

3. COMMITTEES OF THE BOARD

(i) Audit Committee

Audit Committee has been constituted in accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (including any amendments and re-enactments thereof).

The functioning and terms of reference of the Audit Committee including the role, powers and duties, quorum for meeting and frequency of meetings, are in accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

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

- Reviewing the Company's financial reporting process and its financial statement.
- Reviewing the financial and accounting policies and practices and compliance with applicable accounting standards.
- Reviewing reports furnished by internal and statutory auditors.
- Recommending appointment/re-appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing with the management, quarterly results and annual financial statements before submission to the Board for approval.
- Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter corporate loans and investments;
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the Whistle blower mechanism.

Composition, meetings and attendance

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

Chairman of the Audit Committee is a Non-executive Independent Director and Chartered Accountant by qualification. He attended the last Annual General Meeting of the Company held on 25th September, 2018 to address the shareholders' queries pertaining to financial statements of the Company.

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

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

Company Secretary acts as Secretary to the Committee.

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

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

The attendance of each Audit Committee Member is as under:

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

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

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

(ii) Nomination & Remuneration Committee

Nomination & Remuneration Committee has been constituted in accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (including any amendments and re-enactments thereof).

The terms of Reference of the Nomination & Remuneration Committee are in accordance with

the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, which inter-alia, includes:

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

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

Composition and Attendance

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

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

During the year three meetings of Nomination & Remuneration Committee were held on 25th May, 2018, 1st January, 2019 and 14th February, 2019. The detail of attendance of each Committee Member is as under:

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

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

Performance Evaluation

The Nomination and Remuneration Committee of the Board, has laid out the evaluation criteria for performance evaluation of the Board, its Committees and all the individual directors, in adherence of SEBI (LODR) Regulations, 2015.

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

Remuneration of Directors

Executive Directors

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

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

Details of Remuneration paid to Directors during the year ended 31st March, 2019
(Amt in ₹)

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

Other terms and conditions:

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

Non-Executive Directors

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

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

Sitting fee paid for financial year 2018-19 is tabled below:

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

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

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

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

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

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

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

(iii) Stakeholders' Relationship Committee

Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 (including any amendments and re-enactments thereof).

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

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

Composition and Attendance

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

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

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

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

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

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

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

Status of queries/ complaints received and resolved during the year

Number of Shareholders' Queries/ Complaints received during the year	30
Number of Shareholders Complaints solved to the satisfaction of Shareholders	30
Number of Shareholders Complaints pending as on 31.03.2019	Nil

Name and designation of Compliance Officer

Mrs. Seema Narang, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI (LODR) Regulations, 2015. The Company has provided an exclusive email ID i.e. seema_narang@talbros.com, for the members to send their queries/ grievances to the concerned department so that the queries/ complaints are addressed.

(iv) Corporate Social Responsibility (CSR) Committee

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

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

Composition and Attendance

During the year one meeting of Corporate Social Responsibility Committee was held on 14th February, 2019. The detail of attendance of each Committee Member is as under:

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

4. GENERAL BODY MEETINGS

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

Financial Year	2015-16	2016-17	2017-18
Venue	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana	Hotel Saffron Kiran, 12/6, NH-2, (Near to Sarai Metro Station and Badarpur Toll Plaza) Sarai Khwaja, Faridabad -121003, Haryana	Hotel Atrium, Shooting Range Road, Suraj Kund, Faridabad, Haryana
Date and Time	26th September, 2016 (Monday), 10.30 A.M.	26 th September, 2017 (Tuesday), 10.30 A.M.	25 th September, 2018 (Tuesday), 10.30 A.M.
Special Resolutions Passed	1. Increase in remuneration of Mr. Anuj Talwar w.e.f 1st April, 2016 with the designation of Joint Managing Director of the Company. 2. Acceptance of Fixed Deposits from Public and/ or members of the Company. 3. Agreement with QH Talbros Limited for sale of Company's products. 4. Agreement with Nippon Leakless Talbros Pvt. Limited for purchase and /or sale of Tyre Sealant and other production inputs etc. 5. Agreement with Nippon Leakless Talbros Pvt. Limited for sale/purchase of Gaskets.	1. Re- appointment of Mr. Umesh Talwar (DIN: 00059271), Vice Chairman & Managing Director, with effect from 1st April, 2018 for a period of 3 years. 2. Re- appointment of Mr. Anuj Talwar (DIN: 00628063), Joint Managing Director with effect from 14th August, 2018 for a period of 3 years. 3. Acceptance of Fixed Deposits from Public.	1. To consider revision in the remuneration of Mr. Umesh Talwar, Vice-Chairman & Managing Director of the Company. 2. To consider revision in the remuneration of Mr. Anuj Talwar, Joint Managing Director of the Company. 3. To give Corporate Guarantee in favour of Magneti Marelli Talbros Chassis Systems Private Limited for an aggregate sum of ₹ 13.00 crores. 4. Alteration/ substitution of Articles of Association of the Company.

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

POSTAL BALLOT

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

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

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

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

The details of the voting pattern are given below:

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

5. MEANS OF COMMUNICATION

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

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

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

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

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

All information are filed electronically on online portal of Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

- e) Investor Conference Calls:** Every quarter, post announcement of financial results, conference calls are organized with institutional investors and analysts. These calls are addressed by Group CFO and Head of Investor Relations. Transcripts of the calls are hosted on the website of the Company viz. www.talbro.com.

6. GENERAL SHAREHOLDER INFORMATION

(i) 62nd Annual General Meeting

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

(ii) Financial Year

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

(iii) Book Closure Date

The period of book closure for the purpose of AGM and payment of Dividend for 2018-19 is from 17th September, 2019 to 25th September, 2019 (both days inclusive).

Financial Reporting Calendar:

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

(iv) Dividend Payment Date

The Board has recommended a dividend of 18% on the paid-up share capital of the Company to be considered by the members in the forthcoming Annual General Meeting. The said dividend, if approved by the shareholders, shall be paid to all the members as on the date of Annual General Meeting within the statutory limit of 30 days from the date of declaration.

(v) Listing of Equity Shares on Stock Exchanges

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

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

(vi) Stock Code

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

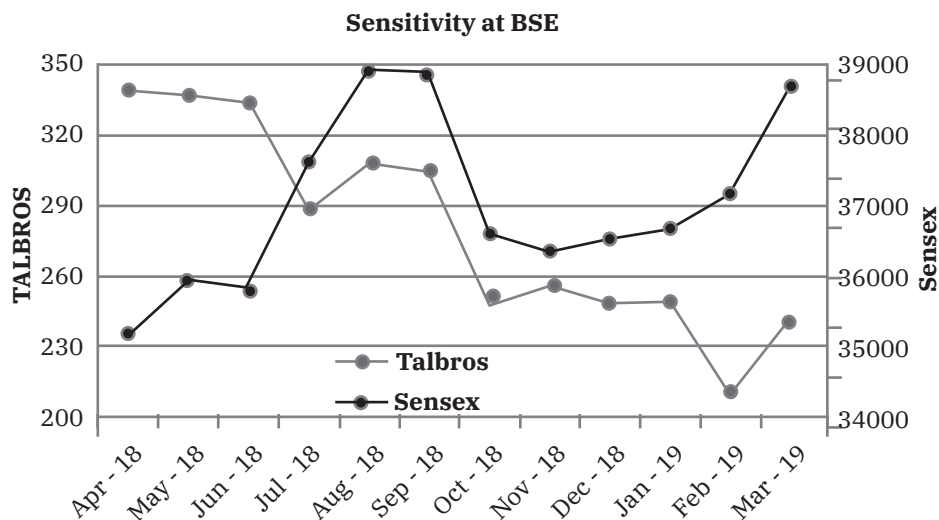
(vii) Market Price Data

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

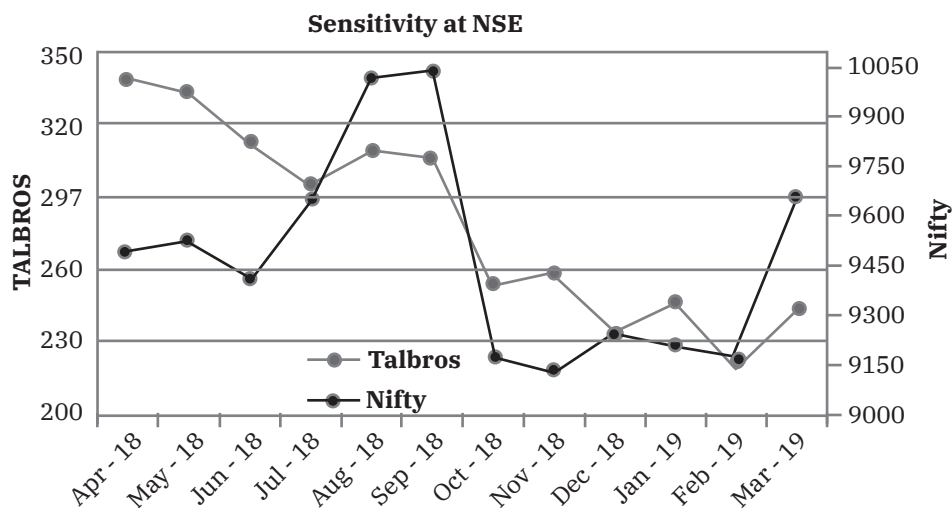
Performance of the share price of the Company in comparison to BSE Sensex:

BSE SENSEX

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


NIFTY

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



(viii) Registrar & Transfer Agents

For Shares held in Physical as well as Electronic Mode

M/s Karvy Fintech Private Ltd.,

Unit: Talbros Automotive Components Ltd.,

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

Financial District, Gachibowli, Nanakramguda, Serilingampally

Hyderabad 500 008, India

Email: rajeev.kr@karvy.com / www.karvycomputershare.com

(ix) Share Transfer System

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

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

As required under Regulation 40(9) of the SEBI (LODR) Regulations, 2015, the Company obtains a certificate on half-yearly basis from a Company Secretary-in-Practice, regarding share transfer formalities, which is filed with the stock exchanges.

(x) Distribution of Shareholding as on 31st March, 2019

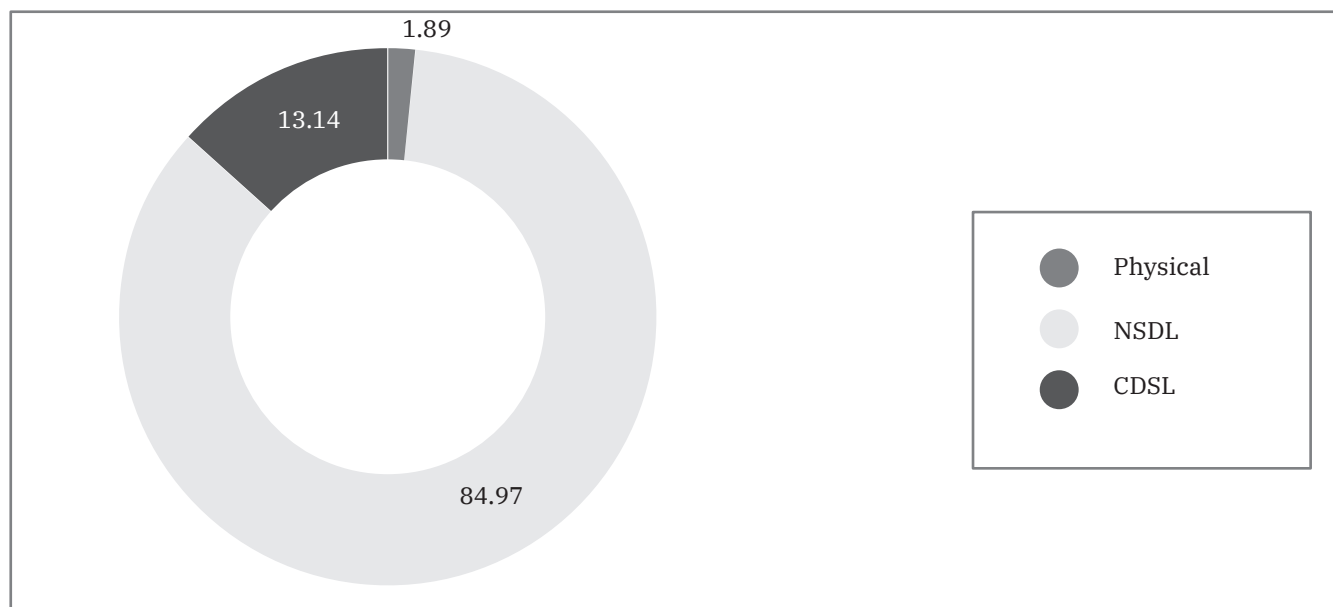
Category (Amount)		No. of Shareholders		No. of Shares	
From	To	Number	% Total	Number	% Total
1	5000	19935	93.552	1697968	13.7536
5001	10000	690	3.2381	548368	4.4418
10001	20000	358	1.68	529941	4.2925
20001	30000	122	0.5725	307286	2.489
30001	40000	62	0.291	218910	1.7732
40001	50000	36	0.1689	169183	1.3704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

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

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

The breakup of Equity Share capital held with depositories and in physical form as on 31st March, 2019 is as follows:

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

**(xii) Outstanding Stock Option**

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

(xiii) Plant Locations of the Company

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

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

(xiv) Address for Correspondence

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

Registered Office

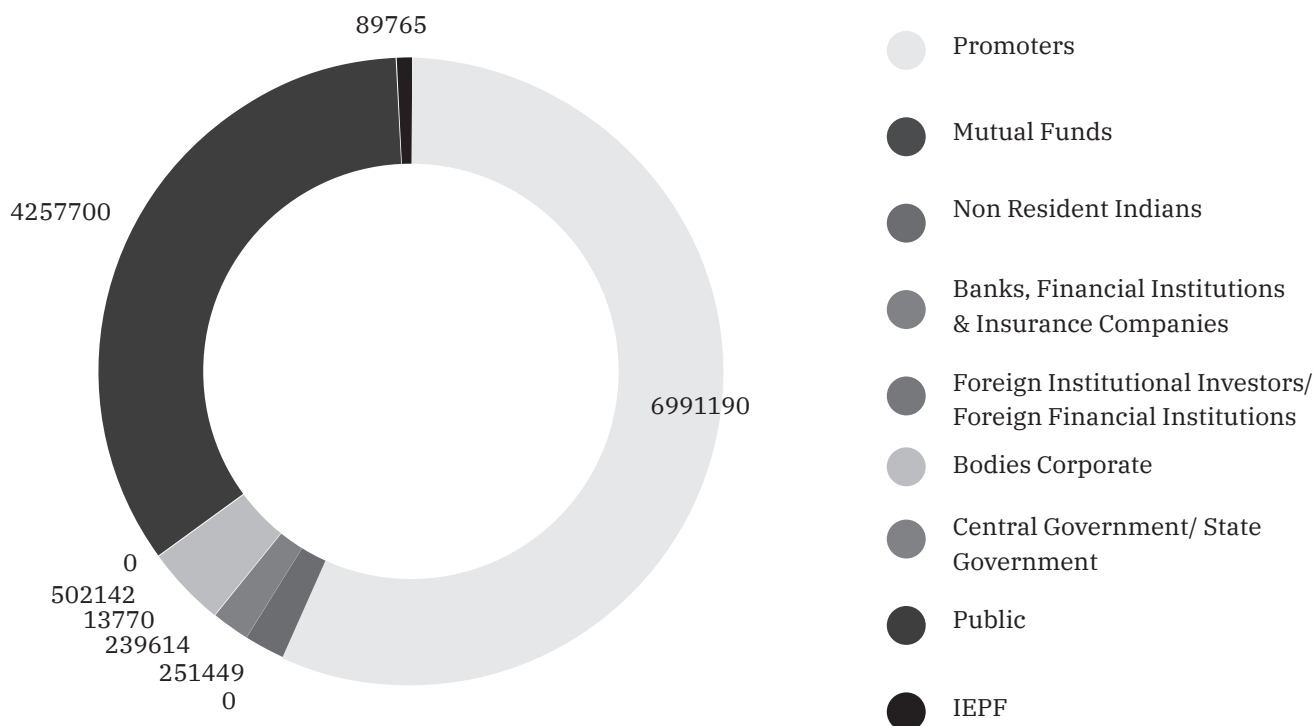
Talbros Automotive Components Ltd.
 14/1, Delhi Mathura Road, Faridabad –121003
 Tel: +91-129- 2251482/ 2251456/2251400
 Email: seema_narang@talbros.com

For all matters relating to investor relations please contact:

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

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

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

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

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

(xvii) Reconciliation of Share Capital Audit

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

(xviii) Unclaimed Dividends

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

Year	Date of Declaration	Due date for transfer
2011-12	03.09.2012	01.10.2019
2012-13	16.09.2013	14.10.2020
2013-14	12.09.2014	10.10.2021
2014-15	25.09.2015	23.10.2022
2015-16	26.09.2016	24.10.2023
2016-17	26.09.2017	24.10.2024
2017-18	25.09.2018	23.10.2025

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

(xix) Nomination

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

7. OTHER DISCLOSURES
Related Party Transactions

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

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

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

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

Familiarisation Programme

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

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

Credit ratings obtained by the Company

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

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

Certificate from practicing Company Secretary

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

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

No funds have been raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the financial year ended on 31st March, 2019.

Details of total fees paid to Statutory Auditors

Details of total fees for all services paid by the Company, on a consolidated basis, to the Statutory Auditors is a part of this Annual Report.

Policy for determining material subsidiaries

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

Compliances by the Company

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

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

Details of penalties imposed on the Company

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

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

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

Risk Management

The Company has defined and adopted a Risk Management Process, and has also set up a core group of leadership team, which assesses the risks and lays down the procedure for minimization of the risks as an ongoing process integrated with operations.

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

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

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

Whistle Blower Policy

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

Policy against Sexual and Workplace Harassment

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

The Company has put in place a policy on redressal of Sexual Harassment and a Policy on redressal of Workplace Harassment as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,

2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/ her complaint to the Redressal Committee formed for this purpose or their Manager or HR personnel.

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

Code for prevention of Insider Trading

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

Managing Director/ CFO certification

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

Adoption of Discretionary Requirements

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

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

DECLARATION FOR CODE OF CONDUCT

As provided under Regulation 26(3) of the SEBI (LODR) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2019.

For **Talbro's Automotive Components Limited**

Place : New Delhi
Dated: 29th May, 2019

Sd/-
Umesh Talwar
[Vice Chairman & Managing Director]
DIN: 00059271

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

To

The Members of Talbros Automotive Components Limited

1. This certificate is issued in accordance with the terms of our engagement letter. We have examined the details of the compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2019, as stipulated in Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2018 to 31st March, 2019.

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

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1st April, 2018 to 31st March, 2019. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the report and applying an appropriate basis of preparation.

AUDITORS' RESPONSIBILITY

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2019.
4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have carried out an examination of the relevant records of the Company in accordance

with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

OPINION

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

RESTRICTION ON USE

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

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

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

Place : New Delhi
Dated: May 29, 2019

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

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

- A. We have reviewed the audited financial statements of the Company for the financial year ended 31st March, 2019 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the years which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there were no deficiencies in the design or operation of internal control which came to our notice.
- D. We have indicated to the auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Dated: 29th May, 2019

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

Sd/-
Manish Khanna
Chief Financial Officer

FINANCIAL STATEMENTS

STANDALONE 81-147

CONSOLIDATED 148-215

INDEPENDENT AUDITORS' REPORT

To the Members of Talbros Automotive Components Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone financial statements of **Talbros Automotive Components Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement for Cash Flow and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statement including summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principle generally accepted in India, of the state of the affairs of the Company as at March 31, 2019, the profit

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context

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

INDEPENDENT AUDITORS' REPORT

of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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

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

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

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

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

Management's Responsibility for the standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds

and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of Standalone Financial Statements

Our Objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to obtain audit evidence that is

INDEPENDENT AUDITORS' REPORT

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, Structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in "**Annexure I**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

INDEPENDENT AUDITORS' REPORT

- (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure II". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The company has disclosed the impact of pending litigation on its financial position in its Ind AS financial statements- Refer Note 39 to the Standalone Ind AS financial statements.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There was no delay in transferring amounts, required to be transferred to Investor Education and Protection Fund by the Company.

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

(Akhil Bhalla)

Partner

Place : New Delhi
Dated: May 29, 2019

Membership No. 505002

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under “Report on Other Legal and Regulatory Requirements” section of report of even date on the Standalone financial statements for the year ended on March 31, 2019 of Talbros Automotive Components Limited:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant & equipment.
(b) The company has a regular program of physical verification of its Property, Plant and equipment under which Property, plant and equipment are verified in a phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this program, certain Property, plant and equipment were verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification.
(c) According to the information and explanation given to us and on the basis of examination of title deeds, other relevant records provided to us evidencing the title, confirmation from the lenders with whom title deeds have been deposited as security for banking facilities, we report that the title deeds of the immovable properties are held in the name of the Company as at the balance sheet date.
In respect of leasehold immovable properties (which are included under the head ‘Property, plant and equipment’) the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
2. According to the information and explanations given to us, inventories have been physically verified by the management at reasonable intervals during the year, except for inventories lying with third parties for which certificates confirming inventories held by them have been obtained in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and same have been properly dealt within books of account.
3. According to the information and explanations given to us and in our opinion, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clauses (iii)(a), (iii)(b) & (iii)(c) of paragraph 3 of the Companies (Auditor’s Report) Order, 2016 are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 73 to 76 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) as applicable, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, in this regard.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company’s products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

7. (a) According to the information and explanation given to us, the Company is regular in depositing to the appropriate authorities undisputed statutory dues including Provident Fund, Income tax, Goods & service tax, employee's state insurance, Custom duty and any other statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues outstanding in respect of income-tax, cenvat credit, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Amount paid under protest (Rs. In Lakhs)	Period to which the amounts relates	Forum where dispute is pending
Maharashtra VAT Act, 2005	Demand of VAT	0.55		2005-06 & 2008-09	Office of the joint Commissioner of Sales Tax, Pune-3 3rd Floor, GST Bhavan, Pune-411016
Income tax Act, 1961	Income Tax demand	4.48		2004-05	CIT-Appeal
Income tax Act, 1961	Income Tax demand	13.98		2011-12	CIT-Appeal
Income tax Act, 1961	Income Tax demand	21.09		2012-13	CIT-Appeal
Finance Act, 1994	Cenvat-Credit disallowed	8.85		2007-08 to 2010-11	Assistant commissioner Faridabad
Finance Act, 1994	Cenvat-Credit disallowed	2.68		August 2011 to October 2013	Superintendent Range –IVB, Chennai
Haryana Value added Tax Act, 2003	Input tax disallowed	2.74		2006-07	Deputy Commissioner Gurgaon
Central Excise Act, 1944	Demand of excise duty	440.90	83.75	FY 2010-11 to 2015-16	Commissioner of Customs, Central Excise and Service Tax, Harpur
Custom Act, 1962	Demand of custom Duty	28.12		FY 2012-13, 2014-15, 2015-16	The Customs, Excise and Service tax Appellate Tribunal
Custom Act, 1962	Demand of custom Duty	7.97		2013-14	Deputy Commissioner of customs, Delhi

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
9. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

10. To the best of our knowledge and according to the information and explanation given to us, no fraud by the company or no material fraud on the company by its officer or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly provisions of clause 3 (xiv) of the order are not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Companies (Auditors Report) Order, 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

(Akhil Bhalla)
Partner
Membership No. 505002

Place : New Delhi
Dated: May 29, 2019

ANNEXURE II

TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Talbros Automotive Components Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

Auditors' Responsibility

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

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and those receipts and expenditures of the company

ANNEXURE II

TO INDEPENDENT AUDITORS' REPORT

are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(Akhil Bhalla)
Partner
Membership No. 505002

Place : New Delhi
Dated: May 29, 2019

BALANCE SHEET

AS AT 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

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

For and on behalf of Talbro's Automotive Components Limited

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

Per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th May, 2019

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

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

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

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

This is the statement of profit or loss referred to in our report of even date

For and on behalf of Talbros Automotive Components Limited

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

Per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th May, 2019

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

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

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH, 2019

A Equity share capital

(All amounts in INR lakhs, unless otherwise stated)

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

B Other equity

(All amounts in INR lakhs, unless otherwise stated)

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

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

For and on behalf of Talbros Automotive Components Limited

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

Per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th May, 2019

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

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

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

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

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

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Place: Gurugram

Date: 29th May, 2019

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

1. CORPORATE INFORMATION

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2015 as amended from time to time.

These financial statements are separate financial statements of the Company. The Company has also prepared consolidated financial statements for the year ended 31 March 2019 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on 29th May, 2019.

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

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

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used

throughout the periods presented in the financial statements.

1.2 Use of estimates

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

1.3 Significant accounting policies

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

a) Current versus non-current classification

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Inventory

Inventories are valued as follows:

Raw material, stores and spares

Raw materials, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and

spares is determined on a first in first out (FIFO) basis. Stores and spares having useful life of more than twelve months are capitalised as “Property, plant and equipment” and are depreciated prospectively over their remaining useful lives in accordance with Ind AS 16.

Work in progress and finished goods

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

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

c) Property, plant and equipment

Recognition and initial measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Subsequent measurement (depreciation and useful lives)

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

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

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

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

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

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

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised

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

Transition to Ind AS

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

d) Intangible assets

Recognition and initial measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Subsequent measurement (Amortisation and useful lives)

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

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

De-recognition

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

Transition to Ind AS

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

e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

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

An investment property is derecognized upon disposal or when the investment property

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

Transition to Ind AS

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

f) Impairment of non-financial assets

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

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the statement of profit and loss.

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

g) Government grant

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

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

h) Borrowing costs

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

i) Foreign currency transactions

Functional and presentation currency

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

Foreign currencies

Initial recognition

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

Subsequent measurement

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

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

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

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

j) Leases

Company as a lessee

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

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

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

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

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

Company as a lessor

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

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

k) Fair value measurement

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

- In the principal market for the asset or liability, or

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, company determines whether transfers have

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

1) Revenue recognition

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

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

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

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

The Company applies the revenue recognition criteria to each separately identifiable

component of the revenue transaction as set out below:

Sale of goods and services

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue from services is recognized when Company satisfies the performance obligations by transferring the promised services to its customers.

Dividend income

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

Interest income

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

Export incentives

Export incentives are accounted on accrual basis.

m) Financial instruments

Recognition and initial measurement

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

Subsequent measurement

Financial assets

- i. **Financial assets carried at amortised cost** – A financial instrument is

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measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Financial assets at fair value

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

De-recognition of financial assets

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

Financial liabilities

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

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

n) Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

- All contractual terms of the Financial Assessments (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

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

Other financial assets

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

o) Investment in joint ventures

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

p) Retirement and other employee benefits

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The

Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Company has no obligation other than the contribution payable to the Provided Fund.

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the gratuity plan, which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absence

Compensated absence, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats compensated absence expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

Other short-term benefits

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

q) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

r) Taxes

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

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

Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes

eligible to be recognized as an asset, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

s) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

t) Provisions, contingent liabilities and contingent assets

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

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

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

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

1.4 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

Significant management judgments

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

Provisions, contingent liabilities and contingent assets – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is

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

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

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

Significant estimates

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

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

NOTES TO THE FINANCIAL STATEMENTS

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Fair value measurements

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

1.5 Standard issued but not yet effective:

i. Ind AS 116 'Leases'

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

ii. Amendment to Ind AS 12, Income taxes

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

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

iii. Amendment to Ind AS 19, Employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

iv. Amendment to Ind AS 109, Financial instruments

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

v. Amendment to Ind AS 23, Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Freehold land*	Leasehold land	Building	Leasehold improvements	Plant and equipment	Vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block													
As at 1st April, 2017	550.39	413.99	3,019.10	15.79	13,469.63	659.54	400.02	320.26	852.79	78.12	10.52	19,790.15	105.22
Additions	1.62	-	87.02	-	2,182.29	45.73	117.46	54.84	42.37	-	-	2,531.33	260.42
Disposals/transfers	-	-	-	-	(362.99)	(158.71)	(1.26)	(0.90)	(29.78)	-	-	(553.64)	(122.93)
Balance as at 31st March, 2018	552.01	413.99	3,106.12	15.79	15,288.93	546.56	516.22	374.20	865.38	78.12	10.52	21,767.84	242.71
Additions	153.42	-	89.89	-	2,990.03	63.55	85.04	44.35	23.50	27.60	-	3,477.38	401.45
Disposals/transfers	(2.81)	-	(76.54)	-	(176.10)	(155.75)	(1.20)	(1.65)	(0.09)	-	-	(414.14)	-
Balance as at 31st March, 2019	702.62	413.99	3,119.47	15.79	18,102.86	454.36	600.06	416.90	888.79	105.72	10.52	24,831.08	644.16
Accumulated depreciation													
As at 1st April, 2017	-	39.62	1,070.03	6.75	5,716.70	346.28	344.68	269.19	411.72	54.87	9.99	8,269.83	-
Charge for the year	-	4.60	109.51	9.04	1,069.14	85.36	29.44	27.11	65.37	14.20	-	1,413.77	-
Disposals	-	-	-	-	(215.88)	(119.32)	(0.90)	(0.77)	(12.93)	-	-	(349.80)	-
Balance as at 31st March, 2018	-	44.22	1,179.54	15.79	6,569.96	312.32	373.22	295.53	464.16	69.07	9.99	9,333.80	-
Charge for the year	-	4.60	114.49	-	1,427.67	66.78	72.69	40.67	62.59	10.35	-	1,799.84	-
Disposals	-	-	(50.45)	-	(93.44)	(127.59)	(1.14)	(1.57)	(0.05)	-	-	(274.24)	-
Balance as at 31st March, 2019	-	48.82	1,243.58	15.79	7,904.19	251.51	444.77	334.63	526.70	79.42	9.99	10,859.40	-
Net Block as at 31st March, 2019	702.62	365.17	1,875.89	-	10,198.67	202.85	155.29	82.27	362.09	26.30	0.53	13,971.68	644.16
Net block as at 31st March, 2018	552.01	369.77	1,926.58	-	8,718.97	234.24	143.00	78.67	401.22	9.05	0.53	12,434.04	242.71
Net block as at 1st April, 2017	550.39	374.37	1,949.07	9.04	7,752.93	313.26	55.34	51.07	441.07	23.25	0.53	11,520.32	105.22

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

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FOR THE YEAR ENDED 31st MARCH, 2019

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

(ii) Contractual obligations

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

(iii) Assets pledged as security

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

Note 3. INVESTMENT PROPERTY

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Rental income	143.27	154.87
Less: direct operating expenses that generated rental income*	-	-
Less: direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property before depreciation	143.27	154.87
Less: depreciation expense	15.45	14.14
Profit from leasing of investment property after depreciation	127.82	140.73

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 3. INVESTMENT PROPERTY (CONTD.)

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

(ii) Leasing arrangements

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

(iii) Fair value of investment property:

(All amounts in INR lakhs, unless otherwise stated)

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

The Company obtains independent valuation for its investment property at least annually and are considered to be a fair representation at which such properties can be sold in an active market. Fair value measurement has been categorized as Level 3. The best evidence of fair value is current prices in an active market for similar property. Where such information is not available, the Company considers the average price of similar property and appropriate depreciation has been accounted for arriving at fair and reasonable value.

Note 4. INTANGIBLE ASSETS

(All amounts in INR lakhs, unless otherwise stated)

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

Notes:

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

(ii) Research and development expenses

Refer note 42 for expenses incurred on research and development activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 5. INVESTMENTS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(i) Investments in equity instruments		
Joint ventures		
(Unquoted, at cost)		
Nippon Leakless Talbros Private Limited 4,800,000 shares (31 st March, 2018: 4,800,000 shares) of ₹ 10 each	480.00	480.00
Magneti Marelli Talbros Chassis Systems Private Limited 11,780,000 shares (31 st March, 2018: 11,780,000 shares) of ₹ 10 each	1,178.00	1,178.00
Talbros Marugo Rubber Private Limited 9,500,000 shares (31 st March, 2018: 9,500,000 shares) of ₹ 10 each	950.00	950.00
Others		
(Unquoted, at fair value through other comprehensive income)		
QH Talbros Private Limited 177,962 shares (31 st March, 2018: 177,962 shares) of ₹ 10 each	19.98	31.25
Talbros International Private Limited 1,326,970 shares (31 st March, 2018: 1,326,970 shares) of ₹ 10 each	1,966.11	2,486.72
T & T Motors Limited 83,333 shares (31 st March, 2018: 83,333 shares) of ₹ 10 each	23.30	70.01
Others		
(Unquoted, at fair value through profit and loss)		
Caparo Power Limited Nil equity shares (31 st March, 2018: 1,147,134 equity shares) of ₹ 10 each	-	114.71
(ii) Investment in preference shares		
(Unquoted, at amortized cost)		
Caparo Power Limited Nil, 2% Cumulative redeemable preference shares (31 st March, 2018: 254,920 shares) of ₹ 10 each	-	20.86
	4,617.39	5,331.55
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	4,617.39	5,331.55
Aggregate amount of impairment in value of investments	-	-

Name of the Joint ventures	Principle place of business	Ownership interest	
		As at 31 st March, 2019	As at 31 st March, 2018
Nippon Leakless Talbros Private Limited	India	40.00%	40.00%
Magneti Marelli Talbros Chassis Systems Private Limited	India	50.00%	50.00%
Talbros Marugo Rubber Private Limited	India	50% less one share	50% less one share

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 6. LOANS

(All amounts in INR lakhs, unless otherwise stated)

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

*refer note 38 for related party details

Note 7. OTHER FINANCIAL ASSETS

(All amounts in INR lakhs, unless otherwise stated)

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

*Under lien with banks as security against borrowings.

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 8. CURRENT TAX ASSETS

(All amounts in INR lakhs, unless otherwise stated)

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

Note 9.

(All amounts in INR lakhs, unless otherwise stated)

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

Note 10. INVENTORIES

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

(All amounts in INR lakhs, unless otherwise stated)

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

Refer note 38 for related party transactions

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

Note 12. CASH AND CASH EQUIVALENTS

(All amounts in INR lakhs, unless otherwise stated)

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

Note 13. OTHER BANK BALANCES

(All amounts in INR lakhs, unless otherwise stated)

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares	Amount	No. of shares	Amount
i Authorized				
Equity shares of ₹ 10 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
	2,00,00,000	2,000.00	2,00,00,000	2,000.00
ii Issued, subscribed and fully paid up	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Equity shares				
Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Changes during the year	-	-	-	-
Balance at the end of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56

iv Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

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

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

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

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

Note 15. OTHER EQUITY

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 15. OTHER EQUITY (CONTD.)

Nature and purpose of other reserves

i General reserve

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

ii Retained earnings

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

iii Capital reserve

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

iv Securities premium account

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

v Equity instruments through other comprehensive income

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

Note 16. A LONG TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. A LONG TERM BORROWINGS (CONTD.)

Notes:

1. Term loan from IDFC First Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
2. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
3. Foreign Currency Term Loan from IDFC First Bank is secured by first charge on fixed assets of Faridabad Plant(Including Land & Building) excluding which are specifically charged to others lenders
4. Term loan-I from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of the Company's gasket division situated at Faridabad and is further secured by personal guarantee of two directors.
5. Term loan-II from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of Company's gasket division situated at Faridabad and is further secured by personal guarantee of three directors.
6. Term Loan from Kotak Mahindra Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
7. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

Particulars	Terms of repayment	Interest Rate	As at 31 st March, 2019	As at 31 st March, 2018
Term loans, secured				
From banks - Rupee loan				
IDFC First Bank	42 equal monthly installments after 12 months moratorium period from the date of first disbursement.	9.60% to 9.75%	149.98	163.22
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	9.15%	200.90	-
Vehicle Loan	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	9.25% to 11.19%	53.68	80.70
From banks - foreign currency loan				
IDFC First Bank	24 to 48 equal monthly installment from the date of disbursement	3.00% to 3.25%	517.97	-
From others:				
Bajaj Finance Ltd. (Term Loan- I)	60 equal monthly installments from the date of loan	9.65% to 10.80%	-	10.66
Bajaj Finance Ltd. (Term Loan- II)	60 equal monthly installments from the date of loan	9.65%	1,443.28	888.61
Vehicle Loan	36 equal monthly installments from the date of loan	6.28%	37.58	-
Unsecured Deposits				
From director	Repayable within 3 years	11.00%	5.00	5.00
From public	Repayable within 2 to 3 years	9.50% - 11.00%	115.06	404.81
			2,523.45	1,553.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. B SHORT TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

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

Notes:

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

** Working capital loans from HDFC Bank and Bajaj Finance Ltd are secured by personal guarantee of two directors of the Company.

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. B SHORT TERM BORROWINGS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

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

C Reconciliation of liabilities arising from financing activities

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17.

(All amounts in INR lakhs, unless otherwise stated)

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

Note 18.

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 19. DEFERRED TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

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

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

Note:

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 20.

(All amounts in INR lakhs, unless otherwise stated)

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

Note 21. TRADE PAYABLES*

(All amounts in INR lakhs, unless otherwise stated)

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

*Refer note 38 for related party transactions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 21. TRADE PAYABLES* (CONTD.)

The Company has received below information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31st March, 2019 and 31st March, 2018:

Particulars		As at 31 st March, 2019	As at 31 st March, 2018
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	132.19	-
ii	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Note 22. CURRENT TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 23. REVENUE FROM OPERATIONS

(All amounts in INR lakhs, unless otherwise stated)

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

* Upto 30th June, 2017

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

Note 24. OTHER INCOME

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 25. COST OF MATERIALS CONSUMED

(All amounts in INR lakhs, unless otherwise stated)

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

Note 26. PURCHASE OF STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 28. EMPLOYEE BENEFITS EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

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

Note 29. FINANCE COSTS

(All amounts in INR lakhs, unless otherwise stated)

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

Note 30. DEPRECIATION AND AMORTIZATION EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

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

Note 31. OTHER EXPENSES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 31. OTHER EXPENSES (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

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

i Corporate social responsibility expenses

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

- Gross amount required to be spent by the Company during the year is ₹ 28.59 lakhs (31st March, 2018: ₹ 20.72 lakhs).
- Amount spent during the financial year ended 31st March, 2019 and 31st March, 2018 on:

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

Amount computed is based upon profits as per previous GAAP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 32. EXCEPTIONAL ITEMS

(All amounts in INR lakhs, unless otherwise stated)

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

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

Note 33. INCOME TAX

(All amounts in INR lakhs, unless otherwise stated)

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

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.944% and the reported tax expense in profit or loss are as follows:

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

Note 34. EARNINGS PER SHARE (EPS)

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Profit attributable to equity shareholders	2,167.57	1,909.11
Profit attributable to equity shareholders adjusted for the effect of dilution	2,167.57	1,909.11
Weighted average number of equity shares for Basic EPS	1,23,45,630	1,23,45,630
Weighted average number of equity shares for Diluted EPS	1,23,45,630	1,23,45,630
(1) Basic	17.56	15.46
(2) Diluted	17.56	15.46

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 35. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

Particulars	Fair value as at		Significant unobservable inputs	Data inputs		Sensitivity*	
	31 st March, 2019	31 st March, 2018		31 st March, 2019	31 st March, 2018	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	2,009.39	2,702.69	Terminal growth rate	5%	5%	31 st March, 2019: ₹ 2,094.19 lakhs 31 st March, 2018: - ₹ 2,870.36 lakhs	31 st March 2017: ₹ 1,938.01 lakhs 31 st March, 2018: - ₹ 2,568.70 lakhs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 35. FAIR VALUE DISCLOSURES (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

- Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March, 2019 was assessed to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

(All amounts in INR lakhs, unless otherwise stated)

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

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

(ii) Risk management framework

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

(A) Credit risk

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

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

a) Credit risk management

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

A: Low

B: Medium

C: High

Assets under credit risk –

(All amounts in INR lakhs, unless otherwise stated)

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

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

Other financial assets measured at amortized cost

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

b) Expected credit losses

Trade receivables

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

Other financial assets measured at amortized cost

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Financing arrangements

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

(All amounts in INR lakhs, unless otherwise stated)

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

Maturities of financial liabilities

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(C) Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

(i) Foreign exchange risk

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

Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

All the above contracts are maturing within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)

Sensitivity

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

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

(ii) Interest rate risk

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

Sensitivity

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

(All amounts in INR lakhs, unless otherwise stated)

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

iii) Assets

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

iv) Price risk

Exposure

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

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31st MARCH, 2019****Note 36. FINANCIAL RISK MANAGEMENT (CONTD.)**

(All amounts in INR lakhs, unless otherwise stated)

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

Sensitivity**Investments carried at fair value through other comprehensive income**

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

(All amounts in INR lakhs, unless otherwise stated)

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

Investments carried at fair value through statement of profit and loss

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

(All amounts in INR lakhs, unless otherwise stated)

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

Note 37.**A. CAPITAL MANAGEMENT**

The Company's capital management objectives are

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

Note 37. (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

B Dividend

(All amounts in INR lakhs, unless otherwise stated)

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

Note 38. RELATED PARTY TRANSACTIONS

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

i) Parties where control exists:

Jointly controlled entities

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

Investing party in respect of which the Company is a subsidiary

- (i) Talbros International Private Limited

Key management personnel and their relatives

- (i) Mr. Naresh Talwar
- (ii) Mr. Umesh Talwar
- (iii) Mr. Varun Talwar
- (iv) Mr. Anuj Talwar
- (v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- (vi) Mr. Vidur Talwar

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 38. RELATED PARTY TRANSACTIONS (CONTD.)

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

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

Enterprise over which key management personnel exercise significant influences

- (i) QH Talbros Private Limited

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

(a) Transactions with joint ventures and associates:

(All amounts in INR lakhs, unless otherwise stated)

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

Note: All transactions are inclusive of taxes, wherever applicable

***The amount of transactions are without giving effect to the Ind AS adjustments on account of fair valuation/amortization**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 38. RELATED PARTY TRANSACTIONS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 39. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

A Contingent liabilities

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

(All amounts in INR lakhs, unless otherwise stated)

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

*Retrospective bonus liability for F.Y 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts.

- (2) Guarantees executed in favour of various authorities/ customers/ others amounting to ₹ 45.60 lakhs (31st March, 2018: ₹ 20.01 lakhs).

B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)
- ₹ 451.13 lakhs (31st March, 2018: ₹ 285.71 lakhs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 40.

(I) LEASES DISCLOSURE AS LESSEE

Operating leases

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

(All amounts in INR lakhs, unless otherwise stated)

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

(ii) Leases disclosure as lessor

Operating leases

The Company has also given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 141.33 lakhs (31st March, 2018: ₹ 153.33 lakhs) on such lease is included in other income. Lease income is recognized in the statement of profit and loss under "Other Income" (refer note 24). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

(All amounts in INR lakhs, unless otherwise stated)

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

Note 41. EMPLOYEE BENEFITS

1 Defined contribution plans:

- A The Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Company:

Provident Fund Plan & Employee Pension Scheme: The Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

Superannuation Scheme: The Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

C Compensated absences- Earned leave

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

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

ii) Expenses recognized in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

2 Defined benefit plans:

A Gratuity

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	Assets & Liabilities can mismatch in funded plans. Actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

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

ii) Expenses recognized in other comprehensive income

(All amounts in INR lakhs, unless otherwise stated)

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

iii) Actuarial (gain)/loss on obligation

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

iv) Expenses recognized in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. EMPLOYEE BENEFITS (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

viii) Sensitivity analysis for defined benefit obligation

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 st March, 2019	31 st March, 2018
a) Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	599.67	511.58
Impact due to decrease of 1.00 %	680.47	583.83
b) Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	680.76	584.10
Impact due to decrease of 1.00 %	598.98	510.77

Sensitivity due to mortality and with drivers are not material hence import of change is not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The weighted average duration of the defined benefit obligation as at 31st March, 2019 is 18 to 19 years (31st March, 2018: 18 to 19 years).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 43. SEGMENT INFORMATION

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating segment of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

i Information about major customers

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

ii Information about geographical areas

(All amounts in INR lakhs, unless otherwise stated)

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

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

(a) Investments made:

Name of the investee	Amount invested during the year 2018-19	Amount as on 31st March, 2019	Amount invested during the year 2017-18	Amount as on 31st March, 2018
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Magneti Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	100.00	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-	-	-	-
(iii) T & T Motors Private Limited	-	13.75	-	13.75
(iv) Caparo Power Limited - Equity shares	(114.71)	-	-	114.71
Investment in preference instruments				
(i) Caparo Power Limited - Preference shares	(25.49)	-	-	25.49
Investment in mutual funds				
(i) SBI mutual funds	-	-	(10.00)	-
Total	(140.20)	3,264.07	90.00	3,404.27

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

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

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

* Outstanding amount excludes interest accrued on deposits.

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

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

Note 45.

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

Note 46.

The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 677.04 lakhs (31st March, 2018: ₹ 753.47 lakhs) to be adjusted against Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Company, based on the future projections, is of the opinion that the entire MAT credit will be utilized and therefore, no provisioning has been made.

For and on behalf of Talbros Automotive Components Limited

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

Per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th May, 2019

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

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

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

INDEPENDENT AUDITORS' REPORT

To the Members of Talbros Automotive Components Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated financial statements of **Talbros Automotive Components Limited** ("the Company") and its jointly controlled entities, which comprise the consolidated Balance Sheet as at 31st March, 2019, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement for Cash Flow and the consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statement including summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principle generally accepted in India, of the state of the affairs of the Company and its jointly controlled entities as at 31st March, 2019, the consolidated profit and total comprehensive income, its consolidated cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditor's Response
1	Valuation Of complex instruments involving high estimation uncertain The Company has material long term investments in group companies which are un-quoted.	Principal Audit Procedures We have verified the group shareholding in the investment in equity instruments which are fair valued by the Company. We have verified the reasonableness of assumptions used and the valuation technique used to determine the fair value.
2	Evaluation of uncertain tax positions The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 41 and 42 to the Consolidated Financial Statements	Principal Audit Procedures Obtained details of completed tax assessments and demands for the year ended 31 st March, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at 1 st April, 2018 to evaluate whether any change was required to management's position on these uncertainties.

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Company and its jointly controlled entities in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its jointly controlled entities and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The respective Board of Directors of the Company and its jointly controlled entities are also responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our Objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on

INDEPENDENT AUDITORS' REPORT

whether the Company and its jointly controlled entities which is company incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its jointly controlled entities to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

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

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matter

The consolidated financial statements include the Company's share of net profit (including other comprehensive income) of Rs. 946.76 lakh for the year ended March 31, 2019, in respect of jointly controlled entities, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors.

Report on Other Legal and Regulatory Requirement

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by the law relating to the aforesaid consolidated

INDEPENDENT AUDITORS' REPORT

financial statements have been kept so far as it appears from our examination of those books.

- (c) The consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act, read with relevant rules issued there under.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors of the Company and its jointly controlled entities incorporated in India, none of the directors of the Company and its jointly controlled entities companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company and its jointly controlled entities incorporated in India, refer to our separate report in **"Annexure I"** to this report.
- (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to best of our information and according to the explanations given to us, the

remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. However the provisions of section 197 of the Act are not applicable on jointly controlled entities.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its jointly controlled entities – Refer Note 41 and 42 to the consolidated Ind AS financial statements.
 - (ii) The Company and its jointly controlled entity did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its jointly controlled entities during the year ended 31st March, 2019.

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

(Akhil Bhalla)
Partner
Membership No. 505002

Place : 29th May, 2019
Dated: New Delhi

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Talbros Automotive Components Limited** (hereinafter referred to as "the Company") and its jointly controlled entities as of 31st March, 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its jointly controlled entities which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("The ICAI").

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its jointly controlled entities, which is company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountant of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its jointly controlled entities, which are company incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with

ANNEXURE I

TO INDEPENDENT AUDITORS' REPORT

generally accepted accounting principles, and those receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Place : 29th May, 2019
Dated: New Delhi

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to audited financial statements of jointly controlled entities, which is the Company incorporated in India, is based on the corresponding reports of the auditor of such jointly controlled entities incorporated in India.

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

(Akhil Bhalla)
Partner
Membership No. 505002

CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

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

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

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

Place: Gurugram

Date: 29th May, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

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

This is the statement of profit or loss referred to in our report of even date

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Place: Gurugram

Date: 29th May, 2019

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH, 2019

A Equity share capital

(All amounts in INR lakhs, unless otherwise stated)

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

B Other equity

(All amounts in INR lakhs, unless otherwise stated)

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

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

For and on behalf of Talbros Automotive Components Limited

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

Per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th May, 2019

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

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

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31st MARCH, 2019

(All amounts in INR lakhs, unless otherwise stated)

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

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

For and on behalf of Talbros Automotive Components Limited

For J.C Bhalla & Co

Chartered Accountants

Firm Registration No.: 001111N

Per Akhil Bhalla

Partner

Membership No. 505002

Place: Gurugram

Date: 29th May, 2019

Anuj Talwar

Joint Managing Director

[DIN: 00628063]

Umesh Talwar

Vice Chairman and Managing Director

[DIN: 00059271]

Manish Khanna

Chief Financial Officer

Seema Narang

Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

1. CORPORATE INFORMATION

Talbros Automotive Components Limited (the 'Company') is a public limited company with its joint ventures (collectively referred to as the 'Group'). The Company is incorporated and domiciled in India. The Company's shares are listed with Bombay Stock Exchange and National Stock Exchange. The Group is in the business of manufacturing gaskets, forging, suspension systems, anti-vibration components and hoses. The Company has its registered place of business at 14/1, Mathura Road, P.O Amar Nagar, Faridabad 121003, Haryana, India.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

The consolidated financial statements for the year ended 31st March 2019 were authorized and approved by the Board of Directors on 29th May 2019.

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

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

1.2 Basis of consolidation

Joint ventures

Interest in joint venture are accounted for using the equity method, after initially being recognized at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss (including the other comprehensive income) includes the Group's share of the results of the operations of the investee. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

1.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

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1.4 Significant accounting policies

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

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

*Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash

equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b) Inventory

Inventories are valued as follows:

Raw material, stores and spares

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

Work in progress and finished goods

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

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

c) Property, plant and equipment

Recognition and initial measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Subsequent measurement (depreciation and useful lives)

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

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

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

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

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

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

De-recognition

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

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the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Transition to Ind AS

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

d) Intangible assets

Recognition and initial measurement

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

Subsequent measurement (Amortization and useful lives)

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

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

De-recognition

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are

recognized in the statement of profit or loss when the asset is derecognized.

Transition to Ind AS

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

e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition the investment properties are stated at cost less accumulated depreciation.

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

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

Transition to Ind AS

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

f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there

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is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

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

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

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed

if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

g) Borrowing costs

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

h) Government grant

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

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

i) Foreign currency transactions

Functional and presentation currency

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

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Foreign currencies

Initial recognition

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

Subsequent measurement

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in Other comprehensive income or profit or loss are also recognized in Other comprehensive income or profit or loss, respectively).

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

j) Leases

Group as a lessee

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

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

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

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

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

Group as a lessor

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

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

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

k) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

l) Revenue recognition

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

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

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

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The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the balance sheet. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its balance sheet, depending on whether something other than the passage of time is required before the consideration is due.

The Group applies the revenue recognition criteria to each separately identifiable component of the Revenue transaction as set out below:

Sale of goods and services

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue from services is recognized when Group satisfies the performance obligations by transferring the promised services to its customers.

Dividend income

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

Interest income

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

Export incentives

Export incentives are accounted on accrual basis.

m) Financial instruments

Recognition and initial measurement

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

Subsequent measurement

Financial assets

i. Financial assets carried at amortized cost – A financial instrument is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

ii. Financial assets at fair value

- Investments in equity instruments other than above – Investments in equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group makes irrevocable choice upon initial recognition, on an instrument to instrument basis, to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

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If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

- iii. Investments in mutual funds -**
Investments in mutual funds are measured at fair value through profit or loss (FVTPL).

De-recognition of financial assets

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

Financial liabilities

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

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

n) Impairment of financial assets

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

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

- All contractual terms of the Financial Assessments (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

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

Other financial assets

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

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the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

o) Retirement and other employee benefits

Provident fund

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

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the gratuity plan, which is a defined benefit plan, is calculated by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method. Actuarial gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

Compensated absence

Compensated absence, which is expected to be utilized within the next 12 months, is

treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats compensated absence expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Other short-term benefits

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

p) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

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

q) Taxes

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

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and current tax except the ones recognized in other comprehensive income or directly in equity.

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

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

Deferred tax is recognized in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealized tax loss are recognized to the extent that it is probable that the underlying tax loss will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates

(and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity).

r) Cash and cash equivalents

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

s) Provisions, contingent liabilities and contingent assets

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

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

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

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

1.5 Significant management judgments in applying accounting policies and estimation uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the related disclosures.

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Significant management judgments

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

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

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

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

Significant estimates

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable

assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

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

Fair value measurements

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

1.6 Standard issued but not yet effective:

i. Ind AS 116 'Leases'

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

ii. Amendment to Ind AS 12, Income taxes

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

iii. Amendment to Ind AS 19, Employee benefits

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

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

iv. Amendment to Ind AS 109, Financial instruments

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

v. Amendment to Ind AS 23, Borrowing costs

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

vii. Amendment to Ind AS 103, Business combinations

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

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

viii. Amendment to Ind AS 111, Joint arrangements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 2. PROPERTY, PLANT AND EQUIPMENT

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Freehold land*	Leasehold land	Building	Leasehold improvements	Plant and equipment	Vehicles	Furniture & fixtures	Office equipment	Electrical installation	Air-conditioning plant	Tubewell	Total	Capital work in Progress
Gross block													
As at 1st April, 2017	550.39	413.99	3,019.10	15.79	13,469.63	659.54	400.02	320.26	852.79	78.12	10.52	19,790.15	105.22
Additions	1.62	-	87.02	-	2,182.29	45.73	117.46	54.84	42.37	-	-	2,531.33	260.42
Disposals/transfers	-	-	-	-	(362.99)	(158.71)	(1.26)	(0.90)	(29.78)	-	-	(553.64)	(122.93)
Balance as at 31st March, 2018	552.01	413.99	3,106.12	15.79	15,288.93	546.56	516.22	374.20	865.38	78.12	10.52	21,767.84	242.71
Additions	153.42	-	89.89	-	2,990.03	63.55	85.04	44.35	23.50	27.60	-	3,477.38	401.45
Disposals/transfers	(2.81)	-	(76.54)	-	(176.10)	(155.75)	(1.20)	(1.65)	(0.09)	-	-	(414.14)	-
Balance as at 31st March, 2019	702.62	413.99	3,119.47	15.79	18,102.86	454.36	600.06	416.90	888.79	105.72	10.52	24,831.08	644.16
Accumulated depreciation													
As at 1st April, 2017	-	39.62	1,070.03	6.75	5,716.70	346.28	344.68	269.19	411.72	54.87	9.99	8,269.83	-
Charge for the year	-	4.60	109.51	9.04	1,069.14	85.36	29.44	27.11	65.37	14.20	-	1,413.77	-
Disposals	-	-	-	-	(215.88)	(119.32)	(0.90)	(0.77)	(12.93)	-	-	(349.80)	-
Balance as at 31st March, 2018	-	44.22	1,179.54	15.79	6,569.96	312.32	373.22	295.53	464.16	69.07	9.99	9,333.80	-
Charge for the year	-	4.60	114.49	-	1,427.67	66.78	72.69	40.67	62.59	10.35	-	1,799.84	-
Disposals	-	-	(50.45)	-	(93.44)	(127.59)	(1.14)	(1.57)	(0.05)	-	-	(274.24)	-
Balance as at 31st March, 2019	-	48.82	1,243.58	15.79	7,904.19	251.51	444.77	334.63	526.70	79.42	9.99	10,859.40	-
Net block as at 31st March, 2019	702.62	365.17	1,875.89	-	10,198.67	202.85	155.29	82.27	362.09	26.30	0.53	13,971.68	644.16
Net block as at 31st March, 2018	552.01	369.77	1,926.58	-	8,718.97	234.24	143.00	78.67	401.22	9.05	0.53	12,434.04	242.71
Net block as at 1st April, 2017	550.39	374.37	1,949.07	9.04	7,752.93	313.26	55.34	51.07	441.07	23.25	0.53	11,520.32	105.22

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

(ii) Contractual obligations

Refer note 42B for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Assets pledged as security

Refer note 17 for disclosure of property, plant and equipment pledged as securities against borrowings.

Note 3. INVESTMENT PROPERTY

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Rental income	143.27	154.87
Less: direct operating expenses that generated rental income*	-	-
Less: direct operating expenses that did not generate rental income*	-	-
Profit from leasing of investment property before depreciation	143.27	154.87
Less: depreciation expense	15.45	14.14
Profit from leasing of investment property after depreciation	127.82	140.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 3. INVESTMENT PROPERTY (CONTD.)

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

(ii) Leasing arrangements

Investment property comprises of a building which is leased to tenant under long-term operating leases with rentals payable monthly. Refer note 43 for details on future minimum lease rentals.

(iii) Fair value of investment property:

(All amounts in INR lakhs, unless otherwise stated)

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

The Company obtains independent valuation for its investment property at least annually and are considered to be a fair representation at which such properties can be sold in an active market. Fair value measurement has been categorized as Level 3. The best evidence of fair value is current prices in an active market for similar property. Where such information is not available, the Company considers the average price of similar property and appropriate depreciation has been accounted for arriving at fair and reasonable value.

Note 4. INTANGIBLE ASSETS

(All amounts in INR lakhs, unless otherwise stated)

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

Notes:

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

(ii) Research and development expenses

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

Note 6. INVESTMENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 7. LOANS - NON CURRENT

(All amounts in INR lakhs, unless otherwise stated)

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

*refer note 38 for related party details

Note 8. OTHER FINANCIAL ASSETS - NON-CURRENT

(All amounts in INR lakhs, unless otherwise stated)

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

*Under lien with banks as security against borrowings.

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 9. CURRENT TAX ASSETS

(All amounts in INR lakhs, unless otherwise stated)

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

Note 10.

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

(All amounts in INR lakhs, unless otherwise stated)

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

Refer note 39 for related party transactions

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

Note 13. CASH AND CASH EQUIVALENTS

(All amounts in INR lakhs, unless otherwise stated)

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

Note 14. OTHER BANK BALANCES

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 15. EQUITY SHARE CAPITAL

(All amounts in INR lakhs, unless otherwise stated)

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of shares	Amount	No. of shares	Amount
i Authorized				
Equity shares of ₹ 10 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
	2,00,00,000	2,000.00	2,00,00,000	2,000.00
ii Issued, subscribed and fully paid up	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Equity shares of ₹ 10 each	1,23,45,630	1,234.56	1,23,45,630	1,234.56
iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year				
Equity shares				
Balance at the beginning of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56
Changes during the year	-	-	-	-
Balance at the end of the year	1,23,45,630	1,234.56	1,23,45,630	1,234.56

iv Terms/ rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

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

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

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

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

Note 16. OTHER EQUITY

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 16. OTHER EQUITY (CONTD.)

Nature and purpose of other reserves

i General reserve

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

ii Retained earnings

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

iii Capital reserve

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

iv Securities premium account

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

v Equity instruments through other comprehensive income

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

Note 17. A LONG TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17. OTHER EQUITY (CONTD.)

Notes:

1. Term loan from IDFC First Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
2. The Company has taken vehicle loans from banks and others. The amount is secured against moveable fixed assets.
3. Foreign Currency Term Loan from IDFC First Bank is secured by first charge on fixed assets of Faridabad Plant(Including Land & Building) excluding which are specifically charged to others lenders
4. Term loan-I from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of the Holding Company's gasket division situated at Faridabad and is further secured by personal guarantee of two directors.
5. Term loan-II from Bajaj Finance Ltd is secured by first and exclusive charge over existing plant and machinery of Holding Company's gasket division situated at Faridabad and is further secured by personal guarantee of three directors.
6. Term Loan from Kotak Mahindra Bank is secured by first charge on fixed assets to be purchased out of proceeds of term loan and is further secured by personal guarantee of three directors.
7. For Repayment terms and Interest rates for the outstanding long term borrowings, refer table below:

Particulars	Terms of repayment	Interest Rate	As at 31 st March, 2019	As at 31 st March, 2018
Term loans, secured				
From bank:				
IDFC First Bank	42 equal monthly installments after 12 months moratorium period from the date of first disbursement.	9.60% to 9.75%	149.98	163.22
Kotak Mahindra Bank	48 equal monthly installment after 12 months moratorium period from the date of first disbursement.	9.15%	200.90	-
Vehicle Loan	The vehicle loan term ranges between 3 - 5 years with equated monthly payment beginning from the month of commencement of the loan.	9.25% to 11.19%	53.68	80.70
From banks - foreign currency loan				
IDFC First Bank	"24 to 48 equal monthly installment from the date of disbursement"	3.00% to 3.25%	517.97	-
From others:				
Bajaj Finance Ltd. (Term Loan- I)	60 equal monthly installments from the date of loan	9.65% to 10.80%	-	10.66
Bajaj Finance Ltd. (Term Loan- II)	60 equal monthly installments from the date of loan	9.65%	1,443.28	888.61
Tata Capital Financial Services Ltd	Original repayment period is 3 years with the option of early repayment	10.75%	-	-
Vehicle Loan	36 equal monthly installments from the date of loan	6.28%	37.58	-
Unsecured Deposits				
From director	Repayable within 3 years	11.00%	5.00	5.00
From public	Repayable within 2 to 3 years	9.50% - 11.00%	115.06	404.81
			2,523.45	1,553.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17. B SHORT TERM BORROWINGS

(All amounts in INR lakhs, unless otherwise stated)

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

Notes:

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

** Working capital loans from HDFC Bank and Bajaj Finance Ltd are secured by personal guarantee of two directors of the Company.

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 17. B SHORT TERM BORROWINGS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

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

C Reconciliation of liabilities arising from financing activities

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 18.

(All amounts in INR lakhs, unless otherwise stated)

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

Note 19.

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 20. DEFERRED TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

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

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

Note:

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 20. DEFERRED TAX LIABILITIES (CONTD.)

- (ii) The Group does not recognise deferred tax liability (31st March, 2019 : ₹ 850.48 lakhs and 31st March, 2018 : ₹ 752.84 lakhs) with respect to unremitted retained earnings of joint ventures wherever it controls the timing of the distribution of profits and it is probable that the joint venture will not distribute the profits in the foreseeable future.

Note 21. A OTHER NON-CURRENT LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

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

Note 22. TRADE PAYABLES*

(All amounts in INR lakhs, unless otherwise stated)

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

Refer note 39 for related party transactions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31st March, 2019 and 31st March, 2018:

Particulars		As at 31st March, 2019	As at 31st March, 2018
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	132.19	-
ii	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Note 23. CURRENT TAX LIABILITIES

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 24. REVENUE FROM OPERATIONS

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Sale of products (including excise duty)*	45,903.06	38,400.55
Sale of services	53.59	50.47
Other operating income	2,328.14	1,549.59
	48,284.79	40,000.61
<i>* Upto 30th June 2017</i>		
Disaggregation of revenue:		
Gaskets	30,336.73	27,608.67
Forgings	15,528.55	10,791.88
Management fees	32.88	30.00
Others	2,386.63	1,570.06
	48,284.79	40,000.61

Note 25. OTHER INCOME

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 26. COST OF MATERIALS CONSUMED

(All amounts in INR lakhs, unless otherwise stated)

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

Note 27. PURCHASE OF STOCK-IN-TRADE

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 29. EMPLOYEE BENEFITS EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

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

Note 30. FINANCE COSTS

(All amounts in INR lakhs, unless otherwise stated)

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

Note 31. DEPRECIATION AND AMORTIZATION EXPENSE

(All amounts in INR lakhs, unless otherwise stated)

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

Note 32. OTHER EXPENSES

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 32. OTHER EXPENSES (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

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

i Corporate social responsibility expenses

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

- Gross amount required to be spent by the Company during the year is ₹ 28.59 lakhs (31st March, 2018: ₹ 20.72 lakhs).
- Amount spent during the financial year ended 31st March, 2019 and 31st March, 2018 on:

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

Amount computed is based upon profits as per previous GAAP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 33. EXCEPTIONAL ITEMS

(All amounts in INR lakhs, unless otherwise stated)

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

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

Note 34. INCOME TAX

(All amounts in INR lakhs, unless otherwise stated)

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

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.944% and the reported tax expense in profit or loss are as follows:

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

Note 35. EARNINGS PER SHARE (EPS)

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Profit attributable to equity shareholders	2,637.79	2,289.56
Profit attributable to equity shareholders adjusted for the effect of dilution	2,637.79	2,289.56
Weighted average number of equity shares for Basic EPS	1,23,45,630	1,23,45,630
Weighted average number of equity shares for Diluted EPS	1,23,45,630	1,23,45,630
(1) Basic	21.37	18.55
(2) Diluted	21.37	18.55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FAIR VALUE DISCLOSURES

(i) Fair values hierarchy

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

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

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

Level 3: unobservable inputs for the asset or liability

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(iii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

Particulars	Fair value as at		Significant unobservable inputs	Data inputs		Sensitivity*	
	31 st March, 2019	31 st March, 2018		31 st March, 2019	31 st March, 2018	1% increase in inputs	1% decrease in inputs
Unquoted equity shares	2,009.39	2,702.69	Terminal growth rate	5%	5%	31 st March, 2019: ₹ 2,094.19 lakhs 31 st March, 2018: - ₹ 2,870.36 lakhs	31 st March 2017: ₹ 1,938.01 lakhs 31 st March, 2018: - ₹ 2,568.70 lakhs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 36. FAIR VALUE DISCLOSURES (CONTD.)

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

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March, 2019 was assessed to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

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

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

(ii) Risk management framework

The Group's activities expose it to market risk, liquidity risk and credit risk. Following are the sources of risk which the Group is exposed to and how the Group manages the risk and the related impact in the financial statements.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(A) Credit risk

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

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

a) Credit risk management

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

A: Low

B: Medium

C: High

Assets under credit risk –

(All amounts in INR lakhs, unless otherwise stated)

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

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Group closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Other financial assets measured at amortized cost

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

b) Expected credit losses

Trade receivables

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

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

'Other financial assets measured at amortized cost

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(B) Liquidity risk

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

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

Financing arrangements

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

(All amounts in INR lakhs, unless otherwise stated)

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

Maturities of financial liabilities

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(C) Market risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(i) Foreign exchange risk

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

Exposure to currency risk:

Particulars of unhedged foreign currency exposures as at year end:

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

All the above contracts are maturing within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

Sensitivity

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

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

(ii) Interest rate risk

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

Sensitivity

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

(All amounts in INR lakhs, unless otherwise stated)

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

iii) Assets

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

iv) Price risk

Exposure

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 37. FINANCIAL RISK MANAGEMENT (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

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

Sensitivity

Investments carried at fair value through other comprehensive income

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

(All amounts in INR lakhs, unless otherwise stated)

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

Investments carried at fair value through statement of profit and loss

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

(All amounts in INR lakhs, unless otherwise stated)

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

Note 38. A CAPITAL MANAGEMENT

The Group's capital management objectives are

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 38. A CAPITAL MANAGEMENT (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

B Dividend

(All amounts in INR lakhs, unless otherwise stated)

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

Note 39. RELATED PARTY TRANSACTIONS

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

i) Parties where control exists:

Jointly controlled entities

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

Investing party in respect of which the Company is a subsidiary

- (i) Talbros International Private Limited

Key management personnel and their relatives

- (i) Mr. Naresh Talwar
- (ii) Mr. Umesh Talwar
- (iii) Mr. Varun Talwar
- (iv) Mr. Anuj Talwar
- (v) Mrs. Kum Kum Talwar (mother of Mr. Varun Talwar)
- (vi) Mr. Vidur Talwar
- (vii) Mr. Navin Juneja

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 39. RELATED PARTY TRANSACTIONS (CONTD.)

(viii) Mr. Anil Kumar Mehra

(ix) Mr. Rajive Sawhney

(x) Mr. V. Mohan

(xi) Mr. Amit Burman

(xii) Mr. R. R. Vederah

(xiii) Ms. Pallavi Sadanad Poojari*

(xiv) Mr. Manish Khanna - Chief Financial Officer

(xv) Ms. Seema Narang - Company Secretary

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

Enterprise over which key management personnel exercise significant influences

(i) QH Talbros Private Limited

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

(a) Transactions with joint ventures and associates:

(All amounts in INR lakhs, unless otherwise stated)

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

Note: All transactions are inclusive of taxes, wherever applicable

*The amount of transactions are without giving effect to the Ind AS adjustments on account of fair valuation/amortisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 39. RELATED PARTY TRANSACTIONS (CONTD.)

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 40. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013. (All amounts in INR lakhs, unless otherwise stated)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total consolidated income	Amount
Parent								
Talbro's Automotive Components Limited	79.55%	15,811.64	60.24%	1,588.99	99.28%	(474.88)	51.59%	1,114.11
Joint venture (Investment as per the equity method)								
Indian								
Nippon Leakless Talbro's Private Limited	10.05%	1,997.57	23.16%	610.79	0.10%	(0.46)	28.26%	610.33
Magneti Marelli Talbro's Chassis Systems Private Limited	6.90%	1,371.83	15.31%	403.94	-0.10%	0.48	18.73%	404.42
Talbro's Marugo Rubber Private Limited	3.50%	695.99	1.29%	34.07	0.73%	(3.47)	1.42%	30.60
Total	100.00%	19,877.03	100.00%	2,637.79	100.00%	(478.33)	100.00%	2,159.46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. GROUP INFORMATION

(a) Interests in joint ventures

Set out below are joint ventures of the Company as at 31st March, 2019 which, in the opinion of the directors, are material to the Company. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of the entity	Place of business	% equity Interest	Relationship	Accounting method
Nippon Leakless Talbros Private Limited	India	40%	Joint Venture	Equity method
Talbros Marugo Rubber Private Limited	India	50% less one share	Joint Venture	Equity method
Magnetti Marelli Talbros Chassis Systems Private Limited	India	50%	Joint Venture	Equity method

(i) Contingent liabilities and commitments (net of advance) in respect of joint ventures for which the Company is liable.

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

(ii) Summarized financial information for joint venture

The tables below provide summarized financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Company's share of those amounts.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 41. GROUP INFORMATION (CONTD.)

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

Reconciliation to carrying amounts

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

Summarized statement of profit and loss

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

A Contingent liabilities

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

(All amounts in INR lakhs, unless otherwise stated)

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

*Retrospective bonus liability for FY 2014-15 consequent to enactment of Payment of Bonus (Amendment) Act, 2015 has been considered as contingent liability, since stay has been granted by various High Courts.

- (2) Guarantees executed in favour of various authorities/ customers/ others amounting to ₹ 45.60 lakhs (31st March, 2018: ₹ 20.01 lakhs)..

B Estimated amount of contracts remaining to be executed on capital accounts and not provided for:

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) - ₹ 451.13 lakhs (31st March, 2018: ₹ 285.71 lakhs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 43. (I) LEASES DISCLOSURE AS LESSEE

Operating leases

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

(All amounts in INR lakhs, unless otherwise stated)

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

(ii) Leases disclosure as lessor

Operating leases

The Company has also given surplus office and factory building on operating lease. The lease arrangement is for a period of 5 years and renewable with mutual consent. The lease rentals of ₹ 155.88 lakhs (31st march 2018: ₹ 153.33 lakhs) on such lease is included in other incomes. Lease income is recognized in the statement of profit and loss under "Other Income" (refer note 25). With respect to non-cancellable period of the operating lease, the future minimum lease rentals receivable are as follows:

(All amounts in INR lakhs, unless otherwise stated)

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

Note 44. EMPLOYEE BENEFITS

1 Defined contribution plans:

- A** The Company operates defined contribution retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company has no further payment obligations once the contributions have been paid. Following are the schemes covered under defined contributions plans of the Company:

Provident Fund Plan & Employee Pension Scheme: The Company makes monthly contributions at prescribed rates towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India.

Superannuation Scheme: The Company contributes towards a fund established to provide superannuation benefit to certain employees in terms of Group Superannuation Policies entered into by such fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

(All amounts in INR lakhs, unless otherwise stated)

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

C Compensated absences- Earned leave
Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

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

ii) Expenses recognized in statement of profit and loss

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 44. EMPLOYEE BENEFITS (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

2 Defined benefit plans:

A Gratuity

Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	Assets & Liabilities can mismatch in funded plans. Actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

i) Amounts recognized in the balance sheet

(All amounts in INR lakhs, unless otherwise stated)

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

ii) Expenses recognized in other comprehensive income

(All amounts in INR lakhs, unless otherwise stated)

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

iii) Actuarial (gain)/loss on obligation

(All amounts in INR lakhs, unless otherwise stated)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 44. EMPLOYEE BENEFITS (CONTD.)

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

viii) Sensitivity analysis for defined benefit obligation

(All amounts in INR lakhs, unless otherwise stated)

Particulars	31 st March, 2019	31 st March, 2018
a) Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	599.67	511.58
Impact due to decrease of 1.00 %	680.47	583.83
b) Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1.00 %	680.76	584.10
Impact due to decrease of 1.00 %	598.98	510.77

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

The weighted average duration of the defined benefit obligation as at 31st March, 2019 is 18 to 19 years (31st March, 2018: 18 to 19 years).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 46. SEGMENT INFORMATION

In accordance with Ind AS 108, the Board of directors being the Chief operating decision maker of the Group has determined its only one operating segment of manufacturing of "Auto Components". Further, in terms of Paragraph 4 and 31 of Ind AS 108 'Operating Segments', entity wide disclosures have been presented below.

i Information about major customers

There is only one customer that contributes more than 10% of the total revenue from operating activities on an individual basis.

ii Information about geographical areas

(All amounts in INR lakhs, unless otherwise stated)

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

Note 47. DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT, 2013:

(a) Investments made:

Name of the investee	Amount invested during the year 2018-19	Amount as on 31st March, 2019	Amount invested during the year 2017-18	Amount as on 31st March, 2018
Investment in equity instruments				
Investment in Joint ventures				
(i) Nippon Leakless Talbros Private Limited	-	480.00	-	480.00
(ii) Magneti Marelli Talbros Chassis Systems Private Limited	-	1,178.00	-	1,178.00
(iii) Talbros Marugo Rubber Private Limited	-	950.00	100.00	950.00
Investment in others				
(i) Talbros International Private Limited	-	642.32	-	642.32
(ii) QH Talbros Private Limited	-	-	-	-
(iii) T & T Motors Private Limited	-	13.75	-	13.75
(iv) Caparo Power Limited - Equity shares	(114.71)	-	-	114.71
Investment in preference instruments				
(i) Caparo Power Limited - Preference shares	(25.49)	-	-	25.49
Investment in mutual funds				
(i) SBI mutual funds	-	-	(10.00)	-
Total	(140.20)	3,264.07	90.00	3,404.27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH, 2019

Note 46. SEGMENT INFORMATION (CONTD.)

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

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

* Outstanding amount excludes interest accrued on deposits.

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

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

Note 48. Balance with central excise & other authorities includes ₹ 83.75 lakhs (31st March, 2018: ₹ 83.75 lakhs) deposited by the Company as advance excise duty in view of investigation by the excise department, objecting excise exemption on some of the products sold from Sitarganj Plant. The matter is still to be decided.

Note 49. The Company is entitled for Minimum Alternate Tax (MAT) Credit amounting to ₹ 677.04 lakhs (31st March, 2018: ₹ 753.47 lakhs) to be adjusted against Company's future normal tax liabilities as per provisions of Income Tax Act, 1961. The management of the Company, based on the future projections, is of the opinion that the entire MAT credit will be utilized and therefore, no provisioning has been made

For and on behalf of Talbros Automotive Components Limited

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

Per Akhil Bhalla
Partner
Membership No. 505002

Place: Gurugram
Date: 29th May, 2019

Anuj Talwar
Joint Managing Director
[DIN: 00628063]

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

Manish Khanna
Chief Financial Officer

Seema Narang
Company Secretary

NOTES

[illegible]

TALBROS AUTOMOTIVE COMPONENTS LIMITED

CIN: L29199HR1956PLC033107

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

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

PROXY FORM

FORM NO. MGT 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

62ND ANNUAL GENERAL MEETING- SEPTEMBER 25, 2019

Name of the member(s):	
Registered address	
Email:	
Folio no. / Client ID	
DP ID	

I/ We being the member(s) of Talbro Automotive Components Limited holding shares hereby appoint

- (1) Name: Address:
Email Id:..... Signature:..... of failing him;
- (2) Name: Address:
Email Id:..... Signature:..... of failing him;
- (3) Name: Address:
Email Id:..... Signature:..... of failing him;

As my/ our proxy to attend and vote (on a Poll) for me/ us and on my/ our behalf at the 62nd Annual General Meeting of the Company, to be held on Wednesday, September 25, 2019 at 10:30 a.m. at Hotel Saffron Kiran, 12/3, NH-2, Sarai Khwaja, Faridabad- 121003, Haryana, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No.	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)	
		For	Against
Ordinary Business			
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors for the financial year ended March 31, 2019.		
2.	Declaration of Dividend @ 18% on paid- up Equity Share Capital for the financial year ended March 31, 2019.		
3.	To re-appoint Mr. Varun Talwar (DIN: 00263984) a Director who retires by rotation.		
4.	To re-appoint Mr. Anuj Talwar (DIN: 00628063) a Director who retires by rotation.		

Sl No.	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)	
		For	Against
Special Business			
5.	To appoint Mr. Ajay Kumar Vij (DIN: 00164984) as an Independent Director of the Company for a period of five years.		
6.	Agreement with QH Talbros Private Limited for sale of Company’s products.		
7.	Agreement with Nippon Leakless Talbros Private Ltd for Purchase and/ or Sale of Tyre Sealant and other production inputs etc.		
8.	Agreement with Nippon Leakless Talbros Private Ltd for sale/ purchase of gaskets.		
9.	Agreement with Talbros Marugo Rubber Pvt. Ltd. for Purchase/Sale of Rubber, Rubber Compound, other Chemicals and to do job work for each other.		
10.	Ratification of remuneration of M/s. Vijender Sharma & Co., (Firm Registration No. 00180) as Cost Auditors.		

Signed this day of 2019.

Affix ₹. 1
Revenue
Stamp

.....
Signature of the member

.....
Signature of the proxy holder(s)

NOTES:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave **For/ Against** column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.



ROUTE MAP OF THE 62ND AGM VENUE IS AS FOLLOWS:

DIRECTIONS:

SHAREHOLDERS CAN REACH AT THE VENUE VIA DELHI- MATHURA ROAD- BADARPUR ELEVATED EXPRESSWAY. IT'S NEAR SARAI METRO STATION AND BADARPUR TOLL PLAZA.



TALBROS AUTOMOTIVE COMPONENTS LIMITED

CIN: L29199HR1956PLC033107

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

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

ATTENDANCE SLIP

62nd Annual General Meeting- 25th September, 2019

Registered Folio no. / DP ID no. / Client ID no. :

Number of shares held :

I certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the 62nd Annual General Meeting of the Company, to be held on Wednesday, September 25, 2019 at 10:30 a.m. at Hotel Saffron Kiran, 12/3, NH-2, Sarai Khwaja, Faridabad- 121003, Haryana.

.....
Name of the Member/ Proxy/ Representative
(In BLOCK letters)

.....
Signature of the Member/ Proxy/ Representative

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

Corporate Information

Board of Directors

Mr. Naresh Talwar (Chairman)
Mr. Umesh Talwar (Vice Chairman & Managing Director)
Mr. Varun Talwar (Joint Managing Director)
Mr. Vidur Talwar
Mr. Anuj Talwar (Joint Managing Director)
Mr. V. Mohan
Mr. Anil Kumar Mehra
Mr. Amit Burman
Mr. Navin Juneja
Mr. Rajeev Ranjan Vederah
Ms. Priyanka Gulati
Mr. Ajay Kumar Vij

Chief Financial Officer

Mr. Manish Khanna

Company Secretary

Mrs. Seema Narang

Main Bankers

HDFC Bank Limited
YES Bank Limited
DBS Bank Limited
IDFC Bank Limited

Auditors

J C Bhalla & Co., Chartered Accountants, B- 5, Sector-6,
Noida 201 301

Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd., Karvy Selenium
Tower B, Plot number 31 & 32, Financial District,
Gachibowli, Hyderabad 500 032

Stock Exchange where Shares are Listed

National Stock Exchange of India Limited (NSE)
Bombay Stock Exchange Limited (BSE)

Corporate Identification Number

L29199HR1956PLC033107

www.talbros.com



CIN - L29199HR1956PLC033107

Talbro's Automotive Components Limited

14/1, Mathura Road, Faridabad 121003

Haryana (India)

Ph: +91 129 2251482