March, 2022, 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

- 1) As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law relating to the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.
 - (e) On the basis of written representations received as on 31st March, 2022, taken on record by the Board of Directors of the Company and its jointly controlled entities incorporated in India, none of the directors is disqualified as on 31st March, 2022, 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

Independent Auditors' Report (Contd.)

controlled entities incorporated in India, refer to our separate report in "Annexure A" 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.
- (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, 2022.
- (iv) (a) The respective Managements of the Company and its jointly controlled entities which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company

or any of such jointly controlled entities to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such jointly controlled entities ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Company and its jointly controlled entities which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such jointly controlled entities from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such jointly controlled entities shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

Independent Auditors' Report (Contd.)

- (v) As stated in 39(b) to the consolidated financial statements:
- a. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
 - b. The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 2) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and

explanations given to us, and based on the CARO reports issued by us for the Company and its jointly controlled entities included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For J. C. Bhalla & Co.

Chartered Accountants

Firm's Registration No. 001111N

(Akhil Bhalla)

Partner

Membership No. 505002

UDIN: 22505002AJLFSN2059

Place : New Delhi

Dated: 23rd May, 2022

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Talbros Automotive Components Limited of even date)

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, 2022, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company and its jointly controlled entities which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("The ICAI").

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its jointly controlled entities, which is company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountant of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its jointly controlled entities, which are company incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and those receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Annexure 'A' To The Independent Auditor's Report (Contd.)**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

OPINION

In our opinion 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, 2022, 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's Registration No. 001111N

(Akhil Bhalla)

Partner

Membership No. 505002

UDIN: 22505002AJLFSN2059

Place : New Delhi

Dated: 23rd May, 2022

CONSOLIDATED BALANCE SHEET

as at 31st March, 2022

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Note	31 st March, 2022	31 st March, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	15,330.72	14,538.48
Capital work in progress	2	325.02	303.96
Investment property	3	297.96	313.95
Intangible assets	4	92.20	123.52
Investments accounted for using the equity method	5	5,953.53	5,169.54
Financial assets			
Investments	6	3,838.14	2,146.00
Other financial assets	8A	186.00	159.47
Current tax assets	9	213.16	-
Other non-current assets	10A	452.98	246.82
Total non-current assets		26,689.71	23,001.74
Current assets			
Inventories	11	11,425.41	10,214.53
Financial assets			
Trade receivables	12	15,146.66	15,496.68
Cash and cash equivalents	13	205.55	274.98
Other bank balances	14	332.05	907.41
Loans	7A	428.52	441.11
Other financial assets	8B	233.86	300.97
Other current assets	10B	2,488.82	2,249.90
Total current assets		30,260.87	29,885.58
Total assets		56,950.58	52,887.32
Equity and liabilities			
Equity			
Equity share capital	15	1,234.56	1,234.56
Other equity	16	28,953.67	23,517.97
Total equity		30,188.23	24,752.53
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17A	761.68	1,410.79
Lease liabilities	18A	3.72	17.07
Other financial liabilities	19A	9.05	6.11
Provisions	20A	204.03	225.35
Deferred tax liabilities	21	1,105.06	550.03
Other non-current liabilities	22A	24.49	66.68
Total non-current liabilities		2,108.03	2,276.03
Current liabilities			
Financial liabilities			
Borrowings	17B	8,137.91	8,870.91
Lease liabilities	18B	15.00	19.42
Trade payables	23		
(i) total outstanding dues of micro enterprises and small enterprises		103.93	162.40
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		15,210.46	14,777.06
Other financial liabilities	19B	707.14	908.38
Other current liabilities	22B	376.32	395.27
Provisions	20B	103.56	89.13
Current tax liabilities	24	-	636.19
Total current liabilities		24,654.32	25,858.76
Total equity and liabilities		56,950.58	52,887.32
Summary of significant accounting policies and accompanying notes form an integral part of these financial statements	1		

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

For and on behalf of Talbro's Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla

Partner
Membership No. 505002

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

Manish Khanna

Chief Financial Officer

Umesh Talwar

Vice Chairman and Managing Director
[DIN: 00059271]

Seema Narang

Company Secretary

Place: Gurugram
Date: 23rd May, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2022

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Note	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Revenue			
Revenue from operations	25	57,724.03	44,419.72
Other income	26	767.36	895.42
Total income		58,491.39	45,315.14
Expenses			
Cost of materials consumed	27	31,232.75	22,361.39
Purchase of stock-in-trade	28	387.65	241.34
Changes in inventories of finished goods, stock in trade and work in progress	29	(974.26)	1,222.05
Employee benefits expenses	30	6,510.52	5,387.15
Finance costs	31	1,176.73	1,348.66
Depreciation and amortisation expense	32	2,288.65	2,298.28
Other expenses	33	13,016.75	9,639.84
Total expenses		53,638.79	42,498.71
Profit before exceptional items and tax		4,852.60	2,816.43
Exceptional items	34	-	1,811.94
Profit before share of profit in joint ventures and tax		4,852.60	4,628.37
Share of profit of joint ventures accounted for using the equity method		783.67	552.27
Profit before tax		5,636.27	5,180.64
Tax expense	35		
Current tax		1,294.34	1,380.81
Deferred tax		(201.12)	(76.30)
Earlier years tax adjustments (net)		54.43	(36.94)
Total tax expense		1,147.65	1,267.57
Profit for the year		4,488.62	3,913.07
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		25.63	(36.91)
Changes in fair value of FVOCI equity instruments		1,692.15	1,472.00
Share of other comprehensive income of joint ventures accounted for using the equity method		0.31	7.49
Income tax relating to items that will not be reclassified to profit or loss		(400.65)	(333.26)
Total other comprehensive income for the year		1,317.44	1,109.32
Total comprehensive income for the year		5,806.06	5,022.39
Earnings per equity share (Face value ₹ 10 per share)	36		
Basic (₹)		36.36	31.70
Diluted (₹)		36.36	31.70
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

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: 23rd May, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31st March, 2022

(All amounts in ₹ lacs, unless otherwise stated)

A Equity share capital

Particulars	Balance as at 1 st April, 2020	Changes in equity share capital during the year	Balance as at 31 st March, 2021	Changes in equity share capital during the year	Balance as at 31 st March, 2022
Equity share capital	1,234.56	-	1,234.56	-	1,234.56

B Other equity

Particulars	Reserves and surplus				Equity instruments through Other Comprehensive Income	Total
	General reserve	Capital reserve	Securities premium	Retained earnings		
Balance as at 31st March 2020	698.23	15.21	4,678.30	13,148.55	17.00	18,557.29
Profit for the year	-	-	-	3,913.07	-	3,913.07
Other comprehensive income for the year (net of tax impact)	-	-	-	(24.01)	1,125.84	1,101.83
Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	-	7.49	-	7.49
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(61.73)	-	(61.73)
Balance as at 31st March 2021	748.23	15.21	4,678.30	16,933.39	1,142.84	23,517.97
Profit for the year	-	-	-	4,488.62	-	4,488.62
Other comprehensive income for the year (net of tax impact)	-	-	-	19.19	1,297.94	1,317.13
Share of other comprehensive income of joint ventures accounted for using the equity method	-	-	-	0.31	-	0.31
Transfer	50.00	-	-	(50.00)	-	-
Transactions with owners, recorded directly in equity						
- Dividend paid during the year	-	-	-	(370.37)	-	(370.37)
Balance as at 31st March 2022	798.23	15.21	4,678.30	21,021.15	2,440.78	28,953.67

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: 23rd May, 2022

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, 2022

(All amounts in ₹ lacs, unless otherwise stated)

Particulars	Year ended 31 st March, 2022	Year ended 31 st March, 2021
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,636.27	5,180.64
Adjustments for:		
Depreciation on property, plant and equipment, investment property and intangible assets	2,288.65	2,298.28
Profit on sale of property, plant and equipment (net)	(96.37)	(2,217.94)
Interest income	(74.89)	(89.76)
Share of profit of joint ventures	(783.67)	(552.27)
Allowance for doubtful debts (net)	194.85	256.06
Unrealised foreign exchange gain	(62.76)	(42.63)
Advances written off	276.79	21.44
Provisions no longer required written back	(273.08)	-
Finance costs	1,176.73	1,348.66
Operating profit before working capital changes	8,282.52	6,202.48
Movement in working capital		
Change in inventories	(1,210.89)	580.11
Change in Trade receivables, other financial and non-financial assets	(227.96)	(3,838.55)
Change in Trade payable, other financial and non-financial liabilities	167.78	4,146.65
Cash generated from operating activities post working capital changes	7,011.45	7,090.69
Income tax paid (net)	(1,842.62)	(471.60)
Net cash generated from operating activities (A)	5,168.83	6,619.09
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development)	(3,441.11)	(2,355.65)
Proceeds from sale of property, plant and equipment	280.02	2,571.98
Movement in other bank balances	578.48	(479.72)
Interest received	48.00	74.14
Net cash used in investing activities (B)	(2,534.61)	(189.25)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(Repayment of) borrowings (Net)	733.63	(2,911.99)
Repayment of term borrowings	(1,845.70)	(2,160.12)
Payment towards lease liabilities	(20.26)	(18.37)
Dividend paid net (including tax)	(372.83)	(63.03)
Interest paid	(1,198.49)	(1,372.29)
Net cash used in financing activities (C)	(2,703.65)	(6,525.80)
Decrease in cash and cash equivalents (A+B+C)	(69.43)	(95.96)
Cash and cash equivalents at the beginning of the year	274.98	370.94
Cash and cash equivalents at the end of the year (Refer note 13)	205.55	274.98

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

For and on behalf of Talbros Automotive Components Limited

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

per Akhil Bhalla
Partner
Membership No. 505002

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

Manish Khanna
Chief Financial Officer

Place: Gurugram
Date: 23rd May, 2022

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

Seema Narang
Company Secretary

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

1. CORPORATE INFORMATION

Talbro's Automotive Components Limited (the 'Holding Company') is a public limited company with its joint ventures (collectively referred to as the 'Group'). The Holding Company is incorporated and domiciled in India. The Holding Company's shares are listed with Bombay Stock Exchange and National Stock Exchange. The Group is in the business of manufacturing gaskets, forging, suspension systems, anti-vibration components and hoses. The Holding Company has its registered place of business at 14/1, Mathura Road, P.O Amar Nagar, Faridabad 121003, Haryana, India.

1.1 Basis of preparation

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

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

The consolidated financial statements for the year ended 31st March, 2022 were authorized and approved by the Board of Directors on 23rd May, 2022.

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

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

1.2 Basis of consolidation

Joint ventures

Interest in joint venture are accounted for using the equity method, after initially being recognized at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets

of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss (including the other comprehensive income) includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

1.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.4 Significant accounting policies

The significant accounting policies that are used in the preparation of these financial statements are 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

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

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

c) Property, plant and equipment**Recognition and initial measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the 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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

Subsequent measurement (depreciation and useful lives)

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

S.No.	Plant	Method of depreciation	
		Straight line	Written down value
1	Gasket Plants at Faridabad, Chennai, Pune and Sohna (except on items acquired prior to 1 st September, 1978 at the Chennai Plant and prior to 31 st December, 1985 at Faridabad Plant)	Plant, machinery and Equipment	All other depreciable Assets
2	Assets acquired prior to 1 st September, 1978 at the Chennai Plant and prior to 31 st December, 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 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 recognized as at 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

d) Intangible assets

Recognition and initial measurement

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding product development costs, are not 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

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

change in the same is accounted for prospectively. The following useful lives are applied:

Intangible assets	Amortization period
Major computer software	3-5 years
Technical know how	10 years

De-recognition

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are 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 1st April, 2016 measured as per the provisions of previous GAAP and use that carrying value as the deemed cost of intangible assets.

e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

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

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

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its investment properties recognized as at 1st April, 2016 measured

as per the provisions of previous GAAP and use that carrying value as the deemed cost of investment properties.

f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

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

An impairment loss is 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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

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 leases recognized in accordance with Ind AS 116, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) **Government grant**

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

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

i) **Foreign currency transactions**

Functional and presentation currency

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

Foreign currencies

Initial recognition

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

Subsequent measurement

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in Other comprehensive income or profit or loss are also recognized in Other comprehensive income or profit or loss, respectively).

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

j) **Leases**

Group as a lessee

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

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

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU")

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

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

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

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

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

Group as a lessor

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

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

k) Fair value measurement

Fair value is the price that would be received to sell

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

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

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

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

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

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

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

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

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

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

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

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

l) Revenue recognition

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

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is measured at fair value of the consideration received or receivable, exclusive of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc. Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

The Group applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below:

Sale of goods and services

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue from services is recognized when Group satisfies the performance obligations by transferring the promised services to its customers.

Dividend income

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

Interest income

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

Export incentives

Export incentives are accounted on accrual basis.

m) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

Financial assets

- i. **Financial assets carried at amortized cost –**
A financial instrument is measured at amortized cost if both the following conditions are met:
 - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
 - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

ii. Financial assets at fair value

- **Investments in equity instruments other than above** – Investments in equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

- iii. **Investments in mutual funds** - Investments in mutual funds are measured at fair value through profit or loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent to initial recognition, all non-derivative financial liabilities, other than derivative liabilities, are subsequently measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or

cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is 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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

o) Investment in joint ventures

Investments in joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of these investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

p) Retirement and other employee benefits

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Group has no obligation other than the contribution payable to the 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.

q) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r) Taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Minimum alternate tax ("MAT") credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on 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).

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions determined based on the best estimate required to settle the obligation at the reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

Contingent liabilities are disclosed on the basis of judgement of management after a careful evaluation of facts and legal aspects of matter involved.

Contingent assets are disclosed when probable and recognized when the realization of income is virtually certain.

1.5 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Provisions, contingent liabilities and contingent assets – The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Leases – The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable 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:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Group does not expect the

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de-recognize a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 2 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Right of use - Land	Right of use - Building	Building improvements	Plant and equipment	Vehicles	Right of use - vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block														
As at 1 st April, 2020	702.62	413.99	-	3,120.67	20,761.08	438.25	27.80	590.85	423.70	957.73	105.72	10.52	27,568.72	60.21
Additions*	-	-	34.23	28.45	2,123.88	2.70	-	12.40	22.36	10.01	-	-	2,234.03	243.75
Disposals/transfers	(9.06)	-	-	(135.33)	(639.83)	(22.03)	-	(26.90)	(2.36)	(25.07)	-	-	(860.58)	-
Balance as at 31st March, 2021	693.56	413.99	34.23	3,013.79	22,245.13	418.92	27.80	576.35	443.70	942.67	105.72	10.52	28,942.17	303.96
Additions	-	-	-	154.78	2,647.35	265.72	-	54.20	58.68	51.88	-	-	3,232.61	325.02
Disposals/transfers	-	-	-	(15.79)	(311.15)	(181.49)	-	-	(2.16)	(0.84)	-	-	(511.43)	(303.96)
Balance as at 31st March, 2022	693.56	413.99	34.23	3,152.78	24,581.33	503.15	27.80	630.55	500.22	993.71	105.72	10.52	31,663.35	325.02
Accumulated depreciation														
As at 1 st April, 2020	-	53.42	-	1,354.71	9,385.66	290.84	10.20	500.15	358.84	579.85	86.30	9.99	12,645.75	-
Charge for the year	-	4.60	6.07	109.36	1,962.34	38.13	10.17	37.23	26.64	64.28	4.15	-	2,262.97	-
Disposals	-	-	-	(107.76)	(327.68)	(17.43)	-	(25.92)	(2.30)	(23.94)	-	-	(505.03)	-
Balance as at 31st March, 2021	-	58.02	6.07	1,356.31	11,020.32	311.54	20.37	511.46	383.18	620.19	90.45	9.99	14,403.69	-
Charge for the year	-	4.60	11.42	113.90	1,911.77	43.46	6.88	34.75	37.88	71.41	6.57	0.45	2,243.09	-
Disposals	-	-	-	(15.78)	(145.61)	(150.09)	-	-	(2.45)	(0.22)	-	-	(314.15)	-
Balance as at 31st March, 2022	-	62.62	17.49	1,454.43	12,786.48	204.91	27.25	546.21	418.61	691.38	97.02	10.44	16,332.63	-
Net block as at 31st March, 2022	693.56	351.37	16.74	1,698.35	11,794.85	298.24	0.55	84.34	81.61	302.33	8.70	0.08	15,330.72	325.02
Net block as at 31st March, 2021	693.56	355.97	28.16	1,657.48	11,224.81	107.38	7.43	64.89	60.52	322.48	15.27	0.53	14,538.48	303.96

* Includes addition on account of transition to Ind AS-116 "Leases"

(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):

Nature of expense	31 st March, 2022	31 st March, 2021
Salaries and wages	168.32	155.32
Depreciation	42.46	45.61
Power and fuel	99.40	88.42
Repairs and maintenance	59.98	57.79
Processing charges and consumable	271.00	155.50
Total	641.16	502.64

(ii) Contractual obligations

Refer note 43B 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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 3 INVESTMENT PROPERTY

Particulars	Land	Building	Total
Gross block			
As at 1 st April, 2020	2.81	512.27	515.08
Additions/transfers	37.96	-	37.96
Balance as at 31st March, 2021	40.77	512.27	553.04
Additions/transfers	-	-	-
Balance as at 31st March, 2022	40.77	512.27	553.04
Accumulated depreciation			
As at 1st April, 2020	-	222.90	222.90
Charge for the year	-	16.19	16.19
Balance as at 31st March, 2021	-	239.09	239.09
Charge for the year	-	15.99	15.99
Balance as at 31st March, 2022	-	255.08	255.08
Net block as at 31st March, 2022	40.77	257.19	297.96
Net block as at 31st March, 2021	40.77	273.18	313.95

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

Particulars	31 st March, 2022	31 st March, 2021
Rental income	198.64	169.01
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	198.64	169.01
Less: depreciation expense	15.99	16.19
Profit from leasing of investment property after depreciation	182.65	152.82

*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 44 for details on future minimum lease rentals.

(iii) Fair value of investment property:

Particulars	31 st March, 2022	31 st March, 2021
Fair value	594.86	615.65

The Group obtains independent valuation for its investment property at least annually and are considered to be a fair representation at which such properties can be sold in an active market. Fair value measurement has been 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 Group considers the average price of similar property and appropriate depreciation has been accounted for arriving at fair and reasonable value.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 4 INTANGIBLE ASSETS

Particulars	Computer software	Technical know-how	Total
Gross block			
As at 1 st April, 2020	416.63	471.61	888.24
Additions	20.50	36.57	57.07
Internally developed	-	-	-
Balance as at 31st March, 2021	437.13	508.18	945.31
Additions	3.30	37.41	40.71
Disposals	-2.02	-60.22	-62.24
Balance as at 31st March, 2022	438.41	485.37	923.78
Accumulated amortization			
As at 1 st April, 2020	285.46	471.61	757.07
Amortization charge for the year	62.01	2.72	64.73
Disposals	-	-	-
Balance as at 31st March, 2021	347.46	474.33	821.79
Amortization charge for the year	54.46	17.57	72.03
Disposals	-2.02	-60.22	-62.24
Balance as at 31st March, 2022	399.90	431.68	831.58
Net block as at 31st March, 2022	38.51	53.69	92.20
Net block as at 31st March, 2021	89.67	33.85	123.52

Notes:

(i) Intangibles under development comprise of the softwares under development.

(ii) Research and development expenses

Refer note 46 for expenses incurred on research and development activities.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 st March, 2022	As at 31 st March, 2021
(i) Investments in equity instruments		
Joint ventures		
(Unquoted)		
Nippon Leakless Talbros Private Limited 4,800,000 shares (31 st March, 2021: 4,800,000 shares) of ₹ 10 each	2,853.97	2,470.97
Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 st March, 2021: 11,780,000 shares) of ₹ 10 each	2,408.58	2,004.21
Talbros Marugo Rubber Private Limited 9,500,000 shares (31 st March, 2021: 9,500,000 shares) of ₹ 10 each	690.98	694.37
	5,953.53	5,169.54
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	5,953.53	5,169.54
Aggregate amount of impairment in value of investments	-	-

Name of the Joint ventures	Principle place of business	Ownership interest	
		As at 31 st March, 2022	As at 31 st March, 2021
Nippon Leakless Talbros Private Limited	India	40.00%	40.00%
Marelli Talbros Chassis Systems Private Limited	India	50.00%	50.00%
Talbros Marugo Rubber Private Limited	India	50% less one share	50% less one share

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

NOTE - 6 INVESTMENTS

	As at 31 st March, 2022	As at 31 st March, 2021
(i) Investments in equity instruments		
(Unquoted, at fair value through other comprehensive income)		
QH Talbros Private Limited 177,962 shares (31 st March, 2021: 177,962 shares) of ₹ 10 each	20.39	18.00
Talbros International Private Limited 1,326,970 shares (31 st March, 2021: 1,326,970 shares) of ₹ 10 each	3,748.43	2,070.00
T & T Motors Limited 83,333 shares (31 st March, 2021: 83,333 shares) of ₹ 10 each	69.32	58.00
	3,838.14	2,146.00
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	3,838.14	2,146.00
Aggregate amount of impairment in value of investments	-	-

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 7

A Loans - current (Unsecured, considered good)

	As at 31 st March, 2022	As at 31 st March, 2021
Inter-corporate deposit	428.52	441.11
	428.52	441.11

NOTE - 8

A Other financial assets - non-current (Unsecured, considered good)

Security deposits	150.14	147.19
Bank deposits with more than 12 months maturity*	35.86	12.28
	186.00	159.47

*Under lien with banks as security against borrowings.

B Other financial assets - current (Unsecured, considered good)

Loan to employees	83.51	111.17
Security deposits	24.13	24.13
Derivative assets on forward contracts	52.56	89.63
Claims and other recoverable	73.66	76.04
	233.86	300.97

NOTE - 9 CURRENT TAX ASSETS

Advance income tax	2,586.25	-
Less: Provision for taxation	(2,373.09)	-
	213.16	-

NOTE - 10

A Other non-current assets

Prepaid expenses	8.43	-
Accrued lease income	5.80	10.88
Capital advances	438.75	235.94
	452.98	246.82

B Other current assets

Advances to suppliers		
- Considered good	395.44	574.86
- Considered doubtful	36.84	26.59
Balance with government authorities		
- Considered good	1,015.53	1,274.98
- Considered doubtful	142.84	166.04
Prepaid expenses	113.39	81.38
Surplus planned assets	218.77	9.03
Accrued lease income	0.20	0.30
Others	745.49	309.36
	2,668.50	2,442.54
Less : Provision for doubtful advances	(179.68)	(192.64)
	2,488.82	2,249.90

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 11 INVENTORIES

	As at 31st March, 2022	As at 31st March, 2021
(Lower of cost or net realizable value)		
Raw material	4,490.24	4,280.12
Work in progress	4,273.28	4,114.10
Finished goods including Stock in Trade	2,214.53	1,399.45
Stores and spares	447.36	420.86
	11,425.41	10,214.53
i) The above includes goods in transit as under:		
Raw material	980.37	902.78
Stores and spares	16.92	5.53
Stock in Trade	-	2.96
	997.29	911.27

NOTE - 12 TRADE RECEIVABLES*

Trade receivables considered good, unsecured	15,146.66	15,496.68
Trade receivables - credit impaired	402.59	467.87
	15,549.25	15,964.55
Less: Allowance for expected credit loss	(402.59)	(467.87)
	15,146.66	15,496.68
Includes trade receivables from companies in which directors are interested^		
Marelli Talbros Chassis Systems Private Limited	-	5.17
Talbros Marugo Rubber Private Limited	26.45	99.55
QH Talbros Private Limited	2,130.15	1,381.35
Talbros Indiparts Private Limited	647.79	-

*Refer note 47 for ageing details

^Refer note 40 for related party transactions

The Group's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 38.

NOTE - 13 CASH AND CASH EQUIVALENTS

Cash on hand	5.81	13.08
Balances with banks		
-in current accounts	98.28	253.23
Deposits with original maturity less than 3 months	101.46	8.67
	205.55	274.98

NOTE - 14 OTHER BANK BALANCES

Term deposits	4.68	40.59
Margin money deposits (under lien with banks)	307.26	844.24
Earmarked balances with banks		
- Unpaid dividend account	20.11	22.58
	332.05	907.41

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 15 EQUITY SHARE CAPITAL

	As at 31 st March, 2022		As at 31 st March, 2021	
	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				
Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
	1,23,45,630	1,234.56	1,23,45,630	1,234.56
iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Equity shares				
Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Changes during the year	-	-	-	-
Balance at the end of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56

iv Terms/ rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

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

	As at 31 st March, 2022		As at 31 st March, 2021	
	No. of shares	%	No. of shares	%
Name of the equity shareholders				
Talbro's International Private Limited	52,71,548	42.70%	52,61,597	42.62%

vi There are no shares issued for consideration other than cash and no shares have been bought back in last five years.

vii There are no shares reserved for issue under options or other purpose.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 16 OTHER EQUITY

	As at 31st March, 2022	As at 31st March, 2021
General reserve	798.23	748.23
Retained earnings	21,021.15	16,933.39
Capital reserve	15.21	15.21
Securities premium reserve	4,678.30	4,678.30
Equity instruments through other comprehensive income	2,440.78	1,142.84
Total other equity	28,953.67	23,517.97

Nature and purpose of other reserves**i General reserve**

General reserve is created out of the accumulated profits of the Group as per the provisions of Companies Act. The transfers from retained earnings to General reserve represents transfer as per the provision of Companies Act on dividend distribution.

ii Retained earnings

All the profits made by the Group are transferred to retained earnings from statement of profit and loss.

iii Capital reserve

Capital reserve includes the amount of share application money forfeited by the Holding Company.

iv Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is 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**

	As at 31st March, 2022	As at 31st March, 2021
Secured		
Term Loans		
From banks - Rupee loan		
- HDFC bank	452.03	-
- Kotak Mahindra bank	147.02	277.52
- Vehicle Loans	77.05	-
From banks - foreign currency loan		
- IDFC First bank	-	208.32
From Others		
- Bajaj Finance Limited	-	897.33
- Vehicle loans	85.58	27.62
	761.68	1,410.79
Amount disclosed under other financial liabilities:		
Current maturity of long-term debts	829.60	1,809.33
Interest accrued on borrowings	35.05	46.24

Notes:

1. 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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 17 (CONTD.)

2. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
3. 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.
4. Term loan from Bajaj Finance Limited 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.
5. Term loan from HDFC Bank is secured by exclusive charge on all the fixed assets purchased out of proceeds of term loan and is further secured by personal guarantee of two directors for takeover portion of TL from Bajaj Finserve only.
6. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

Particulars	Terms of repayment	Interest Rate	31 st March, 2022	31 st March, 2021
Term loans, secured				
From banks - Rupee loan				
HDFC Bank	Repayment with in 36 monthly instalment from the date of disbursement.	7.15% to 7.30%	452.03	-
Vehicle Loans	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	7.10% to 7.10%	77.05	-
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	7.50% to 8.95%	147.02	277.52
From banks - foreign currency loan				
IDFC First Bank	24 to 48 equal monthly installment from the date of disbursement 18 equal monthly instalment from the date of disbursement	3.00% to 3.25% 8.85%	-	208.32
From others:				
Bajaj Finance Limited	60 equal monthly installments from the date of loan	9.15% - 10.80%	-	897.33
Vehicle Loans	36 equal monthly installments from the date of loan	6.99% to 7.85%	85.58	27.62
			761.68	1,410.79

	As at 31 st March, 2022	As at 31 st March, 2021
B Short term borrowings		
Current maturity of long-term borrowings	829.60	1,809.33
Secured		
a) Working capital loan from bank		
HDFC Bank*	3,636.27	3,481.54
DBS Bank*	350.00	643.77
Yes Bank*	300.00	-
Axis Bank*	1,567.68	1,106.84
Federal Bank *	1,454.36	1,455.19

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 17 (CONTD.)

	As at 31st March, 2022	As at 31st March, 2021
Unsecured		
a) Deposits		
Inter-corporate deposit	-	100.00
b) Borrowings on account of sales bill discounting		
From banks	-	274.23
	8,137.91	8,870.91

Notes:

* Working capital loans from HDFC Bank, DBS Bank, Federal Bank, Axis Bank and Yes Bank are secured by way of first pari-passu charge to all current assets, both present and future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders.

** Working capital loan from HDFC Bank is secured by personal guarantee of two directors of the Company and working capital loan from Bajaj Finance Limited are secured by Tripartite agreement.

Short-term borrowings (excluding current maturities of long-term borrowings)

Particulars	Terms of repayment	Interest Rate	31st March, 2022	31st March, 2021
Working capital loan, secured				
HDFC Bank	Within 365 days	4.00% -9.85%	3,636.27	3,481.54
DBS Bank	Within 365 days	4.25%-9.05%	350.00	643.77
Yes Bank	Within 365 days	4.95% - 5.20%	300.00	-
Axis Bank	Within 365 days	6.25% -8.95%	1,567.68	1,106.84
Federal Bank	Within 365 days	4.00% - 8.95%	1,454.36	1,455.19
Deposits, unsecured				
Inter-corporate deposit	Within 365 days	12.00%	-	100.00
Borrowings on account of sales bill discounting, unsecured				
From banks	Within 90 days	8.25%-9.00%	-	274.23
			7,308.31	7,061.57

C Reconciliation of liabilities arising from financing activities

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

Particulars	Lease liabilities	Long-term borrowings	Short-term borrowings[^]	Total
As at 31st March, 2021	36.50	3,220.12	7,082.78	10,339.40
Cash flow:				
- Proceeds From/(Repayment of) Borrowings (Net)	-	216.85	516.78	733.63
- Repayment (including matured deposits)	(20.26)	(1,845.70)	-	(1,865.96)
Other movements:				
- Movement in bills discounted from banks	-	-	(274.23)	(274.23)
Other non-cash movements:				
- Accrual of interest on lease liabilities	2.49	-	-	2.49
As at 31st March, 2022	18.72	1,591.28	7,325.33	8,935.32

[^]including unclaimed matured deposits

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 18

	As at 31 st March, 2022	As at 31 st March, 2021
A Lease liabilities - non-current		
Lease liabilities	3.72	17.07
	3.72	17.07
B Lease liabilities - non-current		
Lease liabilities	15.00	19.42
	15.00	19.42

NOTE - 19

A Other financial liabilities - non-current		
Security deposits	9.05	6.11
	9.05	6.11
B Other financial liabilities - current		
Derivative liability on forward contracts	-	15.92
Interest accrued on borrowings	35.05	46.24
Employee related payables	573.82	711.22
Security deposits	32.48	50.98
Unclaimed dividend	20.11	22.58
Unclaimed matured deposits	17.02	21.21
Interest accrued on unclaimed matured deposits	-	15.51
Other payables	28.66	24.73
	707.14	908.38

NOTE - 20

A Provisions - non-current		
Employees' post retirement/long-term benefits		
Compensated absences	204.03	225.35
	204.03	225.35

For movements in each class of provision during the financial year, refer note 45.

B Provisions - current		
Employees' post retirement/long-term benefits		
Compensated absences	103.56	89.13
	103.56	89.13

For movements in each class of provision during the financial year, refer note 45.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 21

	As at 31 st March, 2022	As at 31 st March, 2021
Deferred tax liabilities		
Deferred tax liabilities arising on account of :		
Depreciation	582.31	891.66
Equity instruments carried at FVOCI	741.30	347.10
Others	10.58	10.93
Deferred tax asset arising on account of :		
Minimum alternative tax credit#	-	355.50
Allowance for doubtful debts and advances	149.21	230.81
Disallowances u/s 43B	79.92	113.35
	1,105.06	550.03

Particulars	31 st March, 2021	Adjusted from Provision for Taxation	Recognized in statement of profit and loss	Recognized in other comprehensive income	31 st March, 2022
Deferred tax liability:					
Depreciation	891.66	-	(309.35)	-	582.31
Equity instruments carried at FVOCI	347.10	-	-	394.20	741.30
Others	10.93	-	(0.35)	-	10.58
Deferred tax asset:					
Minimum alternative tax credit	355.50	(355.50)	-	-	-
Allowance for doubtful debts and advances	230.81	-	(81.60)	-	149.21
Disallowances u/s 43B	113.35	-	(26.98)	(6.45)	79.92
	550.03	355.50	(201.12)	400.65	1,105.06

Note:

(i) Breakup of amounts recognized in statement of profit and loss:	31st March, 2022	31st March, 2021
Recognized as part of:		
- Deferred tax	(201.12)	(76.30)
	(201.12)	(76.30)

- (ii) The Group does not recognize deferred tax liability ₹ 842.79 lacs (31st March, 2021 : ₹ 855.15 lacs) with respect to unremitted retained earnings of joint ventures wherever it controls the timing of the distribution of profits and it is probable that the joint venture will not distribute the profits in the foreseeable future.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 22

	As at 31 st March, 2022	As at 31 st March, 2021
A Other non-current liabilities		
Deferred income	1.40	1.99
Advance from customers [^]	11.90	29.20
Amount payable government authorities	11.19	35.49
	24.49	66.68
B Other current liabilities		
Advance from customers [^]	156.68	151.39
Payable to statutory authorities	194.75	214.93
Deferred income	0.60	2.12
Amount payable government authorities	24.29	26.83
	376.32	395.27
[^] represents contract liabilities		
Reconciliation of contract liabilities:		
Contract liabilities at the beginning of the year	180.59	511.81
Less: performance obligations satisfied in current year	(128.09)	(700.33)
Add: advance received during the year	116.08	369.11
Contract liabilities at the end of the year	168.58	180.59

NOTE - 23

Trade payables*

Total outstanding dues of micro enterprises and small enterprises	103.93	162.40
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,210.46	14,777.06
	15,314.39	14,939.46

*Refer note 40 for related party transactions

The Group has received below information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31st March, 2022 and 31st March, 2021:

Particulars	31 st March, 2022	31 st March, 2021
i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	103.93	162.40
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.	-	-

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

Note - 24 CURRENT TAX LIABILITIES

	As at 31st March, 2022	As at 31st March, 2021
Provision for taxation	-	1,477.61
MAT Credit Utilization	-	(2.21)
Less: Advance income tax	-	(839.21)
	-	636.19

NOTE - 25 REVENUE FROM OPERATIONS

	Year ended 31st March, 2022	Year ended 31st March, 2021
Sale of products	54,151.86	42,340.09
Sale of services	64.54	31.43
Other operating income	3,507.63	2,048.20
	57,724.03	44,419.72
Disaggregation of revenue:		
Gaskets	35,334.45	26,586.82
Forgings	18,817.45	15,753.27
Management fees	64.50	31.43
Others	3,507.63	2,048.20
	57,724.03	44,419.72

NOTE - 26 OTHER INCOME

Interest income on:		
- Inter corporate deposits	48.35	60.66
- Fixed deposits with banks	25.05	28.52
- Other financial assets at amortized cost	0.19	0.09
- Others	1.30	0.50
Royalty	95.27	97.36
Lease rentals	198.64	169.01
Net gain on foreign currency transactions and translation	239.25	346.04
Profit on sale of property, plant and equipment (net)	96.37	137.72
Other non-operating income	62.94	55.52
	767.36	895.42

NOTE - 27 COST OF MATERIALS CONSUMED

Opening inventory	4,280.12	3,564.72
Add: Purchases	31,442.87	23,076.79
	35,722.99	26,641.51
Less: Closing inventory	4,490.24	4,280.12
	31,232.75	22,361.39

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 27 COST OF MATERIALS CONSUMED (CONTD.)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Cost of raw materials consumed include:		
Tinplate/P.C.R.C.A/steel	8,631.29	5,068.43
Jointing	6,865.04	5,889.28
Forging steels	10,051.97	7,528.22
Bought out auto components and parts	3,925.21	2,671.30
Others	1,759.24	1,204.16
	31,232.75	22,361.39

NOTE - 28 PURCHASE OF STOCK-IN-TRADE

Dyna bond	387.65	241.34
	387.65	241.34

NOTE - 29 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Inventories at the end of the year:		
Finished goods (including stock in trade)	2,214.53	1,399.45
Work-in-progress	4,273.28	4,114.10
Inventories at the beginning of the year:		
Finished goods (including stock in trade)	1,399.45	1,732.94
Work-in-progress	4,114.10	5,002.66
Net decrease	(974.26)	1,222.05

NOTE - 30 EMPLOYEE BENEFITS EXPENSE

Salaries and wages	5,800.94	4,848.13
Contributions to provident and other fund	283.13	272.95
Staff welfare expenses	426.45	266.07
	6,510.52	5,387.15

NOTE - 31 FINANCE COSTS

Interest on borrowings	1,063.87	1,274.49
Interest on lease liabilities	2.49	2.72
Interest on others	2.45	2.26
Other borrowing cost	107.92	69.19
	1,176.73	1,348.66

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 32 DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Depreciation on:		
- Property plant and equipment [^]	2,243.09	2,262.97
- Investment property	15.99	16.19
Amortisation of:		
- Intangible assets	72.03	64.73
	2,331.11	2,343.89
Less: depreciation capitalized	42.46	45.61
	2,288.65	2,298.28

[^]Includes depreciation on right of use assets ₹ 22.90 lacs (previous year ₹ 20.84 lacs)**NOTE - 33 OTHER EXPENSES**

Consumption of stores and spares parts	3,936.43	2,923.68
Labor and processing charges	648.16	565.46
Royalty	21.40	3.08
Power and fuel	2,120.33	1,758.42
Rent	9.34	18.49
Repairs to buildings	93.89	58.11
Repairs to plant & machinery	561.55	307.13
Repairs to other assets	276.21	192.32
Insurance	143.36	112.15
Travelling, tour & conveyance	584.75	299.26
Sales promotion expenses	294.01	154.20
Packing, freight & forwarding	3,382.80	2,251.45
Rates and taxes	20.55	41.82
Corporate social responsibility expenditure	40.37	72.35
Allowance for doubtful trade receivables/advances	194.85	256.06
Advances written off	276.79	21.44
Provisions no longer required written back	(273.08)	-
Legal and professional	188.53	145.69
Payment to auditors:		
-As Auditors:		
Audit fee	11.80	12.28
Tax audit fee	2.42	2.20
-In other capacity:		
Limited review	1.76	1.65
Other services	0.28	1.33
Out of pocket expenses	0.58	1.02
Donation	11.30	6.32
Miscellaneous expenses	468.37	433.93
	13,016.75	9,639.84

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 33 OTHER EXPENSES (CONTD.)

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 ₹ 40.37 lacs (31st March, 2021: ₹ 37.95 lacs).
- Amount spent during the financial year ended 31st March, 2022 and 31st March, 2021 on:

Particulars	Year	Amount paid	Amount yet to be paid	Total
Contribution to Prime Minister's National Relief Fund	31 st March, 2022	0.61	-	0.61
	31 st March, 2021	22.35	-	22.35
Donation paid to charitable trust	31 st March, 2022	39.76	-	39.76
	31 st March, 2021	15.60	-	15.60

NOTE - 34 EXCEPTIONAL ITEMS

	31 st March, 2022	31 st March, 2021
Gain on sale of property, plant and equipment (Chennai Plant) [^]	-	2,080.22
Less Write off against Inventory, Receivables and Other Assets (Chennai Plant)	-	(268.28)
	-	1,811.94

[^]represents the net gain on sale of property, plant and equipment located at Chennai net of write offs for inventory, trade receivables and other assets.

NOTE - 35 INCOME TAX

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Tax expense comprises of:		
Current tax	1,294.34	1,380.81
Deferred tax charge	(201.12)	(76.30)
Earlier years tax adjustments (net)	54.43	(36.94)
Income tax expense reported in the statement of profit and loss	1,147.65	1,267.57

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 25.168% and the reported tax expense in profit or loss are as follows:

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Accounting profit before income tax	5,636.27	5,180.64
At India's statutory income tax rate of 25.625% (31 st March, 2021: 34.944%)	1,444.30	1,810.32
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of different rate of tax	3.26	-
Earlier years tax adjustments (net)	54.43	(36.94)
Impact of tax on profit from joint ventures	(200.82)	(192.98)
Others	(153.52)	-312.83
Income tax expense	1,147.65	1,267.57

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 36 EARNINGS PER SHARE (EPS)

	Year ended 31 st March, 2022	Year ended 31 st March, 2021
Profit attributable to equity shareholders	4,488.62	3,913.07
Profit attributable to equity shareholders adjusted for the effect of dilution	4,488.62	3,913.07
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	36.36	31.70
(2) Diluted	36.36	31.70

NOTE - 37 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

31 st March, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	3,838.14	3,838.14
Derivative assets on forward contracts	-	52.56	-	52.56
Total financial assets	-	52.56	3,838.14	3,890.70
31st March, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Investments at FVOCI	-	-	2,146.00	2,146.00
Derivative Asset on forward contracts	-	89.63	-	89.63
Total financial assets	-	89.63	2,146.00	2,235.63
Financial liabilities				
Derivative liability on forward contracts	-	15.92	-	15.92
Total financial liabilities	-	15.92	-	15.92

(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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 37 FAIR VALUE DISCLOSURES (CONTD.)

- (iv) The following table summarizes 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, 2022	31 st March, 2021		31 st March, 2022	31 st March, 2021	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	3,838.14	2,146.00	Terminal growth rate	5%	5%	31 st March, 2022: ₹ 4,142.00 lacs 31 st March, 2021: - ₹ 2,364.00 lacs	31 st March, 2022: ₹ 3,597.00 lacs 31 st March, 2021: - ₹ 1,964.00 lacs

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

- (v) The following table presents the changes in level 3 items for the year ended 31st March, 2022 and 31st March, 2021:

Particulars	Equity shares
As at 1st April, 2020	674.00
Disposal during the year	-
Loss recognized in other comprehensive income	1,472.00
As at 31st March, 2021	2,146.00
Disposal during the year	-
Profit recognized in other comprehensive income	1,692.14
As at 31st March, 2022	3,838.14

- (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:

Particulars	Level	31 st March, 2022		31 st March, 2021	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Security deposit	Level 3	150.14	150.14	147.19	147.19
Other financial assets	Level 3	186.00	186.00	159.47	159.47
Total financial assets		336.14	336.14	306.66	306.66
Financial liabilities					
Borrowings	Level 3	1,626.33	1,626.33	3,266.36	3,266.36
Other financial liabilities	Level 3	9.05	9.16	6.11	6.21
Total financial liabilities		1,635.38	1,635.49	3,272.47	3,272.57

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other financial asset, trade payables, other financial liabilities and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- 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, 2022 was assessed to be insignificant.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 38 FINANCIAL RISK MANAGEMENT**(i) Financial instruments by category**

Particulars	31 st March, 2022			31 st March, 2021		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
Financial assets						
Investments*	-	3,838.14	-	-	2,146.00	-
Trade receivables	-	-	15,146.66	-	-	15,496.68
Loans	-	-	254.25	-	-	441.11
Cash and cash equivalents	-	-	205.55	-	-	274.98
Other bank balances	-	-	332.05	-	-	907.41
Other financial assets	52.56	-	367.30	89.63	-	199.48
Security deposits	-	-	174.27	-	-	171.32
Total financial assets	52.56	3,838.14	16,480.08	89.63	2,146.00	17,490.98
Financial liabilities						
Borrowings	-	-	8,934.64	-	-	10,327.93
Lease liabilities	-	-	18.72	-	-	36.49
Trade payables	-	-	15,314.39	-	-	14,939.46
Other financial liabilities	-	-	681.14	15.92	-	868.25
Total financial liabilities	-	-	24,948.89	15.92	-	26,172.13

*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 (₹)	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	Holding Company has investments in equity shares, except for entities where it exercises control or joint control or significant influence.

The Group's risk management is carried out by a central treasury department (of the Holding Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(A) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 38 FINANCIAL RISK MANAGEMENT (CONTD.)

- 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 –

Credit rating	Particulars	31 st March, 2022	31 st March, 2021
A: Low	Loans	428.52	441.11
	Other financial assets	419.86	460.44
	Cash and cash equivalents	205.55	274.98
	Other bank balances	332.05	907.41
B: Medium	Trade receivables	15,549.25	15,964.55

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.

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 ‘analyzing historical trend of default relevant based on the criteria defined above. And such provision percentage determined have been ‘considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met).

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 38 FINANCIAL RISK MANAGEMENT (CONTD.)

Particulars	31 st March, 2022		31 st March, 2021	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Gross debtors where no specific default has occurred	14,950.09	599.16	15,307.61	656.94
Expected loss rate	2.54%	3.71%	2.89%	3.95%
Expected credit loss (loss allowance provision)	380.39	22.20	441.94	25.94

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

Reconciliation of loss allowance	Trade receivables
Loss allowance on 1st April, 2020	316.56
Add: Changes in loss allowances	151.31
Loss allowance on 31st March, 2021	467.87
Less: Changes in loss allowances	(65.28)
Loss allowance on 31st March, 2022	402.59

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.

(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 Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

Financing arrangements

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

	As at 31 st March, 2022	As at 31 st March, 2021
Expiring within one year (cash credit and other facilities)	1,200.00	3,981.17
Expiring beyond one year (bank loans - floating rate)	-	-

Maturities of financial liabilities

The tables below analyze 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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 38 FINANCIAL RISK MANAGEMENT (CONTD.)

31 st March, 2022	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	8,218.82	807.41	-	9,026.23
Security deposit received	32.48	9.05	-	41.53
Trade payable	15,314.38	-	-	15,314.38
Other financial liabilities	659.66	-	-	659.66
Total	24,225.34	816.46	-	25,041.80

31 st March, 2021	Less than 1 year	1-3 year	More than 3 years	Total
Borrowings	9,054.84	1,543.40	-	10,598.24
Security deposit received	52.86	-	9.00	61.86
Trade payable	14,939.46	-	-	14,939.46
Other financial liabilities	857.41	-	-	857.41
Total	24,904.57	1,543.40	9.00	26,456.97

(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 optimizing the return.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Yen and Euro. Foreign exchange risk arises from 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:

Particulars	31 st March, 2022	31 st March, 2021
Import trade payables:		
EURO (in lakh)	12.36	12.29
INR (₹ in lakh)	1,039.70	1,054.06
USD (in lakh)	43.28	38.45
INR (₹ in lakh)	3,280.90	2,811.24
GBP (in lakh)	0.27	0.51
INR (₹ in lakh)	27.27	51.30
SGD (in lakh)	-	0.01
INR (₹ in lakh)	-	0.27
JPY (in lakh)	232.04	192.07
INR (₹ in lakh)	144.21	126.86
Export trade receivables:		
EURO (in lakh)	31.19	37.60
INR (₹ in lakh)	2,623.87	3,224.91
USD (in lakh)	21.42	13.80
INR (₹ in lakh)	1,623.06	1,008.78
GBP (in lakh)	0.94	0.61
INR (₹ in lakh)	93.37	61.19
AUD (in lakh)	0.03	-
INR (₹ in lakh)	1.67	-

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 38 FINANCIAL RISK MANAGEMENT (CONTD.)

The Group does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at year end are as under:

Particulars	31 st March, 2022	31 st March, 2021
Foreign exchange forward contracts to sell foreign currency		
EURO (in lakh)	-	18.00
INR (₹)	-	1,543.86
USD (in lakh)	26.00	-
INR (₹)	1,970.28	-

All the above contracts are maturing within one year.

Sensitivity

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31st March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Currency	Strengthening		Weakening	
		31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Financial assets					
1% movement	EURO	(11.78)	-14.12	11.78	14.12
4% movement	USD	49.32	46.90	(49.32)	-46.90
1% movement	YEN	1.07	0.83	(1.07)	-0.83

(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:

Particulars	31 st March, 2022	31 st March, 2021
Variable rate borrowing	8,736.97	10,254.08
Fixed rate borrowing	162.62	27.62
Total borrowings	8,899.59	10,281.70

Sensitivity

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

Particulars	31 st March, 2022	31 st March, 2021
Interest rates – increase by 50 basis points	(32.49)	(33.35)
Interest rates – decrease by 50 basis points	32.49	33.35

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.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 38 FINANCIAL RISK MANAGEMENT (CONTD.)

iv) Price risk

Exposure

The Group's exposure price risk arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

Particulars	31 st March, 2022	31 st March, 2021
Investments carried at fair value through other comprehensive income	3,838.14	2,146.00
Total investments	3,838.14	2,146.00

Sensitivity

Refer note 37(iv) for sensitivity analysis.

NOTE - 39

A Capital management

The Group's capital management objectives are

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group's adjusted net debt to equity ratio at 31st March, 2022 was as follows.

Particulars	31 st March, 2022	31 st March, 2021
Total borrowings	8,934.64	10,327.93
Less : cash and cash equivalents	205.55	274.98
Net debt	8,729.09	10,052.95
Total equity	30,188.23	24,752.53
Adjusted net debt to adjusted equity ratio	0.29	0.41

B Dividend

Particulars	31 st March, 2022	31 st March, 2021
Proposed dividend		
Proposed dividend for the year ended 31 st March, 2022 - ₹ 2.00 per share (31 st March, 2021 - ₹ 2.00 per share)	246.91	246.91
Final dividend paid		
Final dividend for the year ended 31 st March, 2022 - ₹ 3.00 per share (31 st March, 2021 - ₹ 0.50 per share)	370.37	61.73

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 40 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) Marelli Talbros Chassis Systems Private Limited
- (iii) Talbros Marugo Rubber Private Limited

Investing party in respect of which the Company is a subsidiary

- (i) Talbros International Private Limited

Key management personnel and their relatives

- (i) Mr. Naresh Talwar
- (ii) Mr. Umesh Talwar
- (iii) Mr. Varun Talwar
- (iv) Mr. Anuj Talwar
- (v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- (vi) Mr. Vidur Talwar
- (vii) Mr. Navin Juneja
- (viii) Mr. Anil Kumar Mehra
- (ix) Mr. V. Mohan (Till 5th November ,2021)
- (x) Mr. Amit Burman
- (xi) Ms. Priyanka Gulati
- (xii) Mr. Ajay K. Vij
- (xiii) Mr. Deepak Jain (with effect from 29th December, 2021)
- (xiv) Mr. Manish Khanna - Chief Financial Officer
- (xv) Ms. Seema Narang - Company Secretary

Enterprise over which key management personnel exercise significant influences

- (i) QH Talbros Private Limited
- (ii) Talbros Indiparts Private Limited

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 40 RELATED PARTY TRANSACTIONS (CONTD.)

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

(a) Transactions with joint ventures and associates:

S. No.	Particulars	31 st March, 2022	31 st March, 2021
1	Sale of goods		
	QH Talbro's Private Limited	6,241.94	4,229.69
	Talbro's Indiparts Private Limited	3,699.23	-
	Nippon Leakless Talbro's Private Limited	27.69	34.67
	Talbro's Marugo Rubber Private Limited	5.65	0.26
2	Sale of services		
	Talbro's Marugo Rubber Private Limited	35.40	35.40
	Talbro's Indiparts Private Limited	20.23	-
3	Purchase of services		
	Talbro's Indiparts Private Limited	101.44	-
4	Royalty income		
	QH Talbro's Private Limited	109.00	114.89
	Talbro's Indiparts Private Limited	3.42	-
5	Purchase of goods		
	Nippon Leakless Talbro's Private Limited	54.42	60.96
	Talbro's Marugo Rubber Private Limited	3.75	5.83
6	Lease rental income		
	Marelli Talbro's Chassis Systems Private Limited	198.45	170.10
	Talbro's Indiparts Private Limited	15.58	0.50
7	Reimbursement of expenses/payments		
	Marelli Talbro's Chassis Systems Private Limited	89.93	93.17
	Talbro's Marugo Rubber Private Limited	0.09	0.18
	Talbro's International Private Limited	5.40	5.37
	QH Talbro's Private Limited	-	0.48
	Talbro's Indiparts Private Limited	24.85	31.15
8	Dividend paid		
	Talbro's International Private Limited	158.05	26.31

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.

S. No.	Balance Outstanding at the end of the year	31 st March, 2022	31 st March, 2021
1	Outstanding balance included in financial assets (Trade receivable)		
	Talbro's Marugo Rubber Private Limited	26.45	99.55
	QH Talbro's Private Limited	2,130.15	1,381.35
	Marelli Talbro's Chassis Systems Private Limited	-	5.17
	Talbro's Indiparts Private Limited	647.79	-
2	Outstanding balance included in financial liabilities		
	Nippon Leakless Talbro's Private Limited	2.55	6.49
	Marelli Talbro's Chassis Systems Private Limited	22.26	22.26
	Talbro's Marugo Rubber Private Limited	6.12	8.01
	Talbro's Indiparts Private Limited	41.10	-

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 40 RELATED PARTY TRANSACTIONS (CONTD.)

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

S. No.	Particulars	31st March, 2022	31st March, 2021
1	Remuneration		
	Short-term employee benefits		
	Mr. Umesh Talwar	163.13	138.66
	Mr. Anuj Talwar	139.70	118.74
	Mr. Manish Khanna	46.73	34.18
	Ms. Seema Narang	29.40	22.40
	Other long-term benefits		
	Mr. Umesh Talwar	0.12	0.16
	Mr. Anuj Talwar	(3.34)	3.06
	Mr. Manish Khanna	0.51	0.73
	Ms. Seema Narang	0.55	0.49
	Post-employment benefits		
	Mr. Umesh Talwar	16.23	14.60
	Mr. Anuj Talwar	5.73	17.86
	Mr. Manish Khanna	2.40	2.61
	Ms. Seema Narang	2.90	3.18
	Fee for attending board & committee meetings to all the KMP's	10.35	10.35
2	Rent paid		
	Mrs. Kum Kum Talwar	7.20	7.20

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 41 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013.

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total consolidated income	Amount
Parent								
Talbro Automotive Components Limited	80.28%	24,234.70	82.54%	3,704.95	99.98%	1,317.13	86.50%	5,022.08
Joint venture (Investment as per the equity method)								
Indian								
Nippon Leakless Talbro Private Limited	9.45%	2,853.97	8.55%	383.83	-0.06%	-0.83	6.60%	383.00
Marelli Talbro Chassis Systems Private Limited	7.98%	2,408.58	9.03%	405.12	-0.06%	-0.75	6.96%	404.37
Talbro Marugo Rubber Private Limited	2.29%	690.98	-0.12%	-5.28	0.14%	1.89	-0.06%	-3.39
Total	100.00%	30,188.23	100.00%	4,488.62	100.00%	1,317.44	100.00%	5,806.06

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 42 GROUP INFORMATION**(a) Interests in joint ventures**

Set out below are joint ventures of the Holding Company as at 31st March, 2022 which, in the opinion of the directors, are material to the Holding Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Holding Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% equity Interest	Relationship	Accounting method
Nippon Leakless Talbros Private Limited	India	40%	Joint Venture	Equity method
Talbros Marugo Rubber Private Limited	India	50% less one share	Joint Venture	Equity method
Marelli Talbros Chassis Systems Private Limited	India	50%	Joint Venture	Equity method

(i) Contingent liabilities and commitments (net of advance) in respect of joint ventures for which the Holding Company is liable.

- (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 54.35 lacs (31st March, 2021: ₹ 244.17 lacs).
- (b) Outstanding exports commitments against EPCG license amounting to ₹ 633.60 lacs (31st March, 2021 : ₹ 397.55 lacs)
- (c) Guarantees executed in favor of customers and authorities amounting to ₹ 0.34 lacs (31st March, 2021: ₹ 0.03 lacs).
- (d) Income tax demands pending in appeals
Income tax demand on disallowance of expenditures amounting to ₹ 97.85 lacs (31st March, 2021: ₹ 94.43 lacs).
- (e) Custom duty
Differential custom duty due to dispute over classification of goods amounting to ₹ 24.51 lacs (31st March, 2021: ₹ 24.51 lacs).
- (f) Bonus payable amounting to ₹ 1.33 lacs (31st March, 2021: ₹ 1.33 lacs).

(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 Holding Company's share of those amounts.

Summarized balance sheet	Nippon Leakless Talbros Private Limited		Talbros Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Current assets						
Cash and cash equivalents	829.50	835.69	6.98	128.76	2.70	1.20
Other assets	5,500.26	4,882.02	2,103.68	1,718.43	4,375.10	3,925.80
Total current assets	6,329.76	5,717.71	2,110.66	1,847.19	4,377.80	3,927.00
Property, plant and equipment	1,836.74	1,958.72	2,106.83	2,200.43	3,367.98	2,983.01
Other assets	126.85	71.40	245.89	208.36	1,401.30	1,540.94
Total non-current assets	1,963.59	2,030.12	2,352.72	2,408.79	4,769.28	4,523.95

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 42 GROUP INFORMATION (CONTD.)

Summarized balance sheet	Nippon Leakless Talbros Private Limited		Talbro's Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Current liabilities					-	
Trade payables	963.30	1,330.21	1,777.82	1,646.73	1,902.90	2,250.40
Financial liabilities (excluding trade payables)	62.47	46.80	631.31	632.56	742.10	617.85
Other liabilities	67.97	100.33	62.19	35.40	161.80	120.20
Total current liabilities	1,093.74	1,477.34	2,471.32	2,314.69	2,806.80	2,988.45
Non-current liabilities					-	
Financial liabilities	0.62	4.16	556.23	505.68	1,213.30	1,312.00
Other liabilities	64.07	88.92	53.86	46.85	309.82	142.10
Total non-current liabilities	64.69	93.08	610.09	552.53	1,523.12	1,454.10
Net assets	7,134.92	6,177.41	1,381.97	1,388.76	4,817.16	4,008.41

Reconciliation to carrying amounts

Summarized balance sheet	Nippon Leakless Talbros Private Limited		Talbro's Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Opening net assets	6,177.41	5,338.64	1,388.76	1,373.64	4,008.41	3,575.02
Profit/ (loss) for the year	959.57	833.64	(10.56)	11.75	810.25	425.89
Other comprehensive income	(2.06)	5.13	3.77	3.36	(1.50)	7.50
Dividends paid	-	-	-	-	-	-
Closing net assets	7,134.92	6,177.41	1,381.97	1,388.76	4,817.16	4,008.41
Holding Company's share in %	40.00%	40.00%	50.00%	50.00%	50.00%	50.00%
Holding Company's share in Indian Rupees	2,853.97	2,470.96	690.9826	694.38	2,408.58	2,004.21
Carrying amount as at 31st March, 2022 and 31st March, 2021	2,853.97	2,470.96	690.98	694.38	2,408.58	2,004.21

Summarized statement of profit and loss

Summarized balance sheet	Nippon Leakless Talbros Private Limited		Talbro's Marugo Rubber Private Limited		Marelli Talbros Chassis Systems Private Limited	
	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021	31 st March, 2022	31 st March, 2021
Revenue	7,260.53	8,164.62	5,493.39	4,112.10	16,447.90	12,422.60
Other income	163.46	179.66	3.77	9.76	37.90	20.40
Depreciation and amortization	323.19	333.67	185.60	197.63	454.51	425.50
Income tax expense	318.98	295.12	(38.83)	45.45	367.00	185.79
Profit/(loss) for the year	959.57	833.64	(10.56)	11.75	810.25	425.89
Other comprehensive income	(2.06)	5.13	3.77	3.36	(1.50)	7.50
Total comprehensive income	957.51	838.77	(6.79)	15.11	808.75	433.39

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 43 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**A Contingent liabilities****(1) Claims against the Holding Company not acknowledged as debts:-**

Particulars	Nature of dues	31 st March, 2022	31 st March, 2021
(i) Service tax	Cenvat credit disallowed	8.85	8.85
(ii) Uttarakhan value added tax	Demand of Sale tax case 2016-17	38.67	-
(iii) Customs Act	Demand of custom duty (includes ₹ 4.13 lacs paid under protest, 31 st March, 2019: ₹ 4.13 lacs)	36.09	36.09
(iv) Employee's state insurance	ESI demand	33.28	33.28
(v) Municipal Corporation of Faridabad	Demand for external development charges	255.00	255.00
(vi) Labour disputes	Litigations filed by employees	48.00	35.00
(vii) Bonus payable*	Bonus payable for 2014-15	40.23	40.23
Total		460.12	408.45

*Retrospective bonus liability for 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts.

(2) Guarantees executed in favor of various authorities/ customers/ others amounting to ₹ 93.12 lacs (31st March, 2021: ₹ 135.90 lacs).**B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:**

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 735.59 lacs (31st March, 2021: ₹ 540.14 lacs).

NOTE - 44**(i) Leases disclosure as lessee**

A The Holding Company has taken vehicles and residential/commercial premises on lease. There are no restrictions placed upon the Holding Company by entering into these leases and there are no subleases. The Holding Company is prohibited from selling or pledging the underlying leased assets as security.

B Lease liabilities are presented in the statement of financial position as follows:

Particulars	31 st March, 2022	31 st March, 2021
Non-current	3.72	17.07
Current	15.00	19.42
Total	18.72	36.49

C The table below describes the nature of the Holding Company's leasing activities by type of right-of-use asset recognized on balance sheet:

Particulars	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Vehicles	2	0-1	0.11
Building	1	1-2	1.47
Land	2	90-99	73.58

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE 44 (CONTD.)

D Future minimum lease payments as on 31st March, 2022 are as follows:

Particulars	As at 31 st March, 2022			As at 31 st March, 2021		
	Lease payments	Finance charges	Net present values	Lease payments	Finance charges	Net present values
Minimum lease payments due						
Within 1 year	14.21	0.62	13.59	20.26	0.84	19.42
1-2 years	5.74	0.61	5.13	14.21	1.82	12.39
2-3 years	-	-	-	5.74	1.06	4.68
	19.95	1.23	18.72	40.21	3.72	36.49

E Lease payments not recognized as a liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Amount	
	31 st March, 2022	31 st March, 2021
Short term leases	9.34	18.49
Leases of low value assets	-	-
Variable lease payments	-	-
Total	9.34	18.49

F Additional information on the right-of-use assets by class of assets is as follows:

Particulars	Carrying amount	Depreciation expense
As on 31st March, 2021		
Vehicles	7.43	10.17
Building	28.16	6.07
Land	355.97	4.60
	391.56	20.84
As on 31st March, 2022		
Vehicles	0.55	6.88
Building	16.74	11.42
Land	351.37	4.60
	368.66	22.90

(ii) Leases disclosure as lessor

Operating leases

The Holding Company has given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 201.72 lacs (31st March, 2021: ₹ 169.01 lacs) on such lease is included in other income. Lease income is recognized in the statement of profit and loss under "Other income" (refer note 26). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

Particulars	31 st March, 2022	31 st March, 2021
Within one year	211.80	180.91
Later than one year but not later than five years	861.61	79.39
Later than five years	-	-

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 45 EMPLOYEE BENEFITS**1 Defined contribution plans:**

- A** The Holding Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Holding Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Holding Company:

Provident Fund Plan & Employee Pension Scheme: The Holding Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

Superannuation Scheme: The Holding Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

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

Particulars	31 st March, 2022	31 st March, 2021
(a) Employer's contribution to Provident fund & other funds	208.60	186.33
(b) Employer's contribution to superannuation fund	8.00	7.89

2 Other Long Term Employee Benefits

- A** Compensated absences- Earned leave

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

Particulars	31 st March, 2022	31 st March, 2021
Present value of obligation at the end of the year	307.59	314.48
Fair value of plan assets	-	-
Unfunded liability recognized in balance sheet	(307.59)	(314.48)

ii) Expenses recognized in statement of profit and loss

Particulars	31 st March, 2022	31 st March, 2021
Current service cost	87.91	83.74
Interest cost	19.17	20.69
Actuarial (gain)/loss net on account of:		
-Changes in demographic assumptions	-	-
-Changes in financial assumptions	(25.61)	24.59
-Changes in experience adjustment	(26.57)	(106.45)
Cost recognized during the year	54.90	22.57

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 45 EMPLOYEE BENEFITS (CONTD.)

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

Particulars	31 st March, 2022	31 st March, 2021
Present value of defined benefit obligation at the beginning of the year	314.48	312.26
Current service cost	87.91	83.74
Interest cost	19.17	20.69
Actuarial (gain)/loss net	(52.18)	(81.86)
Benefits paid	(61.79)	(20.35)
Present value of defined benefit obligation at the end of the year	307.59	314.48

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

Particulars	31 st March, 2022	31 st March, 2021
Discount rate	7.23%	6.76%
Salary escalation rate	6.00%	7.00%
Retirement Age (Years)	58	58
Withdrawal rate	1% to 3%	1% to 5%

Mortality rates inclusive of provision for disability -100% of IALM (2012-14)

3 Defined benefit plans:

A Gratuity

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	Assets & Liabilities can mismatch in funded plans. Actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

Particulars	31 st March, 2022	31 st March, 2021
Present value of obligation at the end of the year	783.90	804.65
Fair value of plan assets	1,002.67	813.68
Unfunded liability/provision in balance sheet	-	-
Surplus/(Unfunded liability) recognized in balance sheet	218.77	9.03

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 45 EMPLOYEE BENEFITS (CONTD.)**ii) Expenses recognized in other comprehensive income**

Particulars	31 st March, 2022	31 st March, 2021
Return on plan assets	1.02	1.83
Actuarial (gain)/loss on PBO	(26.65)	35.08
(Gain)/expenses recognized in other comprehensive income	(25.63)	36.91

iii) Actuarial (gain)/loss on obligation

Particulars	31 st March, 2022	31 st March, 2021
Actuarial (gain)/loss net on account of:		
- Changes in financial assumptions	(57.33)	52.50
- Changes in experience adjustment	30.68	(17.42)

iv) Expenses recognized in statement of profit and loss

Particulars	31 st March, 2022	31 st March, 2021
Current service cost	62.81	66.30
Interest cost (net)	(8.66)	(0.84)
Cost recognized during the year	54.15	65.46

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

Particulars	31 st March, 2022	31 st March, 2021
Present value of defined benefit obligation at the beginning of the year	804.65	715.31
Current service cost	62.81	66.30
Interest cost	50.76	46.31
Actuarial (gain)/loss net	(26.65)	35.08
Benefits paid	(107.67)	(58.35)
Present value of defined benefit obligation at the end of the year	783.90	804.65

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

Particulars	31 st March, 2022	31 st March, 2021
Present value of plan assets at the beginning of the year	813.68	628.85
Return on plan assets	58.40	45.32
Contributions by employer	238.34	198.89
Benefits paid during the year	(107.75)	(59.38)
Present value of plan assets at the end of the year	1,002.67	813.68

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

Particulars	31 st March, 2022	31 st March, 2021
Discount rate	7.23%	6.76%
Salary escalation rate	6.00%	7.00%
Retirement age (years)	58	58
Withdrawal rate	1% to 3%	1% to 5%

Mortality rates inclusive of provision for disability -100% of IALM (2012-14)

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 45 EMPLOYEE BENEFITS (CONTD.)

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

For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	31 st March, 2022	31 st March, 2021
April 2022- March 2023	April 2021- March 2022	199.91	189.44
April 2023- March 2027	April 2022- March 2026	236.84	312.07
April 2027- March 2032	April 2026- March 2031	205.81	205.07
April 2032 onwards	April 2031 onwards	855.58	694.18

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

For the year ended 31 st March, 2022	For the year ended 31 st March, 2021	31 st March, 2022	31 st March, 2021
April 2022- March 2023	April 2021- March 2022	201.71	191.89
April 2023- March 2027	April 2022- March 2026	282.71	376.83
April 2027- March 2032	April 2026- March 2031	368.88	376.11
April 2032 onwards	April 2031 onwards	2,875.97	2,264.07

viii) Sensitivity analysis for defined benefit obligation

Particulars	31 st March, 2022	31 st March, 2021
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 %	735.03	757.52
Impact due to decrease of 1.00 %	840.43	858.79
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 %	840.57	858.12
Impact due to decrease of 1.00 %	734.07	715.62

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, 2022 is 14 to 19 years (31st March, 2021: 15 to 19 years).

NOTE - 46

Research and development costs on inhouse Research and Development centers charged to the statement of profit and loss for the year ended 31st March, 2022 is ₹ 211.99 lacs (31st March, 2021: ₹ 191.30 lacs)

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 47 NEW DISCLOSURES AS PER THE REQUIREMENTS OF DIVISION II OF SCHEDULE III TO THE ACT**A Ageing schedule of capital work-in-progress**

31st March, 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	325.02	-	-	-	325.02
31st March, 2021	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	295.63	8.33	-	-	303.96

B Ageing schedule of trade receivables

31st March, 2022	Outstanding from the due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	12,205.81	2,485.95	258.33	248.07	-	-	15,198.16
Undisputed trade receivables – credit impaired	-	-	-	-	116.03	215.92	331.95
Disputed trade receivables - credit impaired	-	-	-	-	-	19.14	19.14
Total	12,205.81	2,485.95	258.33	248.07	116.03	235.06	15,549.25
31st March, 2021	Outstanding from the due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	12,053.48	3,006.86	247.27	196.43	-	-	15,504.04
Undisputed trade receivables – credit impaired	-	-	-	15.50	81.71	344.16	441.37
Disputed trade receivables - credit impaired	-	-	-	-	-	19.14	19.14
Total	12,053.48	3,006.86	247.27	211.93	81.71	363.30	15,964.55

C Ageing schedule of trade payables

31st March, 2022	Outstanding from the due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises	103.93	-	-	-	-	103.93
Others	12,780.24	2,378.85	18.26	7.45	25.66	15,210.46
Total	12,884.17	2,378.85	18.26	7.45	25.66	15,314.39

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 47 NEW DISCLOSURES AS PER THE REQUIREMENTS OF DIVISION II OF SCHEDULE III TO THE ACT (CONTD.)

31 st March, 2021	Outstanding from the due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises	162.40	-	-	-	-	162.40
Others	10,644.58	3,978.67	42.15	61.13	50.53	14,777.06
Total	10,806.98	3,978.67	42.15	61.13	50.53	14,939.46

D Details of promoter shareholding

Name of promoter	31 st March, 2022			31 st March, 2021		
	Number of shares*	% of total shares	% change during the period	Number of shares	% of total shares	% change during the period
Umesh Talwar	1,87,510	1.52%	-50.00%	3,75,019	3.04%	-13.17%
Vidur Talwar	2,81,264	2.28%	100.00%	0	0.00%	-100.00%
Bimpi Talwar	1,87,509	1.52%	-50.00%	3,75,018	3.04%	9.91%
Naresh Talwar	2,81,264	2.28%	-50.00%	5,62,528	4.56%	22.32%
Asha Burman	43,347	0.35%	0.00%	43,347	0.35%	0.00%
Varun Talwar	2,81,264	2.28%	100.00%	0	0.00%	-100.00%
Anuj Talwar	3,75,018	3.04%	100.00%	0	0.00%	-100.00%
Kumkum Talwar	2,81,264	2.28%	-45.39%	5,15,028	4.17%	14.43%
Virat Talwar	0	0.00%	-100.00%	23,750	0.19%	0.00%
Jai Vir Talwar	0	0.00%	-100.00%	23,750	0.19%	0.00%
Anannya Talwar	0	0.00%	0.00%	0	0.00%	-100.00%
Aliesha Talwar	0	0.00%	0.00%	0	0.00%	-100.00%
Talbro's International Private Limited	52,71,548	42.70%	0.19%	52,61,597	42.62%	0.00%

NOTE - 48 SEGMENT INFORMATION

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating segment of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

i Information about major customers

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

ii Information about geographical areas

Particulars	31 st March, 2022	31 st March, 2021
Revenue from operations attributed to:		
Country of domicile (India)	42,164.60	31,703.50
Foreign countries	15,559.43	12,716.22
Total	57,724.03	44,419.72

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 49 DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:**(a) Investments made:**

Name of the investee	Amount invested during the year 2021-22	Amount as on 31 st March, 2022	Amount invested during the year 2020-21	Amount as on 31 st March, 2021
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	-	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-	-	-	-
(iii) T & T Motors Private Limited	-	13.75	-	13.75
Total	-	3,264.07	-	3,264.07

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

Name of the payee	Paid/ (recovered) during the year 2021-22	Outstanding amount as on 31 st March, 2022*	Paid/ (recovered) during the year 2020-21	Outstanding amount as on 31 st March, 2021*
(i) Fastech Builders Private Limited	-	45.00	-	45.00
(ii) Fastech Projects Private Limited	-	40.00	-	40.00
(iii) Bankey Bihari Engineers LLP	-	100.00	(25.00)	100.00
(iv) Express Engineers & Spares Private Limited	-	200.00	(80.00)	200.00
Total	-	385.00	(105.00)	385.00

* 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 31 st March, 2022	Outstanding amount as on 31 st March, 2021
(ii) Marugo Rubber Industries, Japan (for the benefit of Talbros Marugo Rubber Private Limited)	200.00	200.00

NOTE - 50

The Holding Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to Nil (31st March, 2021: ₹ 355.50 lacs) to be adjusted against Holding Company's future normal tax liabilities as per provisions of Income Tax Act, 1961.

Consolidated Notes to the financial statements for the year ended 31st March, 2022 (Contd.)

(All amounts in ₹ lacs, unless otherwise stated)

NOTE - 51

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. COVID-19 is significantly impacting business operation of the Group, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/ lock down of production facilities. On 24 March 2020, the Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Consequently, the Group has assessed the impact of this pandemic on its business operations and has made detailed assessment of its liquidity position for next one year. The Group has assessed the recoverability and carrying values of its assets comprising property, plant and equipment, intangible assets, trade receivables, inventories and other assets as at the balance sheet date using various internal and external information up to the date of approval of these financial statement. The Group has performed sensitivity analysis on the assumptions used and based on current estimates and expects the carrying amount of these assets will be recovered and no material adjustment required in the financial statements. Also, basis the future cash flow projections and availability of working capital limits, the Group is expected to have sufficient cash flow to meet its obligations for next twelve months and does not anticipate that it will not be able to realize its assets and discharge its liabilities in the normal course of business. The Impact of COVID-19 on the Group's financial statement may differ from the estimated as at the date of approval of these financial statements due to uncertainties associated with its nature and duration and is highly dependent on future economic developments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Group's business operations. The Group will continue to closely monitor any material changes to future economic conditions.

For and on behalf of Talbro's Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants
Firm Registration No.: 001111N

per Akhil Bhalla

Partner
Membership No. 505002

Anuj Talwar

Joint Managing Director
[DIN: 00628063]

Manish Khanna

Chief Financial Officer

Umesh Talwar

Vice Chairman and Managing Director
[DIN: 00059271]

Seema Narang

Company Secretary

Place: Gurugram
Date: 23rd May, 2022

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. Anil Kumar Mehra**
- ▶ **Mr. Amit Burman**
- ▶ **Mr. Navin Juneja**
- ▶ **Ms. Priyanka Gulati**
- ▶ **Mr. Deepak Jain**
- ▶ **Mr. Ajay Kumar Vij**
- ▶ **Mr. Tarun Singhal**

Chief Financial Officer

Mr. Manish Khanna

Company Secretary & Compliance Officer

Mrs. Seema Narang

Main Bankers

- ▶ HDFC Bank Limited
- ▶ Axis Bank Limited
- ▶ Federal Bank Limited
- ▶ DBS Bank India Limited
- ▶ Kotak Mahindra Bank Limited
- ▶ Bajaj Finance Limited
- ▶ IDFC First Bank Limited
- ▶ YES Bank Limited

Auditors

J. C. Bhalla & Co.,
Chartered Accountants,
B- 5, Sector-6, Noida 201 301

Registrar and Share Transfer Agent

KFin Technologies Limited,
Karvy Selenium Tower B,
Plot number 31 & 32,
Financial District, Gachibowli,
Hyderabad 500 032

Stock Exchange where Shares are Listed

- ▶ National Stock Exchange of India Limited (NSE)
- ▶ BSE Limited (BSE)

Corporate Identification Number

L29199HR1956PLC033107

Website

www.talbro.com



CIN - L29199HR1956PLC033107

Talbro's Automotive Components Limited

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