



Talbros Automotive  
Components Ltd.

www.talbro.com

September 27, 2018

|                                                                                                               |                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Bombay Stock Exchange Ltd.</b><br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Fort<br>Mumbai – 400 001 | <b>The National Stock Exchange of India Ltd.</b><br>Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1,<br>G Block, Bandra Kurla Complex,<br>Bandra (East), Mumbai – 400 051 |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Company Code: 505160/TALBROAUTO**

**Sub: Compliance of Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report of the Company for the financial year 2017-18 as approved and adopted in the 61<sup>st</sup> Annual General Meeting of the Company held at 10:30 a.m. on Tuesday, the 25<sup>th</sup> day of September, 2018 at Hotel Atrium, Shooting Range Road, Suraj kund, Faridabad- 121001, Haryana.

Thanking you,

Yours Sincerely

**For Talbros Automotive Components Limited**

**Seema Narang  
Company Secretary**

Encl: As above

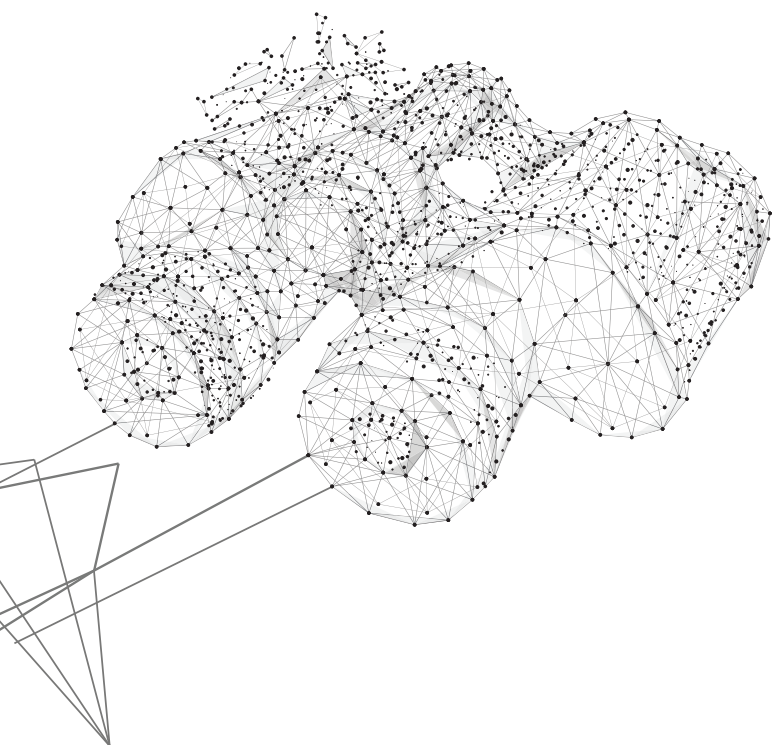


Talbro's Automotive Components Limited

61<sup>st</sup> Annual Report 2017-18



TOWARDS A QUANTUM LEAP



## Investor information

**Market Capitalization as on 31<sup>st</sup> March, 2018:**

**₹345.18 crores**

**BSE Code:**

**505160**

**NSE Symbol:**

**TALBROAUTO**

**Dividend for 2017-18:**

**15% proposed**

**AGM Date:**

**25<sup>th</sup> September, 2018**

**AGM Venue:**

**Hotel Atrium, Shooting Range  
Road, Suraj Kund,  
Faridabad - 121001, Haryana**

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report can be viewed at:  
[http://www.talbro.com/  
financials/annual-reports/](http://www.talbro.com/financials/annual-reports/)  
Or simply scan



## Disclaimer

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

# Towards a Quantam Leap

*GROWTH is about more, more value creation, more diversity, more passion; more sustainability through more businesses, more products and more markets.*

*This belief in continuous growth and improvement is central to our business strategies at Talbros Automotive Components Limited.*

During 2017-18, we continued to see the benefits of our disciplined approach in implementing our business strategies in improving customer experiences, delivering innovative solutions and achieving operational excellence. Besides, positive and healthy automobile demand, strong order book from our recent customer additions, strong exports, new product developments aligned to the BS VI standards and positive turnaround at our synergic collaborations have perfectly positioned us on a strong growth trajectory.

₹ 392.98crores, 21%↑

Consolidated revenue from operations in 2017-18

₹ 22.90crores, 87%↑

Consolidated PAT in 2017-18



MORE VALUE CREATION,  
MORE DIVERSITY,  
MORE SUSTAINABILITY  
AND MORE PASSION.

# A corporate that drives future leadership

Established in 1956, Talbros Automotive Components Limited (also referred as 'Talbros' or 'the Company' across the report) is the flagship manufacturing company of the Talbros Group. The Company along with its associates manufactures gaskets, heat shields, forgings, chassis systems, suspension systems, anti-vibration components and hoses.

With over six decades of expertise, four manufacturing facilities and three joint venture tie-ups with global players, the Company offers best-in-class products to several automobile manufacturers across India and abroad.

## Our manufacturing facilities

### Gaskets

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

### Forging

- Bawal, Haryana

### Nippon Leakless Talbros Private Limited

- Bawal, Haryana
- Haridwar, Uttarakhand

### Magneti Marelli Talbros Chassis Systems Private Limited

- Faridabad, Haryana
- Manesar, Haryana

### Talbros Marugo Rubber Private Limited

- Manesar, Haryana

### Certifications

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

## Automobile segments catering to:

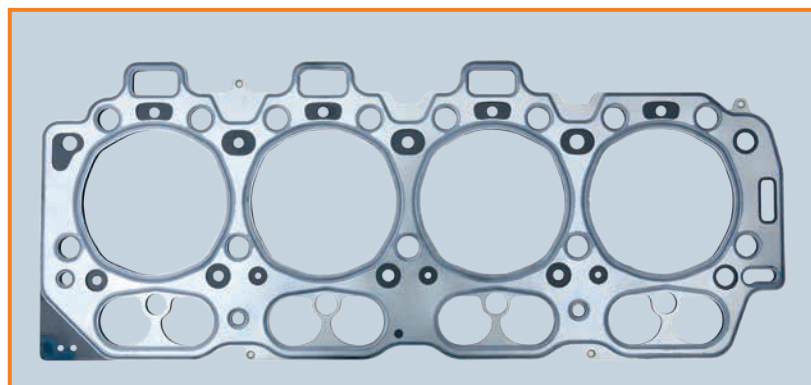
- 2 and 3 Wheelers
- Passenger Vehicles
- Commercial Vehicles
- Agri and off-loaders
- Industrial

## Markets catering to:

- OEMs
- After-market
- Exports

## 3 strategic Joint Ventures:

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



# Growth milestones

**1956**

Incorporated in collaboration with Coopers Payen UK

**1980**

Maiden IPO

**1997**

Technical Agreement with **Nippon Leakless Corporation, Japan** to manufacture **Non-Asbestos Gaskets**

**2008-09**

- 2008 -Technical Agreement with **SANWA Packaging Industry Co. Ltd., Japan**
- 2009 -Technical Agreement with **Interface, Germany**

**2012**

JV with **Marugo Rubber Industries Limited, Japan** for Anti-Vibration and Hoses

**1979**

Renamed as Talbros Automotive Components Ltd

**1985**

Transfer of technology from Payen International UK

**2005**

- JV with **Nippon Leakless Corporation, Japan** for Automotive Gaskets
- Commencement of **Forging** business

**2011**

JV with **Sistemi Sospensioni S.p.A, Italy** for Chassis & Suspension components

# Chairman's Message



## Dear Shareholders,

Once again, I begin this letter with a sense of pride about Talbros. As I look back at the last year, it is remarkable how well your company has performed. And I'm not only talking about our milestone in financial performance, but also about how we remained laser-focussed on our commitment towards collaborative growth, innovation and delivering best automotive solutions to our customers.

### **Favourable macro-economic and industrial environment**

The year went by was quite exciting. The Indian economy posted a 6.7% GDP growth despite temporary slowdown during the first half of the year owing to Goods and Service Tax (GST) implementation. The macro-economic conditions were quite favourable during the later half of the year with investments and private consumption showing a turnaround.

As regards, the Indian automotive industry is concerned, a record-breaking 3.2 Mn cars were manufactured during the year. India achieved the distinction of becoming the world's fourth largest auto maker, overtaking Germany in the process. Besides, demand from the commercial vehicle segment is likely to see a sustained growth owing to strong traction from the road construction and mining activity space. Besides, good

monsoons, pro-farmer policies, aid by the Central Government and the new tracking policy of the commercial vehicles will continue to aid the positive growth. The industry is further expected to maintain its growth acceleration and is expected to bring positive sentiments back in the market and rev up overall vehicle sales in financial year 2018-19. The automotive industry is slated to grow at about 8% to 10%. The two wheeler industry is slated to deliver a better performance at 11% - 13% and Commercial Vehicles are pitted to continue their growth momentum in double digits at 10% to 12%. With a strong cyclical recovery, the global economy is projected to grow around 3.4% going ahead.

The Government has decided to skip BS V and directly implement BS VI by 2020. The BS VI norms are also well-established in the industry and auto makers are positively moving forward towards its implementation by 2020. New policies are expected to support the development of electric and hybrid vehicles.

The Indian Automotive Industry would also be benefited as it is going to **be the engine** of the "Make in India" programme and is expected to contribute 12% of the country's GDP.

### **Our response**

On the operational front, we are ready to respond to the BS-VI challenge. We have successfully launched the BS-IV product line effective from 1st April, 2017 and are well-placed to supply them to all the car makers, commercial vehicles and two-wheeler manufacturers in the country.

Besides, our relentless focus on new customer addition helped us turn around our forgings business and our joint venture company Magneti Marelli Talbros Chassis Systems Private Limited. Healthy order books within each business segment further helped us achieve great set of numbers during the year.

We adopted the Ind-AS for our financial reporting in 2017-18. Our consolidated total income from operations increased 21% from ₹ 324.88 crores in 2016-17 to ₹ 392.98 crores in 2017-18, largely on account of new order inflows and large offtake. Profit before exceptional items improved 80% from ₹ 14.36 crores in 2016-17 to ₹ 25.90 crores in 2017-18. Profit after tax improved 87% from ₹ 12.22 crores in 2016-17 to ₹ 22.90 crores in 2017-18.

### **Performance review**

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

Our gasket business continued to hold 40% of the Indian gasket market share. The business witnessed 10.40% growth owing to strong demand from the two-wheeler, commercial vehicle and tractor segment. The demand across these segments are expected to broadly remain healthy over the next two years and will drive steady revenues. We are further exploring the

possibilities of venturing into the passenger vehicles segment. During the year, we received order from Maruti Suzuki to supply gaskets. Our post-coated technology will provide similar efficiency and quality (as available in the pre-coated technology) with reduced cost from import substitution and lower wastage. This will give us an opportunity to compete strongly in the passenger vehicle segment.

The forging business performed exceedingly well, witnessing 59.63% growth during the year. We started focussing beyond agri, off-road and commercial vehicles and have successfully started supplying to OEM passenger car segment in the domestic as well as global markets. We secured orders from a very large domestic OEM player. We also started supplying to a big German car maker and are further hopeful of receiving an order from another very large European car maker. We are also exploring further similar business opportunities. The healthy order book is the testimony to our efforts. Going ahead, we will focus on higher weightage parts and are planning installation of a higher tonnage plant, that will give us a good growth boost going ahead. We continued to explore OEM export opportunities and successfully secured orders from overseas OEMs.

Our JV Company, Nippon Leakless Talbros Private Limited (LTL) also witnessed a strong volume growth on account of sales to HSI and Hero Motor Corp. The revenues grew 8.24% during the year.

Our second JV company, Magneti Marelli Talbros Chassis Systems Private Limited (MMT) witnessed 28.25% growth during the year largely owing to strong volume offtake and improved margins. We secured a large order from Maruti Suzuki for the front suspension of their car. Besides, we also delivered larger volumes for their two flagship models – Brezza and Baleno – where we are a single source supplier. On the export front, we started supplying to large European car maker for a suspension component. Besides, we are also quite optimistic about achieving strong off-take in the front suspension systems that we made for Bajaj recently.

Our third JV company, Talbros Marugo Rubber Private Limited (TMR) grew 33.11% during the year and turned profitable. We continued to witness stable demand for anti-vibration products, rubber components and hoses. Hoses particularly witnessed improved volumes from Maruti Suzuki. We have also started supplying hoses to Marugo Rubber Industries Limited, Japan from our JV company and continue to look forward towards exploring newer opportunities.

***Our gasket business continued to hold 40% of the Indian gasket market share. The business witnessed 10.40% growth owing to strong demand from the two-wheeler, commercial vehicle and tractor segment. The demand across these segments are expected to broadly remain healthy over the next two years and will drive steady revenues.***

#### ***Operational efficiencies***

During the year, we continued to focus on cost rationalization and improving efficiencies. We installed post coating line which has commenced production from February 2018 to rationalize raw material costs. Besides, we also undertook strategic raw material sourcing agreement to further reduce our operational costs, raw material inventory and working capital investments. The resultant benefits will be seen in the 2018-19 fiscal.

#### ***Closing thoughts***

Coming off a record-breaking year, we are excited and optimistic about the growth trajectory of Talbros, the foundation we have built and the opportunities that lie ahead.

We are devoted to earning the trust and respect of our shareholders, customers, employees and the communities we serve every single day. A special mention to our outstanding Management Team that has led the Company's growth with exceptional capabilities, character, experience and wisdom. We look forward towards propelling a greater success in the coming year.

Best Wishes,

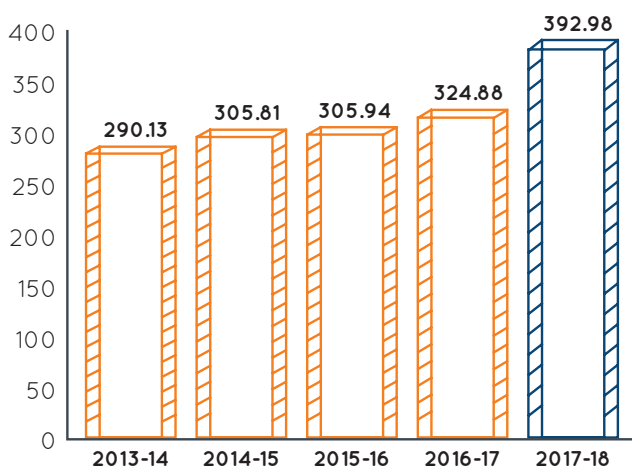
Naresh Talwar  
Chairman

# Standalone Financial performance

*Total revenue from Operations*  
**(₹ 392.98 crores)**

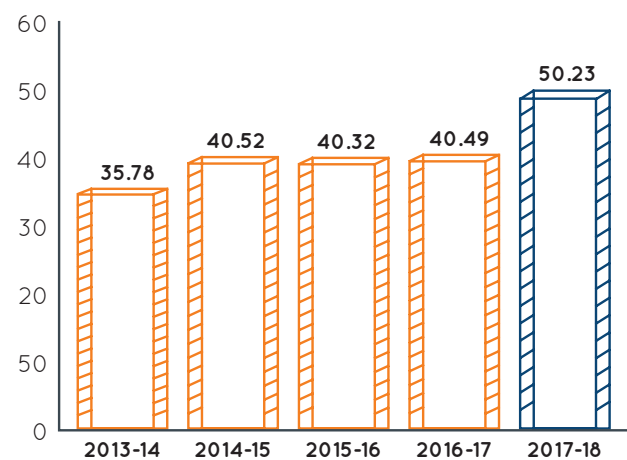


Revenue from operations (₹ crores)



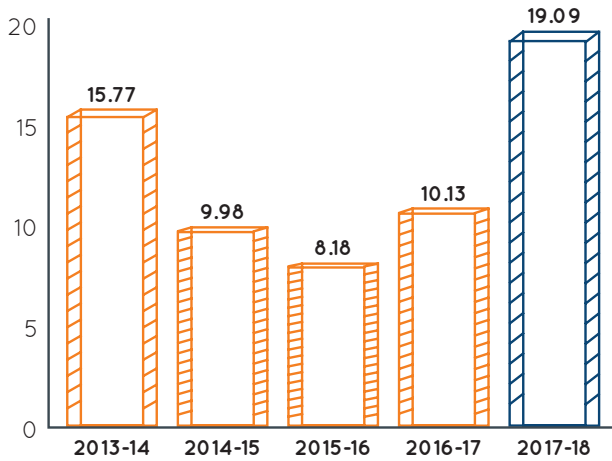
YOY Growth: **21%** ↑

EBIDTA (₹ crores)



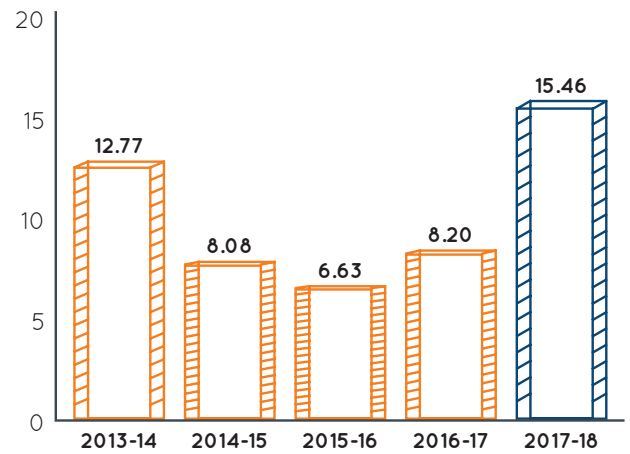
YOY Growth: **24%** ↑

PAT (₹ crores)

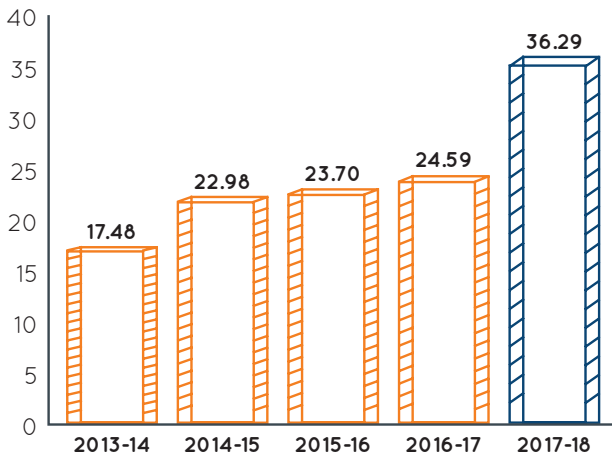


YOY Growth: 89% ↑

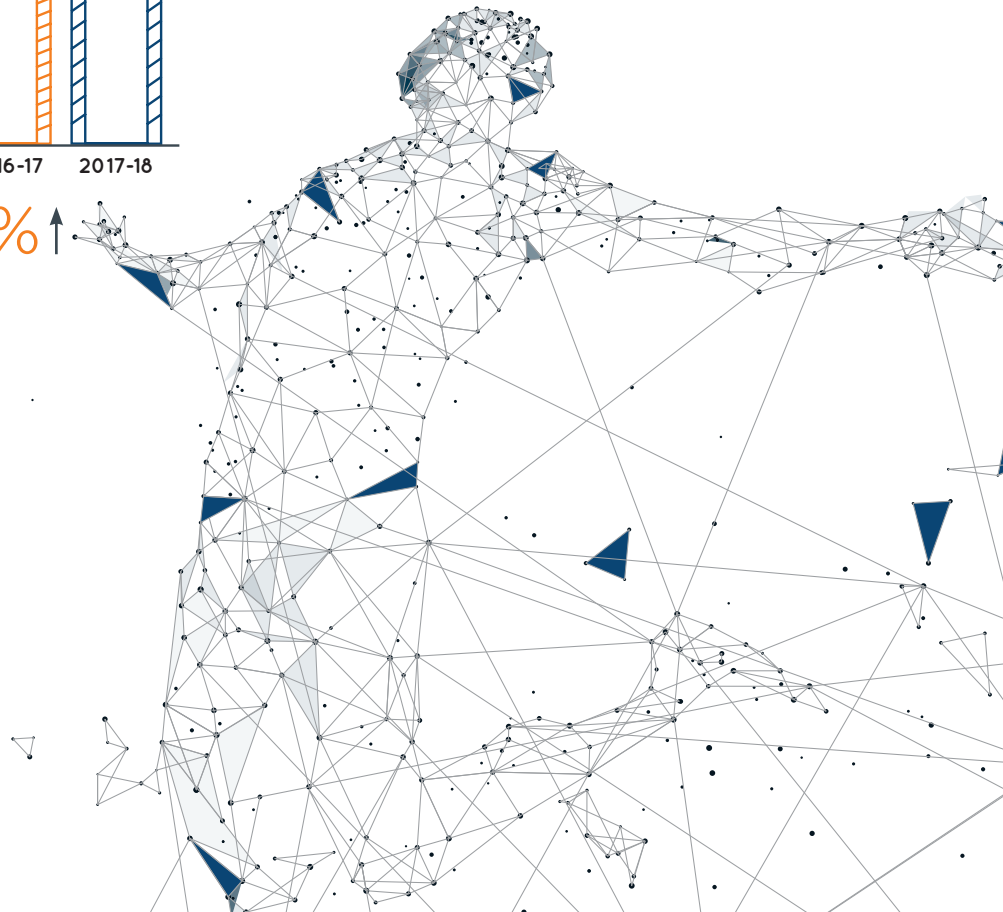
Earnings Per Share (₹)

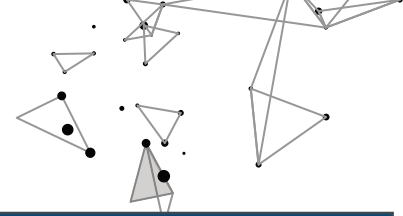


Cash Profit (₹ crores)



YOY Growth: 48% ↑





# Business review

## Gaskets

### (standalone business)

Talbros is the market leader in manufacturing gaskets for two-wheelers, agri & offloaders, HCV and LCV segments with a market share of 40%. It supplies to 24 Tier I OE customers and is a single source supplier to 5 customers.

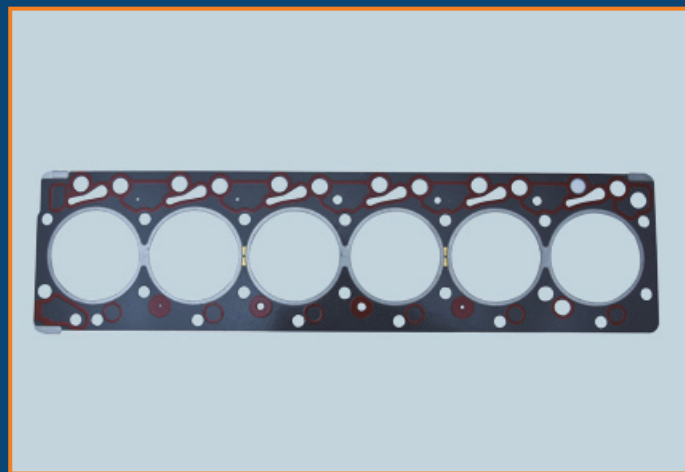
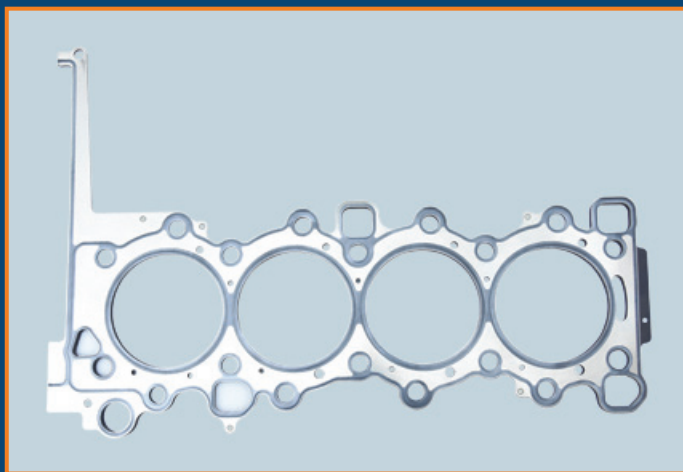
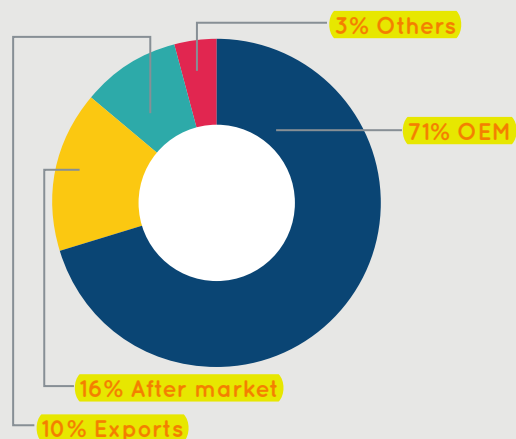
The Company is maintaining robustness of its strategies like making 100% asbestos-free gaskets, seeking for opportunities for export growth, increasing the internal manufacturing efficiency for gaskets, product diversification and producing new technology oriented products. The Company has in-house tool designing and manufacturing unit with a dedicated heat shield line which is critical for heat, sound and vibration insulation in vehicles. It has also enhanced its products through value addition and incorporated new technology to post coat the gasket products which in turn, will help the company to derive higher realisation.

The Company also caters to exports order from overseas OEMs.

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

- Received orders from overseas OEMs
- Successfully launched the BS-IV product line
- Installed Post Coating line to rationalize raw material cost

### TOTAL REVENUE FOR 2017-18: ₹ 280.63 crores



# 24

TIER I OE Customers

# 5

Single source  
supply customers

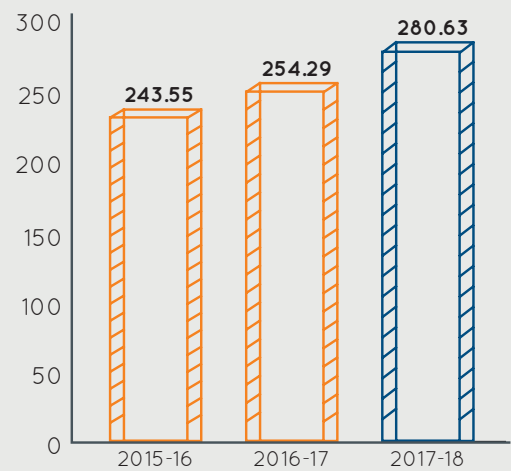
# 100%

Asbestos free  
gasket player



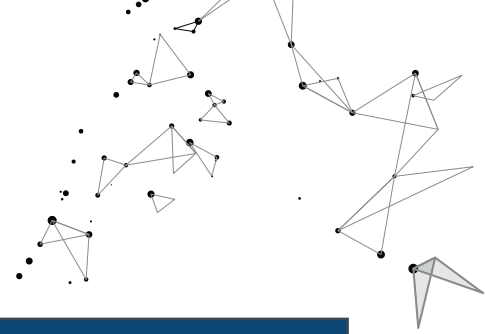
**71%**

contribution to  
total revenues



Revenue (₹ crores)

**2 year CAGR: +8%**



## Forging

Talbros provides one-stop solution for die design, machine parts and heat treatment (normalizing and carbohydriding). It has in-house tool designing and manufacturing unit with hot forging capacities of 750 to 1,600 Ton press. The Company is preparing to install 500 ton & 2,500 ton press which will enable to make large size of parts. The Company is also expanding the capacity by adding high tonnage presses and CNC/ VMS to meet the increasing requirements of customers.

The Company has a strong international presence and supplies to large Tier I companies. Forging Division of the Company is currently supplying parts to some large European car manufacturer.

Along with growth, the Company is focused on the quality and environmental parameters which is derived by getting ISO-14001 certification and other respective certifications.

### Manufacturing Facilities

- Bawal, Haryana

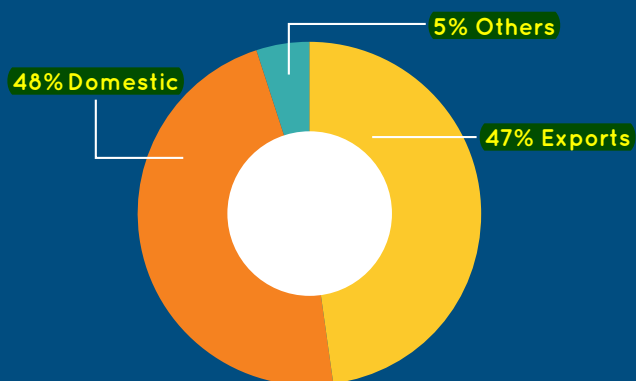
### Highlights 2017-18

- Achieved highest ever sales and growth
- Started working with premium overseas OEMs
- Received business confirmation from large European car manufacturer
- Made entry into the USA market
- Developed and supplied critical components like bridge fork bottom, companion flange & tube yoke



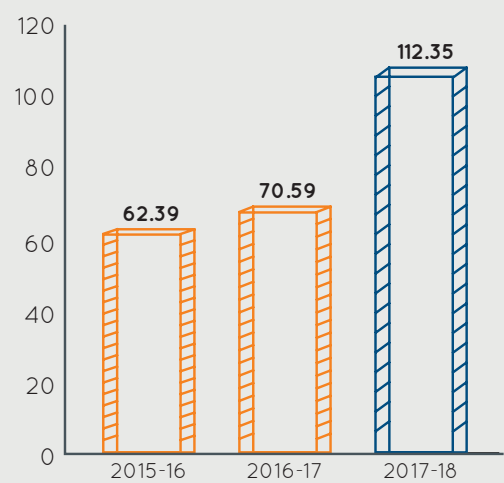


## TOTAL REVENUE FOR 2017-18: ₹ 112.35 CRORES



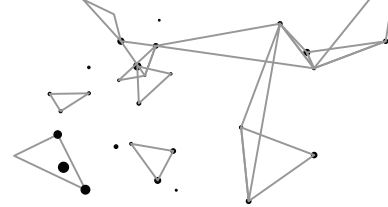
# 29%

contribution to  
total revenues



Revenue (₹ crores)

2 year CAGR: **+35%**



## Nippon Leakless Talbros Private Limited (LTL)

Nippon Leakless Talbros Private Limited was established in 2005 as a joint venture company between Talbros Automotive Components Ltd and Nippon Leakless Corporation, Japan.

Nippon Leakless Corporation (NLK) provides gaskets and packing to customers that manufactures automobiles and Industrial products. NLK is the first manufacturer in the world to use stainless steel for engine cylinder head gasket. NLK has a integrated manufacturing system that include everything from materials to finished product.

LTL manufactures a gamut of automotive gaskets for passenger cars, motorcycles, scooters, power equipment products and industrial applications. It supplies to leading OE vehicle and motorcycle manufacturers such as Hero, Honda Motorcycle, Honda Car and Yamaha.

LTL supplies various varieties of gaskets for sealing purpose in two wheelers and four wheelers. LTL has successfully started supplying gasket to Toyota, India and is in constant touch with Toyota, India to develop more products for them in future.

With strong research and development support from NLK and Talbros, the JV is

exploring various options to increase its presence in the two wheeler gasket business and the Company has been constantly developing gaskets for new models to be launched by Hero, Honda & Yamaha in the coming financial year.

### Manufacturing Facilities

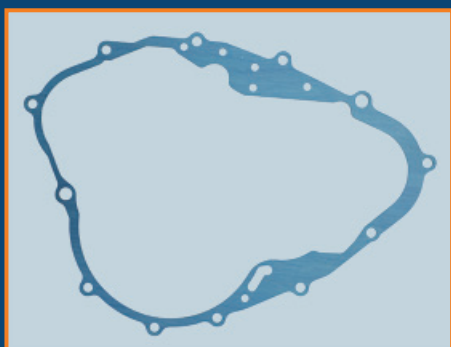
- Bawal, Haryana
- Haridwar, Uttarakhand

### Certifications

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

### Highlights 2017-18

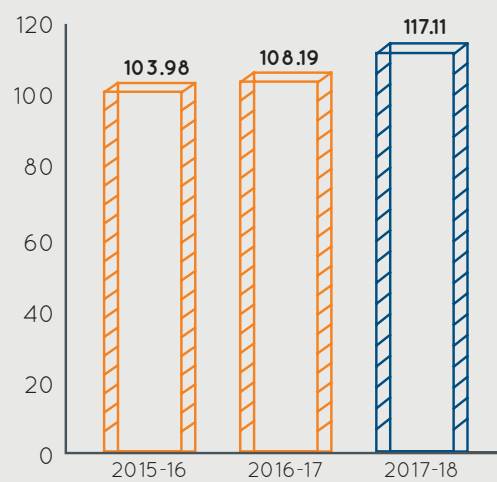
- Reported a strong volume growth on account of sales to HMSI and Hero Motor
- Commenced supplying gasket to Toyota in India



**₹ 117.11 crores**  
Revenues 2017-18

**₹ 46.84 crores**  
Talbros share 2017-18

**8.24%**  
Revenue growth  
over 2016-17



Revenue (₹ crores)

**2 year CAGR: +6%**



## Magneti Marelli Talbros Chassis Systems Private Limited (MMT)

Magneti Marelli Talbros Chassis Systems Private Limited (MMT), a Joint Venture with Sistemi Sospensioni S.p.A, Italy was established in 2012 to design, develop and manufacture chassis systems for automobiles. The manufacturing facilities are equipped with the best-in-class technology driven sophisticated machines which includes presses with tonnages of 30-400, robotic welding machines and assembly lines. In order to provide India with world-class products, MMT has further adopted World Class Manufacturing Standards bringing in operational effectiveness and cost efficiencies.

### Manufacturing Facilities

- Faridabad, Haryana
- Manesar, Haryana

### Highlights 2017-18

- Acquired new orders from Maruti Suzuki India Limited for supply of components for the next generation of small cars that would be launched in the year 2019-20
- Procured new order from Tata Motors for supply of components for the launch of new cars in 2019-20
- Acquired export orders from large European car maker and successfully exported its components for the launch of new car models
- Extended area of business and operational activities along with the existing business area of manufacturing and designing of components for automobiles.

**100%  
SALES  
TO OEMs**

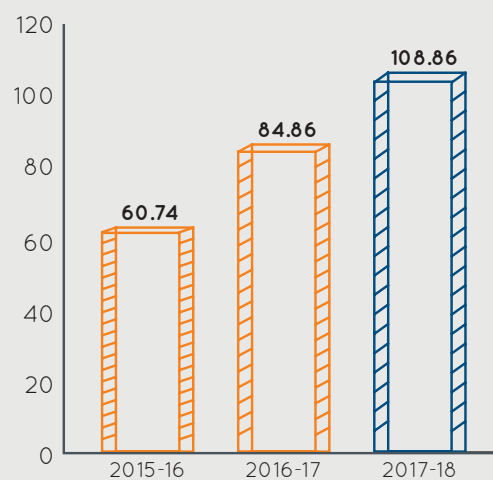


**₹ 108.86 crores**  
Revenues 2017-18



**₹ 54.43 crores**  
Talbros share 2017-18

**27.41%**  
Revenue growth  
over 2016-17



Revenue (₹ crores)

**2 year CAGR: +33%**



## Talbro's Marugo Rubber Private Limited (TMR)

Talbro's Marugo Rubber Pvt. Ltd., (TMR) a joint venture between Marugo Rubber Industries Limited (Marugo), Japan and Talbro's Automotive Components Limited, India.

Marugo Rubber Industries is a \$220 Mn Company & is a global leader in supplying the Anti-vibration products and Hoses to global OEMs. The JV company TMR was formed in 2012 for the localizing the production of anti-vibration parts for Maruti Suzuki, production for which commenced in February 2013.

The JV company manufactures anti-vibration components & hoses like suspension bushings, exhaust mounting, strut mount, engine mount, air hoses, water and fuel filler hose. Marugo, Japan provides technical knowhow in terms of design, development and validation for OEMs. This JV company draw 64% of its revenue from Maruti Suzuki and caters to the requirements of other major players in the industry also including exports to our partner Marugo-Japan.

The facility is equipped with best in class technology and manufacturing practices to produce the anti-vibration and hoses solutions for the Indian automobile industry. In addition, the state-of-the-art in-house rubber

compounding with RFID POKA-YOKE and metal preparation equipped with Injection, Compression & Transfer Compression molding machines ranging from 150 tons to 270 tons and for Hoses, Automated Extrusion and Co-extrusion machine.

TMR has been receiving orders from different Indian OEMs and has also started exporting components to Japan.

### Manufacturing Facilities

- Manesar, Gurgaon

### Highlights 2017-18

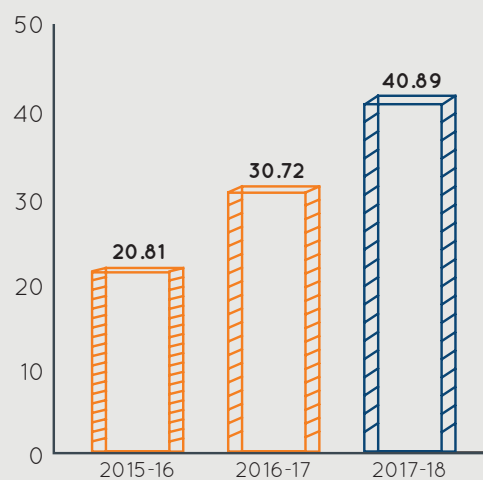
- Witnessed improved volumes during the year from Maruti Suzuki
- Entered into LCV and HCV segment
- Reported a revenue growth of 36.55 % on account of increase in sales of mounting mufflers, bushes and moulded hoses to Maruti Suzuki
- Received good orders from different Indian OEMs



**₹ 40.89 crores**  
Revenues 2017-18

**₹ 20.44 crores**  
Talbro's share 2017-18

**33.11%**  
Revenue growth  
over 2016-17



Revenue (₹ crores)

**2 year CAGR: +40%**

**TALBROS AUTOMOTIVE COMPONENTS LIMITED****CIN: L29199HR1956PLC033107**

Registered Office: 14/1, Delhi-Mathura Road Faridabad-121003, Haryana  
Tel No.: 0129-2251482, Website: www.talbros.com, Email: shares@talbros.com

**NOTICE**

**NOTICE** is hereby given that the 61<sup>st</sup> Annual General Meeting of the members of Talbros Automotive Components Limited will be held at **10.30 a.m.** on **Tuesday the 25<sup>th</sup> day of the September, 2018** at **Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001, Haryana** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2018 including audited Balance Sheet as at 31<sup>st</sup> March, 2018 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend @ 15% on paid-up Equity Share Capital for the financial year ended 31<sup>st</sup> March, 2018.
3. To re-appoint Mr. Vidur Talwar (DIN: 00114643) as Director, who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and SEBI (LODR) Regulations, Ms. Priyanka Gulati (DIN: 07087707), who was appointed as an Additional Director of the Company with effect from 25<sup>th</sup> May, 2018 under Section 161(1) of the Companies Act, 2013 by the Board of Directors and whose term of office as an Additional Director expires at this Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years.

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

**RESOLVED THAT** in partial modification of the resolution passed by the members in 60<sup>th</sup> Annual General Meeting and in accordance with provisions of section 196, 197, 203 read with Schedule V and other applicable provisions of Companies Act, 2013 and rules made thereunder (including any statutory modification or enactment thereof for the time being in force) and subject to such other approvals as may be necessary, approval and consent of the Company be and is hereby accorded for an increase in remuneration of Mr. Umesh Talwar, Vice-Chairman & Managing Director as recommended by the Nomination and Remuneration Committee effective from 1<sup>st</sup> April, 2018 as per details of revised remuneration given hereunder:

**I. Salary**

| Particulars          | Monthly Remuneration<br>(₹) |
|----------------------|-----------------------------|
| Basic Salary         | 7,55,000                    |
| House Rent Allowance | 5,28,500                    |
| Other Allowances     | 75,900                      |
| <b>Total Salary</b>  | <b>13,59,400</b>            |

**II. PERQUISITES & ALLOWANCES:**

- a) Company's contribution towards Provident Fund and Superannuation Fund as per rules of the Company.
- b) Gratuity - As per rules of the Company.
- c) Earned/Privilege Leaves - As per rules of the company. Leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- d) Car-provision of a chauffeur driven car for the business purposes of the Company & personal use.
- e) Telephone - Telephone facility at residence, personal long distance calls to be paid by Mr. Umesh Talwar.
- f) Such other benefits/amenities and other privileges as may from time to time be available to other executives of the Company and the monetary value shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same be evaluated at actual cost.

**III. Other Benefits:**

- 1) Reimbursement of entertainment expenses actually and properly incurred in course of the business of the company.
- 2) The expenses in connection with the spouse accompanying the Vice-Chairman & Managing Director while on business tours in India and abroad to be borne by the Company.

**RESOLVED FURTHER THAT** the increased salary paid to Mr. Umesh Talwar from 1<sup>st</sup> April, 2018 to the date of this Annual General Meeting be and is hereby approved and ratified.

**RESOLVED FURTHER THAT** in the absence or inadequacy of profits in any financial year, the remuneration as set above be paid to Mr. Umesh Talwar as minimum remuneration, subject to necessary approval(s) as may be required.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, agreements, instruments and writings as may be required to give effect to the aforesaid resolution.

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

**RESOLVED THAT** in partial modification of the resolution passed by the members in 60<sup>th</sup> Annual General Meeting and in accordance with provisions of section 196, 197, 203 read with Schedule V and other applicable provisions of Companies Act, 2013 and rules made thereunder (including any statutory modification or enactment thereof for the time being in force) and subject to such other approvals as may be necessary, approval and consent of the Company be and is hereby accorded for an increase in remuneration of Mr. Anuj Talwar, Joint Managing Director as recommended by the Nomination and Remuneration Committee effective from 1<sup>st</sup> April, 2018 as per details of revised remuneration given hereunder:

**I. Salary**

| Particulars          | Monthly Remuneration<br>(₹) |
|----------------------|-----------------------------|
| Basic Salary         | 6,46,000                    |
| House Rent Allowance | 4,52,200                    |
| Other Allowances     | 65,945                      |
| <b>Total Salary</b>  | <b>11,64,145</b>            |

**II. Perquisites & Allowances**

- a) Company's contribution towards Provident Fund and Superannuation Fund as per rules of the Company.
- b) Gratuity - As per rules of the Company.
- c) Earned/Privilege Leaves - As per rules of the company. Leaves accumulated but not availed of during the tenure may be allowed to be encashed at the end of the tenure.
- d) Car-provision of a chauffeur driven car for the business purposes of the Company & personal use.
- e) Telephone - Telephone facility at residence, personal long distance calls to be paid by Mr. Anuj Talwar.
- f) Such other benefits/amenities and other privileges as may from time to time be available to other executives of the Company and the monetary value shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same be evaluated at actual cost.

**III. Other Benefits:**

- 1) Reimbursement of entertainment expenses actually and properly incurred in course of the business of the company.
- 2) The expenses in connection with the spouse accompanying the Joint Managing Director while on business tours in India and abroad to be borne by the Company.

**RESOLVED FURTHER THAT** the increased salary paid to Mr. Anuj Talwar from 1<sup>st</sup> April, 2018 to the date of this Annual General Meeting be and is hereby approved and ratified.

**RESOLVED FURTHER THAT** in the absence or inadequacy of profits in any financial year, the remuneration as set above be paid to Mr. Anuj Talwar as minimum remuneration, subject to necessary approval(s) as may be required.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, agreements, instruments and writings as may be required to give effect to the aforesaid resolution.

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

**RESOLVED THAT** pursuant to section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors to enter into an Agreement with Talbros Marugo Rubber Private Limited for purchase/sale of Rubber, Rubber Compound, other chemicals and to do job work for each other w.e.f 01.01.2018 to 31.12.2020 upto maximum amount of ₹ 1.50 crore, ₹ 2.00 crore and ₹ 2.50 crore in 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year respectively on such terms and conditions as mentioned in the agreement.

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

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

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

**RESOLVED THAT** pursuant to applicable provisions of Companies Act, 2013 and the rules framed thereunder, consent of the members of the Company be and is hereby accorded to give corporate guarantee in connection with financial facilities given by IDFC Bank Limited to Magneti Marelli Talbros Chassis Systems Private Limited, a Joint Venture Company for an aggregate sum of ₹ 13.00 Crores being 50% of the total facilities sanctioned to MMT.

**RESOLVED FURTHER THAT** the Board of Directors (Board) be and is hereby authorised to do all such acts, deeds or things as may be necessary to give effect to the above resolution and all act, deeds or things already done by the Board in this connection be and are hereby ratified.

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act 2013, and the rules

made thereunder (including any statutory modification(s) thereto or re-enactment thereof, for the time being in force), a new set of Article of Association (primarily based on the Form of Table F under the Act) of Talbros Automotive Components Limited be and is hereby adopted and substituted in place of existing Article of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Board of Directors of the Company and/or Mrs. Seema Narang, Company Secretary be and are hereby jointly and severally authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies.

**RESOLVED FURTHER THAT** all acts, deeds or things already done by the Board of Directors in accordance with the provisions of Companies Act, 2013 and rules made thereunder be and are hereby ratified.

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

**RESOLVED THAT** pursuant to section 148 of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, M/s Vijender Sharma & Co., Cost accountants (Firm Registration No. 00180) appointed as Cost Auditor by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2019 be paid a remuneration of ₹ 1.75 Lacs plus out of pocket expenses and applicable taxes.

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

Place : Gurugram  
Date : 25<sup>th</sup> May, 2018

**Sd/-  
Seema Narang  
Company Secretary**

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business mentioned under items no. 4 to 10 of the accompanying Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY/ PROXIES MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED, NOT LESS THAN FORTY EIGHT (48) HOURS BEFORE COMMENCEMENT OF THE MEETING.**
3. Proxies submitted on behalf of the companies, societies etc, must be supported by an appropriate resolution/ authority as may be applicable.
4. Members are requested to note that pursuant to provision of Section 105 of the Companies Act, 2013 read with the applicable rules thereon, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights.
5. In terms of the requirements of the Secretarial Standards- 2 on "General Meeting" issued by the Institute of Companies Secretaries of India and approved and notified by the Central Government, a route map showing directions to reach the venue of the AGM and attendance slip along with proxy form is annexed to this Notice.
6. Register of Members and Share Transfer Books will remain closed from 18<sup>th</sup> September, 2018 to 25<sup>th</sup> September, 2018 (Both days inclusive) for the purpose of Annual General Meeting and to determine entitlement of dividend on equity shares.
7. As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall use any of the electronic mode of payment facility approved by the Reserve Bank of India for the payment of dividend. Members holding shares in demat mode are requested to submit their Bank details viz. Bank Account Number,

Name of the Bank, Branch details, MICR Code, IFS Code to the Depository Participants with whom they are maintaining their demat account and Members holding shares in physical mode are requested to submit the said bank details to the Company's Registrar & Transfer Agents.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
9. Members are once again informed that in terms of Sections 124 & 125 of the Companies Act, 2013, dividends which remain unclaimed/ unencashed for periods of 7 years are to be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim lies against the Company for unclaimed/ unencashed dividend amount, if any, upon transfer.
10. Accordingly, all dividends declared upto 31<sup>st</sup> March, 2010 which remained unclaimed/ unencashed, have already been transferred to the IEPF. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31<sup>st</sup> March, 2011 or any subsequent dividend payment(s) are requested to make their claim to the Company. Members who have so far not claimed the unpaid dividend for the year 2010-11 have been notified in this connection.
11. Dividend on Equity Shares for the financial year ended 31<sup>st</sup> March, 2018, if declared at the Annual General Meeting, shall be paid to those Members whose names (in case of shares held in electronic form) appear as Beneficial Owners as at close of business hours on 17<sup>th</sup> September, 2018 and for shares held in physical form, whose names appear in the Register of Members on the date of the Annual General Meeting.
12. Queries, if any, regarding accounts and operations of the Company may please be sent to the Company Secretary at the Registered Office at least 10 days before the date of the Annual General Meeting so as to enable the Company to keep the information ready at the meeting.

13. Members holding shares in electronic form should get their email IDs updated with their respective Depository Participant so that they can get the copies of correspondence etc. sent by the Company via email.
14. Details in respect of the Directors seeking appointment/ re- appointment at the Annual General Meeting, pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard- 2 issued by the Institute of Companies Secretaries of India at item no. 3 and item no. 4 of the Ordinary and Special Business are provided in Explanatory Statement.
15. Electronic copy of the Annual Report and the Notice of the 61<sup>st</sup> Annual General Meeting of the Company along with Attendance Slip, Proxy Form and the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 61<sup>st</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
16. Members may also note that the Notice of the 61<sup>st</sup> Annual General Meeting and the Annual Report will also be available on the Company's website [www.talbro's.com](http://www.talbro's.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the email id: [seema\\_narang@talbro's.com](mailto:seema_narang@talbro's.com).
17. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, Register of Contracts or Arrangements in which Directors are interested under Section 189, Register of Member and any other documents

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

**18. Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility of voting through electronic means to its members. Members of the Company can transact all the items of the businesses with the facility of voting through electronic means through e-Voting Services provided by Karvy Computershare Private Limited (Karvy).

The detailed instructions for voting through electronic means are being sent separately with this Notice along with User- id and password.

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

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

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

M/s Karvy Computershare Private Ltd.,  
Unit: Talbro's Automotive Components Ltd.,  
Karvy Selenium Tower-B, Plot No. 31 & 32,  
Financial District, Gachibowli, Nanakramguda,  
Serilingampally Hyderabad 500 008, India  
Email: [rajeev.kr@karvy.com](mailto:rajeev.kr@karvy.com)/  
[www.karvycomputershare.com](http://www.karvycomputershare.com)

**By Order of the Board  
For Talbro's Automotive Components Limited**

Place : Gurugram  
Date : 25<sup>th</sup> May, 2018

**Sd/-  
Seema Narang  
Company Secretary**

## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO 4

Ms. Priyanka Gulati, aged 40 years, is a Chartered Accountant. She is founder and Director of Manthan Advisors and is running fourth year into her strategy consulting venture, engaged in the business of assisting clients with business process re-engineering, data analytics through KPI designing and dashboards, new market assessment and process improvement through Centers of Excellence. She was earlier associated with tier-1 consulting firms Accenture Management Consulting and Deloitte with a rich experience of 18 years.

Ms. Priyanka Gulati doesn't hold by herself or for any other person on a beneficial basis, any shares/convertible instruments of the Company.

On recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Ms. Priyanka Gulati as an Additional Director of the Company effective from 25<sup>th</sup> May, 2018, pursuant to the provisions of Section 161(1) of the Companies Act, 2013. She holds office up to the date of the ensuing Annual General Meeting.

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

In the opinion of the Board, Ms. Priyanka Gulati fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter for appointment of Ms. Priyanka Gulati as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day.

The Board recommends the resolution in relation to appointment of Ms. Priyanka Gulati as an Independent Director, for the approval by the shareholders of the Company.

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

Except Ms. Priyanka Gulati, being an appointee, none of the Directors of the Company and their relatives is concerned or interested in the resolution set out at Item No. 4.

### ITEM NO. 5 & 6

In the 60<sup>th</sup> Annual General Meeting of the Company held on September 26, 2017, Mr. Umesh Talwar and Mr. Anuj Talwar were appointed as Vice-Chairman & Managing Director and Joint Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> April, 2018 and 14<sup>th</sup> August, 2018 respectively.

The Board, in view of their contributions to the Company's business and the qualification and experience they hold and on recommendation of Nomination and Remuneration committee, recommends the increase in remuneration of Mr. Umesh Talwar and Mr. Anuj Talwar as set out in Item no. 5 & 6 of the notice w.e.f. 1<sup>st</sup> April, 2018.

Accordingly, the shareholders of the Company are requested to approve and ratify increase in remuneration of Mr. Umesh Talwar and Mr. Anuj Talwar on the remuneration as described in item no. 5 & 6 of the notice respectively effective from 1<sup>st</sup> April, 2018 to be paid as minimum remuneration in case of loss or inadequacy of profits in any financial year during the remaining term of appointment.

In order to ensure continuity in payment of remuneration to whole time Directors irrespective of unforeseen volatility in operations/ profitability and as per the requirements of Section - II of Part - II of Schedule V of the Companies Act, 2013 a Special Resolution is also required to be passed for payment of managerial remuneration, therefore consent of members by way of a Special Resolution is sought for payment of remuneration to Mr. Umesh Talwar as Vice-Chairman & Managing Director and Mr. Anuj Talwar as Joint Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2018.

This may also be treated as memorandum pursuant to Section 190 of the Companies Act, 2013.

Mr. Umesh Talwar and Mr. Anuj Talwar hold 431906 and 62851 equity shares of the Company respectively.

Mr. Umesh Talwar and Mr. Anuj Talwar are Directors in the following Companies:

| <b>Mr. Umesh Talwar</b>           |                            | <b>Mr. Anuj Talwar</b>                                  |                            |
|-----------------------------------|----------------------------|---------------------------------------------------------|----------------------------|
| <b>Name of the Company</b>        | <b>Date of Appointment</b> | <b>Name of the Company</b>                              | <b>Date of Appointment</b> |
| QH Talbros Pvt. Ltd.              | 06-06-2014                 | T&T Motors Pvt. Ltd.                                    | 30-09-2015                 |
| Sunrise Medicare Pvt. Ltd.        | 04-04-2002                 | Talbros International Pvt. Ltd                          | 30-09-2016                 |
| Nippon Leakless Talbros Pvt. Ltd. | 09-03-2005                 | Magneti Marelli Talbros Chassis Systems Private Limited | 03-02-2012                 |
|                                   |                            | Talbros Margo Rubber Pvt. Ltd.                          | 23-08-2012                 |

Mr. Umesh Talwar is related to Mr. Naresh Talwar being his brother and Mr. Anuj Talwar being his father.

Mr. Anuj Talwar is related to Mr. Umesh Talwar being his son.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. Naresh Talwar, being brother of Mr. Umesh Talwar and Mr. Anuj Talwar, being son of Mr. Umesh Talwar, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. Umesh Talwar, being father of Mr. Anuj Talwar, is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

As required by proviso (iv) of Section – II of Part – II of Schedule – V of the Companies Act, 2013, a statement of information is given below:

**(I) General Information:**

|                                                    |                                                                                                                                                                                                                                                                                          |                |                |                 |                 |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|-----------------|-----------------|
| Nature of Industry                                 | Manufacturing Auto Components                                                                                                                                                                                                                                                            |                |                |                 |                 |
| Date of commencement of commercial operation       | The Company was incorporated on September 08, 1956 and it has started its Commercial production in 1957.                                                                                                                                                                                 |                |                |                 |                 |
| Financial Performance:                             | (₹ Lakhs)                                                                                                                                                                                                                                                                                |                |                |                 |                 |
| Financial Parameters                               | <b>2013-14</b>                                                                                                                                                                                                                                                                           | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17*</b> | <b>2017-18*</b> |
| Turnover (₹ In Lakhs)                              | 29438.74                                                                                                                                                                                                                                                                                 | 31083.89       | 31008.52       | 35343.01        | 40,000.61       |
| Net profit as per profit and loss statement        | 1743.57                                                                                                                                                                                                                                                                                  | 1307.80        | 1169.98        | 1012.87         | 1909.11         |
| Amount of dividend paid                            | 148.15                                                                                                                                                                                                                                                                                   | 185.18         | 185.18         | 185.18          | 185.18          |
| Rate of dividend declared                          | 12%                                                                                                                                                                                                                                                                                      | 15%            | 15%            | 15%             | 15%             |
| Joint Ventures (JV)/ Foreign collaborators, if any | – Nippon Leakless Talbros Private Limited, (JV with Nippon Leakless Corporation, Japan)<br>– Magneti Marelli Talbros Chassis Systems Private Limited (JV with Sistemi Sospensioni S.p.A, Italy)<br>– Talbros Marugo Rubber Private Limited (JV with Marugo Rubber Industries Ltd, Japan) |                |                |                 |                 |

\* The accounts of Company have been prepared in accordance with the principal and procedures of Indian Accounting Standards (Ind AS) and previous year's figures in the above table have been regrouped as per Ind AS.

**II. Information about the appointees:**

| <b>Name</b>               | <b>Mr. Umesh Talwar</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Mr. Anuj Talwar</b>                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Background Details</b> | <p>Aged 67 years, Mr. Umesh Talwar has done B.Com (Hons.) from Hindu College, Delhi University and MBA from XLRI, Jamshedpur. He has more than 42 years of experience in the Automotive Components Industry. He has been associated with the Company since 1977.</p> <p>He is one of the Promoters and has been managing the affairs of the company as its Vice Chairman &amp; Managing Director (VCMD) since 2000. Under his leadership the company has received various awards and recognition.</p> | <p>Aged 37 years, Mr. Anuj Talwar is a Bachelor in Business Administration from college of William &amp; Mary, Virginia, USA and Master of Business Administration from Boston University Graduate School of Management.</p> <p>He has been associated with the Company since 2008. He had over 14 years of rich experience in the Corporate Finance, Credit analysis and Auto Industry.</p> |

|                                                                                                                     |                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Past remuneration (₹ Per annum)                                                                                     | 2015-16 108.24 lacs<br>2016-17 108.42 Lacs<br>2017-18 108.42 Lacs                                                                                                                                                                                                                                                   | 2015-16 38.89 lacs<br>2016-17 76.31 lacs<br>2017-18 77.89 lacs                                                                                                                                                                     |
| Job profile and his suitability                                                                                     | Mr. Umesh Talwar is responsible for day to day management and administration of the Company's operations subject to the superintendence, direction and control of the Board                                                                                                                                         | Mr. Anuj Talwar is responsible for coordinating with Joint Venture Companies, particularly Magneti Marelli Talbros Chassis Systems Private Limited and Talbros Marugo Rubber Private Limited as well as new business developments. |
| Remuneration proposed                                                                                               | As set out in the explanatory statement for resolution at item no. 5 and 6 of this Notice. The remuneration to VCMD and JMD has been approved by the Remuneration Committee & Board of Directors in the meetings held on 28 <sup>th</sup> March, 2018.                                                              |                                                                                                                                                                                                                                    |
| Comparative remuneration profile with respect to industry, size of the company, profile of the position and person. | In view of the size of the Company, the qualification and experience of Mr. Umesh Talwar and Mr. Anuj Talwar and the profile being handled by them, the remuneration as mentioned above is on the lower side as compared to the remuneration being paid to managerial positions in other Companies in the industry. |                                                                                                                                                                                                                                    |
| Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any   | Besides, the remuneration proposed, Mr. Umesh Talwar does not have any other pecuniary relationship with the Company. However Mr. Umesh Talwar is related to Mr. Naresh Talwar being his brother and to Mr. Anuj Talwar being his father.                                                                           | Besides the remuneration proposed, Mr. Anuj Talwar does not have any other pecuniary relationship with the Company. However Mr. Anuj Talwar is related to Mr. Umesh Talwar being his son.                                          |
| Other information:                                                                                                  | N.A.                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                    |

## DISCLOSURES

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The shareholders of the company shall be informed of the remuneration package of the managerial person.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Disclosure of the remuneration package is part of this notice being sent to Shareholders.                                                                                                                         |
| The following disclosures shall be mentioned in the Board of Directors report under the heading "Corporate Governance", if any, attached to the annual report:-<br>(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors;<br>(ii) Details of fixed component and performance linked incentives along with the performance criteria<br>(iii) Service contracts, notice period, severance fees;<br>(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable. | All the disclosures as required are mentioned in the Director's Report/ Corporate Governance Report section of the 61 <sup>st</sup> Annual Report to be published for this Annual General Meeting of the Company. |

## ITEM NO 7

Talbros Marugo Rubber Private Limited (TMR) is a 50:50 Joint Venture Company between Talbros Automotive Components Limited (TACL) and Marugo Rubber of Japan and is a related party as per Section 184.

Both TMR and TACL are engaged in the business of manufacturing Gaskets and Rubber products and both the companies require same raw material for manufacturing their products. In order to economize on capital expenditure and to avoid unnecessary duplication of facilities, as well as to meet eventuality of break down at any of the Companies, both the companies are desirous of entering into an Agreement for a period effective from 1.1.2018 to 31.12.2020 for sale/purchase of Rubber, Rubber Compound, other chemicals, and to do job work for each other upto maximum amount of ₹ 1.50 crore, ₹ 2.00 crore and ₹ 2.50 crore in 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year respectively on such terms and conditions as mentioned in the agreement.

Your Directors recommend the Resolution at Item No.7 of the accompanying Notice for the approval of the Members.

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

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

#### **ITEM NO 8**

Magneti Marelli Talbros Chassis Systems Private Limited (MMT) is a 50:50 Joint Venture Company between Talbros Automotive Components Limited (TACL) and Sistemi Sospensioni S.p.A and is a related party as per Section 184.

MMT requires additional financial assistance to meet its enhanced budgetary requirements in line with approval from its Board and approached IDFC Bank Limited (Bank) for the same.

As per the terms offered by the Bank, this facility is to be secured by Corporate Guarantee(s) from both JV Partners Sistemi Sospensioni S.p.A through Magneti Marelli, Italy and Talbros Automotive Components Limited to the extent of 50% of the sanctioned limits.

MMT has requested the Company to provide Corporate Guarantee in respect of 50% of the facilities to be availed from the Bank.

Except Mr. Vidur Talwar, Mr. Varun Talwar & Mr. Anuj Talwar being common Directors, no other Director/ KMP of the Company is concerned or interested, financially or otherwise in the resolution set out at item no. 8 of the Notice.

The Directors recommends the resolution set forth in item no. 8 of the Notice for approval of the members as Special Resolution.

#### **ITEM NO. 9**

The existing Articles of Association ("AoA") of the Company, based on the Companies Act, 1956 are not in complete conformity with the 2013 Act and several regulations of AoA require alteration/deletion. Given this position, it is considered expedient to adopt a new set of Articles of Association (primarily based on Table F set out under Schedule I to the Companies Act, 2013) in place of existing AoA, instead of amending it

by alteration/ incorporation of provisions of 2013 Act. In terms of Section 14 of 2013 Act, consent of Members by way of a Special Resolution is required for adoption of a new set of Articles of Association. The entire set of proposed new Articles of Association is available in the website of the Company. The Members of the Company can also obtain a copy of the same from the Company's Registered Office.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said Resolution. The Directors recommend the aforesaid Resolution for the approval by the Members as Special Resolution.

#### **ITEM NO. 10**

Board of Directors of the company, on the recommendation of Audit committee, in its meeting held on 25<sup>th</sup> May, 2018 approved re-appointment of M/s. Vijender Sharma & Co., Cost Accountants (Firm Registration No. 00180) as Cost Auditor of the Company to audit the cost records maintained by the Company for the financial year ending 31<sup>st</sup> March, 2019 on a remuneration of ₹ 1.75 Lacs plus out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at item no.10 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2019.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, whether financial or otherwise, in the resolution set out at item no. 10. The Board recommends this resolution for the approval of shareholders as ordinary resolution.

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

Place : Gurugram  
Date : 25<sup>th</sup> May, 2018

**Sd/-  
Seema Narang  
Company Secretary**

## ANNEXURE TO EXPLANATORY STATEMENT

Details of Directors seeking Appointment/ Re-appointment at the forthcoming Annual General Meeting (pursuant to SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015)

| Name of the Director                             | Ms. Priyanka Gulati                                                        | Mr. Vidur Talwar                                                                                                                                                                                                               |
|--------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth                                    | 17.12.1977                                                                 | 30.06.1971                                                                                                                                                                                                                     |
| Date of Appointment                              | 25.05.2018                                                                 | 12.02.2015                                                                                                                                                                                                                     |
| Qualifications                                   | Chartered Accountant                                                       | B.S. in Business Administration and MBA in Finance from Drexel University, Philadelphia, PA.                                                                                                                                   |
| Nature of expertise in specific functional areas | 18 years of rich experience in management consulting and entrepreneurship. | 23 years of rich and varied experience in Automotive Components Industry                                                                                                                                                       |
| Directorship and Trusteeship in other Companies  | 1. Manthan Management Solutions Private Limited                            | 1. T & T Motors Pvt. Ltd.<br>2. Nippon Leakless Talbros Pvt Ltd.<br>3. Talbros International Pvt. Ltd.<br>4. Magneti Marelli Talbros Chassis Systems Pvt. Ltd.<br>5. Talbros Marugo Rubber Pvt Ltd.<br>6. QH Talbros Pvt. Ltd. |
| Members of Committees of other Companies         | -                                                                          | -                                                                                                                                                                                                                              |
| No. of shares held                               | -                                                                          | 16,176                                                                                                                                                                                                                         |

# DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 61<sup>st</sup> Annual Report on the business and operations of your Company along with Audited Accounts and the Auditors' Report thereon for the Financial Year ended 31<sup>st</sup> March, 2018.

## Financial Highlights:

| Particulars:                                                                     | (₹ in lacs)                                |                                            |
|----------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
|                                                                                  | Year Ended 31 <sup>st</sup><br>March, 2018 | Year Ended 31 <sup>st</sup><br>March, 2017 |
| Net Revenue from Operations                                                      | 40,000.61                                  | 35,343.01                                  |
| Profit before Interest and Depreciation                                          | 5,023.04                                   | 4,049.44                                   |
| Less : Interest                                                                  | 1,393.78                                   | 1,590.58                                   |
| Depreciation                                                                     | 1,419.45                                   | 1,231.39                                   |
| <b>Profit before Tax before Exceptional Item</b>                                 | <b>2,209.81</b>                            | <b>1,227.47</b>                            |
| Exceptional Item                                                                 | 215.77                                     | 0.00                                       |
| <b>Profit before Tax and after Exceptional Item</b>                              | <b>2,425.58</b>                            | <b>1,227.47</b>                            |
| Less: Provision for Taxation                                                     | 523.01                                     | 288.40                                     |
| Provision for Deferred Tax                                                       | 105.03                                     | 21.89                                      |
| Less: (Excess)/ Short provision of tax for earlier years written back/provided   | (111.57)                                   | (95.69)                                    |
| <b>Profit after Tax</b>                                                          | <b>1,909.11</b>                            | <b>1,012.87</b>                            |
| Other Comprehensive Income                                                       |                                            |                                            |
| a) Items that will not be reclassified to profit and loss                        | 414.59                                     | 861.38                                     |
| b) Income tax relating to items that will not be reclassified to profit and loss | (88.62)                                    | (204.62)                                   |
| <b>Total other comprehensive income</b>                                          | <b>325.97</b>                              | <b>656.76</b>                              |
| <b>Total comprehensive income</b>                                                | <b>2,235.08</b>                            | <b>1,669.63</b>                            |

The accounts of Company have been prepared in accordance with the principles and procedures of Indian Accounting Standards (Ind AS) and previous year's figures in the above table have been regrouped as per Ind AS.

## FINANCIAL REVIEW

The Indian economy has recovered from demonetization and Goods and Services Tax has been smoothly implemented. It is predicted that Indian economy's growth will accelerate from 6.7% in 2017 to 7.3% in 2018 and 7.5% in 2019. Economic growth is projected to remain strong and India will remain the fastest-growing G20 economy. The increase in public wages and pensions will support consumption. Private investment will recover gradually as excess capacity diminishes, and the landmark Goods and Services Tax and other measures to improve the ease of doing business are being implemented. However, large non-performing loans and high leverage of some companies are holding back investment. The GDP growth was around 6.7% during the Fiscal Year 2017-18.

During the Financial Year 2017-18 your Company on standalone basis has recorded a turnover of ₹ 392.98 crores, approximately 20.96% higher as compared to last Financial Year 2016-17 with turnover of ₹ 324.88 crores. Profit after tax (PAT) for the Company was at ₹ 19.09 crores, approximately 88.64% higher as compared to PAT of ₹ 10.12 crores in previous year 2016-17.

The JV Company Nippon Leakless Talbros Private Limited (LTL) recorded a turnover of ₹ 117.11 crores, with an increase of approximately 8.24% as compared to last Financial Year 2016-17 with turnover of ₹ 108.19 crores. PAT of LTL was at ₹ 14.36 crores, higher by approximately 14.06% as compared to PAT of ₹ 12.59 crores in previous year 2016-17.

The JV Company Magneti Marelli Talbros Chassis Systems Private Limited (MMT) has recorded a turnover of ₹ 108.85 crores, higher by approximately 28.25% as compared to last Financial Year 2016-17 with turnover of ₹ 84.86 crores. PAT of MMT was at ₹ 4.11 crores, higher by approximately 154% as compared to ₹ 1.62 crores in previous year 2016-17.

Talbros Marugo Rubber Private Limited (TMR), another JV Company has recorded a turnover of ₹ 40.88 crores, higher by approximately 33.11% as compared to last Financial Year 2016-17 of ₹ 30.71 crores.

During the Financial Year 2017-18, the consolidated total revenues increased 21% from ₹ 324.88 crores in 2016-17 to ₹ 392.98 crores in 2017-18, largely on account of new order inflows and large off take. Profit before exceptional items improved 80% from ₹ 14.36 crores in 2016-17 to ₹ 25.90 crores in 2017-18. Profit after tax improved 87% from ₹ 12.22 crores in 2016-17 to ₹ 22.90 crores in 2017-18.

**NEW INITIATIVES**

Your Company has set up a post coating line which has commenced production from February 2018 to rationalize raw material costs which focus on at least 60% capacity utilization during F.Y. 2018-19. The Company has received new orders from overseas OEMs.

The Forging Division, in addition to capturing the agri market, has forayed into global OE car segment and is in talks with a large two wheeler manufacturer for its forging requirements. With a view to diversify its geographic risks, new customers have been approached. We are focused on enhancing our internal efficiencies and leverage on our technological know-how to supply best in class products to our customers. The revenues from forging division stood at ₹ 112.35 crores in the year under review against revenues of ₹ 70.59 crores during previous year. The Company has started supplies for the order from large German car manufacturer.

The Company has received orders from large auto components manufacturer from USA to supply heavier forged parts with estimated revenue of ₹ 35 crores per annum. In the gasket business, the focus is going to be on OE export business as well as on offloading the non-critical item to OSP.

The JV Company Nippon Leakless Talbros Private Limited (LTL) has been exploring various options to increase its presence in two wheeler gasket business. LTL has been constantly developing gaskets for new models to be launched by Hero, Honda & Yamaha in the coming financial year.

The second JV Company Magneti Marelli Talbros Chassis Systems Pvt Ltd (MMT) is trying to enter higher value-added products such as the front axle and is in talks with Maruti Suzuki India Limited on the same and also on of expanding its range of products with them. MMT has received orders from Maruti Suzuki to supply Front Suspension with estimated revenue of ₹ 24 crores per annum. The JV Company has also started supplies for the order received from large European car manufacturer.

Talbros Marugo Rubber Private Limited (TMR), the third JV Company is also on the right track. The Hose division has witnessed improved volumes during the year from Maruti Suzuki. The JV Company is focusing to start supplying Hoses to Marugo Rubber Industries, Japan. The JV Company has also started production of Air Cleaner Hoses.

**FUTURE OUTLOOK**

India has emerged as one of the fastest growing economies in recent times. Government of India wants to make automobile manufacturing as the main driver of 'Make in India' initiative, as it expects Passenger Vehicle market to triple to 9.4m units by 2026, as highlighted in Auto Mission Plan (AMP) 2016-2026 and also plans to promote eco-friendly cars in the country with a scheme for faster adoption and manufacturing of Electric and Hybrid vehicle in India, under the National Electric Mobility Mission 2020. GST has been smoothly implemented from 1<sup>st</sup> July, 2017 and this will further boost the business growth in the long term.

The long term outlook remains positive for the automotive industry with all major global players having a base in India for manufacturing, global sourcing. The Financial year 2018-19 is expected to bring positive sentiments back in the market. The two-wheeler industry is slated to deliver a better performance at 11% - 13%. Commercial vehicles are pitted to continue their growth momentum in double digits at 10%- 12%. A strong cyclical recovery in the global economy with the world projected at 3.40%. USA Administration's protectionist policy agenda is a real concern for the Global Economy.

The future outlook of your Company remains positive as your Company along with its Joint Venture Companies is actively working on both the strategic front and the operations front to take advantage of the turning trends which includes Research and Development, improving operational performances, focus on quality and broadening the customer base, among others.

**DIVIDEND**

Your Directors are pleased to recommend 15% dividend at the rate of ₹ 1.50/- per share for the year 2017-18 on 12345630 equity shares of ₹ 10/- each for the approval of members at the ensuing Annual General Meeting.

**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 2009-10 amount aggregating to ₹ 1,69,020 had been transferred to the "Investor Education and Protection Fund" established by the Central Government on 19<sup>th</sup> August, 2017.

The Company shall transfer the unclaimed dividend for the year 2010-11 to Investor Education and Protection Fund on or before 5<sup>th</sup> October, 2018 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 2010-11 or any subsequent year are requested to lodge their claims for revalidation of dividend warrants. The Company is specifically intimating those members who have so far not claimed the unpaid dividend for the year 2010-11.

### SHARE CAPITAL

The paid up capital of the company as on 31<sup>st</sup> March, 2018 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 no change in the capital structure since previous year.

### FIXED DEPOSITS

The total amount of deposits outstanding as on 31<sup>st</sup> March, 2018 stands at ₹ 6.76 crores.

### BOARD MEETINGS

During the Financial Year 2017-18, 4 (four) Board Meetings were held. Details of the same are available in the section 'Meetings of the Board of Directors', in the Corporate Governance Report.

### DIRECTORS

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

During the reporting period, Mrs. Pallavi Sadanand Poojari, Independent Woman Director resigned from the directorship of the Company w.e.f 23<sup>rd</sup> August, 2017.

Mrs. Priyanka Gulati has been appointed as an additional Director w.e.f. 25<sup>th</sup> May, 2018 and her term as Additional Director expires at the ensuing Annual General Meeting. Her appointment as an Independent Director has been recommended for approval of members at the ensuing Annual General Meeting.

### KEY MANAGERIAL PERSONNEL

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

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

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

### 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 31<sup>st</sup> March, 2018;
- 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 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;
- f) 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.

**DECLARATION GIVEN BY INDEPENDENT DIRECTOR UNDER SECTION 149(6)**

The Independent Directors have furnished certificates of independence stating that they fulfill the criteria of independence as per the provisions of Section 149(6) of the Companies Act 2013 and are not disqualified to act as an Independent Director. The Board is also of the opinion the Independent Directors fulfill the independence requirement in strict sense and are eligible to continue as Independent Directors of the company.

**DIRECTORS RETIRING BY ROTATION**

In accordance with the provisions of Companies Act 2013 and the Articles of Association of the company Mr. Vidur Talwar (DIN 00114643) retires by rotation and being eligible offers himself for re-appointment.

Details of the proposal for his re- appointment are mentioned in the explanatory statement annexed to the notice of the 61<sup>st</sup> Annual General Meeting. The Board recommends his re-appointment.

**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.

**AUDIT COMMITTEE**

The Audit Committee held four (4) meetings during the year. The composition of the Audit Committee of the Company is as under:-

| Name of Director     |          | Category                |
|----------------------|----------|-------------------------|
| Mr. V. Mohan         | Chairman | Independent Director    |
| Mr. Anil Kumar Mehra | Member   | Independent Director    |
| Mr. Rajive Sawhney   | Member   | Independent Director    |
| Mr. Amit Burman      | Member   | Independent Director    |
| Mr. Vidur Talwar     | Member   | Non- Executive Director |
| Mr. Anuj Talwar      | Member   | Executive Director      |

The Chief Financial Officer, Statutory Auditors and the Internal Auditors of the Company are permanent invitees to the meetings of the Audit Committee. It is a practice of the Committee to extend an invitation to Cost Auditor to attend the meeting as and when required.

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

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

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

**RELATED PARTY DISCLOSURES**

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

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

The contracts or arrangements of the Company with related parties during the period under review were in ordinary course of business and on arms' length basis and in accordance with the shareholders' approval by way of special resolution.

The board has approved policy for related party transactions in terms of provision of Regulation 23 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 which is available on company's website at following link: <http://www.talbro.com/investors/investor-corporate/related-party-policy/>

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**.

**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.

Company has appointed M/s. Mazars Advisory Private Limited for carrying out the assignment of Internal Control over Financial Reporting.

## REMUNERATION POLICY & BOARD EVALUATION

The Board on the recommendation of the Nomination & Remuneration Committee for selections and appointments of Directors, senior management and decides their remuneration, after reviewing their qualifications, positive attributes, independence of directors, board diversity. Remuneration Policy of the company is based on the fundamental principles of payment for performance, potential, growth and aligning remuneration with the longer term interests of the Company and its shareholders, promoting a culture of merit recognition and creating a linkage to corporate and individual performance. The criteria for performance evaluation of directors cover the areas relevant to their functioning as member of Board or its Committees thereof. The manner in which the performance evaluation of the board and its committees thereof, the chairman and the directors individually has been carried out has been explained in the Corporate Governance Report.

## CORPORATE GOVERNANCE

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

## RISK MANAGEMENT POLICY

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

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

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

## VIGIL MECHANISM

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a vigil mechanism for directors and employees to report genuine concerns has been established.

Details of establishment of vigil mechanism/ whistle blower are disclosed in the Corporate Governance Report.

The policy on vigil mechanism is available on company's website at [www.talbro's.com](http://www.talbro's.com).

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

## LISTING OF SHARES

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

## CORPORATE SOCIAL RESPONSIBILITY

Talbro's Automotive Components Ltd. (TACL) has formulated Corporate Social Responsibility (CSR) policy which encompasses its philosophy and guides its sustained efforts for supporting socially useful programs for welfare and sustainable development of the weaker sections of the society specially the children and contributed to several NGOs including Savera Association, Talwar Foundation, Helpage India, CRY, Save the Girl, Save the Children committed for attending to education and nutrition needs of the under privileged children and women.

As per Section 134(3)(o) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by Ministry of Corporate Affairs, the Company has undertaken activities as per the CSR Policy (available on company's website [www.talbro's.com](http://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., (Firm Registration No. 001111N), Chartered Accountants, New Delhi and M/s. A. R. Sulakhe & Co., (Firm Registration No. 110540W), Chartered Accountants, Branch Auditor for Pune Plant are the Statutory Auditors of the Company.

The Report given by M/s. J C Bhalla & Co., Chartered Accountants, Statutory Auditors on the financial statement of the Company for the financial year 2017-18 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 2018-19.

The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2018 as provided by M/s. Kiran Sharma & Associates, Practicing Company Secretary is annexed to this Report as **Annexure IV** and forms part of this report.

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

#### Cost Auditors

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder M/s Vijendra Sharma & Co., Cost accountants (Firm Registration No. 00180) were re-appointed as the cost auditors of the Company for the financial year ending 31<sup>st</sup> March, 2018 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 2016-17 issued by M/s. Vijendra Sharma & Co., Cost accountants (Firm Registration No. 00180) in respect of the various products prescribed under Cost Audit Rules was filed with the Ministry of Corporate Affairs (MCA) during the year.

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

Cost Auditors for financial year 2018-19, to conduct cost audit of the accounts maintained by the Company in respect of the various products prescribed under the applicable Cost Audit Rules.

#### 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 31<sup>st</sup> March, 2018 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 EMPLOYEES AND RATIO OF DIRECTOR REMUNERATION TO MEDIAN EMPLOYEES' REMUNERATION

There is no employee drawing salary above the limits prescribed under Section 197(12). Hence there is no information required as provided under Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms 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, are forming part of this report **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.

**EXTRACT OF THE ANNUAL RETURN**

The extract of the annual return in Form MGT-9 forms part of Board's report and is annexed herewith as **Annexure- VIII.**

**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.

There have been no material changes and commitments which affect the financial position of the company between the end of the financial year and the date of this report including change in capital structure.

**ACKNOWLEDGEMENT**

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

For **and on behalf of the Board**

Sd/-

**Umesh Talwar**

Vice Chairman  
and Managing Director

Sd/-

**Anuj Talwar**

Joint Managing Director

Place: Gurugram

Date: 25<sup>th</sup> May, 2018

# MANAGEMENT DISCUSSION AND ANALYSIS

## ANNEXURE I

### GLOBAL ECONOMY

Economic activity in 2017 ended on a high note with a growth of over 3 percent. The growth was supported by a recovery in investment and unexpectedly strong performance, cyclical upswings and fiscal policy changes in the US. Eurozone, on the other hand, experienced an improved external demand, largely unimpacted by the Brexit. Financial conditions remained supportive, despite the recent volatility in equity markets and increases in bond yields following signs of firming inflation in advanced economies. Labour market indicators continued to improve in a broad spectrum of countries. Key emerging market and developing economies, including Brazil, China, and South Africa, also posted third-quarter growth stronger than the forecasts. With strong investment recoveries and positive sentiments, the global growth shall continue to remain steady.

### INDIAN ECONOMY

The Financial Year 2017-2018 has seen India once again emerging as the fastest growing major economy in the world. It recorded an annual GDP of 6.7%, with larger part of the growth coming in the second half of the year. The economy recovered quite strongly after witnessing a temporary slowdown owing to the implementation of major policy reforms like demonetisation and Goods and services tax (GST). There was a broad-based improvement in the investments and consumption.

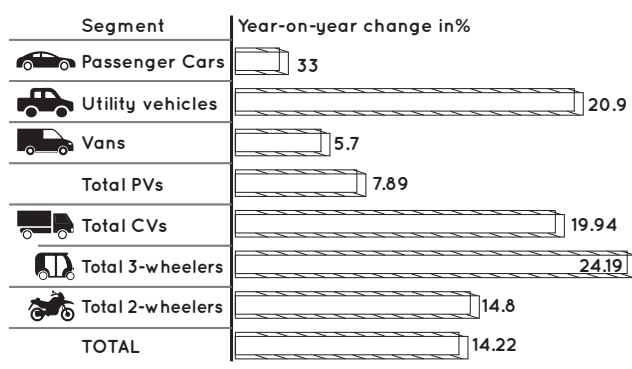
However, the rising crude oil prices, may impact India's fiscal deficit and slowdown the growth momentum. Government's active reforms and actions clearly aim at improving economic fundamentals and make the long-term prospects look brighter. With digitisation, favourable demographics and positive reforms, India's gross domestic product (GDP) is expected to reach USD 6 trillion by 2027.

### INDIAN AUTOMOBILE INDUSTRY

The Indian automobile industry is one of the largest globally, contributing to around 7% of country's total GDP. The segment is divided into passenger vehicles, commercial vehicles, three wheelers and two wheelers. The industry has grown at a fairly healthy pace, aided by robust economic activity and infrastructure development, growing middle class population with disposable income and availability of easy consumer finance facilities. India is currently the largest manufacturer of tractors, second largest manufacturer of two wheelers and buses, fifth

largest heavy truck manufacturer, sixth largest car manufacturer and eighth largest commercial vehicle manufacturer in the world.

The industry is on the cusp of transformation, moving from BS-IV to BS-VI and later to electric vehicles. Despite teething troubles from GST and no clear direction on the electric vehicle policy, the industry recorded milestone growth in the financial year 2017-18. New vehicle sales grew by 14.22% overall in 2017-18 (over 2016-17), more than double the growth of 6.8 per cent achieved in 2016-17 (over 2015-16). Even the export volumes strengthened with a CAGR of 4.43% in last 5 years indicating the growing capability of the Indian automobile industry to meet the international standards and the increasing acceptance of automobiles manufactured from India in the global market. A favorable monsoon and faster economic growth in 2018 are likely to boost farm income, which, in turn, will boost rural sales of motorcycles, cars and tractors. Besides, strong economic recovery and a continuous new model launches by the automobile manufacturers will continue to drive the growth momentum of this industry.



PVs: Passenger Vehicles; CVs: Commercial Vehicles

### INDIAN AUTO COMPONENT INDUSTRY

The character of an excellent automobile is governed by the quintessential mix of technicality and synchronization and assembling of right spare parts being the backbone and also catering to the consumers' demands for aspects like styling, comfort and safety. The auto-component industry thus plays an important role behind any vehicles appeal in the market.

Several OEMs are filling a pinch in terms of increasing regulatory requirements with regards to emission norms, safety rules, mileage norms and consumer

demand for high-end technology. Implementing these would result in higher cost burden. Hence OEM's prefer to outsource the component manufacturing to emerging countries like India. Several global auto component players have established joint ventures and technology assistance agreements with Indian players. This coupled with enhanced capability would convert into strong demand traction for the auto component industry.

The Indian auto-components industry has experienced a healthy growth over the last few years. A buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the financial system are some of the factors attributable to this growth. The maturity attained by the Indian auto component industry is aligned to the automobile industry in India. The automobile industry is cyclical in nature and is dependent on the growth of the economy and improvements in infrastructure. Factors like increased public spending, favourable interest rates and general improvement in per capita income lead to higher demand for automobiles. Although, the Indian automobile industry is expected to grow at a measured pace, the automobile component industry in turn is rapidly achieving global competitiveness, both in terms of cost and quality and is one of the handful of industries where India has a distinct competitive advantage.

The industry is broadly classified into the organised and unorganised sectors. The organised sector caters to the Original Equipment Manufacturers (OEMs) and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

The auto components demand from domestic OEMs continued to be robust during 2017-18 owing to growth in high volume two-wheeler (2W) and passenger-vehicle (PV) industry which together constitutes about two-third of overall ancillary industry size. Moreover, stellar growth in CV, as well as tractor segment, has further supported overall volume growth. As per ICRA Report, the Indian auto component industry has registered an estimated revenue growth 13-15% for FY 2018 over FY 2017. This growth will be further supported by steady increase in the commodity prices and its consequent impact on realisations. The overall auto components exports also remain significantly higher. Together, the USA and EU markets accounted for over 60% of total auto component exports from India. With the US heavy

commercial vehicle (HCV), especially class-8 trucks witnessing strong order inflow (+49.7% Y-o-Y) during 2017, the benefits of improved order inflow have already started accruing to component suppliers for US HCV market. Consequently, exports to the USA CV space is expected to grow over the near term. The European PV and CV registration numbers too have witnessed marginal growth in 2017.

Over the medium to long term, growth in the auto component industry will be higher than the underlying automotive industry growth, given the increasing localisation by OEMs, higher component content per vehicle due to various technological advancement as well as regulatory measures (emission, safety regulations) and rising exports. This will be strongly supported by improved demand outlook in key end user segments as well as expected pickup in rural income. Going forward, pickup in infrastructure activity will further drive growth in construction & mining equipment as well as the tipper segment (classified under M&HCVs).

### Growth drivers

**Expanding R&D Hub:** Indian accounts for over 40% of globalised engineering and R&D

**Emerging global sourcing hub:** Proximity to key markets such as Japan, Korea, ASEAN and Europe

**Favourable economic factors:** The new regulations will promote increase vehicle demand

**Scale:** India is expected to be the third largest vehicle manufacturer globally by 2026

**Trade Policy:** Favourable environment with no restrictions on import-export and 100% FDI

### OPPORTUNITIES AND THREATS

#### Opportunities

**OEM demand:** Global OEMs are facing pressures on account of imperatives to launch newer models (as product lifecycles shorten) with additional features while maintaining selling prices. They have identified India as a manufacturing base for some of their models. The higher export of vehicles increases the demand for domestic automobile components.

**Quality:** The average quality of automobile components produced in India has been improving gradually, particularly during the past few years. Moreover, the increasing focus of the Indian automobile component manufacturers to address the stringent quality norms adhered to by global OEMs, has forced Indian auto-component companies to upgrade their facilities.

**Implementation of Bharat Stage VI by 2020:** The Government is planning to implement BS VI by 2020 to reduce the sulphur content. The shift to BS VI is a turning point for OEMs and auto part manufacturers. The challenge also presents opportunities for them to enhance each other's capabilities by joining forces. Indian suppliers and product engineering companies also have a great chance to move up in the value chain.

**Huge Potential of Indian Passenger Vehicles Segment:** India's low vehicle penetration (32 vehicles per 1000 people in 2015) makes it one of the world's most attractive auto markets. Further, India's PV segment is expected to grow over 48 mn vehicles by 2020.

**Government Support:** The Indian Government introduced a draft National Auto Policy in February 2018. It outlines the long-term roadmap to achieve the desired emission standards aligned with global benchmarks by 2028. Besides, the Government also increased the crucial auto components' import duty to 15% promoting the domestic manufacturers.

## THREATS

**Fuel Price:** Volatility in fuel prices impacts the growth of the automotive industry all across the world.

**Environment:** The automobile sector affects the environment in multiple ways, starting from the use of materials that causes environmental degradation, and ending with the management of scrap. However, it is estimated that much of the environmental damage during the lifespan of a vehicle happens during the time it is driven, and thus is associated with fuel emissions.

**Changing consumer preferences:** Continuous change in consumer demand in the motor vehicle industry, growing purchasing power and higher aspirations will encourage the companies to focus on innovation to survive in the industry.

**R&D:** Relatively lower R&D spends to meet the global standards may be an area of concern for the industry.

## OUTLOOK

The Automotive Mission Plan (AMP) 2026, forecasts that the automotive industry to generate \$200 billion of revenues by 2026. Exports would reach \$80 billion, whereas domestic replacement markets would touch \$32 billion during the same time period. Moreover, diversity in the production of different categories of products will further encourage the OEMs to increase their reliability on the auto-components industry.

## FINANCIAL HIGHLIGHTS

During the Financial Year 2017-18, the consolidated total revenues increased 21% from ₹ 324.88 crores in 2016-17 to ₹ 392.98 crores in 2017-18, largely on account of new order inflows and large of ftake. Profit before exceptional items improved 80% from ₹ 14.36 crores in 2016-17 to ₹ 25.90 crores in 2017-18. Profit after tax improved 87% from ₹ 12.22 crores in 2016-17 to ₹ 22.90 crores in 2017-18.

## Human Resources/ Industrial Relations

At Talbros, employees are the critical enablers of our success. Our employee-friendly HR policies touch every part of employee life cycle. We are committed to provide an engaged, proficient and aspiring talent for business continuity. HR works strategically with businesses to help identify, understand and address people issues in a timely manner. It ensures better talent utilisation with improved engagement for better productivity. A vital role is played in recruiting the employees with the right skills and developing them for tomorrow.

The Company maintains open communication channels with workforce and keeps them engaged with its objectives towards attainment of healthy employer-employee relationship. The Company follows different programs for the development of skills among employees at different levels. Employees have also contributed significantly towards various cost saving initiatives in different areas. Industrial relations at the offices and all plants continued to be cordial. The policies are further focused to develop and benefit the talent and simultaneously protecting organisational interest.

### Health, Safety, Security Environment

Your Company is 100% asbestos-free. Besides demonstrating environmental awareness and qualifying ASA supplier to global automakers, it also provides a healthier environment in the manufacturing facilities. The company is concerned about the occupational health and safety of its workers and staff and periodic health check-up camps are organized. Regular training is imparted at all levels. Company's main plant at Faridabad is ISO 14001 : 2015 and BS OHSAS 18001 : 2007 certified for Environmental Health & Safety issues.

### Internal Control Systems

The Company has in place adequate internal control system and procedures commensurate with the size and nature of business. These procedures are designed to ensure that:

- All assets and resources are acquired economically, used efficiently and are adequately protected;
- Significant financial, managerial and operating information is accurate, reliable and is provided timely and;

- All internal policies and statutory guidelines are complied with.

The Company follows a strong system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported quickly. It reviews the adequacy of internal control systems from time-to-time. The internal controls are designed to ensure that financial and other records are reliable for preparing financial information and other data, and for maintaining accountability towards assets. The Audit Committee meets periodically to review the findings of internal and statutory auditors' reports and advise the management on corrective policies and controls to be adopted by the Company, consistent with the organizational requirements. A VCMD and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same.

## FORM NO. AOC-2

## ANNEXURE II

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

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

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

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

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

| Name(s) of the related party & nature of relationship                           | Nature of contracts/ Arrangement/ transactions                               | Duration of the contracts/ agreements/ transactions                | Salient terms of the contracts or arrangements or transactions including the value, if any:                                                    | Date(s) of approval by the Board, if any: | Amount paid as advances, if any: |
|---------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|
| QH Talbros Private Limited (Associate Company)                                  | Agreement for sale of Company's products.                                    | 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2020        | Maximum amount of sale upto ₹ 24.00 Crores in one financial year.                                                                              | 21 <sup>st</sup> May, 2016                | Nil                              |
| QH Talbros Private Limited (Associate Company)                                  | Trademark License Agreement                                                  | 1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2023        | 1% of gross replacement sales for its trademark & distribution network in each financial year during the period of contract.                   | 26 <sup>th</sup> May, 2014                | Nil                              |
| Nippon Leakless Talbros Private Limited (Joint Venture Company)                 | Purchase and/ or Sale Agreement of Tyre Sealant and other production inputs. | 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2020        | Maximum amount of sale upto ₹ 4.00 Crores in one financial year.                                                                               | 21 <sup>st</sup> May, 2016                | Nil                              |
| Nippon Leakless Talbros Private Limited (Joint Venture Company)                 | Sale/ Purchase Agreement of gaskets to each other.                           | 1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2020        | Maximum amount of sale upto ₹ 2.00 Crores in one financial year.                                                                               | 21 <sup>st</sup> May, 2016                | Nil                              |
| Talbros Marugo Rubber Private Limited (Joint Venture Company)                   | Management Fee Agreement                                                     | 13 <sup>th</sup> February, 2018 to 12 <sup>th</sup> February, 2023 | ₹ 30.00 Lacs p.a.                                                                                                                              | 24 <sup>th</sup> May, 2017                | Nil                              |
| Magneti Marelli Talbros Chassis Systems Private Limited (Joint Venture Company) | Lease Agreement                                                              | 14 <sup>th</sup> March, 2017 to 13 <sup>th</sup> March, 2022       | Renewal of agreement for a period of 5 years w.e.f. 14 <sup>th</sup> March, 2017 to 13 <sup>th</sup> March, 2022 on same terms and conditions. | 14 <sup>th</sup> February, 2017           | Nil                              |
| Mrs. KumKum Talwar (Relative of key managerial personnel)                       | Rent Agreement                                                               | 1 <sup>st</sup> October, 2016 to 30 <sup>th</sup> September, 2019  | ₹ 7.20 Lacs per annum                                                                                                                          | 14 <sup>th</sup> November, 2016           | Nil                              |

Sd/-

**Umesh Talwar**

Vice Chairman and Managing Director

Sd/-

**Anuj Talwar**

Joint Managing Director

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

## ANNEXURE III

|    |                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes. | <p>CSR activities of Talbros is focused to:</p> <ul style="list-style-type: none"> <li>Promote employment enhancing vocational skills for employability of youth.</li> <li>Sustain efforts for supporting socially useful programs for welfare and sustainable development of the weaker sections of the society especially the children.</li> <li>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.</li> </ul> <p>Talbros Automotive Components Limited's CSR Policy is in compliance with the provisions of Companies Act, 2013.</p> <p>The brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken are placed on the Company's website <a href="http://www.talbro.com/csr-policy/">www.talbro.com/csr-policy/</a></p> |
| 2. | The composition of the CSR Committee.                                                                                                                                                             | <p>Mr. Umesh Talwar, Chairman</p> <p>Mr. Amit Burman, Independent Director</p> <p>Mr. Navin Juneja, Director and Group CFO</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 3. | Average net profit of the company for last three financial years.                                                                                                                                 | ₹ 10,35,65,605.67                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 4. | Prescribed CSR Expenditure (2% of the amount as in item 3 above)                                                                                                                                  | ₹ 20,71,312.11                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 5. | Details of CSR spent during the financial year:                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|    | (a) Total amount spent for the financial year                                                                                                                                                     | ₹ 20,71,500/-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|    | (b) Amount unspent, if any                                                                                                                                                                        | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|    | (c) Manner in which the amount spent during the financial year                                                                                                                                    | Detailed below                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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

| (1)    | (2)                                   | (3)                                    | (4)                                                                                                                         | (5)                                                 | (6)                                                                                                                  | (7)                                                   | (8)                                                         |
|--------|---------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|
| Srl No | CSR project or activity identified    | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken. | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹) | Cumulative Expenditure up to the reporting period (₹) | Amount Spent Direct or through implementing agency* (₹)     |
| 1.     | Chrysalis Charitable Trust            | Education of under privileged Children | Y 301, Jalvayu Vihar, Phase-II, Sector- 20, Kharghar, Navi Mumbai- 410210                                                   | 21,000/-                                            | 21,000/-                                                                                                             | 21,000/-                                              | Implementing Agency - Chrysalis Charitable Trust            |
| 2.     | Madras Esplande Round Table 30 Trusts | Children Education                     | Shantiniketan AK 106, New No. AK24 Shanthi Colony 10th Main Road, Anna Nagar, Chennai-600 040                               | 50,000/-                                            | 50,000/-                                                                                                             | 50,000/-                                              | Implementing Agency - Madras Esplande Round Table 30 Trusts |

| (1)          | (2)                                | (3)                                    | (4)                                                                                                                         | (5)                                                 | (6)                                                                                                                  | (7)                                                   | (8)                                                     |
|--------------|------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------|
| Sr/No        | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken. | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹) | Cumulative Expenditure up to the reporting period (₹) | Amount Spent Direct or through implementing agency* (₹) |
| 3.           | Talwar Foundation                  | Children Education & Women Empowerment | 1006, Akashdeep Building 26A, Barakhamba Road, Connaught Place New Delhi-110006                                             | 5,00,000/-                                          | 5,00,000/-                                                                                                           | 5,00,000/-                                            | Implementing Agency - Talwar Foundation                 |
| 4.           | Helpage India                      | Aged people                            | C- 14, Qutab Institutioaal Area, New Delhi- 110016                                                                          | 2,50,000/-                                          | 2,50,000/-                                                                                                           | 2,50,000/-                                            | Implementing Agency - Helpage India                     |
| 5.           | CRY (Child Rights & You)           | Children Education & Healthcare        | 632, Lane No.3, Westend Marg, (Near Saket Metro Station), Saiyad-ul-ajab, New Delhi- 110030                                 | 2,50,000/-                                          | 2,50,000/-                                                                                                           | 2,50,000/-                                            | Implementing Agency - CRY                               |
| 6.           | Save the Children                  | Children Education & Healthcare        | D- 61, 2nd Floor, East of Kailash, Near Sapna Cinema, New Delhi- 100065                                                     | 2,50,000/-                                          | 2,50,000/-                                                                                                           | 2,50,000/-                                            | Implementing Agency- Save the Children                  |
| 7.           | Save the Girl                      | Girls Education & Healthcare           | M- 6, Bhanot Bhawan, Commercial Complex, Azadpur, Delhi- 110033                                                             | 2,50,500/-                                          | 2,50,500/-                                                                                                           | 2,50,500/-                                            | Implementing Agency - Save the Girl                     |
| 8.           | Savera Association                 | Children Education & Healthcare        | Basti Vikas Kendra, G Block, Srinivaspuri, Delhi- 110065                                                                    | 5,00,000/-                                          | 5,00,000/-                                                                                                           | 5,00,000/-                                            | Implementing Agency - Savera Association                |
| <b>TOTAL</b> |                                    |                                        |                                                                                                                             |                                                     |                                                                                                                      | <b>20,71,500/-</b>                                    |                                                         |

Sd/-

**Umesh Talwar**

Vice Chairman and Managing Director

Sd/-

**Anuj Talwar**

Joint Managing Director

# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

ANNEXURE IV

For the Financial Year ended 31<sup>st</sup> March, 2018

[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 **TALBROS AUTOMOTIVE COMPONENTS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 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 TALBROS AUTOMOTIVE COMPONENTS LIMITED for the financial year ended on 31.03.2018 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\*;

(vi) 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;

(vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009\* and

(viii) 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.

**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**

Prop. FCS No.: 4942

C.P No.: 3116

Place: New Delhi  
Date: 10<sup>th</sup> May, 2018

# FORM AOC-1

## ANNEXURE V

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

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

**Part "A": Subsidiaries** - Not Applicable to the company as there is no subsidiary.

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| Sl. No. | Name of Associate/Joint Ventures                                                               | Joint Ventures                   |                                                   |                                 | Associate                                                       |                                 |
|---------|------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------|---------------------------------|-----------------------------------------------------------------|---------------------------------|
|         |                                                                                                | Nippon Leakless Talbros Pvt Ltd. | Magneti Marelli Talbros Chassis Systems Pvt. Ltd. | Talbros Marugo Rubber Pvt. Ltd. | QH Talbros Pvt. Ltd.                                            | Talbros International Pvt. Ltd. |
| 1       | <b>Latest Audited Balance Sheet date</b>                                                       | 31 <sup>st</sup> March, 2018     | 31 <sup>st</sup> March, 2018                      | 31 <sup>st</sup> March, 2018    | 31 <sup>st</sup> March, 2017                                    | 31 <sup>st</sup> March, 2017    |
| 2       | <b>Details of Associates / Joint Ventures where shares held by the Company</b>                 |                                  |                                                   |                                 |                                                                 |                                 |
|         | Total shares issued by the Associates/ Joint Venture                                           | 12000000                         | 23560000                                          | 19000002                        | 3050000                                                         | 7038211                         |
|         | Number of shares held by the Company                                                           | 4800000                          | 11780000                                          | 9500000                         | 177962                                                          | 1326970                         |
|         | Amount of Investment in Associates/ Joint Venture (in ₹ Lakhs)                                 | 480.00                           | 1178.00                                           | 950.00                          | 32.45                                                           | 375.00                          |
|         | Extend of Holding % in the Associates/ Joint Venture                                           | 40%                              | 50%                                               | 50% less one share              | 5.83%                                                           | 18.85%                          |
| 3       | <b>Description of how there is significant influence</b>                                       | Joint Venture                    |                                                   |                                 | No Significant influence                                        |                                 |
| 4       | <b>Reason why the associate/ joint venture is not consolidated</b>                             | Consolidated                     |                                                   |                                 | Shareholding is less than the threshold limit for Consolidation |                                 |
| 5       | <b>Net worth attributable to Shareholding as per latest audited Balance Sheet (in ₹ Lakhs)</b> | 1965.90                          | 967.42                                            | 665.38                          | 496.79                                                          | 726.30                          |
| 6       | <b>Profit/Loss for the year After Tax (in ₹ Lakhs)</b>                                         | 1439.56                          | 41.09                                             | (50.41)                         | 918.82                                                          | 63.86                           |
| i.      | Considered in consolidation (in ₹ Lakhs)                                                       | 575.82                           | 20.54                                             | (25.20)                         | -                                                               | -                               |
| ii.     | Not considered in consolidation (in ₹ Lakhs)                                                   | 863.74                           | 20.55                                             | (25.21)                         | -                                                               | -                               |

## ANNEXURE VI

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

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

**A) CONSERVATION OF ENERGY****i) The steps taken or impact on conservation of energy**

- Replacement of Old Energy Consumable motor to Energy Efficient Motor IE3  
Saving = 10555 Units/07 months
- A/C's High Power consumption replaced  
Saving = 23348 Units/09 Months
- High Power Consumption Air washers replaced with latest one  
Saving = 13062 units/06 Months
- Old hydraulic power pack replaced with latest technology hydraulic power pack,  
Saving = 20390 units/06 Months

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

- High energy wastage in machines, Old Motors have been replaced with IE3 Motors (Energy efficient Motors), It is a continuous process & work is under progress
- Conventional lights have been replaced with LED lights
- Motion sensors have been provided in toilets & ideal areas
- A/C tonnage reduction is under progress

**iii) The capital investment on energy conservation equipments**

₹ 42.00 lacs.

**B) TECHNOLOGY ABSORPTION****i) The efforts made towards technology absorption**

- Introduced MLS Cyl. Head gasket with Post Coating Technology through Technical Assistance Agreement with Sanwa Packing Industry of Japan.
- Developing Light Weight Heat Shield Technologies with NVH features through Technical Assistance Agreement with Sanwa.
- Installed state of the art heat shield manufacturing facility.

- Developing high performance sealing technologies and materials to meet the requirement of new generation BS VI engines.

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

- Indigenized new Sealing products for new platform engines (BS-IV emission complaints).
- Introduced Heat Shields for OEM customers for their new engines/ vehicles.
- Reduction in cost of Multi Layer Steel gaskets through Post Coating.
- Localisation of gasket fiber material with Interface Performance Material.

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

- The details of technology imported - Technology for Manufacture of Heat-Shield and Post Coating
- The year of import - 2011
- Whether the technology been fully absorbed - As our Heat Shield and Post Coating project has been set up, the technology absorption is happening.
- If not fully absorbed areas where absorption has not taken place and the reasons thereof, and - NA
- the expenditure incurred on Research and Development - ₹ 168.04 Lacs

**(C) Foreign exchange earnings and Outgo:**

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

| PARTICULARS                      | 2017-18 (₹ in Lacs) | 2016-17 (₹ in Lacs) |
|----------------------------------|---------------------|---------------------|
| Foreign Exchange Earnings        | 7917.40             | 6519.29             |
| Foreign Exchange Outgo (Imports) | 8011.56             | 6921.04             |

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

|                          |                                         | Current year<br>2017-18<br>₹ in Lacs | Previous Year<br>2016-17<br>₹ in Lacs |
|--------------------------|-----------------------------------------|--------------------------------------|---------------------------------------|
| Power & Fuel Consumption |                                         |                                      |                                       |
| 1.                       | Electricity                             |                                      |                                       |
|                          | a) Purchased from Caparo Power Ltd      |                                      |                                       |
|                          | Unit consumed (In Lacs)                 | -                                    | -                                     |
|                          | Total Amount (In Lacs)                  | -                                    | -                                     |
|                          | Rate ₹/Unit                             | -                                    | -                                     |
|                          | b) Own Generation                       |                                      |                                       |
|                          | Through Captive Power Plant (HFO Based) |                                      |                                       |
|                          | Furnace Oil ₹/Litre                     | 21.20                                | 21.20                                 |
|                          | HSD Oil ₹/Litre                         | 55.58                                | -                                     |
|                          | Unit (KWH in lacs)                      | 3.22                                 | 53.85                                 |
|                          | Total amount (In ₹)                     | 28.92                                | 338.61                                |
|                          | Cost ₹/Unit                             | 8.98                                 | 6.29                                  |
|                          | c) Purchased from DHBVNL                |                                      |                                       |
|                          | Unit Consumed (In Lacs)                 | 130.16                               | 47.9                                  |
|                          | Total Amount (In Lacs)                  | 1013.34                              | 402.4                                 |
|                          | Cost ₹ /Unit                            | 7.79                                 | 8.40                                  |

For and on behalf of the Board

Place: Gurugram  
Date: 25<sup>th</sup> May, 2018

Sd/-  
**Umesh Talwar**  
Vice Chairman & Managing Director

Sd/-  
**Anuj Talwar**  
Joint Managing Director

## ANNEXURE VII

**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                                                                                                                                                                                                                                                                                                                                                                                                           | <div>- Ratio of the remuneration of Mr. Umesh Talwar to the median remuneration of the employees – 35:1</div> <div>- Ratio of the remuneration of Mr. Anuj Talwar -25:1</div>                                                                                                                                                                                                                        |                     |                                             |
| (ii)                     | Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.                                                                                                                                                                                                                                                                                                                                                                   | <div>- Mr. Manish Khanna(CFO) – 6%</div> <div>- Mrs. Seema Narang (CS) – 7%</div>                                                                                                                                                                                                                                                                                                                    |                     |                                             |
| (iii)                    | Percentage increase in the median remuneration of employees in the financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 9.07%                                                                                                                                                                                                                                                                                                                                                                                                |                     |                                             |
| (iv)                     | Number of permanent employees on the rolls of company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 573                                                                                                                                                                                                                                                                                                                                                                                                  |                     |                                             |
| (v)                      | Explanation on the relationship between average increase in remuneration and company performance                                                                                                                                                                                                                                                                                                                                                                                                                                       | Average increase in remuneration – 9.07%<br>Average increase in Profit before Tax – 80%                                                                                                                                                                                                                                                                                                              |                     |                                             |
| (vi)                     | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                  | KMP                                                                                                                                                                                                                                                                                                                                                                                                  | Remu.<br>(₹ inlacs) | Company<br>Performance<br>(PBT) (₹ in lacs) |
|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mr. Manish Khanna                                                                                                                                                                                                                                                                                                                                                                                    | 29.26               | 2209.81                                     |
|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Mrs. Seema Narang                                                                                                                                                                                                                                                                                                                                                                                    | 21.49               |                                             |
| (vii)                    | Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year. | Variations in the market capitalisation<br><div>- Market capitalisation as at 31<sup>st</sup> March, 2017 – INR 178.21 Crores</div> <div>- Market capitalisation as at 31<sup>st</sup> March, 2018 – INR 345.18 Crores</div> <div>- Variations in the PE Ratio</div> <div>- PE Ratio as at 31<sup>st</sup> March, 2017 : 17.60</div> <div>- PE Ratio as at 31<sup>st</sup> March, 2018 : 18.09</div> |                     |                                             |

# FORM NO. MGT.9

## EXTRACT OF ANNUAL RETURN

## ANNEXURE VIII

as on the financial year ended on 31<sup>st</sup> March, 2018

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

### I. REGISTRATION AND OTHER DETAILS:

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

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| S. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|--------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1.     | Manufacturing of Gaskets                        | 28199                            | 71%                                |
| 2.     | Manufacturing of Forgings                       | 25910                            | 29%                                |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S. No. | Name & Address of the Company                                                                                   | CIN/ GLN              | Holding / Subsidiary/ Associate | % of shares held in the Company | Applicable Section          |
|--------|-----------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|---------------------------------|-----------------------------|
| 1.     | Nippon Leakless Talbros Pvt Ltd.<br>302, 3rd Floor, Eros Corporate Park, IMT Manesar, Gurugram- 122050, Haryana | U29199HR2005PTC035653 | Joint Venture                   | 40.00                           | 2(6) of Companies Act, 2013 |
| 2.     | Magneti Marelli Talbros Chassis Systems Pvt Ltd<br>14/1, Mathura Road, Faridabad- 121003, Haryana               | U34300HR2012PTC044985 | Joint Venture                   | 50.00                           | 2(6) of Companies Act, 2013 |
| 3.     | Talbros Marugo Rubber Pvt Ltd.<br>14/1, Mathura Road, Faridabad- 121003, Haryana                                | U25200HR2012PTC046820 | Joint Venture                   | 50.00 (less one share)          | 2(6) of Companies Act, 2013 |
| 4.     | Talbros International Pvt. Ltd.<br>400, Udyog Vihar, Phase-III, Gurugram- 122016, Haryana                       | U31909HR1980PTC010226 | Associate                       | 18.85                           | 2(6) of Companies Act, 2013 |

## IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

## i) Category-wise Share Holding

| Category of Shareholders                             | No. of Shares held at the beginning of the year |             |                |                   | No. of Shares held at the end of the year |             |                |                   | % Change during the year |
|------------------------------------------------------|-------------------------------------------------|-------------|----------------|-------------------|-------------------------------------------|-------------|----------------|-------------------|--------------------------|
|                                                      | Demat                                           | Physical    | Total          | % of Total Shares | Demat                                     | Physical    | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>                                  |                                                 |             |                |                   |                                           |             |                |                   |                          |
| (1) Indian                                           |                                                 |             |                |                   |                                           |             |                |                   |                          |
| a) Individual/ HUF                                   | 2082438                                         | 0           | 2082438        | 16.87             | 1880840                                   | 0           | 1880840        | 15.23             | (1.64)                   |
| b) Central Govt.                                     | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| c) State Govt.(s)                                    | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| d) Bodies Corp.                                      | 4908752                                         | 0           | 4908752        | 39.76             | 5110350                                   | 0           | 5110350        | 41.40             | 1.64                     |
| e) Banks/ FI                                         | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| f) Any Other.                                        | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| <b>Sub-total (A) (1):-</b>                           | <b>6991190</b>                                  | <b>0</b>    | <b>6991190</b> | <b>56.63</b>      | <b>6991190</b>                            | <b>0</b>    | <b>6991190</b> | <b>56.63</b>      | <b>0.00</b>              |
| (2) Foreign                                          |                                                 |             |                |                   |                                           |             |                |                   |                          |
| a) NRIs - Individuals                                | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| b) Other- Individuals                                | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| c) Bodies Corp.                                      | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| d) Banks/ FI                                         | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| e) Any Other.                                        | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| <b>Sub-total (A) (2):-</b>                           | <b>0</b>                                        | <b>0</b>    | <b>0</b>       | <b>0.00</b>       | <b>0</b>                                  | <b>0</b>    | <b>0</b>       | <b>0.00</b>       | <b>0.00</b>              |
| <b>Total shareholding of Promoter</b>                | <b>6991190</b>                                  | <b>0</b>    | <b>6991190</b> | <b>56.63</b>      | <b>6991190</b>                            | <b>0</b>    | <b>6991190</b> | <b>56.63</b>      | <b>0.00</b>              |
| <b>(A) = (A)(1)+(A)( 2)</b>                          |                                                 |             |                |                   |                                           |             |                |                   |                          |
| <b>B. Public Shareholding</b>                        |                                                 |             |                |                   |                                           |             |                |                   |                          |
| 1. Institutions                                      |                                                 |             |                |                   |                                           |             |                |                   |                          |
| a) Mutual Funds                                      | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| b) Banks/FI                                          | 15202                                           | 1750        | 16952          | 0.14              | 19287                                     | 1750        | 21037          | 0.17              | 0.03                     |
| c) Central Govt.                                     | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| d) State Govt.(s)                                    | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| e) Venture Capital Funds                             | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| f) Insurance Companies                               | 250000                                          | 0           | 250000         | 2.03              | 229000                                    | 0           | 229000         | 1.85              | (0.18)                   |
| g) FIIs                                              | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| h) Foreign Venture Capital Funds                     | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| i) Others (specify)<br>- Foreign Portfolio Investors | 16048                                           | 0           | 16048          | 0.12              | 10618                                     | 0           | 10618          | 0.09              | (0.03)                   |
| Overseas Corporate Bodies                            | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| FCB                                                  | 0                                               | 0           | 0              | 0.00              | 0                                         | 0           | 0              | 0.00              | 0.00                     |
| <b>Sub-total (B)(1):-</b>                            | <b>281250</b>                                   | <b>1750</b> | <b>283000</b>  | <b>2.30</b>       | <b>258905</b>                             | <b>1750</b> | <b>260655</b>  | <b>2.11</b>       | <b>(0.18)</b>            |

| Category of Shareholders                                                        | No. of Shares held at the beginning of the year |               |                 |                   | No. of Shares held at the end of the year |               |                 |                   | % Change during the year |
|---------------------------------------------------------------------------------|-------------------------------------------------|---------------|-----------------|-------------------|-------------------------------------------|---------------|-----------------|-------------------|--------------------------|
|                                                                                 | Demat                                           | Physical      | Total           | % of Total Shares | Demat                                     | Physical      | Total           | % of Total Shares |                          |
| 2. Non-Institutions                                                             |                                                 |               |                 |                   |                                           |               |                 |                   |                          |
| a) Bodies Corp.                                                                 | 607583                                          | 7505          | 615088          | 4.98              | 496083                                    | 6059          | 502142          | 4.07              | (0.91)                   |
| i) Indian                                                                       | 0                                               | 0             | 0               | 0.00              | 0                                         | 0             | 0               | 0.00              | 0.00                     |
| ii) Overseas                                                                    | 0                                               | 0             | 0               | 0.00              | 0                                         | 0             | 0               | 0.00              | 0.00                     |
| b) Individuals                                                                  | 0                                               | 0             | 0               | 0.00              | 0                                         | 0             | 0               | 0.00              | 0.00                     |
| i) Individual shareholders holding nominal share capital upto ₹ 2 lacs          | 3061585                                         | 314472        | 3376057         | 27.35             | 3605119                                   | 225061        | 3830180         | 31.02             | 3.67                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lacs | 584835                                          | 0             | 584835          | 4.74              | 383808                                    | 0             | 383808          | 3.11              | (1.63)                   |
| c) Others (specify)                                                             |                                                 |               |                 |                   |                                           |               |                 |                   |                          |
| Non Resident Indians                                                            | 324921                                          | 41675         | 366596          | 2.97              | 232324                                    | 36428         | 268752          | 2.17              | (0.80)                   |
| Clearing Members                                                                | 128724                                          | 0             | 128724          | 1.04              | 20458                                     | 0             | 20458           | 0.17              | (0.87)                   |
| Trusts                                                                          | 140                                             | 0             | 140             | 0.00              | 140                                       | 0             | 140             | 0.00              | 0.00                     |
| NBFCs registered with RBI                                                       | 0                                               | 0             | 0               | 0.00              | 7000                                      | 0             | 7000            | 0.06              | 0.06                     |
| IEPF                                                                            | 0                                               | 0             | 0               | 0.00              | 81305                                     | 0             | 81305           | 0.66              | 0.66                     |
| <b>Sub-total (B)(2):-</b>                                                       | <b>4707788</b>                                  | <b>363652</b> | <b>5071440</b>  | <b>41.08</b>      | <b>4826237</b>                            | <b>267548</b> | <b>5093785</b>  | <b>41.26</b>      | <b>0.18</b>              |
| Total Public Shareholding (B)= (B) (1)+ (B)(2)                                  | 4989038                                         | 365402        | 5354440         | 43.37             | 5085142                                   | 269298        | 5354440         | 43.37             | 0.00                     |
| c) Shares held by Custodian for GDRs & ADRs                                     | 0                                               | 0             | 0               | 0.00              | 0                                         | 0             | 0               | 0.00              | 0.00                     |
| <b>Grand Total (A+B+C)</b>                                                      | <b>11980228</b>                                 | <b>365402</b> | <b>12345630</b> | <b>100.00</b>     | <b>12076332</b>                           | <b>269298</b> | <b>12345630</b> | <b>0.00</b>       | <b>0.00</b>              |

## (ii) Shareholding of Promoters:

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

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

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

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

| Sl. No. | Name                                             | Shareholding                                                                        |                                  | Increase/ Decrease in Shares | Reason                       | Cumulative Shareholding during the year |                                  |
|---------|--------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------|------------------------------|------------------------------|-----------------------------------------|----------------------------------|
|         |                                                  | No. of shares at the beginning of the year (01-04-17)/ end of the year (31-03-2018) | % of total shares of the Company |                              |                              | No. of shares                           | % of total shares of the Company |
| 1.      | Talbro International Pvt. Ltd.                   | 4370022                                                                             | 35.40                            | 201598                       | Off market purchase          | 4571620                                 | 37.03                            |
|         |                                                  | 4571620                                                                             | 37.03                            |                              |                              |                                         |                                  |
| 2.      | Talbro Motors Pvt. Ltd.                          | 538730                                                                              | 4.36                             | -                            | Nil movement during the year | 538730                                  | 4.36                             |
|         |                                                  | 538730                                                                              | 4.36                             |                              |                              |                                         |                                  |
| 3.      | Kumkum Talwar                                    | 450079                                                                              | 3.65                             | -                            | Nil movement during the year | 450079                                  | 3.65                             |
|         |                                                  | 450079                                                                              | 3.65                             |                              |                              |                                         |                                  |
| 4.      | Bimpi Talwar                                     | 341197                                                                              | 2.76                             | -                            | Nil movement during the year | 341197                                  | 2.76                             |
|         |                                                  | 341197                                                                              | 2.76                             |                              |                              |                                         |                                  |
| 5.      | General Insurance Corporation of India           | 229000                                                                              | 1.85                             | -                            | Nil movement during the year | 229000                                  | 1.85                             |
|         |                                                  | 229000                                                                              | 1.85                             |                              |                              |                                         |                                  |
| 6.      | Sanjeev Vinodchandra Parekh                      | 142481                                                                              | 1.15                             | -                            | Nil movement during the year | 142481                                  | 1.15                             |
|         |                                                  | 142481                                                                              | 1.15                             |                              |                              |                                         |                                  |
| 7.      | Gyan Enterprises Pvt. Ltd.                       | 136111                                                                              | 1.10                             | -                            | Nil movement during the year | 136111                                  | 1.10                             |
|         |                                                  | 136111                                                                              | 1.10                             |                              |                              |                                         |                                  |
| 8.      | Investor Education And Protection Fund Authority | 0                                                                                   | 0.00                             | 81305                        | Transfer to IEPF Authority   | 81305                                   | 0.66                             |
|         |                                                  | 81305                                                                               | 0.66                             |                              |                              |                                         |                                  |
| 9.      | Pranav Kumarpal Parekh                           | 54923                                                                               | 0.45                             | -                            | Nil movement during the year | 54923                                   | 0.45                             |
|         |                                                  | 54923                                                                               | 0.45                             |                              |                              |                                         |                                  |
| 10.     | Vikrant Maloo                                    | 63000                                                                               | 0.51                             | (12000)                      | Market Sale                  | 51000                                   | 0.41                             |
|         |                                                  | 51000                                                                               | 0.41                             |                              |                              |                                         |                                  |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | Name                                                     | Shareholding                                                                        |                                  | Increase/ Decrease in Shareholding | Cumulative Shareholding during the year |                                  |
|---------|----------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------|------------------------------------|-----------------------------------------|----------------------------------|
|         |                                                          | No. of shares at the beginning of the year (01-04-17)/ end of the year (31-03-2018) | % of total shares of the Company |                                    | No. of shares                           | % of total shares of the Company |
| 1.      | <b>Naresh Talwar</b><br>Chairman                         | 422299<br>422299                                                                    | 3.42                             | Nil movement during the year       | 422299                                  | 3.42                             |
| 2.      | <b>Umesh Talwar</b><br>Vice Chairman & Managing Director | 431906<br>431906                                                                    | 3.50                             | Nil movement during the year       | 431906                                  | 3.50                             |
| 3.      | <b>Varun Talwar</b><br>Jt. Managing Director             | 17985<br>17985                                                                      | 0.15                             | Nil movement during the year       | 17985                                   | 0.15                             |
| 4.      | <b>Vidur Talwar</b><br>Director                          | 16176<br>16176                                                                      | 0.13                             | Nil movement during the year       | 16176                                   | 0.13                             |
| 5.      | <b>Anuj Talwar</b><br>Jt. Managing Director              | 62851<br>62851                                                                      | 0.51                             | Nil movement during the year       | 62851                                   | 0.51                             |
| 6.      | <b>Navin Juneja</b><br>Director                          | 1353<br>1353                                                                        | 0.01                             | Nil movement during the year       | 1353                                    | 0.01                             |
| 7.      | <b>Amit Burman</b><br>Director                           | 2627<br>2627                                                                        | 0.02                             | Nil movement during the year       | 2627                                    | 0.02                             |

**Note:**

Mr. A.K Mehra, Mr. Rajeev Ranjan Vederah, Mr. Rajive Sawhney, Mr. Venkatraman Mohan, Mrs. Pallavi Sadanand Poojari,\* Independent Directors, Mr. Manish Khanna, CFO and Mrs. Seema Narang, Company Secretary of the Company did not hold any shares of the Company during the Financial Year 2017-18.

\*Mrs. Pallavi Sadanand Poojari has resigned from directorship of the Company w.e.f. 23<sup>rd</sup> August, 2017.

**V. INDEBTEDNESS**

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

| ( Amount in ₹ )                                            |                           |                            |                              |                       |                       |                          |
|------------------------------------------------------------|---------------------------|----------------------------|------------------------------|-----------------------|-----------------------|--------------------------|
|                                                            | Secured Loans (Long Term) | Secured Loans (Short Term) | Unsecured Loans (Short Term) | Deposits (Long term)  | Deposits (Short Term) | Total Indebtness         |
| <b>Indebtedness at the beginning of the financial year</b> |                           |                            |                              |                       |                       |                          |
| i) Principal Amount                                        | 17,20,06,262.00           | 75,63,51,817.00            | 8,50,00,000.00               | 7,36,91,000.00        | 1,44,08,000.00        | 1,10,14,57,079.00        |
| ii) Interest due but not paid                              | 1,068.00                  | 44,34,924.00               | -                            | -                     | -                     | 44,35,992.00             |
| iii) Interest accrued but not due                          | 2,97,470.00               | 10,21,140.00               | 14,74,232.00                 | 39,39,309.00          | -                     | 67,32,151.00             |
| <b>Total (i+ii+iii)</b>                                    | <b>17,23,04,800</b>       | <b>76,18,07,881.00</b>     | <b>8,64,74,232.00</b>        | <b>7,76,30,309.00</b> | <b>1,44,08,000.00</b> | <b>1,11,26,25,222.00</b> |

( Amount in ₹ )

|                                                                     | Secured Loans<br>(Long Term) | Secured Loans<br>(Short Term) | Unsecured Loans<br>(Short Term) | Deposits (Long<br>term) | Deposits<br>(Short Term) | Total Indebtness         |
|---------------------------------------------------------------------|------------------------------|-------------------------------|---------------------------------|-------------------------|--------------------------|--------------------------|
| <b>Change in<br/>Indebtedness<br/>during the financial<br/>year</b> |                              |                               |                                 |                         |                          |                          |
| • Addition                                                          | 9,76,17,474.00               | 7,10,95,934.00                | -                               | -                       | -                        | 16,87,13,408.00          |
| • Reduction                                                         | 11,07,73,496.00              | -                             | 3,50,00,000.00                  | 99,12,800.00            | 31,56,000.00             | 15,88,42,296.00          |
| <b>Net Change</b>                                                   | <b>(1,31,56,022.00)</b>      | <b>7,10,95,934.00</b>         | <b>(3,50,00,000.00)</b>         | <b>(99,12,800.00)</b>   | <b>(31,56,000.00)</b>    | <b>98,71,112.00</b>      |
| <b>Indebtedness at the<br/>end of the financial<br/>year</b>        |                              |                               |                                 |                         |                          |                          |
| i) Principal<br>Amount                                              | 15,88,50,240.00              | 82,74,47,751.00               | 5,00,00,000.00                  | 6,64,18,000.00          | 1,12,52,000.00           | 1,11,39,67,991.00        |
| ii) Interest due but<br>not paid                                    | -                            | 33,83,012.00                  | -                               | -                       | -                        | 33,83,012.00             |
| iii) Interest accrued<br>but not due                                | 7,97,554.00                  | 19,78,994.00                  | 12,80,207.00                    | 57,12,711.00            | -                        | 97,69,466.00             |
| <b>Total (i+ii+iii)</b>                                             | <b>15,96,47,794.00</b>       | <b>83,28,09,757.00</b>        | <b>5,12,80,207.00</b>           | <b>7,21,30,711.00</b>   | <b>1,12,52,000.00</b>    | <b>1,12,71,20,469.00</b> |

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

| S.<br>no. | Particulars of Remuneration                                                         | Name of MD/ WTD/ Manager                                                                                                                       |                  | Total Amount<br>(In ₹) |
|-----------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------|
|           |                                                                                     | Mr. Umesh Talwar                                                                                                                               | Mr. Anuj Talwar  |                        |
| 1.        | Gross salary                                                                        |                                                                                                                                                |                  |                        |
|           | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 98,94,000                                                                                                                                      | 69,36,000        | 1,68,30,000            |
|           | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 1,89,600                                                                                                                                       | 3,03,594         | 4,93,194               |
|           | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                                                                                                                                              | -                |                        |
| 2.        | Stock Option                                                                        | -                                                                                                                                              | -                | -                      |
| 3.        | Sweat Equity                                                                        | -                                                                                                                                              | -                | -                      |
| 4.        | Commission                                                                          | -                                                                                                                                              | -                | -                      |
|           | -as % of profit                                                                     | -                                                                                                                                              | -                | -                      |
|           | -Others, specify.                                                                   | -                                                                                                                                              | -                | -                      |
| 5.        | Others, please specify Provident Fund, Superannuation fund                          | 7,98,396                                                                                                                                       | 5,89,596         | 13,87,992              |
|           | <b>Total (A)</b>                                                                    | <b>1,08,81,996</b>                                                                                                                             | <b>78,29,190</b> | <b>1,87,11,186</b>     |
|           | Ceiling as per the Act                                                              | 10% of Net Profit from all Executive Directors-Managing and Whole-time Directors<br>5% of Net Profit to anyone Managing or Whole-time Director |                  |                        |

## B. Remuneration to other directors:

| Particulars of Remuneration                   | Name of Directors                                                                                                          |                      |                      |                      |                      |                      |                                | Total Amount (In ₹) |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------------------------|---------------------|
|                                               | Mr. Navin Juneja                                                                                                           | Mr. V. Mohan         | Mr. A. K Mehra       | Mr. Amit Burman      | Mr. Rajive Sawhney   | Mr. R.R Vederah      | Mrs. Pallavi Sadanand Poojari* |                     |
|                                               | Non-Executive Director                                                                                                     | Independent Director | Independent Director | Independent Director | Independent Director | Independent Director | Independent Director           |                     |
| •Fee for attending board & committee meetings | 80,000                                                                                                                     | 1,20,000             | 1,20,000             | 90,000               | 60,000               | 60,000               | 20,000                         | 5,50,000            |
| •Commission                                   | -                                                                                                                          | -                    | -                    | -                    | -                    | -                    | -                              | -                   |
| •Others, please specify                       | -                                                                                                                          | -                    | -                    | -                    | -                    | -                    | -                              | -                   |
| <b>Total Managerial Remuneration</b>          | <b>80,000</b>                                                                                                              | <b>1,20,000</b>      | <b>1,20,000</b>      | <b>90,000</b>        | <b>60,000</b>        | <b>60,000</b>        | <b>20,000</b>                  | <b>5,50,000</b>     |
| Overall Ceiling as per the Act                | The Company only paid sitting fees to other directors and amount of sitting fees are within the maximum prescribed limits. |                      |                      |                      |                      |                      |                                |                     |

\* Mrs. Pallavi Sadanand Poojari has resigned from directorship of Company w.e.f. 23<sup>rd</sup> August, 2017.

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

| S. no. | Particulars of Remuneration                                                         | Key Managerial Personnel                       |                                          | Total Amount (In ₹) |
|--------|-------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------|---------------------|
|        |                                                                                     | Mr. Manish Khanna<br>(Chief Financial Officer) | Mrs. Seema Narang<br>(Company Secretary) |                     |
| 1.     | Gross salary                                                                        |                                                |                                          |                     |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 27,64,813                                      | 19,77,401                                | 47,42,214           |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 10,800                                         | 39,600                                   | 50,400              |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                                              | -                                        | -                   |
| 2.     | Stock Option                                                                        | -                                              | -                                        | -                   |
| 3.     | Sweat Equity                                                                        | -                                              | -                                        | -                   |
| 4.     | Commission                                                                          | -                                              | -                                        | -                   |
|        | -as % of profit                                                                     | -                                              | -                                        | -                   |
|        | -Others, specify.                                                                   | -                                              | -                                        | -                   |
| 5.     | Others, please specify Provident Fund, Superannuation fund                          | 1,50,696                                       | 1,32,367                                 | 2,83,063            |
|        | <b>Total (A)</b>                                                                    | <b>29,26,309</b>                               | <b>21,49,368</b>                         | <b>50,75,677</b>    |

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

During the year 2017-18, there were no penalties/ punishment/ compounding of offences under the Companies Act, 2013.

# 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 ethical standards to achieve the Company's objective of enhancing shareholders value and discharge of social responsibility. 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.

There is more widespread understanding and acceptance that good corporate governance ultimately leads to better performance, increased investor confidence and enhancement of long term shareholders value.

## 2. BOARD OF DIRECTORS

### Composition

The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective area of specialization and bring a wide range of skill and expertise to the Board. The composition of the Board of Directors of the Company is in accordance with the stipulated requirements of regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations

and Disclosure requirements) Regulations, 2015 (herein after referred to as SEBI (LODR) Regulations, 2015). The former woman Director on Board had resigned and the new woman Director, Ms. Priyanka Gulati has been appointed on the Board of the Company on 25<sup>th</sup> May 2018.

The Board comprises of 11 Directors – 3 Executive Directors and 8 Non- Executive Directors out of which 5 Directors are independent.

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.

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).

The necessary disclosures regarding other directorships and committee positions have been made by the Directors.

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.

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

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

Memberships of the Directors on other Boards/ Committees are given hereunder:

| Name of the Directors                                 | Category                       | Number of Directorships and Committee Memberships/ Chairmanships as on 31 <sup>st</sup> March, 2018 |                        |                         |
|-------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------|------------------------|-------------------------|
|                                                       |                                | Other Directorships##                                                                               | Committee Memberships# | Committee Chairmanship# |
| Mr. Naresh Talwar, (Chairman)                         | Promoter, Non-Executive        | -                                                                                                   | -                      | -                       |
| Mr. Umesh Talwar, (Vice Chairman & Managing Director) | Promoter, Executive            | -                                                                                                   | -                      | -                       |
| Mr. Varun Talwar, (Joint Managing Director)           | Executive                      | -                                                                                                   | -                      | -                       |
| Mr. Anuj Talwar, (Joint Managing Director)            | Executive                      | -                                                                                                   | -                      | -                       |
| Mr. Vidur Talwar                                      | Non-Executive Non- Independent | -                                                                                                   | -                      | -                       |
| Mr. Navin Juneja                                      | Non-Executive                  | -                                                                                                   | -                      | -                       |

| Name of the Directors         | Category                    | Number of Directorships and Committee Memberships/ Chairmanships as on 31 <sup>st</sup> March, 2018 |                        |                         |
|-------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------|------------------------|-------------------------|
|                               |                             | Other Directorships##                                                                               | Committee Memberships# | Committee Chairmanship# |
| Mr. Anil Kumar Mehra          | Non-Executive & Independent | 3                                                                                                   | -                      | -                       |
| Mr. Rajive Sawhney            | Non-Executive & Independent | -                                                                                                   | -                      | -                       |
| Mr. V. Mohan                  | Non-Executive & Independent | 1                                                                                                   | -                      | -                       |
| Mr. Amit Burman               | Non-Executive & Independent | 4                                                                                                   | 3                      | -                       |
| Mr. R. R. Vederah             | Non-Executive & Independent | 5                                                                                                   | 3                      | -                       |
| Ms. Pallavi Sadanand Poojari* | Non-Executive & Independent | -                                                                                                   | -                      | -                       |

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

**Note:**

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

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

**Meetings and Attendance**

During the year ended 31<sup>st</sup> March, 2018 four meetings of the Board of Directors were held on the following dates:

(i) 24<sup>th</sup> May, 2017 (ii) 23<sup>rd</sup> August, 2017 (iii) 21<sup>st</sup> November, 2017 (iv) 14<sup>th</sup> February, 2018.

The 60<sup>th</sup> Annual General Meeting (AGM) was held on 26<sup>th</sup> September, 2017.

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

| Name of the Directors                                      | Category                       | No. of board Meeting Attended | Whether Attended the Last AGM |
|------------------------------------------------------------|--------------------------------|-------------------------------|-------------------------------|
| Mr. Naresh Talwar,<br>(Chairman)                           | Promoter, Non-Executive        | 3                             | No                            |
| Mr. Umesh Talwar,<br>(Vice Chairman and Managing Director) | Promoter, Executive            | 4                             | Yes                           |
| Mr. Varun Talwar,<br>(Joint Managing Director)             | Executive                      | 4                             | Yes                           |
| Mr. Anuj Talwar,<br>(Joint Managing Director)              | Executive                      | 4                             | Yes                           |
| Mr. Vidur Talwar                                           | Non- Executive Non-Independent | 4                             | No                            |
| Mr. Navin Juneja                                           | Non-Executive                  | 4                             | Yes                           |
| Mr. Anil Kumar Mehra                                       | Non-Executive & Independent    | 4                             | No                            |
| Mr. Rajive Sawhney                                         | Non-Executive & Independent    | 2                             | No                            |
| Mr. V. Mohan                                               | Non-Executive & Independent    | 4                             | Yes                           |
| Mr. Amit Burman                                            | Non-Executive & Independent    | 3                             | No                            |
| Mr. R. R. Vederah                                          | Non-Executive & Independent    | 3                             | No                            |
| Ms. Pallavi Sadanand Poojari*                              | Non-Executive & Independent    | 1                             | No                            |

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

**Separate Meeting of Independent Directors**

As required under the relevant provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, a separate meeting of the Independent Directors was held on 21<sup>st</sup> November, 2017 for review of the performance of the Chairman, Non- Independent Directors and the Board as a whole.

The meeting was attended by all Independent Directors except one.

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

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The Chairman of the Audit Committee was present in the last Annual General Meeting held on 26<sup>th</sup> September, 2017.

Role of Audit Committee, inter alia, includes the following:

- (i) Reviewing the Company's financial reporting process and its financial statement.
- (ii) Reviewing the financial and accounting policies and practices and compliance with applicable accounting standards.
- (iii) Reviewing reports furnished by internal and statutory auditors.
- (iv) Recommending appointment, terms of appointment and remuneration/ fee for other services of statutory auditors, internal auditors and cost auditors.
- (v) Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- (vi) Evaluating the adequacy of internal controls and its effectiveness.
- (vii) Reviewing the financial results of the Company for each quarter/ year before the same are placed at the Board meeting for approval.

(viii) Providing an avenue for effective communication between the Internal Audit, the Statutory Auditors and the Board of Directors.

The role and responsibilities and terms of reference of the Audit Committee has been further revised and aligned in accordance with the Companies Act, 2013 read with the Rules thereof and SEBI (LODR) Regulations, 2015 that inter alia includes: (a) the recommendation for appointment, remuneration and terms of appointment of auditors of the company; (b) Review and monitor the auditor's independence and performance, and effectiveness of audit process; (c) Examination of the financial statement and the auditor's report thereon; (d) Approval or any subsequent modification of transactions of the company with related parties; (e) Scrutiny of inter corporate loans and investments; (g) Evaluation of internal financial controls and risk management systems.

**Composition, meetings and attendance**

The Audit Committee comprises of 6 members, out of which 4 members are Independent Directors.

Chief Financial Officer, the Internal Auditor and Statutory Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as Secretary of the Committee.

During the year ended 31<sup>st</sup> March, 2018, four meetings of the Audit Committee were held on the following dates:

(i) 24<sup>th</sup> May, 2017 (ii) 23<sup>rd</sup> August, 2017 (iii) 21<sup>st</sup> November, 2017 (iv) 14<sup>th</sup> February, 2018.

The attendance of each Audit Committee Member is as under:

| Name of the Directors  | No. of Meetings Attended |
|------------------------|--------------------------|
| Mr. V. Mohan, Chairman | 4                        |
| Mr. Anil Kumar Mehra   | 4                        |
| Mr. Rajive Sawhney     | 2                        |
| Mr. Amit Burman        | 3                        |
| Mr. Anuj Talwar        | 4                        |
| Mr. Vidur Talwar       | 4                        |

**(ii) Nomination & Remuneration Committee**

Terms of Reference of the Nomination and Remuneration Committee are as per the guidelines set out in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 that inter alia includes:

- (a) formulation of criteria for determining qualifications, positive attributes and independence of a Director and remuneration for the Directors, key managerial personnel and other employees and recommending the same to the Board.
- (b) formulation of criteria for evaluation of performance of independent directors and the board of directors.
- (c) devising a policy on diversity of board of directors.
- (d) identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria as per the policy approved by the Board.
- (e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent director.

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

#### Composition and Attendance

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

During the year two meetings of Nomination & Remuneration Committee was held on 24<sup>th</sup> May, 2017 and 28<sup>th</sup> March, 2018. The detail of attendance of each Committee Member is as under:

| Name of the Directors          | No. of Meetings Attended |
|--------------------------------|--------------------------|
| Mr. Anil Kumar Mehra, Chairman | 2                        |
| Mr. Rajive Sawhney             | 0                        |
| Mr. V. Mohan                   | 2                        |
| Mr. Amit Burman                | 2                        |

#### 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 Obligations and Disclosure Requirements) Regulations, 2015.

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

The Directors expressed their satisfaction with the evaluation process.

#### Remuneration policy

The terms of reference/ role of the Nomination and Remuneration Committee is to determine the Company's policy on the remuneration package of its Executive Directors and senior management and to determine and approve the terms & conditions and remuneration package of its Executive Directors, including revision thereof from time to time, and to deliberate on and decide matters incidental thereto or consequential thereof.

The Remuneration policy of the Company is to ensure that Executive Directors and Senior Management of the Company are rewarded in a fair and responsible manner, for their individual contributions to the success of the Company and are provided with appropriate incentives to encourage enhanced performance. The remuneration paid to the Executive Director is recommended by the Remuneration Committee and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities as and when required.

#### Remuneration of Directors

##### Executive Directors

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

**Details of Remuneration paid/payable to Directors during the year ended 31<sup>st</sup> March, 2018**

(Amt in ₹)

| S. No.       | Name of the Director | Basic Salary     | House Rent Allowance | Provident Fund Contribution | Perquisites    | Superannuation Fund | Gratuity & Leave Encashment | Total             |
|--------------|----------------------|------------------|----------------------|-----------------------------|----------------|---------------------|-----------------------------|-------------------|
| 1.           | Mr. Umesh Talwar     | 5,820,000        | 4,074,000            | 698,400                     | 150,000        | 99,996              | 7,684,726                   | 18,527,122        |
| 2.           | Mr. Anuj Talwar      | 4,080,000        | 2,856,000            | 489,600                     | 263,994        | 99,996              | 2,756,883                   | 10,546,473        |
| <b>Total</b> | <b>₹</b>             | <b>9,900,000</b> | <b>6,930,000</b>     | <b>1,188,000</b>            | <b>413,994</b> | <b>199,992</b>      | <b>10,441,609</b>           | <b>29,073,595</b> |

Mr. Umesh Talwar and Mr. Anuj Talwar holds 431906 and 62851 equity shares of the company respectively as on 31<sup>st</sup> March 2018.

Other terms and conditions:

|                     | Mr. Umesh Talwar                                                              | Mr. Anuj Talwar                                                                  |
|---------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Term of Appointment | Three years, from 1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2021 | Three years, from 14 <sup>th</sup> August, 2018 to 13 <sup>th</sup> August, 2021 |

**Non-Executive Directors**

The Non-Executive Independent Directors are entitled for sitting fee of ₹ 20,000/- for every Board Meeting and ₹ 10,000/- for every Audit Committee Meeting. They are also reimbursed all 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 2017-18 is tabled below:

| Name of Non-Executive Director | Sitting Fee (In ₹) |
|--------------------------------|--------------------|
| Mr. A.K. Mehra                 | 120,000            |
| Mr. V Mohan                    | 120,000            |
| Mr. Amit Burman                | 90,000             |
| Mr. Rajive Sawhney             | 60,000             |
| Mr. Navin Juneja               | 80,000             |
| Mr. Rajeev Ranjan Vederah      | 60,000             |
| Ms. Pallavi Sadanand Poojari   | 20,000             |
| <b>Total</b>                   | <b>550,000</b>     |

**(iii) Stakeholders' Relationship Committee**

Terms of Reference of the Stakeholders' Relationship Committee has been revised as per the guidelines set out in the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 that inter alia include looking into the security holders' grievance, issue of

duplicate shares, exchange of new share certificates, recording dematerialization/rematerialization of shares and related matters. Mrs. Seema Narang, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI Regulations.

**Composition and Attendance**

The Stakeholders' Relationship Committee comprises of 4 Non-Executive Directors, of which 3 are independent Directors. The Chairman of the Committee is Mr. Naresh Talwar.

During the year ended 31<sup>st</sup> March, 2018, four meetings of the Stakeholders' Relationship Committee were held on the following dates:

(i) 24<sup>th</sup> May, 2017 (ii) 23<sup>rd</sup> August, 2017 (iii) 21<sup>st</sup> November, 2017 (iv) 14<sup>th</sup> February, 2018

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

| Name of the Directors       | No. of Meetings Attended |
|-----------------------------|--------------------------|
| Mr. Naresh Talwar, Chairman | 3                        |
| Mr. V. Mohan                | 4                        |
| Mr. Anil Kumar Mehra        | 4                        |
| Mr. Rajive Sawhney          | 2                        |

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         | 107 |
| Number of Shareholders Complaints solved to the satisfaction of Shareholders | 107 |
| Number of Shareholders Complaints pending as on 31.03.2018                   | 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 Regulations. The Company has provided an exclusive email ID i.e. [seema\\_narang@talbros.com](mailto: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**

Terms of Corporate Social Responsibility (CSR) Committee are as per the provisions of Section 135 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 which inter alia include formulation and recommendation to the Board, a Corporate Social Responsibility

(CSR) Policy and recommendation on the amount of expenditure to be incurred on the various CSR activities and monitoring of the CSR Policy of the company.

**Composition and Attendance**

The Committee comprises of 3 Directors:

1. Mr. Umesh Talwar, Chairman
2. Mr. Amit Burman
3. Mr. Navin Juneja

During the year two meetings of Corporate Social Responsibility Committee was held on 14<sup>th</sup> February, 2018 and 28<sup>th</sup> March, 2018. The detail of attendance of each Committee Member is as under:

| Name of Director | No. of meetings attended |
|------------------|--------------------------|
| Mr. Umesh Talwar | 2                        |
| Mr. Amit Burman  | 1                        |
| Mr. Navin Juneja | 2                        |

**4. GENERAL BODY MEETINGS**

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

| Financial Year             | 2014-15                                                                                                                                                                                                                                                                                                         | 2015-16                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2016-17                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Location                   | Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana                                                                                                                                                                                                                                               | Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Hotel Saffron Kiran, 12/6, NH-2, (Near to Sarai Metro Station and Badarpur Toll Plaza) Sarai Khwaja, Faridabad -121003, Haryana                                                                                                                                                                                                                                                                                                            |
| Date and Time              | 25 <sup>th</sup> September, 2015 (Friday), 10.30 A.M.                                                                                                                                                                                                                                                           | 26 <sup>th</sup> September, 2016 (Monday), 10.30 A.M.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 26 <sup>th</sup> September, 2017 (Tuesday), 10.30 A.M.                                                                                                                                                                                                                                                                                                                                                                                     |
| Type of resolutions passed |                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Special Resolutions Passed | <ol style="list-style-type: none"> <li>1. Re-appointment of Mr. Anuj Talwar (DIN: 00628063), as an Executive Director of the Company for a period of three years with effect from 14<sup>th</sup> August, 2015.</li> <li>2. Acceptance of Fixed Deposits from Public and/ or members of the Company.</li> </ol> | <ol style="list-style-type: none"> <li>1. Increase in remuneration of Mr. Anuj Talwar w.e.f 1<sup>st</sup> April, 2016 with the designation of Joint Managing Director of the Company.</li> <li>2. Acceptance of Fixed Deposits from Public and/ or members of the Company.</li> <li>3. Agreement with QH Talbros Limited for sale of company's products.</li> <li>4. Agreement with Nippon Leakless Talbros Pvt. Ltd for purchase and /or sale of Tyre Sealant and other production inputs etc.</li> <li>5. Agreement with Nippon Leakless Talbros Pvt. Ltd for sale/purchase of Gaskets.</li> </ol> | <ol style="list-style-type: none"> <li>1. Re- appointment of Mr. Umesh Talwar (DIN: 00059271), Vice Chairman &amp; Managing Director, with effect from 1<sup>st</sup> April, 2018 for a period of 3 years.</li> <li>2. Re- appointment of Mr. Anuj Talwar (DIN: 00628063), Joint Managing Director with effect from 14<sup>th</sup> August, 2018 for a period of 3 years.</li> <li>3. Acceptance of Fixed Deposits from Public.</li> </ol> |

**Postal Ballot**

During the year, none of the businesses proposed to be transacted through postal ballot.

## 5. DISCLOSURES

### Related Party Transactions

There were no materially significant transactions with Company's Promoters/ its Directors or their relatives or Management which were in conflict with the interests of the Company. All transactions with Related parties during the financial year ended 31<sup>st</sup> March, 2018 were at arm's length basis, in ordinary course of business and in accordance with the shareholders' approval.

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

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

### Policy for determining material subsidiaries

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

### Compliances by the Company

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

- (a) Corporate governance requirement as specified under Point C of Schedule V of the SEBI (LODR) Regulation, 2015
- (b) Regulation 17 to 27 and clauses (b) to (i) of sub-regulation 45 of the SEBI (LODR) Regulation, 2015 and
- (c) Treatment as prescribed in the applicable Accounting Standards.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above during last three financial years.

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.talbro.com](http://www.talbro.com). All Board members and senior personnel have affirmed compliance with the code.

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

### Whistle Blower Policy

The Company has a robust Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach their Supervisor/ Respective HR/ Legal Department or through dedicated Hotline numbers of the Company and makes protective disclosures about the unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct. The Whistle Blower Policy is an extension of the Talbro 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 Talbro's global Policy.

### Policy against Sexual and Workplace Harassment

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

The Company has put in place a policy on redressal of Sexual Harassment and a Policy on redressal of Workplace Harassment as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/ her complaint to the Redressal Committee formed for this purpose or their Manager or HR personnel. We affirm that adequate access was provided to any complainant, who wished to register a complaint under the policy, during the financial year ended 31<sup>st</sup> March, 2018.

### Code for prevention of Insider Trading

The Company has instituted code on prevention of insider trading in compliance with the SEBI

(Prohibition of Insider Trading) Regulations. The code lays down the guidelines which advise on procedure to be followed and disclosures to be made, while dealing in shares of the Company and the consequences of the non-compliances.

#### **Managing Director/ CFO certification**

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

## **6. MEANS OF COMMUNICATION**

- (a) **Quarterly Results:** Unaudited quarterly financial results and the annual audited financial results of the Company are sent to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. where its equity shares are listed and the same are generally published in Business Standard (English & Hindi) newspaper.
- (b) **Website [www.talbro's.com](http://www.talbro's.com):** Detailed information on the Company's business and products; quarterly/ half yearly/ nine months and annual financial results are displayed on the Company's website. The Company's website [www.talbro's.com](http://www.talbro's.com) is a comprehensive reference on Talbro's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investor' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, presentations made to institutional investors or to the analysts registrars, share transfer agents etc.
- (c) **Annual Report:** Annual Report contains inter-alia Audited Annual Stand-alone Financial Statement, Consolidated Financial Statement, Directors' Report and Auditors' Report. The Management perspective, Business Review and Financial Highlights are also part of the annual report.
- (d) **The Management Discussion & Analysis:** The Management Discussion & Analysis Report forms part of the Annual Report.
- (e) **Intimation to Stock Exchanges:** The Company is timely submitting the required

information, statement and report to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company intimates Bombay Stock Exchange Limited and National Stock Exchange of India Limited all price sensitive information which in its opinion are material & of relevance to the shareholders.

## **7. SHAREHOLDERS INFORMATION**

### **(i) 61<sup>st</sup> Annual General Meeting**

The 61<sup>st</sup> Annual General Meeting will be held on 25<sup>th</sup> September, 2018 at 10:30 A.M at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana.

### **(ii) Financial Year**

The Financial year of the Company starts from 1<sup>st</sup> April and ends on 31<sup>st</sup> March.

### **(iii) Book Closure Date**

The date of book closure is from 18<sup>th</sup> September, 2018 to 25<sup>th</sup> September, 2018 (both days inclusive).

#### **Financial Reporting Calendar:**

| <b>Un audited Quarterly results for the quarters</b> | <b>Tentative date of Reporting</b> |
|------------------------------------------------------|------------------------------------|
| April – June 2018                                    | mid of August, 2018                |
| July – September 2018                                | mid of November 2018               |
| October – December 2018                              | mid of February 2019               |
| January – March 2019                                 | 4th week of May 2019               |

### **(iv) Dividend Payment Date**

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

### **(v) Listing on Stock Exchanges**

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. The annual listing fee due to the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. for the year 2018-2019 has been duly paid.

**(vi) Stock Code**

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

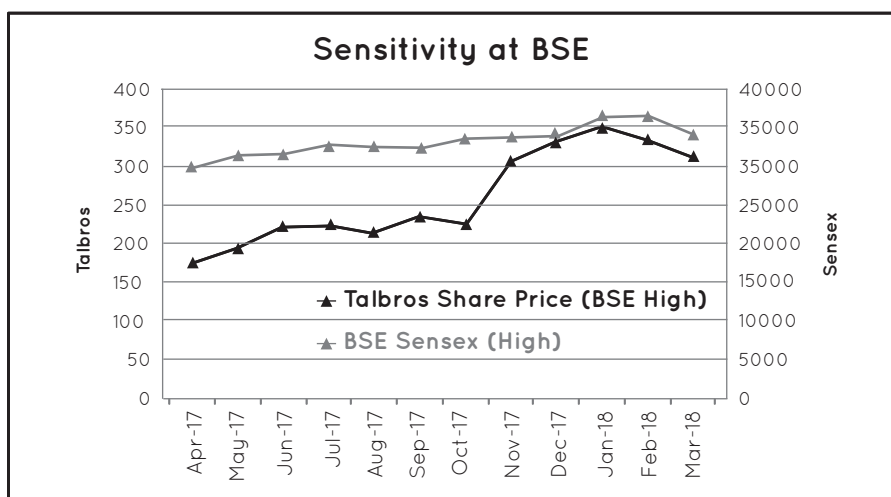
**(vii) Market Price Data**

| Months         | Share Price at BSE |         | Share Price at NSE |         |
|----------------|--------------------|---------|--------------------|---------|
|                | High (₹)           | Low (₹) | High (₹)           | Low (₹) |
| April 2017     | 175.40             | 144.25  | 176.00             | 144.00  |
| May 2017       | 196.50             | 160.00  | 196.10             | 159.00  |
| June 2017      | 219.90             | 176.00  | 219.50             | 175.30  |
| July 2017      | 226.00             | 196.95  | 224.70             | 193.40  |
| August 2017    | 215.00             | 175.15  | 208.00             | 175.00  |
| September 2017 | 235.00             | 187.00  | 219.50             | 184.30  |
| October 2017   | 225.00             | 193.00  | 214.90             | 192.10  |
| November 2017  | 307.35             | 195.00  | 308.50             | 195.05  |
| December 2017  | 331.95             | 245.20  | 331.95             | 237.00  |
| January 2018   | 353.65             | 285.00  | 354.00             | 292.20  |
| February 2018  | 333.00             | 248.90  | 329.95             | 247.60  |
| March 2018     | 312.00             | 260.00  | 292.00             | 259.00  |

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

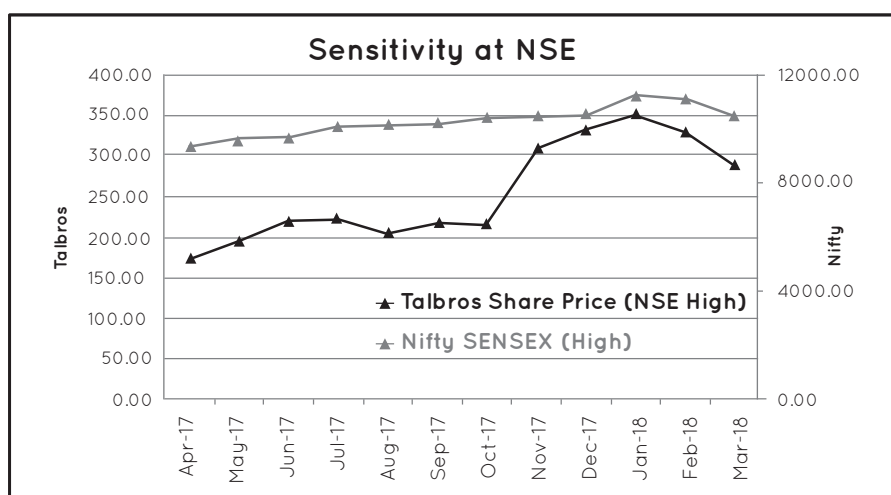
**BSE SENSEX**

| Months         | Share Price |         | SENSEX   |          |
|----------------|-------------|---------|----------|----------|
|                | High (₹)    | Low (₹) | High (₹) | Low (₹)  |
| April 2017     | 175.40      | 144.25  | 30184.22 | 29241.48 |
| May 2017       | 196.50      | 160.00  | 31255.28 | 29804.12 |
| June 2017      | 219.90      | 176.00  | 31522.87 | 30680.66 |
| July 2017      | 226.00      | 196.95  | 32672.66 | 31017.11 |
| August 2017    | 215.00      | 175.15  | 32686.48 | 31128.02 |
| September 2017 | 235.00      | 187.00  | 32524.11 | 31081.83 |
| October 2017   | 225.00      | 193.00  | 33340.17 | 31440.48 |
| November 2017  | 307.35      | 195.00  | 33865.95 | 32683.59 |
| December 2017  | 331.95      | 245.20  | 34137.97 | 32565.16 |
| January 2018   | 353.65      | 285.00  | 36443.98 | 33703.37 |
| February 2018  | 333.00      | 248.90  | 36256.83 | 33482.81 |
| March 2018     | 312.00      | 260.00  | 34278.63 | 32483.84 |



**NIFTY**

| Months         | Share Price |         | NIFTY    |          |
|----------------|-------------|---------|----------|----------|
|                | High (₹)    | Low (₹) | High (₹) | Low (₹)  |
| April 2017     | 176.00      | 144.00  | 9367.15  | 9075.15  |
| May 2017       | 196.10      | 159.00  | 9649.60  | 9269.90  |
| June 2017      | 219.50      | 175.30  | 9709.30  | 9448.75  |
| July 2017      | 224.70      | 193.40  | 10114.85 | 9543.55  |
| August 2017    | 208.00      | 175.00  | 10137.85 | 9685.55  |
| September 2017 | 219.50      | 184.30  | 10178.95 | 9687.55  |
| October 2017   | 214.90      | 192.10  | 10384.50 | 9831.05  |
| November 2017  | 308.50      | 195.05  | 10490.45 | 10094.00 |
| December 2017  | 331.95      | 237.00  | 10552.40 | 10044.10 |
| January 2018   | 354.00      | 292.20  | 11171.55 | 10404.65 |
| February 2018  | 329.95      | 247.60  | 11117.35 | 10276.30 |
| March 2018     | 292.00      | 259.00  | 10525.50 | 9951.90  |


**(xiii)Registrar & Transfer Agents**

For Shares held in Physical as well as Electronic Mode

M/s Karvy Computershare Private Ltd.,

Unit: Talbro's Automotive Components Ltd., Karvy Selenium Tower-B, Plot No. 31 & 32,

Financial District, Gachibowli, Nanakramguda, Serilingampally Hyderabad 500 008, India

Email: [rajeev.kr@karvy.com](mailto:rajeev.kr@karvy.com)/ [www.karvycomputershare.com](http://www.karvycomputershare.com)

**(ix) Share Transfer System**

Board in order to expedite the share transfer process dissolved the share transfer committee with effect from 26<sup>th</sup> May, 2014 and delegated the power to senior officials and share transfer agent of the Company. Physical share transfer request valid and complete in all respect are normally processed expeditiously. The Company's shares are in compulsory Demat Mode.

**(x) Distribution of Shareholding as on 31<sup>st</sup> March, 2018**

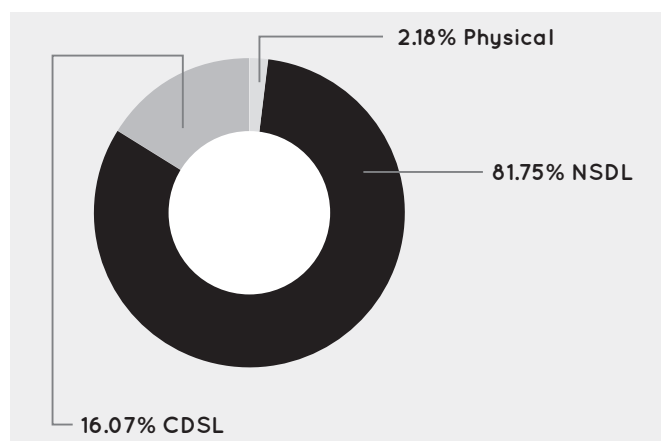
| Category ( Amount) |        | No. of Shareholders |               | No. of Shares   |               |
|--------------------|--------|---------------------|---------------|-----------------|---------------|
| From               | To     | Number              | % Total       | Number          | % Total       |
| 1                  | 5000   | 20760               | 93.5978       | 1818938         | 14.7335       |
| 5001               | 10000  | 732                 | 3.3003        | 587792          | 4.7611        |
| 10001              | 20000  | 363                 | 1.6366        | 548469          | 4.4426        |
| 20001              | 30000  | 118                 | 0.532         | 298566          | 2.4184        |
| 30001              | 40000  | 65                  | 0.2931        | 230023          | 1.8632        |
| 40001              | 50000  | 35                  | 0.1578        | 165516          | 1.3407        |
| 500001             | 100000 | 52                  | 0.2344        | 360063          | 2.9165        |
| 100001             | Above  | 55                  | 0.248         | 8336263         | 67.524        |
| <b>Total</b>       |        | <b>22180</b>        | <b>100.00</b> | <b>12345630</b> | <b>100.00</b> |

**(xi) Dematerialization of Shares and Liquidity**

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

**The breakup of Equity Share capital held with depositories and in physical form as on 31<sup>st</sup> March, 2018 is as follows:**

| Category     | No. of shareholders | No. of Equity Shares | % of Capital  |
|--------------|---------------------|----------------------|---------------|
| Physical     | 2843                | 269298               | 2.18          |
| NSDL         | 12953               | 10092014             | 81.75         |
| CDSL         | 6384                | 1984318              | 16.07         |
| <b>Total</b> | <b>22180</b>        | <b>12345630</b>      | <b>100.00</b> |

**(xii) Outstanding Stock Option**

There are no outstanding warrants or any convertible instruments as on 31<sup>st</sup> March, 2018.

**(xiii) Plant Locations of the Company**

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

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

**(xiv) Address for Correspondence**

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

**Registered Office**

Talbro Automotive Components Ltd.

14/1, Delhi Mathura Road, Faridabad -121003 Tel: +91-129- 2251482/ 2251456/2251400

Email: seema\_narang@talbros.com

**For all matters relating to investor relations please contact:**

Company Secretary & Compliance officer

Talbro Automotive Components Ltd.

14/1, Delhi Mathura Road, Faridabad -121003 Tel: +91-129- 2251456/ 2251482

Email: seema\_narang@talbros.com

**(xv) Shareholding Pattern as on 31<sup>st</sup> March, 2018**

| Category                                                        | No. of Shares   | % to equity   |
|-----------------------------------------------------------------|-----------------|---------------|
| Promoters                                                       | 6991190         | 56.63         |
| Mutual Funds                                                    | -               | -             |
| Non Resident Indians                                            | 268752          | 2.17          |
| Banks, Financial Institutions & Insurance Companies             | 250037          | 2.03          |
| Foreign Institutional Investors/ Foreign Financial Institutions | 10618           | 0.09          |
| Bodies Corporate                                                | 502142          | 4.07          |
| Central Government/ State Government                            | -               | -             |
| Public                                                          | 4322891         | 35.01         |
| <b>Total</b>                                                    | <b>12345630</b> | <b>100.00</b> |



- 57% Promoters
- 0% Mutual fund
- 2% Non Resident Indians
- 2% Banks, Financial institutions & Insurance Companies
- 0% Foreign institutional investors/ Foreign Financial Institutions
- 4% Bodies Corporate
- 0% Central Government/State Government
- 35% Public

**(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 minimise 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 |
|---------|---------------------|-----------------------|
| 2010-11 | 07.09.2011          | 05.10.2018            |
| 2011-12 | 03.09.2012          | 01.10.2019            |
| 2012-13 | 16.09.2013          | 14.10.2020            |
| 2013-14 | 12.09.2014          | 10.10.2021            |
| 2014-15 | 25.09.2015          | 23.10.2022            |
| 2015-16 | 26.09.2016          | 24.10.2023            |
| 2016-17 | 26.09.2017          | 24.10.2024            |

Members who have not encashed their dividend warrants so far in respect of dividend 2010-11 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.

## 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 31<sup>st</sup> March, 2018.

For **Talbros Automotive Components Ltd.**

Sd/-

**Umesh Talwar**

[Vice Chairman & Managing Director]

DIN No. 00059271

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

Place: Gurugram  
Date: 25<sup>th</sup> May, 2018

**AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE DEFINED UNDER SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015****To****The Members of Talbros Automotive Components Limited**

1. 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 31<sup>st</sup> March, 2018, 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 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018.

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

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the report and applying an appropriate basis of preparation

**AUDITORS' RESPONSIBILITY**

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31<sup>st</sup> March, 2018.
4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We 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.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**OPINION**

7. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**RESTRICTION ON USE**

9. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **J.C. BHALLA & CO.**  
Chartered Accountants  
Firm Reg. No. 001111N

Sd/-  
**(Akhil Bhalla)**

Place: Gurugram  
Date: 25<sup>th</sup> May, 2018

Partner  
Membership. No. 505002

**CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY UNDER REGULATION 33(2) OF SEBI (LODR) REGULATIONS, 2015**

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

- A. We have reviewed the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the company during the years which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there were no deficiencies in the design or operation of internal control which came to our notice.
- D. We have indicated to the auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Gurugram  
Date: 25<sup>th</sup> May, 2018

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

Sd/-  
**Manish Khanna**  
Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT

**To the Members of Talbros Automotive Components Limited**

## **REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS**

We have audited the accompanying Standalone Ind AS financial statements of **Talbros Automotive Components Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement for Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

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

under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## **OTHER MATTER**

We did not audit the financial statements of Pune branch included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 3,553.95 lacs and net assets of ₹ 2,127.63 lacs as at 31<sup>st</sup> March, 2018 and total revenues

of ₹ 7,553.26 lacs for the year ended on that date, as considered in the standalone financial statements. The financial statements of this branch have been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditor.

The comparative financial information of the company as at and for the year ended 31<sup>st</sup> March, 2017 and the transition date of opening balance sheet as at 1<sup>st</sup> April, 2016 Prepared in accordance with earlier GAAP, included in these standalone IND AS Financial Statements, has been audited by predecessor auditor whose report dated 24<sup>th</sup> May, 2017 expressed an unmodified opinion.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub- section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure I**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books & proper returns adequate for the purpose of our audit have been received from Pune branch of the Company not visited by us;
  - (c) the report on the accounts of the Pune branch of the company audited under sub-section(8) of section 143 by the branch auditor has been sent to us and have been properly dealt with by us in preparing this report;
  - (d) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with

the books of account and with the returns received from Pune branch of the company not visited by us.

- (e) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.
- (f) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure II**.
- (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, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Company has disclosed the impact of pending litigation on its financial position in its Ind AS financial statements- Refer Note 39 to the Standalone Ind AS financial statements.
  - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) there were no delay in transferring amounts, required to be transferred to Investor Education and Protection Fund by the Company.

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

**(Akhil Bhalla)**

Partner

Place : New Delhi  
Dated: 25<sup>th</sup> May, 2018

Membership No. 505002

## ANNEXURE I TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of report of even date on the Standalone Ind AS financial statements for the year ended on 31<sup>st</sup> March, 2018 of **Talbros Automotive Components Limited:**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant & equipment.
- (b) The company has a regular program of physical verification of its Property, Plant and equipment under which Property, plant and equipment are verified in a phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed

assets. In accordance with this program, certain Property, plant and equipment were verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification.

- (c) According to the information and explanation given to us and on the basis of examination of title deeds, other relevant records provided to us evidencing the title, confirmation from the lenders with whom title deeds have been deposited as security for banking facilities, we report that the title deeds of the immovable properties are held in the name of the Company as at the balance sheet date except for the following properties:

| Nature of property | Total number of cases | Whether leasehold/ Freehold | Gross block as on 31 <sup>st</sup> March, 2018 | Net block on 31 <sup>st</sup> March, 2018 | Remarks                                                                                                                            |
|--------------------|-----------------------|-----------------------------|------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Land               | 1                     | Freehold                    | ₹ 498.13 lacs                                  | ₹ 498.13 lacs                             | 28575 Sq mtrs purchased from Haryana State Industrial Development Corporation Ltd. pending registration in the name of the Company |

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

2. According to the information and explanations given to us, inventories have been physically verified by the management at reasonable intervals during the year, except for inventories lying with third parties for which certificates confirming inventories held by them have been obtained in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and same have been properly dealt within books of account.
3. According to the information and explanations given to us and in our opinion, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

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

4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under section 185 of the Act. However, the company has complied with the provisions of section 186 of the act in respect of loans, investments, guarantees and security.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014

(as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.

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

7. (a) According to the information and explanation given to us, the Company is regular in depositing to the appropriate authorities undisputed statutory dues including Provident Fund, Income tax, Service tax, and Goods & service tax, employee's state insurance, Custom duty and any other statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues were in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Name of the statute               | Nature of dues         | Amount<br>(₹ In lacs) | Amount paid under protest<br>(₹ In lacs) | Period to which the amounts relates | Forum where dispute is pending                                 |
|-----------------------------------|------------------------|-----------------------|------------------------------------------|-------------------------------------|----------------------------------------------------------------|
| Maharashtra VAT Act, 2005         | Demand of VAT          | 4.98                  |                                          | 2005-06 & 2008-09                   | Joint Commissioner of Sales Tax, Pune                          |
| Income tax Act, 1961              | Income tax demand      | 4.48                  |                                          | 2004-05                             | CIT-Appeal                                                     |
| Income tax Act, 1961              | Income tax demand      | 13.98                 |                                          | 2011-12                             | CIT-Appeal                                                     |
| Income tax Act, 1961              | Income tax demand      | 21.09                 |                                          | 2012-13                             | CIT-Appeal                                                     |
| The Finance Act, 1994             | Service tax disallowed | 8.85                  |                                          | 2007-08 to 2010-11                  | Assistant Commissioner Faridabad                               |
| The Finance Act, 1994             | Service tax disallowed | 2.68                  |                                          | August 2011 to October 2013         | Superintendent Range -IVB, Chennai                             |
| Haryana Value Added Tax Act, 2003 | Input tax disallowed   | 2.74                  |                                          | 2006-07                             | Deputy Commissioner Gurgaon                                    |
| Central Excise Act, 1944          | Demand of Excise Duty  | 440.90                | 83.75                                    | FY 2010-11 to 2015-16               | Commissioner of Customs, Central Excise and Service Tax, Hapur |
| Custom Act, 1962                  | Demand of Custom Duty  | 28.12                 |                                          | FY 2012-13, 2014-15, 2015-16        | The Customs, Excise and Service Tax Appellate Tribunal         |
| Custom Act, 1962                  | Demand of Custom Duty  | 7.97                  |                                          | 2013-14                             | Deputy Commissioner of Customs, Delhi                          |

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
9. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loan were obtained.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the

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

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

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

**(Akhil Bhalla)**

Place : New Delhi  
Dated: 25<sup>th</sup> May, 2018

Partner  
Membership No. 505002

## ANNEXURE II TO INDEPENDENT AUDITORS' REPORT

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Talbros Automotive Components Limited** ("the Company") as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the Standalone Ind AS 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.

#### **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<sup>st</sup> March, 2018, 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

Place : New Delhi

Dated: 25<sup>th</sup> May, 2018

Membership No. 505002

# BALANCE SHEET

AS AT 31<sup>st</sup> MARCH, 2018

(All amounts in INR lakhs, unless otherwise stated)

|                                      | Note | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|--------------------------------------|------|------------------------------|------------------------------|-----------------------------|
| <b>ASSETS</b>                        |      |                              |                              |                             |
| <b>Non-current assets</b>            |      |                              |                              |                             |
| Property, plant and equipment        | 2    | 12,434.04                    | 11,520.32                    | 11,181.26                   |
| Capital work in progress             | 2    | 242.71                       | 105.22                       | 91.77                       |
| Investment property                  | 3    | 295.14                       | 309.28                       | 322.91                      |
| Intangible assets                    | 4    | 69.09                        | 48.11                        | 72.68                       |
| Intangible assets under development  | 4    | 63.47                        | 61.32                        | 56.46                       |
| Financial assets                     |      |                              |                              |                             |
| Investments                          | 5    | 5,331.55                     | 4,758.43                     | 3,858.57                    |
| Loans                                | 6 A  | 118.31                       | 114.44                       | 99.63                       |
| Other financial assets               | 7 A  | 49.44                        | 63.66                        | 51.02                       |
| Current tax assets                   | 8    | 32.03                        | 20.75                        | -                           |
| Other non-current assets             | 9 A  | 117.91                       | 134.37                       | 82.80                       |
| <b>Total non-current assets</b>      |      | <b>18,753.69</b>             | <b>17,135.90</b>             | <b>15,817.10</b>            |
| <b>Current assets</b>                |      |                              |                              |                             |
| Inventories                          | 10   | 10,924.86                    | 9,875.82                     | 10,332.27                   |
| Financial assets                     |      |                              |                              |                             |
| Trade receivables                    | 11   | 12,419.05                    | 8,971.14                     | 8,230.39                    |
| Cash and cash equivalents            | 12   | 321.42                       | 351.10                       | 109.47                      |
| Other bank balances                  | 13   | 455.95                       | 304.03                       | 388.21                      |
| Loans                                | 6 B  | 572.68                       | 665.71                       | 623.47                      |
| Other financial assets               | 7 B  | 142.58                       | 45.60                        | 113.14                      |
| Other current assets                 | 9 B  | 1,922.80                     | 1,365.98                     | 1,558.13                    |
| <b>Total current assets</b>          |      | <b>26,759.34</b>             | <b>21,579.38</b>             | <b>21,355.08</b>            |
| <b>Total assets</b>                  |      | <b>45,513.03</b>             | <b>38,715.28</b>             | <b>37,172.18</b>            |
| <b>EQUITY AND LIABILITIES</b>        |      |                              |                              |                             |
| <b>Equity</b>                        |      |                              |                              |                             |
| Equity share capital                 | 14   | 1,234.56                     | 1,234.56                     | 1,234.56                    |
| Other equity                         | 15   | 15,715.61                    | 13,703.41                    | 12,256.66                   |
| <b>Total equity</b>                  |      | <b>16,950.17</b>             | <b>14,937.97</b>             | <b>13,491.22</b>            |
| <b>Liabilities</b>                   |      |                              |                              |                             |
| <b>Non-current liabilities</b>       |      |                              |                              |                             |
| Financial liabilities                |      |                              |                              |                             |
| Borrowings                           | 16 A | 1,553.00                     | 1,662.54                     | 1,679.77                    |
| Other financial liabilities          | 17 A | 19.68                        | 14.25                        | 13.03                       |
| Provisions                           | 18 A | 324.20                       | 295.90                       | 310.42                      |
| Deferred tax liabilities             | 19   | 422.39                       | 271.43                       | 105.39                      |
| Other non-current liabilities        | 20 A | 4.61                         | 6.15                         | 1.54                        |
| <b>Total non-current liabilities</b> |      | <b>2,323.88</b>              | <b>2,250.27</b>              | <b>2,110.15</b>             |
| <b>Current liabilities</b>           |      |                              |                              |                             |
| Financial liabilities                |      |                              |                              |                             |
| Borrowings                           | 16 B | 10,176.93                    | 9,672.61                     | 10,087.36                   |
| Trade payables                       | 21   | 13,723.63                    | 9,310.30                     | 8,927.13                    |
| Other financial liabilities          | 17 B | 1,735.39                     | 1,906.70                     | 1,959.86                    |
| Other current liabilities            | 20 B | 470.89                       | 546.27                       | 468.19                      |
| Provisions                           | 18 B | 132.14                       | 91.16                        | 119.38                      |
| Current tax liabilities              | 22   | -                            | -                            | 8.89                        |
| <b>Total current liabilities</b>     |      | <b>26,238.98</b>             | <b>21,527.04</b>             | <b>21,570.81</b>            |
| <b>Total equity and liabilities</b>  |      | <b>45,513.03</b>             | <b>38,715.28</b>             | <b>37,172.18</b>            |

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements

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

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla &amp; 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: 25<sup>th</sup> May, 2018

**STATEMENT OF PROFIT AND LOSS**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

(All amounts in INR lakhs, unless otherwise stated)

|                                                                               | Note | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-------------------------------------------------------------------------------|------|--------------------------------------------|--------------------------------------------|
| <b>REVENUE</b>                                                                |      |                                            |                                            |
| Revenue from operations                                                       | 23   | 40,000.61                                  | 35,343.01                                  |
| Other income                                                                  | 24   | 941.15                                     | 903.70                                     |
| <b>Total income</b>                                                           |      | <b>40,941.76</b>                           | <b>36,246.71</b>                           |
| <b>EXPENSES</b>                                                               |      |                                            |                                            |
| Cost of materials consumed                                                    | 25   | 21,717.39                                  | 17,593.53                                  |
| Purchase of stock-in-trade                                                    | 26   | 242.55                                     | 236.84                                     |
| Changes in inventories of finished goods, stock in trade and work in progress | 27   | 211.10                                     | 232.43                                     |
| Excise duty                                                                   |      | 703.11                                     | 2,855.12                                   |
| Employee benefits expenses                                                    | 28   | 5,135.35                                   | 4,682.05                                   |
| Finance costs                                                                 | 29   | 1,393.78                                   | 1,590.58                                   |
| Depreciation and amortisation expense                                         | 30   | 1,419.45                                   | 1,231.39                                   |
| Other expenses                                                                | 31   | 7,909.22                                   | 6,597.30                                   |
| <b>Total expenses</b>                                                         |      | <b>38,731.95</b>                           | <b>35,019.24</b>                           |
| <b>Profit before exceptional items and tax</b>                                |      | <b>2,209.81</b>                            | <b>1,227.47</b>                            |
| Exceptional items                                                             | 32   | 215.77                                     | -                                          |
| <b>Profit before tax</b>                                                      |      | <b>2,425.58</b>                            | <b>1,227.47</b>                            |
| <b>Tax expense</b>                                                            | 33   |                                            |                                            |
| Current tax                                                                   |      | 523.01                                     | 288.40                                     |
| Deferred tax                                                                  |      | 105.03                                     | 21.89                                      |
| Earlier years tax adjustments (net)                                           |      | (111.57)                                   | (95.69)                                    |
| <b>Total tax expense</b>                                                      |      | <b>516.47</b>                              | <b>214.60</b>                              |
| <b>Profit for the year</b>                                                    |      | <b>1,909.11</b>                            | <b>1,012.87</b>                            |
| <b>Other comprehensive income</b>                                             |      |                                            |                                            |
| Items that will not be reclassified to profit or loss                         |      |                                            |                                            |
| Re-measurement gains/(losses) on defined benefit plans                        |      | (70.38)                                    | 51.02                                      |
| Changes in fair value of FVOCI equity instruments                             |      | 484.97                                     | 810.36                                     |
| Income tax relating to items that will not be reclassified to profit or loss  |      | (88.62)                                    | (204.62)                                   |
| <b>Total other comprehensive income for the year</b>                          |      | <b>325.97</b>                              | <b>656.76</b>                              |
| <b>Total comprehensive income for the year</b>                                |      | <b>2,235.08</b>                            | <b>1,669.63</b>                            |
| <b>Earnings per equity share (Face value ₹ 10 per share)</b>                  | 34   |                                            |                                            |
| Basic (₹)                                                                     |      | 15.46                                      | 8.20                                       |
| Diluted (₹)                                                                   |      | 15.46                                      | 8.20                                       |

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.

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 &amp; Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Place: Gurugram

Date: 25<sup>th</sup> May, 2018

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 31<sup>st</sup> MARCH, 2018

## A EQUITY SHARE CAPITAL

(All amounts in INR lakhs, unless otherwise stated)

| Particulars          | Balance as at 1 <sup>st</sup> April, 2016 | Changes in equity share capital during the year | Balance as at 31 <sup>st</sup> March, 2017 | Changes in equity share capital during the year | Balance as at 31 <sup>st</sup> March, 2018 |
|----------------------|-------------------------------------------|-------------------------------------------------|--------------------------------------------|-------------------------------------------------|--------------------------------------------|
| Equity share capital | 1,234.56                                  | -                                               | 1,234.56                                   | -                                               | 1,234.56                                   |

## B OTHER EQUITY

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                  | Reserves and surplus |                 |                            |                   | Equity instruments through Other Comprehensive Income | Total            |
|--------------------------------------------------------------|----------------------|-----------------|----------------------------|-------------------|-------------------------------------------------------|------------------|
|                                                              | General reserve      | Capital reserve | Securities premium reserve | Retained earnings |                                                       |                  |
| <b>Balance as at 1<sup>st</sup> April, 2016</b>              | <b>498.23</b>        | <b>15.21</b>    | <b>4,678.30</b>            | <b>6,575.21</b>   | <b>489.71</b>                                         | <b>12,256.66</b> |
| Profit for the year                                          | -                    | -               | -                          | 1,012.87          | -                                                     | 1,012.87         |
| Other comprehensive income for the year (net of tax impact)  | -                    | -               | -                          | 33.36             | 623.40                                                | 656.76           |
| Transfer                                                     | 50.00                | -               | -                          | (50.00)           | -                                                     | -                |
| <b>Transactions with owners, recorded directly in equity</b> |                      |                 |                            |                   |                                                       |                  |
| - Dividend paid during the year                              | -                    | -               | -                          | (185.18)          | -                                                     | (185.18)         |
| - Dividend distribution tax                                  | -                    | -               | -                          | (37.70)           | -                                                     | (37.70)          |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>             | <b>548.23</b>        | <b>15.21</b>    | <b>4,678.30</b>            | <b>7,348.56</b>   | <b>1,113.11</b>                                       | <b>13,703.41</b> |
| Profit for the year                                          | -                    | -               | -                          | 1,909.11          | -                                                     | 1,909.11         |
| Other comprehensive income for the year (net of tax impact)  | -                    | -               | -                          | (46.02)           | 371.99                                                | 325.97           |
| Transfer                                                     | 50.00                | -               | -                          | (50.00)           | -                                                     | -                |
| <b>Transactions with owners, recorded directly in equity</b> |                      |                 |                            |                   |                                                       |                  |
| - Dividend paid during the year                              | -                    | -               | -                          | (185.18)          | -                                                     | (185.18)         |
| - Dividend distribution tax                                  | -                    | -               | -                          | (37.70)           | -                                                     | (37.70)          |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>             | <b>598.23</b>        | <b>15.21</b>    | <b>4,678.30</b>            | <b>8,938.77</b>   | <b>1,485.10</b>                                       | <b>15,715.61</b> |

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: 25<sup>th</sup> May, 2018

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 31<sup>st</sup> MARCH, 2018

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                                                                     | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                                        |                                            |                                            |
| Profit before tax                                                                                                                   | 2,425.58                                   | 1,227.47                                   |
| Adjustments for:                                                                                                                    |                                            |                                            |
| Depreciation on property, plant and equipment, investment property and intangible assets                                            | 1,419.45                                   | 1,231.39                                   |
| Profit on sale of property, plant and equipment (net)                                                                               | (81.76)                                    | (37.70)                                    |
| Interest income                                                                                                                     | (98.74)                                    | (96.51)                                    |
| Dividend income                                                                                                                     | (325.37)                                   | (272.98)                                   |
| Fair value changes in investments carried at FVTPL                                                                                  | (1.02)                                     | (3.01)                                     |
| Allowance for doubtful debts (net)                                                                                                  | 129.30                                     | 216.63                                     |
| Property, plant and equipment written off                                                                                           | 10.93                                      | -                                          |
| Unrealised foreign exchange gain                                                                                                    | (47.80)                                    | (53.94)                                    |
| Advances written off                                                                                                                | 212.19                                     | 112.09                                     |
| Provisions no longer required written back                                                                                          | (212.19)                                   | (112.09)                                   |
| Finance costs                                                                                                                       | 1,393.78                                   | 1,590.58                                   |
| Exceptional items                                                                                                                   | (215.77)                                   | -                                          |
| <b>Operating profit before working capital changes</b>                                                                              | <b>4,608.58</b>                            | <b>3,801.93</b>                            |
| <b>Movement in working capital</b>                                                                                                  |                                            |                                            |
| Change in inventories                                                                                                               | (1,049.04)                                 | 456.44                                     |
| Change in Trade receivables, other financial and non-financial assets                                                               | (3,919.94)                                 | (853.79)                                   |
| <b>Change in Trade payable, other financial and non-financial assets</b>                                                            | <b>4,188.02</b>                            | <b>598.12</b>                              |
| <b>Cash generated from operating activities post working capital changes</b>                                                        | <b>3,827.62</b>                            | <b>4,002.70</b>                            |
| Income tax paid (net)                                                                                                               | (423.00)                                   | (243.00)                                   |
| <b>Net cash generated from operating activities (A)</b>                                                                             | <b>3,404.62</b>                            | <b>3,759.70</b>                            |
| <b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                                       |                                            |                                            |
| Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development) | (2,668.32)                                 | (1,751.97)                                 |
| Proceeds from sale of property, plant and equipment                                                                                 | 490.46                                     | 178.51                                     |
| Proceeds from sale of investments                                                                                                   | 14.65                                      | -                                          |
| Movement in other bank balances                                                                                                     | (145.76)                                   | 79.71                                      |
| Purchase of non-current investments                                                                                                 | (100.00)                                   | (84.85)                                    |
| Dividend received                                                                                                                   | 325.37                                     | 272.98                                     |
| Interest received                                                                                                                   | 136.92                                     | 49.81                                      |
| <b>Net cash used in investing activities (B)</b>                                                                                    | <b>(1,946.68)</b>                          | <b>(1,255.81)</b>                          |
| <b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                       |                                            |                                            |
| Proceeds from borrowings                                                                                                            | 1,660.72                                   | 561.15                                     |
| Repayment of borrowings                                                                                                             | (1,562.03)                                 | (1,078.30)                                 |
| Dividend paid (including tax)                                                                                                       | (217.77)                                   | (220.82)                                   |
| Interest paid                                                                                                                       | (1,368.54)                                 | (1,524.29)                                 |
| <b>Net cash used in financing activities (C)</b>                                                                                    | <b>(1,487.62)</b>                          | <b>(2,262.26)</b>                          |
| Decrease in cash and cash equivalents (A+B+C)                                                                                       | (29.68)                                    | 241.63                                     |
| Cash and cash equivalents at the beginning of the year                                                                              | 351.10                                     | 109.47                                     |
| <b>Cash and cash equivalents at the end of the year (Refer note 12)</b>                                                             | <b>321.42</b>                              | <b>351.10</b>                              |

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 &amp; Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Place: Gurugram

Date: 25<sup>th</sup> May, 2018

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 31<sup>st</sup> MARCH, 2018

## 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

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 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended 31<sup>st</sup> March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) which is considered as "Previous GAAP". The financial statements for the year ended 31<sup>st</sup> March, 2018 are the first Ind AS Financial statements of the Company. As per the principles of Ind AS 101, the transition date to Ind AS is 1<sup>st</sup> April, 2016 and hence the comparatives for the previous year ended 31<sup>st</sup> March, 2017 & balances as on 1<sup>st</sup> April, 2016 have been restated as per the principles of Ind AS, wherever deemed necessary. Refer note 47 for understanding the transition from previous GAAP to Ind AS and its effect on the Company's financial position and financial performance.

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.

The financial statements for the year ended 31<sup>st</sup> March, 2018 were authorized and approved by the Board of Directors on 25<sup>th</sup> May, 2018.

### 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle\*
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The 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 capitalised as "Property, plant and equipment" and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

### Work in progress and finished goods

Work in progress and finished goods are valued at lower of cost and net 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 31<sup>st</sup> MARCH, 2018

## *Subsequent measurement (depreciation and useful lives)*

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

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

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

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

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

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

### *De-recognition*

An item of property, plant and equipment and any significant part initially 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.

### **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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## *Subsequent measurement (Amortization and useful lives)*

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

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

## *De-recognition*

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

### **e) 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.

### **f) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest rate and other costs like finance charges in respect of the finance leases recognized in accordance with Ind AS 17, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### **g) Foreign currency transactions**

#### *Functional and presentation currency*

The financial statements are presented

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

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.

## **h) Leases**

### **Company as a lessee**

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

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

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

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

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

### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost. Contingent rents are recognized as revenue in the period in which they are earned.

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

## **i) 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

- 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.

## j) Revenue recognition

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.

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 all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Company, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognized in the statement of profit and loss over the period the underlying services are performed.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## k) 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).

### *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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

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.

## l) 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

For practical expediency the Company has adopted a '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.

## m) 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.

## n) Retirement and other employee benefits

### Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation other than the contribution payable to the Provided Fund.

### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the gratuity plan, which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

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.

## o) 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.

## p) 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

the underlying tax loss will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting 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).

**q) 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.

**r) 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.

**1.4 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

credit loss on outstanding financial assets.

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

## *Significant estimates*

**Useful lives of depreciable/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:**

### **i. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On 28<sup>th</sup> March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the

related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1<sup>st</sup> April, 2018. The effect on adoption of Ind AS 21 is expected to be insignificant.

### **ii. Ind AS 115- Revenue from Contract with Customers:**

On 28<sup>th</sup> March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach), The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1<sup>st</sup> April, 2018.

The Company will adopt the standard on 1<sup>st</sup> April, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31<sup>st</sup> March, 2018 will not be retrospectively adjusted. The Company is in the process of evaluating the impact of Ind AS 115.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

| NOTE - 2 PROPERTY, PLANT AND EQUIPMENT              |                 |                 |                 |                         |                     |               |                      |                  |                         |                        |              |                  |                          |
|-----------------------------------------------------|-----------------|-----------------|-----------------|-------------------------|---------------------|---------------|----------------------|------------------|-------------------------|------------------------|--------------|------------------|--------------------------|
| (All amounts in INR lakhs, unless otherwise stated) |                 |                 |                 |                         |                     |               |                      |                  |                         |                        |              |                  |                          |
| Particulars                                         | Free hold land* | Lease hold land | Building        | Lease hold improvements | Plant and equipment | Vehicles      | Furniture & fixtures | Office equipment | Electrical installation | Air-conditioning plant | Tubewell     | Total            | Capital Work in Progress |
| <b>Gross block</b>                                  |                 |                 |                 |                         |                     |               |                      |                  |                         |                        |              |                  |                          |
| As at 1 <sup>st</sup> April, 2016 ^                 | 519.13          | 413.99          | 3,015.04        | 15.79                   | 12,204.42           | 660.21        | 387.58               | 293.70           | 785.78                  | 78.12                  | 10.52        | 18,384.28        | 91.77                    |
| Additions                                           | 31.26           | -               | 4.06            | -                       | 1,422.99            | 162.78        | 16.32                | 26.56            | 67.01                   | -                      | -            | 1,730.98         | 150.00                   |
| Disposals/transfers                                 | -               | -               | -               | -                       | (157.78)            | (163.45)      | (3.88)               | -                | -                       | -                      | -            | (325.11)         | (136.55)                 |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>    | <b>550.39</b>   | <b>413.99</b>   | <b>3,019.10</b> | <b>15.79</b>            | <b>13,469.63</b>    | <b>659.54</b> | <b>400.02</b>        | <b>320.26</b>    | <b>852.79</b>           | <b>78.12</b>           | <b>10.52</b> | <b>19,790.15</b> | <b>105.22</b>            |
| Additions                                           | 1.62            | -               | 87.02           | -                       | 2,182.29            | 45.73         | 117.46               | 54.84            | 42.37                   | -                      | -            | 2,531.33         | 260.42                   |
| Disposals/transfers                                 | -               | -               | -               | -                       | (362.99)            | (158.71)      | (1.26)               | (0.90)           | (29.78)                 | -                      | -            | (553.64)         | (122.93)                 |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>    | <b>552.01</b>   | <b>413.99</b>   | <b>3,106.12</b> | <b>15.79</b>            | <b>15,288.93</b>    | <b>546.56</b> | <b>516.22</b>        | <b>374.20</b>    | <b>865.38</b>           | <b>78.12</b>           | <b>10.52</b> | <b>21,767.84</b> | <b>242.71</b>            |
| <b>Accumulated depreciation</b>                     |                 |                 |                 |                         |                     |               |                      |                  |                         |                        |              |                  |                          |
| As at 1 <sup>st</sup> April, 2016 ^                 | -               | 35.02           | 958.47          | 3.07                    | 4,850.26            | 385.89        | 328.49               | 239.09           | 346.80                  | 45.94                  | 9.99         | 7,203.02         | -                        |
| Charge for the year                                 | -               | 4.60            | 111.56          | 3.68                    | 929.25              | 78.20         | 19.88                | 30.10            | 64.92                   | 8.93                   | -            | 1,251.12         | -                        |
| Disposals                                           | -               | -               | -               | -                       | (62.81)             | (117.81)      | (3.69)               | -                | -                       | -                      | -            | (184.31)         | -                        |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>    | <b>-</b>        | <b>39.62</b>    | <b>1,070.03</b> | <b>6.75</b>             | <b>5,716.70</b>     | <b>346.28</b> | <b>344.68</b>        | <b>269.19</b>    | <b>411.72</b>           | <b>54.87</b>           | <b>9.99</b>  | <b>8,269.83</b>  | <b>-</b>                 |
| Charge for the year                                 | -               | 4.60            | 109.51          | 9.04                    | 1,069.14            | 85.36         | 29.44                | 27.11            | 65.37                   | 14.20                  | -            | 1,413.77         | -                        |
| Disposals                                           | -               | -               | -               | -                       | (215.88)            | (119.32)      | (0.90)               | (0.77)           | (12.93)                 | -                      | -            | (349.80)         | -                        |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>    | <b>-</b>        | <b>44.22</b>    | <b>1,179.54</b> | <b>15.79</b>            | <b>6,569.96</b>     | <b>312.32</b> | <b>373.22</b>        | <b>295.53</b>    | <b>464.16</b>           | <b>69.07</b>           | <b>9.99</b>  | <b>9,333.80</b>  | <b>-</b>                 |
| <b>Net block as at 31<sup>st</sup> March, 2016</b>  | <b>552.01</b>   | <b>369.77</b>   | <b>1,926.58</b> | <b>-</b>                | <b>8,718.97</b>     | <b>234.24</b> | <b>143.00</b>        | <b>78.67</b>     | <b>401.22</b>           | <b>9.05</b>            | <b>0.53</b>  | <b>12,434.04</b> | <b>242.71</b>            |
| <b>Net block as at 31<sup>st</sup> March, 2017</b>  | <b>550.39</b>   | <b>374.37</b>   | <b>1,949.07</b> | <b>9.04</b>             | <b>7,752.93</b>     | <b>313.26</b> | <b>55.34</b>         | <b>51.07</b>     | <b>441.07</b>           | <b>23.25</b>           | <b>0.53</b>  | <b>11,520.32</b> | <b>105.22</b>            |
| <b>Net block as at 1<sup>st</sup> April, 2016 ^</b> | <b>519.13</b>   | <b>378.97</b>   | <b>2,056.57</b> | <b>12.72</b>            | <b>7,354.16</b>     | <b>274.32</b> | <b>59.09</b>         | <b>54.61</b>     | <b>438.98</b>           | <b>32.18</b>           | <b>0.53</b>  | <b>11,181.26</b> | <b>91.77</b>             |

\*Includes Land valuing ₹ 465.26 lakhs (31<sup>st</sup> March, 2017 - ₹ 465.26 lakhs and 1<sup>st</sup> April, 2016 - ₹ 465.26 lakhs) for which the title is yet to be registered in the Company's name.

<sup>^</sup>Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 2 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

### (i) Expenditures capitalised in the carrying amount of property, plant and equipment

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

(All amounts in INR lakhs, unless otherwise stated)

| Nature of expense                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----------------------------------|------------------------------|------------------------------|
| Salaries and wages                | 135.51                       | 157.55                       |
| Depreciation                      | 34.90                        | 67.41                        |
| Power and fuel                    | 85.20                        | 80.69                        |
| Repairs and maintenance           | 34.55                        | 48.42                        |
| Processing charges and consumable | 81.66                        | -                            |
| <b>Total</b>                      | <b>371.82</b>                | <b>354.07</b>                |

### (ii) Contractual obligations

Refer note 39B for disclosure of contractual commitments for the acquisition of property, plant and equipment.

### (iii) Assets pledged as security

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

## NOTE - 3 INVESTMENT PROPERTY

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | Building      | Total         |
|----------------------------------------------------|---------------|---------------|
| <b>Gross block</b>                                 |               |               |
| As at 1 <sup>st</sup> April, 2016*                 | 435.73        | 435.73        |
| Additions                                          | -             | -             |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>   | <b>435.73</b> | <b>435.73</b> |
| Additions                                          | -             | -             |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>   | <b>435.73</b> | <b>435.73</b> |
| <b>Accumulated depreciation</b>                    |               |               |
| As at 1 <sup>st</sup> April, 2016*                 | 112.82        | 112.82        |
| Charge for the year                                | 13.63         | 13.63         |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>   | <b>126.45</b> | <b>126.45</b> |
| Charge for the year                                | 14.14         | 14.14         |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>   | <b>140.59</b> | <b>140.59</b> |
| <b>Net block as at 31<sup>st</sup> March, 2018</b> | <b>295.14</b> | <b>295.14</b> |
| <b>Net block as at 31<sup>st</sup> March, 2017</b> | <b>309.28</b> | <b>309.28</b> |
| <b>Net block as at 1<sup>st</sup> April, 2016*</b> | <b>322.91</b> | <b>322.91</b> |

\*Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

### (i) Amount recognised in profit and loss for investment property

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----------------------------------------------------------------------|------------------------------|------------------------------|
| Rental income                                                         | 154.87                       | 118.98                       |
| Less: direct operating expenses that generated rental income*         | -                            | -                            |
| Less: direct operating expenses that did not generate rental income*  | -                            | -                            |
| <b>Profit from leasing of investment property before depreciation</b> | <b>154.87</b>                | <b>118.98</b>                |
| Less: depreciation expense                                            | 14.14                        | 13.63                        |
| <b>Profit from leasing of investment property after depreciation</b>  | <b>140.73</b>                | <b>105.35</b>                |

\*Direct operating expenses attributable to investment property cannot be specifically identified with property, although management does not expect them to be material.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 3 INVESTMENT PROPERTY (CONTD.)****(ii) Leasing arrangements**

Investment property comprises of a building which is leased to tenant under long-term operating leases with rentals payable monthly. Refer note 40 for details on future minimum lease rentals.

**(iii) Fair value of investment property:**

(All amounts in INR lakhs, unless otherwise stated)

|            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------|------------------------------|------------------------------|-----------------------------|
| Fair value | 297.02                       | 307.26                       | 317.51                      |

The Company obtains independent valuation for its investment property at least annually and fair value measurement has been categorised as Level 3. The best evidence of fair value is current prices in an active market for similar property. Where such information is not available, the Company considers the average price of similar property and appropriate depreciation has been accounted for arriving at fair and reasonable value.

**NOTE - 4 INTANGIBLE ASSETS**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                      | Computer software | Technical know-how | Total         | Intangible assets under development |
|------------------------------------------------------------------|-------------------|--------------------|---------------|-------------------------------------|
| <b>Gross block</b>                                               |                   |                    |               |                                     |
| As at 1 <sup>st</sup> April, 2016 (refer note i)                 | 198.22            | 471.61             | 669.83        | 56.46                               |
| Additions                                                        | 9.48              | -                  | 9.48          | 4.86                                |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>                 | <b>207.70</b>     | <b>471.61</b>      | <b>679.31</b> | <b>61.32</b>                        |
| Additions                                                        | 47.42             | -                  | 47.42         | 2.15                                |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>                 | <b>255.12</b>     | <b>471.61</b>      | <b>726.73</b> | <b>63.47</b>                        |
| <b>Accumulated amortisation</b>                                  |                   |                    |               |                                     |
| As at 1 <sup>st</sup> April, 2016 (refer note i)                 | 193.40            | 403.75             | 597.15        | -                                   |
| Amortisation charge for the year                                 | 3.42              | 30.63              | 34.05         | -                                   |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>                 | <b>196.82</b>     | <b>434.38</b>      | <b>631.20</b> | -                                   |
| Amortisation charge for the year                                 | 10.22             | 16.22              | 26.44         | -                                   |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>                 | <b>207.04</b>     | <b>450.60</b>      | <b>657.64</b> | -                                   |
| <b>Net block as at 31<sup>st</sup> March, 2018</b>               | <b>48.08</b>      | <b>21.01</b>       | <b>69.09</b>  | <b>63.47</b>                        |
| <b>Net block as at 31<sup>st</sup> March, 2017</b>               | <b>10.88</b>      | <b>37.23</b>       | <b>48.11</b>  | <b>61.32</b>                        |
| <b>Net block as at 1<sup>st</sup> April, 2016 (refer note i)</b> | <b>4.82</b>       | <b>67.86</b>       | <b>72.68</b>  | <b>56.46</b>                        |

**Notes:**

- (i) Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated amortisation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.
- (ii) Intangibles under development comprise of the softwares under development.

**(iii) Research and development expenses**

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 5

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                                                                                                                          | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Investments</b>                                                                                                                                                                     |                                       |                                       |                                      |
| <b>(i) Investments in equity instruments</b>                                                                                                                                             |                                       |                                       |                                      |
| <b>Joint ventures</b>                                                                                                                                                                    |                                       |                                       |                                      |
| <b>(Unquoted, at cost)</b>                                                                                                                                                               |                                       |                                       |                                      |
| Nippon Leakless Talbros Private Limited 4,800,000 shares (31 <sup>st</sup> March, 2017: 4,800,000 shares; 1 <sup>st</sup> April, 2016: 4,800,000 shares) of ₹ 10 each                    | 480.00                                | 480.00                                | 480.00                               |
| Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 <sup>st</sup> March, 2017: 11,780,000 shares; 1 <sup>st</sup> April, 2016: 11,780,000 shares) of ₹ 10 each | 1,178.00                              | 1,178.00                              | 1,178.00                             |
| Talbros Marugo Rubber Private Limited 9,500,000 shares (31 <sup>st</sup> March, 2017: 8,500,000 shares; 1 <sup>st</sup> April, 2016: 8,500,000 shares) of ₹ 10 each                      | 950.00                                | 850.00                                | 850.00                               |
| <b>Others</b>                                                                                                                                                                            |                                       |                                       |                                      |
| <b>(Unquoted, at fair value through other comprehensive income)</b>                                                                                                                      |                                       |                                       |                                      |
| QH Talbros Private Limited 177,962 shares (31 <sup>st</sup> March, 2017: 177,962 shares; 1 <sup>st</sup> April, 2016: 177,962 shares) of ₹ 10 each                                       | 31.25                                 | 36.15                                 | 24.90                                |
| Talbros International Private Limited 1,326,970 shares (31 <sup>st</sup> March, 2017: 1,326,970 shares; 1 <sup>st</sup> April, 2016: 1,167,101 shares) of ₹ 10 each                      | 2,486.72                              | 1,995.68                              | 1,110.05                             |
| T & T Motors Limited 83,333 shares (31 <sup>st</sup> March, 2017: 83,333 shares; 1 <sup>st</sup> April, 2016: 83,333 shares) of ₹ 10 each                                                | 70.01                                 | 71.18                                 | 72.85                                |
| <b>Others</b>                                                                                                                                                                            |                                       |                                       |                                      |
| <b>(Unquoted, at fair value through profit and loss)</b>                                                                                                                                 |                                       |                                       |                                      |
| Caparo Power Limited 1,147,134 equity shares (31 <sup>st</sup> March, 2017: 1,147,134 equity shares; 1 <sup>st</sup> April, 2016: 1,147,134 equity shares) of ₹ 10 each                  | 114.71                                | 114.71                                | 114.71                               |
| <b>(ii) Investment in preference shares</b>                                                                                                                                              |                                       |                                       |                                      |
| <b>(Unquoted, at amortised cost)</b>                                                                                                                                                     |                                       |                                       |                                      |
| Caparo Power Limited 2,54,920, 2% Cumulative redeemable preference shares (31 <sup>st</sup> March, 2017: 254,920 shares; 1 <sup>st</sup> April, 2016: 254,920 shares) of ₹ 10 each       | 20.86                                 | 19.07                                 | 17.44                                |
| <b>(iii) Investment in mutual funds</b>                                                                                                                                                  |                                       |                                       |                                      |
| <b>(Unquoted, at fair value through profit and loss)</b>                                                                                                                                 |                                       |                                       |                                      |
| SBI Infrastructure Fund-1-Growth Nil units (31 <sup>st</sup> March, 2017: 100,000 units; 1 <sup>st</sup> April, 2016: 100,000 units) of NAV ₹ 10 each                                    | -                                     | 13.64                                 | 10.62                                |
|                                                                                                                                                                                          | <b>5,331.55</b>                       | <b>4,758.43</b>                       | <b>3,858.57</b>                      |
| Aggregate amount of quoted investments                                                                                                                                                   | -                                     | -                                     | -                                    |
| Aggregate market value of quoted investments                                                                                                                                             | -                                     | -                                     | -                                    |
| Aggregate amount of unquoted investments                                                                                                                                                 | 5,331.55                              | 4,758.43                              | 3,858.57                             |
| Aggregate amount of impairment in value of investments                                                                                                                                   | -                                     | -                                     | -                                    |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 6**

(All amounts in INR lakhs, unless otherwise stated)

|                                     | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Loans - non current</b>        |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b> |                                       |                                       |                                      |
| Security deposits                   | 118.31                                | 114.44                                | 99.63                                |
|                                     | <b>118.31</b>                         | <b>114.44</b>                         | <b>99.63</b>                         |
| <b>B Loans - current</b>            |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b> |                                       |                                       |                                      |
| Inter-corporate deposit             | 549.58                                | 596.91                                | 551.61                               |
| Others*                             | 23.10                                 | 68.80                                 | 71.86                                |
|                                     | <b>572.68</b>                         | <b>665.71</b>                         | <b>623.47</b>                        |

\*refer note 38 for related party details

**NOTE - 7**

(All amounts in INR lakhs, unless otherwise stated)

|                                                  | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|--------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other financial assets - non-current</b>    |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b>              |                                       |                                       |                                      |
| Bank deposits with more than 12 months maturity* | 49.44                                 | 63.66                                 | 51.02                                |
|                                                  | <b>49.44</b>                          | <b>63.66</b>                          | <b>51.02</b>                         |
| <b>B Other financial assets - current</b>        |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b>              |                                       |                                       |                                      |
| Loan to employees                                | 42.43                                 | 21.47                                 | 28.08                                |
| Derivative assets of forward contracts           | -                                     | -                                     | 5.28                                 |
| Claims and other recoverable                     | 100.15                                | 24.13                                 | 79.78                                |
|                                                  | <b>142.58</b>                         | <b>45.60</b>                          | <b>113.14</b>                        |

\*Under lien with banks as security against borrowings.

**NOTE - 8 CURRENT TAX ASSETS**

(All amounts in INR lakhs, unless otherwise stated)

|                              | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Advance income tax           | 995.71                                | 1,360.15                              | -                                    |
| Less: Provision for taxation | (963.68)                              | (1,339.40)                            | -                                    |
|                              | <b>32.03</b>                          | <b>20.75</b>                          | -                                    |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 9

(All amounts in INR lakhs, unless otherwise stated)

|                                        | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|----------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other non-current assets</b>      |                                       |                                       |                                      |
| Prepaid expenses                       | -                                     | 1.28                                  | 10.32                                |
| Capital advances                       | 117.91                                | 133.09                                | 72.48                                |
|                                        | <b>117.91</b>                         | <b>134.37</b>                         | <b>82.80</b>                         |
| <b>B Other current assets</b>          |                                       |                                       |                                      |
| Advances to suppliers                  |                                       |                                       |                                      |
| - Considered good                      | 231.00                                | 178.53                                | 276.16                               |
| - Considered doubtful                  | 36.07                                 | 38.62                                 | 128.43                               |
| Balance with government authorities    |                                       |                                       |                                      |
| - Considered good                      | 1,587.82                              | 1,111.48                              | 1,168.45                             |
| - Considered doubtful                  | 50.50                                 | 50.49                                 | 20.45                                |
| Prepaid expenses                       | 72.91                                 | 69.14                                 | 87.55                                |
| Others                                 | 31.07                                 | 6.83                                  | 25.97                                |
|                                        | 2,009.37                              | 1,455.09                              | 1,707.01                             |
| Less : Provision for doubtful advances | (86.57)                               | (89.11)                               | (148.88)                             |
|                                        | <b>1,922.80</b>                       | <b>1,365.98</b>                       | <b>1,558.13</b>                      |

## NOTE - 10 INVENTORIES

(All amounts in INR lakhs, unless otherwise stated)

|                                                           | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-----------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>(Lower of cost or net realizable value)</b>            |                                       |                                       |                                      |
| Raw material                                              | 3,796.46                              | 2,596.18                              | 2,862.35                             |
| Work in progress                                          | 5,273.69                              | 5,448.81                              | 5,637.95                             |
| Finished goods                                            | 1,441.49                              | 1,491.85                              | 1,531.69                             |
| Stock in trade (in respect of goods acquired for trading) | 15.06                                 | 0.68                                  | 4.13                                 |
| Stores and spares                                         | 398.16                                | 338.30                                | 296.15                               |
|                                                           | <b>10,924.86</b>                      | <b>9,875.82</b>                       | <b>10,332.27</b>                     |
| <b>i) The above includes goods in transit as under:</b>   |                                       |                                       |                                      |
| Raw material                                              | 651.90                                | 573.40                                | 596.91                               |
| Stores and spares                                         | 12.61                                 | 1.03                                  | 4.27                                 |
|                                                           | <b>664.51</b>                         | <b>574.43</b>                         | <b>601.18</b>                        |

## NOTE - 11 TRADE RECEIVABLES

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                    | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>(Unsecured considered good, unless otherwise stated)</b>                        |                                       |                                       |                                      |
| Unsecured, considered good                                                         | 12,419.05                             | 8,971.14                              | 8,230.39                             |
| Unsecured, considered doubtful                                                     | 192.61                                | 272.96                                | 108.64                               |
|                                                                                    | <b>12,611.66</b>                      | <b>9,244.10</b>                       | <b>8,339.03</b>                      |
| Less: Allowance for doubtful debts                                                 | (192.61)                              | (272.96)                              | (108.64)                             |
|                                                                                    | <b>12,419.05</b>                      | <b>8,971.14</b>                       | <b>8,230.39</b>                      |
| <b>Includes trade receivables from companies in which directors are interested</b> |                                       |                                       |                                      |
| Magneti Marelli Talbros Chassis Systems Private Ltd.                               | 8.69                                  | -                                     | -                                    |
| Talbros Marugo Rubber Private Limited                                              | 10.33                                 | 77.93                                 | 54.31                                |

The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 36.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 12 CASH AND CASH EQUIVALENTS**

(All amounts in INR lakhs, unless otherwise stated)

|                                                    | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|----------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Cash on hand                                       | 58.78                                 | 49.48                                 | 34.15                                |
| Balances with banks                                |                                       |                                       |                                      |
| -in current accounts                               | 256.65                                | 294.55                                | 68.74                                |
| Deposits with original maturity less than 3 months | 5.99                                  | 7.07                                  | 6.58                                 |
|                                                    | <b>321.42</b>                         | <b>351.10</b>                         | <b>109.47</b>                        |

**NOTE - 13 OTHER BANK BALANCES**

(All amounts in INR lakhs, unless otherwise stated)

|                                            | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|--------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Term deposits <sup>^</sup>                 | 90.00                                 | 75.65                                 | 133.02                               |
| Margin money deposits (pledged with banks) | 344.99                                | 212.54                                | 241.42                               |
| Earmarked balances with banks              |                                       |                                       |                                      |
| - Unpaid dividend account                  | 20.96                                 | 15.84                                 | 13.77                                |
|                                            | <b>455.95</b>                         | <b>304.03</b>                         | <b>388.21</b>                        |

<sup>^</sup> includes deposits with original maturity of more than 12 months ₹ Nil (31<sup>st</sup> March, 2017: ₹ 58.47 lakhs; 1<sup>st</sup> April, 2016: ₹ 108.37 lakhs).

**NOTE - 14 EQUITY SHARE CAPITAL**

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                                              | As at<br>31 <sup>st</sup> March, 2018 |                 | As at<br>31 <sup>st</sup> March, 2017 |                 | As at<br>1 <sup>st</sup> April, 2016 |                 |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|---------------------------------------|-----------------|--------------------------------------|-----------------|
| <b>i Authorised</b>                                                                                          | <b>No. of shares</b>                  | <b>Amount</b>   | <b>No. of shares</b>                  | <b>Amount</b>   | <b>No. of shares</b>                 | <b>Amount</b>   |
| 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        |
|                                                                                                              | <b>2,00,00,000</b>                    | <b>2,000.00</b> | <b>2,00,00,000</b>                    | <b>2,000.00</b> | <b>2,00,00,000</b>                   | <b>2,000.00</b> |
| <b>ii Issued, subscribed and fully paid up</b>                                                               |                                       |                 |                                       |                 |                                      |                 |
| 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        |
|                                                                                                              | <b>1,23,45,630</b>                    | <b>1,234.56</b> | <b>1,23,45,630</b>                    | <b>1,234.56</b> | <b>1,23,45,630</b>                   | <b>1,234.56</b> |
| <b>iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year</b> |                                       |                 |                                       |                 |                                      |                 |
| <b>Equity shares</b>                                                                                         |                                       |                 |                                       |                 |                                      |                 |
| Balance at the beginning of the year                                                                         | 1,23,45,630                           | 1,234.56        | 1,23,45,630                           | 1,234.56        | 1,23,45,630                          | 1,234.56        |
| Changes during the year                                                                                      | -                                     | -               | -                                     | -               | -                                    | -               |
| <b>Balance at the end of the year</b>                                                                        | <b>1,23,45,630</b>                    | <b>1,234.56</b> | <b>1,23,45,630</b>                    | <b>1,234.56</b> | <b>1,23,45,630</b>                   | <b>1,234.56</b> |

**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**

| Name of the equity shareholders       | No. of shares | %      | No. of shares | %      | No. of shares | %      |
|---------------------------------------|---------------|--------|---------------|--------|---------------|--------|
| QH Talbros Private Limited            | -             | -      | -             | -      | 26,47,684     | 21.45% |
| Talbros International Private Limited | 45,71,620     | 37.03% | 43,70,022     | 35.40% | 10,49,321     | 8.50%  |

**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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 15 OTHER EQUITY

(All amounts in INR lakhs, unless otherwise stated)

|                                                       | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| General Reserve                                       | 598.23                                | 548.23                                | 498.23                               |
| Retained earnings                                     | 8,938.77                              | 7,348.56                              | 6,575.21                             |
| Capital reserve                                       | 15.21                                 | 15.21                                 | 15.21                                |
| Securities premium                                    | 4,678.30                              | 4,678.30                              | 4,678.30                             |
| Equity instruments through Other Comprehensive Income | 1,485.10                              | 1,113.11                              | 489.71                               |
| <b>Total other equity</b>                             | <b>15,715.61</b>                      | <b>13,703.41</b>                      | <b>12,256.66</b>                     |

## 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

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

## v "Equity instruments through Other Comprehensive Income"

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

## NOTE - 16

(All amounts in INR lakhs, unless otherwise stated)

|                                                            | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Long term borrowings</b>                              |                                       |                                       |                                      |
| <b>Secured</b>                                             |                                       |                                       |                                      |
| <b>Term Loans</b>                                          |                                       |                                       |                                      |
| <b>From banks</b>                                          |                                       |                                       |                                      |
| - IDFC bank                                                | 163.22                                | 39.99                                 | -                                    |
| - Vehicle Loans                                            | 80.70                                 | 111.64                                | 35.61                                |
| <b>From Others</b>                                         |                                       |                                       |                                      |
| - Bajaj Finance Ltd.(Term Loan-I)                          | 10.66                                 | 152.20                                | 401.65                               |
| - Bajaj Finance Ltd.(Term Loan-II)                         | 888.61                                | 300.00                                | -                                    |
| - Tata Capital Financial Services Limited                  | -                                     | 487.45                                | 812.39                               |
| - Vehicle Loans                                            | -                                     | 2.07                                  | 7.04                                 |
| <b>Unsecured</b>                                           |                                       |                                       |                                      |
| <b>Deposits</b>                                            |                                       |                                       |                                      |
| - From director                                            | 5.00                                  | 5.00                                  | 10.00                                |
| - From public                                              | 404.81                                | 564.19                                | 413.08                               |
|                                                            | <b>1,553.00</b>                       | <b>1,662.54</b>                       | <b>1,679.77</b>                      |
| <b>Amount disclosed under other financial liabilities:</b> |                                       |                                       |                                      |
| Current maturity of long-term debts                        | 699.55                                | 792.53                                | 924.34                               |
| Interest accrued on borrowings                             | 131.52                                | 111.68                                | 61.56                                |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 16 (CONTD.)****Notes:**

1. Term loan from IDFC Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
2. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
3. Term loan-I from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of the Company's gasket division situated at Faridabad and is further secured by personal guarantee of two directors.
4. Term loan-II from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of Company's gasket division situated at Faridabad and is further secured by personal guarantee of three directors.
5. Term loan from Tata Capital Financial Services Ltd is secured by first charge on all assets financed under this facility and is further secured by personal guarantee of three directors.
6. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                         | Terms of repayment                                                                                                                  | Interest Rate   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------|------------------------------|-----------------------------|
| <b>Term loans, secured</b>          |                                                                                                                                     |                 |                              |                              |                             |
| <b>From bank:</b>                   |                                                                                                                                     |                 |                              |                              |                             |
| IDFC                                | 42 equal monthly installments after 12 months moratorium period from the date of first disbursement.                                | 9.60% to 9.75%  | 163.22                       | 39.99                        | -                           |
| Vehicle Loan                        | The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan. | 9.25% to 10.75% | 80.70                        | 111.64                       | 35.61                       |
| <b>From others:</b>                 |                                                                                                                                     |                 |                              |                              |                             |
| Bajaj Finance Ltd. (Term Loan- I)   | 60 equal monthly installments from the date of loan                                                                                 | 9.65% to 10.80% | 10.66                        | 152.20                       | 401.65                      |
| Bajaj Finance Ltd. (Term Loan- II)  | 60 equal monthly installments from the date of loan                                                                                 | 9.65%           | 888.61                       | 300.00                       | -                           |
| Tata Capital Financial Services Ltd | Original repayment period is 3 years with the option of early repayment                                                             | 10.75%          | -                            | 487.45                       | 812.39                      |
| Vehicle Loan                        | 36 equal monthly installments from the date of loan                                                                                 | 6.28%           | -                            | 2.07                         | 7.04                        |
| <b>Unsecured Deposits</b>           |                                                                                                                                     |                 |                              |                              |                             |
| From director                       | Repayable within 3 years                                                                                                            | 11.00%          | 5.00                         | 5.00                         | 10.00                       |
| From public                         | Repayable within 2 to 3 years                                                                                                       | 9.50% - 11.00%  | 404.81                       | 564.19                       | 413.08                      |
|                                     |                                                                                                                                     |                 | <b>1,553.00</b>              | <b>1,662.54</b>              | <b>1,679.77</b>             |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 16 (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                               | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-----------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>B Short term borrowings</b>                            |                                       |                                       |                                      |
| <b>Secured</b>                                            |                                       |                                       |                                      |
| <b>a) Working capital loan from bank</b>                  |                                       |                                       |                                      |
| State Bank of India*                                      | -                                     | -                                     | 2,524.14                             |
| ICICI Bank*                                               | -                                     | -                                     | 90.87                                |
| IndusInd Bank*                                            | -                                     | -                                     | 791.13                               |
| HDFC Bank*                                                | 3,671.72                              | 3,755.15                              | 1,795.00                             |
| DBS Bank*                                                 | 924.89                                | 1,390.00                              | 1,000.00                             |
| Yes Bank*                                                 | 1,574.30                              | 1,338.37                              | 799.42                               |
| IDFC Bank*                                                | 1,103.57                              | 1,080.00                              | -                                    |
| Axis Bank*                                                | 1,000.00                              | -                                     | -                                    |
| <b>Unsecured</b>                                          |                                       |                                       |                                      |
| <b>a) Working capital loan from bank</b>                  |                                       |                                       |                                      |
| HDFC Bank**                                               | -                                     | -                                     | 1,000.00                             |
| <b>b) Working capital loan from others</b>                |                                       |                                       |                                      |
| Bajaj Finance Limited**                                   | 500.00                                | 850.00                                | 500.00                               |
| Tata Capital Financial Services Limited**                 | -                                     | -                                     | 298.31                               |
| <b>c) Deposits</b>                                        |                                       |                                       |                                      |
| Fixed deposits from public                                | 12.52                                 | 44.08                                 | 30.21                                |
| Inter-corporate deposit                                   | 100.00                                | 100.00                                | 100.00                               |
| <b>d) Borrowings on account of sales bill discounting</b> |                                       |                                       |                                      |
| Borrowing from banks                                      | 1,289.93                              | 1,115.01                              | 1,158.28                             |
|                                                           | <b>10,176.93</b>                      | <b>9,672.61</b>                       | <b>10,087.36</b>                     |

## Notes:

\* Working capital loans from State Bank of India, ICICI Bank, IndusInd Bank, HDFC Bank, DBS Bank, Yes Bank, IDFC Bank and Axis Bank are secured by way of first pari-passu charge to all current assets, both present and future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders and personal guarantee of two directors of the Company.

\*\* Working capital loans from HDFC Bank, Bajaj Finance Ltd and Tata Capital Financial Services Ltd are secured by personal guarantee of two directors of the Company.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                          | Terms of<br>repayment | Interest<br>Rate   | 31 <sup>st</sup> March,<br>2018 | 31 <sup>st</sup> March,<br>2017 | 1 <sup>st</sup> April,<br>2016 |
|--------------------------------------|-----------------------|--------------------|---------------------------------|---------------------------------|--------------------------------|
| <b>Working capital loan, secured</b> |                       |                    |                                 |                                 |                                |
| State Bank of India                  | Within 365 days       | 11.70% -<br>14.50% | -                               | -                               | 2,524.14                       |
| ICICI Bank                           | Within 365 days       | 11.60% -<br>14.50% | -                               | -                               | 90.87                          |
| IndusInd Bank                        | Within 365 days       | 11.70% -<br>14.50% | -                               | -                               | 791.13                         |
| HDFC Bank                            | Within 180 days       | 5.80% -<br>9.90%   | 3,671.72                        | 3,755.15                        | 1,795.00                       |
| DBS Bank                             | Within 365 days       | 5.50% -<br>9.10%   | 924.89                          | 1,390.00                        | 1,000.00                       |
| Yes Bank                             | Within 365 days       | 6.00% -<br>10.00%  | 1,574.30                        | 1,338.37                        | 799.42                         |
| IDFC Bank                            | Within 365 days       | 6.20% -<br>9.50%   | 1,103.57                        | 1,080.00                        | -                              |
| Axis Bank                            | Within 180 days       | 8.20%              | 1,000.00                        | -                               | -                              |

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 16 (CONTD.)**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                       | Terms of repayment | Interest Rate   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------------|--------------------|-----------------|------------------------------|------------------------------|-----------------------------|
| <b>Working capital loan, unsecured</b>                            |                    |                 |                              |                              |                             |
| HDFC Bank                                                         | Within 180 days    | 9.50%           | -                            | -                            | 1,000.00                    |
| Bajaj Finance Limited                                             | Within 90 days     | 9.65% - 9.85%   | 500.00                       | 850.00                       | 500.00                      |
| Tata Capital Financial Services Ltd                               | Within 180 days    | 11.00% - 11.50% | -                            | -                            | 298.31                      |
| <b>Deposits, unsecured</b>                                        |                    |                 |                              |                              |                             |
| Deposits from public                                              | Within 365 days    | 9.00% - 9.50%   | 12.52                        | 44.08                        | 30.21                       |
| Inter-corporate deposit                                           | Within 365 days    | 12.00%          | 100.00                       | 100.00                       | 100.00                      |
| <b>Borrowings on account of sales bill discounting, unsecured</b> |                    |                 |                              |                              |                             |
| Borrowings from banks                                             | Within 90 days     | 8.50% - 8.60%   | 1,289.93                     | 1,115.01                     | 1,158.28                    |
|                                                                   |                    |                 | <b>10,176.93</b>             | <b>9,672.61</b>              | <b>10,087.36</b>            |

**C Reconciliation of liabilities arising from financing activities**

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

(All amounts in INR lakhs, unless otherwise stated)

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                           | Long-term borrowings | Short-term borrowings | Total            |
|-------------------------------------------------------|----------------------|-----------------------|------------------|
| <b>As at 1<sup>st</sup> April, 2016</b>               | <b>2,604.12</b>      | <b>10,087.36</b>      | <b>12,691.48</b> |
| <b>Cash flow:</b>                                     |                      |                       |                  |
| - Proceeds                                            | 561.16               | -                     | 561.16           |
| - Repayment                                           | (708.30)             | (370.00)              | (1,078.30)       |
| <b>Other non-cash movements:</b>                      |                      |                       |                  |
| - Finance cost adjustment for effective interest rate | (1.91)               | -                     | (1.91)           |
| - Movement in bills discounted from banks             | -                    | (44.75)               | (44.75)          |
| <b>As at 31<sup>st</sup> March 2017</b>               | <b>2,455.07</b>      | <b>9,672.61</b>       | <b>12,127.68</b> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 17

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|----------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other financial liabilities - non-current</b> |                                       |                                       |                                      |
| Security deposits                                  | 19.68                                 | 14.25                                 | 13.03                                |
|                                                    | <b>19.68</b>                          | <b>14.25</b>                          | <b>13.03</b>                         |
| <b>B Other financial liabilities - current</b>     |                                       |                                       |                                      |
| Current maturity of long-term borrowings           | 699.55                                | 792.53                                | 924.34                               |
| Derivative liability on forward contracts          | 29.75                                 | -                                     | -                                    |
| Interest accrued on borrowings                     | 131.52                                | 111.68                                | 61.56                                |
| Employee related payables                          | 652.67                                | 675.07                                | 733.50                               |
| Security deposits                                  | 56.50                                 | 54.10                                 | 5.10                                 |
| Enhanced cost of land payable to HSIIDC            | -                                     | 97.33                                 | 66.08                                |
| Unclaimed dividend*                                | 20.96                                 | 15.84                                 | 13.78                                |
| Unclaimed matured deposits*                        | 18.63                                 | 45.03                                 | 39.47                                |
| Interest accrued on unclaimed matured deposits*    | 13.70                                 | 21.11                                 | 20.37                                |
| Other payables                                     | 112.11                                | 94.01                                 | 95.66                                |
|                                                    | <b>1,735.39</b>                       | <b>1,906.70</b>                       | <b>1,959.86</b>                      |

\* There are no amounts due for payment to investors education and protection fund

## NOTE - 18

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                   | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-----------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Provisions - non-current</b>             |                                       |                                       |                                      |
| Employees' post retirement/long-term benefits |                                       |                                       |                                      |
| Gratuity                                      | 150.28                                | 136.39                                | 184.75                               |
| Compensated absences                          | 173.92                                | 159.51                                | 125.67                               |
|                                               | <b>324.20</b>                         | <b>295.90</b>                         | <b>310.42</b>                        |

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

|                                               |               |              |               |
|-----------------------------------------------|---------------|--------------|---------------|
| <b>B Provisions - current</b>                 |               |              |               |
| Employees' post retirement/long-term benefits |               |              |               |
| Gratuity                                      | 70.00         | 30.00        | 60.00         |
| Compensated absences                          | 62.14         | 61.16        | 59.38         |
|                                               | <b>132.14</b> | <b>91.16</b> | <b>119.38</b> |

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

## NOTE - 19 DEFERRED TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                             | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|---------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Deferred tax liabilities arising on account of :</b> |                                       |                                       |                                      |
| Depreciation                                            | 991.37                                | 913.05                                | 877.90                               |
| Unamortised expenditures of tools                       | -                                     | -                                     | 390.64                               |
| Equity instruments carried at FVOCI                     | 446.82                                | 333.84                                | 146.87                               |
| Others                                                  | -                                     | 3.12                                  | 2.20                                 |
| <b>Deferred tax asset arising on account of :</b>       |                                       |                                       |                                      |
| Minimum alternative tax credit#                         | 753.46                                | 710.77                                | 996.47                               |
| Allowance for doubtful debts and advances               | 96.60                                 | 125.28                                | 87.53                                |
| Disallowances u/s 43B                                   | 164.56                                | 142.53                                | 183.74                               |
| Carry forward business losses                           | -                                     | -                                     | 44.48                                |
| Others                                                  | 1.18                                  | -                                     | -                                    |
|                                                         | <b>422.39</b>                         | <b>271.43</b>                         | <b>105.39</b>                        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 19 DEFERRED TAX LIABILITIES (CONTD.)****Movement in deferred tax liabilities (net)**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                               | 31 <sup>st</sup> March, 2017 | Recognised in statement of profit and loss | Recognised in other comprehensive income | 31 <sup>st</sup> March, 2018 |
|-------------------------------------------|------------------------------|--------------------------------------------|------------------------------------------|------------------------------|
| <b>Deferred tax liability:</b>            |                              |                                            |                                          |                              |
| Depreciation                              | 913.05                       | 78.32                                      | -                                        | 991.37                       |
| Equity instruments carried at FVOCI       | 333.84                       | -                                          | 112.98                                   | 446.82                       |
| Others                                    | 3.12                         | 21.24                                      | (24.36)                                  | -                            |
| <b>Deferred tax asset:</b>                |                              |                                            |                                          |                              |
| Minimum alternative tax credit            | 710.77                       | 42.69                                      | -                                        | 753.46                       |
| Allowance for doubtful debts and advances | 125.28                       | (28.68)                                    | -                                        | 96.60                        |
| Disallowances u/s 43B                     | 142.53                       | 22.03                                      | -                                        | 164.56                       |
| Others                                    | -                            | 1.18                                       | -                                        | 1.18                         |
|                                           | <b>271.43</b>                | <b>62.34</b>                               | <b>88.62</b>                             | <b>422.39</b>                |

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                               | 1 <sup>st</sup> April, 2016 | Recognised in statement of profit and loss | Recognised in other comprehensive income | 31 <sup>st</sup> March, 2017 |
|-------------------------------------------|-----------------------------|--------------------------------------------|------------------------------------------|------------------------------|
| <b>Deferred tax liability:</b>            |                             |                                            |                                          |                              |
| Depreciation                              | 877.90                      | 35.15                                      | -                                        | 913.05                       |
| Unamortised expenditures of tools         | 390.64                      | (390.64)                                   | -                                        | -                            |
| Equity instruments carried at FVOCI       | 146.87                      | -                                          | 186.97                                   | 333.84                       |
| Others                                    | 2.20                        | (16.73)                                    | 17.65                                    | 3.12                         |
| <b>Deferred tax asset:</b>                |                             |                                            |                                          |                              |
| Minimum alternative tax credit            | 996.47                      | (285.70)                                   | -                                        | 710.77                       |
| Allowance for doubtful debts and advances | 87.53                       | 37.75                                      | -                                        | 125.28                       |
| Disallowances u/s 43B                     | 183.74                      | (41.21)                                    | -                                        | 142.53                       |
| Carry forward business losses             | 44.48                       | (44.48)                                    | -                                        | -                            |
|                                           | <b>105.39</b>               | <b>(38.58)</b>                             | <b>204.62</b>                            | <b>271.43</b>                |

**Note:****(i) Breakup of amounts recognised in statement of profit and loss:**

(All amounts in INR lakhs, unless otherwise stated)

|                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------|------------------------------|------------------------------|
| <b>Recognised as part of:</b>         |                              |                              |
| - Deferred tax                        | 105.03                       | 21.89                        |
| - Earlier years tax adjustments (net) | (42.69)                      | (60.47)                      |
|                                       | <b>62.34</b>                 | <b>(38.58)</b>               |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 20

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                            | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|----------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other non-current liabilities</b> |                                       |                                       |                                      |
| Deferred income                        | 4.61                                  | 6.15                                  | 1.54                                 |
|                                        | <b>4.61</b>                           | <b>6.15</b>                           | <b>1.54</b>                          |
| <b>B Other current liabilities</b>     |                                       |                                       |                                      |
| Advance from customers                 | 294.56                                | 229.26                                | 153.54                               |
| Payable to statutory authorities       | 174.79                                | 315.47                                | 306.96                               |
| Deferred Income                        | 1.54                                  | 1.54                                  | 7.69                                 |
|                                        | <b>470.89</b>                         | <b>546.27</b>                         | <b>468.19</b>                        |

## NOTE - 21 TRADE PAYABLES\*

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                        | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Due to micro and small enterprises | -                                     | -                                     | -                                    |
| Due to others                      | 13,723.63                             | 9,310.30                              | 8,927.13                             |
|                                    | <b>13,723.63</b>                      | <b>9,310.30</b>                       | <b>8,927.13</b>                      |

\*Refer note 38 for related party transactions

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31<sup>st</sup> March, 2018, 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                                                                                                                                                                                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;                                                                                                                                       | -                            | -                            | -                           |
| ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;                                                                              | -                            | -                            | -                           |
| iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;                                                | -                            | -                            | -                           |
| iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and                                                                                                                                                                    | -                            | -                            | -                           |
| v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | -                            | -                            | -                           |

## NOTE - 22 CURRENT TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars              | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|--------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Provision for taxation   | -                                     | -                                     | 1,086.23                             |
| Less: Advance income tax | -                                     | -                                     | (1,077.34)                           |
|                          | -                                     | -                                     | <b>8.89</b>                          |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 23 REVENUE FROM OPERATIONS\***

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                         | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Sale of products                                    | 38,400.55                                  | 34,026.98                                  |
| Sale of services                                    | 50.47                                      | 42.95                                      |
| Other operating income                              | 1,549.59                                   | 1,273.08                                   |
|                                                     | <b>40,000.61</b>                           | <b>35,343.01</b>                           |
| <b>(i) Revenue from operations (gross) include:</b> |                                            |                                            |
| Gaskets                                             | 27,608.67                                  | 26,722.79                                  |
| Forgings                                            | 10,791.88                                  | 7,304.19                                   |
| Management fees                                     | 30.00                                      | 30.00                                      |
| Others                                              | 1,570.06                                   | 1,286.03                                   |
|                                                     | <b>40,000.61</b>                           | <b>35,343.01</b>                           |

\*The Government of India introduced the Goods and Services Tax (GST) with effect from 1<sup>st</sup> July, 2017. GST is collected on behalf of the Government and no economic benefit flows to the entity and hence Revenue from Operations under GST regime is presented excluding GST as per Ind AS 18 'Revenue'. However, Revenue from Operations under pre-GST regime included Excise Duty which is now subsumed in GST. Consequently, the figures for the year ended 31<sup>st</sup> March, 2018 are not comparable with the previous periods presented in the above table

**NOTE - 24 OTHER INCOME**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                               | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Interest income on:                                       |                                            |                                            |
| - Inter corporate deposits                                | 63.22                                      | 63.53                                      |
| - Fixed deposits with banks                               | 31.67                                      | 29.38                                      |
| - Other financial assets at amortised cost                | 3.13                                       | 3.10                                       |
| - Others                                                  | 0.72                                       | 0.50                                       |
| Dividend income from:                                     |                                            |                                            |
| - Related parties                                         | 320.90                                     | 269.34                                     |
| - Others                                                  | 4.47                                       | 3.64                                       |
| Royalty                                                   | 99.27                                      | 114.63                                     |
| Lease rentals                                             | 154.87                                     | 118.98                                     |
| Net gain on foreign currency transactions and translation | 111.77                                     | 250.02                                     |
| Profit on sale of property, plant and equipment (net)     | 81.76                                      | 37.70                                      |
| Fair value changes in investments carried at FVTPL        | 1.02                                       | 3.01                                       |
| Other non-operating income                                | 68.35                                      | 9.87                                       |
|                                                           | <b>941.15</b>                              | <b>903.70</b>                              |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 25 COST OF MATERIALS CONSUMED

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                    | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Opening inventory                              | 2,596.18                                   | 2,862.35                                   |
| Add: Purchases                                 | 22,917.67                                  | 17,327.36                                  |
|                                                | <b>25,513.85</b>                           | <b>20,189.71</b>                           |
| Less: Closing inventory                        | 3,796.46                                   | 2,596.18                                   |
|                                                | <b>21,717.39</b>                           | <b>17,593.53</b>                           |
| <b>Cost of raw materials consumed include:</b> |                                            |                                            |
| Tinplate/P.C.R.C.A/steel                       | 6,440.78                                   | 5,293.85                                   |
| Jointing                                       | 5,715.60                                   | 5,707.48                                   |
| Forging steels                                 | 6,039.77                                   | 3,534.75                                   |
| Bought out auto components and parts           | 1,987.94                                   | 1,812.20                                   |
| Others                                         | 1,533.30                                   | 1,245.25                                   |
|                                                | <b>21,717.39</b>                           | <b>17,593.53</b>                           |

## NOTE - 26 PURCHASE OF STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-------------|--------------------------------------------|--------------------------------------------|
| Dyna bond   | 242.55                                     | 236.84                                     |
|             | <b>242.55</b>                              | <b>236.84</b>                              |

## NOTE - 27 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                      | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|--------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Inventories at the end of the year:</b>       |                                            |                                            |
| Finished goods                                   | 1,441.49                                   | 1,491.85                                   |
| Work-in-progress                                 | 5,273.69                                   | 5,448.81                                   |
| Stock-in-trade                                   | 15.06                                      | 0.68                                       |
| <b>Inventories at the beginning of the year:</b> |                                            |                                            |
| Finished goods                                   | 1,491.85                                   | 1,531.69                                   |
| Work-in-progress                                 | 5,448.81                                   | 5,637.95                                   |
| Stock-in-trade                                   | 0.68                                       | 4.13                                       |
| <b>Net decrease</b>                              | <b>211.10</b>                              | <b>232.43</b>                              |

## NOTE - 28 EMPLOYEE BENEFITS EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                               | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-------------------------------------------|--------------------------------------------|--------------------------------------------|
| Salaries and wages                        | 4,484.69                                   | 4,045.11                                   |
| Contributions to provident and other fund | 279.46                                     | 282.68                                     |
| Staff welfare expenses                    | 371.20                                     | 354.26                                     |
|                                           | <b>5,135.35</b>                            | <b>4,682.05</b>                            |

## NOTE - 29 FINANCE COSTS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars          | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|----------------------|--------------------------------------------|--------------------------------------------|
| Interest expense     | 1,275.07                                   | 1,442.50                                   |
| Interest on others   | 1.33                                       | 1.22                                       |
| Other borrowing cost | 117.38                                     | 146.86                                     |
|                      | <b>1,393.78</b>                            | <b>1,590.58</b>                            |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 30 DEPRECIATION AND AMORTISATION EXPENSE**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                    | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|--------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Depreciation on:</b>        |                                            |                                            |
| - Property plant and equipment | 1,413.77                                   | 1,251.12                                   |
| - Investment property          | 14.14                                      | 13.63                                      |
| <b>Amortisation of:</b>        |                                            |                                            |
| - Intangible assets            | 26.44                                      | 34.05                                      |
|                                | <b>1,454.35</b>                            | <b>1,298.80</b>                            |
| Less: depreciation capitalised | 34.90                                      | 67.41                                      |
|                                | <b>1,419.45</b>                            | <b>1,231.39</b>                            |

**NOTE - 31 OTHER EXPENSES**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                         | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Consumption of stores and spares parts                              | 2,159.18                                   | 1,746.61                                   |
| Labour and processing charges                                       | 437.53                                     | 354.41                                     |
| Royalty                                                             | 16.42                                      | 13.74                                      |
| Power and fuel                                                      | 1,614.64                                   | 1,258.16                                   |
| Rent                                                                | 77.44                                      | 120.74                                     |
| Repairs to buildings                                                | 121.20                                     | 86.26                                      |
| Repairs to plant & machinery                                        | 424.14                                     | 335.34                                     |
| Repairs to other assets                                             | 195.70                                     | 109.60                                     |
| Insurance                                                           | 66.73                                      | 66.35                                      |
| Travelling, tour & conveyance                                       | 544.68                                     | 540.50                                     |
| Sales promotion expenses                                            | 218.05                                     | 263.36                                     |
| Packing, freight & forwarding                                       | 1,237.87                                   | 819.81                                     |
| Rates and taxes                                                     | 59.59                                      | 31.53                                      |
| Corporate social responsibility expenditure                         | 20.72                                      | 18.85                                      |
| Allowance for doubtful trade receivables/advances                   | 129.30                                     | 216.63                                     |
| Property, plant and equipment written off                           | 10.93                                      | -                                          |
| Excise duty on increase/(decrease) of inventories of finished goods | (130.04)                                   | 5.72                                       |
| Advances written off                                                | 212.19                                     | 112.09                                     |
| Provisions no longer required written back                          | (212.19)                                   | (112.09)                                   |
| Legal and professional                                              | 153.15                                     | 122.80                                     |
| Payment to auditors:                                                |                                            |                                            |
| <b>-As Auditors:</b>                                                |                                            |                                            |
| Audit fee                                                           | 10.10                                      | 7.10                                       |
| Tax audit fee                                                       | 2.30                                       | 2.30                                       |
| <b>-In other capacity:</b>                                          |                                            |                                            |
| Limited review                                                      | 1.92                                       | 2.52                                       |
| Other services                                                      | 1.88                                       | 4.08                                       |
| Out of pocket expenses                                              | 0.87                                       | -                                          |
| Donation                                                            | 4.43                                       | 5.05                                       |
| Miscellaneous expenses                                              | 530.49                                     | 465.84                                     |
|                                                                     | <b>7,909.22</b>                            | <b>6,597.30</b>                            |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 31 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 ₹ 20.72 lakhs (31<sup>st</sup> March, 2017: ₹ 18.85 lakhs).
- b) Amount spent during the financial year ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017 on:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                           | Year                         | Amount paid | Amount yet to be paid | Total |
|-------------------------------------------------------|------------------------------|-------------|-----------------------|-------|
| Contribution to Prime Minister's National Relief Fund | 31 <sup>st</sup> March, 2018 | -           | -                     | -     |
|                                                       | 31 <sup>st</sup> March, 2017 | -           | -                     | -     |
| Donation paid to charitable trust                     | 31 <sup>st</sup> March, 2018 | 20.72       | -                     | 20.72 |
|                                                       | 31 <sup>st</sup> March, 2017 | 18.85       | -                     | 18.85 |

Amount computed is based upon profits as per previous GAAP.

## NOTE - 32 EXCEPTIONAL ITEMS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                  | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------------------------------------------------------------|------------------------------|------------------------------|
| Profit on sale of property, plant and equipment <sup>^</sup> | 215.77                       | -                            |
|                                                              | <b>215.77</b>                | -                            |

<sup>^</sup>represents profit on sale of assets under partial strategic disinvestment at non-core material business assets.

## NOTE - 33 INCOME TAX

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                            | Year ended 31 <sup>st</sup> March, 2018 | Year ended 31 <sup>st</sup> March, 2017 |
|------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Tax expense comprises of:</b>                                       |                                         |                                         |
| Current tax                                                            | 523.01                                  | 288.40                                  |
| Deferred tax charge                                                    | 105.03                                  | 21.89                                   |
| Earlier years tax adjustments (net)                                    | (111.57)                                | (95.69)                                 |
| <b>Income tax expense reported in the statement of profit and loss</b> | <b>516.47</b>                           | <b>214.60</b>                           |

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in profit or loss are as follows:

|                                                                                                |                 |                 |
|------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Accounting profit before income tax</b>                                                     | <b>2,425.58</b> | <b>1,227.47</b> |
| At India's statutory income tax rate of 34.608% (31 <sup>st</sup> March, 2017: 34.608%)        | 839.45          | 424.80          |
| <b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b> |                 |                 |
| Tax impact of exempted income                                                                  | (112.12)        | (94.47)         |
| Impact of different rate of tax                                                                | (0.54)          | -               |
| Earlier years tax adjustments (net)                                                            | (111.57)        | (95.69)         |
| Others                                                                                         | (98.75)         | (20.04)         |
| <b>Income tax expense</b>                                                                      | <b>516.47</b>   | <b>214.60</b>   |

## NOTE - 34 EARNINGS PER SHARE (EPS)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                    | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------------------------------------------------------------------------------|------------------------------|------------------------------|
| Profit attributable to equity shareholders                                     | 1,909.11                     | 1,012.87                     |
| Profit attributable to equity shareholders adjusted for the effect of dilution | 1,909.11                     | 1,012.87                     |
| 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                  |
| Basic (₹)                                                                      | 15.46                        | 8.20                         |
| Diluted (₹)                                                                    | 15.46                        | 8.20                         |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 35 FAIR VALUE DISCLOSURES

### (i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** unobservable inputs for the asset or liability

### (ii) Financial assets and liabilities measured at fair value - recurring fair value measurements

(All amounts in INR lakhs, unless otherwise stated)

| 31 <sup>st</sup> March, 2018  | Level 1 | Level 2 | Level 3         | Total           |
|-------------------------------|---------|---------|-----------------|-----------------|
| <b>Financial assets</b>       |         |         |                 |                 |
| Investments at FVTPL          | -       | -       | 114.71          | 114.71          |
| Investments at FVOCI          | -       | -       | 2,587.98        | 2,587.98        |
| <b>Total financial assets</b> | -       | -       | <b>2,702.69</b> | <b>2,702.69</b> |

| 31 <sup>st</sup> March, 2017  | Level 1      | Level 2 | Level 3         | Total           |
|-------------------------------|--------------|---------|-----------------|-----------------|
| <b>Financial assets</b>       |              |         |                 |                 |
| Investments at FVTPL          | 13.64        | -       | 114.71          | 128.35          |
| Investments at FVOCI          | -            | -       | 2,103.01        | 2,103.01        |
| <b>Total financial assets</b> | <b>13.64</b> | -       | <b>2,217.72</b> | <b>2,231.36</b> |

| 1 <sup>st</sup> April, 2016   | Level 1      | Level 2 | Level 3         | Total           |
|-------------------------------|--------------|---------|-----------------|-----------------|
| <b>Financial assets</b>       |              |         |                 |                 |
| Investments at FVTPL          | 10.62        | -       | 114.71          | 125.33          |
| Investments at FVOCI          | -            | -       | 1,207.80        | 1,207.80        |
| <b>Total financial assets</b> | <b>10.62</b> | -       | <b>1,322.51</b> | <b>1,333.13</b> |

### (iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of net asset value for mutual funds on the basis of the statement received from investee party.
- the use of adjusted net asset value method for certain equity investment and discounted cash flow method (income approach) for remaining equity instruments.

### (iv) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (iii) above for the valuation techniques adopted.

| Particulars            | Fair value as at             |                              |                             | Significant unobservable inputs | Data inputs                  |                              |                             | Sensitivity*                                                                                                                                        |                                                                                                                                                     |
|------------------------|------------------------------|------------------------------|-----------------------------|---------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
|                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 | 1% increase in inputs                                                                                                                               | 1% decrease in inputs                                                                                                                               |
| Unquoted equity shares | 2,702.69                     | 2,217.72                     | 1,322.51                    | Terminal growth rate            | 5%                           | 5%                           | 5%                          | 31 <sup>st</sup> March, 2018: - ₹ 2,870.36 lakhs<br>31 <sup>st</sup> March, 2017: ₹ 2,444.16 lakhs<br>1 <sup>st</sup> April, 2016: ₹ 1,487.21 lakhs | 31 <sup>st</sup> March, 2018: - ₹ 2,568.70 lakhs<br>31 <sup>st</sup> March, 2017: ₹ 2,037.69 lakhs<br>1 <sup>st</sup> April, 2016: ₹ 1,193.10 lakhs |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 35 FAIR VALUE DISCLOSURES (CONTD.)

(v) The following table presents the changes in level 3 items for the year ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017:

| Particulars                                   | Equity shares   |
|-----------------------------------------------|-----------------|
| <b>As at 1<sup>st</sup> April, 2016</b>       | 1,322.51        |
| Acquisition during the year                   | 84.85           |
| Gain recognized in other comprehensive income | 810.36          |
| <b>As at 31<sup>st</sup> March, 2017</b>      | <b>2,217.72</b> |
| Acquisition during the year                   | -               |
| Gain recognized in other comprehensive income | 484.97          |
| <b>As at 31<sup>st</sup> March, 2018</b>      | <b>2,702.69</b> |

### (vi) Fair value of instruments measured at amortised cost

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | Level   | 31 <sup>st</sup> March, 2018 |                  | 31 <sup>st</sup> March, 2017 |                  | 1 <sup>st</sup> April, 2016 |                  |
|----------------------------------------------------|---------|------------------------------|------------------|------------------------------|------------------|-----------------------------|------------------|
|                                                    |         | Carrying value               | Fair value       | Carrying value               | Fair value       | Carrying value              | Fair value       |
| <b>Financial assets</b>                            |         |                              |                  |                              |                  |                             |                  |
| Security deposit, Inter corporate deposit & Others | Level 3 | 690.99                       | 691.08           | 780.15                       | 780.21           | 723.10                      | 723.10           |
| Other financial assets                             | Level 3 | 192.02                       | 192.02           | 109.26                       | 109.26           | 164.16                      | 164.16           |
| <b>Total financial assets</b>                      |         | <b>883.01</b>                | <b>883.10</b>    | <b>889.41</b>                | <b>889.47</b>    | <b>887.26</b>               | <b>887.26</b>    |
| <b>Financial liabilities</b>                       |         |                              |                  |                              |                  |                             |                  |
| Borrowings                                         | Level 3 | 12,561.00                    | 12,561.00        | 12,239.36                    | 12,239.36        | 12,753.03                   | 12,753.03        |
| Other financial liabilities                        | Level 3 | 924.00                       | 924.37           | 1,016.74                     | 1,016.90         | 986.99                      | 986.99           |
| <b>Total financial liabilities</b>                 |         | <b>13,485.00</b>             | <b>13,485.37</b> | <b>13,256.10</b>             | <b>13,256.26</b> | <b>13,740.02</b>            | <b>13,740.02</b> |

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

- Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31<sup>st</sup> March, 2018 was assessed to be insignificant.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

| NOTE - 36 FINANCIAL RISK MANAGEMENT                 |                              |                 |                  |                              |                 |                  |                             |                 |                  |
|-----------------------------------------------------|------------------------------|-----------------|------------------|------------------------------|-----------------|------------------|-----------------------------|-----------------|------------------|
| (i) Financial instruments by category               |                              |                 |                  |                              |                 |                  |                             |                 |                  |
| (All amounts in INR lakhs, unless otherwise stated) |                              |                 |                  |                              |                 |                  |                             |                 |                  |
| Particulars                                         | 31 <sup>st</sup> March, 2018 |                 |                  | 31 <sup>st</sup> March, 2017 |                 |                  | 1 <sup>st</sup> April, 2016 |                 |                  |
|                                                     | FVTPL                        | FVOCI           | Amortised cost   | FVTPL                        | FVOCI           | Amortised cost   | FVTPL                       | FVOCI           | Amortised cost   |
| <b>Financial assets</b>                             |                              |                 |                  |                              |                 |                  |                             |                 |                  |
| Investments*                                        | 114.71                       | 2,587.98        | 20.86            | 128.35                       | 2,103.01        | 19.07            | 125.34                      | 1,207.79        | 17.44            |
| Trade receivables                                   | -                            | -               | 12,419.05        | -                            | -               | 8,971.14         | -                           | -               | 8,230.39         |
| Loans                                               | -                            | -               | 572.68           | -                            | -               | 665.71           | -                           | -               | 623.47           |
| Cash and cash equivalents                           | -                            | -               | 321.42           | -                            | -               | 351.10           | -                           | -               | 109.47           |
| Other bank balances                                 | -                            | -               | 455.95           | -                            | -               | 304.03           | -                           | -               | 388.21           |
| Other financial assets                              | -                            | -               | 192.02           | -                            | -               | 109.26           | -                           | -               | 164.16           |
| Security deposits                                   | -                            | -               | 118.31           | -                            | -               | 114.44           | -                           | -               | 99.63            |
| <b>Total financial assets</b>                       | <b>114.71</b>                | <b>2,587.98</b> | <b>14,100.29</b> | <b>128.35</b>                | <b>2,103.01</b> | <b>10,534.75</b> | <b>125.34</b>               | <b>1,207.79</b> | <b>9,632.77</b>  |
| <b>Financial liabilities</b>                        |                              |                 |                  |                              |                 |                  |                             |                 |                  |
| Borrowings                                          | -                            | -               | 12,561.00        | -                            | -               | 12,239.36        | -                           | -               | 12,753.03        |
| Trade payables                                      | -                            | -               | 13,723.63        | -                            | -               | 9,310.30         | -                           | -               | 8,927.13         |
| Other financial liabilities                         | -                            | -               | 924.00           | -                            | -               | 1,016.74         | -                           | -               | 986.99           |
| <b>Total financial liabilities</b>                  | <b>-</b>                     | <b>-</b>        | <b>27,208.63</b> | <b>-</b>                     | <b>-</b>        | <b>22,566.40</b> | <b>-</b>                    | <b>-</b>        | <b>22,667.15</b> |

\*Investments in joint venture are carried at cost per Ind AS 27 – Separate financial statements and therefore, not presented here.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 36 FINANCIAL RISK MANAGEMENT (CONTD.)

### (ii) Risk management framework

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk                           | Exposure arising from                                                                     | Measurement                 | Management                                                                                                                          |
|--------------------------------|-------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Credit risk                    | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Aging analysis              | Bank deposits, diversification of asset base, credit limits and collateral.                                                         |
| Liquidity risk                 | Borrowings and other liabilities                                                          | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities                                                                     |
| Market risk - foreign exchange | Recognised financial assets and liabilities not denominated in Indian rupee (INR)         | Cash flow forecasting       | Forward contract/hedging, if required                                                                                               |
| Market risk - interest rate    | Long-term borrowings at variable rates                                                    | Sensitivity analysis        | Negotiation of terms that reflect the market factors                                                                                |
| Market risk - security price   | Investments in equity securities                                                          | Sensitivity analysis        | Company has investments in equity shares, except for entities where it exercises control or joint control or significant influence. |

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

### (A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks and financial institutions

### a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the company, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

### Assets under credit risk -

(All amounts in INR lakhs, unless otherwise stated)

| Credit rating | Particulars               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|---------------|---------------------------|------------------------------|------------------------------|-----------------------------|
| A: Low        | Loans                     | 690.99                       | 780.15                       | 723.10                      |
|               | Other financial assets    | 192.02                       | 109.26                       | 164.16                      |
|               | Cash and cash equivalents | 321.42                       | 351.10                       | 109.47                      |
|               | Other bank balances       | 455.95                       | 304.03                       | 388.21                      |
| B: Medium     | Trade receivables         | 12,611.66                    | 9,244.10                     | 8,339.03                    |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 36 FINANCIAL RISK MANAGEMENT (CONTD.)****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 amortised cost**

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

**b) Expected credit losses****Trade receivables**

- (i) The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by 'analysing historical trend of default relevant based on the criteria defined above. And such provision percentage determined have been 'considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                          | 31 <sup>st</sup> March, 2018 |                  | 31 <sup>st</sup> March, 2017 |                  | 1 <sup>st</sup> April, 2016 |                  |
|------------------------------------------------------|------------------------------|------------------|------------------------------|------------------|-----------------------------|------------------|
|                                                      | Less than 1 year             | More than 1 year | Less than 1 year             | More than 1 year | Less than 1 year            | More than 1 year |
| Gross debtors where no specific default has occurred | 12,408.35                    | 203.31           | 8,486.38                     | 757.72           | 7,586.47                    | 752.56           |
| Expected loss rate                                   | 1.52%                        | 1.70%            | 2.92%                        | 3.36%            | 1.28%                       | 1.51%            |
| Expected credit loss (loss allowance provision)      | 189.15                       | 3.46             | 247.52                       | 25.44            | 97.25                       | 11.39            |

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

(All amounts in INR lakhs, unless otherwise stated)

| Reconciliation of loss allowance               | Trade receivables |
|------------------------------------------------|-------------------|
| Loss allowance on 1 <sup>st</sup> April, 2016  | 108.64            |
| Add: Changes in loss allowances                | 164.32            |
| Loss allowance on 31 <sup>st</sup> March, 2017 | 272.96            |
| Less: Changes in loss allowances               | (80.35)           |
| Loss allowance on 31 <sup>st</sup> March, 2018 | 192.61            |

**Other financial assets measured at amortised cost**

Company provides for expected credit losses on other financial assets by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 36 FINANCIAL RISK MANAGEMENT (CONTD.)

## (B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

## Financing arrangements

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                 | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Expiring within one year (cash credit and other facilities) | 925.53                                | 636.48                                | 1,201.14                             |
| Expiring beyond one year (bank loans - floating rate)       | 583.84                                | 1,560.01                              | -                                    |

## Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity of Group based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(All amounts in INR lakhs, unless otherwise stated)

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

| 31 <sup>st</sup> March, 2017 | Less than 1 year | 1-3 year        | More than 3 years | Total            |
|------------------------------|------------------|-----------------|-------------------|------------------|
| Borrowings                   | 10,618.19        | 1,826.87        | 123.30            | 12,568.36        |
| Security deposit received    | 54.10            | -               | 22.26             | 76.36            |
| Trade payable                | 9,310.30         | -               | -                 | 9,310.30         |
| Other financial liabilities  | 1,060.07         | -               | -                 | 1,060.07         |
| <b>Total</b>                 | <b>21,042.66</b> | <b>1,826.87</b> | <b>145.56</b>     | <b>23,015.09</b> |

| 1 <sup>st</sup> April, 2016 | Less than 1 year | 1-3 year        | More than 3 years | Total            |
|-----------------------------|------------------|-----------------|-------------------|------------------|
| Borrowings                  | 11,203.66        | 1,945.05        | -                 | 13,148.71        |
| Security deposit received   | 5.10             | -               | 22.26             | 27.36            |
| Trade payable               | 8,927.13         | -               | -                 | 8,927.13         |
| Other financial liabilities | 1,030.41         | -               | -                 | 1,030.41         |
| <b>Total</b>                | <b>21,166.30</b> | <b>1,945.05</b> | <b>22.26</b>      | <b>23,133.61</b> |

## (C) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 36 FINANCIAL RISK MANAGEMENT (CONTD.)****(i) Foreign exchange risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Yen and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Company entities. Considering the low volume of foreign currency transactions, the Company's exposure to foreign currency risk is limited.

**Exposure to currency risk:**

Particulars of unhedged foreign currency exposures as at year end:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                      | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|----------------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Import trade payables:</b>    |                              |                              |                             |
| EURO                             | 21.40                        | 16.55                        | 13.53                       |
| INR (₹)                          | 1,717.23                     | 1,154.61                     | 1,039.96                    |
| USD                              | 47.60                        | 32.51                        | 28.22                       |
| INR (₹)                          | 3,102.82                     | 2,121.65                     | 1,902.10                    |
| GBP                              | 0.09                         | 0.05                         | 0.08                        |
| INR (₹)                          | 7.98                         | 3.69                         | 7.93                        |
| SGD                              | 0.01                         | 0.01                         | -                           |
| INR (₹)                          | 0.27                         | 0.25                         | -                           |
| JPY                              | 261.07                       | 218.61                       | 578.24                      |
| INR (₹)                          | 160.33                       | 127.71                       | 353.42                      |
| <b>Export trade receivables:</b> |                              |                              |                             |
| EURO                             | 30.89                        | 15.58                        | 6.63                        |
| INR (₹)                          | 2,477.85                     | 1,069.96                     | 483.64                      |
| USD                              | 16.05                        | 13.68                        | 14.76                       |
| INR (₹)                          | 1,046.10                     | 882.09                       | 954.54                      |
| GBP                              | 0.32                         | 0.76                         | 0.60                        |
| INR (₹)                          | 29.84                        | 61.18                        | 55.59                       |
| AUD                              | 0.03                         | 0.02                         | 0.28                        |
| INR (₹)                          | 1.41                         | 1.10                         | 13.89                       |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Foreign exchange forward contracts to sell foreign currency |                              |                              |                             |
| EURO                                                        | 8.10                         | -                            | 12.00                       |
| INR (₹)                                                     | 662.57                       | -                            | 926.57                      |
| Foreign exchange forward contracts to buy foreign currency  |                              |                              |                             |
| JPY                                                         | -                            | 64.04                        | -                           |
| INR (₹)                                                     | -                            | 39.50                        | -                           |
| USD                                                         | -                            | 7.70                         | -                           |
| INR (₹)                                                     | -                            | 522.27                       | -                           |

All the above contracts are maturing within one year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 36 FINANCIAL RISK MANAGEMENT (CONTD.)

### Sensitivity

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31<sup>st</sup> 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.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars             | Currency | Strengthening                |                              | Weakening                    |                              |
|-------------------------|----------|------------------------------|------------------------------|------------------------------|------------------------------|
|                         |          | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
| <b>Financial assets</b> |          |                              |                              |                              |                              |
| 1% movement             | EURO     | (4.94)                       | 0.55                         | 4.94                         | (0.55)                       |
| 4% movement             | USD      | 53.48                        | 32.42                        | (53.48)                      | (32.42)                      |
| 1% movement             | YEN      | 1.03                         | 0.83                         | (1.03)                       | (0.83)                       |

### (ii) Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars             | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------|------------------------------|------------------------------|-----------------------------|
| Variable rate borrowing | 12,348.78                    | 12,016.04                    | 12,655.87                   |
| Fixed rate borrowing    | 80.70                        | 111.64                       | 35.61                       |
| <b>Total borrowings</b> | <b>12,429.48</b>             | <b>12,127.68</b>             | <b>12,691.48</b>            |

### Sensitivity

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                  | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------------|------------------------------|------------------------------|
| Interest rates - increase by 50 basis points | (40.14)                      | (39.29)                      |
| Interest rates - decrease by 50 basis points | 40.14                        | 39.29                        |

### iii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### iv) Price risk

#### Exposure

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Investments carried at fair value through other comprehensive income   | 2,587.98                     | 2,103.01                     | 1,207.79                    |
| Investments carried at fair value through statement of profit and loss | 114.71                       | 128.35                       | 125.34                      |
| <b>Total investments</b>                                               | <b>2,702.69</b>              | <b>2,231.36</b>              | <b>1,333.13</b>             |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 36 FINANCIAL RISK MANAGEMENT (CONTD.)****Sensitivity****Investments carried at fair value through other comprehensive income**

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                      | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------|------------------------------|------------------------------|
| Fair value – increase by 500 bps | 99.25                        | 80.89                        |
| Fair value – decrease by 500 bps | (99.25)                      | (80.89)                      |

**Investments carried at fair value through statement of profit and loss**

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------|------------------------------|------------------------------|
| Net assets value – increase by 500 bps | 5.74                         | 4.20                         |
| Net assets value – decrease by 500 bps | (5.74)                       | (4.20)                       |

**NOTE - 37****A Capital management**

The Company's capital management objectives are

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

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

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

The Company's adjusted net debt to equity ratio at 31<sup>st</sup> March, 2018 was as follows.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|---------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Total borrowings                                  | 12,561.00                    | 12,239.36                    | 12,753.03                   |
| Less : cash and cash equivalents                  | 321.42                       | 351.10                       | 109.47                      |
| <b>Net debt</b>                                   | <b>12,239.58</b>             | <b>11,888.26</b>             | <b>12,643.56</b>            |
| Total equity                                      | 16,950.17                    | 14,937.97                    | 13,491.22                   |
| <b>Adjusted net debt to adjusted equity ratio</b> | <b>0.72</b>                  | <b>0.80</b>                  | <b>0.94</b>                 |

**B Dividend****Final dividend paid**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                                                                         | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Final dividend for the year ended 31 <sup>st</sup> March, 2017 - ₹ 1.50 per share (31 <sup>st</sup> March, 2016 - ₹ 1.50 per share) | 185.18                       | 185.18                       |
| Dividend distribution tax                                                                                                           | 37.70                        | 37.70                        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 38 RELATED PARTY TRANSACTIONS

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

### i) Parties where control exists:

#### Jointly controlled entities

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

#### Investing party in respect of which the Company is an associate

- (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. Rajive Sawhney
- (x) Mr. V. Mohan
- (xi) Mr. Amit Burman
- (xii) Mr. R. R. Vederah
- (xiii) Ms. Pallavi Sadanand Poojari\*
- (xiv) Mr. Manish Khanna - Chief Financial Officer
- (xv) Ms. Seema Narang - Company Secretary

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

#### Enterprise over which key management personnel exercise significant influences

- (i) QH Talbros Private Limited

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

#### (a) Transactions with joint ventures and associates:

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars                                             | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------|---------------------------------------------------------|------------------------------|------------------------------|
| 1      | <b>Sale of goods</b>                                    |                              |                              |
|        | QH Talbros Private Limited                              | 4,142.83                     | 2,348.75                     |
|        | Nippon Leakless Talbros Private Limited                 | 23.86                        | 8.22                         |
| 2      | <b>Sale of services</b>                                 |                              |                              |
|        | Talbros Marugo Rubber Private Limited                   | 35.40                        | 34.50                        |
| 3      | <b>Royalty income</b>                                   |                              |                              |
|        | QH Talbros Private Limited                              | 117.14                       | 138.74                       |
| 4      | <b>Purchase of goods</b>                                |                              |                              |
|        | Nippon Leakless Talbros Private Limited                 | 114.19                       | 121.81                       |
|        | QH Talbros Private Limited                              | 52.87                        | 1.74                         |
|        | Talbros Marugo Rubber Private Limited                   | -                            | 0.26                         |
| 5      | <b>Dividend received</b>                                |                              |                              |
|        | Nippon Leakless Talbros Private Limited                 | 312.00                       | 264.00                       |
|        | QH Talbros Private Limited                              | 8.90                         | 5.34                         |
| 6      | <b>Lease rental income</b>                              |                              |                              |
|        | Magneti Marelli Talbros Chassis Systems Private Limited | 176.77                       | 137.09                       |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 38 RELATED PARTY TRANSACTIONS**

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars                                               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------|-----------------------------------------------------------|------------------------------|------------------------------|
| 7      | <b>Reimbursement of expenses/payments</b>                 |                              |                              |
|        | Magneti Marelli Talbros Chassis Systems Private Limited   | 133.01                       | 134.71                       |
|        | Talbros Marugo Rubber Private Limited                     | 0.70                         | 1.10                         |
|        | Talbros International Private Limited                     | 6.22                         | 10.62                        |
| 8      | <b>Investment in equity share capital during the year</b> |                              |                              |
|        | Talbros Marugo Rubber Private Limited                     | 100.00                       | -                            |

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Balance outstanding at the end of the year                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|--------|----------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| 1      | <b>Outstanding balance included in financial assets (Trade Receivable)</b> |                              |                              |                             |
|        | Talbros Marugo Rubber Private Limited                                      | 10.33                        | 77.93                        | 54.31                       |
|        | QH Talbros Private Limited                                                 | 712.75                       | 680.25                       | 835.62                      |
|        | Magneti Marelli Talbros Chassis Systems Private Limited                    | 8.69                         | -                            | -                           |
| 2      | <b>Outstanding balance included in financial assets (Others)</b>           |                              |                              |                             |
|        | Magneti Marelli Talbros Chassis Systems Private Limited                    | 13.09                        | 26.99                        | 34.74                       |
|        | Talbros International Private Limited                                      | 16.85                        | 10.62                        | 6.25                        |
|        | QH Talbros Private Limited                                                 | -                            | 31.19                        | 30.88                       |
| 3      | <b>Outstanding balance included in financial liabilities</b>               |                              |                              |                             |
|        | Nippon Leakless Talbros Private Limited                                    | 45.60                        | 48.48                        | 43.03                       |
|        | Magneti Marelli Talbros Chassis Systems Private Limited                    | 22.26                        | 22.26                        | 22.26                       |
|        | QH Talbros Private Limited                                                 | 45.58                        | -                            | -                           |
|        | Talbros Marugo Rubber Private Limited                                      | -                            | 0.26                         | -                           |

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

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars                                                              | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------|--------------------------------------------------------------------------|------------------------------|------------------------------|
| 1      | <b>Remuneration</b>                                                      |                              |                              |
|        | <b>Short-term employee benefits</b>                                      |                              |                              |
|        | Mr. Umesh Talwar                                                         | 100.44                       | 100.44                       |
|        | Mr. Anuj Talwar                                                          | 72.00                        | 71.31                        |
|        | Mr. Manish Khanna                                                        | 34.04                        | 25.54                        |
|        | Ms. Seema Narang                                                         | 22.65                        | 23.11                        |
|        | <b>Other long-term benefits</b>                                          |                              |                              |
|        | Mr. Umesh Talwar                                                         | 27.15                        | 27.12                        |
|        | Mr. Anuj Talwar                                                          | 11.74                        | 11.44                        |
|        | Mr. Manish Khanna                                                        | 1.38                         | 0.43                         |
|        | Ms. Seema Narang                                                         | 2.67                         | 2.83                         |
|        | <b>Post-employment benefits</b>                                          |                              |                              |
|        | Mr. Umesh Talwar                                                         | 57.68                        | 54.88                        |
|        | Mr. Anuj Talwar                                                          | 21.72                        | 20.47                        |
|        | Mr. Manish Khanna                                                        | 2.36                         | 1.50                         |
|        | Ms. Seema Narang                                                         | 6.37                         | 5.71                         |
|        | <b>Fee for attending board &amp; committee meetings to all the KMP's</b> | 5.50                         | 6.50                         |
| 2      | <b>Rent paid</b>                                                         |                              |                              |
|        | Mrs. Kum Kum Talwar                                                      | 7.20                         | 7.20                         |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

### A Contingent liabilities

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                             | Nature of dues                                                                                                                                                                                                                                | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| (i) Central excise                      | Demand for dispute of classification of paper gasket                                                                                                                                                                                          | -                            | -                            | 14.18                       |
| (ii) Service tax                        | Cenvat credit disallowed                                                                                                                                                                                                                      | 11.53                        | 11.53                        | 11.53                       |
| (iii) Central sales tax                 | Central Sales Tax                                                                                                                                                                                                                             | 4.98                         | 4.98                         | 4.98                        |
| (iv) Haryana value added tax            | Disallowance of input tax                                                                                                                                                                                                                     | 2.74                         | 2.74                         | 2.74                        |
| (v) Customs Act                         | Demand of custom duty (includes ₹ 4.13 lakhs paid under protest, 1 <sup>st</sup> April, 2016: ₹ 28.78 lakhs)                                                                                                                                  | 36.09                        | 36.09                        | 60.74                       |
| (vi) Employee's state insurance         | ESI demand                                                                                                                                                                                                                                    | 47.57                        | 47.57                        | 47.57                       |
| (vii) Income tax                        | Income tax demand on disallowance of expenditures                                                                                                                                                                                             | 39.55                        | 39.55                        | 39.55                       |
| (viii) District judge                   | Claim of freight bills                                                                                                                                                                                                                        | 8.13                         | 8.13                         | 8.13                        |
| (ix) High Court, Mumbai                 | Fees for building work                                                                                                                                                                                                                        | -                            | -                            | 0.55                        |
| (x) Central excise                      | Objection on exemption on some of the products sold from Sitarganj Plant (includes amount paid under protest (31 <sup>st</sup> March, 2018: ₹ 83.75 lakhs, 31 <sup>st</sup> March, 2017: ₹ 80 lakhs, 1 <sup>st</sup> April, 2016: ₹ 80 lakhs) | 440.90                       | 440.90                       | 440.90                      |
| (xi) Municipal Corporation of Faridabad | Demand for external development charges                                                                                                                                                                                                       | 255.00                       | 255.00                       | 255.00                      |
| (xii) Labour disputes                   | Litigations filed by employees                                                                                                                                                                                                                | 43.00                        | 43.00                        | 43.00                       |
| (xiii) Civil judge                      | Claim filed by BSNL Ltd                                                                                                                                                                                                                       | 2.41                         | 2.41                         | 2.41                        |
| (xiv) Bonus Payable*                    | Bonus payable for F.Y 2014-15                                                                                                                                                                                                                 | 40.23                        | 40.23                        | 40.23                       |
| <b>Total</b>                            |                                                                                                                                                                                                                                               | <b>932.13</b>                | <b>932.13</b>                | <b>971.51</b>               |

\*Retrospective bonus liability for F.Y 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts.

(2) Guarantees executed in favour of various authorities/ customers/ others amounting to ₹ 20.01 lakhs (31<sup>st</sup> March, 2017: ₹ 5.33 lakhs, 1<sup>st</sup> April, 2016: ₹ 11.07 lakhs).

### B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 285.71 lakhs (31<sup>st</sup> March, 2017: ₹ 388.18 lakhs, 1<sup>st</sup> April, 2016: ₹ 54.10 lakhs).

**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 40****(i) Leases disclosure as lessee****Operating leases**

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------|------------------------------|------------------------------|
| Within one year                                   | 4.12                         | 75.49                        |
| Later than one year but not later than five years | -                            | 112.95                       |
| Later than five years                             | -                            | -                            |

**(ii) Leases disclosure as lessor****Operating leases**

The Company has also given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 153.33 lakhs (31<sup>st</sup> March, 2017: ₹ 117.44 lakhs, 1<sup>st</sup> April, 2016: ₹ 139.83 lakhs) on such lease is included in other incomes. Lease income is recognised in the statement of profit and loss under "Other Income" (refer note 24). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------|------------------------------|------------------------------|
| Within one year                                   | 145.62                       | -                            |
| Later than one year but not later than five years | 473.68                       | -                            |
| Later than five years                             | -                            | -                            |

**NOTE - 41 EMPLOYEE BENEFITS****1 Defined contribution plans:**

- A** The Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Company:

**Provident Fund Plan & Employee Pension Scheme:** The Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

**Superannuation Scheme:** The Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

- B** The expense recognised during the period towards defined contribution plans are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-------------------------------------------------------------|------------------------------|------------------------------|
| (a) Employer's contribution to Provident fund & other funds | 172.22                       | 182.05                       |
| (b) Employer's contribution to superannuation fund          | 13.21                        | 17.56                        |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 41 EMPLOYEE BENEFITS (CONTD.)

## C Compensated absences- Earned leave

## Risk

|                          |                                                                                                                                                                |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary increases         | Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability. |
| Discount rate            | Reduction in discount rate in subsequent valuations can increase the plan's liability.                                                                         |
| Mortality and disability | Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.                                             |
| Withdrawals              | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.       |

## i) Amounts recognised in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|----------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Present value of obligation at the end of the year | 236.06                       | 220.67                       | 185.05                      |
| Fair value of plan assets                          | -                            | -                            | -                           |
| Unfunded liability/provision in balance sheet      | (236.06)                     | (220.67)                     | (185.05)                    |
| Unfunded liability recognised in balance sheet     | (236.06)                     | (220.67)                     | (185.05)                    |

## ii) Expenses recognised in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                              | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|------------------------------------------|------------------------------|------------------------------|
| Current service cost                     | 83.04                        | 72.57                        |
| Interest cost                            | 14.08                        | 12.20                        |
| Actuarial (gain)/loss net on account of: |                              |                              |
| -Changes in demographic assumptions      | -                            | -                            |
| -Changes in financial assumptions        | (1.43)                       | 6.10                         |
| -Changes in experience adjustment        | (14.60)                      | 5.95                         |
| <b>Cost recognised during the year</b>   | <b>81.09</b>                 | <b>96.82</b>                 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year  | 220.67                       | 185.05                       |
| Current service cost                                                      | 83.04                        | 72.57                        |
| Interest cost                                                             | 14.08                        | 12.20                        |
| Actuarial (gain)/loss net                                                 | (16.03)                      | 12.05                        |
| Benefits paid                                                             | (65.70)                      | (61.20)                      |
| <b>Present value of defined benefit obligation at the end of the year</b> | <b>236.06</b>                | <b>220.67</b>                |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------------------|------------------------------|------------------------------|-----------------------------|
| Discount rate          | 7.70%                        | 7.50%                        | 7.90%                       |
| Salary escalation rate | 6.00%                        | 6.00%                        | 6.00%                       |
| Retirement Age (Years) | 58                           | 58                           | 58                          |
| Withdrawal rate        | 3.00%                        | 3.00%                        | 3.00%                       |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 41 EMPLOYEE BENEFITS (CONTD.)****2 Defined benefit plans:****A Gratuity****Risk**

|                          |                                                                                                                                                                                 |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary increases         | Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.                  |
| Investment risk          | Assets & Liabilities can mismatch in funded plans. Actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability. |
| Discount rate            | Reduction in discount rate in subsequent valuations can increase the plan's liability.                                                                                          |
| Mortality and disability | Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.                                                              |
| Withdrawals              | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.                        |

**i) Amounts recognised in the balance sheet**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|----------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Present value of obligation at the end of the year | 545.19                       | 471.76                       | 561.16                      |
| Fair value of plan assets                          | 324.90                       | 305.37                       | 316.41                      |
| Unfunded liability/provision in balance sheet      | (220.29)                     | (166.39)                     | (244.75)                    |
| Unfunded liability recognised in balance sheet     | (220.29)                     | (166.39)                     | (244.75)                    |

**ii) Expenses recognised in other comprehensive income**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|---------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Return on plan assets                             | 1.77                         | 3.43                         | (2.96)                      |
| Actuarial (gain)/loss on PBO                      | 68.61                        | (54.45)                      | 12.62                       |
| Expenses recognised in other comprehensive income | 70.38                        | (51.02)                      | 9.66                        |

**iii) Actuarial (gain)/loss on obligation**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                              | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|------------------------------------------|------------------------------|------------------------------|
| Actuarial (gain)/loss net on account of: |                              |                              |
| -Changes in demographic assumptions      | -                            | -                            |
| -Changes in financial assumptions        | (7.30)                       | 9.70                         |
| -Changes in experience adjustment        | 75.90                        | (64.16)                      |

**iv) Expenses recognised in statement of profit and loss**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------|------------------------------|------------------------------|
| Current service cost                   | 49.51                        | 47.08                        |
| Interest cost (Net)                    | 9.64                         | 15.58                        |
| <b>Cost recognised during the year</b> | <b>59.15</b>                 | <b>62.66</b>                 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year  | 471.76                       | 561.16                       |
| Current service cost                                                      | 49.51                        | 47.08                        |
| Interest cost                                                             | 32.49                        | 39.05                        |
| Actuarial (gain)/loss net                                                 | 68.60                        | (54.45)                      |
| Benefits paid                                                             | (77.18)                      | (121.08)                     |
| <b>Present value of defined benefit obligation at the end of the year</b> | <b>545.18</b>                | <b>471.76</b>                |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 41 EMPLOYEE BENEFITS (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|------------------------------------------------------------|------------------------------|------------------------------|
| Present value of plan assets at the beginning of the year  | 305.37                       | 316.41                       |
| Return on plan assets                                      | 21.07                        | 20.03                        |
| Contributions by employer                                  | 75.87                        | 90.00                        |
| Benefits paid during the year                              | (77.41)                      | (121.07)                     |
| <b>Present value of plan assets at the end of the year</b> | <b>324.90</b>                | <b>305.37</b>                |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------------------|------------------------------|------------------------------|-----------------------------|
| Discount rate          | 7.70%                        | 7.50%                        | 7.50%                       |
| Salary escalation rate | 6.00%                        | 6.00%                        | 6.00%                       |
| Retirement age (years) | 58                           | 58                           | 58                          |
| Withdrawal rate        | 3.00%                        | 3.00%                        | 3.00%                       |

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

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

(All amounts in INR lakhs, unless otherwise stated)

| Year 31 <sup>st</sup> March, 2018 | Year 31 <sup>st</sup> March, 2017 | Amount<br>31 <sup>st</sup> March, 2018 | Amount<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------|-----------------------------------|----------------------------------------|----------------------------------------|
| April 2018- March 2019            | April 2017- March 2018            | 110.55                                 | 82.34                                  |
| April 2019- March 2023            | April 2018- March 2022            | 175.90                                 | 157.85                                 |
| April 2023- March 2028            | April 2022- March 2027            | 251.79                                 | 226.83                                 |
| April 2028 onwards                | April 2027 onwards                | 551.13                                 | 474.59                                 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Year 31 <sup>st</sup> March, 2018 | Year 31 <sup>st</sup> March, 2017 | Amount<br>31 <sup>st</sup> March, 2018 | Amount<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------|-----------------------------------|----------------------------------------|----------------------------------------|
| April 2018- March 2019            | April 2017- March 2018            | 111.55                                 | 83.46                                  |
| April 2019- March 2023            | April 2018- March 2022            | 214.64                                 | 192.91                                 |
| April 2023- March 2028            | April 2022- March 2027            | 401.19                                 | 360.47                                 |
| April 2028 onwards                | April 2027 onwards                | 2,446.13                               | 1,884.03                               |

### viii) Sensitivity analysis for defined benefit obligation

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------------------|------------------------------|------------------------------|
| <b>a) Impact of the change in discount rate</b>    |                              |                              |
| Present value of obligation at the end of the year |                              |                              |
| Impact due to increase of 1.00 %                   | 511.58                       | 440.88                       |
| Impact due to decrease of 1.00 %                   | 583.83                       | 507.17                       |
| <b>b) Impact of the change in salary increase</b>  |                              |                              |
| Present value of obligation at the end of the year |                              |                              |
| Impact due to increase of 1.00 %                   | 584.10                       | 506.04                       |
| Impact due to decrease of 1.00 %                   | 510.77                       | 441.15                       |

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 31<sup>st</sup> March, 2018 is 18 to 19 years (31<sup>st</sup> March, 2017: 18 to 19 years).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**NOTE - 42 SEGMENT INFORMATION**

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating segment of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

**i Information about major customers**

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

**ii Information about geographical areas**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----------------------------------------------|------------------------------|------------------------------|
| <b>Revenue from operations attributed to:</b> |                              |                              |
| Country of domicile (India)                   | 32,083.20                    | 28,823.72                    |
| Foreign countries                             | 7,917.41                     | 6,519.29                     |
| <b>Total</b>                                  | <b>40,000.61</b>             | <b>35,343.01</b>             |

**NOTE - 43 DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:****(a) Investments made:**

(All amounts in INR lakhs, unless otherwise stated)

| Name of the investee                                         | Amount invested during the year 2017-18 | Amount as on 31 <sup>st</sup> March, 2018 | Amount invested during the year 2016-17 | Amount as on 31 <sup>st</sup> March, 2017 | Amount invested during the year 2015-16 | Amount as on 1 <sup>st</sup> April, 2016 |
|--------------------------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------------------|------------------------------------------|
| <b>Investment in equity instruments</b>                      |                                         |                                           |                                         |                                           |                                         |                                          |
| <b>Investment in Joint ventures</b>                          |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) Nippon Leakless Talbros Private Limited                  | -                                       | 480.00                                    | -                                       | 480.00                                    | -                                       | 480.00                                   |
| (ii) Magneti Marelli Talbros Chassis Systems Private Limited | -                                       | 1,178.00                                  | -                                       | 1,178.00                                  | 475.00                                  | 1,178.00                                 |
| (iii) Talbros Marugo Rubber Private Limited                  | 100.00                                  | 950.00                                    | -                                       | 850.00                                    | -                                       | 850.00                                   |
| <b>Investment in others</b>                                  |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) Talbros International Private Limited                    | -                                       | 642.32                                    | 84.86                                   | 642.32                                    | 150.00                                  | 557.46                                   |
| (ii) QH Talbros Private Limited                              | -                                       | -                                         | -                                       | -                                         | -                                       | -                                        |
| (iii) T & T Motors Private Limited                           | -                                       | 13.75                                     | -                                       | 13.75                                     | -                                       | 13.75                                    |
| (iv) Caparo Power Limited - Equity shares                    | -                                       | 114.71                                    | -                                       | 114.71                                    | -                                       | 114.71                                   |
| <b>Investment in preference instruments</b>                  |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) Caparo Power Limited - Preference shares                 | -                                       | 25.49                                     | -                                       | 25.49                                     | -                                       | 25.49                                    |
| <b>Investment in mutual funds</b>                            |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) SBI mutual funds                                         | (10.00)                                 | -                                         | -                                       | 10.00                                     | -                                       | 10.00                                    |
| <b>Total</b>                                                 | <b>90.00</b>                            | <b>3,404.27</b>                           | <b>84.86</b>                            | <b>3,314.27</b>                           | <b>625.00</b>                           | <b>3,229.41</b>                          |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 43 DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013: (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

| Name of the payee                                 | Paid/<br>(recovered)<br>during<br>the year<br>2017-18 | Outstanding<br>amount<br>as on 31 <sup>st</sup><br>March, 2018* | Paid/<br>(recovered)<br>during<br>the year<br>2016-17 | Outstanding<br>amount<br>as on 31 <sup>st</sup><br>March, 2017* | Paid/<br>(recovered)<br>during<br>the year<br>2015-16 | Outstanding<br>amount as<br>on 1 <sup>st</sup> April,<br>2016* |
|---------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|
| (i) Real Earth Estates Private Limited            | -                                                     | -                                                               | (400.00)                                              | -                                                               | -                                                     | 400.00                                                         |
| (ii) Friends Auto (India) Limited                 | (50.00)                                               | -                                                               | -                                                     | 50.00                                                           | -                                                     | 50.00                                                          |
| (iii) Paras Lubricants Limited                    | -                                                     | -                                                               | -                                                     | -                                                               | (50.00)                                               | -                                                              |
| (iv) Prasneeta Construction Private Limited       | -                                                     | -                                                               | (40.00)                                               | -                                                               | -                                                     | 40.00                                                          |
| (v) Fastech Builders Private Limited              | -                                                     | 65.00                                                           | 65.00                                                 | 65.00                                                           | -                                                     | -                                                              |
| (vi) Fastech Projects Private Limited             | -                                                     | 55.00                                                           | 55.00                                                 | 55.00                                                           | -                                                     | -                                                              |
| (vii) Bankey Bihari Engineers LLP                 | 50.00                                                 | 50.00                                                           | -                                                     | -                                                               | -                                                     | -                                                              |
| (viii) Express Engineers & Spares Private Limited | -                                                     | 280.00                                                          | 280.00                                                | 280.00                                                          | -                                                     | -                                                              |
| (ix) Sudhir Ready Genset Consortium               | -                                                     | 40.00                                                           | 40.00                                                 | 40.00                                                           | -                                                     | -                                                              |
| <b>Total</b>                                      | -                                                     | <b>490.00</b>                                                   | -                                                     | <b>490.00</b>                                                   | <b>(50.00)</b>                                        | <b>490.00</b>                                                  |

\* Outstanding amount excludes Interest accrued on deposits.

### NOTE - 44

Balance with central excise & other authorities includes ₹ 83.75 lakhs (31<sup>st</sup> March, 2017: ₹ 80 lakhs, 1<sup>st</sup> April, 2016: ₹ 80 lakhs) deposited by the Company as advance excise duty in view of investigation by the excise department, objecting excise exemption on some of the products sold from Sitarganj Plant. The matter is still to be decided.

### NOTE - 45

Research and development costs on inhouse Research and development centers amounting to ₹ 168.04 lakhs (31<sup>st</sup> March, 2017: ₹ 142.02 lakhs) were incurred during the year.

### NOTE - 46

The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 753.47 lakhs (31<sup>st</sup> March, 2017: ₹ 710.77 lakhs, 1<sup>st</sup> April, 2016: ₹ 996.48 lakhs) to be adjusted against Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Company, based on the future projections, is of the opinion that the entire MAT credit will be utilised and therefore, no provisioning has been made.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 47

### A Explanation of transition to Ind AS

#### 1 Reconciliation of total equity as at 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                          | Note no. | 31 <sup>st</sup> March, 2017 |                                |                  | 1 <sup>st</sup> April, 2016 |                                |                  |
|--------------------------------------|----------|------------------------------|--------------------------------|------------------|-----------------------------|--------------------------------|------------------|
|                                      |          | Previous GAAP*               | Effect of transition to Ind AS | Ind AS           | Previous GAAP               | Effect of transition to Ind AS | Ind AS           |
| <b>Non-current assets</b>            |          |                              |                                |                  |                             |                                |                  |
| Property, plant and equipment        |          | 11,520.32                    | -                              | 11,520.32        | 11,181.26                   | -                              | 11,181.26        |
| Capital work-in-progress             |          | 105.22                       | -                              | 105.22           | 91.77                       | -                              | 91.77            |
| Investment property                  |          | 309.28                       | -                              | 309.28           | 322.91                      | -                              | 322.91           |
| Other intangible assets              |          | 48.11                        | -                              | 48.11            | 72.68                       | -                              | 72.68            |
| Intangible assets under development  |          | 61.32                        | -                              | 61.32            | 56.46                       | -                              | 56.46            |
| Financial assets                     |          | -                            | -                              | -                | -                           | -                              | -                |
| Investments                          | Note 4   | 3,314.27                     | 1,444.16                       | 4,758.43         | 3,229.42                    | 629.15                         | 3,858.57         |
| Loans                                | Note 2   | 117.18                       | (2.74)                         | 114.44           | 103.84                      | (4.21)                         | 99.63            |
| Other financial assets               |          | 63.66                        | -                              | 63.66            | 51.03                       | (0.01)                         | 51.02            |
| Deferred tax assets                  | Note 7   | 65.52                        | (65.52)                        | -                | 43.69                       | (43.69)                        | -                |
| Current tax assets                   |          | 20.75                        | -                              | 20.75            | -                           | -                              | -                |
| Other non-current assets             | Note 2   | 133.09                       | 1.28                           | 134.37           | 72.48                       | 10.32                          | 82.80            |
| <b>Total non-current assets</b>      |          | <b>15,758.72</b>             | <b>1,377.18</b>                | <b>17,135.90</b> | <b>15,225.54</b>            | <b>591.56</b>                  | <b>15,817.10</b> |
| <b>Current assets</b>                |          |                              |                                |                  |                             |                                |                  |
| Inventories                          |          | 9,875.82                     | -                              | 9,875.82         | 10,332.27                   | -                              | 10,332.27        |
| Financial Assets                     |          |                              |                                |                  |                             |                                |                  |
| Trade receivables                    |          | 7,856.13                     | 1,115.01                       | 8,971.14         | 7,072.11                    | 1,158.28                       | 8,230.39         |
| Cash and cash equivalents            |          | 351.10                       | -                              | 351.10           | 109.47                      | -                              | 109.47           |
| Other bank balances                  |          | 304.03                       | -                              | 304.03           | 388.21                      | -                              | 388.21           |
| Loans                                |          | 665.71                       | -                              | 665.71           | 623.47                      | -                              | 623.47           |
| Other financial assets               | Note 5   | 45.60                        | -                              | 45.60            | 107.86                      | 5.28                           | 113.14           |
| Other current assets                 | Note 2   | 1,354.95                     | 11.03                          | 1,365.98         | 1,559.79                    | (1.66)                         | 1,558.13         |
| <b>Total current assets</b>          |          | <b>20,453.34</b>             | <b>1,126.04</b>                | <b>21,579.38</b> | <b>20,193.18</b>            | <b>1,161.90</b>                | <b>21,355.08</b> |
| <b>Total assets</b>                  |          | <b>36,212.06</b>             | <b>2,503.22</b>                | <b>38,715.28</b> | <b>35,418.72</b>            | <b>1,753.46</b>                | <b>37,172.18</b> |
| <b>Equity</b>                        |          |                              |                                |                  |                             |                                |                  |
| Equity share capital                 |          | 1,234.56                     | -                              | 1,234.56         | 1,234.56                    | -                              | 1,234.56         |
| Other equity                         |          | 12,361.53                    | 1,341.88                       | 13,703.41        | 11,539.91                   | 716.75                         | 12,256.66        |
| <b>Total equity</b>                  |          | <b>13,596.09</b>             | <b>1,341.88</b>                | <b>14,937.97</b> | <b>12,774.47</b>            | <b>716.75</b>                  | <b>13,491.22</b> |
| <b>Liabilities</b>                   |          |                              |                                |                  |                             |                                |                  |
| <b>Non-current liabilities</b>       |          |                              |                                |                  |                             |                                |                  |
| Financial liabilities                |          |                              |                                |                  |                             |                                |                  |
| Borrowings                           | Note 1   | 1,664.45                     | (1.91)                         | 1,662.54         | 1,683.84                    | (4.07)                         | 1,679.77         |
| Other financial liabilities          | Note 2   | 22.26                        | (8.01)                         | 14.25            | 27.36                       | (14.33)                        | 13.03            |
| Provisions                           |          | 295.90                       | -                              | 295.90           | 310.42                      | -                              | 310.42           |
| Deferred tax liabilities             | Note 7   | -                            | 271.43                         | 271.43           | -                           | 105.39                         | 105.39           |
| Other non-current liabilities        | Note 2   | -                            | 6.15                           | 6.15             | -                           | 1.54                           | 1.54             |
| <b>Total non-current Liabilities</b> |          | <b>1,982.61</b>              | <b>267.66</b>                  | <b>2,250.27</b>  | <b>2,021.62</b>             | <b>88.53</b>                   | <b>2,110.15</b>  |
| <b>Current liabilities</b>           |          |                              |                                |                  |                             |                                |                  |
| Financial liabilities                |          |                              |                                |                  |                             |                                |                  |
| Borrowings                           |          | 8,557.60                     | 1,115.01                       | 9,672.61         | 8,929.09                    | 1,158.27                       | 10,087.36        |
| Trade payables                       |          | 9,310.30                     | -                              | 9,310.30         | 8,927.13                    | -                              | 8,927.13         |
| Other financial liabilities          | Note 5   | 1,906.70                     | -                              | 1,906.70         | 1,954.76                    | 5.10                           | 1,959.86         |
| Provisions                           | Note 3   | 314.03                       | (222.87)                       | 91.16            | 342.26                      | (222.88)                       | 119.38           |
| Other current liabilities            | Note 2   | 544.73                       | 1.54                           | 546.27           | 460.50                      | 7.69                           | 468.19           |
| Current tax liabilities (net)        |          | -                            | -                              | -                | 8.89                        | -                              | 8.89             |
| <b>Total current liabilities</b>     |          | <b>20,633.36</b>             | <b>893.68</b>                  | <b>21,527.04</b> | <b>20,622.63</b>            | <b>948.18</b>                  | <b>21,570.81</b> |
| <b>Total equity and liabilities</b>  |          | <b>36,212.06</b>             | <b>2,503.22</b>                | <b>38,715.28</b> | <b>35,418.72</b>            | <b>1,753.46</b>                | <b>37,172.18</b> |

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 47 (CONTD.)

### 2 Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March, 2017

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                   | Note no.        | Previous GAAP*   | Ind AS adjustments | Ind AS           |
|-------------------------------------------------------------------------------|-----------------|------------------|--------------------|------------------|
| <b>Revenue from operations</b>                                                | Note 2, 4 and 5 | 35,734.73        | (391.72)           | 35,343.01        |
| Other income                                                                  |                 | 875.26           | 28.44              | 903.70           |
| <b>Total revenue</b>                                                          |                 | <b>36,609.99</b> | <b>(363.28)</b>    | <b>36,246.71</b> |
| <b>Expenses</b>                                                               |                 |                  |                    |                  |
| Cost of materials consumed                                                    |                 | 17,593.53        | -                  | 17,593.53        |
| Purchases of stock-in-trade                                                   |                 | 236.84           | -                  | 236.84           |
| Changes in inventories of finished goods, stock in trade and work in progress |                 | 232.43           | -                  | 232.43           |
| Excise duty on sale of goods                                                  |                 | 2,855.12         | -                  | 2,855.12         |
| Employee benefits expense                                                     | Note 8          | 4,631.03         | 51.02              | 4,682.05         |
| Finance costs                                                                 | Note 1          | 1,575.15         | 15.43              | 1,590.58         |
| Depreciation and amortisation expense                                         |                 | 1,231.39         | -                  | 1,231.39         |
| Other expenses                                                                | Note 2          | 6,978.65         | (381.35)           | 6,597.30         |
| <b>Total expenses</b>                                                         |                 | <b>35,334.14</b> | <b>(314.90)</b>    | <b>35,019.24</b> |
| <b>Profit before tax</b>                                                      |                 | <b>1,275.85</b>  | <b>(48.38)</b>     | <b>1,227.47</b>  |
| <b>Tax expense:</b>                                                           |                 |                  |                    |                  |
| Current tax                                                                   |                 | 288.40           | -                  | 288.40           |
| Deferred tax                                                                  | Note 7          | 38.63            | (16.74)            | 21.89            |
| Income tax for earlier years                                                  |                 | (95.69)          | -                  | (95.69)          |
| <b>Profit for the year</b>                                                    |                 | <b>1,044.51</b>  | <b>(31.64)</b>     | <b>1,012.87</b>  |
| Other comprehensive income                                                    |                 |                  |                    |                  |
| Items that will not be reclassified to profit and loss                        |                 |                  |                    |                  |
| Re-measurement gains (losses) on defined benefit plans                        | Note 8          | -                | 51.02              | 51.02            |
| Changes in fair value of FVOCI equity instruments                             | Note 4          | -                | 810.36             | 810.36           |
| Income tax relating to items that will not be reclassified to profit and loss | Note 7          | -                | (204.62)           | (204.62)         |
| <b>Total other comprehensive income for the year</b>                          |                 | <b>1,044.51</b>  | <b>625.12</b>      | <b>1,669.63</b>  |

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

### B First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies have been consistently applied in preparing the financial statements for the year ended 31<sup>st</sup> March, 2018, the comparative information presented in these financial statements for the year ended 31<sup>st</sup> March, 2017 and in the preparation of an opening Ind AS balance sheet at 1<sup>st</sup> April, 2016 (the Company's date of transition). An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### C Ind AS optional exemptions

#### 1 Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the Company has elected to measure all of its property, plant and

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

equipment, intangible assets and investment property at their Previous GAAP carrying value.

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**NOTE - 47 (CONTD.)**

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**2 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

**D Ind AS mandatory exemptions****1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1<sup>st</sup> April, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

- a) Investment in equity instruments carried at FVTPL or FVOCI
- b) Impairment of financial assets based on expected credit loss model.
- c) Financial instruments carried at amortised cost
- d) Fair value of forward contracts
- e) Expected credit loss on financial assets

**2 Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable;
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

The Company has elected to apply these exemptions wherever required.

**3 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**E Other reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

## NOTE - 47 (CONTD.)

1 Reconciliation of total equity as at 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                          | Notes to first time adoption | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|----------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Total equity (shareholder's funds) as per previous GAAP</b>       |                              | <b>13,596.09</b>             | <b>12,774.47</b>            |
| <b>Adjustments:</b>                                                  |                              |                              |                             |
| Impact of effective interest rate on borrowings                      | Note 1                       | 1.91                         | 4.07                        |
| Financial instruments recorded on amortised cost                     | Note 2                       | 0.21                         | -                           |
| Adjustment for proposed dividend                                     | Note 3                       | 222.88                       | 222.88                      |
| Fair value impact for investments through profit and loss            | Note 4                       | 3.63                         | 0.62                        |
| Fair value impact for investments through other comprehensive income | Note 4                       | 1,446.95                     | 636.58                      |
| Impact of fair value gain/(loss) on forward contracts                | Note 5                       | -                            | (20.79)                     |
| Other adjustments                                                    | Note 1 and 2                 | 3.26                         | 22.46                       |
| Tax impact on above adjustment                                       | Note 7                       | (336.96)                     | (149.07)                    |
| <b>Total adjustments</b>                                             |                              | <b>1,341.88</b>              | <b>716.75</b>               |
| <b>Total equity as per Ind AS</b>                                    |                              | <b>14,937.97</b>             | <b>13,491.22</b>            |

2 Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March, 2017

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                  | Notes to first time adoption | 31 <sup>st</sup> March, 2017 |
|--------------------------------------------------------------|------------------------------|------------------------------|
| <b>Profit after tax as per previous GAAP</b>                 |                              | <b>1,044.51</b>              |
| <b>Adjustments:</b>                                          |                              |                              |
| Impact of effective interest rate on borrowings              | Note 1                       | (2.17)                       |
| Financial instruments recorded on amortised cost             | Note 2                       | 0.21                         |
| Fair value impact for investments through profit and loss    | Note 4                       | 3.01                         |
| Impact of fair value gain/(loss) on forward contracts        | Note 5                       | 20.79                        |
| Re-measurement gains on defined benefit obligations          | Note 8                       | (51.02)                      |
| Other adjustments                                            | Note 1 and 2                 | (19.20)                      |
| Tax impact on above adjustment                               | Note 7                       | 16.74                        |
| <b>Total adjustments</b>                                     |                              | <b>(31.64)</b>               |
| <b>Profit for the year as per Ind AS</b>                     |                              | <b>1,012.87</b>              |
| <b>Other comprehensive income</b>                            |                              |                              |
| Re-measurement gains on defined benefit obligations          | Note 8                       | 51.02                        |
| Changes in fair value of FVOCI equity instruments            | Note 4                       | 810.36                       |
| Tax impact on above adjustment                               | Note 7                       | (204.62)                     |
| <b>Total comprehensive income for the year as per Ind AS</b> |                              | <b>1,669.63</b>              |

## 3 Transition to IND AS has no material impact in cash flow statement

## NOTE - 1

## Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under Previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31<sup>st</sup> March, 2017 have been reduced with a corresponding adjustment to relevant head in statement of profit and loss and retained earnings respectively. The total equity increased by an equivalent amount. The profit for the year ended 31<sup>st</sup> March, 2017 reduced as a result of the additional interest expense.

## NOTE - 2

## Amortised cost financial instruments

Under Previous GAAP, all financial assets and financial liabilities were carried at cost. Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

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**NOTE - 47 (CONTD.)**

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effective interest method. In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

**NOTE - 3****Proposed dividend**

Under the Previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting.

**NOTE - 4****Financial instruments carried at fair value through profit and loss or through other comprehensive income**

Under Previous GAAP, investments in long-term equity instrument were carried at cost and tested for other than temporary diminution. Under Ind AS, such investments are carried at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) (except for investment in subsidiaries, associates and joint ventures).

**NOTE - 5****Fair value gain/loss on forward contracts**

Under Previous GAAP, the Company did not record any gain/loss on marked to market derivative instruments. Under Ind AS, such derivative instruments are recorded at fair value through profit and loss.

**NOTE - 6****Deferred tax**

Under Ind AS, deferred taxes are adjusted to reflect the impact on adjustments made to opening retained earnings at transition date and impact on statement of profit and loss for the year ended 31<sup>st</sup> March, 2017.

**NOTE - 7****Retained earnings**

Retained earnings as at 1<sup>st</sup> April, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

**NOTE - 8****Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit/(loss) but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans and fair value gains/(losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under Previous GAAP.

**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: 25<sup>th</sup> May, 2018

**Anuj Talwar**

Joint Managing Director  
[DIN: 00628063]

**Umesh Talwar**

Vice Chairman and Managing Director  
[DIN: 00059271]

**Manish Khanna**

Chief Financial Officer

**Seema Narang**

Company Secretary

# INDEPENDENT AUDITORS' REPORT

**To the Members of Talbros Automotive Components Limited**

## **REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

We have audited the accompanying consolidated Ind AS financial statements of Talbros Automotive Components Limited ("the Company") and its jointly controlled entities, comprising of the consolidated balance sheet as at 31<sup>st</sup> March, 2018, 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 for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Company and its jointly controlled entities as at 31<sup>st</sup> March, 2018 and its consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended on that date.

**OTHER MATTER**

- (a) The consolidated Ind AS financial statements include the Company's share of net profit (including other comprehensive income) of ₹ 692.46 lakh for the year ended 31<sup>st</sup> March, 2018, in respect of jointly controlled entities, whose financial statements have not been audited by us. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS 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 Ind AS 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 REQUIREMENTS**

1. As required by Section 143(3) of the Act, we report to the extent applicable, that :
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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, the consolidated statement of cash flows and 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 preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

- (e) On the basis of the written representations received from the directors of the Company and its jointly controlled entities as on 31<sup>st</sup> March, 2018 and taken on record by the Board of Directors of the Company and its jointly controlled entities none of the directors of the Company and its jointly controlled entities, is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its jointly controlled entities and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate Ind AS financial statements of the jointly controlled entities as noted in subparagraph (a) of the Other Matters paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities – Refer Note 40 to the consolidated Ind AS financial statements.
- ii. The Company and its jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31<sup>st</sup> March, 2018.
- 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 31<sup>st</sup> March, 2018.

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

**(Akhil Bhalla)**  
Partner

Place : New Delhi  
Dated: 25<sup>th</sup> May, 2018

Membership No. 505002

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31<sup>st</sup> March, 2018, we have audited the internal financial controls over financial reporting of Talbros Automotive Components Limited (hereinafter referred to as "the Company") and its jointly controlled entities, which are companies incorporated in India, as of that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

#### AUDITORS' RESPONSIBILITY

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

adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

#### **OPINION**

In our opinion, the Company and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, 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.

#### **Other Matter**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to audited financial statements of jointly controlled entities, which is the Company incorporated in India, is based on the corresponding reports of the auditor of such jointly controlled entities incorporated in India.

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

**(Akhil Bhalla)**

Place : New Delhi  
Dated: 25<sup>th</sup> May, 2018

Partner  
Membership No. 505002

# CONSOLIDATED BALANCE SHEET

AS AT 31<sup>st</sup> MARCH 2018

(All amounts in INR lakhs, unless otherwise stated)

|                                                   | Note | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|---------------------------------------------------|------|------------------------------|------------------------------|-----------------------------|
| <b>ASSETS</b>                                     |      |                              |                              |                             |
| <b>Non-current assets</b>                         |      |                              |                              |                             |
| Property, plant and equipment                     | 2    | 12,434.04                    | 11,520.32                    | 11,181.26                   |
| Capital work in progress                          | 2    | 242.71                       | 105.22                       | 91.77                       |
| Investment property                               | 3    | 295.14                       | 309.28                       | 322.91                      |
| Intangible assets                                 | 4    | 69.09                        | 48.11                        | 72.68                       |
| Intangible assets under development               | 4    | 63.47                        | 61.32                        | 56.46                       |
| Investments accounted for using the equity method | 5    | 3,598.64                     | 3,118.17                     | 2,908.47                    |
| Financial assets                                  |      |                              |                              |                             |
| Investments                                       | 6    | 2,723.55                     | 2,250.43                     | 1,350.57                    |
| Loans                                             | 7A   | 118.31                       | 114.44                       | 99.63                       |
| Other financial assets                            | 8A   | 49.44                        | 63.66                        | 51.02                       |
| Current tax assets                                | 9    | 32.03                        | 20.75                        | -                           |
| Other non-current assets                          | 10A  | 117.91                       | 134.37                       | 82.80                       |
| <b>Total non-current assets</b>                   |      | <b>19,744.33</b>             | <b>17,746.07</b>             | <b>16,217.57</b>            |
| <b>Current assets</b>                             |      |                              |                              |                             |
| Inventories                                       | 11   | 10,924.86                    | 9,875.82                     | 10,332.27                   |
| Financial assets                                  |      |                              |                              |                             |
| Trade receivables                                 | 12   | 12,419.05                    | 8,971.14                     | 8,230.39                    |
| Cash and cash equivalents                         | 13   | 321.42                       | 351.10                       | 109.47                      |
| Other bank balances                               | 14   | 455.95                       | 304.03                       | 388.21                      |
| Loans                                             | 7B   | 572.68                       | 665.71                       | 623.47                      |
| Other financial assets                            | 8B   | 142.58                       | 45.60                        | 113.14                      |
| Other current assets                              | 10B  | 1,922.80                     | 1,365.98                     | 1,558.13                    |
| <b>Total current assets</b>                       |      | <b>26,759.34</b>             | <b>21,579.38</b>             | <b>21,355.08</b>            |
| <b>Total assets</b>                               |      | <b>46,503.67</b>             | <b>39,325.45</b>             | <b>37,572.65</b>            |
| <b>EQUITY AND LIABILITIES</b>                     |      |                              |                              |                             |
| <b>Equity</b>                                     |      |                              |                              |                             |
| Equity share capital                              | 15   | 1,234.56                     | 1,234.56                     | 1,234.56                    |
| Other equity                                      | 16   | 16,706.25                    | 14,313.58                    | 12,657.13                   |
| <b>Total equity</b>                               |      | <b>17,940.81</b>             | <b>15,548.14</b>             | <b>13,891.69</b>            |
| <b>Liabilities</b>                                |      |                              |                              |                             |
| <b>Non-current liabilities</b>                    |      |                              |                              |                             |
| Financial liabilities                             |      |                              |                              |                             |
| Borrowings                                        | 17A  | 1,553.00                     | 1,662.54                     | 1,679.77                    |
| Other financial liabilities                       | 18A  | 19.68                        | 14.25                        | 13.03                       |
| Provisions                                        | 19A  | 324.20                       | 295.90                       | 310.42                      |
| Deferred tax liabilities                          | 20   | 422.39                       | 271.43                       | 105.39                      |
| Other non-current liabilities                     | 21A  | 4.61                         | 6.15                         | 1.54                        |
| <b>Total non-current liabilities</b>              |      | <b>2,323.88</b>              | <b>2,250.27</b>              | <b>2,110.15</b>             |
| <b>Current liabilities</b>                        |      |                              |                              |                             |
| Financial liabilities                             |      |                              |                              |                             |
| Borrowings                                        | 17B  | 10,176.93                    | 9,672.61                     | 10,087.36                   |
| Trade payables                                    | 22   | 13,723.63                    | 9,310.30                     | 8,927.13                    |
| Other financial liabilities                       | 18B  | 1,735.39                     | 1,906.70                     | 1,959.86                    |
| Other current liabilities                         | 21B  | 470.89                       | 546.27                       | 468.19                      |
| Provisions                                        | 19B  | 132.14                       | 91.16                        | 119.38                      |
| Current tax liabilities                           | 23   | -                            | -                            | 8.89                        |
| <b>Total current liabilities</b>                  |      | <b>26,238.98</b>             | <b>21,527.04</b>             | <b>21,570.81</b>            |
| <b>Total equity and liabilities</b>               |      | <b>46,503.67</b>             | <b>39,325.45</b>             | <b>37,572.65</b>            |

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements. This is the consolidated balance sheet referred to in our report of even date.

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla &amp; 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: 25<sup>th</sup> May, 2018

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                             | Note | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------------------------------|------|--------------------------------------------|--------------------------------------------|
| <b>REVENUE</b>                                                                              |      |                                            |                                            |
| Revenue from operations                                                                     | 24   | 40,000.61                                  | 35,343.01                                  |
| Other income                                                                                | 25   | 629.15                                     | 639.70                                     |
| <b>Total income</b>                                                                         |      | <b>40,629.76</b>                           | <b>35,982.71</b>                           |
| <b>EXPENSES</b>                                                                             |      |                                            |                                            |
| Cost of materials consumed                                                                  | 26   | 21,717.39                                  | 17,593.53                                  |
| Purchase of stock-in-trade                                                                  | 27   | 242.55                                     | 236.84                                     |
| Changes in inventories of finished goods, stock in trade and work in progress               | 28   | 211.10                                     | 232.43                                     |
| Excise duty                                                                                 |      | 703.11                                     | 2,855.12                                   |
| Employee benefits expenses                                                                  | 29   | 5,135.35                                   | 4,682.05                                   |
| Finance costs                                                                               | 30   | 1,393.78                                   | 1,590.58                                   |
| Depreciation and amortisation expense                                                       | 31   | 1,419.45                                   | 1,231.39                                   |
| Other expenses                                                                              | 32   | 7,909.22                                   | 6,597.30                                   |
| <b>Total expenses</b>                                                                       |      | <b>38,731.95</b>                           | <b>35,019.24</b>                           |
| <b>Profit before exceptional items, share of profit in joint ventures and tax</b>           |      | <b>1,897.81</b>                            | <b>963.47</b>                              |
| Exceptional items                                                                           | 33   | 215.77                                     | -                                          |
| <b>Profit before share of profit in joint ventures and tax</b>                              |      | <b>2,113.58</b>                            | <b>963.47</b>                              |
| Share of profit of joint ventures accounted for using the equity method                     |      | 692.45                                     | 473.52                                     |
| <b>Profit before tax</b>                                                                    |      | <b>2,806.03</b>                            | <b>1,436.99</b>                            |
| <b>Tax expense</b>                                                                          | 34   |                                            |                                            |
| Current tax                                                                                 |      | 523.01                                     | 288.40                                     |
| Deferred tax                                                                                |      | 105.03                                     | 21.89                                      |
| Earlier years tax adjustments (net)                                                         |      | (111.57)                                   | (95.69)                                    |
| <b>Total tax expense</b>                                                                    |      | <b>516.47</b>                              | <b>214.60</b>                              |
| <b>Profit for the year</b>                                                                  |      | <b>2,289.56</b>                            | <b>1,222.39</b>                            |
| <b>Other comprehensive income</b>                                                           |      |                                            |                                            |
| Items that will not be reclassified to profit or loss                                       |      |                                            |                                            |
| Re-measurement gains/(losses) on defined benefit plans                                      |      | (70.38)                                    | 51.02                                      |
| Changes in fair value of FVOCI equity instruments                                           |      | 484.97                                     | 810.36                                     |
| Share of other comprehensive income of joint ventures accounted for using the equity method |      | 0.01                                       | 0.19                                       |
| Income tax relating to items that will not be reclassified to profit and loss               |      | (88.62)                                    | (204.62)                                   |
| <b>Total other comprehensive income for the year</b>                                        |      | <b>325.98</b>                              | <b>656.95</b>                              |
| <b>Total comprehensive income for the year</b>                                              |      | <b>2,615.54</b>                            | <b>1,879.34</b>                            |
| <b>Earnings per equity share (Face value ₹ 10 per share)</b>                                | 35   |                                            |                                            |
| Basic (₹)                                                                                   |      | 18.55                                      | 9.90                                       |
| Diluted (₹)                                                                                 |      | 18.55                                      | 9.90                                       |

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.

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 &amp; Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Place: Gurugram

Date: 25<sup>th</sup> May, 2018

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31<sup>st</sup> MARCH, 2018

## A EQUITY SHARE CAPITAL

(All amounts in INR lakhs, unless otherwise stated)

| Particulars          | Balance as at 1 <sup>st</sup> April, 2016 | Changes in equity share capital during the year | Balance as at 31 <sup>st</sup> March, 2017 | Changes in equity share capital during the year | Balance as at 31 <sup>st</sup> March, 2018 |
|----------------------|-------------------------------------------|-------------------------------------------------|--------------------------------------------|-------------------------------------------------|--------------------------------------------|
| Equity share capital | 1,234.56                                  | -                                               | 1,234.56                                   | -                                               | 1,234.56                                   |

## B OTHER EQUITY

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                                 | Reserves and surplus |                 |                            |                   | Equity instruments through Other Comprehensive Income | Total            |
|---------------------------------------------------------------------------------------------|----------------------|-----------------|----------------------------|-------------------|-------------------------------------------------------|------------------|
|                                                                                             | General reserve      | Capital reserve | Securities premium reserve | Retained earnings |                                                       |                  |
| <b>Balance as at 1<sup>st</sup> April, 2016</b>                                             | <b>498.23</b>        | <b>15.21</b>    | <b>4,678.30</b>            | <b>6,975.68</b>   | <b>489.71</b>                                         | <b>12,657.13</b> |
| Profit for the year                                                                         | -                    | -               | -                          | 1,222.39          | -                                                     | 1,222.39         |
| Other comprehensive income for the year (net of tax impact)                                 | -                    | -               | -                          | 33.36             | 623.40                                                | 656.76           |
| Share of other comprehensive income of joint ventures accounted for using the equity method | -                    | -               | -                          | 0.19              | -                                                     | 0.19             |
| Transfer                                                                                    | 50.00                | -               | -                          | (50.00)           | -                                                     | -                |
| <b>Transactions with owners, recorded directly in equity</b>                                |                      |                 |                            |                   |                                                       |                  |
| - Dividend paid during the year                                                             | -                    | -               | -                          | (185.18)          | -                                                     | (185.18)         |
| - Dividend distribution tax                                                                 | -                    | -               | -                          | (37.70)           | -                                                     | (37.70)          |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>                                            | <b>548.23</b>        | <b>15.21</b>    | <b>4,678.30</b>            | <b>7,958.73</b>   | <b>1,113.11</b>                                       | <b>14,313.58</b> |
| Profit for the year                                                                         | -                    | -               | -                          | 2,289.56          | -                                                     | 2,289.56         |
| Other comprehensive income for the year (net of tax impact)                                 | -                    | -               | -                          | (46.02)           | 371.99                                                | 325.97           |
| Share of other comprehensive income of joint ventures accounted for using the equity method | -                    | -               | -                          | 0.01              | -                                                     | 0.01             |
| Transfer                                                                                    | 50.00                | -               | -                          | (50.00)           | -                                                     | -                |
| <b>Transactions with owners, recorded directly in equity</b>                                |                      |                 |                            |                   |                                                       |                  |
| - Dividend paid during the year                                                             | -                    | -               | -                          | (185.18)          | -                                                     | (185.18)         |
| - Dividend distribution tax                                                                 | -                    | -               | -                          | (37.70)           | -                                                     | (37.70)          |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>                                            | <b>598.23</b>        | <b>15.21</b>    | <b>4,678.30</b>            | <b>9,929.41</b>   | <b>1,485.10</b>                                       | <b>16,706.25</b> |

This is the consolidated 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: 25<sup>th</sup> May, 2018

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 2018

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                                                                     | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                                                                                        |                                            |                                            |
| Profit before tax                                                                                                                   | 2,806.03                                   | 1,436.99                                   |
| Adjustments for:                                                                                                                    |                                            |                                            |
| Depreciation on property, plant and equipment, investment property and intangible assets                                            | 1,419.45                                   | 1,231.39                                   |
| Profit on sale of property, plant and equipment (net)                                                                               | (81.76)                                    | (37.70)                                    |
| Interest income                                                                                                                     | (98.74)                                    | (96.51)                                    |
| Dividend income                                                                                                                     | (13.37)                                    | (8.98)                                     |
| Share of profits of joint ventures                                                                                                  | (692.45)                                   | (473.52)                                   |
| Fair value changes in investments carried at FVTPL                                                                                  | (1.02)                                     | (3.01)                                     |
| Allowance for doubtful debts (net)                                                                                                  | 129.30                                     | 216.63                                     |
| Property, plant and equipment written off                                                                                           | 10.93                                      | -                                          |
| Unrealised foreign exchange gain                                                                                                    | (47.80)                                    | (53.94)                                    |
| Advances written off                                                                                                                | 212.19                                     | 112.09                                     |
| Provisions no longer required written back                                                                                          | (212.19)                                   | (112.09)                                   |
| Finance costs                                                                                                                       | 1,393.78                                   | 1,590.58                                   |
| Exceptional items                                                                                                                   | (215.77)                                   | -                                          |
| <b>Operating profit before working capital changes</b>                                                                              | <b>4,608.58</b>                            | <b>3,801.93</b>                            |
| <b>Movement in working capital</b>                                                                                                  |                                            |                                            |
| Change in inventories                                                                                                               | (1,049.04)                                 | 456.44                                     |
| Change in Trade receivables, other financial and non-financial assets                                                               | (3,919.94)                                 | (853.79)                                   |
| Change in Trade payable, other financial and non-financial assets                                                                   | 4,188.02                                   | 598.12                                     |
| <b>Cash used in operating activities post working capital changes</b>                                                               | <b>3,827.62</b>                            | <b>4,002.70</b>                            |
| Income tax paid (net)                                                                                                               | (423.00)                                   | (243.00)                                   |
| <b>Net cash used in operating activities (A)</b>                                                                                    | <b>3,404.62</b>                            | <b>3,759.70</b>                            |
| <b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                                       |                                            |                                            |
| Purchase of property, plant and equipment, intangible assets (including capital work-in-progress and intangibles under development) | (2,668.32)                                 | (1,751.97)                                 |
| Proceeds from sale of property, plant and equipment                                                                                 | 490.46                                     | 178.51                                     |
| Proceeds from sale of investments                                                                                                   | 14.65                                      | -                                          |
| Movement in other bank balances                                                                                                     | (145.76)                                   | 79.71                                      |
| Purchase of non-current investments                                                                                                 | (100.00)                                   | (84.85)                                    |
| Dividend received                                                                                                                   | 325.37                                     | 272.98                                     |
| Interest received                                                                                                                   | 136.92                                     | 49.81                                      |
| <b>Net cash used in investing activities (B)</b>                                                                                    | <b>(1,946.68)</b>                          | <b>(1,255.81)</b>                          |
| <b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                       |                                            |                                            |
| Proceeds from borrowings                                                                                                            | 1,660.72                                   | 561.15                                     |
| Repayment of borrowings                                                                                                             | (1,562.03)                                 | (1,078.30)                                 |
| Dividend paid (including tax)                                                                                                       | (217.77)                                   | (220.82)                                   |
| Interest paid                                                                                                                       | (1,368.54)                                 | (1,524.29)                                 |
| <b>Net cash used in financing activities (C)</b>                                                                                    | <b>(1,487.62)</b>                          | <b>(2,262.26)</b>                          |
| Decrease in cash and cash equivalents (A+B+C)                                                                                       | (29.68)                                    | 241.63                                     |
| Cash and cash equivalents at the beginning of the year                                                                              | 351.10                                     | 109.47                                     |
| <b>Cash and cash equivalents at the end of the year (Refer note 13)</b>                                                             | <b>321.42</b>                              | <b>351.10</b>                              |

This is the consolidated 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 &amp; Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Place: Gurugram

Date: 25<sup>th</sup> May, 2018

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2018

### 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 consolidated financial statements ('financial statements') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as noticed by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements for the year ended 31<sup>st</sup> March, 2018 are the first consolidated financial statements prepared by the Group under Ind AS. For all periods up to and including the year ended 31<sup>st</sup> March, 2017, the Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The consolidated financial statements for the comparative year ended 31<sup>st</sup> March, 2017 and opening consolidated balance sheet at the beginning of the comparative year as at 1<sup>st</sup> April, 2016 are also prepared in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Group's Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Statement of Cash Flows are provided in first time adoption note.

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, including the preparation of the opening consolidated Ind AS Balance Sheet as at 1<sup>st</sup> April, 2016 being the date of transition to Ind AS.

The consolidated financial statements for the year ended 31<sup>st</sup> March, 2018 were authorized and approved by the Board of Directors on 25<sup>th</sup> May, 2018.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

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
- 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

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.

#### *Subsequent measurement (depreciation and useful lives)*

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

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.

### **d) Intangible assets**

#### *Recognition and initial measurement*

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

#### *Subsequent measurement (Amortization and useful lives)*

All finite-lived intangible assets, including internally developed intangible assets, are accounted for using the cost model whereby capitalized costs are

amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and any change in the same is accounted for prospectively. The following useful lives are applied:

| Intangible assets       | 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.

### **e) 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

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

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

### f) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest calculated using the effective interest rate and other costs like finance charges in respect of the finance leases recognized in accordance with Ind AS 17, that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to

the extent regarded as an adjustment to the borrowing costs.

### g) Foreign currency transactions

#### *Functional and presentation currency*

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

#### *Foreign currencies*

#### *Initial recognition*

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

#### *Subsequent measurement*

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in Other comprehensive income or profit or loss are also recognized in Other comprehensive income or profit or loss, respectively).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### h) Leases

#### Group as a lessee

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

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

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

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

#### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease except in case where lease rentals are structured

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### i) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

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

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

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

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

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

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

### j) Revenue recognition

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.

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 all the significant risks

and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is neither continuing managerial involvement with the goods nor effective control over the goods sold, it is probable that economic benefits will flow to the Group, the costs incurred or to be incurred in respect of the transaction can be measured reliably and the amount of revenue can be measured reliably.

Revenue from services rendered is recognized in the statement of profit and loss over the period the underlying services are performed.

#### 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.

### k) 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

### ii. Financial assets at fair value

- Investments in equity instruments other than above – Investments in equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

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.

### **I) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

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

### Trade receivables

For practical expediency the Group has adopted a '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 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.

### m) 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.

### n) Retirement and other employee benefits

#### Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense,

when an employee renders the related service. The Group has no obligation other than the contribution payable to the Provided Fund.

### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the gratuity plan, which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

### Compensated absence

Compensated absence, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats compensated absence expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### 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.

### o) 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.

### p) 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 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).

### q) Cash and cash equivalents

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### r) 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 the Group often raise difficult and complex factual

and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

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

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

#### *Significant estimates*

**Useful lives of depreciable/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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### 1.6 Standard issued but not yet effective:

#### i. **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On 28<sup>th</sup> March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1<sup>st</sup> April, 2018. The effect on adoption of Ind AS 21 is expected to be insignificant.

#### ii. **Ind AS 115- Revenue from Contract with Customers:**

On 28<sup>th</sup> March, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity

expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors;
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach), The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1<sup>st</sup> April, 2018.

The Group will adopt the standard on 1<sup>st</sup> April, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31<sup>st</sup> March, 2018 will not be retrospectively adjusted. The Group is in the process of evaluating the impact of Ind AS 115.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

| NOTE - 2 PROPERTY, PLANT AND EQUIPMENT              |                 |                 |                 |                         |                      |               |                      |                   |                          |                         |              |                  |                          |
|-----------------------------------------------------|-----------------|-----------------|-----------------|-------------------------|----------------------|---------------|----------------------|-------------------|--------------------------|-------------------------|--------------|------------------|--------------------------|
| (All amounts in INR lakhs, unless otherwise stated) |                 |                 |                 |                         |                      |               |                      |                   |                          |                         |              |                  |                          |
| Particulars                                         | Free hold land* | Lease hold land | Building        | Lease hold improvements | Plant and equip-ment | Vehicles      | Furniture & fixtures | Office equip-ment | Electrical installa-tion | Air-condi-tioning plant | Tubewell     | Total            | Capital Work in Progress |
| <b>Gross block</b>                                  |                 |                 |                 |                         |                      |               |                      |                   |                          |                         |              |                  |                          |
| As at 1 <sup>st</sup> April, 2016 ^                 | 519.13          | 413.99          | 3,015.04        | 15.79                   | 12,204.42            | 660.21        | 387.58               | 293.70            | 785.78                   | 78.12                   | 10.52        | 18,384.28        | 91.77                    |
| Additions                                           | 31.26           | -               | 4.06            | -                       | 1,422.99             | 162.78        | 16.32                | 26.56             | 67.01                    | -                       | -            | 1,730.98         | 150.00                   |
| Disposals/transfers                                 | -               | -               | -               | -                       | (157.78)             | (163.45)      | (3.88)               | -                 | -                        | -                       | -            | (325.11)         | (136.55)                 |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>    | <b>550.39</b>   | <b>413.99</b>   | <b>3,019.10</b> | <b>15.79</b>            | <b>13,469.63</b>     | <b>659.54</b> | <b>400.02</b>        | <b>320.26</b>     | <b>852.79</b>            | <b>78.12</b>            | <b>10.52</b> | <b>19,790.15</b> | <b>105.22</b>            |
| Additions                                           | 1.62            | -               | 87.02           | -                       | 2,182.29             | 45.73         | 117.46               | 54.84             | 42.37                    | -                       | -            | 2,531.33         | 260.42                   |
| Disposals/transfers                                 | -               | -               | -               | -                       | (362.99)             | (158.71)      | (1.26)               | (0.90)            | (29.78)                  | -                       | -            | (553.64)         | (122.93)                 |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>    | <b>552.01</b>   | <b>413.99</b>   | <b>3,106.12</b> | <b>15.79</b>            | <b>15,288.93</b>     | <b>546.56</b> | <b>516.22</b>        | <b>374.20</b>     | <b>865.38</b>            | <b>78.12</b>            | <b>10.52</b> | <b>21,767.84</b> | <b>242.71</b>            |
| <b>Accumulated depreciation</b>                     |                 |                 |                 |                         |                      |               |                      |                   |                          |                         |              |                  |                          |
| As at 1 <sup>st</sup> April, 2016 ^                 | -               | 35.02           | 958.47          | 3.07                    | 4,850.26             | 385.89        | 328.49               | 239.09            | 346.80                   | 45.94                   | 9.99         | 7,203.02         | -                        |
| Charge for the year                                 | -               | 4.60            | 111.56          | 3.68                    | 929.25               | 78.20         | 19.88                | 30.10             | 64.92                    | 8.93                    | -            | 1,251.12         | -                        |
| Disposals                                           | -               | -               | -               | -                       | (62.81)              | (117.81)      | (3.69)               | -                 | -                        | -                       | -            | (184.31)         | -                        |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>    | <b>-</b>        | <b>39.62</b>    | <b>1,070.03</b> | <b>6.75</b>             | <b>5,716.70</b>      | <b>346.28</b> | <b>344.68</b>        | <b>269.19</b>     | <b>411.72</b>            | <b>54.87</b>            | <b>9.99</b>  | <b>8,269.83</b>  | <b>-</b>                 |
| Charge for the year                                 | -               | 4.60            | 109.51          | 9.04                    | 1,069.14             | 85.36         | 29.44                | 27.11             | 65.37                    | 14.20                   | -            | 1,413.77         | -                        |
| Disposals                                           | -               | -               | -               | -                       | (215.88)             | (119.32)      | (0.90)               | (0.77)            | (12.93)                  | -                       | -            | (349.80)         | -                        |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>    | <b>-</b>        | <b>44.22</b>    | <b>1,179.54</b> | <b>15.79</b>            | <b>6,569.96</b>      | <b>312.32</b> | <b>373.22</b>        | <b>295.53</b>     | <b>464.16</b>            | <b>69.07</b>            | <b>9.99</b>  | <b>9,333.80</b>  | <b>-</b>                 |
| <b>Net block as at 31<sup>st</sup> March, 2018</b>  | <b>552.01</b>   | <b>369.77</b>   | <b>1,926.58</b> | <b>-</b>                | <b>8,718.97</b>      | <b>234.24</b> | <b>143.00</b>        | <b>78.67</b>      | <b>401.22</b>            | <b>9.05</b>             | <b>0.53</b>  | <b>12,434.04</b> | <b>242.71</b>            |
| <b>Net block as at 31<sup>st</sup> March, 2017</b>  | <b>550.39</b>   | <b>374.37</b>   | <b>1,949.07</b> | <b>9.04</b>             | <b>7,752.93</b>      | <b>313.26</b> | <b>55.34</b>         | <b>51.07</b>      | <b>441.07</b>            | <b>23.25</b>            | <b>0.53</b>  | <b>11,520.32</b> | <b>105.22</b>            |
| <b>Net block as at 1<sup>st</sup> April, 2016 ^</b> | <b>519.13</b>   | <b>378.97</b>   | <b>2,056.57</b> | <b>12.72</b>            | <b>7,354.16</b>      | <b>274.32</b> | <b>59.09</b>         | <b>54.61</b>      | <b>438.98</b>            | <b>32.18</b>            | <b>0.53</b>  | <b>11,181.26</b> | <b>91.77</b>             |

\*Includes Land valuing ₹ 465.26 lakhs ( 31<sup>st</sup> March, 2017 - ₹ 465.26 lakhs and 1<sup>st</sup> April, 2016 - ₹ 465.26 lakhs) for which the title is yet to be registered in the Holding Company's name.

<sup>^</sup>Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 2 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

#### (i) Expenditures capitalised in the carrying amount of property plant and equipment:

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

(All amounts in INR lakhs, unless otherwise stated)

| Nature of expense                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----------------------------------|------------------------------|------------------------------|
| Salaries and wages                | 135.51                       | 157.55                       |
| Depreciation                      | 34.90                        | 67.41                        |
| Power and fuel                    | 85.20                        | 80.69                        |
| Repairs and maintenance           | 34.55                        | 48.42                        |
| Processing charges and consumable | 81.66                        | -                            |
| <b>Total</b>                      | <b>371.82</b>                | <b>354.07</b>                |

#### (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 17 for disclosure of property, plant and equipment pledged as securities against Borrowings.

### NOTE - 3 INVESTMENT PROPERTY

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | Building      | Total         |
|----------------------------------------------------|---------------|---------------|
| <b>Gross block</b>                                 |               |               |
| As at 1 <sup>st</sup> April, 2016*                 | 435.73        | 435.73        |
| Change during the year                             | -             | -             |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>   | <b>435.73</b> | <b>435.73</b> |
| Change during the year                             | -             | -             |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>   | <b>435.73</b> | <b>435.73</b> |
| <b>Accumulated depreciation</b>                    |               |               |
| As at 1 <sup>st</sup> April, 2016*                 | 112.82        | 112.82        |
| Charge for the year                                | 13.63         | 13.63         |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>   | <b>126.45</b> | <b>126.45</b> |
| Charge for the year                                | 14.14         | 14.14         |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>   | <b>140.59</b> | <b>140.59</b> |
| <b>Net block as at 31<sup>st</sup> March, 2018</b> | <b>295.14</b> | <b>295.14</b> |
| <b>Net block as at 31<sup>st</sup> March, 2017</b> | <b>309.28</b> | <b>309.28</b> |
| <b>Net block as at 1<sup>st</sup> April, 2016*</b> | <b>322.91</b> | <b>322.91</b> |

\*Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

#### (i) Amount recognised in profit and loss for investment property

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----------------------------------------------------------------------|------------------------------|------------------------------|
| Rental income                                                         | 154.87                       | 118.98                       |
| Direct operating expenses that generated rental income*               | -                            | -                            |
| Direct operating expenses that did not generate rental income*        | -                            | -                            |
| <b>Profit from leasing of investment property before depreciation</b> | <b>154.87</b>                | <b>118.98</b>                |
| Less: depreciation expense                                            | 14.14                        | 13.63                        |
| <b>Profit from leasing of investment property after depreciation</b>  | <b>140.73</b>                | <b>105.35</b>                |

\*Direct operating expenses attributable to investment property cannot be specifically identified with property, although management does not expect them to be material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 3 (CONTD.)

#### (ii) Leasing arrangements

Group's investment property comprises of a building which is leased to tenant under long-term operating leases with rentals payable monthly. Refer note 42 for details on future minimum lease rentals.

#### (iii) Fair value of investment property:

(All amounts in INR lakhs, unless otherwise stated)

|            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------|------------------------------|------------------------------|-----------------------------|
| Fair value | 297.02                       | 307.26                       | 317.51                      |

The Group obtains independent valuation for its investment property at least annually and fair value measurement has been categorised as Level 3. The best evidence of fair value is current prices in an active market for similar property. Where such information is not available, the Group considers the average price of similar property and appropriate depreciation has been accounted for arriving at fair & reasonable value.

### NOTE - 4 INTANGIBLE ASSETS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                      | Computer software | Technical know-how | Total         | Intangible assets under development |
|------------------------------------------------------------------|-------------------|--------------------|---------------|-------------------------------------|
| <b>Gross block</b>                                               |                   |                    |               |                                     |
| As at 1 <sup>st</sup> April, 2016 (refer note i)                 | 198.22            | 471.61             | 669.83        | 56.46                               |
| Additions                                                        | 9.48              | -                  | 9.48          | 4.86                                |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>                 | <b>207.70</b>     | <b>471.61</b>      | <b>679.31</b> | <b>61.32</b>                        |
| Additions                                                        | 47.42             | -                  | 47.42         | 2.15                                |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>                 | <b>255.12</b>     | <b>471.61</b>      | <b>726.73</b> | <b>63.47</b>                        |
| <b>Accumulated amortisation</b>                                  |                   |                    |               |                                     |
| As at 1 <sup>st</sup> April, 2016 (refer note i)                 | 193.40            | 403.75             | 597.15        | -                                   |
| Amortisation charge for the year                                 | 3.42              | 30.63              | 34.05         | -                                   |
| <b>Balance as at 31<sup>st</sup> March, 2017</b>                 | <b>196.82</b>     | <b>434.38</b>      | <b>631.20</b> | <b>-</b>                            |
| Amortisation charge for the year                                 | 10.22             | 16.22              | 26.44         | -                                   |
| <b>Balance as at 31<sup>st</sup> March, 2018</b>                 | <b>207.04</b>     | <b>450.60</b>      | <b>657.64</b> | <b>-</b>                            |
| <b>Net block as at 31<sup>st</sup> March, 2018</b>               | <b>48.08</b>      | <b>21.01</b>       | <b>69.09</b>  | <b>63.47</b>                        |
| <b>Net block as at 31<sup>st</sup> March, 2017</b>               | <b>10.88</b>      | <b>37.23</b>       | <b>48.11</b>  | <b>61.32</b>                        |
| <b>Net block as at 1<sup>st</sup> April, 2016 (refer note i)</b> | <b>4.82</b>       | <b>67.86</b>       | <b>72.68</b>  | <b>56.46</b>                        |

#### Notes:

- (i) Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated amortisation from the Previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.
- (ii) Intangibles assets under development comprise of the computer softwares under development.

#### (iii) Research and development expenses

Refer note 46 for expenses incurred on research and development activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 5

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                                                                                                                          | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Investments accounted for using the equity method<sup>^</sup></b>                                                                                                                     |                                       |                                       |                                      |
| <b>(i) Investments in equity instruments</b>                                                                                                                                             |                                       |                                       |                                      |
| <b>Joint ventures</b>                                                                                                                                                                    |                                       |                                       |                                      |
| Nippon Leakless Talbros Private Limited 4,800,000 shares (31 <sup>st</sup> March, 2017: 4,800,000 shares; 1 <sup>st</sup> April, 2016: 4,800,000 shares) of ₹ 10 each                    | 1,965.90                              | 1,765.59                              | 1,581.34                             |
| Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 <sup>st</sup> March, 2017: 11,780,000 shares; 1 <sup>st</sup> April, 2016: 11,780,000 shares) of ₹ 10 each | 967.35                                | 761.99                                | 679.60                               |
| Talbros Marugo Rubber Private Limited 9,500,000 shares (31 <sup>st</sup> March, 2017: 8,500,000 shares; 1 <sup>st</sup> April, 2016: 8,500,000 shares) of ₹ 10 each                      | 665.39                                | 590.59                                | 647.53                               |
|                                                                                                                                                                                          | <b>3,598.64</b>                       | <b>3,118.17</b>                       | <b>2,908.47</b>                      |

<sup>^</sup>Refer note 49 - Group information for summarised financial information of joint ventures.

### NOTE - 6 INVESTMENTS

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                                                                                                                    | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>(I) Investments in equity instruments</b>                                                                                                                                       |                                       |                                       |                                      |
| <b>(Unquoted, at fair value through other comprehensive income)</b>                                                                                                                |                                       |                                       |                                      |
| QH Talbros Private Limited 177,962 shares (31 <sup>st</sup> March, 2017: 177,962 shares; 1 <sup>st</sup> April, 2016: 177,962 shares) of ₹ 10 each                                 | 31.25                                 | 36.15                                 | 24.90                                |
| Talbros International Private Limited 1,326,970 shares (31 <sup>st</sup> March, 2017: 1,326,970 shares; 1 <sup>st</sup> April, 2016: 1,167,101 shares) of ₹ 10 each                | 2,486.72                              | 1,995.68                              | 1,110.05                             |
| T & T Motors Limited 83,333 shares (31 <sup>st</sup> March, 2017: 83,333 shares; 1 <sup>st</sup> April, 2016: 83,333 shares) of ₹ 10 each                                          | 70.01                                 | 71.18                                 | 72.85                                |
| <b>(Unquoted, at fair value through profit and loss)</b>                                                                                                                           |                                       |                                       |                                      |
| Caparo Power Limited 1,147,134 equity shares (31 <sup>st</sup> March, 2017: 1,147,134 equity shares; 1 <sup>st</sup> April, 2016: 1,147,134 equity shares) of ₹ 10 each            | 114.71                                | 114.71                                | 114.71                               |
| <b>(ii) Investment in preference shares</b>                                                                                                                                        |                                       |                                       |                                      |
| <b>(Unquoted, at amortised cost)</b>                                                                                                                                               |                                       |                                       |                                      |
| Caparo Power Limited 2,54,920, 2% Cumulative redeemable preference shares (31 <sup>st</sup> March, 2017: 254,920 shares; 1 <sup>st</sup> April, 2016: 254,920 shares) of ₹ 10 each | 20.86                                 | 19.07                                 | 17.44                                |
| <b>(III) Investment in mutual funds</b>                                                                                                                                            |                                       |                                       |                                      |
| <b>(Unquoted, at fair value through profit and loss)</b>                                                                                                                           |                                       |                                       |                                      |
| SBI Infrastructure Fund-1-Growth Nil units (31 <sup>st</sup> March, 2017: 100,000 units; 1 <sup>st</sup> April, 2016: 100,000 units) of NAV ₹ 10 each                              | -                                     | 13.64                                 | 10.62                                |
|                                                                                                                                                                                    | <b>2,723.55</b>                       | <b>2,250.43</b>                       | <b>1,350.57</b>                      |
| Aggregate amount of quoted investments                                                                                                                                             | -                                     | -                                     | -                                    |
| Aggregate market value of quoted investments                                                                                                                                       | -                                     | -                                     | -                                    |
| Aggregate amount of unquoted investments                                                                                                                                           | 2,723.55                              | 2,250.43                              | 1,350.57                             |
| Aggregate amount of impairment in value of investments                                                                                                                             | -                                     | -                                     | -                                    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 7

(All amounts in INR lakhs, unless otherwise stated)

|                                     | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Loans - non current</b>        |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b> |                                       |                                       |                                      |
| Security deposits                   | 118.31                                | 114.44                                | 99.63                                |
|                                     | <b>118.31</b>                         | <b>114.44</b>                         | <b>99.63</b>                         |
| <b>B Loans - current</b>            |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b> |                                       |                                       |                                      |
| Inter-corporate deposit             | 549.58                                | 596.91                                | 551.61                               |
| Others*                             | 23.10                                 | 68.80                                 | 71.86                                |
|                                     | <b>572.68</b>                         | <b>665.71</b>                         | <b>623.47</b>                        |

\*refer note 39 for related party details

## NOTE - 8

(All amounts in INR lakhs, unless otherwise stated)

|                                                  | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|--------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other financial assets - non-current</b>    |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b>              |                                       |                                       |                                      |
| Bank deposits with more than 12 months maturity* | 49.44                                 | 63.66                                 | 51.02                                |
|                                                  | <b>49.44</b>                          | <b>63.66</b>                          | <b>51.02</b>                         |
| <b>B Other financial assets - current</b>        |                                       |                                       |                                      |
| <b>(Unsecured, considered good)</b>              |                                       |                                       |                                      |
| Loan to employees                                | 42.43                                 | 21.47                                 | 28.08                                |
| Derivative assets on forward contracts           | -                                     | -                                     | 5.28                                 |
| Claims and other recoverable                     | 100.15                                | 24.13                                 | 79.78                                |
|                                                  | <b>142.58</b>                         | <b>45.60</b>                          | <b>113.14</b>                        |

\*Under lien with banks as security against borrowings.

## NOTE - 9 CURRENT TAX ASSETS

(All amounts in INR lakhs, unless otherwise stated)

|                              | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Advance income tax           | 995.71                                | 1,360.15                              | -                                    |
| Less: Provision for taxation | (963.68)                              | (1,339.40)                            | -                                    |
|                              | <b>32.03</b>                          | <b>20.75</b>                          | -                                    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 10

(All amounts in INR lakhs, unless otherwise stated)

|                                        | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|----------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other non-current assets</b>      |                                       |                                       |                                      |
| Prepaid expenses                       | -                                     | 1.28                                  | 10.32                                |
| Capital advances                       | 117.91                                | 133.09                                | 72.48                                |
|                                        | <b>117.91</b>                         | <b>134.37</b>                         | <b>82.80</b>                         |
| <b>B Other current assets</b>          |                                       |                                       |                                      |
| Advances to suppliers                  |                                       |                                       |                                      |
| - Considered good                      | 231.00                                | 178.53                                | 276.16                               |
| - Considered doubtful                  | 36.07                                 | 38.62                                 | 128.43                               |
| Balance with government authorities    |                                       |                                       |                                      |
| - Considered good                      | 1,587.82                              | 1,111.48                              | 1,168.45                             |
| - Considered doubtful                  | 50.50                                 | 50.49                                 | 20.45                                |
| Prepaid expenses                       | 72.91                                 | 69.14                                 | 87.55                                |
| Others                                 | 31.07                                 | 6.83                                  | 25.97                                |
|                                        | 2,009.37                              | 1,455.09                              | 1,707.01                             |
| Less : Provision for doubtful advances | (86.57)                               | (89.11)                               | (148.88)                             |
|                                        | <b>1,922.80</b>                       | <b>1,365.98</b>                       | <b>1,558.13</b>                      |

## NOTE - 11 INVENTORIES

(All amounts in INR lakhs, unless otherwise stated)

|                                                           | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-----------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>(Lower of cost or net realizable value)</b>            |                                       |                                       |                                      |
| Raw material                                              | 3,796.46                              | 2,596.18                              | 2,862.35                             |
| Work in progress                                          | 5,273.69                              | 5,448.81                              | 5,637.95                             |
| Finished goods                                            | 1,441.49                              | 1,491.85                              | 1,531.69                             |
| Stock in trade (in respect of goods acquired for trading) | 15.06                                 | 0.68                                  | 4.13                                 |
| Stores and spares                                         | 398.16                                | 338.30                                | 296.15                               |
|                                                           | <b>10,924.86</b>                      | <b>9,875.82</b>                       | <b>10,332.27</b>                     |
| <b>i) The above includes goods in transit as under:</b>   |                                       |                                       |                                      |
| Raw material                                              | 651.90                                | 573.40                                | 596.91                               |
| Stores and spares                                         | 12.61                                 | 1.03                                  | 4.27                                 |
|                                                           | <b>664.51</b>                         | <b>574.43</b>                         | <b>601.18</b>                        |

## NOTE - 12 TRADE RECEIVABLES

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                    | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>(Unsecured considered good, unless otherwise stated)</b>                        |                                       |                                       |                                      |
| Unsecured, considered good                                                         | 12,419.05                             | 8,971.14                              | 8,230.39                             |
| Unsecured, considered doubtful                                                     | 192.61                                | 272.96                                | 108.64                               |
|                                                                                    | <b>12,611.66</b>                      | <b>9,244.10</b>                       | <b>8,339.03</b>                      |
| Less: Allowance for doubtful debts                                                 | (192.61)                              | (272.96)                              | (108.64)                             |
|                                                                                    | <b>12,419.05</b>                      | <b>8,971.14</b>                       | <b>8,230.39</b>                      |
| <b>Includes trade receivables from companies in which directors are interested</b> |                                       |                                       |                                      |
| Magneti Marelli Talbros Chassis Systems Private Ltd.                               | 8.69                                  | -                                     | -                                    |
| Talbros Marugo Rubber Private Limited                                              | 10.33                                 | 77.93                                 | 54.31                                |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 13 CASH AND CASH EQUIVALENTS

(All amounts in INR lakhs, unless otherwise stated)

|                                                     | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-----------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Cash on hand                                        | 58.78                                 | 49.48                                 | 34.15                                |
| Balances with banks                                 |                                       |                                       |                                      |
| -in current accounts                                | 256.65                                | 294.55                                | 68.74                                |
| Deposits with original maturity less than 3 months* | 5.99                                  | 7.07                                  | 6.58                                 |
|                                                     | <b>321.42</b>                         | <b>351.10</b>                         | <b>109.47</b>                        |

### NOTE - 14 OTHER BANK BALANCES

(All amounts in INR lakhs, unless otherwise stated)

|                                            | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|--------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Term deposits^                             | 90.00                                 | 75.65                                 | 133.02                               |
| Margin money deposits (pledged with banks) | 344.99                                | 212.54                                | 241.42                               |
| Earmarked balances with banks              |                                       |                                       |                                      |
| - Unpaid dividend account                  | 20.96                                 | 15.84                                 | 13.77                                |
|                                            | <b>455.95</b>                         | <b>304.03</b>                         | <b>388.21</b>                        |

^ includes deposits with original maturity of more than 12 months ₹ Nil (31<sup>st</sup> March, 2017: ₹ 58.47 lakhs; 1<sup>st</sup> April, 2016: ₹ 108.37 lakhs).

### NOTE - 15 EQUITY SHARE CAPITAL

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                                              | As at<br>31 <sup>st</sup> March, 2018 |                 | As at<br>31 <sup>st</sup> March, 2017 |                 | As at<br>1 <sup>st</sup> April, 2016 |                 |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------|---------------------------------------|-----------------|--------------------------------------|-----------------|
| <b>i Authorised</b>                                                                                          | <b>No. of shares</b>                  | <b>Amount</b>   | <b>No. of shares</b>                  | <b>Amount</b>   | <b>No. of shares</b>                 | <b>Amount</b>   |
| 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        |
|                                                                                                              | <b>2,00,00,000</b>                    | <b>2,000.00</b> | <b>2,00,00,000</b>                    | <b>2,000.00</b> | <b>2,00,00,000</b>                   | <b>2,000.00</b> |
| <b>ii Issued, subscribed and fully paid up</b>                                                               |                                       |                 |                                       |                 |                                      |                 |
| Equity shares of ₹ 10 each                                                                                   | 1,23,45,630                           | 1,234.56        | 1,234.56                              | 1,234.56        | 1,23,45,630                          | 1,234.56        |
|                                                                                                              | <b>1,23,45,630</b>                    | <b>1,234.56</b> | <b>1,234.56</b>                       | <b>1,234.56</b> | <b>1,23,45,630</b>                   | <b>1,234.56</b> |
| <b>iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year</b> |                                       |                 |                                       |                 |                                      |                 |
| <b>Equity shares</b>                                                                                         |                                       |                 |                                       |                 |                                      |                 |
| Balance at the beginning of the year                                                                         | 1,23,45,630                           | 1,234.56        | 1,23,45,630                           | 1,234.56        | 1,23,45,630                          | 1,234.56        |
| Changes during the year                                                                                      | -                                     | -               | -                                     | -               | -                                    | -               |
| <b>Balance at the end of the year</b>                                                                        | <b>1,23,45,630</b>                    | <b>1,234.56</b> | <b>1,23,45,630</b>                    | <b>1,234.56</b> | <b>1,23,45,630</b>                   | <b>1,234.56</b> |

#### 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

| Name of the equity shareholders       | No. of shares | %      | No. of shares | %      | No. of shares | %      |
|---------------------------------------|---------------|--------|---------------|--------|---------------|--------|
| QH Talbros Private Limited            | -             | -      | -             | -      | 26,47,684     | 21.45% |
| Talbros International Private Limited | 45,71,620     | 37.03% | 43,70,022     | 35.40% | 10,49,321     | 8.50%  |

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 16 OTHER EQUITY

(All amounts in INR lakhs, unless otherwise stated)

|                                                       | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| General Reserve                                       | 598.23                                | 548.23                                | 498.23                               |
| Retained earnings                                     | 9,929.41                              | 7,958.73                              | 6,975.68                             |
| Capital reserve                                       | 15.21                                 | 15.21                                 | 15.21                                |
| Securities premium                                    | 4,678.30                              | 4,678.30                              | 4,678.30                             |
| Equity instruments through Other Comprehensive Income | 1,485.10                              | 1,113.11                              | 489.71                               |
| <b>Total other equity</b>                             | <b>16,706.25</b>                      | <b>14,313.58</b>                      | <b>12,657.13</b>                     |

### Nature and purpose of other reserves

#### 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.

#### Retained earnings

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

#### Capital reserve

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

#### Securities premium

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

#### 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

(All amounts in INR lakhs, unless otherwise stated)

|                                                            | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Long term borrowings</b>                              |                                       |                                       |                                      |
| <b>Secured</b>                                             |                                       |                                       |                                      |
| <b>Term Loans</b>                                          |                                       |                                       |                                      |
| <b>From banks</b>                                          |                                       |                                       |                                      |
| - IDFC bank                                                | 163.22                                | 39.99                                 | -                                    |
| - Vehicle Loans                                            | 80.70                                 | 111.64                                | 35.61                                |
| <b>From Others</b>                                         |                                       |                                       |                                      |
| - Bajaj Finance Ltd.(Term Loan-I)                          | 10.66                                 | 152.20                                | 401.65                               |
| - Bajaj Finance Ltd.(Term Loan-II)                         | 888.61                                | 300.00                                | -                                    |
| - Tata Capital Financial Services Limited                  | -                                     | 487.45                                | 812.39                               |
| - Vehicle Loans                                            | -                                     | 2.07                                  | 7.04                                 |
| <b>Unsecured</b>                                           |                                       |                                       |                                      |
| <b>Deposits</b>                                            |                                       |                                       |                                      |
| - From director                                            | 5.00                                  | 5.00                                  | 10.00                                |
| - From public                                              | 404.81                                | 564.19                                | 413.08                               |
|                                                            | <b>1,553.00</b>                       | <b>1,662.54</b>                       | <b>1,679.77</b>                      |
| <b>Amount disclosed under other financial liabilities:</b> |                                       |                                       |                                      |
| Current maturity of long-term debts                        | 699.55                                | 792.53                                | 924.34                               |
| Interest accrued on borrowings                             | 131.52                                | 111.68                                | 61.56                                |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 17 (CONTD.)

### Notes:

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                         | Terms of repayment                                                                                                                  | Interest Rate   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------------|------------------------------|-----------------------------|
| <b>Term loans, secured</b>          |                                                                                                                                     |                 |                              |                              |                             |
| <b>From bank:</b>                   |                                                                                                                                     |                 |                              |                              |                             |
| IDFC                                | 42 equal monthly installments after 12 months moratorium period from the date of first disbursement.                                | 9.60% to 9.75%  | 163.22                       | 39.99                        | -                           |
| Vehicle Loan                        | The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan. | 9.25% to 10.75% | 80.70                        | 111.64                       | 35.61                       |
| <b>From others:</b>                 |                                                                                                                                     |                 |                              |                              |                             |
| Bajaj Finance Ltd. (Term Loan- I)   | 60 equal monthly installments from the date of loan                                                                                 | 9.65% to 10.80% | 10.66                        | 152.20                       | 401.65                      |
| Bajaj Finance Ltd. (Term Loan- II)  | 60 equal monthly installments from the date of loan                                                                                 | 9.65%           | 888.61                       | 300.00                       | -                           |
| Tata Capital Financial Services Ltd | Original repayment period is 3 years with the option of early repayment                                                             | 10.75%          | -                            | 487.45                       | 812.39                      |
| Vehicle Loan                        | 36 equal monthly installments from the date of loan                                                                                 | 6.28%           | -                            | 2.07                         | 7.04                        |
| <b>Unsecured Deposits</b>           |                                                                                                                                     |                 |                              |                              |                             |
| From director                       | Repayable within 3 years                                                                                                            | 11.00%          | 5.00                         | 5.00                         | 10.00                       |
| From public                         | Repayable within 2 to 3 years                                                                                                       | 9.50% - 11.00%  | 404.81                       | 564.19                       | 413.08                      |
|                                     |                                                                                                                                     |                 | <b>1,553.00</b>              | <b>1,662.54</b>              | <b>1,679.77</b>             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 17 (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                               | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-----------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>B Short term borrowings</b>                            |                                       |                                       |                                      |
| <b>Secured</b>                                            |                                       |                                       |                                      |
| <b>a) Working capital loan from bank</b>                  |                                       |                                       |                                      |
| State Bank of India*                                      | -                                     | -                                     | 2,524.14                             |
| ICICI Bank*                                               | -                                     | -                                     | 90.87                                |
| IndusInd Bank*                                            | -                                     | -                                     | 791.13                               |
| HDFC Bank*                                                | 3,671.72                              | 3,755.15                              | 1,795.00                             |
| DBS Bank*                                                 | 924.89                                | 1,390.00                              | 1,000.00                             |
| Yes Bank*                                                 | 1,574.30                              | 1,338.37                              | 799.42                               |
| IDFC Bank*                                                | 1,103.57                              | 1,080.00                              | -                                    |
| Axis Bank*                                                | 1,000.00                              | -                                     | -                                    |
| <b>Unsecured</b>                                          |                                       |                                       |                                      |
| <b>a) Working capital loan from bank</b>                  |                                       |                                       |                                      |
| HDFC Bank**                                               | -                                     | -                                     | 1,000.00                             |
| <b>b) Working capital loan from others</b>                |                                       |                                       |                                      |
| Bajaj Finance Limited**                                   | 500.00                                | 850.00                                | 500.00                               |
| Tata Capital Financial Services Limited**                 | -                                     | -                                     | 298.31                               |
| <b>c) Deposits</b>                                        |                                       |                                       |                                      |
| Fixed deposits from public                                | 12.52                                 | 44.08                                 | 30.21                                |
| Inter-corporate deposit                                   | 100.00                                | 100.00                                | 100.00                               |
| <b>d) Borrowings on account of sales bill discounting</b> |                                       |                                       |                                      |
| Borrowing from banks                                      | 1,289.93                              | 1,115.01                              | 1,158.28                             |
|                                                           | <b>10,176.93</b>                      | <b>9,672.61</b>                       | <b>10,087.36</b>                     |

### Notes:

\* Working capital loans from State Bank of India, ICICI Bank, Indusind Bank, HDFC Bank, DBS Bank, Yes Bank, IDFC Bank and Axis Bank are secured by way of first pari-passu charge to all current assets, both present and future. Further, secured by second pari-passu charge on all the fixed assets, both present and future, excluding those exclusively charged to other lenders and personal guarantee of two directors of the Company.

\*\* Working capital loans from HDFC Bank, Bajaj Finance Ltd and Tata Capital Financial Services Ltd are secured by personal guarantee of two directors of the Company.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                          | Terms of<br>repayment | Interest Rate   | 31 <sup>st</sup> March,<br>2018 | 31 <sup>st</sup> March,<br>2017 | 1 <sup>st</sup> April,<br>2016 |
|--------------------------------------|-----------------------|-----------------|---------------------------------|---------------------------------|--------------------------------|
| <b>Working capital loan, secured</b> |                       |                 |                                 |                                 |                                |
| State Bank of India                  | Within 365 days       | 11.70% - 14.50% | -                               | -                               | 2,524.14                       |
| ICICI Bank                           | Within 365 days       | 11.60% - 14.50% | -                               | -                               | 90.87                          |
| IndusInd Bank                        | Within 365 days       | 11.70% - 14.50% | -                               | -                               | 791.13                         |
| HDFC Bank                            | Within 180 days       | 5.80% - 9.90%   | 3,671.72                        | 3,755.15                        | 1,795.00                       |
| DBS Bank                             | Within 365 days       | 5.50% - 9.10%   | 924.89                          | 1,390.00                        | 1,000.00                       |
| Yes Bank                             | Within 365 days       | 6.00% - 10.00%  | 1,574.30                        | 1,338.37                        | 799.42                         |
| IDFC Bank                            | Within 365 days       | 6.20% - 9.50%   | 1,103.57                        | 1,080.00                        | -                              |
| Axis Bank                            | Within 180 days       | 8.20%           | 1,000.00                        | -                               | -                              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 17 (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                       | Terms of repayment | Interest Rate   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------------|--------------------|-----------------|------------------------------|------------------------------|-----------------------------|
| <b>Working capital loan, unsecured</b>                            |                    |                 |                              |                              |                             |
| HDFC Bank                                                         | Within 180 days    | 9.50%           | -                            | -                            | 1,000.00                    |
| Bajaj Finance Limited                                             | Within 90 days     | 9.65% - 9.85%   | 500.00                       | 850.00                       | 500.00                      |
| Tata Capital Financial Services Ltd                               | Within 180 days    | 11.00% - 11.50% | -                            | -                            | 298.31                      |
| <b>Deposits, unsecured</b>                                        |                    |                 |                              |                              |                             |
| Deposits from public                                              | Within 365 days    | 9.00% - 9.50%   | 12.52                        | 44.08                        | 30.21                       |
| Inter-corporate deposit                                           | Within 365 days    | 12.00%          | 100.00                       | 100.00                       | 100.00                      |
| <b>Borrowings on account of sales bill discounting, unsecured</b> |                    |                 |                              |                              |                             |
| Borrowings from banks                                             | Within 90 days     | 8.50% - 8.60%   | 1,289.93                     | 1,115.01                     | 1,158.28                    |
|                                                                   |                    |                 | <b>10,176.93</b>             | <b>9,672.61</b>              | <b>10,087.36</b>            |

### C Reconciliation of liabilities arising from financing activities

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

(All amounts in INR lakhs, unless otherwise stated)

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                           | Long-term borrowings | Short-term borrowings | Total            |
|-------------------------------------------------------|----------------------|-----------------------|------------------|
| <b>As at 1<sup>st</sup> April, 2016</b>               | <b>2,604.12</b>      | <b>10,087.36</b>      | <b>12,691.48</b> |
| <b>Cash flow:</b>                                     |                      |                       |                  |
| - Proceeds                                            | 561.16               | -                     | 561.16           |
| - Repayment                                           | (708.30)             | (370.00)              | (1,078.30)       |
| <b>Other non-cash movements:</b>                      |                      |                       |                  |
| - Finance cost adjustment for effective interest rate | (1.91)               | -                     | (1.91)           |
| - Movement in bills discounted from banks             | -                    | (44.75)               | (44.75)          |
| <b>As at 31<sup>st</sup> March, 2017</b>              | <b>2,455.07</b>      | <b>9,672.61</b>       | <b>12,127.68</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

**NOTE - 18**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|----------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other financial liabilities - non-current</b> |                                       |                                       |                                      |
| Security deposits                                  | 19.68                                 | 14.25                                 | 13.03                                |
|                                                    | <b>19.68</b>                          | <b>14.25</b>                          | <b>13.03</b>                         |
| <b>B Other financial liabilities - current</b>     |                                       |                                       |                                      |
| Current maturity of long-term borrowings           | 699.55                                | 792.53                                | 924.34                               |
| Derivative liability on forward contracts          | 29.75                                 | -                                     | -                                    |
| Interest accrued on borrowings                     | 131.52                                | 111.68                                | 61.56                                |
| Employee related payables                          | 652.67                                | 675.07                                | 733.50                               |
| Security deposits                                  | 56.50                                 | 54.10                                 | 5.10                                 |
| Enhanced cost of land payable to HSIIDC            | -                                     | 97.33                                 | 66.08                                |
| Unclaimed dividend*                                | 20.96                                 | 15.84                                 | 13.78                                |
| Unclaimed matured deposits*                        | 18.63                                 | 45.03                                 | 39.47                                |
| Interest accrued on unclaimed matured deposits*    | 13.70                                 | 21.11                                 | 20.37                                |
| Other payables                                     | 112.11                                | 94.01                                 | 95.66                                |
|                                                    | <b>1,735.39</b>                       | <b>1,906.70</b>                       | <b>1,959.86</b>                      |

\* There are no amounts due for payment to investors education and protection fund

**NOTE - 19**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                        | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Provisions - non-current</b>                                                  |                                       |                                       |                                      |
| Employees' post retirement/long-term benefits                                      |                                       |                                       |                                      |
| Gratuity                                                                           | 150.28                                | 136.39                                | 184.75                               |
| Compensated absences                                                               | 173.92                                | 159.51                                | 125.67                               |
|                                                                                    | <b>324.20</b>                         | <b>295.90</b>                         | <b>310.42</b>                        |
| For movements in each class of provision during the financial year, refer note 44. |                                       |                                       |                                      |
| <b>B Provisions - current</b>                                                      |                                       |                                       |                                      |
| Employees' post retirement/long-term benefits                                      |                                       |                                       |                                      |
| Gratuity                                                                           | 70.00                                 | 30.00                                 | 60.00                                |
| Compensated absences                                                               | 62.14                                 | 61.16                                 | 59.38                                |
|                                                                                    | <b>132.14</b>                         | <b>91.16</b>                          | <b>119.38</b>                        |

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

**NOTE - 20 DEFERRED TAX LIABILITIES**

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                             | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|---------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Deferred tax liabilities arising on account of :</b> |                                       |                                       |                                      |
| Depreciation                                            | 991.37                                | 913.05                                | 877.90                               |
| Unamortised expenditures of tools#                      | -                                     | -                                     | 390.64                               |
| Equity instruments carried at FVOCI                     | 446.82                                | 333.84                                | 146.87                               |
| Others                                                  | -                                     | 3.12                                  | 2.20                                 |
| <b>Deferred tax asset arising on account of :</b>       |                                       |                                       |                                      |
| Minimum alternative tax credit#                         | 753.46                                | 710.77                                | 996.47                               |
| Allowance for doubtful debts and advances               | 96.60                                 | 125.28                                | 87.53                                |
| Disallowances u/s 43B                                   | 164.56                                | 142.53                                | 183.74                               |
| Carry forward business losses#                          | -                                     | -                                     | 44.48                                |
| Others                                                  | 1.18                                  | -                                     | -                                    |
|                                                         | <b>422.39</b>                         | <b>271.43</b>                         | <b>105.39</b>                        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 20 DEFERRED TAX LIABILITIES (CONTD.)

### Movement in deferred tax liabilities (net)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                               | 31 <sup>st</sup> March, 2017 | Recognised in statement of profit and loss | Recognised in other comprehensive income | 31 <sup>st</sup> March, 2018 |
|-------------------------------------------|------------------------------|--------------------------------------------|------------------------------------------|------------------------------|
| <b>Deferred tax liability:</b>            |                              |                                            |                                          |                              |
| Depreciation                              | 913.05                       | 78.32                                      | -                                        | 991.37                       |
| Equity instruments carried at FVOCI       | 333.84                       | -                                          | 112.98                                   | 446.82                       |
| Others                                    | 3.12                         | 21.24                                      | (24.36)                                  |                              |
| <b>Deferred tax asset:</b>                |                              |                                            |                                          |                              |
| Minimum alternative tax credit            | 710.77                       | 42.69                                      | -                                        | 753.46                       |
| Allowance for doubtful debts and advances | 125.28                       | (28.68)                                    | -                                        | 96.60                        |
| Disallowances u/s 43B                     | 142.53                       | 22.03                                      | -                                        | 164.56                       |
| Others                                    | -                            | 1.18                                       |                                          | 1.18                         |
|                                           | <b>271.43</b>                | <b>62.34</b>                               | <b>88.62</b>                             | <b>422.39</b>                |

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                               | 1 <sup>st</sup> April, 2016 | Recognised in statement of profit and loss | Recognised in other comprehensive income | 31 <sup>st</sup> March, 2017 |
|-------------------------------------------|-----------------------------|--------------------------------------------|------------------------------------------|------------------------------|
| <b>Deferred tax liability:</b>            |                             |                                            |                                          |                              |
| Depreciation                              | 877.90                      | 35.15                                      | -                                        | 913.05                       |
| Unamortised expenditures of tools         | 390.64                      | (390.64)                                   | -                                        | -                            |
| Equity instruments carried at FVOCI       | 146.87                      | -                                          | 186.97                                   | 333.84                       |
| Others                                    | 2.20                        | (16.73)                                    | 17.65                                    | 3.12                         |
| <b>Deferred tax asset:</b>                |                             |                                            |                                          |                              |
| Minimum alternative tax credit            | 996.47                      | (285.70)                                   | -                                        | 710.77                       |
| Allowance for doubtful debts and advances | 87.53                       | 37.75                                      | -                                        | 125.28                       |
| Disallowances u/s 43B                     | 183.74                      | (41.21)                                    | -                                        | 142.53                       |
| Carry forward business losses             | 44.48                       | (44.48)                                    | -                                        | -                            |
|                                           | <b>105.39</b>               | <b>(38.58)</b>                             | <b>204.62</b>                            | <b>271.43</b>                |

### Note:

#### (i) Breakup of amounts recognised in statement of profit and loss:

(All amounts in INR lakhs, unless otherwise stated)

|                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------|------------------------------|------------------------------|
| <b>Recognised as part of:</b>         |                              |                              |
| - Deferred tax                        | 105.03                       | 21.89                        |
| - Earlier years tax adjustments (net) | (42.69)                      | (60.47)                      |
|                                       | <b>62.34</b>                 | <b>(38.58)</b>               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 21

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                            | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|----------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>A Other non-current liabilities</b> |                                       |                                       |                                      |
| Deferred income                        | 4.61                                  | 6.15                                  | 1.54                                 |
|                                        | <b>4.61</b>                           | <b>6.15</b>                           | <b>1.54</b>                          |
| <b>B Other current liabilities</b>     |                                       |                                       |                                      |
| Advance from customers                 | 294.56                                | 229.26                                | 153.54                               |
| Payable to statutory authorities       | 174.79                                | 315.47                                | 306.96                               |
| Deferred Income                        | 1.54                                  | 1.54                                  | 7.69                                 |
|                                        | <b>470.89</b>                         | <b>546.27</b>                         | <b>468.19</b>                        |

## NOTE - 22 TRADE PAYABLES\*

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                        | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Due to micro and small enterprises | -                                     | -                                     | -                                    |
| Due to others                      | 13,723.63                             | 9,310.30                              | 8,927.13                             |
|                                    | <b>13,723.63</b>                      | <b>9,310.30</b>                       | <b>8,927.13</b>                      |

\*Refer note 39 for related party transactions

The Group has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31<sup>st</sup> March, 2018, 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                                                                                                                                                                                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| i the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;                                                                                                                                       | -                            | -                            | -                           |
| ii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;                                                                              | -                            | -                            | -                           |
| iii the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;                                                | -                            | -                            | -                           |
| iv the amount of interest accrued and remaining unpaid at the end of each accounting year; and                                                                                                                                                                    | -                            | -                            | -                           |
| v the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | -                            | -                            | -                           |

## NOTE - 23 CURRENT TAX LIABILITIES (NET)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars              | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|--------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Provision for taxation   | -                                     | -                                     | 1,086.23                             |
| Less: Advance income tax | -                                     | -                                     | (1,077.34)                           |
|                          | -                                     | -                                     | <b>8.89</b>                          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 24 REVENUE FROM OPERATIONS\*

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                         | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Sale of products                                    | 38,400.55                                  | 34,026.98                                  |
| Sale of services                                    | 50.47                                      | 42.95                                      |
| Other operating income                              | 1,549.59                                   | 1,273.08                                   |
|                                                     | <b>40,000.61</b>                           | <b>35,343.01</b>                           |
| <b>(i) Revenue from operations (gross) include:</b> |                                            |                                            |
| Gaskets                                             | 27,608.67                                  | 26,722.79                                  |
| Forgings                                            | 10,791.88                                  | 7,304.19                                   |
| Management fees                                     | 30.00                                      | 30.00                                      |
| Others                                              | 1,570.06                                   | 1,286.03                                   |
|                                                     | <b>40,000.61</b>                           | <b>35,343.01</b>                           |

\*The Government of India introduced the Goods and Services Tax (GST) with effect from 1<sup>st</sup> July, 2017. GST is collected on behalf of the Government and no economic benefit flows to the entity and hence Revenue from Operations under GST regime is presented excluding GST as per Ind AS 18 'Revenue'. However, Revenue from Operations under pre-GST regime included Excise Duty which is now subsumed in GST. Consequently, the figures for the year ended 31<sup>st</sup> March, 2018 are not comparable with the previous periods presented in the above table

### NOTE - 25 OTHER INCOME

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                               | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Interest income on:                                       |                                            |                                            |
| - Inter corporate deposits                                | 63.22                                      | 63.53                                      |
| - Fixed deposits with banks                               | 31.67                                      | 29.38                                      |
| - Other financial assets at amortised cost                | 3.13                                       | 3.10                                       |
| - Others                                                  | 0.72                                       | 0.50                                       |
| Dividend income from:                                     |                                            |                                            |
| - Related parties                                         | 8.90                                       | 5.34                                       |
| - Others                                                  | 4.47                                       | 3.64                                       |
| Royalty                                                   | 99.27                                      | 114.63                                     |
| Lease rentals                                             | 154.87                                     | 118.98                                     |
| Net gain on foreign currency transactions and translation | 111.77                                     | 250.02                                     |
| Profit on sale of property, plant and equipment (net)     | 81.76                                      | 37.70                                      |
| Fair value changes in investments carried at FVTPL        | 1.02                                       | 3.01                                       |
| Other non-operating income                                | 68.35                                      | 9.87                                       |
|                                                           | <b>629.15</b>                              | <b>639.70</b>                              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 26 COST OF MATERIALS CONSUMED

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                    | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Opening inventory                              | 2,596.18                                   | 2,862.35                                   |
| Add: Purchases                                 | 22,917.67                                  | 17,327.36                                  |
|                                                | <b>25,513.85</b>                           | <b>20,189.71</b>                           |
| Less: Closing inventory                        | 3,796.46                                   | 2,596.18                                   |
|                                                | <b>21,717.39</b>                           | <b>17,593.53</b>                           |
| <b>Cost of raw materials consumed include:</b> |                                            |                                            |
| Tinplate/P.C.R.C.A/steel                       | 6,440.78                                   | 5,293.85                                   |
| Jointing                                       | 5,715.60                                   | 5,707.48                                   |
| Forging steels                                 | 6,039.77                                   | 3,534.75                                   |
| Bought out auto components and parts           | 1,987.94                                   | 1,812.20                                   |
| Others                                         | 1,533.30                                   | 1,245.25                                   |
|                                                | <b>21,717.39</b>                           | <b>17,593.53</b>                           |

## NOTE - 27 PURCHASE OF STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-------------|--------------------------------------------|--------------------------------------------|
| Dyna bond   | 242.55                                     | 236.84                                     |
|             | <b>242.55</b>                              | <b>236.84</b>                              |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                      | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|--------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Inventories at the end of the year:</b>       |                                            |                                            |
| Finished goods                                   | 1,441.49                                   | 1,491.85                                   |
| Work-in-progress                                 | 5,273.69                                   | 5,448.81                                   |
| Stock-in-trade                                   | 15.06                                      | 0.68                                       |
| <b>Inventories at the beginning of the year:</b> |                                            |                                            |
| Finished goods                                   | 1,491.85                                   | 1,531.69                                   |
| Work-in-progress                                 | 5,448.81                                   | 5,637.95                                   |
| Stock-in-trade                                   | 0.68                                       | 4.13                                       |
| <b>Net decrease</b>                              | <b>211.10</b>                              | <b>232.43</b>                              |

## NOTE - 29 EMPLOYEE BENEFITS EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                               | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-------------------------------------------|--------------------------------------------|--------------------------------------------|
| Salaries and wages                        | 4,484.69                                   | 4,045.11                                   |
| Contributions to provident and other fund | 279.46                                     | 282.68                                     |
| Staff welfare expenses                    | 371.20                                     | 354.26                                     |
|                                           | <b>5,135.35</b>                            | <b>4,682.05</b>                            |

## NOTE - 30 FINANCE COSTS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                               | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Interest expense on borrowings                            | 1,275.07                                   | 1,442.50                                   |
| Interest on other financial liabilities at amortised cost | 1.33                                       | 1.22                                       |
| Other borrowing cost                                      | 117.38                                     | 146.86                                     |
|                                                           | <b>1,393.78</b>                            | <b>1,590.58</b>                            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 31 DEPRECIATION AND AMORTISATION EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                    | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|--------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Depreciation on:</b>        |                                            |                                            |
| - Property plant and equipment | 1,413.77                                   | 1,251.12                                   |
| - Investment property          | 14.14                                      | 13.63                                      |
| <b>Amortisation of:</b>        |                                            |                                            |
| - Intangible assets            | 26.44                                      | 34.05                                      |
|                                | <b>1,454.35</b>                            | <b>1,298.80</b>                            |
| Less: depreciation capitalised | 34.90                                      | 67.41                                      |
|                                | <b>1,419.45</b>                            | <b>1,231.39</b>                            |

## NOTE - 32 OTHER EXPENSES

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                         | Year ended<br>31 <sup>st</sup> March, 2018 | Year ended<br>31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Consumption of stores and spares parts                              | 2,159.18                                   | 1,746.61                                   |
| Labour and processing charges                                       | 437.53                                     | 354.41                                     |
| Royalty                                                             | 16.42                                      | 13.74                                      |
| Power and fuel                                                      | 1,614.64                                   | 1,258.16                                   |
| Rent                                                                | 77.44                                      | 120.74                                     |
| Repairs to buildings                                                | 121.20                                     | 86.26                                      |
| Repairs to plant & machinery                                        | 424.14                                     | 335.34                                     |
| Repairs to other assets                                             | 195.70                                     | 109.60                                     |
| Insurance                                                           | 66.73                                      | 66.35                                      |
| Travelling, tour & conveyance                                       | 544.68                                     | 540.50                                     |
| Sales promotion expenses                                            | 218.05                                     | 263.36                                     |
| Packing, freight & forwarding                                       | 1,237.87                                   | 819.81                                     |
| Rates and taxes                                                     | 59.59                                      | 31.53                                      |
| Corporate social responsibility expenditure                         | 20.72                                      | 18.85                                      |
| Allowance for doubtful trade receivables/advances                   | 129.30                                     | 216.63                                     |
| Property, plant and equipment written off                           | 10.93                                      | -                                          |
| Excise duty on increase/(decrease) of inventories of finished goods | (130.04)                                   | 5.72                                       |
| Advances written off                                                | 212.19                                     | 112.09                                     |
| Provisions no longer required written back                          | (212.19)                                   | (112.09)                                   |
| Legal and professional                                              | 153.15                                     | 122.80                                     |
| Remuneration to auditors                                            |                                            |                                            |
| <b>-As Auditors:</b>                                                |                                            |                                            |
| Audit fee                                                           | 10.10                                      | 7.10                                       |
| Tax audit fee                                                       | 2.30                                       | 2.30                                       |
| <b>-In other capacity:</b>                                          |                                            |                                            |
| Limited review                                                      | 1.92                                       | 2.52                                       |
| Other services                                                      | 1.88                                       | 4.08                                       |
| Out of pocket expenses                                              | 0.87                                       | -                                          |
| Donation                                                            | 4.43                                       | 5.05                                       |
| Miscellaneous expenses                                              | 530.49                                     | 465.84                                     |
|                                                                     | <b>7,909.22</b>                            | <b>6,597.30</b>                            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### 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 Holding Company during the year is ₹ 20.72 lakhs (31<sup>st</sup> March, 2017: ₹ 18.85 lakhs).
- b) Amount spent during the financial year ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017 on:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                           | Year                         | Amount paid | Amount yet to be paid | Total |
|-------------------------------------------------------|------------------------------|-------------|-----------------------|-------|
| Contribution to Prime Minister's National Relief Fund | 31 <sup>st</sup> March, 2018 | -           | -                     | -     |
|                                                       | 31 <sup>st</sup> March, 2017 | -           | -                     | -     |
| Donation paid to charitable trust                     | 31 <sup>st</sup> March, 2018 | 20.72       | -                     | 20.72 |
|                                                       | 31 <sup>st</sup> March, 2017 | 18.85       | -                     | 18.85 |

Amount computed is based upon profits as per previous GAAP.

### NOTE - 33 EXCEPTIONAL ITEMS

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                  | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------------------------------------------------------------|------------------------------|------------------------------|
| Profit on sale of property, plant and equipment <sup>^</sup> | 215.77                       | -                            |
|                                                              | <b>215.77</b>                | -                            |

<sup>^</sup>represents profit on sale of assets under partial strategic disinvestment at non-core material business assets.

### NOTE - 34 TAX INCOME TAX

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                            | Year ended 31 <sup>st</sup> March, 2018 | Year ended 31 <sup>st</sup> March, 2017 |
|------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Tax expense comprises of:</b>                                       |                                         |                                         |
| Current tax                                                            | 523.01                                  | 288.40                                  |
| Deferred tax charge                                                    | 105.03                                  | 21.89                                   |
| Earlier years tax adjustments (net)                                    | (111.57)                                | (95.69)                                 |
| <b>Income tax expense reported in the statement of profit and loss</b> | <b>516.47</b>                           | <b>214.60</b>                           |

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in profit or loss are as follows:

|                                                                                                |                 |                 |
|------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Accounting profit before income tax</b>                                                     | <b>2,806.03</b> | <b>1,436.99</b> |
| At India's statutory income tax rate of 34.608% (31 <sup>st</sup> March, 2017: 34.608%)        | 971.11          | 497.31          |
| <b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b> |                 |                 |
| Tax impact of exempted income                                                                  | (112.12)        | (94.47)         |
| Impact of different rate of tax                                                                | (0.54)          | -               |
| Earlier years tax adjustments (net)                                                            | (111.57)        | (95.69)         |
| Impact of tax on profit from joint ventures                                                    | (131.66)        | (72.51)         |
| Others                                                                                         | (98.75)         | (20.04)         |
| <b>Income tax expense</b>                                                                      | <b>516.47</b>   | <b>214.60</b>   |

### NOTE - 35 EARNINGS PER SHARE (EPS)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                    | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------------------------------------------------------------------------------|------------------------------|------------------------------|
| Profit attributable to equity shareholders                                     | 2,289.56                     | 1,222.39                     |
| Profit attributable to equity shareholders adjusted for the effect of dilution | 2,289.56                     | 1,222.39                     |
| 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                  |
| Basic (₹)                                                                      | 18.55                        | 9.90                         |
| Diluted (₹)                                                                    | 18.55                        | 9.90                         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 36 FAIR VALUE DISCLOSURES

#### (i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the balance sheet are categorised into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** unobservable inputs for the asset or liability

#### (ii) Financial assets and liabilities measured at fair value - recurring fair value measurements

(All amounts in INR lakhs, unless otherwise stated)

| 31 <sup>st</sup> March, 2018  | Level 1 | Level 2 | Level 3         | Total           |
|-------------------------------|---------|---------|-----------------|-----------------|
| <b>Financial assets</b>       |         |         |                 |                 |
| Investments at FVTPL          | -       | -       | 114.71          | 114.71          |
| Investments at FVOCI          | -       | -       | 2,587.98        | 2,587.98        |
| <b>Total financial assets</b> | -       | -       | <b>2,702.69</b> | <b>2,702.69</b> |

| 31 <sup>st</sup> March, 2017  | Level 1      | Level 2 | Level 3         | Total           |
|-------------------------------|--------------|---------|-----------------|-----------------|
| <b>Financial assets</b>       |              |         |                 |                 |
| Investments at FVTPL          | 13.64        | -       | 114.71          | 128.35          |
| Investments at FVOCI          | -            | -       | 2,103.01        | 2,103.01        |
| <b>Total financial assets</b> | <b>13.64</b> | -       | <b>2,217.72</b> | <b>2,231.36</b> |

| 1 <sup>st</sup> April, 2016   | Level 1      | Level 2 | Level 3         | Total           |
|-------------------------------|--------------|---------|-----------------|-----------------|
| <b>Financial assets</b>       |              |         |                 |                 |
| Investments at FVTPL          | 10.62        | -       | 114.71          | 125.33          |
| Investments at FVOCI          | -            | -       | 1,207.80        | 1,207.80        |
| <b>Total financial assets</b> | <b>10.62</b> | -       | <b>1,322.51</b> | <b>1,333.13</b> |

#### (iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of net asset value for mutual funds on the basis of the statement received from investee party.
- the use of adjusted net asset value method for certain equity investment and discounted cash flow method (income approach) for remaining equity instruments.

#### (iv) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (iii) above for the valuation techniques adopted.

| Particulars            | Fair value as at             |                              |                             | Significant unobservable inputs | Data inputs                  |                              |                             | Sensitivity*                                                                                                                                        |                                                                                                                                                     |
|------------------------|------------------------------|------------------------------|-----------------------------|---------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
|                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 | 1% increase in inputs                                                                                                                               | 1% decrease in inputs                                                                                                                               |
| Unquoted equity shares | 2,702.69                     | 2,217.72                     | 1,322.51                    | Terminal growth rate            | 5%                           | 5%                           | 5%                          | 31 <sup>st</sup> March, 2018: - ₹ 2,870.36 lakhs<br>31 <sup>st</sup> March, 2017: ₹ 2,444.16 lakhs<br>1 <sup>st</sup> April, 2016: ₹ 1,487.21 lakhs | 31 <sup>st</sup> March, 2018: - ₹ 2,568.70 lakhs<br>31 <sup>st</sup> March, 2017: ₹ 2,037.69 lakhs<br>1 <sup>st</sup> April, 2016: ₹ 1,193.10 lakhs |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 36 FAIR VALUE DISCLOSURES (CONTD.)

(v) The following table presents the changes in level 3 items for the year ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017:

| Particulars                                   | Equity shares   |
|-----------------------------------------------|-----------------|
| <b>As at 1<sup>st</sup> April, 2016</b>       | <b>1,322.51</b> |
| Acquisition during the year                   | 84.85           |
| Gain recognized in other comprehensive income | 810.36          |
| <b>As at 31<sup>st</sup> March, 2017</b>      | <b>2,217.72</b> |
| Acquisition during the year                   | -               |
| Gain recognized in other comprehensive income | 484.97          |
| <b>As at 31<sup>st</sup> March, 2018</b>      | <b>2,702.69</b> |

### (vi) Fair value of instruments measured at amortised cost

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                        | Level   | 31 <sup>st</sup> March, 2018 |                  | 31 <sup>st</sup> March, 2017 |                  | 1 <sup>st</sup> April, 2016 |                  |
|------------------------------------|---------|------------------------------|------------------|------------------------------|------------------|-----------------------------|------------------|
|                                    |         | Carrying value               | Fair value       | Carrying value               | Fair value       | Carrying value              | Fair value       |
| <b>Financial assets</b>            |         |                              |                  |                              |                  |                             |                  |
| Loans                              | Level 3 | 690.99                       | 691.08           | 780.15                       | 780.21           | 723.10                      | 723.10           |
| Other financial assets             | Level 3 | 192.02                       | 192.02           | 109.26                       | 109.26           | 164.16                      | 164.16           |
| <b>Total financial assets</b>      |         | <b>883.01</b>                | <b>883.10</b>    | <b>889.41</b>                | <b>889.47</b>    | <b>887.26</b>               | <b>887.26</b>    |
| <b>Financial liabilities</b>       |         |                              |                  |                              |                  |                             |                  |
| Borrowings                         | Level 3 | 12,561.00                    | 12,561.00        | 12,239.36                    | 12,239.36        | 12,753.03                   | 12,753.03        |
| Other financial liabilities        | Level 3 | 924.00                       | 924.37           | 1,016.74                     | 1,016.90         | 986.99                      | 986.99           |
| <b>Total financial liabilities</b> |         | <b>13,485.00</b>             | <b>13,485.37</b> | <b>13,256.10</b>             | <b>13,256.26</b> | <b>13,740.02</b>            | <b>13,740.02</b> |

The management assessed that cash and cash equivalents, other bank balances, trade receivables, other receivables, trade payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other 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 31<sup>st</sup> March, 2018 was assessed to be insignificant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 37 FINANCIAL INSTRUMENTS

### (i) Financial instruments by category

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

| Particulars                        | 31 <sup>st</sup> March, 2018 |                 |                  |  | 31 <sup>st</sup> March, 2017 |                 |                  |  | 1 <sup>st</sup> April, 2016 |                 |                |                  |
|------------------------------------|------------------------------|-----------------|------------------|--|------------------------------|-----------------|------------------|--|-----------------------------|-----------------|----------------|------------------|
|                                    | FVTPL                        | FVOCI           | Amortised cost   |  | FVTPL                        | FVOCI           | Amortised cost   |  | FVTPL                       | FVOCI           | Amortised cost |                  |
| <b>Financial assets</b>            |                              |                 |                  |  |                              |                 |                  |  |                             |                 |                |                  |
| Investments*                       | 114.71                       | 2,587.98        | 20.86            |  | 128.35                       | 2,103.01        | 19.07            |  | 125.34                      | 1,207.79        |                | 17.44            |
| Trade receivables                  | -                            | -               | 12,419.05        |  | -                            | -               | 8,971.14         |  | -                           | -               |                | 8,230.39         |
| Loans                              | -                            | -               | 572.68           |  | -                            | -               | 665.71           |  | -                           | -               |                | 623.47           |
| Cash and cash equivalents          | -                            | -               | 321.42           |  | -                            | -               | 351.10           |  | -                           | -               |                | 109.47           |
| Other bank balances                | -                            | -               | 455.95           |  | -                            | -               | 304.03           |  | -                           | -               |                | 388.21           |
| Other financial assets             | -                            | -               | 192.02           |  | -                            | -               | 109.26           |  | -                           | -               |                | 164.16           |
| Security deposits                  | -                            | -               | 118.31           |  | -                            | -               | 114.44           |  | -                           | -               |                | 99.63            |
| <b>Total financial assets</b>      | <b>114.71</b>                | <b>2,587.98</b> | <b>14,100.29</b> |  | <b>128.35</b>                | <b>2,103.01</b> | <b>10,534.75</b> |  | <b>125.34</b>               | <b>1,207.79</b> |                | <b>9,632.77</b>  |
| <b>Financial liabilities</b>       |                              |                 |                  |  |                              |                 |                  |  |                             |                 |                |                  |
| Borrowings                         | -                            | -               | 12,561.00        |  | -                            | -               | 12,239.36        |  | -                           | -               |                | 12,753.03        |
| Trade payables                     | -                            | -               | 13,723.63        |  | -                            | -               | 9,310.30         |  | -                           | -               |                | 8,927.13         |
| Other financial liabilities        | -                            | -               | 924.00           |  | -                            | -               | 1,016.74         |  | -                           | -               |                | 986.99           |
| <b>Total financial liabilities</b> | <b>-</b>                     | <b>-</b>        | <b>27,208.63</b> |  | <b>-</b>                     | <b>-</b>        | <b>22,566.40</b> |  | <b>-</b>                    | <b>-</b>        |                | <b>22,667.15</b> |

\*Investment in equity instrument of joint ventures have been accounted using equity method of accounting and hence, not presented here.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 37 FINANCIAL INSTRUMENTS (CONTD.)

### (ii) Risk management framework

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

| Risk                           | Exposure arising from                                                                     | Measurement                 | Management                                                                                                                        |
|--------------------------------|-------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Credit risk                    | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Aging analysis              | Bank deposits, diversification of asset base, credit limits and collateral.                                                       |
| Liquidity risk                 | Borrowings and other liabilities                                                          | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities                                                                   |
| Market risk - foreign exchange | Recognised financial assets and liabilities not denominated in Indian rupee (INR)         | Cash flow forecasting       | Forward contract/hedging, if required                                                                                             |
| Market risk - interest rate    | Long-term borrowings at variable rates                                                    | Sensitivity analysis        | Negotiation of terms that reflect the market factors                                                                              |
| Market risk - security price   | Investments in equity securities                                                          | Sensitivity analysis        | Group 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 counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

- cash and cash equivalents,
- trade receivables,
- loans & receivables carried at amortised cost, and
- deposits with banks

#### a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counter parties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

#### Assets under credit risk -

(All amounts in INR lakhs, unless otherwise stated)

| Credit rating | Particulars               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|---------------|---------------------------|------------------------------|------------------------------|-----------------------------|
| A: Low        | Loans                     | 690.99                       | 780.15                       | 723.10                      |
|               | Other financial assets    | 192.02                       | 109.26                       | 164.16                      |
|               | Cash and cash equivalents | 321.42                       | 351.10                       | 109.47                      |
|               | Other bank balances       | 455.95                       | 304.03                       | 388.21                      |
| B: Medium     | Trade receivables         | 12,611.66                    | 9,244.10                     | 8,339.03                    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 37 FINANCIAL INSTRUMENTS (CONTD.)

#### 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 amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

#### b) Expected credit losses

##### Trade receivables

- (i) The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach, wherein Company has defined percentage of provision by 'analysing historical trend of default relevant based on the criteria defined above. And such provision percentage determined have been 'considered to recognise life time expected credit losses on trade receivables (other than those where default criteria are met).

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                          | 31 <sup>st</sup> March, 2018 |                  | 31 <sup>st</sup> March, 2017 |                  | 1 <sup>st</sup> April, 2016 |                  |
|------------------------------------------------------|------------------------------|------------------|------------------------------|------------------|-----------------------------|------------------|
|                                                      | Less than 1 year             | More than 1 year | Less than 1 year             | More than 1 year | Less than 1 year            | More than 1 year |
| Gross debtors where no specific default has occurred | 12,408.35                    | 203.31           | 8,486.38                     | 757.72           | 7,586.47                    | 752.56           |
| Expected loss rate                                   | 1.52%                        | 1.70%            | 2.92%                        | 3.36%            | 1.28%                       | 1.51%            |
| Expected credit loss (loss allowance provision)      | 189.15                       | 3.46             | 247.52                       | 25.44            | 97.25                       | 11.39            |

(All amounts in INR lakhs, unless otherwise stated)

| Reconciliation of loss allowance               | Trade receivables |
|------------------------------------------------|-------------------|
| Loss allowance on 1 <sup>st</sup> April, 2016  | 108.64            |
| Add: Changes in loss allowances                | 164.32            |
| Loss allowance on 31 <sup>st</sup> March, 2017 | 272.96            |
| Less: Changes in loss allowances               | (80.35)           |
| Loss allowance on 31 <sup>st</sup> March, 2018 | 192.61            |

#### Other financial assets measured at amortised cost

The Group provides for expected credit losses on other financial assets by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population For such financial assets, the Group's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 37 FINANCIAL INSTRUMENTS (CONTD.)

### (B) Liquidity risk

"Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the 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 Company has access to the following undrawn borrowing facilities at the end of reporting period:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                 | As at<br>31 <sup>st</sup> March, 2018 | As at<br>31 <sup>st</sup> March, 2017 | As at<br>1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Expiring within one year (cash credit and other facilities) | 925.53                                | 636.48                                | 1,201.14                             |
| Expiring beyond one year (bank loans - floating rate)       | 583.84                                | 1,560.01                              | -                                    |

### Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity of Group based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(All amounts in INR lakhs, unless otherwise stated)

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

| 31 <sup>st</sup> March, 2017 | Less than 1 year | 1-3 year        | More than 3 years | Total            |
|------------------------------|------------------|-----------------|-------------------|------------------|
| Borrowings                   | 10,618.19        | 1,826.87        | 123.30            | 12,568.36        |
| Security deposit received    | 54.10            | -               | 22.26             | 76.36            |
| Trade payable                | 9,310.30         | -               | -                 | 9,310.30         |
| Other financial liabilities  | 1,060.07         | -               | -                 | 1,060.07         |
| <b>Total</b>                 | <b>21,042.66</b> | <b>1,826.87</b> | <b>145.56</b>     | <b>23,015.09</b> |

| 1 <sup>st</sup> April, 2016 | Less than 1 year | 1-3 year        | More than 3 years | Total            |
|-----------------------------|------------------|-----------------|-------------------|------------------|
| Borrowings                  | 11,203.66        | 1,945.05        | -                 | 13,148.71        |
| Security deposit received   | 5.10             | -               | 22.26             | 27.36            |
| Trade payable               | 8,927.13         | -               | -                 | 8,927.13         |
| Other financial liabilities | 1,030.41         | -               | -                 | 1,030.41         |
| <b>Total</b>                | <b>21,166.30</b> | <b>1,945.05</b> | <b>22.26</b>      | <b>23,133.61</b> |

### (C) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 37 FINANCIAL INSTRUMENTS (CONTD.)

### (i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, Yen and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of any of the Group entities. Considering the low volume of foreign currency transactions, the Group's exposure to foreign currency risk is limited.

#### Particulars of unhedged foreign currency exposures as at year end:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                      | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|----------------------------------|------------------------------|------------------------------|-----------------------------|
| <b>Import trade payables:</b>    |                              |                              |                             |
| EURO                             | 21.40                        | 16.55                        | 13.53                       |
| INR (₹)                          | 1,717.23                     | 1,154.61                     | 1,039.96                    |
| USD                              | 47.60                        | 32.51                        | 28.22                       |
| INR (₹)                          | 3,102.82                     | 2,121.65                     | 1,902.10                    |
| GBP                              | 0.09                         | 0.05                         | 0.08                        |
| INR (₹)                          | 7.98                         | 3.69                         | 7.93                        |
| SGD                              | 0.01                         | 0.01                         | -                           |
| INR (₹)                          | 0.27                         | 0.25                         | -                           |
| JPY                              | 261.07                       | 218.61                       | 578.24                      |
| INR (₹)                          | 160.33                       | 127.71                       | 353.42                      |
| <b>Export trade receivables:</b> |                              |                              |                             |
| EURO                             | 30.89                        | 15.58                        | 6.63                        |
| INR (₹)                          | 2,477.85                     | 1,069.96                     | 483.64                      |
| USD                              | 16.05                        | 13.68                        | 14.76                       |
| INR (₹)                          | 1,046.10                     | 882.09                       | 954.54                      |
| GBP                              | 0.32                         | 0.76                         | 0.60                        |
| INR (₹)                          | 29.84                        | 61.18                        | 55.59                       |
| AUD                              | 0.03                         | 0.02                         | 0.28                        |
| INR (₹)                          | 1.41                         | 1.10                         | 13.89                       |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Foreign exchange forward contracts to sell foreign currency |                              |                              |                             |
| EURO                                                        | 8.10                         | -                            | 12.00                       |
| INR (₹)                                                     | 662.57                       | -                            | 926.57                      |
| Foreign exchange forward contracts to buy foreign currency  |                              |                              |                             |
| JPY                                                         | -                            | 64.04                        | -                           |
| INR (₹)                                                     | -                            | 39.50                        | -                           |
| USD                                                         | -                            | 7.70                         | -                           |
| INR (₹)                                                     | -                            | 522.27                       | -                           |

#### Sensitivity

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 37 FINANCIAL INSTRUMENTS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Particulars             | Currency | Strengthening                |                              | Weakening                    |                              |
|-------------------------|----------|------------------------------|------------------------------|------------------------------|------------------------------|
|                         |          | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
| <b>Financial assets</b> |          |                              |                              |                              |                              |
| 1% movement             | EURO     | (4.94)                       | 0.55                         | 4.94                         | (0.55)                       |
| 4% movement             | USD      | 53.48                        | 32.42                        | (53.48)                      | (32.42)                      |
| 1% movement             | YEN      | 1.03                         | 0.83                         | (1.03)                       | (0.83)                       |

### (ii) Interest rate risk

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars             | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-------------------------|------------------------------|------------------------------|-----------------------------|
| Variable rate borrowing | 12,348.78                    | 12,016.04                    | 12,655.87                   |
| Fixed rate borrowing    | 80.70                        | 111.64                       | 35.61                       |
| <b>Total borrowings</b> | <b>12,429.48</b>             | <b>12,127.68</b>             | <b>12,691.48</b>            |

### Sensitivity

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                  | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------------|------------------------------|------------------------------|
| Interest rates - increase by 50 basis points | (40.14)                      | (39.29)                      |
| Interest rates - decrease by 50 basis points | 40.14                        | 39.29                        |

### iii) Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### iv) Price risk

#### Exposure

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Investments carried at fair value through other comprehensive income   | 2,587.98                     | 2,103.01                     | 1,207.79                    |
| Investments carried at fair value through statement of profit and loss | 114.71                       | 128.35                       | 125.34                      |
| <b>Total investments</b>                                               | <b>2,702.69</b>              | <b>2,231.36</b>              | <b>1,333.13</b>             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 37 FINANCIAL INSTRUMENTS (CONTD.)

#### Sensitivity

##### Investments carried at fair value through other comprehensive income

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                      | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------|------------------------------|------------------------------|
| Fair value - increase by 500 bps | 99.25                        | 80.89                        |
| Fair value - decrease by 500 bps | (99.25)                      | (80.89)                      |

##### Investments carried at fair value through statement of profit and loss

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------|------------------------------|------------------------------|
| Net assets value - increase by 500 bps | 5.74                         | 4.20                         |
| Net assets value - decrease by 500 bps | (5.74)                       | (4.20)                       |

### NOTE - 38

#### A Capital management

The Group's capital management objectives are

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

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

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

The Company's adjusted net debt to equity ratio at 31<sup>st</sup> March, 2018 was as follows.

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|---------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Total borrowings                                  | 12,561.00                    | 12,239.36                    | 12,753.03                   |
| Less : cash and cash equivalents                  | 321.42                       | 351.10                       | 109.47                      |
| <b>Net debt</b>                                   | <b>12,239.58</b>             | <b>11,888.26</b>             | <b>12,643.56</b>            |
| Total equity                                      | 17,940.81                    | 15,548.14                    | 13,891.69                   |
| <b>Adjusted net debt to adjusted equity ratio</b> | <b>0.68</b>                  | <b>0.76</b>                  | <b>0.91</b>                 |

#### B Dividend

##### Final dividend paid

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                                                                         | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Final dividend for the year ended 31 <sup>st</sup> March, 2017 - ₹ 1.50 per share (31 <sup>st</sup> March, 2016 - ₹ 1.50 per share) | 185.18                       | 185.18                       |
| Dividend distribution tax                                                                                                           | 37.70                        | 37.70                        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 39 RELATED PARTY TRANSACTIONS

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

#### i) Parties where control exists:

##### Jointly controlled entities

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

##### Investing party in respect of which the Company is an associate

- (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. Rajive Sawhney
- (x) Mr. V. Mohan
- (xi) Mr. Amit Burman
- (xii) Mr. R. R. Vederah
- (xiii) Ms. Pallavi Sadanad Poojari\*
- (xiv) Mr. Manish Khanna - Chief Financial Officer
- (xv) Ms. Seema Narang - Company Secretary

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

##### Enterprise over which key management personnel exercise significant influences

##### (i) QH Talbros Private Limited

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

##### (a) Transactions with joint ventures and associates:

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars                                             | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------|---------------------------------------------------------|------------------------------|------------------------------|
| 1      | <b>Sale of goods</b>                                    |                              |                              |
|        | QH Talbros Private Limited                              | 4,142.83                     | 2,348.75                     |
|        | Nippon Leakless Talbros Private Limited                 | 23.86                        | 8.22                         |
| 2      | <b>Sale of services</b>                                 |                              |                              |
|        | Talbros Marugo Rubber Private Limited                   | 35.40                        | 34.50                        |
| 3      | <b>Royalty income</b>                                   |                              |                              |
|        | QH Talbros Private Limited                              | 117.14                       | 138.74                       |
| 4      | <b>Purchase of goods</b>                                |                              |                              |
|        | Nippon Leakless Talbros Private Limited                 | 114.19                       | 121.81                       |
|        | QH Talbros Private Limited                              | 52.87                        | 1.74                         |
|        | Talbros Marugo Rubber Private Limited                   | -                            | 0.26                         |
| 5      | <b>Dividend received</b>                                |                              |                              |
|        | Nippon Leakless Talbros Private Limited                 | 312.00                       | 264.00                       |
|        | QH Talbros Private Limited                              | 8.90                         | 5.34                         |
| 6      | <b>Lease rental income</b>                              |                              |                              |
|        | Magneti Marelli Talbros Chassis Systems Private Limited | 176.77                       | 137.09                       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 39 RELATED PARTY TRANSACTIONS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars                                               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------|-----------------------------------------------------------|------------------------------|------------------------------|
| 7      | <b>Reimbursement of expenses/payments</b>                 |                              |                              |
|        | Magneti Marelli Talbros Chassis Systems Private Limited   | 133.01                       | 134.71                       |
|        | Talbros Marugo Rubber Private Limited                     | 0.70                         | 1.10                         |
|        | Talbros International Private Limited                     | 6.22                         | 10.62                        |
| 8      | <b>Investment in equity share capital during the year</b> |                              |                              |
|        | Talbros Marugo Rubber Private Limited                     | 100.00                       | -                            |

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Balance outstanding at the end of the year                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|--------|----------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| 1      | <b>Outstanding balance included in financial assets (Trade Receivable)</b> |                              |                              |                             |
|        | Talbros Marugo Rubber Private Limited                                      | 10.33                        | 77.93                        | 54.31                       |
|        | QH Talbros Private Limited                                                 | 712.75                       | 680.25                       | 835.62                      |
|        | Magnetti Marelli Talbros Chassis Systems Private Limited                   | 8.69                         | -                            | -                           |
| 2      | <b>Outstanding balance included in financial assets (Others)</b>           |                              |                              |                             |
|        | Magnetti Marelli Talbros Chassis Systems Private Limited                   | 13.09                        | 26.99                        | 34.74                       |
|        | Talbros International Private Limited                                      | 16.85                        | 10.62                        | 6.25                        |
|        | QH Talbros Private Limited                                                 | -                            | 31.19                        | 30.88                       |
| 3      | <b>Outstanding balance included in financial liabilities</b>               |                              |                              |                             |
|        | Nippon Leakless Talbros Private Limited                                    | 45.60                        | 48.48                        | 43.03                       |
|        | Magnetti Marelli Talbros Chassis Systems Private Limited                   | 22.26                        | 22.26                        | 22.26                       |
|        | QH Talbros Private Limited                                                 | 45.58                        | -                            | -                           |
|        | Talbros Marugo Rubber Private Limited                                      | -                            | 0.26                         | -                           |

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

(All amounts in INR lakhs, unless otherwise stated)

| S. No. | Particulars                                                              | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|--------|--------------------------------------------------------------------------|------------------------------|------------------------------|
| 1      | <b>Remuneration</b>                                                      |                              |                              |
|        | <b>Short-term employee benefits</b>                                      |                              |                              |
|        | Mr Umesh Talwar                                                          | 100.44                       | 100.44                       |
|        | Mr Anuj Talwar                                                           | 72.00                        | 71.31                        |
|        | Mr. Manish Khanna                                                        | 34.04                        | 25.54                        |
|        | Ms. Seema Narang                                                         | 22.65                        | 23.11                        |
|        | <b>Other long-term benefits</b>                                          |                              |                              |
|        | Mr Umesh Talwar                                                          | 27.15                        | 27.12                        |
|        | Mr Anuj Talwar                                                           | 11.74                        | 11.44                        |
|        | Mr. Manish Khanna                                                        | 1.38                         | 0.43                         |
|        | Ms. Seema Narang                                                         | 2.67                         | 2.83                         |
|        | <b>Post employment benefits</b>                                          |                              |                              |
|        | Mr Umesh Talwar                                                          | 57.68                        | 54.88                        |
|        | Mr Anuj Talwar                                                           | 21.72                        | 20.47                        |
|        | Mr. Manish Khanna                                                        | 2.36                         | 1.50                         |
|        | Ms. Seema Narang                                                         | 6.37                         | 5.71                         |
|        | <b>Fee for attending board &amp; committee meetings to all the KMP's</b> | 5.50                         | 6.50                         |
| 2      | <b>Rent paid</b>                                                         |                              |                              |
|        | Mrs. Kum Kum Talwar                                                      | 7.20                         | 7.20                         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 40 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

### A Contingent liabilities

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                             | Nature of dues                                                                                                                                                                                                                                           | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| (i) Central excise                      | Demand for dispute of classification of paper gasket                                                                                                                                                                                                     | -                            | -                            | 14.18                       |
| (ii) Service tax                        | Cenvat credit disallowed                                                                                                                                                                                                                                 | 11.53                        | 11.53                        | 11.53                       |
| (iii) Central sales tax                 | Central Sales Tax                                                                                                                                                                                                                                        | 4.98                         | 4.98                         | 4.98                        |
| (iv) Haryana value added tax            | Disallowance of input tax                                                                                                                                                                                                                                | 2.74                         | 2.74                         | 2.74                        |
| (v) Customs Act                         | Demand of custom duty (includes ₹ 4.13 lakhs paid under protest, 1 <sup>st</sup> April, 2016: ₹ 28.78 lakhs)                                                                                                                                             | 36.09                        | 36.09                        | 60.74                       |
| (vi) Employee's state insurance         | ESI demand                                                                                                                                                                                                                                               | 47.57                        | 47.57                        | 47.57                       |
| (vii) Income tax                        | Income tax demand on disallowance of expenditures                                                                                                                                                                                                        | 39.55                        | 39.55                        | 39.55                       |
| (viii) District judge                   | Claim of freight bills                                                                                                                                                                                                                                   | 8.13                         | 8.13                         | 8.13                        |
| (ix) High Court, Mumbai                 | Fees for building work                                                                                                                                                                                                                                   | -                            | -                            | 0.55                        |
| (x) Central excise                      | Objection on exemption on some of the products sold from Sitarganj Plant (includes amount paid under protest ₹ 83.75 lakhs, 31 <sup>st</sup> March, 2018, ' 80 lakhs, 31 <sup>st</sup> March, 2017: ₹ 80 lakhs, 1 <sup>st</sup> April, 2016: ₹ 80 lakhs) | 440.90                       | 440.90                       | 440.90                      |
| (xi) Municipal Corporation of Faridabad | Demand for external development charges                                                                                                                                                                                                                  | 255.00                       | 255.00                       | 255.00                      |
| (xii) Labour disputes                   | Litigations filed by employees                                                                                                                                                                                                                           | 43.00                        | 43.00                        | 43.00                       |
| (xiii) Civil judge                      | Claim filed by BSNL Ltd                                                                                                                                                                                                                                  | 2.41                         | 2.41                         | 2.41                        |
| (xiv) Bonus Payable*                    | Bonus payable for F.Y 2014-15                                                                                                                                                                                                                            | 40.23                        | 40.23                        | 40.23                       |
| <b>Total</b>                            |                                                                                                                                                                                                                                                          | <b>932.13</b>                | <b>932.13</b>                | <b>971.51</b>               |

\*Retrospective bonus liability for F.Y 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts.

(2) Guarantees executed in favour of various authorities/ customers/ others amounting to ₹ 20.01 lakhs (31<sup>st</sup> March, 2017: ₹ 5.33 lakhs, 1<sup>st</sup> April, 2016: ₹ 11.07 lakhs).

### B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 285.71 lakhs (31<sup>st</sup> March, 2017: ₹ 388.18 lakhs, 1<sup>st</sup> April, 2016: ₹ 54.10 lakhs).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 41 LEASES DISCLOSURE AS LESSEE

#### Operating leases

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------|------------------------------|------------------------------|
| Within one year                                   | 4.12                         | 75.49                        |
| Later than one year but not later than five years | -                            | 112.95                       |
| Later than five years                             | -                            | -                            |

#### (ii) Leases disclosure as lessor

#### Operating leases

The Group has also given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 153.33 lakhs (31<sup>st</sup> March, 2017: ₹ 117.44 lakhs, 1<sup>st</sup> April, 2016: ₹ 139.83 lakhs) on such lease is included in other incomes. Lease income is recognised in the statement of profit and loss under "Other Income" (refer note 25). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------|------------------------------|------------------------------|
| Within one year                                   | 145.62                       | -                            |
| Later than one year but not later than five years | 473.68                       | -                            |
| Later than five years                             | -                            | -                            |

### NOTE - 42 EMPLOYEE BENEFITS

#### 1 Defined contribution plans:

- A** The Group operates defined contribution retirement benefit plans under which the Group pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Group has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Group:

**Provident Fund Plan & Employee Pension Scheme:** The Group 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 Group contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

- B** The expense recognised during the period towards defined contribution plans are as follows:

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                 | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-------------------------------------------------------------|------------------------------|------------------------------|
| (a) Employer's contribution to Provident fund & other funds | 172.22                       | 182.05                       |
| (b) Employer's contribution to superannuation fund          | 13.21                        | 17.56                        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

### C Compensated absences- Earned leave

#### Risk

|                          |                                                                                                                                                                                   |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary increases         | Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.                    |
| Investment risk          | If plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability. |
| Discount rate            | Reduction in discount rate in subsequent valuations can increase the plan's liability.                                                                                            |
| Mortality and disability | Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.                                                                |
| Withdrawals              | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.                          |

### i) Amounts recognised in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|----------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Present value of obligation at the end of the year | 236.06                       | 220.67                       | 185.05                      |
| Fair value of plan assets                          | -                            | -                            | -                           |
| Unfunded liability/provision in balance sheet      | (236.06)                     | (220.67)                     | (185.05)                    |
| Unfunded liability recognised in balance sheet     | (236.06)                     | (220.67)                     | (185.05)                    |

### ii) Expenses recognised in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                              | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|------------------------------------------|------------------------------|------------------------------|
| Current service cost                     | 83.04                        | 72.57                        |
| Interest cost                            | 14.08                        | 12.20                        |
| Actuarial (gain)/loss net on account of: |                              |                              |
| -Changes in demographic assumptions      | -                            | -                            |
| -Changes in financial assumptions        | (1.43)                       | 6.10                         |
| -Changes in experience adjustment        | (14.60)                      | 5.95                         |
| <b>Cost recognised during the year</b>   | <b>81.09</b>                 | <b>96.82</b>                 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year  | 220.67                       | 185.05                       |
| Current service cost                                                      | 83.04                        | 72.57                        |
| Interest cost                                                             | 14.08                        | 12.20                        |
| Actuarial (gain)/loss net                                                 | (16.03)                      | 12.05                        |
| Benefits paid                                                             | (65.70)                      | (61.20)                      |
| <b>Present value of defined benefit obligation at the end of the year</b> | <b>236.06</b>                | <b>220.67</b>                |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------------------|------------------------------|------------------------------|-----------------------------|
| Discount rate          | 7.70%                        | 7.50%                        | 7.90%                       |
| Salary escalation rate | 6.00%                        | 6.00%                        | 6.00%                       |
| Retirement Age (Years) | 58                           | 58                           | 58                          |
| Withdrawal rate        | 3.00%                        | 3.00%                        | 3.00%                       |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

### 2 Defined benefit plans:

#### A Gratuity

##### Risk

|                          |                                                                                                                                                                                   |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary increases         | Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.                    |
| Investment risk          | If plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability. |
| Discount rate            | Reduction in discount rate in subsequent valuations can increase the plan's liability.                                                                                            |
| Mortality and disability | Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.                                                                |
| Withdrawals              | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.                          |

#### i) Amounts recognised in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|----------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Present value of obligation at the end of the year | 545.19                       | 471.76                       | 561.16                      |
| Fair value of plan assets                          | 324.90                       | 305.37                       | 316.41                      |
| Unfunded liability/provision in balance sheet      | (220.29)                     | (166.39)                     | (244.75)                    |
| Unfunded liability recognised in balance sheet     | (220.29)                     | (166.39)                     | (244.75)                    |

#### ii) Expenses recognised in other comprehensive income

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                       | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|---------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Return on plan assets                             | 1.77                         | 3.43                         | (2.96)                      |
| Actuarial (gain)/loss on PBO                      | 68.61                        | (54.45)                      | 12.62                       |
| Expenses recognised in other comprehensive income | 70.38                        | (51.02)                      | 9.66                        |

#### iii) Actuarial (gain)/loss on obligation

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                              | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|------------------------------------------|------------------------------|------------------------------|
| Actuarial (gain)/loss net on account of: |                              |                              |
| -Changes in demographic assumptions      | -                            | -                            |
| -Changes in financial assumptions        | (7.30)                       | 9.70                         |
| -Changes in experience adjustment        | 75.90                        | (64.16)                      |

#### iv) Expenses recognised in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------|------------------------------|------------------------------|
| Current service cost                   | 49.51                        | 47.08                        |
| Interest cost (Net)                    | 9.64                         | 15.58                        |
| <b>Cost recognised during the year</b> | <b>59.15</b>                 | <b>62.66</b>                 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                               | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------------|------------------------------|------------------------------|
| Present value of defined benefit obligation at the beginning of the year  | 471.76                       | 561.16                       |
| Current service cost                                                      | 49.51                        | 47.08                        |
| Interest cost                                                             | 32.49                        | 39.05                        |
| Actuarial (gain)/loss net                                                 | 68.60                        | (54.45)                      |
| Benefits paid                                                             | (77.18)                      | (121.08)                     |
| <b>Present value of defined benefit obligation at the end of the year</b> | <b>545.18</b>                | <b>471.76</b>                |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|------------------------------------------------------------|------------------------------|------------------------------|
| Present value of plan assets at the beginning of the year  | 305.37                       | 316.41                       |
| Expected return on plan assets                             | 21.07                        | 20.03                        |
| Contributions by employer                                  | 75.87                        | 90.00                        |
| Benefits paid during the year                              | (77.41)                      | (121.07)                     |
| <b>Present value of plan assets at the end of the year</b> | <b>324.90</b>                | <b>305.37</b>                |

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

(All amounts in INR lakhs, unless otherwise stated)

| Particulars            | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
|------------------------|------------------------------|------------------------------|-----------------------------|
| Discount rate          | 7.70%                        | 7.50%                        | 7.50%                       |
| Salary escalation rate | 6.00%                        | 6.00%                        | 6.00%                       |
| Retirement age (years) | 58                           | 58                           | 58                          |
| Withdrawal rate        | 3.00%                        | 3.00%                        | 3.00%                       |

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

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

(All amounts in INR lakhs, unless otherwise stated)

| Year 31 <sup>st</sup> March, 2018 | Year 31 <sup>st</sup> March, 2017 | Amount<br>31 <sup>st</sup> March, 2018 | Amount<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------|-----------------------------------|----------------------------------------|----------------------------------------|
| April 2018- March 2019            | April 2017- March 2018            | 110.55                                 | 82.34                                  |
| April 2019- March 2023            | April 2018- March 2022            | 175.90                                 | 157.85                                 |
| April 2023- March 2028            | April 2022- March 2027            | 251.79                                 | 226.83                                 |
| April 2028 onwards                | April 2027 onwards                | 551.13                                 | 474.59                                 |

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

(All amounts in INR lakhs, unless otherwise stated)

| Year 31 <sup>st</sup> March, 2018 | Year 31 <sup>st</sup> March, 2017 | Amount<br>31 <sup>st</sup> March, 2018 | Amount<br>31 <sup>st</sup> March, 2017 |
|-----------------------------------|-----------------------------------|----------------------------------------|----------------------------------------|
| April 2018- March 2019            | April 2017- March 2018            | 111.55                                 | 83.46                                  |
| April 2019- March 2023            | April 2018- March 2022            | 214.64                                 | 192.91                                 |
| April 2023- March 2028            | April 2022- March 2027            | 401.19                                 | 360.47                                 |
| April 2028 onwards                | April 2027 onwards                | 2,446.13                               | 1,884.03                               |

#### viii) Sensitivity analysis for defined benefit obligation

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                        | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|----------------------------------------------------|------------------------------|------------------------------|
| <b>a) Impact of the change in discount rate</b>    |                              |                              |
| Present value of obligation at the end of the year |                              |                              |
| Impact due to increase of 1.00 %                   | 511.58                       | 440.88                       |
| Impact due to decrease of 1.00 %                   | 583.83                       | 507.17                       |
| <b>b) Impact of the change in salary increase</b>  |                              |                              |
| Present value of obligation at the end of the year |                              |                              |
| Impact due to increase of 1.00 %                   | 584.10                       | 506.04                       |
| Impact due to decrease of 1.00 %                   | 510.77                       | 441.15                       |

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 31<sup>st</sup> March, 2018 is 18 to 19 years (31<sup>st</sup> March, 2017: 18 to 19 years).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 43 SEGMENT INFORMATION

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

#### i Information about major customers

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

#### ii Information about geographical areas

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                   | 31 <sup>st</sup> March, 2018 | 31 <sup>st</sup> March, 2017 |
|-----------------------------------------------|------------------------------|------------------------------|
| <b>Revenue from operations attributed to:</b> |                              |                              |
| Country of domicile (India)                   | 32,083.20                    | 28,823.72                    |
| Foreign countries                             | 7,917.41                     | 6,519.29                     |
| <b>Total</b>                                  | <b>40,000.61</b>             | <b>35,343.01</b>             |

### NOTE - 44 DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:

#### (a) Investments made:

(All amounts in INR lakhs, unless otherwise stated)

| Name of the investee                                         | Amount invested during the year 2017-18 | Amount as on 31 <sup>st</sup> March, 2018 | Amount invested during the year 2016-17 | Amount as on 31 <sup>st</sup> March, 2017 | Amount invested during the year 2015-16 | Amount as on 1 <sup>st</sup> April, 2016 |
|--------------------------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------------------|------------------------------------------|
| <b>Investment in equity instruments</b>                      |                                         |                                           |                                         |                                           |                                         |                                          |
| <b>Investment in Joint ventures</b>                          |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) Nippon Leakless Talbros Private Limited                  | -                                       | 480.00                                    | -                                       | 480.00                                    | -                                       | 480.00                                   |
| (ii) Magneti Marelli Talbros Chassis Systems Private Limited | -                                       | 1,178.00                                  | -                                       | 1,178.00                                  | 475.00                                  | 1,178.00                                 |
| (iii) Talbros Marugo Rubber Private Limited                  | 100.00                                  | 950.00                                    | -                                       | 850.00                                    | -                                       | 850.00                                   |
| <b>Investment in others</b>                                  |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) Talbros International Private Limited                    | -                                       | 642.32                                    | 84.86                                   | 642.32                                    | 150.00                                  | 557.46                                   |
| (ii) QH Talbros Private Limited                              | -                                       | -                                         | -                                       | -                                         | -                                       | -                                        |
| (iii) T & T Motors Private Limited                           | -                                       | 13.75                                     | -                                       | 13.75                                     | -                                       | 13.75                                    |
| (iv) Caparo Power Limited - Equity shares                    | -                                       | 114.71                                    | -                                       | 114.71                                    | -                                       | 114.71                                   |
| <b>Investment in preference instruments</b>                  |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) Caparo Power Limited - Preference shares                 | -                                       | 25.49                                     | -                                       | 25.49                                     | -                                       | 25.49                                    |
| <b>Investment in mutual funds</b>                            |                                         |                                           |                                         |                                           |                                         |                                          |
| (i) SBI mutual funds                                         | (10.00)                                 | -                                         | -                                       | 10.00                                     | -                                       | 10.00                                    |
| <b>Total</b>                                                 | <b>90.00</b>                            | <b>3,404.27</b>                           | <b>84.86</b>                            | <b>3,314.27</b>                           | <b>625.00</b>                           | <b>3,229.41</b>                          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

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

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

(All amounts in INR lakhs, unless otherwise stated)

| Name of the payee                                 | Paid/<br>(recovered)<br>during<br>the year<br>2017-18 | Outstanding<br>amount<br>as on 31 <sup>st</sup><br>March, 2018* | Paid/<br>(recovered)<br>during<br>the year<br>2016-17 | Outstanding<br>amount<br>as on 31 <sup>st</sup><br>March, 2017* | Paid/<br>(recovered)<br>during<br>the year<br>2015-16 | Outstanding<br>amount as<br>on 1 <sup>st</sup> April,<br>2016* |
|---------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|
| (i) Real Earth Estates Private Limited            | -                                                     | -                                                               | (400.00)                                              | -                                                               | -                                                     | 400.00                                                         |
| (ii) Friends Auto (India) Limited                 | (50.00)                                               | -                                                               | -                                                     | 50.00                                                           | -                                                     | 50.00                                                          |
| (iii) Paras Lubricants Limited                    | -                                                     | -                                                               | -                                                     | -                                                               | (50.00)                                               | -                                                              |
| (iv) Prasneeta Construction Private Limited       | -                                                     | -                                                               | (40.00)                                               | -                                                               | -                                                     | 40.00                                                          |
| (v) Fastech Builders Private Limited              | -                                                     | 65.00                                                           | 65.00                                                 | 65.00                                                           | -                                                     | -                                                              |
| (vi) Fastech Projects Private Limited             | -                                                     | 55.00                                                           | 55.00                                                 | 55.00                                                           | -                                                     | -                                                              |
| (vii) Bankey Bihari Engineers LLP                 | 50.00                                                 | 50.00                                                           | -                                                     | -                                                               | -                                                     | -                                                              |
| (viii) Express Engineers & Spares Private Limited | -                                                     | 280.00                                                          | 280.00                                                | 280.00                                                          | -                                                     | -                                                              |
| (ix) Sudhir Ready Genset Consortium               | -                                                     | 40.00                                                           | 40.00                                                 | 40.00                                                           | -                                                     | -                                                              |
| <b>Total</b>                                      | <b>-</b>                                              | <b>490.00</b>                                                   | <b>-</b>                                              | <b>490.00</b>                                                   | <b>(50.00)</b>                                        | <b>490.00</b>                                                  |

\* Outstanding amount excludes Interest accrued on deposits.

## NOTE - 45

Balance with central excise & other authorities includes ₹ 83.75 lakhs (31<sup>st</sup> March, 2017: ₹ 80 lakhs, 1<sup>st</sup> April, 2016: ₹ 80 lakhs) deposited by the Group as advance excise duty in view of investigation by the excise department, objecting excise exemption on some of the products sold from Sitarganj Plant. The matter is still to be decided.

## NOTE - 46

Research and development costs on in house Research and development centres amounting to ₹ 168.04 lakhs (31<sup>st</sup> March, 2017: ₹ 142.02 lakhs) were incurred during the year.

## NOTE - 47

The Holding Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 753.47 lakhs (31<sup>st</sup> March, 2017: ₹ 710.77 lakhs, 1<sup>st</sup> April, 2016: ₹ 996.48 lakhs) to be adjusted against Holding Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Group, based on the future projections, is of the opinion that the entire MAT credit will be utilised and therefore, no provisioning has been made.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

NOTE - 48 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013.

(All amounts in INR lakhs, unless otherwise stated)

| Name of the entity                                      | Net assets i.e. total assets minus total liabilities |                  | Share in profit or loss              |                 | Share in other comprehensive income             |               | Share in total comprehensive income |                 |
|---------------------------------------------------------|------------------------------------------------------|------------------|--------------------------------------|-----------------|-------------------------------------------------|---------------|-------------------------------------|-----------------|
|                                                         | As % of consolidated net assets                      | Amount           | As % of consolidated profit and loss | Amount          | As % of consolidated other comprehensive income | Amount        | As % of total consolidated income   | Amount          |
| <b>Parent</b>                                           |                                                      |                  |                                      |                 |                                                 |               |                                     |                 |
| Talbro Automotive Components Limited                    | 79.94%                                               | 14,342.17        | 66.98%                               | 1,533.52        | 100.00%                                         | 325.97        | 71.09%                              | 1,859.49        |
| Joint venture (Investment as per the equity method)     |                                                      |                  |                                      |                 |                                                 |               |                                     |                 |
| <b>Indian</b>                                           |                                                      |                  |                                      |                 |                                                 |               |                                     |                 |
| Nippon Leakless Talbro Private Limited                  | 10.96%                                               | 1,965.90         | 25.13%                               | 575.36          | 0.14%                                           | 0.46          | 22.02%                              | 575.82          |
| Magnetti Marelli Talbro Chassis Systems Private Limited | 5.39%                                                | 967.35           | 8.97%                                | 205.36          | 0.02%                                           | 0.08          | 7.85%                               | 205.44          |
| Talbro Marugo Rubber Private Limited                    | 3.71%                                                | 665.39           | (1.08%)                              | (24.68)         | (0.16%)                                         | (0.53)        | (0.96%)                             | (25.21)         |
| <b>Total</b>                                            | <b>100.00%</b>                                       | <b>17,940.81</b> | <b>100.00%</b>                       | <b>2,289.56</b> | <b>100.00%</b>                                  | <b>325.98</b> | <b>100.00%</b>                      | <b>2,615.54</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 49 GROUP INFORMATION

#### (a) Interests in joint ventures

Set out below are joint ventures of the Parent as at 31<sup>st</sup> March, 2018 which, in the opinion of the directors, are material to the Parent. 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.

(All amounts in INR lakhs, unless otherwise stated)

| Name of the entity                                       | Place of business | % equity Interest  | Relationship  | Accounting method |
|----------------------------------------------------------|-------------------|--------------------|---------------|-------------------|
| Nippon Leakless Talbros Private Limited                  | India             | 40%                | Joint Venture | Equity method     |
| Talbros Marugo Rubber Private Limited                    | India             | 50% less one share | Joint Venture | Equity method     |
| Magnetti Marelli Talbros Chassis Systems Private Limited | India             | 50%                | Joint Venture | Equity method     |

#### (i) Contingent liabilities and commitments (net of advance) in respect of joint ventures for which the Holding Company is liable.

- (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 159.24 lakhs (31<sup>st</sup> March, 2017: ₹ 77.62 lakhs, 1<sup>st</sup> April, 2016: ₹ 42.83 lakhs).
- (b) Outstanding exports commitments against EPCG license amounting to ₹ 134.10 lakhs (31<sup>st</sup> March, 2017 : ₹ 39.20 lakhs and 1<sup>st</sup> April, 2016 : Nil)
- (c) Guarantees executed in favour of customers and authorities amounting to ₹ 81.18 lakhs (31<sup>st</sup> March, 2017: ₹ 20 lakhs, 1<sup>st</sup> April, 2016: ₹ 15.90 lakhs).

#### (d) Income tax demands pending in appeals

Income tax demand on disallowance of expenditures amounting to ₹ 199.72 lakhs (31<sup>st</sup> March, 2017: ₹ 199.72 lakhs, 1<sup>st</sup> April, 2016: ₹ 148.37 lakhs).

#### (e) Custom duty

Differential custom duty due to dispute over classification of goods amounting to ₹ 24.51 lakhs (31<sup>st</sup> March, 2017: ₹ 24.51 lakhs, 1<sup>st</sup> April, 2016: ₹ 24.51 lakhs).

- (f) Bank guarantees issued to central excise amounting to ₹ 25.32 lakhs (31<sup>st</sup> March, 2017: ₹ 23.57 lakhs, 1<sup>st</sup> April, 2016: ₹ 21.79 lakhs).
- (g) Bonus payable amounting to ₹ 1.33 lakhs (31<sup>st</sup> March, 2017: ₹ 1.33 lakhs, 1<sup>st</sup> April, 2016: ₹ 1.33 lakhs).

#### (ii) Summarised financial information for joint venture

The tables below provide summarised financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Holding Company's share of those amounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 49 GROUP INFORMATION (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

| Summarised balance sheet                        | Nippon Leakless Talbros Private Limited |                              |                             | Talbros Marugo Rubber Private Limited |                              |                             |
|-------------------------------------------------|-----------------------------------------|------------------------------|-----------------------------|---------------------------------------|------------------------------|-----------------------------|
|                                                 | 31 <sup>st</sup> March, 2018            | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 | 31 <sup>st</sup> March, 2018          | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
| <b>Current assets</b>                           |                                         |                              |                             |                                       |                              |                             |
| Cash and cash equivalents                       | 1,625.20                                | 709.93                       | 568.83                      | 168.51                                | 116.21                       | 26.58                       |
| Other assets                                    | 3,720.31                                | 4,016.42                     | 3,413.41                    | 1,190.48                              | 873.35                       | 878.61                      |
| <b>Total current assets</b>                     | <b>5,345.51</b>                         | <b>4,726.35</b>              | <b>3,982.24</b>             | <b>1,358.99</b>                       | <b>989.56</b>                | <b>905.19</b>               |
| Property, plant and equipment                   | 1,921.13                                | 1,851.89                     | 1,813.22                    | 2,163.45                              | 2,353.56                     | 2,008.73                    |
| Other assets                                    | 157.31                                  | 206.88                       | 430.65                      | 597.58                                | 324.28                       | 395.23                      |
| <b>Total non-current assets</b>                 | <b>2,078.44</b>                         | <b>2,058.77</b>              | <b>2,243.87</b>             | <b>2,761.03</b>                       | <b>2,677.84</b>              | <b>2,403.96</b>             |
| <b>Current liabilities</b>                      |                                         |                              |                             |                                       |                              |                             |
| Trade payables                                  | 2,233.15                                | 1,989.33                     | 1,852.45                    | 1,201.60                              | 999.09                       | 533.72                      |
| Financial liabilities(excluding trade payables) | 39.63                                   | 51.58                        | 82.47                       | 711.88                                | 709.83                       | 576.72                      |
| Other liabilities                               | 76.13                                   | 147.10                       | 147.43                      | 48.17                                 | 28.27                        | 36.54                       |
| <b>Total current liabilities</b>                | <b>2,348.91</b>                         | <b>2,188.01</b>              | <b>2,082.35</b>             | <b>1,961.65</b>                       | <b>1,737.19</b>              | <b>1,146.98</b>             |
| <b>Non-current liabilities</b>                  |                                         |                              |                             |                                       |                              |                             |
| Financial liabilities                           | -                                       | -                            | -                           | 791.35                                | 719.15                       | 849.88                      |
| Other liabilities                               | 160.29                                  | 183.13                       | 190.40                      | 36.24                                 | 29.87                        | 17.24                       |
| <b>Total non-current liabilities</b>            | <b>160.29</b>                           | <b>183.13</b>                | <b>190.40</b>               | <b>827.59</b>                         | <b>749.02</b>                | <b>867.12</b>               |
| <b>Net assets</b>                               | <b>4,914.75</b>                         | <b>4,413.98</b>              | <b>3,953.36</b>             | <b>1,330.78</b>                       | <b>1,181.19</b>              | <b>1,295.05</b>             |

| Summarised balance sheet                        | Magnetti Marelli Talbros Chassis Systems Private Limited |                              |                             |
|-------------------------------------------------|----------------------------------------------------------|------------------------------|-----------------------------|
|                                                 | 31 <sup>st</sup> March, 2018                             | 31 <sup>st</sup> March, 2017 | 1 <sup>st</sup> April, 2016 |
| <b>Current assets</b>                           |                                                          |                              |                             |
| Cash and cash equivalents                       | 4.42                                                     | 438.02                       | 95.11                       |
| Other assets                                    | 2,482.85                                                 | 1,290.95                     | 1,601.18                    |
| <b>Total current assets</b>                     | <b>2,487.27</b>                                          | <b>1,728.97</b>              | <b>1,696.29</b>             |
| Property, plant and equipment                   | 1,601.71                                                 | 1,237.01                     | 1,326.41                    |
| Other assets                                    | 519.82                                                   | 775.91                       | 881.98                      |
| <b>Total non-current assets</b>                 | <b>2,121.53</b>                                          | <b>2,012.92</b>              | <b>2,208.39</b>             |
| <b>Current liabilities</b>                      |                                                          |                              |                             |
| Trade payables                                  | 1,553.61                                                 | 1,615.05                     | 1,654.95                    |
| Financial liabilities(excluding trade payables) | 656.77                                                   | 431.81                       | 464.94                      |
| Other liabilities                               | 95.54                                                    | 122.23                       | 43.25                       |
| <b>Total current liabilities</b>                | <b>2,305.92</b>                                          | <b>2,169.09</b>              | <b>2,163.14</b>             |
| <b>Non-current liabilities</b>                  |                                                          |                              |                             |
| Financial liabilities(excluding trade payables) | 331.56                                                   | 19.02                        | 355.49                      |
| Other liabilities                               | 36.48                                                    | 29.81                        | 26.85                       |
| <b>Total non-current liabilities</b>            | <b>368.04</b>                                            | <b>48.83</b>                 | <b>382.34</b>               |
| <b>Net assets</b>                               | <b>1,934.84</b>                                          | <b>1,523.97</b>              | <b>1,359.20</b>             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 49 GROUP INFORMATION (CONTD.)

### Reconciliation to carrying amounts

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                              | Nippon Leakless<br>Talbro Private Limited |                                 | Talbro Marugo Rubber<br>Private Limited |                                 | Magnetti Marelli Talbro<br>Chassis Systems Private<br>Limited |                                 |
|------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------|-----------------------------------------|---------------------------------|---------------------------------------------------------------|---------------------------------|
|                                                                                          | 31 <sup>st</sup> March,<br>2018           | 31 <sup>st</sup> March,<br>2017 | 31 <sup>st</sup> March,<br>2018         | 31 <sup>st</sup> March,<br>2017 | 31 <sup>st</sup> March,<br>2018                               | 31 <sup>st</sup> March,<br>2017 |
| <b>Opening net assets</b>                                                                | 4,413.98                                  | 3,953.36                        | 1,181.19                                | 1,295.05                        | 1,523.97                                                      | 1,359.20                        |
| Equity share capital issued during the year                                              | -                                         | -                               | 200.00                                  | -                               | -                                                             | -                               |
| Profit/ (loss) for the year                                                              | 1,436.26                                  | 1,258.90                        | (49.35)                                 | (114.22)                        | 410.72                                                        | 161.61                          |
| Other comprehensive income                                                               | 3.30                                      | (3.92)                          | (1.06)                                  | 0.36                            | 0.15                                                          | 3.16                            |
| Dividends paid                                                                           | (938.79)                                  | (794.36)                        | -                                       | -                               | -                                                             | -                               |
| <b>Closing net assets</b>                                                                | <b>4,914.75</b>                           | <b>4,413.98</b>                 | <b>1,330.78</b>                         | <b>1,181.19</b>                 | <b>1,934.84</b>                                               | <b>1,523.97</b>                 |
| Holding Company's share in %                                                             | 40.00%                                    | 40.00%                          | 50.00%                                  | 50.00%                          | 50.00%                                                        | 50.00%                          |
| Holding Company's share in Indian Rupees                                                 | 1,965.90                                  | 1,765.59                        | 665.39                                  | 590.59                          | 967.35                                                        | 761.99                          |
| <b>Carrying amount as at 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017</b> | <b>1,965.90</b>                           | <b>1,765.59</b>                 | <b>665.39</b>                           | <b>590.59</b>                   | <b>967.35</b>                                                 | <b>761.99</b>                   |
| <b>Carrying amount as at 1<sup>st</sup> April, 2016</b>                                  |                                           | <b>1,581.35</b>                 |                                         | <b>647.52</b>                   |                                                               | <b>679.60</b>                   |

### Summarised statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

|                                                          | Nippon Leakless<br>Talbro Private Limited |                                 | Talbro Marugo Rubber<br>Private Limited |                                 | Magnetti Marelli Talbro<br>Chassis Systems Private<br>Limited |                                 |
|----------------------------------------------------------|-------------------------------------------|---------------------------------|-----------------------------------------|---------------------------------|---------------------------------------------------------------|---------------------------------|
|                                                          | 31 <sup>st</sup> March,<br>2018           | 31 <sup>st</sup> March,<br>2017 | 31 <sup>st</sup> March,<br>2018         | 31 <sup>st</sup> March,<br>2017 | 31 <sup>st</sup> March,<br>2018                               | 31 <sup>st</sup> March,<br>2017 |
| <b>Revenue</b>                                           | 11,969.71                                 | 11,802.10                       | 4,191.15                                | 3,431.11                        | 11,228.30                                                     | 9,663.83                        |
| Other income                                             | 80.28                                     | 67.89                           | 4.82                                    | 16.89                           | 14.07                                                         | 35.72                           |
| Depreciation and amortisation                            | 249.80                                    | 234.10                          | 204.33                                  | 188.90                          | 185.06                                                        | 215.46                          |
| Income tax expense                                       | 684.52                                    | 628.09                          | 32.17                                   | (47.65)                         | 218.21                                                        | 70.85                           |
| <b>Profit/(loss) for the year</b>                        | <b>1,436.26</b>                           | <b>1,258.90</b>                 | <b>(49.35)</b>                          | <b>(114.22)</b>                 | <b>410.72</b>                                                 | <b>161.61</b>                   |
| Other comprehensive income                               | 3.30                                      | (3.92)                          | (1.06)                                  | 0.36                            | 0.15                                                          | 3.16                            |
| <b>Total comprehensive income</b>                        | <b>1,439.56</b>                           | <b>1,254.98</b>                 | <b>(50.41)</b>                          | <b>(113.86)</b>                 | <b>410.87</b>                                                 | <b>164.77</b>                   |
| Dividends received (excluding dividend distribution tax) | 312.00                                    | 264.00                          | -                                       | -                               | -                                                             | -                               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 50

### A Explanation of transition to Ind AS

#### 1 Reconciliation of total equity as at 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                   | Note no.     | 31 <sup>st</sup> March, 2017 |                                |                  | 1 <sup>st</sup> April, 2016 |                                |                  |
|-----------------------------------------------|--------------|------------------------------|--------------------------------|------------------|-----------------------------|--------------------------------|------------------|
|                                               |              | Previous GAAP*               | Effect of transition to Ind AS | Ind AS           | Previous GAAP               | Effect of transition to Ind AS | Ind AS           |
| <b>Non-current assets</b>                     |              |                              |                                |                  |                             |                                |                  |
| Property, plant and equipment                 | Note 6       | 14,074.26                    | (2,553.94)                     | 11,520.32        | 11,108.31                   | 72.95                          | 11,181.26        |
| Capital work-in-progress                      | Note 6       | 126.54                       | (21.32)                        | 105.22           | 83.46                       | 8.31                           | 91.77            |
| Investment property                           | Note 6       | 309.28                       | -                              | 309.28           | 322.91                      | -                              | 322.91           |
| Other intangible assets                       | Note 6       | 224.32                       | (176.21)                       | 48.11            | 253.30                      | (180.62)                       | 72.68            |
| Intangible assets under development           | Note 6       | 61.32                        | -                              | 61.32            | 56.46                       | -                              | 56.46            |
| Investments accounted for using equity method | Note 6       | -                            | 3,118.17                       | 3,118.17         | -                           | 2,908.47                       | 2,908.47         |
| Financial assets                              | Note 6       |                              |                                |                  |                             |                                |                  |
| Investments                                   | Note 4 and 6 | 806.27                       | 1,444.16                       | 2,250.43         | 721.42                      | 629.15                         | 1,350.57         |
| Loans                                         | Note 2 and 6 | 142.03                       | (27.59)                        | 114.44           | 141.97                      | (42.34)                        | 99.63            |
| Other financial assets                        | Note 6       | 57.21                        | 6.45                           | 63.66            | 47.35                       | 3.67                           | 51.02            |
| Deferred tax assets                           | Note 6       | 300.91                       | (300.91)                       | -                | 285.37                      | (285.37)                       | -                |
| Current tax assets                            | Note 6       | 85.56                        | (64.81)                        | 20.75            | 143.00                      | (143.00)                       | -                |
| Other non-current assets                      | Note 2 and 6 | 163.09                       | (28.72)                        | 134.37           | 120.90                      | (38.10)                        | 82.80            |
| <b>Total non-current assets</b>               |              | <b>16,350.79</b>             | <b>1,395.28</b>                | <b>17,746.07</b> | <b>13,284.45</b>            | <b>2,933.12</b>                | <b>16,217.57</b> |
| <b>Current assets</b>                         |              |                              |                                |                  |                             |                                |                  |
| Inventories                                   | Note 6       | 11,144.26                    | (1,268.44)                     | 9,875.82         | 14,109.16                   | (3,776.89)                     | 10,332.27        |
| Financial Assets                              |              |                              |                                |                  |                             |                                |                  |
| Trade receivables                             | Note 6       | 9,027.81                     | (56.67)                        | 8,971.14         | 7,980.26                    | 250.13                         | 8,230.39         |
| Cash and cash equivalents                     | Note 6       | 926.54                       | (575.44)                       | 351.10           | 413.03                      | (303.56)                       | 109.47           |
| Other bank balances                           | Note 6       | 322.97                       | (18.94)                        | 304.03           | 400.57                      | (12.36)                        | 388.21           |
| Loans                                         | Note 6       | 796.93                       | (131.22)                       | 665.71           | 1,004.58                    | (381.11)                       | 623.47           |
| Other financial assets                        | Note 5 and 6 | 45.60                        | -                              | 45.60            | 107.85                      | 5.29                           | 113.14           |
| Other current assets                          | Note 2 and 6 | 1,365.98                     | -                              | 1,365.98         | 1,558.13                    | -                              | 1,558.13         |
| <b>Total current assets</b>                   |              | <b>23,630.09</b>             | <b>(2,050.71)</b>              | <b>21,579.38</b> | <b>25,573.58</b>            | <b>(4,218.50)</b>              | <b>21,355.08</b> |
| <b>Total assets</b>                           |              | <b>39,980.88</b>             | <b>(655.43)</b>                | <b>39,325.45</b> | <b>38,858.03</b>            | <b>(1,285.38)</b>              | <b>37,572.65</b> |
| <b>Equity</b>                                 |              |                              |                                |                  |                             |                                |                  |
| Equity share capital                          |              | 1,234.56                     | -                              | 1,234.56         | 1,234.56                    | -                              | 1,234.56         |
| Other equity                                  |              | 12,956.78                    | 1,356.80                       | 14,313.58        | 11,939.59                   | 717.54                         | 12,657.13        |
| <b>Total equity</b>                           |              | <b>14,191.34</b>             | <b>1,356.80</b>                | <b>15,548.14</b> | <b>13,174.15</b>            | <b>717.54</b>                  | <b>13,891.69</b> |
| <b>Liabilities</b>                            |              |                              |                                |                  |                             |                                |                  |
| <b>Non-current liabilities</b>                |              |                              |                                |                  |                             |                                |                  |
| Financial liabilities                         |              |                              |                                |                  |                             |                                |                  |
| Borrowings                                    | Note 1 and 6 | 2,033.53                     | (370.99)                       | 1,662.54         | 2,287.22                    | (607.45)                       | 1,679.77         |
| Other financial liabilities                   | Note 2 and 6 | 11.13                        | 3.12                           | 14.25            | 22.26                       | (9.23)                         | 13.03            |
| Provisions                                    | Note 6       | 336.22                       | (40.32)                        | 295.90           | 339.51                      | (29.09)                        | 310.42           |
| Deferred tax liabilities                      | Note 6       | -                            | 271.43                         | 271.43           | -                           | 105.39                         | 105.39           |
| Other non-current liabilities                 | Note 2 and 6 | -                            | 6.15                           | 6.15             | -                           | 1.54                           | 1.54             |
| <b>Total non-current Liabilities</b>          |              | <b>2,380.88</b>              | <b>(130.61)</b>                | <b>2,250.27</b>  | <b>2,648.99</b>             | <b>(538.84)</b>                | <b>2,110.15</b>  |
| <b>Current liabilities</b>                    |              |                              |                                |                  |                             |                                |                  |
| Financial liabilities                         |              |                              |                                |                  |                             |                                |                  |
| Borrowings                                    | Note 6       | 8,677.59                     | 995.02                         | 9,672.61         | 9,056.46                    | 1,030.90                       | 10,087.36        |
| Trade payables                                | Note 6       | 11,437.43                    | (2,127.13)                     | 9,310.30         | 10,680.19                   | (1,753.06)                     | 8,927.13         |
| Other financial liabilities                   | Note 5 and 6 | 2,286.15                     | (379.45)                       | 1,906.70         | 2,396.70                    | (436.84)                       | 1,959.86         |
| Provisions                                    | Note 3 and 6 | 331.80                       | (240.64)                       | 91.16            | 344.74                      | (225.36)                       | 119.38           |
| Other current liabilities                     | Note 2 and 6 | 675.69                       | (129.42)                       | 546.27           | 556.80                      | (88.61)                        | 468.19           |
| Current tax liabilities                       | Note 6       | -                            | -                              | -                | -                           | 8.89                           | 8.89             |
| <b>Total current liabilities</b>              |              | <b>23,408.66</b>             | <b>(1,881.62)</b>              | <b>21,527.04</b> | <b>23,034.89</b>            | <b>(1,464.08)</b>              | <b>21,570.81</b> |
| <b>Total equity and liabilities</b>           |              | <b>39,980.88</b>             | <b>(655.43)</b>                | <b>39,325.45</b> | <b>38,858.03</b>            | <b>(1,285.38)</b>              | <b>37,572.65</b> |

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 50 (CONTD.)

### 2 Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March, 2017

(All amounts in INR lakhs, unless otherwise stated)

| Particulars                                                                                 | Note no.           | Previous GAAP*   | Ind AS adjustments | Ind AS           |
|---------------------------------------------------------------------------------------------|--------------------|------------------|--------------------|------------------|
| <b>Revenue from operations</b>                                                              | Note 6             | 46,830.53        | (11,487.52)        | 35,343.01        |
| Other income                                                                                | Note 2, 4, 5 and 6 | 861.69           | (221.99)           | 639.70           |
| <b>Total revenue</b>                                                                        |                    | <b>47,692.22</b> | <b>(11,709.51)</b> | <b>35,982.71</b> |
| <b>Expenses</b>                                                                             |                    |                  |                    |                  |
| Cost of materials consumed                                                                  | Note 6             | 23,379.13        | (5,785.60)         | 17,593.53        |
| Purchase of stock-in-trade                                                                  | Note 6             | 718.66           | (481.82)           | 236.84           |
| Changes in inventories of finished goods, stock in trade and work in progress               | Note 6             | 174.42           | 58.01              | 232.43           |
| Excise duty on sale of goods                                                                | Note 6             | 4,017.04         | (1,161.92)         | 2,855.12         |
| Employee benefits expense                                                                   | Note 6 and 9       | 5,615.33         | (933.28)           | 4,682.05         |
| Finance costs                                                                               | Note 1 and 6       | 1,666.47         | (75.89)            | 1,590.58         |
| Depreciation and amortisation expense                                                       | Note 6             | 1,528.99         | (297.60)           | 1,231.39         |
| Other expenses                                                                              | Note 2 and 6       | 8,525.33         | (1,928.03)         | 6,597.30         |
| <b>Total expenses</b>                                                                       |                    | <b>45,625.37</b> | <b>(10,606.13)</b> | <b>35,019.24</b> |
| <b>Profit before share of loss in joint ventures and tax</b>                                |                    | 2,066.85         | (1,103.38)         | 963.47           |
| Share of loss in joint ventures (net)                                                       | Note 6             | -                | 473.52             | 473.52           |
| Profit before tax                                                                           |                    | 2,066.85         | (629.86)           | 1,436.99         |
| Tax expense:                                                                                |                    |                  |                    |                  |
| Current tax                                                                                 | Note 6             | 545.15           | (256.75)           | 288.40           |
| Deferred tax                                                                                | Note 6 and 7       | 44.91            | (23.02)            | 21.89            |
| Income tax for earlier years                                                                |                    | (95.69)          | -                  | (95.69)          |
| <b>Profit for the year</b>                                                                  |                    | <b>1,572.48</b>  | <b>(350.09)</b>    | <b>1,222.39</b>  |
| <b>Other comprehensive income</b>                                                           |                    |                  |                    |                  |
| Items that will not be reclassified to profit and loss                                      |                    |                  |                    |                  |
| Re-measurement gains (losses) on defined benefit plans                                      | Note 9             | -                | 51.02              | 51.02            |
| Changes in fair value of FVOCI equity instruments                                           | Note 4             | -                | 810.36             | 810.36           |
| Share of other comprehensive income of joint ventures accounted for using the equity method | Note 6             | -                | 0.19               | 0.19             |
| Income tax relating to items that will not be reclassified to profit and loss               | Note 7             | -                | (204.62)           | (204.62)         |
| <b>Total other comprehensive income for the year</b>                                        |                    | <b>1,572.48</b>  | <b>306.86</b>      | <b>1,879.34</b>  |

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

### B First time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The accounting policies have been applied in preparing the financial statements for the year ended 31<sup>st</sup> March, 2018, the comparative information presented in these financial statements for the year ended 31<sup>st</sup> March, 2017 and in the preparation of an opening Ind AS balance sheet at 1<sup>st</sup> April, 2016 (the Group's date of transition). An explanation of how the transition from Previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 50 (CONTD.)

### C Ind AS optional exemptions

#### 1 Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

#### 2 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments.

#### 3 Joint ventures

The initial investment in joint venture has been measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated, including any goodwill arising from acquisition. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with the above is regarded as the deemed cost of the investment at initial recognition.

### D Ind AS mandatory exemptions

#### 1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1<sup>st</sup> April, 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Previous GAAP:

- Investment in equity instruments carried at FVTPL or FVOCI
- Impairment of financial assets based on expected credit loss model.
- Financial instruments carried at amortised cost
- Fair value of forward contracts
- Expected credit loss on financial assets

#### 2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable;
- The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 50 (CONTD.)

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

The Group has elected to apply these exemptions wherever required.

### 3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

### E Other reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

### 1 Reconciliation of total equity as at 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016

(All amounts in INR lakhs, unless otherwise stated)

|                                                                      | Notes to first<br>time adoption | 31 <sup>st</sup> March,<br>2017 | 1 <sup>st</sup> April<br>2016 |
|----------------------------------------------------------------------|---------------------------------|---------------------------------|-------------------------------|
| <b>Total equity (shareholder's funds) as per previous GAAP</b>       |                                 | 14,191.34                       | 13,174.15                     |
| <b>Adjustments:</b>                                                  |                                 |                                 |                               |
| Impact of effective interest rate on borrowings                      | Note 1                          | 1.91                            | 4.07                          |
| Financial instruments recorded on amortised cost                     | Note 2                          | 0.21                            | -                             |
| Adjustment for proposed dividend                                     | Note 3                          | 222.88                          | 222.88                        |
| Fair value impact for investments through profit and loss            | Note 4                          | 3.63                            | 0.62                          |
| Fair value impact for investments through other comprehensive income | Note 4                          | 1,446.95                        | 636.58                        |
| Impact of fair value gain/loss on forward contracts                  | Note 5                          | -                               | (20.79)                       |
| Impact on account of equity accounted joint ventures                 | Note 6                          | 14.92                           | 0.79                          |
| Other adjustments                                                    | Note 1 and 2                    | 3.26                            | 22.46                         |
| Tax impact on above adjustment                                       | Note 7                          | (336.96)                        | (149.07)                      |
| <b>Total adjustments</b>                                             |                                 | <b>1,356.80</b>                 | <b>717.54</b>                 |
| <b>Total equity as per Ind AS</b>                                    |                                 | <b>15,548.14</b>                | <b>13,891.69</b>              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

## NOTE - 50 (CONTD.)

### 2 Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March, 2017

(All amounts in INR lakhs, unless otherwise stated)

|                                                                                             | Notes to first time adoption | 31 <sup>st</sup> March, 2017 |
|---------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Profit after tax as per previous GAAP</b>                                                |                              | <b>1,572.48</b>              |
| <b>Adjustments:</b>                                                                         |                              |                              |
| Impact of effective interest rate on borrowings                                             | Note 1                       | (2.17)                       |
| Financial instruments recorded on amortised cost                                            | Note 2                       | 0.21                         |
| Impact of fair value gain/loss on forward contracts                                         | Note 5                       | 20.79                        |
| Fair value impact for investments through profit and loss                                   | Note 4                       | 3.01                         |
| Re-measurement gains on defined benefit obligations                                         | Note 9                       | (51.02)                      |
| Impact on account of equity accounted joint ventures                                        | Note 6                       | (318.45)                     |
| Other adjustments                                                                           | Note 1 and 2                 | (19.20)                      |
| Tax impact on above adjustments                                                             | Note 7                       | 16.74                        |
| <b>Total adjustments</b>                                                                    |                              | <b>(350.09)</b>              |
| <b>Profit for the year as per Ind AS</b>                                                    |                              | <b>1,222.39</b>              |
| <b>Other comprehensive income</b>                                                           |                              |                              |
| Re-measurement gains on defined benefit obligations                                         | Note 9                       | 51.02                        |
| Changes in fair value of FVOCI equity instruments                                           | Note 4                       | 810.36                       |
| Share of other comprehensive income of joint ventures accounted for using the equity method | Note 6                       | 0.19                         |
| Income tax relating to items that will not be reclassified to profit and loss               | Note 10                      | (204.62)                     |
| <b>Total comprehensive income for the year as per Ind AS</b>                                |                              | <b>1,879.34</b>              |

### NOTE - 1

#### Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under Previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31<sup>st</sup> March, 2017 have been reduced with a corresponding adjustment to relevant head in statement of profit and loss and retained earnings respectively. The total equity increased by an equivalent amount. The profit for the year ended 31<sup>st</sup> March, 2017 reduced as a result of the additional interest expense.

### NOTE - 2

#### Amortised cost financial instruments

Under Previous GAAP, all financial assets and financial liabilities were carried at cost. Under Ind AS, certain financial assets and financial liabilities are subsequently measured at amortised cost which involves the application of effective interest method. In applying the effective interest method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or financial liability.

### NOTE - 3

#### Proposed dividend

Under the Previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, proposed dividend was recognized as a liability. Under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2018

### NOTE - 4

#### Financial instruments carried at fair value through profit and loss or through other comprehensive income

Under Previous GAAP, investments in long-term equity instrument were carried at cost and tested for other than temporary diminution. Under Ind AS, such investments are carried at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI) (except for investment in subsidiaries, associates and joint ventures).

### NOTE - 5

#### Fair value gain/loss on forward contracts

Under Previous GAAP, the Group did not record any gain/loss on marked to market derivative instruments. Under Ind AS, such derivative instruments are recorded at fair value through profit and loss.

### NOTE - 6

#### Impact on account of equity accounted joint ventures

Under the Previous GAAP, joint ventures were proportionately consolidated on a line to line basis. However, under Ind AS, the same is accounted for on the basis of equity method of accounting.

### NOTE - 7

#### Deferred tax

Under Ind AS, deferred taxes are adjusted to reflect the impact on adjustments made to opening retained earnings at transition date and impact on statement of profit and loss for the year ended 31<sup>st</sup> March, 2017.

### NOTE - 8

#### Retained earnings

Retained earnings as at 1<sup>st</sup> April, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

### NOTE - 9

#### Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit/(loss) but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans and fair value gains/(losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under Previous GAAP.

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: 25<sup>th</sup> May, 2018

#### Anuj Talwar

Joint Managing Director

[DIN: 00628063]

#### Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

#### Manish Khanna

Chief Financial Officer

#### Seema Narang

Company Secretary

## NOTES

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# TALBROS AUTOMOTIVE COMPONENTS LIMITED

CIN: L29199HR1956PLC033107

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

Tel No.: 0129-2251482, Website: www.talbros.com, Email: shares@talbros.com

## PROXY FORM

Form No. MGT 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

61<sup>st</sup> Annual General Meeting- September 25, 2018

|                        |  |
|------------------------|--|
| Name of the member(s): |  |
| Registered address     |  |
| Email                  |  |
| Folio no. / Client ID  |  |
| DP ID                  |  |

I/ We being the member(s) of Talbros Automotive Components Limited holding ..... shares hereby appoint

(1) Name: \_\_\_\_\_ Address \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature \_\_\_\_\_ of failing him;

(2) Name: \_\_\_\_\_ Address \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature \_\_\_\_\_ of failing him;

(3) Name: \_\_\_\_\_ Address \_\_\_\_\_

Email Id: \_\_\_\_\_ Signature \_\_\_\_\_

As my/ our proxy to attend and vote (on a Poll) for me/ us and on my/ our behalf at the 61<sup>st</sup> Annual General Meeting of the Company, to be held on Tuesday, September 25, 2018 at 10:30 a.m. at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001, Haryana, India and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl No.            | Resolution                                                                                                                                                         | Vote (Optional see Note 2) (Please mention no. of shares) |         |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------|
|                   |                                                                                                                                                                    | For                                                       | Against |
| Ordinary Business |                                                                                                                                                                    |                                                           |         |
| 1.                | Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors for the financial year ended 31 <sup>st</sup> March, 2018. |                                                           |         |
| 2.                | Declaration of Dividend @ 15% on paid- up Equity Share Capital for the financial year ended 31 <sup>st</sup> March, 2018.                                          |                                                           |         |
| 3.                | To re-appoint Mr. Vidur Talwar (DIN: 00114643) a Director who retires by rotation.                                                                                 |                                                           |         |
| Special Business  |                                                                                                                                                                    |                                                           |         |
| 4.                | To appoint Ms. Priyanka Gulati (DIN: 07087707) as an Independent Director of the Company for a period of five years                                                |                                                           |         |
| 5.                | To consider revision in the remuneration of Mr. Umesh Talwar, Vice-Chairman & Managing Director of the Company.                                                    |                                                           |         |
| 6.                | To consider revision in the remuneration of Mr. Anuj Talwar, Joint Managing Director of the Company.                                                               |                                                           |         |
| 7.                | Agreement with Talbros Marugo Rubber Pvt. Ltd. for Purchase/ Sale of Rubber, Rubber Compound, other Chemicals and to do job work for each other.                   |                                                           |         |
| 8.                | To give Corporate Guarantee in favour of Magneti Marelli Talbros Chassis Systems Private Limited.                                                                  |                                                           |         |
| 9.                | Alteration/substitution of Articles of Association of the Company                                                                                                  |                                                           |         |
| 10.               | Ratification of remuneration of M/s. Vijender Sharma & Co., (Firm Registration No. 00180) as Cost Auditors.                                                        |                                                           |         |

Signed this ..... day of ..... 2018.

Signature of the member

Signature of the proxy holder(s)

Affix Re. 1  
Revenue  
Stamp

### Notes:

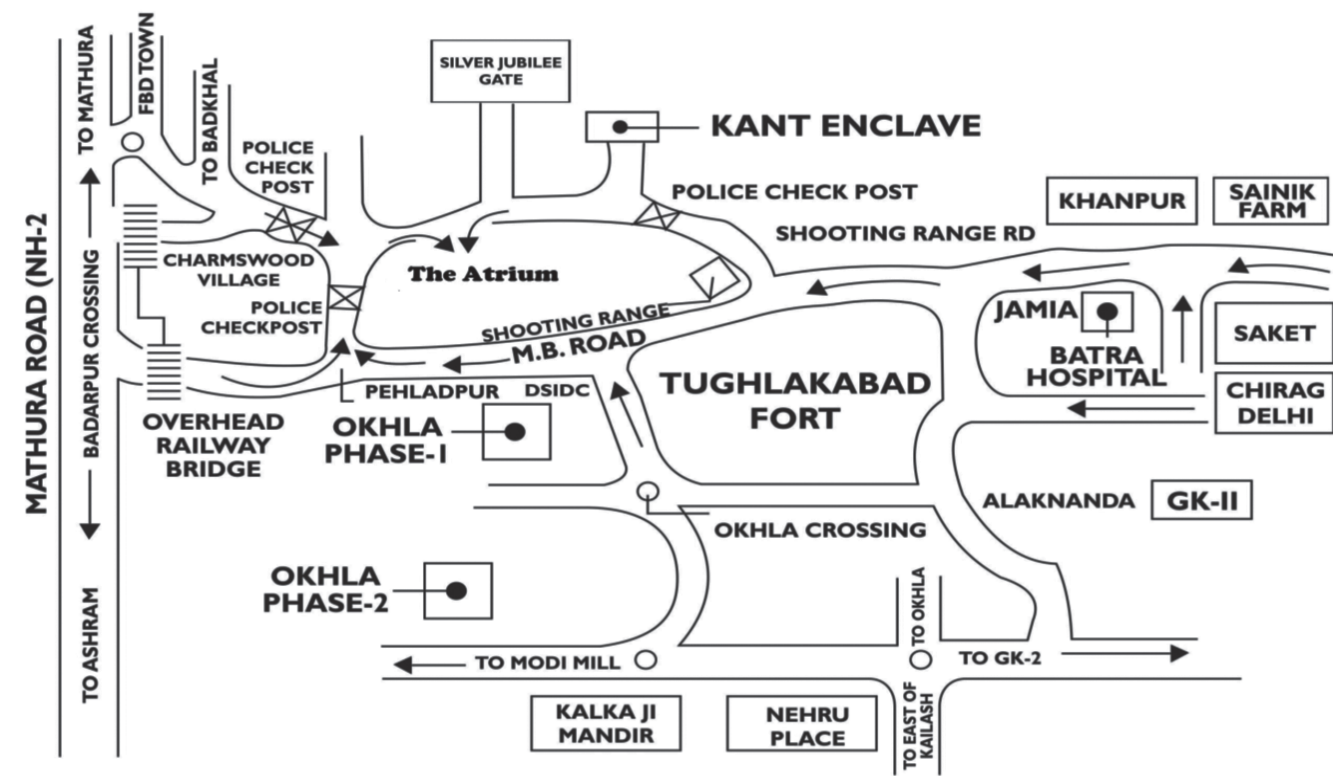
- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.
- It is optional to indicate your preference. If you leave **For/ Against** column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



# ROUTE MAP OF THE 61<sup>st</sup> AGM VENUE IS AS FOLLOWS:

Directions:

## LOCATION MAP



## TALBROS AUTOMOTIVE COMPONENTS LIMITED

CIN: L29199HR1956PLC033107

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

Tel No.: 0129-2251482, Website: [www.talbros.com](http://www.talbros.com), Email: [shares@talbros.com](mailto:shares@talbros.com)

## ATTENDANCE SLIP

61<sup>st</sup> Annual General Meeting- September 25, 2018

Registered Folio no. / DP ID no. / Client ID no. :

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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Number of shares held

|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|

I certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the 61<sup>st</sup> Annual General Meeting of the Company, held on Tuesday, September 25, 2018 at 10:30 a.m. at Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad -121001, Haryana.

.....  
Name of the Member/ Proxy/ Representative  
(In BLOCK letters)

.....  
Signature of the Member/ Proxy/ Representative

**Note:** Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.



# Corporate Information

| BOARD OF DIRECTORS                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------|
| Mr. Naresh Talwar (Chairman)                                                                                                     |
| Mr. Umesh Talwar (Vice Chairman & Managing Director)                                                                             |
| Mr. Varun Talwar (Joint Managing Director)                                                                                       |
| Mr. Vidur Talwar                                                                                                                 |
| Mr. Anuj Talwar (Joint Managing Director)                                                                                        |
| Mr. Anil Kumar Mehra                                                                                                             |
| Mr. Rajive Sawhney                                                                                                               |
| Mr. V. Mohan                                                                                                                     |
| Mr. Amit Burman                                                                                                                  |
| Mr. Navin Juneja                                                                                                                 |
| Mr. Rajeev Ranjan Vederah                                                                                                        |
| Ms. Priyanka Gulati                                                                                                              |
| CHIEF FINANCIAL OFFICER                                                                                                          |
| Mr. Manish Khanna                                                                                                                |
| COMPANY SECRETARY                                                                                                                |
| Mrs. Seema Narang                                                                                                                |
| MAIN BANKERS                                                                                                                     |
| HDFC Bank Limited                                                                                                                |
| YES Bank Limited                                                                                                                 |
| DBS Bank Limited                                                                                                                 |
| IDFC Bank Limited                                                                                                                |
| AUDITORS                                                                                                                         |
| J C Bhalla & Co., Chartered Accountants, B- 5, Sector-6, Noida 201 301                                                           |
| REGISTRAR AND SHARE TRANSFER AGENT                                                                                               |
| Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot number 31 & 32,<br>Financial District, Gachibowli, Hyderabad 500 032 |
| STOCK EXCHANGE WHERE SHARES LISTED                                                                                               |
| National Stock Exchange of India Limited (NSE)                                                                                   |
| Bombay Stock Exchange Limited (BSE)                                                                                              |
| CORPORATE IDENTIFICATION NUMBER                                                                                                  |
| L29199HR1956PLC033107                                                                                                            |
| <a href="http://www.talbros.com">www.talbros.com</a>                                                                             |



CIN No. - L29199HR1956PLC033107

Talbros Automotive Components Limited

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